

Presenters

Ashley Curtis, Assistant Vice President, Investor Relations
Stephen Yalof, President and Chief Executive Officer
Michael Bilerman, Executive Vice President, Chief Financial Officer and Chief Investment Officer
Justin Stein, Executive Vice President, Leasing
Doug McDonald, Senior Vice President, Treasurer and Investments

Q&A Participants

Jeffrey Spector – Bank of America
Greg McGinniss – Scotiabank
Craig Mailman - Citi
Michael Griffin – Evercore ISI
Caitlin Burrows – Goldman Sachs
Todd Thomas – KeyBanc
Hong Zhang – J.P. Morgan
Floris van Dijkum – Ladenburg Thalmann
Richard Hightower - Barclays
Omotayo Okusanya – Deutsche Bank
Vince Tibone – Green Street

Ashley Curtis

Good morning. I'm Ashley Curtis, Assistant Vice President of Investor Relations, and I would like to welcome you to Tanger Inc.'s Second Quarter 2025 Conference call. Yesterday evening, we issued our earnings release, as well as our supplemental information package and investor presentation. This information is available on our IR website, investors.tanger.com.

Please note this call may contain forward-looking statements that are subject to numerous risks and uncertainties, and actual results could differ materially from those projected. We direct you to our filings with the Securities and Exchange Commission for a detailed discussion of these risks and uncertainties.

During the call, we will also discuss non-GAAP financial measures as defined by SEC Regulation G. Reconciliations of these non-GAAP measures to the most directly comparable GAAP financial measures are included in our earnings release and in our supplemental information.

This call is being recorded for rebroadcast for a period of time in the future. As such, it is important to note that management's comments include time-sensitive information that may only be accurate as of today's date, August 5, 2025.

At this time, all participants are in listen-only mode. Following management's prepared comments, the call will be opened for your questions. We request that everyone ask only

one question and one follow-up question. If time permits, we are happy for you to requeue for additional questions.

On the call today will be Stephen Yalof, President and Chief Executive Officer; and Michael Bilterman, Chief Financial Officer and Chief Investment Officer. In addition, other members of our leadership team will be available for Q&A.

I will now turn the call over to Stephen Yalof. Please go ahead.

Stephen Yalof

Thank you, Ashley, and good morning. I'm pleased to report another quarter of great results, driven by our internal and external growth initiatives, and we have raised our full-year guidance. Core FFO was \$0.58 per share, a 9.4% increase over the prior year, which was driven by robust Same Center NOI growth of 5.3%. Operating metrics for the quarter were strong, with occupancy increasing sequentially to 96.6% and blended leasing spreads of 12% over the trailing 12 months. We also delivered a solid increase in tenant sales, which were up 6.2% to \$465 per square foot on a trailing 12-month basis; and traffic to our centers was up for the quarter compared to last year.

This performance reflects the fundamental strength of our platform, as well as the effectiveness of our differentiated and proven leasing, marketing, and operational strategies, and our successful external growth initiatives.

Our merchandising strategy is yielding impressive results with our open-air outlet and newly-acquired lifestyle centers. We continue to attract brands and retail categories that are new to our portfolio while expanding store counts with our most productive existing tenants. This thoughtful approach to merchandising is attracting a younger demographic, while maintaining our core value-seeking shopper base. Across our portfolio, we're seeing our shoppers visit more frequently, stay longer when they visit, and ultimately spend more.

We continue to maximize value through peripheral land activation, merchandising optimization, and investments in our centers. Population shifts and residential densification in many of our core markets have created the need for more restaurants, service uses, health clubs, and entertainment venues. And the land adjacent to our traffic-generating shopping centers has proven to be a destination of choice for many of these national and local businesses.

Our digital capabilities and marketing initiatives are driving strong engagement and delivering meaningful results. As I mentioned earlier, traffic to our centers was up in the quarter compared to last year, driven by a balanced marketing plan aimed at deepening connections with our core customers, attracting new and younger demographics, and engaging our local markets as we see these populations grow. Further, participation in our enhanced loyalty program continues to expand, supported, in great part, by our retailer partners. Our proprietary loyalty program, TangerClub, enables us to deliver more

targeted and compelling offers to our customers. These programs are driving results as we continue to see meaningful improvements to both traffic and sales. Our strategic “Summer of Savings” campaign and early Back to School value messaging, which we rolled out last quarter, took aim on tariff uncertainty and provided a messaging opportunity to inspire customers to shop early and take advantage of favorable pricing and product availability. These initiatives, with strong support from participating retailers, inspired targeted ad campaigns that appear in print, digital, and social channels and have proven to be particularly effective. These proactive marketing programs will continue as we plan to reintroduce our “Black Friday Every Day” messaging this fall, where we celebrate the holiday shopping throughout November.

Our marketing partnerships and paid media sponsorships business continue to grow our other revenues. These programs leverage our shopper traffic and offer participating brands the opportunity to reach highly- engaged consumers throughout our centers and social channels.

We are leveraging AI technology across our business to optimize customer service, enhance our data and analytics predictive functionality, and enable more efficient use of resources across our enterprise.

Our strong balance sheet, conservative leverage profile, and ample liquidity provide us with flexibility to pursue selective external growth opportunities while continuing to invest in our existing portfolio. Our disciplined approach to capital allocation remains focused on generating long-term shareholder value through both internal and external growth initiatives. Our recent acquisitions and Nashville development have assimilated quickly into the Tanger portfolio. And in addition to growing NOI, they've provided the opportunity to engage new retailers, restaurants, grocery, service, and entertainment uses, which will prove to be a valuable source of new business as we introduce them to the balance of our portfolio.

In today's uncertain macroeconomic environment, characterized by persistent inflation and shifting consumer sentiment, Tanger's value proposition is a constant that continues to resonate strongly with both shoppers and retailers. We remain confident in our strategic approach to leasing, marketing, and operations, combined with our strong balance sheet and proven track record of execution, which provide us with multiple opportunities to pursue growth over time.

I want to thank our dedicated Tanger team members, retail partners, shoppers, and shareholders for your continued support. I'll now turn the call over to Michael to discuss our financial results, capital markets activities, and updated guidance in more detail.

Michael Bilerman

Thank you, Steve. For the second quarter, Core FFO was \$0.58 per share compared to \$0.53 a share in the prior-year period, driven by our strong internal and external growth.

Same Center NOI increased 5.3%, driven by higher rental revenues from the continued strong leasing activity, which is leading to higher base rents and higher tenant reimbursements as we continue to drive total rents. We also saw continued growth in other revenues. For the first half of the year, Same Center NOI was up 3.8%.

Our balance sheet remains well-positioned with low leverage, ample liquidity and a largely fixed rate debt structure. At the end of the quarter, our net debt to Adjusted EBITDA was at 5 times, benefiting from the strong EBITDA growth and the retention of free cash flow after dividends, with our growing dividend only representing about 60% of our Funds Available for Distribution or FAD.

Outside of the leverage capacity, from a liquidity perspective, we had approximately \$614 million of total liquidity at quarter-end, including \$17 million of cash, \$528 million available on our lines of credit, and \$70 million of proceeds still available from the forward equity that we issued late last year.

During the quarter, we also continued to proactively manage and further strengthen our debt profile through a couple of refinancings, which increased proceeds, lowered rates, and extended duration, and we continued to execute on our interest rate hedging strategies. At quarter-end, 95% of our debt was at fixed rates and our weighted average interest rate stands at 4%, with a weighted average term to maturity of 3.4 years. The next significant maturity will be our unsecured bonds next September 2026.

In terms of interest rate swap activity during and post quarter-end, we entered into interest rate swaps on the Memphis and Houston refinancings, fixing the interest rate on these loans through 2029. We have also now addressed the \$125 million of the \$150 million of interest rate swaps, which are due to expire in 2026, with the new forward-starting swaps fixing SOFR at a weighted average rate of 3.2%, which represents a 40-basis point reduction from the expiring swaps at various points next year. The new swaps run through '27 and '28, as detailed in the supplemental.

Based on our strong performance year-to-date and a positive outlook, we are raising our full-year guidance, and we now expect Core FFO per share of \$2.24 to \$2.31, representing Core FFO growth of 5.2% to 8.5%. And we've lifted Same Center NOI growth to 2.5% to 4%, up from 2% to 4% previously. Our guidance reflects our continued strong operational execution and does not assume any additional acquisitions, dispositions, or financing activities. For additional information and assumptions, please see our release issued last night.

We've greatly enjoyed having you at our centers through all of the tours, and we do hope you'll stop by and shop at Tanger center before the summer ends. And we look forward to seeing and speaking to many of you in the fall at Evercore's Real Estate Conference, BofA's Global Real Estate Conference, Jefferies Real Estate Conference, NAREIT, as well as a number of tours.

Operator, we will now like to turn the call over for questions.

Q&A

Operator

Thank you. We will now be conducting a question-and-answer session. [Operator instructions] The first question is from Jeff Spector from Bank of America. Please go ahead.

Jeffrey Spector

Great. Good morning, everyone. I guess my first question, let's focus on the merchandising strategy. I know that's been a big effort to upgrade the tenancy and bring in different mix. Stephen, I know you talked about higher traffic. I guess, can you just talk a little bit more about that effort and how that's tied to the improvement in sales per square foot? Thank you.

Stephen Yalof

Good morning and thanks for the question. So, [inaudible] macroeconomically, there's not a lot of new development happening in the retail space. And as a company, we consider our retail space to be more valuable every day. That being said, there's a lot of retailers that are actively looking for space in our shopping centers, both in our popular top markets and our mid-tier markets, and we see a lot of expansion from retailers in both of those – in those shopping centers, from our lifestyle popular – lifestyle centers to our outlet shopping centers.

The brands that are looking to get in are brands that are new to outlet, so we're growing some – you know, we talked about Sephora last quarter, and the proliferation of Sephora across our shopping centers, which has been a great brand, not only attracting their core consumer, but bringing a much younger consumer into our shopping centers.

We're also going after a lot of food and beverage as populations begin to shift to some of those markets that were typically tourist-driven markets, that are now primary resident markets. We're seeing the need for food and beverage, more service orientation, and some entertainment-type uses that were either are taking space in line or on our peripheral land. And it's a combination of all those that has caused a lot more traffic to our shopping centers. You get far more – a lot more frequency, particularly from our local customer base. And, ultimately, that's where we see a lot of pop in our sales.

Jeffrey Spector

Great. Thank you. And then my follow-up question, I know, last quarter, you talked about starting Back to School early with concerns over tariffs and inventory. You put that strategy into place. I guess, did that help in the quarter and how are you now thinking about inventory for Back to School in the holiday season? Thank you.

Stephen Yalof

Yes. Thanks for asking that question, Jeff. You know, as far as the early Back to School, yes, we think that's resonating. We've seen a lot of traffic growth; where we've seen a lot of pop, most recently as also in tax free days, and a lot of the centers that we have in the South have just experienced tax free day, and with Back to School shopping being the second biggest shopping holiday of the retail calendar.

Our early initiative to get folks out as early as June resonated with a lot of the consumers that were looking to, who might have had some uncertainty with regard to the tariff impact or macroeconomic impact, we wanted to get the consumers out earlier, get them shopping, so they can find the brands they wanted at the best possible value. We saw tremendous traction. Some of that was attributable based on some of the social and digital initiatives that we put in front of our customers, so we were able to actually see the data in real-time.

And going into Q3, I think there was probably – far less impact, particularly from a traffic point of view than we had thought. I think most of our retailer partners are well-inventoried. There's a lot of product in the store. In our value channel, we still see pricing very compelling, incenting customers to come and shop with us. And I remind you, I think I said it in my opening comments, we continue to anniversary our every day of November is Black Friday sale this year, so keeping the selling theme in front of our core shoppers as we get into the holiday selling season.

Jeffrey Spector

Great. Thank you.

Operator

The next question is from Greg McGinniss from Scotiabank. Please go ahead.

Greg McGinniss

Hey. Good morning. I wanted to touch on this remerchandising a bit more. As you bring in more differentiated tenants into your outlet centers, and you've increased traffic and stay time, I'm curious how far along this remerchandising process you feel that Tanger has come, and if you could give us some context for this portfolio evolution, whether that's percent of non-apparel and footwear from a few years ago versus today, and where you're expecting to go, or any commentary with regards to what you expect to happen on the remerchandising effort long-term.

Stephen Yalof

Yes, sure. Look, again, I think remerchandising is a process that goes on in perpetuity. There's no end to remerchandising. There's always going to be brands that have stopped investing or just are losing a little bit of their market share to other newer brands. We've got a great leasing team that's out there, every day, speaking to tenants, maybe a year, a year and a half out, that haven't necessarily done deals in the outlet space, they're direct-

to-consumer brands, they're specialty store brands that think, one day, the outlet business might be something that they'd invest in. So, we're constantly a year, year and a half out, talking to brand-new retailers. I talked about Sephora with Jeff. I use that as an example because they only recently discovered the outlet business, and that's a brand that's been in business for years and years.

So, as we – I guess, the transition is really, it's on the – it's on us to make sure that the brands understand that there is great value in the outlets that – but in addition, there's also a lot of customers that shop. There are over 125 million customers a year come through Tanger centers, I think that's a lot of folks for brands to get their customers in front of. And so we'll continue to remerchandise our centers, I would say, for many, many years to come.

Greg McGinniss

I guess to follow up on that, in the near-term, have your tenants or new potential tenants, I guess, become more hesitant to sign leases until the tariff situation gets maybe more resolved?

Stephen Yalof

I don't think we've seen that. I think that there's a tremendous amount of activity in our space. This past year, we've done more leasing than we have in almost any other year at Tanger, over 2.8 million square feet of leasing. So, there's a lot of activity that's going on in our portfolio right now. I think retailers are making long-term decisions. I think the tariff uncertainty that they're facing is probably it was – it's a little bit more lumpy with regard to whether – you know, how it's going to affect them in the near-term. But long-term leasing decisions haven't been affected. And, in fact, I'll go back to what I said, to Jeff. Not a lot of new retail development happening in the United States. Because of that, retail space is becoming more and more valued.

Greg McGinniss

Okay. Thanks, Steve.

Operator

The next question is from Craig Mailman from Citi. Please go ahead.

Craig Mailman

Hey. Good morning, everybody. We've gotten some questions about the growth algorithm here for you guys over the next couple of years, given the success you've had kind of early on in – you know, and Steve, in your tenure, I guess. Well, it's almost half a decade at this point. But one of the things I noticed, OCR is still at 9.7%, but your average price – your average sales per square foot continue to go up. That's just one metric. But can you kind of give us a sense of the organic opportunity in the portfolio from OCRs, from the mark-to-market, to kind of give us a sense of what – you know, however you guys want to look at it,

AFFO growth, same store growth could look like relative to peer average here over the next few years?

Stephen Yalof

Well, look, the guidance is in the release. I can give you some generalizations based on the question that you asked. I think, if you look at our spreads, you'll see our mark-to-market. We've had 14 or 15 quarters of positive rent spreads, which speaks to the fact that we think there's tremendous amount of upside in rent. I think, as poor performing retailers get replaced by better-performing retailers, retailers that are doing more of the mall average sales on a per square foot basis, I think we'll see an opportunity for us to continue to push our rents forward.

Michael Bilerman

Yes, Craig, I mean, look, when we think about the value creation and driving, ultimately, cash flow, it's driven by the internal growth, and our external growth activities, and continuing to invest in our asset base and intensify and activate our peripheral land. And that's wrapped in a balance sheet that is in the best position, relative to our industry at 5 times debt to EBITDA with significant amount of free cash flow. So, our job is there's enough levers that we have to drive NOI, leverage our balance sheet to create long-term growth for our stakeholders.

Craig Mailman

Okay. That's helpful. And then I noticed there was an article about some additional leasing at Huntsville. Could you just run through maybe where that asset could be leased by year-end and maybe the economic uptick from some of those leases?

Justin Stein

Hey, Craig. It's Justin. How are you?

Craig Mailman

Good.

Justin Stein

Appreciate you calling out our full-priced asset. Yes, so, last week, we announced – I mean, in addition to announcing early in the year the Apple expansion and the Warby deal, Starbucks opened earlier this year. And late last week, we announced that Madewell will be joining us in Huntsville. LL Bean will be coming and taking a significant portion of the old Bed Bath & Beyond box. Rowan will be joining us, and Crocs just opened.

Additionally, at Pinecrest, we opened up a great new food and beverage tenant called Toastique that opened up about two weeks ago, and Tecovas will be opening up later this year. So, we have a lot of activity in our full-priced assets. We're really bullish on it. As these tenants open up later this year, they'll annualize then in 2026, and that's where we're going to see the financial impact of those brands.

Craig Mailman

Also, can I slip one third one in there? It's quick. On your occupancy, you guys have Deer Park in there, but Main Event doesn't really commence for a few more months. Is the occupancy number – just to clarify – is that a leased occupancy or commenced occupancy, the 96.6%?

Doug McDonald

Hey, Craig. It's Doug. We quote physical occupancy. So, when a tenant takes possession of the space, they're in physical occupancy and Main Event has possession. They're building out their space right now. They'll open in the first quarter, but they're in our physical occupancy right now.

Craig Mailman

Cool, thank you.

Operator

The next question is from Michael Griffin from Evercore ISI. Please go ahead.

Michael Griffin

Great. Thanks. It seems like the national retailer concepts probably have maybe more certainty or clarity around their footprint needs, despite the tariff uncertainty. But, Steve, maybe you can give some context around the demand you're seeing from those regional and local tenants. I imagine that tariffs could crunch the mom-and-pop budget a little bit more than the bigger guys. So maybe talk a little bit about the demand from that cohort within your portfolio.

Stephen Yalof

Well, first of all, I understand it's a very small population of retailers you're talking about in very, very – even smaller population of our NOI. But it's still a very important part of our business. I think local retailers particularly, and some of our full-priced lifestyle shopping centers are really important to the communities that they serve, generate traffic from that local population.

As far as my visits to shopping centers, which have been – you know, I've spent the last couple of weeks out visiting our centers. I haven't seen any impact to shelves. There's lots of inventory and a lot of supply. So, I think a lot of the retailers or manufacturers, and distributors, I would suppose that the third quarter and fourth quarter inventory is really already cleared in the warehouse, and sitting here in the United States for distribution. So, I can't really report much issue as it relates to that group of tenants in our portfolio.

Michael Griffin

Thanks. Appreciate the color there. And you've highlighted the continued resilience of the consumer at your centers. I'm curious if you've seen maybe a shift in customer demo. Do

you have any sense if consumers who may have traditionally shopped at, at full-priced retailers are trying to find a value-add at your centers. Just trying to get a sense about what the kind of customer profile looks like these days.

Stephen Yalof

I would say anecdotally that people are actually – we're seeing new customers to the outlet centers. And I think part of the reason why is because the localization of those centers. So we built Nashville only 9 miles away from Downtown Nashville. And a lot of our other centers have seen significant population shift where secondary homes or second homes have become primary residences. A lot of that driven by just the people moving out of cities, and moving into different markets post-COVID.

So, what we've decided from a merchandising point of view is the more uses we can bring into one of our shopping centers, better chance we have getting a car to park in one of our parking lots. And whether that's the customer or core customer that's coming to shop value every day, or it's a new customer that might be coming for the restaurant, the grocery store, the health club, service, or the amenities that we offer on this – on center, if we can bring them into one of those uses and get them to stay for the shopping, I think we're winning a new customer every day.

Michael Griffin

Great. That's it for me. Thanks for the time.

Michael Bilerman:

Thanks, Griff.

Operator

The next question is from Caitlin Burrows from Goldman Sachs. Please go ahead.

Caitlin Burrows

Hi. Good morning. Maybe just in the press release, you guys went through how you've renewed about 65% of the space set to expire in 2025. So I was wondering if you could comment on your latest thoughts on renewals versus retenanting, and then what the status is of that other 35% of 2025 expirations?

Doug McDonald

Sure, Caitlin, it's Doug. So we quote the renewed percentage. That's 65%. If you layer in the space that we've already retenanted or certain tenants that are relocating, we're at about 80% of the expiring population is addressed. And with the remaining 20%, we have active conversations and think that majority of that space is going to renew.

Caitlin Burrows

Got it. Okay. And then maybe just on the acquisition side. So, I feel like we continue to hear that the competition for acquisition deals is high, so wondering if you guys could comment

on the volume of deals you looked at in either 2Q or the first half. And more broadly, how hard it's gotten to be the winning bidder on a deal, or are you able to identify off-marketed – off market or lightly-marketed deals?

Michael Bilerman

Thanks, Caitlin. We've been extraordinarily active across both of those fronts in terms of marketed transactions, as well as negotiated off-market transactions. We feel where we're going to lean in is where we can really add value to what we buy. And I think that has been evidenced through Pinecrest, Little Rock, Asheville, and Huntsville. And we're pretty unique and differentiated being able to look at both outlets, as well as open air lifestyle centers. And given our geographical footprint and boots on the ground at every one of our assets, we feel that that gives us a competitive advantage in looking at the entire marketplace, and where – we announce deals when we close them. The balance sheet sitting in really good shape to be able to execute, running at 5 times debt to EBITDA today, and still having the \$70 million of forward equity that we issued late last year.

Caitlin Burrows

Okay. Thanks. That sounds encouraging.

Operator

The next question is from Todd Thomas from KeyBanc Capital Markets. Please go ahead.

Todd Thomas

Hi. Thanks. Good morning. You touched on the increase in occupancy during the quarter. But same store base rent growth was higher by only 1.8% year-over-year. And I heard the comments about Main Event. But I was wondering if you could comment on the portfolios signed not occupied pipeline in total, what that looks like today, or whether there was anything you can share regarding the timing of some of the lease signings in the quarter, that was reflected in the occupancy metric, but that was not ramping during the quarter. Just trying to get a sense of the trajectory of base rent growth throughout the remainder of the year.

Michael Bilerman

Thanks, Todd. So, one part of it is, you know, when we're signing new leases, we're getting both an increase on the base and we're getting our share of fixed CAM. And so, depending on the type of activity, we're looking to grow our total rent. And so, when you look at the P&L, you really have to look at both of those line items to be able to think about our total revenue growth, which is leading to NOI growth with our expense load.

In terms of signed not opened, given the fact that our portfolio is pretty small tenant, we've talked about, you know, our average tenant size is 4,700 square feet across 3,000 stores, and the speed at which a tenant, when we turn over to open, is pretty short, we don't have a large signed not opened pipeline. In fact, Main Event is probably the biggest component right now, above 30 basis points that's been turned over that's not cash paying

today, that will become open next year. And then the rest is pretty small between quarter to quarter, just given the short timeframe, 60 to 90 days, between turning over and a store opening.

Todd Thomas

Okay. And then noticed that the straight-line rent in the quarter was up significantly. I was wondering if there was any one-time or non-recurring impact either related to the leasing or otherwise that we should consider moving into the third quarter.

Doug McDonald

Sure. Our straight line typically gets a little bit higher in the second and third quarters cadence. It relates partly to the cadence of our occupancy. We've talked about troughing in the first quarter, building back up throughout the year, peaking in the fourth quarter. When tenants take over, and Michael talked about the 60- to 90-day buildout period, the straight line occurs when they take possession. The cash rent starts when they open. And so, there's a little bit more straight-line rent typically in the second and third quarters of the year, and we would expect that again this year.

Todd Thomas

Okay. Got it. So, that will burn off a little bit moving throughout the balance of the year.

And one more, if I could. Steve, you talked a little bit about the centers that you consider primary, or that sort of fit into that localization bucket and have been benefiting from a broader use of tenants. And I was wondering, how many of your centers do you consider to be in that bucket, if you will? What percentage of ABR, GLA, or just number of centers would you consider to fit that criteria? And then, looking out longer-term, are the centers that do not have that support from a primary population, or that local market impact that you're discussing, would they be considered non-core?

Stephen Yalof

Yes, I think where we are right now, all the centers in our portfolio are definitely core centers, and just we address them differently. So, we have a shopping center in Sevierville, Tennessee, actually home of Dollywood, which was voted the number one amusement park in the United States this month, that shopping center benefits from tourist traffic, 100%, it's one of our top-producing assets. So, it's really hard to sort of rationalize which ones do better from local trade, which ones do better from that tourist trade.

We definitely market our centers a little bit differently. We have a far wider catchment, as it relates to those centers that rely a little bit more on tourist destination or tourist population. The shopping center is positioned closer to the casinos. Things of that nature, I think, definitely benefit from more tourist-driven traffic. When Myrtle Beach and Hilton Head and Daytona were built 10, 15, 20 years ago, they were built for tourists, for tourism, and now are some of the fastest growing permanent population markets in the country.

So, the shift is happening rapidly. We're embracing the shift, but we'll continue to re-merchandise our centers accordingly as that shift takes place.

Todd Thomas

Okay. Thank you.

Operator

The next question is from Hong Zhang from JPMorgan. Please go ahead.

Hong Zhang

Yes. Hey. Good morning. I guess my first question is just on thinking about same store NOI growth in the second half of the year. You were 3.8% year-to-date, and it seems like the guidance implies some deceleration at the mid-point. Just wondering what's driving that.

Michael Bilerman

Thanks, Hong. We are very pleased to be able to increase our full-year guidance, bringing up the low end to 2.5%. And we think about the back half of the year. We still have a certain amount of uncertainty related to the macroeconomic environment and the credit, sales environment, our operational expense cadence. So, there's nothing specific in the second half relative to the first half, and that's why we have a range that's still producing very healthy Same Center NOI forecast for the year, with a midpoint at 3.25%.

Hong Zhang

Got it. And I guess I think you still have around \$70 million of forward equity to settle for the remainder of the year. I guess, I'm curious what you would – what you would use the proceeds for, if acquisition doesn't shake out.

Michael Bilerman

Yes, we have time on that forward equity. We'd also don't need to pull it down right away. And so, we have that there to be able to fund any of our internal or external investments, in addition to the balance sheet capacity that we have, being at 5 times levered.

Hong Zhang

Great. Have a great day.

Michael Bilerman

Thanks, Hong.

Operator

The next question is from Floris Van Dijkum from Ladenburg Thalmann. Please go ahead.

Floris van Dijkum

Hey. Thanks, guys. I guess, could you maybe talk a little bit about the internal growth prospects regarding your 10% – estimated 10% temp tenancy, and also how much more fixed CAM can you increase your portfolio by over the next, call it, six quarters?

Michael Bilerman

Floris, I'll take the second one first. I wouldn't be focused just on the expense reimbursement side, because when we're negotiating with a tenant, we're looking to drive total rent. If that means higher fixed CAM at the expense of base, we'll just do that as we're driving our total NOI growth at the end of the day. So, there's not a specific formula to look at and there's a wide variety of types of leases as well, some that don't pay us fixed CAM. So, it really depends on the leasing activity that we're doing.

In relation to the temp tenancy, yes, that's one part of the NOI growth that we could see over time, whether that's driving rents on our existing permanent base and continuing to retenant, but also continuing to use the temp business as a strategy, because the consumers that come shop with us, they don't know the difference between a temp tenant and a permanent tenant, but they do know the difference between an open store and a closed store. And so, we want to keep our assets vibrant and be able to continue to drive NOI over the long-term, and that's one source of potential upside that we could see over time.

Floris van Dijkum

Just to make sure that I understand correctly, Michael, because I don't – obviously, the temp tenants don't pay fixed CAM. What is your fixed CAM percentage today on your overall tenancy? Where do you think you can push that? And then, do you expect as the retailer demand continues to be really strong, I think, historically, your temp percentage was closer to 5%. Do you think – you know, how quickly do you think that 10% goes back to the historical norms? I guess that was what I was getting at with my question.

Michael Bilerman

Yes. I wouldn't focus too much on the fact that temp doesn't give us fixed CAM. I look at it more – we look at it more, what is the total rent that we can get for that space from a permanent tenant relative to a temp tenant. We talked about anywhere from 2x to 3x to 4x the rent. In terms of the cadence of that, you are right. Historically, we've operated in the 500- to 600-basis-point range. In terms of temp tenancy, we are higher than that today, but we don't have a time that we want to bring it down. We're trying to drive our total NOI growth and continue to diversify and remerchandise our centers, and it provides us a pool of leases that we think that there's upside, and we'll continue to see that upside over the next few years.

Floris van Dijkum

Thanks. And maybe the second question I had is, maybe a more of a Steve question. But, Steve, you talked about bringing new retailers to the outlets. Can you talk – you mentioned

Sephora. How are those discussions going? Are you seeing increased demand from retailers for the outlet space in particular, and how much growth do you think you could get over the next couple of years from new retailers to the outlet format?

Stephen Yalof

Well, as you know, look, we're out in front of – we're out in front of retailers all day, every day. So, we have a team just thinking about new business, and their sole mission is to go out and speak to brands that just haven't discovered us yet. And there's plenty of those brands enough to keep a couple of people occupied, a full-time job. So, it's exciting when new brands want to enter. We just recently did our first Marc Jacobs deals in the outlet space, and their performance has been amazing. They're drawing a customer. They've got fans of that brand.

There's a lot of things that new brands do for us. Aside from the fact that we get great productivity. They pay market rents. They also draw their own customer base to our centers. So, as these new brands are discovering our product, so are some of those customers that are loyal to that brand. I think that's just a great win-win for us.

It's hard for me to sort of guide to how big that business could be. But if you go back 30 years – you know, I've been in this business leasing outlets for a really long time – an outlet center 30 years ago looks completely different than the outlet center of today, because there's been constant evolution of brands, discovering and replacing brands that have sort of performed, I guess, less than to their capabilities. So, we're going to continue to grow newness. We're going to continue to bring in new brands, new uses, types of tenants. In food and beverage, you could say the last five years is relatively new to the outlet space. But as our customer becomes a little bit more localized, those are the things that they're demanding when they want to come and shop with us. And we think it's really smart for us to play and expand the consumer base and positively drive traffic into our centers.

Floris van Dijkum

Thanks, Steve.

Operator

The next question is from Rich Hightower from Barclays. Please go ahead.

Richard Hightower

Hi. Good morning, guys. Thank you for taking the questions here. I think maybe just to put a little bit finer point on some of the occupancy questions so far on the call, you know, I think we understand Deer Park. We understand Huntsville. But maybe in the context of the guidance and the different swing factors, are there any other known move-outs, move-ins, cash versus straight line, any other elements you'd like to sort of call out that we should be aware of over the next couple of quarters?

Stephen Yalof

The big one was Forever 21. But we absorbed Forever 21. We've been able to place where we've got five of the nine Forever 21s already leased, and we'll probably have the rest leased by the end of the year. So, I think that speaks to a high demand that retailers have, the space in our shopping centers. And it also speaks to the fact that we're going to be – we're going to curate. We're not going after just retailers just to fill space. We're looking for retailers really to bring – throw – a little bit more of the party. We want to drive customers. We want to be interesting. We want to be the shopping center of choice in the geographies that we serve. And because of that, we're going to be real smart about how we curate centers and make sure that we're bringing in not only retailers that can pay the best rents, but also retailers that will do the best volume and draw the most amount of shoppers to our centers.

Richard Hightower

Okay. I appreciate that. Just to be clear, so Forever 21 would probably be the biggest swing factor to call out for the second half in that regard, just to clarify?

Stephen Yalof

I would say yes.

Richard Hightower

Okay. Okay. Great. And then, more broadly, and I think you addressed this maybe from a different angle before, but just as far as the double-digit leasing spreads, for the past many quarters, and obviously a very overt remerchandising strategy that I think you've articulated very well, is there a natural runway for that, given sort of existing tenancy that's probably not leaving this center in the next several years as it – I mean, can it go on for years and years? I mean, how would you sort of think about that runway going forward?

Stephen Yalof

Look, again, as, know, I mentioned earlier, we're creating our own demand, and I think demand is sort of a virtuous cycle in that the better retailers you bring into the center, the better sales performance they execute to, and then the more rents that we can ultimately charge. But as centers become more popular, as sales continue to grow, more retailers take note and want to be part of that. So, in this environment right now with very little new retail coming online, retailers are looking for places where they can do business, they're looking for voids in the market where they have distribution. Look, a lot of these brands, we could be competing with a department store business that may be contracting where retailers are looking for places to put their freestanding stores, so they could execute and get their product in front of a customer. That – I don't see an end to that in the foreseeable future. And as I mentioned earlier, with a team of people that are out at 18, 24 months looking at new brands to bring in, there's a lot of interest in being part of what we're doing over here in Tanger.

Richard Hightower

Great. Thank you.

Operator

The next question is from Tayo Okusanya from Deutsche Bank. Please go ahead.

Omotayo Okusanya

Hi. Yes. Good morning. Solid results here. Wanted to follow up on Hong's question around guidance. Again, the low end of same store NOI raised to 2.5%. Curious if what's driving that is really more occupancy as you've kind of discussed some of the occupancy gains or whether there's an op ex component to it, if there's a bad debt component to it.

Michael Bilerman

Thanks, Tayo. I mean, look, the range, both at the high and the low end, has got a variety of assumptions around a lot of the variables that impact both revenues and expenses. And so, we give a range that we feel comfortable with. We are pleased to – at the midway through the year to be able to lift our FFO guidance, as well as lift our same center guidance. And at both ends of the range, there's varying assumptions around occupancy or tenant credit, sales environment, our variable operating expenses, the downtime, the spread, so there's – you know, and all of that goes into it to a range that we feel comfortable, and the best part of the 90 days, we get to report again and see where our results are, and update guidance again at that point.

Omotayo Okusanya

Gotcha. And then a quick follow-up as it pertains to tenant credit, could you just talk a little bit about your exposure to like Torrid that I believe kind of recently filed bankruptcy? Again, a lot of talk about Claire's may also do something. So, how you're kind of thinking about some of those names and maybe possibly some of the watchlist tenants?

Michael Bilerman

So, just a step back from it, overall, our watchlist remains at pretty manageable levels. In regards to the tenants you talked about, you know, they're not top 25 tenants for us. Yes, I'd say, the store size, specifically on the Claire's size, is pretty small. And so, while there may be a number of stores, it's a relatively smaller part of our base rent.

Stephen Yalof

If I could add, you know, I've said this on past calls, I'll say it again. Outlet stores have tended to be very profitable for brands, and some of the last stores that brands will close in a restructuring. So, even though a brand may declare bankruptcy, I guess in the case of Claire's or the other brand that you mentioned, so I think that as they work through their population of stores they're going to keep, and stores they're going to reject, my guess is very few will happen in the outlet space.

Omotayo Okusanya

Appreciate it. Thank you.

Michael Bilterman

Thanks, Tayo.

Operator

The next question is from Vince Tibone from Green Street. Please go ahead.

Vince Tibone

Hi. Good morning. Could you help quantify the near-term outparcel opportunity in the portfolio in terms of how many you expect to be actionable and monetizable over the next one to two years? And then also kind of what do you anticipate being the most common structure here, whether it's selling the dirt, doing a ground lease, or doing a full development that a tenant would ultimately re-lease? Just trying to get a sense of how much capital is being committed here, and then how much NOI growth maybe generated too, over the near-term.

Stephen Yalof

We said in the past that the value of our outparcel business is probably equivalent to one of our top shopping centers. I think that number continues to grow as we buy more shopping centers that give us more outparcel capacity. What's interesting, from a capital allocation point of view, as it relates to outparcel deal, we're not looking to sell outparcels. We're looking to lease them. But, typically, the investment that we're going to make in an outparcel, whether it's a build-to-suit or a ground lease deal, we don't make the investment until after the lease is executed. So, it's a – I mean, they're typically high-teens to low-double-digit returns, but we've already had those deals executed before we commit the capital from a risk profile point of view.

Vince Tibone

No, that's super helpful. Maybe just a – like, I mean, how many of these have you completed over the last, I don't know, one to two years and is that – you know, I'm just trying to get a sense of many of these deals you know, is going to move the NOI needle?

Justin Stein

Yes, Vince, this is Justin. So, say, over the last one to two years, we've had a handful come online and start rent paying, but we really, pinned our ears back and focused on this business. And what we can share with you is we have deals coming online over the next 12 to 18 months with brands like Portillo's and 7 Brews. We opened up a Chick-fil-A up in Ottawa. Shake Shack is opening up more stores with us on the peripheral land. We're doing deals with First Watch and 151 Coffee. So, we have a lot in the pipeline. We have a lot that are going to be coming and monetizing and cash flowing over the next year, year and a half, and we're really excited about the prospects of this business.

Vince Tibone

No, thank you for all the detail. That's helpful. And then last question for me. Could you just discuss high level, the retreating economics and ultimate NOI upside from the former 21 spaces? I know you commented in terms of how many were already leased. I'm not sure if those are all permanent or temp deals, but I just know they paid so little rent prior to bankruptcy. I'd imagine there's a pretty sizable mark-to-market opportunity there, but not sure how that compared to the suite size and if you have to demise in certain cases. So, yes, just love to kind of hear how you view the opportunity there with those boxes.

Stephen Yalof

Temp leasing those boxes quickly was a great trade for us because the rents being as cheap as they were, we were able to at least maintain or grow the rents on that near-term basis, as we're making those decisions that you just talked about. Do we replace the complete box, or based on the positioning of the shopping center, do we break them in half and re-demise them? We'll make those decisions based on the ability to generate rent and get exciting tenants into the space. We're working with a number of tenants and a lot of deals currently. I think there's a lot more rent that you can get from smaller – to lease smaller spaces. So, where that makes sense, we'll make that trade.

So, we're – I think we're in a pretty good position. I've said it a couple of times on the call. I'll repeat it again. I think our real estate, it becomes more valuable every day as there is less new space being added to the market. And as there's retailer demand continues to increase to be in our portfolio, we're going to make sure not only that we choose the best retailers to fill the space, we're going to make sure that they're going to be the most productive retailers, and we're going to bring in retailers that are going to drive new traffic and new shoppers to our centers. I think all of those things together, all ships rise and, ultimately, that's how we're going to grow our value and NOI over time.

Vince Tibone

Great. Thank you.

Operator

There are no further questions at this time. This concludes the question-and-answer session and today's teleconference. You may disconnect your lines at this time. Thank you for your participation.