InvenTrust Properties Corp. NYSE:IVT

FQ4 2025 Earnings Call Transcripts

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Call Participants

EXECUTIVES

Christy L. David
Executive VP, COO, General Counsel & Corporate Secretary

Dan Lombardo
Vice President of Investor Relations

Daniel Joseph Busch
CEO, President & Board Director

Michael Douglas Phillips
Executive VP, CFO & Treasurer

Unknown Executive

ANALYSTS

Andrew Reale
BofA Securities, Research Division

Cooper R. Clark
Wells Fargo Securities, LLC, Research Division

Floris Gerbrand Hendrik Van Dijkum
Ladenburg Thalmann & Co. Inc., Research Division

Hong Zhang

Linda Tsai
Jefferies LLC, Research Division

Michael Patrick Gorman
BTIG, LLC, Research Division

Paulina Alejandra Rojas-Schmidt
Green Street Advisors, LLC, Research Division

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Presentation

Operator

Thank you for standing by, and welcome to InvenTrust Fourth Quarter and Full Year 2025 Earnings Conference Call. My name is Becky, and I will be your conference call operator today.

Before we begin, I would like to remind our listeners that today's presentation is being recorded, and a replay will be available on the Investors section of the company's website at inventrustproperties.com. [Operator Instructions] I would now like to turn the call over to Mr. Dan Lombardo, Vice President of Investor Relations. Please go ahead, sir.

Dan Lombardo
Vice President of Investor Relations

Thank you, operator. Good morning, everyone, and thank you for joining us today. On the call from the InvenTrust team is DJ Busch, President and Chief Executive Officer; Mike Phillips, Chief Financial Officer; Christy David, Chief Operating Officer; and Dave Heimberger, Chief Investment Officer.

Following the team's prepared remarks, the lines will be open for questions. As a reminder, some of today's comments may contain forward-looking statements about the company's views on the future of our business and financial performance including forward-looking earnings guidance and future market conditions. These are based on management's current beliefs and expectations and are subject to various risks and uncertainties.

Any forward-looking statements speak only as of today's date, and we assume no obligation to update any forward-looking statements made on today's call or that are in the quarterly financial supplemental or press release. In addition, we will also reference certain non-GAAP financial measures. The comparable GAAP financial measures are included in this quarter's earnings materials, which are posted on our Investor Relations website.

With that, I'll turn the call over to DJ.

Daniel Joseph Busch
CEO, President & Board Director

Thanks, Dan, and good morning, everyone. We appreciate you joining us today. 2025 was an exceptional year for InvenTrust marked by strong operating performance and disciplined execution. Same-property NOI grew 5.3%, marking our second straight year above 5% and our fifth consecutive year of growth exceeding 4%. This performance speaks to the quality of our portfolio, the strength of our platform and the consistent execution of the InvenTrust team.

NAREIT FFO finished the year at the high end of our guidance range of $1.89 per share, representing 6.2% growth year-over-year. Our balance sheet remains well positioned with sector low net debt to adjusted EBITDA and ample liquidity to support our expansion objectives. From a strategic standpoint, the year was equally transformative, we completed the successful sale of 5 California assets and efficiently redeployed that capital into higher-growth Sun Belt markets.

In total, we acquired 10 properties including 2 in the fourth quarter, representing more than $460 million of gross acquisitions during the year. These investments deepen our geographic concentration and grocery exposure in areas where we see long-term population expansion limited new supply and the ability to leverage our operating platform. Christy will walk through our most recent acquisitions in more detail shortly.

Institutional and private capital remains active in the open-air retail space, particularly in grocery-anchored assets. While that interest validates positive trends in our sector, it also reinforces the importance of discipline. We remain selective in our acquisition approach, focusing on opportunities that meet our return thresholds, enhance our operational footprint and offer clear avenues for value creation through leasing and asset management. Our objective is to grow over time in a thoughtful and prudent manner.

Beyond acquisitions, we continue to invest internally through targeted redevelopment initiatives designed to maintain the overall quality and competitiveness of our portfolio while driving incremental NOI. These projects focus on remerchandising, repositioning anchor space and selectively adding [outparcels] at existing centers. While redevelopment is not intended to be a full point of our business model, we expect these efforts to contribute approximately 50 to 100 basis points of incremental NOI growth annually over the next couple of years.

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The retail landscape continued to demonstrate notable resilience in 2025. While store closures increased year-over-year, new retail construction stayed at multi-decade lows as development economics remain challenged, creating a constructive backdrop for owners of high-quality, well-located centers. At the same time, retailers are operating with better information as it relates to real estate decision-making, applying clear return thresholds and benefiting from more flexible supply chains. These factors favor landlords who can provide the right space in the right trade areas, a dynamic that aligns well with our focus and footprint.

According to CoStar, top-performing retail markets in 2025 included Charlotte, Tampa, Orlando and Dallas. Charlotte, where we acquired 2 properties during the year stands out for robust population growth, job creation, and suburban development, ranking first among major U.S. markets for retail rent increases. We are seeing similar trends in Phoenix, another area where we continue to expand our presence.

Our strong performance in 2025 positions us well heading into 2026. That outlook is reflected in our guidance with core FFO per share growth expected to be in the mid-single-digit range and net investment activity of approximately $300 million. As always, our strategy remains simple: continue to expand our Sun Belt focus portfolio and execute at the property level to drive sustainable cash flow growth.

With that, I'll turn it over to Mike to walk through the financials in more detail.

Michael Douglas Phillips
Executive VP, CFO & Treasurer

Thanks, DJ, and good morning, everyone. For the full year, same-property NOI totaled $171 million representing growth of 5.3%, driven primarily by embedded in escalations, which contributed approximately 160 basis points. Occupancy gains added about 80 basis points, while positive leasing spreads contributed roughly 90 basis points. Redevelopment activity provided an additional 70 basis points with percentage and ancillary rents adding around 20 basis points and net expense reimbursements contributing 130 basis points. These drivers were partially offset by a 20 basis point headwind from bad debt reserves.

Same-property NOI for the fourth quarter was $44.3 million, up 3% year-over-year. For the full year, NAREIT FFO totaled $147.8 million or $1.89 per diluted share, reflecting an increase of 6.2% over 2024. Core FFO rose 5.8% to $1.83 per share year-over-year. FFO growth was primarily driven by same-property NOI and net acquisition activity, partially offset by the impact of a higher weighted average share count.

In the fourth quarter, NAREIT FFO came in at $36.8 million or $0.47 per diluted share, representing a 4.4% increase compared to the fourth quarter of 2024. Core FFO increased 7% to $0.46 per diluted share for the 3 months ending December 31. Our balance sheet remains exceptionally strong, providing InvenTrust with flexibility and liquidity to execute our long-term growth strategy. At year-end, total liquidity stood at $480 million, including $35 million in cash and $445 million available under our revolving credit facility. Our weighted average interest rate is 4%, and our net leverage ratio was 26.3%.

Net debt to adjusted EBITDA remained at a sector low of 4.5x on a trailing 12-month basis. During the quarter, we completed 2 acquisitions totaling $109 million funded with our available liquidity and the assumption of approximately $30 million of secured property-level debt. The Board of Directors approved a 5% increase to InvenTrust annual cash dividend for 2026. The new annualized rate of $1 per share will be reflected in the April dividend payment.

Turning to 2026 guidance. We expect full year same-property NOI growth in a range of 3.25% to 4.25%. This outlook incorporates a bad debt reserve of approximately 30 to 70 basis points. For NAREIT FFO, we are providing guidance in the range of $1.97 to $2.03 per share, representing a 5.8% increase at the midpoint compared to 2025. Our core FFO guidance is $1.91 to $1.95 per share reflecting a 5.5% increase at the midpoint year-over-year. As discussed previously, the interest rate on our $200 million term loan swaps reset from approximately 2.7% to 4.5%, which will create a modest headwind to FFO for the last 3 months of the year.

And with that, I'll turn the call over to Christy to discuss our portfolio activity.

Christy L. David
Executive VP, COO, General Counsel & Corporate Secretary

Thanks, Mike. The retail landscape in 2025 was marked by steady execution and improving operating momentum. Our leasing teams performed well, converting renewals at attractive spreads and filling small shop vacancies with high-quality operators that enhance tenant mix support the long-term performance of our centers.

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Leasing activity remained positive across the portfolio with grocery, health and wellness, specialty food and value-oriented concept showing the strongest demand throughout InvenTrust asset base, Foot traffic and retail sales have remained durable while our watch list of at-risk tenants is minimal. One area where execution has been particularly evident is in the performance of our acquisitions.

For properties acquired in 2024 and 2025, new and renewal lease spreads have averaged approximately 21%, demonstrating our ability to identify the low market opportunities. This showcases our leasing team's ability to unlock growth even in well occupied centers. From a tenant health perspective, the story remains resilient. Retail sales are up and announced store openings continue to exceed closures, signaling sustained confidence in physical retail. While turnover is a normal part of the strip center business, our tenant rosters are as strong as they have been at any point.

Across our markets, retailers are increasingly focused on optimizing store fleets rather than pulling back with new concepts actively pursuing space and well-located centers. The strength is evident in our leasing results with several key metrics reaching their highest levels since our listing in 2021. New leases executed in 2025 achieved a 30.9% spread. While renewals averaged 10.9%, resulting in blended comparable leasing spreads at 13.3%. Small shop lease occupancy also reached a new all-time high of 94% and annual rent escalators on new and renewal small shop leases executed in 2025 averaged over 3.1%, the highest level since our listing.

At year-end, total leased occupancy was 96.7% and our retention rate was 85%, reflecting the planned departure of a single anchor at our Gateway Market Center property in St. Petersburg, Florida, which is currently in the early stages of a transformational redevelopment. Excluding that space, our retention rate would be consistent with previous quarters at approximately 90%, and our lease occupancy rate would have been flat sequentially.

Turning to acquisitions. We added 2 high-quality assets to the portfolio during the quarter. The first is Mesa shores in MSA, Arizona, a rare dual grocery-anchored center by Trader Joe's and Sprouts Farmers Market. We also expanded our Florida presence with the acquisition of Daniel's Marketplace in Fort Myers, anchored by Whole Foods. Both assets aligned with our Sun Belt necessity-based strategy and future tenant mixes weighted toward national and regional brands with upside through small shop leasing and merchandising.

As we head into 2026, operating fundamentals for shopping center REITs remain solid and supportive of our platform. The InvenTrust portfolio is well positioned for tenants to focus on essential uses and services, omnichannel fulfillment and seeking benefit from long-term demographic growth across the Sunbelt.
Operator, we are now ready to open the lines to take questions.

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Question and Answer

Operator

[Operator Instructions] Our first question comes from Andrew Reale from Bank of America.

Andrew Reale
BofA Securities, Research Division

I guess, first, I was just wondering if you could maybe talk a little bit more about your funding sources for the $300 million of net acquisition activity. I mean it sounds like you have some capacity on the balance sheet might lean into that a bit. So I was wondering kind of what type of debt would you look to issue what type of pricing would you expect? And then just with the greater interest expense assumption in the guide, what portion of that is from the swaps rolling over? And what portion of that would be from incremental debt?

Michael Douglas Phillips
Executive VP, CFO & Treasurer

Yes. Andrew, this is Mike. I can start. So yes, you hit on the head, we have [money room] on the balance sheet to fund acquisitions this year. That's kind of the plan going into the forecasting. We have $300 million kind of at the midpoint of net acquisitions. What you can see from us this year is using our line of credit, probably a little bit more than we have in the past and then opportunistically hitting the market probably the 2 options that are best for us in the private placement market or using some more bank debt, we'd probably prefer to use more permanent long-term financing through the private waste market.

And that pricing right now is probably depending on tenor anywhere between 125 and 150 basis point spreads. I think you asked about the headwind for the swap spreading off in 2026, obviously, to us don't burn off until September. So it's probably about a [$0.05] headwind going into the year.

Andrew Reale
BofA Securities, Research Division

Okay. And then maybe just a follow-up on that. Could you just help us think about if you have a new leverage target range? And I guess, just how high you'd be willing to take up that leverage in aggregate?

Michael Douglas Phillips
Executive VP, CFO & Treasurer

Yes. So the good thing is we can kind of fund to the balance sheet and not really come up to our leverage targets by the end of the year. So we can do the $300 million this year, and that still puts us on a forward basis at kind of 5x net debt to adjusted EBITDA, and we'd be comfortable really not going above 5.5x on a forward basis at any given time.

Unknown Executive

Yes. Maybe just to add on that, Andrew. I think when we think about the balance sheet, obviously, we're being one of the lower levered companies, we do have the ability to self-fund [our] through that incremental debt, which is an important avenue for us over the next couple of years.

And you can see that as it relates to the net investment activity that we're trying to accomplish this year. we're very protective of the balance sheet. Obviously, we try to keep it very simple and maturity schedule is extremely manageable. And as Mike said, we're always trying to gear towards that mid-5s on a forward basis. But on any given quarter, we're going to be opportunistic while protecting the balance sheet.

Operator

Our next question comes from Linda Tsai from Jefferies.

Linda T sai
Jefferies LLC, Research Division

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On the [Amazon Go and Fresh] closing stores, does that open any opportunities to open more Whole Foods increase that 2% as a percentage of ABR in your portfolio?

Unknown Executive

Well, we don't actually have any of the Amazon goes or any Amazon brick-and-mortar, I guess, in our portfolio, we obviously did a site analysis as it relates to our portfolio, specifically as it relates to our Whole Foods locations to make sure that we weren't at any type of risk. If and when they decide to start transitioning some of those boxes.

The good news is we're very well protected with our very Whole Foods in the InvenTrust portfolio. operates exceptionally well. Most of them are looking to add additional square footage if they can, but they're very profitable and have high sales volumes. The more interesting thing is the Whole Foods banner is obviously one that done quite well for sometimes it serves a very particular part of the market very well. And I think seeing Amazon lean back into that to that banner is positive for institutional quality shopping centers.

Linda T sai
Jefferies LLC, Research Division

And then one of your larger peers discussed recently seeing lower CapEx requirements in their portfolio, and you highlighted this characteristics in your own portfolio previously. Are you seeing '26 as largely a renewal business again and [indiscernible] the percentage of CapEx, 20% NOI continue to come down?

Unknown Executive

Yes. So good question. I think that's a fair statement. We expect -- and I think we've talked to you, Linda and many others about the dynamics going forward as we get closer to kind of frictional vacancy. We see that as a very positive outcome for free cash flow for our business. To the extent, if you think about where our credit quality is, and obviously, in our guidance, we've guided to a lower credit loss this year versus the previous years.

And a lot of that do with the better credit quality and merchandise mix in the portfolio. So as that merchandise mix has improved as the bankruptcy risk has been reduced in the InvenTrust portfolio we expect to, and with the success that our retailers are having, we do expect renewals to be a bigger part of our business as we look forward.

And what that means is growth with lower CapEx to your point. So which is inclusive of incremental redevelopment opportunities as well, but that 20% should continue to come down in the form of the 2 major categories being landlord work and tenant capital. So as we see that, you should -- we're really optimistic and excited about the ability to just have our tenant -- our current tenants be successful with us for the coming years. And growing free cash flow without spending as much capital as we have in the past when we're trying to grow occupancy and fill -- backfill space is that perhaps we're bankruptcy.

Operator

Our next question comes from Cooper Clark from Wells Fargo.

Cooper R. Clark
Wells Fargo Securities, LLC, Research Division

I wanted to ask about the $300 million net acquisitions, guys. Curious if you could speak to the acquisition pipeline as it stands today in terms of volume and pricing. Curious how much of the acquisition volume within guidance is either under contract or deals where you have some certainty of closing as opposed to more speculative acquisitions?

Unknown Executive

Yes. No, good question, Cooper. So what I would say is, as we do every year, we come into the year, we look at our pipeline, we evaluate the current opportunity set, and we try to provide a guidepost or a benchmark of what we're trying to accomplish this year. I think with the $300 million net investment activity, what we really are trying to show is that we're expecting to continue to grow our business, leverage our platform and use the balance sheet, which we haven't done immaterial way in the past. While still managing at a very low leverage level.

Directly to your point, almost half of that $300 million is either has either been ordered or is under contract. Which we expect to close probably in the early part of this year. So we have really good visibility on half of it, just under half of that $300 million. As we look further into the pipeline, there's a lot of exciting opportunities, it's still a very competitive market, but we've continued to find

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assets and opportunities that fit our criteria, which is a going in yield in the high 5s, low 6s with great growth that supplements our complements, I should say, the portfolio quite well. And getting into the unlevered returns kind of in that low to mid-7s range.

And that's what we continue to see. You're going to -- as Christy alluded to in her prepared remarks, Phoenix, the Carolinas, smaller secondary markets that are very complementary to our portfolio being in the when we're seeing demographic trends that are still very favorable relative to elsewhere in the country. So you're going to see a lot of the same when you look at the 10 assets that we acquired in 2025 you should see a very similar kind of opportunity set as we move through 2026.

Cooper R. Clark
Wells Fargo Securities, LLC, Research Division

Great. And then just switching to the disposition cadence. Just curious how we should think about dispositions this year within the context of our last property in California and then potentially recycling out of some other lower growth assets.

Unknown Executive

Yes, it's a good question. So last year was unique, right, with the California opportunity. That was something where we saw an opportunity to recycle capital in an accretive manner. And we decided to jump on that, obviously, the success of California front-loaded our acquisitions in 2025.

That's not the strategy for 2026. What you should see is we'll kind of pull forward and push back dispositions as it relates to the opportunities that we're seeing in our acquisition pipeline. With the exception of California, obviously, we have one asset in California that we've had an identified buyer for quite some time. We're just going through some administrative and environmental stuff that is unique to California, and we do expect to close that in 2026. Beyond the one -- the last California asset that we have, you'll see the dispositions will be a source of capital once acquisition opportunities are identified.

Operator

Our next question is from Michael Gorman from BTIG.

Michael Patrick Gorman
BTIG, LLC, Research Division

Mike, if we could just go back to the same store for a second, I apologize if I missed it, but did you mention on the revenue side, any potential impact from the sign-on open pipeline on the 2026 growth? And then maybe on the expense side, are there any same-store expense headwinds just from some of the weather that we saw go through the Southeast earlier this year?

Michael Douglas Phillips
Executive VP, CFO & Treasurer

Yes, I'll start with that part, Mike. So nothing material on any of the weather events that happened in the South and Southeast that we're seeing in our portfolio right now. As far as IoT open, I don't think I mentioned that we have what about 2% of ABR just $5.5 million we do expect that's mostly small shops. So it's like 80% of that is small shop. So we expect most of that to come online this year about 95%, but I think importantly, of that 95%, above 50% of that will actually be revenue recognized this year.

Michael Patrick Gorman
BTIG, LLC, Research Division

Okay. Great. That's helpful. And then maybe switching back to the transaction side. For the Fort Myers acquisition. I'm curious, it's an interesting asset. Obviously, it's grocery anchored, but then a lot of very recognizable high-end discretionary brands. So I'm just wondering maybe how that impacted the competitive set for an asset like that?

And then also how the assumable financing played a role in how competitive it got for an asset like that and maybe how that translates into other opportunities. that you're seeing where it's assumable financing versus not? And where you feel your competitive advantage is in the transactions market there?

Unknown Executive

Mike, No, I'm happy to take that. Daniels was something that we identified and we're excited about, obviously, one other or another asset, and it's a market that we're trying to grow in as well. West Florida is something that is -- it has been of interest to InvenTrust.

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As you mentioned, it is it is grocery, but there is a little bit of a lifestyle component with some of the merchandise mix there. It's a great complement to our portfolio. If you think about the construct of the InvenTrust portfolio, about 2/3 of it is kind of right down the fairway grocery-anchored neighborhood types of centers that are going to be very stable growth, albeit maybe a little bit lower because there is a bigger percentage of fee income coming from the grocer itself.

And then the other 1/3 is it can be bigger box, lifestyle center, unanchored. So there's -- what we've built here is a portfolio that has kind of perhaps from all different pieces the open-ender shopping center segment, all have different somewhat characteristics and growth profiles, but it fits really well when you blend it all together. So we'll continue to look at assets like Daniel's. But what you'll see as we 2026, we'll see some of those neighborhood core grocery on centers as well.

Let me address. From a financing standpoint, we don't let that really change the way we certainly change the way we underwrite properties. We look at it as if we look at it on an unlevered basis. We want to make sure that we're getting to the types of returns that make sense for the portfolio and the growth profile that makes sense for the portfolio.

Having said that, with the competition, you will see some of these ones that have assumable financing get more competitive than others that necessarily what we chase for Daniels because we were able to get comfortable with the returns that we were underwrote, and we're excited about the opportunities that we're already seeing there.

Michael Patrick Gorman
BTIG, LLC, Research Division

That's helpful. And agree, I was up by the Daniel's marketplace about a week ago, and it's a great asset and a great location on a great corner. So congrats on that one.

Operator

Thank you. Our next question comes from Hong Zhang from JPMorgan.

Hong Zhang

I guess if I look at your redevelopment pipeline, the majority of our projects are expected to complete in the first half of the year. How should we think about your activating future projects in the pipeline in the near term, especially as it relates to gateway market center, which I think is a [choker] asset.

Unknown Executive

Yes. So like I mentioned in the prepared remarks, the redevelopment pipeline is interesting is it's really just reinvesting in our centers and improving the merchandise mix like I said, some of that will be an [L], but a lot of it is not. One of the things that has been the most important tailwind in our business over the past couple of years, which has allowed us to grow same-store by 5% the last 2 years and 4% -- over 4% for the 5 previous years is the scarcity of quality space.

And that -- having that leverage is really what's been driving the growth across the shopping center sector, but certainly for the higher quality portfolios in markets where there's been really good demographic trends. As it relates to Gateway, that's one of the larger opportunities for us. And it's really -- it's going to be the relocation and remodel at the of high-quality Southeastern grocer.

And we're imagining the center approved long term. So what we're going to do there is just fortify that asset for the many years to come and those are the types of opportunities that we were patient. And now one will probably start later this year, but it's going to take a while to stabilize. But once it does, it will be an asset that will serve that submarket. It tempers were for decades to come.

Operator

Our next question comes from Paulina Rojas from Green Street.

Paulina Alejandra Rojas -Schmidt
Green Street Advisors, LLC, Research Division

Most peers have highlighted a very competitive market. Do you think pricing has shifted over the past 3 months? Or has the level of competitive largely remained consistent?

Unknown Executive

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I would say it feels consistent. It really depends on what comes to market. And I think last year, we were very fortunate with some of the opportunities that we were able to run down, whether it be on market or off market. I would expect 2026 to be similar, but I will say, it's hard to pay whether at the 30,000-foot level of pricing has moved in a material way.

The competition is still very strong. We're seeing it across the different kind of asset types that we -- or property types, I should say, that we've been looking at. Fortunately, we've had some repeat opportunities with the same sellers, in some cases, and off-market opportunities, which will continue to be those tend to take a little bit longer. But I will say we always feel when we kind of do a close mortem on the assets that we have bought over the last couple of years, we always sell better 6 months later.

So if that's an indication of feeling that we got in at the right time. I think that would suggest that competition is going to continue to be there perhaps pricing is going to be -- continue to remain pretty sticky in our space. And there is private capital formation, as I know many of our peers have talked about, but that's a real thing. And many of those folks are -- what they're looking for platforms or single assets there's a lot of excitement and rotation of capital I think that could be coming into retail, which should benefit us longer term from a valuation perspective.

Paulina Alejandra Rojas -Schmidt
Green Street Advisors, LLC, Research Division

And my other question is, like we have got used to [indiscernible] leading and raising guidance. given the background has been so positive, what would take for you to exceed your high end of property NOI guidance?

Unknown Executive

Well, yes, it's a great question. And look, I think 1 of the things we were trying to do at the beginning of the year is we want to be we set guidance to make sure that we're setting expectations appropriately. The reality is, and I think I speak probably for the most of the shopping center REITs in the sector is that bad debt is surprised in a material way to, I guess, downside less credit loss.

And it's hard to come in to any given here and say, look, we're not going to have any credit loss. But that's almost been the case when you offset it with some of the cash receivables that you get for tenants that you don't expect to pay you. And that's been the case for the last couple of years. It's hard to start at the beginning of the year and I think that that's going to be continuous.

I think most of us, including InvenTrust expect there to be a more normalized level of credit loss because that's just the normal nature of our business. It just hasn't been the case. But as you saw in our guidance, we do, we have reduced our credit loss because of the underlying quality of the merchandise mix and how that's improved over the last couple of years and the fact that we're going into this year with real -- no real or seeable imminent anchor issues at least in the InvenTrust portfolio. So that gives us confidence that we the confidence that we needed to bring in that credit loss in a moment, which is reflected obviously that 50 basis points is reflective of the midpoint of our same-store guidance.

To go through the high end, it's very simple. Can we get things open and rent paying earlier? And is credit loss going to stay immaterial.

Operator

Our next question comes from Floris Van Dijkum from Ladenburg.

Floris Gerbrand Hendrik Van Dijkum
Ladenburg Thalmann & Co. Inc., Research Division

People can't get my name right, but that's okay. I'm used to it by now. I had a question, DJ, more philosophical -- I mean, look, by the way, so I don't know if you think back on your time when you started here that you would have gotten the company in the shape that's in right now, kudos for spearheading that.

So as you think about your market penetration and your market exposures, how should -- how do you think about that? Do you think about market size in terms of ABR or in terms of number of properties or percentage of NOI or ABR? And where do you see smaller markets like Phoenix, which I guess you just bought an asset in Mesa, where is that going to grow just like what you've done with Charleston and some of the other newer markets in your portfolio?

Daniel Joseph Busch
CEO, President & Board Director

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Floris, it's a great question, and thank you for those comments. Let me start there. I think when we started -- when I started here in 2019 and more importantly, when we listed the company in 2021, the company was in great shape. I would be lying by saying I didn't think that this platform could get to where it is today, and I'm more excited about where we're going.

And it really is, I think one of the things that is underappreciated and we will continue to prove to our investor base and our tenants is the quality of the people and the platform at InvenTrust. It really is something special and we want to continue to improve that year in, year out by growing cash flow and serving the communities the way we have been, and we will continue to commit to do so.

As it relates to the portfolio, I think, like I mentioned earlier, we love the opportunity set that we see across the Sun Belt, even though the market is competitive. That's okay. We've been used to finding opportunities that fit our criteria in a competitive environment. I would say in Phoenix, obviously, it's a larger market.

So when we think about that, we don't mind growing, continuing to grow fees and then using places like [Tucson or perhaps] flakes satellites, maybe having 1 or 2 assets in those smaller markets and to operating out of a large market like Phoenix. It's really that hub-and-spoke strategy that you've seen us do in Charlotte with Asheville and with Charleston and Savannah.

Those are the types of things where we can operate at a very efficient level, and we don't mind going into some of those smaller complementary markets that have, by the way, really strong growth characteristics based on some of the migration trends just at the state level. As long as we're buying 1 of the higher quality or the highest quality grocery or essential services types of center in those markets. And I think that, that's what you'll continue to see from us as we look for new markets, as we look to further invest in some of our current markets and then looking for those kind of -- that spoke strategy as an offshoot to some of those markets where we already have pretty good concentration in exposure.

Floris Gerbrand Hendrik Van Dijkum
Ladenburg Thalmann & Co. Inc., Research Division

Maybe if I can add a follow-up, by the way, I like your disclosure on your -- splitting out your anchor and your small shop tenants, your lease economics and your spreads, et cetera. And it gets me to think that your leasing spreads on your shop tenants are equal to your anchor tenants despite the fact you're probably getting significantly higher fixed rent bumps during the period of the lease as well, highlighting the attractiveness of this particular segment.

As you think about unanchored, I know you talked a lot -- a little bit about acquisitions with grocery anchored. There's a peer of yours that's pursuing this unanchored strategy. I think you have a couple of those kinds of centers in your portfolio. What are your thoughts on that and maybe leading into your shop heavy assets in your existing markets?

Daniel Joseph Busch
CEO, President & Board Director

Floris, it's a great question. And it's always a really interesting conversation and debate because on one hand, getting income through bankers or even like we have about call it, 10% to 11% of ground lease income that comes predominantly from anchors on a ground base. That income is so sticky. But to your point, it is more for like but in certain report to the cycle, it's nice to be on anchor rents because they are the highest credit in the most recently in the different parts of the real estate cycle.

Having said that, to your point, we do have couple of shadowing [whose] centers. And I think that's the strategy that works as well. I think one of the things that's most important to us is understanding the ownership structure of the anchor itself. We have no issue or very little issue with bankers that are owned by the operator. So if a grocer owns its own real estate, that's completely fine. A lot of the control dynamics of the center itself are very similar to whether they lease or own the space from us anyway. So it doesn't really change conversation from a leasing dynamic or our ability to operate the property. It's very similar to what you're just getting income or you're not. So we do look at continued shadow opportunities as long as we're comfortable with the acre structure and the like.

So I think I know who you're speaking of. I think that's a sound strategy. It can't help from a growth perspective, but it does come with a little bit more volatility because you're not sitting on that [anchor inco].

Floris Gerbrand Hendrik Van Dijkum
Ladenburg Thalmann & Co. Inc., Research Division

So that -- I think that, that would mean that you're not pursuing an unanchored unless it's a shadow anchor grocer or something like that?

Daniel Joseph Busch

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CEO, President & Board Director

No, that's not necessarily true. We've done some unanchored acquisitions. They tend to be more unanchored like smaller lifestyle, if you will, as opposed to let's call it, 10,000 to 15,000 square foot strip on anchored retail. Those things -- those tend to be competitive. They're smaller dollar types of acquisition. So there is a lot of competition in that market. But if we found one, especially 1 that was complementary to something that we already own, perhaps across the street or something like that, that's something that would be very interesting to us.

So the one thing that we love about the canvas of opportunities that we have in our acquisition pipeline if it kind of runs the gamut from larger scale big box down to unanchored strip and everything in between. The most important thing is it meets the market criteria that is going to be successful in our portfolio.

Operator

We currently have no further questions. So I'll hand back over to DJ Busch for closing remarks.

Daniel Joseph Busch
CEO, President & Board Director

Thank you, everyone, for your participation and your questions. We look forward to seeing many of you in I guess the several conferences that are coming up in the next couple of months. So until then, have a great day.

Operator
This concludes today's call. Thank you for joining us. You may now disconnect your lines.

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