

LTC Properties, Inc.
4Q25 Earnings Call
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Presenters

Pam Kessler, Co-President and Co-CEO
Clint Malin, Co-President and Co-CEO
Gibson Satterwhite, EVP, Asset Management
Cece Chikhale, EVP and CFO
Dave Boitano, EVP and CIO

Q&A Participants

John Kilichowski - Wells Fargo Securities
Austin Wurschmidt - KeyBanc Capital Markets Inc.
Juan Sanabria - BMO Capital Markets Equity Research
Michael Carroll - RBC Capital Markets
Richard Anderson - Cantor Fitzgerald & Co.
Samuel Ohiomah - Deutsche Bank AG

Operator

Greetings, and welcome to the LTC Properties, Inc. Fourth Quarter 2025 Earnings Conference Call and Webcast. At this time, all participants are in a listen-only mode. A question and answer session will follow the formal presentation. You may be placed in the question queue at any time by pressing “*” “1” on your telephone keypad. As a reminder, this conference is being recorded. If you require operator assistance, please press “*” “0.” It's now my pleasure to introduce Pam Kessler, Co-President and Co-CEO. Pam, please go ahead.

Pam Kessler

Good morning, and thank you for joining us. Eight months after launching our SHOP initiative, we are almost halfway through our transformation from a lower growth triple-net REIT into a faster-growing SHOP-focused REIT a transformation that will lead to higher multiyear, internal and external SHOP and earnings growth and to superior shareholder returns. This transformation has included substantial investment in people, systems, and technology, which will continue to be a focus to support our aggressive growth plans.

We have made great progress growing our seniors housing portfolio through SHOP reflecting successful execution across every aspect of the business. Today, we are guiding to \$600 million in acquisitions at the midpoint for 2026, all of which we anticipate will be in SHOP. This acquisition guidance is nearly 70% higher than SHOP acquisitions in 2025.

2026 started off strong with \$108 million in SHOP acquisitions already completed and another \$160 million on schedule to close in the second quarter, which takes us nearly halfway to our

\$600 million midpoint investment guidance for the year. Throughout our transformation, we have continued to maintain a strong balance sheet with well-laddered debt maturities and a FAD payout ratio below 80%.

Since launching SHOP last May, we grew it to 25% of our investment portfolio by year-end. Based on our 2026 acquisition guidance, we expect to end this year with SHOP growing to 45% of our investment portfolio and 40% of our NOI, capitalizing on LTC's ability to accelerate our growth through acquisitions. By launching SHOP at a small-cap REIT, we are leveraging the denominator effect to our advantage. LTC's smaller initial footprint provides the power to capture outsized growth, where even modest investments have a meaningful and visible impact.

Additionally, after the prepayment of the \$180 million Prestige loan expected later this year, loans should be reduced to less than 10% of our portfolio, and skilled nursing investments will represent less than 30% by the end of 2026. This strategic portfolio transformation reflects our SHOP launch and rapid growth within a targeted 18-month period. With our transformation complete at the end of 2026, we see the opportunity for continued accelerated internal and external growth powered by SHOP in 2027. Now I'll turn the call over to Gibson to discuss our portfolio and strong SHOP performance.

Gibson Satterwhite

Thank you, Pam. We've undertaken the transformation to increase the organic growth and new investment growth profile of our portfolio and maximize risk-adjusted returns for our shareholders. To that end, we have focused over the last 1.5 years to develop and enhance our platform to position LTC and our operators for success, and we'll continue to make further investments going forward to position LTC for profitable growth.

In addition to adding accounting, FP&A and data analytics resources, we recently welcomed two Vice Presidents to our asset management team, both with extensive experience in systems development and seniors housing asset management. Our SHOP portfolio results support our 2025 strategy by outperforming our expectations. The original 13 properties converted to SHOP grew NOI over 2024 pro forma NOI by 22% and produced \$16.2 million of combined rent and NOI in 2025 compared to \$12.3 million of rent in 2024.

The remainder of the SHOP portfolio outperformed expectations in the fourth quarter by contributing \$5.9 million of NOI, about \$700,000 above the midpoint of guidance. Our 2026 SHOP NOI guidance includes 13 properties we originally converted and 14 properties acquired to date. Our guidance for these 27 properties assumes 14% NOI growth at the midpoint for full year 2026 over pro forma 2025. This subset of properties realized occupancy of 89.7% in 2025, which we are projecting will grow by about 150 basis points in 2026.

We further project that RevPOR will grow by approximately 5% and EXPOR will grow by 2.5%. We do want to note that the 2025 results for the 14 properties we have acquired include occupancy and performance as reported by the prior owners adjusted for the current management fee structure.

We will continue changing the mix of our portfolio in 2026. Prestige Healthcare has delivered notice of their intent to prepay on or about July 1, the \$180 million loan, which is currently yielding approximately 11%.

Additionally, we expect to sell 5 skilled nursing properties and have certain loan payoffs totaling \$90 million in the next 60 days. These transactions, together with our external growth through SHOP, will meaningfully reduce our skilled nursing and loan exposure. With that, I'll turn things over to Dave for an update on our growth strategy.

Dave Boitano

Thank you, Gibson. In 2025, we put \$360 million to work through SHOP acquisitions. By the end of the second quarter of this year, we will have added an additional \$270 million moving us rapidly towards our \$600 million midpoint acquisition guidance and making 2026 our most active investment year yet as we accelerate our growth towards an increasingly SHOP weighted portfolio.

LTC's relationship-focused culture is the foundation of our success. In 2025, we closed two follow-on transactions with existing operating partners and our momentum is continuing in 2026 with another follow-on deal completed and two more and the \$160 million we expect to close shortly. At the same time, we are in active conversations with operating partners new to LTC and are evaluating acquisitions to kick off those relationships.

In a competitive senior housing acquisitions environment, our smaller asset base and personal relationship-driven strategy are competitive advantages. We find opportunities in both single and multi-property investments and do not need to chase overpriced large on-market transaction. We are keenly focused on every deal and every LTC operator relationship, each of which directly contributes to our growth and furthers our transformation into a SHOP growth engine.

Existing and prospective operators desiring to grow their portfolios or retain assets when an investor wishes to exit, seek LTC because we listen, we collaborate, and we engage. The evidence of this success can be seen in our accelerating year-to-date external growth that, in addition to the \$160 million previously mentioned, includes an acquisition pipeline of over \$500 million in deals under review and consists entirely of SHOP. Our acquisition strategy is to partner with experienced, regionally focused operating teams and add newer communities with lower CapEx requirements.

These are stabilized assets, but that does not equate to low growth. We are buying assets with strong pricing power, high incremental margins, and durable contributions to earnings growth. Our expanding SHOP platform is positioned to perform over time, and we expect to achieve unlevered IRRs in the low to mid-teens. I'll now pass the call to Cece for a review of our financial results.

Cece Chikhale

Thank you, Dave. For the end of the year, we bolstered our growth capacity by expanding our credit facility to \$800 million, including \$200 million of term loans. We anticipate receiving nearly \$270 million in asset sales and loan payoffs in 2026, which will be used to fund future investments using multiple levers, including proceeds from our ATM program, borrowings under our revolving line of credit, and asset sales where attractive pricing provides a better cost of capital. We feel very confident in our financial strength, which will support our ability to fuel our SHOP growth.

With the \$270 million of expected proceeds, our liquidity stands at \$810 million on a pro forma basis. We have minimal near-term debt maturities, giving us virtually no refinancing risk. At year-end, our debt to annualized adjusted EBITDA for real estate was 4.5x, and our annualized adjusted fixed charge coverage ratio was 4.4x. While we are well within our stated leverage target of 4 to 5x, we believe we can reduce that further over time.

Compared with the same quarter last year, core FFO per share improved \$0.05 to \$0.70 and core FAD per share improved \$0.07 to \$0.73. These results represent core FFO per share and core FAD per share growth of 8% and 11%, respectively. The increases were primarily due to new SHOP acquisitions and triple-net conversions to SHOP, partially offset by an increase in interest expense and decreased rents related to asset sales.

Our 2026 guidance for core FFO per share is projected to be in the range of \$2.75 to \$2.79 and core FAD per share in the range of \$2.82 to \$2.86. For the first quarter, we expect core FFO per share in the range of \$0.66 to \$0.68 and core FAD in the range of \$0.68 to \$0.70.

Our 2026 guidance includes \$400 million to \$800 million of SHOP acquisitions with SHOP NOI in the range of \$65 million to \$77 million and FAD CapEx of approximately \$5 million. Additionally, our guidance includes the \$270 million of proceeds from asset sales and loan payoffs. Other assumptions underpinning this guidance are detailed in yesterday's earnings press release and supplemental, which are posted on our website. Now I'll turn the call over to Clint for some closing comments.

Clint Malin

Thanks, Cece. 2026 will complete LTC's transformation from a triple-net skilled nursing and seniors housing REIT, fueling our growth through idea to become a larger SHOP focused REIT. Increased NOI growth will come organically through our existing portfolio and through new SHOP acquisitions.

With our investment guidance of \$600 million at the midpoint in 2026, SHOP will exceed \$1 billion of assets and represent 45% of our portfolio by year-end. Including the SHOP acquisitions under contract, the average age of our SHOP portfolio will be nine years, reflecting our strategy of investing in newer SHOP communities that are best positioned to compete against future new development. We will drive strong organic SHOP NOI and per share growth through aligned operator relationships and the quality of the assets.

In fact, we believe that organic NOI growth will double by the end of this year compared with our pre-transformation to SHOP. We have made rapid progress in executing on our SHOP strategy. So most importantly, on behalf of the entire LTC team, I want to extend a sincere thank you to the operators who have placed their trust in us, helping us establish and grow our SHOP platform.

We have eight SHOP operator relationships in our portfolio, six new to LTC since our launch. And in Q2, we will be adding two more. Each one of these operator relationships represents a huge opportunity to continue driving LTC SHOP growth through management agreements that align interest to deepen our relationships. We have a simplified and compelling investment thesis, which we are executing upon with speed, determination and conviction to power future growth by optimizing risk-adjusted returns to our shareholders while increasing our organic and investment growth profile.

This success is made possible by a talented group of tenured employees and new professionals recently joining our team, all coalescing around a transforming LTC that is standing out in the industry and is well positioned for tremendous growth. With that, we are ready to take your questions.

Operator

Thank you. We'll now be conducting a question and answer session. If you'd like to be placed in the question queue, please press "*" "1" on your telephone keypad. A confirmation tone will indicate your line is in the question queue. You may press "*" "2" if you would like to remove your question from the queue. For participants using speaker equipment, it may be necessary to pick up your handset before pressing "*" "1." One moment, please, while we poll for questions. Our first question today is coming from John Kilichowski from Wells Fargo. Your line is now live.

John Kilichowski

Hi. Good morning. Thanks for taking my question. This pivot is happening relatively quickly, and it sounds like messaging has been it's not if, but when something happens to the SNF funding landscape. I'm curious in your minds, like what are the nearest one or two greatest threats to SNF today that could cause some sort of re-rating the market isn't expecting?

Clint Malin

From a SNF perspective, John, I would say that there's a tremendous amount of private capital, I think, that's driving prices in skilled nursing. So that's one element that could have a change. And then just as we've generally seen over the years, I mean, skilled nursing at cap rates that it has, it has a stroke of the pen risk and things tend to happen when you least expect it. And we do see much more organic growth from investing in newer assets with a better growth profile. So that's really our thesis and why we're aggressively growing into SHOP.

John Kilichowski

Okay. Well, the 14% same-store growth is a great starting point. I'm curious, is this sort of like a three- to four-year run rate as the business remains immune, likely immune to supply shocks and

demand is relatively known? Or do you forecast that moderating slightly as occupancy fully stabilized at these assets?

Gibson Satterwhite

It's a fair question. John, this is Gibson. It's a fair question. We are -- it is a relatively new portfolio for us. And so we're comfortable with the guidance. I think the way to think about this is that, that pro forma occupancy that I gave in my prepared remarks, 89.7% that's pretty close to stabilized levels. And so we're encouraged to see that this year, our expectations are in that mid-teens growth rate. So we really just don't want to get into the out years right now.

John Kilichowski

Thank you.

Operator

Thank you. Our next question is coming from Austin Wurschmidt from KeyBanc Capital Markets. Your line is now live.

Austin Wurschmidt

Yeah, just going back to SHOP for a minute. Gibson, you had highlighted that the 13 original assets grew NOI by 22% last year on a pro forma basis versus '24. Can you give us a sense how the 14% on the 27 assets compares to how that trended in 2025 or just versus the fourth quarter?

Gibson Satterwhite

Let me see if I can answer this in another way and see if that scratches your itch, Austin. If you look at our projections, '25 over '24 and you pull out that original 13, our growth rate of 14% isn't going to materially change.

Austin Wurschmidt

Got it. That's helpful. And then maybe just going back to John's question a little bit differently here. I mean, you mentioned the 89% is nearing stabilization, but this portfolio does continue to evolve as you layer on additional acquisitions. I mean, what are your latest thoughts for the portfolio today as to where stabilized occupancy levels are? And what sort of the right feeling on where you can kind of send out in-place rent increases or drive RevPOR in the coming years? Thanks.

Pam Kessler

Austin, this is Pam. For stabilized occupancy, given the lack of supply that we see over the next few years, we feel occupancy can climb into the 90s. We did not project that in our 2026 guidance. But it is possible. And it's always a fine balance between occupancy and rate growth, and we feel that this portfolio has the opportunity for both.

Clint Malin

And this also -- this is a key of what we're focused on, what we're investing in. It's newer assets, and we've emphasized that in our comments about the average age. We feel those are going to

be best positioned to compete against new development. That will happen. And we think in the interim, they'll have pricing power to be able to drive growth. And we've done that by design, on intention, looking long term to have assets that can effectively compete in the future.

Austin Wurschmidt

And then what was the in-place rent increases now for this year?

Gibson Satterwhite

Well, the RevPOR guidance we gave is around the 5%. And so that ranges across the portfolio from 4.5% up to 7%. But a lot of the hay is in the barn with respect to year-end increases or increases that went into effect in January. But then we have some more that increase on anniversary. And then we have to see what happens with the Street rate. So I think we're comfortable with our all-in like RevPOR assumption of that 5% range.

Austin Wurschmidt

Very helpful. Thanks, everyone.

Clint Malin

Thank you.

Operator

Thank you. Next question is coming from Juan Sanabria from BMO Capital Markets. Your line is now live.

Juan Sanabria

Hey, good morning. I'm just hoping you could talk a little bit about the pipeline of investments and the year one yields you're underwriting for SHOP. And then on the flip side, how we should be thinking about some of the disposition yields for some of the SNF that you're selling. You've already given us the loan piece, so thank you for that.

Dave Boitano

Hi, Juan. This is Dave. I'll take the first half, and I think Gibson will take the second half. So from an acquisition pipeline perspective, you saw in our remarks that we have 160,000 -- \$160 million under LOI and in process. We are looking at generally what we looked at last year in terms of sort of going in year one yields about 7% or so with good growth headroom beyond that.

Clint Malin

Also, one thing to think about on what we're looking at for deals, as Pam mentioned in her prepared remarks, mean the size of LTC really we're using to our advantage to be able to grow because we can look at smaller transactions, which have better price points to be able to drive those initial yields. So we think that's a huge opportunity for us as we're growing this portfolio and are projecting on gross book to be a 45% SHOP by the end of the year since we launched this midyear in '25.

Gibson Satterwhite

And then Juan, this is Gibson on the dispositions. I think the Prestige loan is a unique case where that -- we had a heavy concentration with one operator in one state that caused some disruption a couple of years back because of that state's specific reimbursement program. And so that was a strategic decision to derisk the portfolio and reduce operator concentration. We still have investments with Prestige, and it's not a Prestige thing. It's just an overall operator concentration thing.

On the rest, if you blend it together, we're selling at about an 8.2% cap. And so there, if you think about that in terms of swapping out of older skilled nursing assets as we've been doing on an opportunistic basis over the last 1.5 years or so, and 8.2% with 2.5% anywhere from 2% to 2.5% escalators, and we can recycle that into newer seniors housing assets that are really built and will be competitive over the long term. We feel like that's a good risk/reward trade for our shareholders.

Juan Sanabria

Thanks. And then I just wanted to ask ALG. There was previously some discussion about some change in that portfolio going forward and some options they had. So just curious how we should be thinking about piece of your exposure longer term?

Clint Malin

I think for ALG, Juan, I think that they do have purchase options. We talked previously about -- it's really more interest rate sensitive for them to look at probably bond financing to take this out. So we look at this probably will be in 2027. We have three different or four different investments with them. There can be a small -- one of the small portfolios could trade maybe towards the end of this year possibly. But I would really think of it more as a '27 event.

Juan Sanabria

Got it. And then if I could just be greedy, one more question. For the incremental financing, like if you hit the top end of your acquisition guidance, how should we think about that? It sounds like you said leverage could go down. I'm not sure if that's a product of EBITDA growing or if we should assume that maybe the goal would be to over-equitize positions over and above kind of the dispositions you've laid out or loan repayments. So just curious on the funding for the pipeline at kind of the different -- either the midpoint or the high end in particular. Thanks.

Pam Kessler

Yes. Thanks, Juan. It's Pam. Yes, I think you're thinking about it right. I mean, the beauty of a higher growing portfolio is that your deleveraging happens naturally a lot faster through EBITDA growth. But we would also look to over-equitize acquisitions if the pricing is right.

Juan Sanabria

Thank you.

Operator

Thank you. As a reminder, that's "*" "1" to be placed in the question queue. Our next question is coming from Michael Carroll from RBC Capital Markets. Your line is now live.

Michael Carroll

Yeah, thanks. Clint or Dave, can you guys provide some more color on the competitive landscape for seniors housing deals right now? I mean, how difficult is it for you to find deals that you want to own that meets your underwriting? And then when you do find those transactions, I guess, where have cap rates trended? I know you've been talking about that 7% range for some time. I mean, are we starting to see that take a little bit lower? Is it hard to find yields at that 7% yield?

Dave Boitano

So this is Dave. On our -- I mean, Clint hit on this nicely in terms of the importance of a deal to LTC and how our scale works for us. So we do a good job of finding transactions that are probably in that onesie-tuosie time frame and our size, and our customers, our sellers know that they're important to us. So one great benefit here, it's been sort of in fashion to have buyer interviews. So I can bring a C-suite, bring my CEOs onto those calls to sort of underscore how important the deal is.

And as you know, with any seller, certainty of execution matters an awful lot. So we can give a transaction a lot of attention and hyper focus. We've continued to see a pretty good stream of opportunities. And generally in that first year, underwriting of around 7% or so, it doesn't mean that there's not pressure, but our whole world is looking at a lot of transactions to find a few that are worthy of underwriting and progression through the process. So we're seeing a good flow of potential opportunities, and we feel good that we'll find the right ones for LTC out of that stream.

Clint Malin

And so with that backdrop, we've guided to \$600 million at the endpoint for investments for '26 and with deals closed under contract, we're almost halfway through that. So although it's a competitive landscape, we feel that we've been able to be at the table on transactions. And a lot of the deals that we have, as Dave mentioned previously, are operators bringing us into transactions, which with having -- soon to have 10 operative relationships in our portfolio. We think that's going to help drive continued access to deals. And when we're looking at them on onesie-tuosie transactions, it can be helpful.

And another thing that we're seeing also on one of the transactions we're working on is the seller is looking at a tax-efficient transaction. And so we're looking at a down REIT structure. So when you look at financing transactions and utilizing equity, pricing through a down REIT structure, it can be an attractive option for us.

Michael Carroll

So then, in this type of environment, if you look at the seven yields, I mean, do you see -- foresee like if you kind of get back to the end of this year, you might have to go below that? Or is there

enough transactions at that level that you think at least through this year, you can still achieve that 7% target?

Dave Boitano

So as Clint mentioned, right, we have \$270 million in the door, right? So those are set. So we've got another \$300 million plus to go. Nothing is easy if you're going to do it well. So we'll be working hard to find the right deals all year long. But we are steadfast in working to maintain that kind of year one yield of 7%.

But definitely, there will be pressure in the industry. A lot of people are discovering senior housing or people showing up at the table. We still feel like we've got a good opportunity kind of given our relationship focus and our style of execution to find the deals that make sense for LTC.

Pam Kessler

And Mike, I have one more thing to add to that. Last year, when we talked about our projected underwriting and being at 7%, very conservative. Our 2026 guidance is already a year one over 7.5%, it's like 7.7%. So we're already beating that. So we've created value there just in a few short months and expect to create more.

Michael Carroll

Okay. Great. No, that's helpful. And then just last for me. Related to Prestige on the remaining loans that LTC is holding after, if they potentially pay them off in July or half of them. I mean, is there a desire to have them pay off those loans, too? Or should we think about that as a longer-term hold that LTC plans to continue to maintain?

Clint Malin

We should think of it as a long-term hold. Right now, we -- after the payoff of \$180 million, we'll have \$90 million remaining with them. So they will be reducing concentration, as Gibson spoke about, and they would probably fall outside of our top 5 operator relationships.

Pam Kessler

And they don't have an option to prepay those.

Michael Carroll

Okay, great. Thank you.

Operator

Thank you. Next question is coming from Rich Anderson from Cantor Fitzgerald. Your line is now live.

Richard Anderson

Thanks. Good morning. So I just want to make this sort of crystal clear. Is your expectation on a go-forward basis, 2027 and beyond for your SHOP business to be producing sort of low mid-teens

type of same-store NOI growth? Is that the target you're going after? Or is it something lower than that?

Gibson Satterwhite

We're going to see how this year plays out. We're excited about what we're seeing as we go into this year and as we get into later in the year, Rich, we'll update that. I mean I think going in a few calls ago, we said that we were targeting -- we're going in at 7% and targeted low teens IRRs. And so that's basically telling you we expect mid-single-digit growth over the long term. But I think as we work through the process, we just acquired a lot of this, getting to really understand the portfolio. We're excited. And as Pam mentioned, in our projections, we're assuming higher yields on the initial purchase price than we did an acquisition. So I think we're excited about the opportunity in 2026, and we hope that continues on. But we'll update you as we get to the end of the year -- throughout the year.

Michael Carroll

But the 22% NOI in the 13, that's really apples-to-oranges from a previous net lease structure, correct? Just so I understand that correctly.

Gibson Satterwhite

Yes. That's fair, yes.

Clint Malin

And that was intended just to give visibility in regard to what we had under our rent structure and what we had to for comparable metrics what it looked like under SHOP. So that was why we broke that out separately.

Gibson Satterwhite

That's right. And that was in -- sorry, go ahead.

Richard Anderson

No, you go ahead.

Gibson Satterwhite

I was just going to say, yes, but I mean, that was -- we were in the structure able to capture the upside in those properties. And that's something strategically as we thought about entering RIDEA, really started talking about seriously 18 months ago, how to go about doing that. And we're just really excited that we're able to do that and be able to capture the upside and do so in a way that aligns our interest with our operators to incentivize them to drive performance.

But yes, your comment that we're comparing that increase in NOI or the triple-net structure is fair. But I will say that as we did that, we were able to capture the upside because there was -- the coverage on that Anthem portfolio was pretty close to where the rents we were collecting.

Richard Anderson

Right. Understood. Got that. Okay. In terms of the CapEx, I see your guidance is \$0.10, a little less than \$5 million a year on whatever you own average -- weighted average-wise for the year. I don't know, \$5 million just feels low to me for a \$1 billion portfolio. Is that a function of its age? I wonder what do you think the CapEx burden might be for LTC going forward when you're kind of fully built out \$1 billion or so of assets?

Gibson Satterwhite

Yes, that's a fair question. I guess I'll answer it this way. So we've assumed basically about \$1,500 a unit. So for the portfolio that we currently have, the 30 properties, we did go through those recurring CapEx budgets, and we feel pretty comfortable with those given the age of the assets. So I don't -- we didn't feel like we were really stretching or deferring anything and felt like that was what was requisite to keep the buildings competitive. So we'll have to see how that evolves. I'll say the overall number includes assumption kind of a weighted average of that \$1,500 a unit for acquisitions going forward.

Pam Kessler

Yes. And I don't think you can compare our CapEx budget to our peers just because the makeup of our SHOP portfolio is so different. I mean, with an average age of nine years, that's really young, really new buildings that don't have a lot of CapEx requirements.

Clint Malin

That was strategic on our part because as we were introducing this portfolio, to simplify the integration of this and have assets that can compete against potential new development. I mean, we do see that over time, that will increase. But for the interim and short-term period, that's why you're seeing a lower spend.

Richard Anderson

Yes. Okay. Yes, I was going to say young does become old unfortunately, over time.

Pam Kessler

We all age, Rich. We all age.

Gibson Satterwhite

But, Rich, I will say as we work through the budgets, we're not deferring things that we're not targeting a number. We're committed to invest in the portfolio to keep it competitive. And so if that number drifts up to drive NOI growth, that's what we'll do. But we did try to look at this from a holistic perspective. And when we certainly weren't looking to trim number out of those maintenance CapEx budgets going forward.

Richard Anderson

Okay. Last for me. You call yourself done at the end of 2026 with this transformation, 45% essentially SHOP. Is that your version of the efficient frontier? Or will you expect the SHOP

exposure to sort of trickle up from that point forward? Or is it like a 50% exposure to SHOP sort of your kind of your sweet spot? Thanks.

Pam Kessler

No, we don't have a target on it, Rich. It really -- transformation versus evolution, I mean, transformation. This is something that we've done quickly. And to Clint's prepared remarks point, 18 months. That's really, really fast to change the complexion of a company. After this year, it's an evolution. We will continue to invest where we see the best return for our shareholders, which in our crystal ball looks like it will continue to be SHOP. But if it's not, we'll pivot to the investment that drive shareholder value the best. But for right now, it will be an evolution more towards SHOP than a transformation at the -- after this year.

Richard Anderson

Understood. Thanks very much, everyone.

Operator

Thank you. Next question is coming from Samuel Ohiomah from Deutsche Bank. Your line is now live.

Samuel Ohiomah

Hey, guys. Thanks for giving the time. Given the RevPOR, EXPOR spread you guys saw in the quarter, how confident are you that the SHOP portfolio can deliver the growth you're guiding to? And can you walk us through kind of the key operational levers that you kind of are relying on to get you guys there?

Gibson Satterwhite

I think the key levers are laid out there in the supplemental on our guidance page. So I think that if you zoom out and with occupancy growth, our EXPOR expectations are just slightly below what people would expect for inflation. I don't think that that's a particularly aggressive assumption.

But I think some may point to the top line occupancy growth of 150 bps is maybe a little conservative. So we're really trying to -- it's a 29 property -- sorry, it's a 30-property portfolio. The 27 that we guided to, which the 27 being, 13 we converted and then everything that we've acquired since. So everything is kind of at or near stabilization.

But it's really hard to, with the portfolio of that size, really zoom in more than the detail that we've given you on the operational levers. I mean, we feel like that's appropriate. And just with 29 -- or sorry, with 27 properties you're going to have more variance than you would in a 500 property portfolio. But I think Again, we feel good about the RevPOR assumptions going forward. We think it's achievable. We don't think it's a layup. EXPOR, same thing. So we try to put the goldilocks level of guidance out there that stretches our operators, but it's achievable.

Samuel Ohiomah

Right. That makes sense. I guess the second question I have is, I know you guys have talked about -- and we all know like suppliers have really been an issue, but have you anything around that changed at all?

Clint Malin

I would say not really supply. Now we haven't seen -- what you do see though more is that operators that have a track record in development are talking more about gearing up for development. So I think that's where you're hearing more talk. It's not so much shovels in the ground. It's more of -- they see that there's going to be a need for supply in the future. And they have experience in doing it, and they're trying to prepare to be -- to participate in that when the time does come.

Gibson Satterwhite

And I think what specifically within our SHOP portfolio construction activity is very light. There may be one under construction, one under consideration, and some expansions here and there around the edges, but it's very light.

Samuel Ohiomah

Makes sense. I appreciate your time, guys.

Operator

Thank you. We have reached end of our question-and-answer session. Before I turn the call back to management, please note that today's comments, including the question-and-answer session may have included forward-looking statements subject to risks and uncertainties that may cause actual results and events to differ materially. These risks and uncertainties are detailed in the LTC Properties filings with the Securities and Exchange Commission from time to time, including the company's most recent 10-K dated December 31, 2025.

LTC undertakes no obligation to revise or update these forward-looking statements to reflect events or circumstances after the date of this presentation. I'd now like to turn the floor back over to management for any further or closing comments.

Pam Kessler

Thank you, operator. And thanks to everyone for your thoughtful questions. We appreciate your continued interest, and we look forward to updating you on our progress next quarter.

Operator

Thank you. That does conclude today's teleconference and webcast. You may disconnect your lines at this time, and have a wonderful day. We thank you for your participation today.