

TANGER FACTORY OUTLET CENTERS INC
Form 10-Q
August 02, 2017

United States
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q
 QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF
x 1934

For the quarterly period ended June 30, 2017

OR
 TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF
o 1934

For the transition period from _____ to _____

Commission file number 1-11986 (Tanger Factory Outlet Centers, Inc.)
Commission file number 333-3526-01 (Tanger Properties Limited Partnership)

TANGER FACTORY OUTLET CENTERS, INC.
TANGER PROPERTIES LIMITED PARTNERSHIP
(Exact name of Registrant as specified in its charter)

North Carolina (Tanger Factory Outlet Centers, Inc.) 56-1815473
North Carolina (Tanger Properties Limited Partnership) 56-1822494
(State or other jurisdiction of incorporation or organization) (I.R.S. Employer Identification No.)

3200 Northline Avenue, Suite 360, Greensboro, NC 27408
(Address of principal executive offices)

(336) 292-3010
(Registrant's telephone number, including area code)

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Tanger Factory Outlet Centers, Inc. Yes No
Tanger Properties Limited Partnership Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Tanger Factory Outlet Centers, Inc. Yes No
Tanger Properties Limited Partnership Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer", "accelerated filer", "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Tanger Factory Outlet Centers, Inc.
Large accelerated filer Accelerated filer
Non-accelerated filer Smaller reporting company
(Do not check if a smaller reporting company) Emerging growth company
Tanger Properties Limited Partnership

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

(Do not check if a smaller reporting company)

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Tanger Factory Outlet Centers, Inc.

Tanger Properties Limited Partnership

Indicate by check mark whether the registrant is a shell company (as defined by Rule 12b-2 of the Act).

Tanger Factory Outlet Centers, Inc. Yes No

Tanger Properties Limited Partnership Yes No

As of July 31, 2017, there were 94,958,136 common shares of Tanger Factory Outlet Centers, Inc. outstanding, \$.01 par value.

EXPLANATORY NOTE

This report combines the unaudited quarterly reports on Form 10-Q for the quarter ended June 30, 2017 of Tanger Factory Outlet Centers, Inc. and Tanger Properties Limited Partnership. Unless the context indicates otherwise, the term "Company" refers to Tanger Factory Outlet Centers, Inc. and subsidiaries and the term "Operating Partnership" refers to Tanger Properties Limited Partnership and subsidiaries. The terms "we", "our" and "us" refer to the Company or the Company and the Operating Partnership together, as the text requires.

Tanger Factory Outlet Centers, Inc. and subsidiaries is one of the largest owners and operators of outlet centers in the United States and Canada. The Company is a fully-integrated, self-administered and self-managed real estate investment trust ("REIT") which, through its controlling interest in the Operating Partnership, focuses exclusively on developing, acquiring, owning, operating and managing outlet shopping centers. The outlet centers and other assets are held by, and all of the operations are conducted by, the Operating Partnership and its subsidiaries. Accordingly, the descriptions of the business, employees and properties of the Company are also descriptions of the business, employees and properties of the Operating Partnership. As the Operating Partnership is the issuer of our registered debt securities, we are required to present a separate set of financial statements for this entity.

The Company owns the majority of the units of partnership interest issued by the Operating Partnership through its two wholly-owned subsidiaries, Tanger GP Trust and Tanger LP Trust. Tanger GP Trust is the sole general partner of the Operating Partnership. Tanger LP Trust holds a limited partnership interest. As of June 30, 2017, the Company, through its ownership of Tanger GP Trust and Tanger LP Trust, owned 94,958,136 units of the Operating Partnership and other limited partners (the "Non-Company LPs") collectively owned 5,027,781 Class A common limited partnership units. Each Class A common limited partnership unit held by the Non-Company LPs is exchangeable for one of the Company's common shares, subject to certain limitations to preserve the Company's status as a REIT. Class B common limited partnership units, which are held by Tanger LP Trust, are not exchangeable for common shares of the Company.

Management operates the Company and the Operating Partnership as one enterprise. The management of the Company consists of the same members as the management of the Operating Partnership. These individuals are officers of the Company and employees of the Operating Partnership. The individuals that comprise the Company's Board of Directors are also the same individuals that make up Tanger GP Trust's Board of Trustees.

We believe combining the quarterly reports on Form 10-Q of the Company and the Operating Partnership into this single report results in the following benefits:

- enhancing investors' understanding of the Company and the Operating Partnership by enabling investors to view the business as a whole in the same manner as management views and operates the business;
- eliminating duplicative disclosure and providing a more streamlined and readable presentation since a substantial portion of the disclosure applies to both the Company and the Operating Partnership; and
- creating time and cost efficiencies through the preparation of one combined report instead of two separate reports.

There are only a few differences between the Company and the Operating Partnership, which are reflected in the disclosure in this report. We believe it is important, however, to understand these differences between the Company and the Operating Partnership in the context of how the Company and the Operating Partnership operate as an interrelated consolidated company.

As stated above, the Company is a REIT, whose only material asset is its ownership of partnership interests of the Operating Partnership through its wholly-owned subsidiaries, the Tanger GP Trust and Tanger LP Trust. As a result, the Company does not conduct business itself, other than issuing public equity from time to time and incurring expenses required to operate as a public company. However, all operating expenses incurred by the Company are reimbursed by the Operating Partnership, thus the only material item on the Company's income statement is its equity in the earnings of the Operating Partnership. Therefore, the assets and liabilities and the revenues and expenses of the Company and the Operating Partnership are the same on their respective financial statements, except for immaterial differences related to cash, other assets and accrued liabilities that arise from public company expenses paid by the Company. The Company itself does not hold any indebtedness but does guarantee certain debt of the Operating Partnership, as disclosed in this report.

The Operating Partnership holds all of the outlet centers and other assets, including the ownership interests in consolidated and unconsolidated joint ventures. The Operating Partnership conducts the operations of the business and is structured as a partnership with no publicly traded equity. Except for net proceeds from public equity issuances by the Company, which are contributed to the Operating Partnership in exchange for partnership units, the Operating Partnership generates the capital required through its operations, its incurrence of indebtedness or through the issuance of partnership units.

Noncontrolling interests, shareholder's equity and partner's capital are the main areas of difference between the consolidated financial statements of the Company and those of the Operating Partnership. The limited partnership interests in the Operating Partnership held by the Non-Company LPs are accounted for as partner's capital in the Operating Partnership's financial statements and as noncontrolling interests in the Company's financial statements.

To help investors understand the significant differences between the Company and the Operating Partnership, this report presents the following separate sections, as applicable, for each of the Company and the Operating Partnership:

- Consolidated financial statements;

- The following notes to the consolidated financial statements:

- Debt of the Company and the Operating Partnership;

- Shareholders' Equity, if applicable, and Partners' Equity;

- Earnings Per Share and Earnings Per Unit;

- Accumulated Other Comprehensive Income of the Company and the Operating Partnership;

- Liquidity and Capital Resources in the Management's Discussion and Analysis of Financial Condition and Results of Operations.

This report also includes separate Item 4. Controls and Procedures sections and separate Exhibit 31 and 32 certifications for each of the Company and the Operating Partnership in order to establish that the Chief Executive Officer and the Chief Financial Officer of each entity have made the requisite certifications and that the Company and

Operating Partnership are compliant with Rule 13a-15 or Rule 15d-15 of the Securities Exchange Act of 1934 and 18 U.S.C. §1350.

The separate sections in this report for the Company and the Operating Partnership specifically refer to the Company and the Operating Partnership. In the sections that combine disclosure of the Company and the Operating Partnership, this report refers to actions or holdings as being actions or holdings of the Company. Although the Operating Partnership is generally the entity that enters into contracts and joint ventures and holds assets and debt, reference to the Company is appropriate because the business is one enterprise and the Company operates the business through the Operating Partnership.

The Company currently consolidates the Operating Partnership because it has (1) the power to direct the activities of the Operating Partnership that most significantly impact the Operating Partnership's economic performance and (2) the obligation to absorb losses and the right to receive the residual returns of the Operating Partnership that could be potentially significant. The separate discussions of the Company and the Operating Partnership in this report should be read in conjunction with each other to understand the results of the Company on a consolidated basis and how management operates the Company.

TANGER FACTORY OUTLET CENTERS, INC. AND TANGER PROPERTIES LIMITED PARTNERSHIP
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PART I. - FINANCIAL INFORMATION

Item 1 - Financial Statements of Tanger Factory Outlet Centers, Inc.

TANGER FACTORY OUTLET CENTERS, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(In thousands, except share data, unaudited)

	June 30, 2017	December 31, 2016
Assets		
Rental property:		
Land	\$262,166	\$ 272,153
Buildings, improvements and fixtures	2,651,419	2,647,477
Construction in progress	94,490	46,277
	3,008,075	2,965,907
Accumulated depreciation	(849,652)	(814,583)
Total rental property, net	2,158,423	2,151,324
Cash and cash equivalents	8,362	12,222
Investments in unconsolidated joint ventures	131,172	128,104
Deferred lease costs and other intangibles, net	139,675	151,579
Prepays and other assets	91,861	82,985
Total assets	\$2,529,493	\$ 2,526,214
Liabilities and Equity		
Liabilities		
Debt:		
Senior, unsecured notes, net	\$1,136,296	\$ 1,135,309
Unsecured term loan, net	322,793	322,410
Mortgages payable, net	171,215	172,145
Unsecured lines of credit, net	98,698	58,002
Total debt	1,729,002	1,687,866
Accounts payable and accrued expenses	71,383	78,143
Other liabilities	67,979	54,764
Total liabilities	1,868,364	1,820,773
Commitments and contingencies		
Equity		
Tanger Factory Outlet Centers, Inc.:		
Common shares, \$.01 par value, 300,000,000 shares authorized, 94,958,136 and 96,095,891 shares issued and outstanding at June 30, 2017 and December 31, 2016, respectively	950	961
Paid in capital	787,255	820,251
Accumulated distributions in excess of net income	(136,225)	(122,701)
Accumulated other comprehensive loss	(24,247)	(28,295)
Equity attributable to Tanger Factory Outlet Centers, Inc.	627,733	670,216
Equity attributable to noncontrolling interests:		
Noncontrolling interests in Operating Partnership	33,237	35,066
Noncontrolling interests in other consolidated partnerships	159	159
Total equity	661,129	705,441
Total liabilities and equity	\$2,529,493	\$ 2,526,214

The accompanying notes are an integral part of these consolidated financial statements.

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TANGER FACTORY OUTLET CENTERS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS

(In thousands, except share data, unaudited)

	Three months ended June 30,		Six months ended June 30,	
	2017	2016	2017	2016
Revenues:				
Base rentals	\$80,788	\$75,003	\$161,118	\$147,626
Percentage rentals	1,805	2,326	3,660	4,476
Expense reimbursements	34,023	30,754	70,621	63,996
Management, leasing and other services	609	1,332	1,188	2,453
Other income	2,389	1,918	4,395	3,587
Total revenues	119,614	111,333	240,982	222,138
Expenses:				
Property operating	37,116	35,012	77,503	72,886
General and administrative	11,500	11,675	22,912	23,240
Abandoned pre-development costs	—	—	627	—
Depreciation and amortization	32,905	26,306	64,199	52,873
Total expenses	81,521	72,993	165,241	148,999
Operating income	38,093	38,340	75,741	73,139
Other income (expense):				
Interest expense	(16,520)	(13,800)	(33,007)	(28,684)
Gain on sale of assets	6,943	—	6,943	4,887
Gain on previously held interest in acquired joint venture	—	49,258	—	49,258
Other non-operating income (expense)	57	38	92	354
Income before equity in earnings of unconsolidated joint ventures	28,573	73,836	49,769	98,954
Equity in earnings of unconsolidated joint ventures	2,374	3,466	4,692	6,965
Net income	30,947	77,302	54,461	105,919
Noncontrolling interests in Operating Partnership	(1,557)	(3,897)	(2,735)	(5,341)
Noncontrolling interests in other consolidated partnerships	—	12	—	(11)
Net income attributable to Tanger Factory Outlet Centers, Inc.	\$29,390	\$73,417	\$51,726	\$100,567
Basic earnings per common share:				
Net income	\$0.31	\$0.76	\$0.54	\$1.05
Diluted earnings per common share:				
Net income	\$0.31	\$0.76	\$0.54	\$1.04
Dividends declared per common share	\$0.3425	\$0.3250	\$0.6675	\$0.6100

The accompanying notes are an integral part of these consolidated financial statements.

TANGER FACTORY OUTLET CENTERS, INC. AND SUBSIDIARIES
 CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In thousands, unaudited)

	Three months ended June 30,		Six months ended June 30,	
	2017	2016	2017	2016
Net income	\$30,947	\$77,302	\$54,461	\$105,919
Other comprehensive income:				
Foreign currency translation adjustments	3,074	47	4,084	8,701
Change in fair value of cash flow hedges	(544)	(2,443)	178	(3,829)
Other comprehensive income (loss)	2,530	(2,396)	4,262	4,872
Comprehensive income	33,477	74,906	58,723	110,791
Comprehensive income attributable to noncontrolling interests	(1,702)	(3,765)	(2,949)	(5,599)
Comprehensive income attributable to Tanger Factory Outlet Centers, Inc.	\$31,775	\$71,141	\$55,774	\$105,192

The accompanying notes are an integral part of these consolidated financial statements.

TANGER FACTORY OUTLET CENTERS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(In thousands, except share and per share data, unaudited)

	Common shares	Paid in capital	Accumulated distributions in excess of earnings	Accumulated other comprehensive loss	Equity attributable to Tanger Factory Outlet Centers, Inc.	Noncontrolling interests in Operating Partnership	Noncontrolling interests in other consolidated partnerships	Total equity
Balance, December 31, 2015	\$ 959	\$ 806,379	\$ (195,486)	\$ (36,715)	\$ 575,137	\$ 30,309	\$ 586	\$ 606,032
Net income	—	—	100,567	—	100,567	5,341	11	105,919
Other comprehensive income	—	—	—	4,625	4,625	247	—	4,872
Compensation under Incentive Award Plan	—	8,152	—	—	8,152	—	—	8,152
Issuance of 35,300 common shares upon exercise of options	—	1,041	—	—	1,041	—	—	1,041
Grant of 173,124 restricted common share awards, net of forfeitures	2	(2)	—	—	—	—	—	—
Issuance of 24,040 deferred shares	—	—	—	—	—	—	—	—
Withholding of 60,382 common shares for employee income taxes	(1)	(1,920)	—	—	(1,921)	—	—	(1,921)
Contributions from noncontrolling interests	—	—	—	—	—	—	35	35
Adjustment for noncontrolling interests in Operating Partnership	—	(182)	—	—	(182)	182	—	—
Adjustment for noncontrolling interests in other consolidated partnerships	—	2	—	—	2	—	(2)	—
Acquisition of noncontrolling interest in other consolidated partnership	—	(1,617)	—	—	(1,617)	—	(325)	(1,942)
Common dividends (\$.61 per share)	—	—	(58,546)	—	(58,546)	—	—	(58,546)
Distributions to noncontrolling interests	—	—	—	—	—	(3,083)	(145)	(3,228)
Balance, June 30, 2016	\$ 960	\$ 811,853	\$ (153,465)	\$ (32,090)	\$ 627,258	\$ 32,996	\$ 160	\$ 660,414

The accompanying notes are an integral part of these consolidated financial statements.

TANGER FACTORY OUTLET CENTERS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(In thousands, except share and per share data, unaudited)

	Common shares	Paid in capital	Accumulated distributions in excess of earnings	Accumulated other comprehensive loss	Equity attributable to Tanger Factory Outlet Centers, Inc.	Noncontrolling interests in Operating Partnership	Noncontrolling interests in other consolidated partnerships	Total equity
Balance, December 31, 2016	\$ 961	\$ 820,251	\$(122,701)	\$(28,295)	\$ 670,216	\$ 35,066	\$ 159	\$ 705,441
Net income	—	—	51,726	—	51,726	2,735	—	54,461
Other comprehensive income	—	—	—	4,048	4,048	214	—	4,262
Compensation under Incentive Award Plan	—	7,306	—	—	7,306	—	—	7,306
Issuance of 1,800 common shares upon exercise of options	—	54	—	—	54	—	—	54
Grant of 428,312 restricted common share awards	4	(4)	—	—	—	—	—	—
Repurchase of 1,497,981 common shares, including transaction costs	(15)	(39,339)	—	—	(39,354)	—	—	(39,354)
Withholding of 69,886 common shares for employee income taxes	—	(2,435)	—	—	(2,435)	—	—	(2,435)
Adjustment for noncontrolling interests in Operating Partnership	—	1,422	—	—	1,422	(1,422)	—	—
Common dividends (\$.6675 per share)	—	—	(65,250)	—	(65,250)	—	—	(65,250)
Distributions to noncontrolling interests	—	—	—	—	—	(3,356)	—	(3,356)
Balance, June 30, 2017	\$ 950	\$ 787,255	\$(136,225)	\$(24,247)	\$ 627,733	\$ 33,237	\$ 159	\$ 661,129

The accompanying notes are an integral part of these consolidated financial statements.

TANGER FACTORY OUTLET CENTERS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands, unaudited)

	Six months ended June 30,	
	2017	2016
OPERATING ACTIVITIES		
Net income	\$54,461	\$105,919
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	64,199	52,873
Amortization of deferred financing costs	1,749	1,505
Gain on sale of assets	(6,943)	(4,887)
Gain on previously held interest in acquired joint venture	—	(49,258)
Equity in earnings of unconsolidated joint ventures	(4,692)	(6,965)
Equity-based compensation expense	6,796	7,655
Amortization of debt (premiums) and discounts, net	245	1,075
Amortization (accretion) of market rent rate adjustments, net	1,691	1,303
Straight-line rent adjustments	(3,293)	(3,321)
Distributions of cumulative earnings from unconsolidated joint ventures	4,952	7,468
Changes in other assets and liabilities:		
Other assets	787	(1,011)
Accounts payable and accrued expenses	(9,198)	(7,335)
Net cash provided by operating activities	110,754	105,021
INVESTING ACTIVITIES		
Additions to rental property	(88,761)	(68,582)
Acquisitions of interests in unconsolidated joint ventures, net of cash acquired	—	(34,187)
Additions to investments in unconsolidated joint ventures	(3,617)	(19,363)
Net proceeds on sale of assets	39,213	25,785
Change in restricted cash	—	121,306
Additions to non-real estate assets	(7,959)	(2,379)
Distributions in excess of cumulative earnings from unconsolidated joint ventures	6,330	7,874
Additions to deferred lease costs	(2,845)	(2,919)
Other investing activities	2,591	(1,676)
Net cash provided by (used in) investing activities	(55,048)	25,859
FINANCING ACTIVITIES		
Cash dividends paid	(65,250)	(78,675)
Distributions to noncontrolling interests in Operating Partnership	(3,356)	(4,144)
Proceeds from revolving credit facility	326,254	509,550
Repayments of revolving credit facility	(286,127)	(440,650)
Proceeds from notes, mortgages and loans	454	88,165
Repayments of notes, mortgages and loans	(1,483)	(168,901)
Repayment of deferred financing obligation	—	(28,388)
Repurchase of common shares, including transaction costs	(39,354)	—
Employee income taxes paid related to shares withheld upon vesting of equity awards	(2,435)	(1,921)
Additions to deferred financing costs	(50)	(1,883)
Proceeds from exercise of options	54	1,041
Other financing activities	11,718	(64)
Net cash used in financing activities	(59,575)	(125,870)
Effect of foreign currency rate changes on cash and cash equivalents	9	539

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Net increase (decrease) in cash and cash equivalents	(3,860)	5,549
Cash and cash equivalents, beginning of period	12,222	21,558
Cash and cash equivalents, end of period	\$8,362	\$27,107

The accompanying notes are an integral part of these consolidated financial statements.

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Item 1 - Financial Statements of Tanger Properties Limited Partnership

TANGER PROPERTIES LIMITED PARTNERSHIP AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

(In thousands, except unit data, unaudited)

	June 30, 2017	December 31, 2016
Assets		
Rental property:		
Land	\$262,166	\$272,153
Buildings, improvements and fixtures	2,651,419	2,647,477
Construction in progress	94,490	46,277
	3,008,075	2,965,907
Accumulated depreciation	(849,652)	(814,583)
Total rental property, net	2,158,423	2,151,324
Cash and cash equivalents	8,251	12,199
Investments in unconsolidated joint ventures	131,172	128,104
Deferred lease costs and other intangibles, net	139,675	151,579
Prepays and other assets	91,657	82,481
Total assets	\$2,529,178	\$2,525,687
Liabilities and Equity		
Liabilities		
Debt:		
Senior, unsecured notes, net	\$1,136,296	\$1,135,309
Unsecured term loan, net	322,793	322,410
Mortgages payable, net	171,215	172,145
Unsecured lines of credit, net	98,698	58,002
Total debt	1,729,002	1,687,866
Accounts payable and accrued expenses	71,068	77,616
Other liabilities	67,979	54,764
Total liabilities	1,868,049	1,820,246
Commitments and contingencies		
Equity		
Partners' Equity:		
General partner, 1,000,000 units outstanding at June 30, 2017 and December 31, 2016	6,356	6,485
Limited partners, 5,027,781 and 5,027,781 Class A common units, and 93,958,136 and 95,095,891 Class B common units outstanding at June 30, 2017 and December 31, 2016, respectively	680,186	728,631
Accumulated other comprehensive loss	(25,572)	(29,834)
Total partners' equity	660,970	705,282
Noncontrolling interests in consolidated partnerships	159	159
Total equity	661,129	705,441
Total liabilities and equity	\$2,529,178	\$2,525,687

The accompanying notes are an integral part of these consolidated financial statements.

TANGER PROPERTIES LIMITED PARTNERSHIP AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS

(In thousands, except per unit data, unaudited)

	Three months ended June 30,		Six months ended June 30,	
	2017	2016	2017	2016
Revenues:				
Base rentals	\$80,788	\$75,003	\$161,118	\$147,626
Percentage rentals	1,805	2,326	3,660	4,476
Expense reimbursements	34,023	30,754	70,621	63,996
Management, leasing and other services	609	1,332	1,188	2,453
Other income	2,389	1,918	4,395	3,587
Total revenues	119,614	111,333	240,982	222,138
Expenses:				
Property operating	37,116	35,012	77,503	72,886
General and administrative	11,500	11,675	22,912	23,240
Abandoned pre-development costs	—	—	627	—
Depreciation and amortization	32,905	26,306	64,199	52,873
Total expenses	81,521	72,993	165,241	148,999
Operating income	38,093	38,340	75,741	73,139
Other income (expense):				
Interest expense	(16,520)	(13,800)	(33,007)	(28,684)
Gain on sale of assets	6,943	—	6,943	4,887
Gain on previously held interest in acquired joint venture	—	49,258	—	49,258
Other non-operating income (expense)	57	38	92	354
Income before equity in earnings of unconsolidated joint ventures	28,573	73,836	49,769	98,954
Equity in earnings of unconsolidated joint ventures	2,374	3,466	4,692	6,965
Net income	30,947	77,302	54,461	105,919
Noncontrolling interests in consolidated partnerships	—	12	—	(11)
Net income available to partners	30,947	77,314	54,461	105,908
Net income available to limited partners	30,641	76,549	53,922	104,860
Net income available to general partner	\$306	\$765	\$539	\$1,048
Basic earnings per common unit:				
Net income	\$0.31	\$0.76	\$0.54	\$1.05
Diluted earnings per common unit:				
Net income	\$0.31	\$0.76	\$0.54	\$1.05
Distribution declared per common unit	\$0.3425	\$0.3250	\$0.6675	\$0.6100

The accompanying notes are an integral part of these consolidated financial statements.

TANGER PROPERTIES LIMITED PARTNERSHIP AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In thousands, unaudited)

	Three months ended June 30,		Six months ended June 30,	
	2017	2016	2017	2016
Net income	\$30,947	\$77,302	\$54,461	\$105,919
Other comprehensive income:				
Foreign currency translation adjustments	3,074	47	4,084	8,701
Changes in fair value of cash flow hedges	(544)	(2,443)	178	(3,829)
Other comprehensive income (loss)	2,530	(2,396)	4,262	4,872
Comprehensive income	33,477	74,906	58,723	110,791
Comprehensive income attributable to noncontrolling interests in consolidated partnerships	—	12	—	(11)
Comprehensive income attributable to the Operating Partnership	\$33,477	\$74,918	\$58,723	\$110,780

The accompanying notes are an integral part of these consolidated financial statements.

TANGER PROPERTIES LIMITED PARTNERSHIP AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF EQUITY

(In thousands, except unit and per unit data, unaudited)

	General partner	Limited partners	Accumulated other comprehensive loss	Total partners' equity	Noncontrolling interests in consolidated equity partnerships	Total equity
Balance, December 31, 2015	\$5,726	\$638,422	\$ (38,702)	\$605,446	\$ 586	\$606,032
Net income	1,048	104,860	—	105,908	11	105,919
Other comprehensive income	—	—	4,872	4,872	—	4,872
Compensation under Incentive Award Plan	—	8,152	—	8,152	—	8,152
Issuance of 35,300 common units upon exercise of options	—	1,041	—	1,041	—	1,041
Grant of 173,124 restricted common share awards by the Company, net of forfeitures	—	—	—	—	—	—
Issuance of 24,040 deferred units	—	—	—	—	—	—
Withholding of 60,382 common units for employee income taxes	—	(1,921)	—	(1,921)	—	(1,921)
Contributions from noncontrolling interests	—	—	—	—	35	35
Adjustments for noncontrolling interests in consolidated partnerships	—	2	—	2	(2)	—
Acquisition of noncontrolling interest in other consolidated partnership	—	(1,617)	—	(1,617)	(325)	(1,942)
Common distributions (\$.61 per common unit)	(610)	(61,019)	—	(61,629)	—	(61,629)
Distributions to noncontrolling interests	—	—	—	—	(145)	(145)
Balance, June 30, 2016	\$6,164	\$687,920	\$ (33,830)	\$660,254	\$ 160	\$660,414

	General partner	Limited partners	Accumulated other comprehensive loss	Total partners' equity	Noncontrolling interests in consolidated equity partnerships	Total equity
Balance, December 31, 2016	\$6,485	\$728,631	\$ (29,834)	\$705,282	\$ 159	\$705,441
Net income	539	53,922	—	54,461	—	54,461
Other comprehensive income	—	—	4,262	4,262	—	4,262
Compensation under Incentive Award Plan	—	7,306	—	7,306	—	7,306
Issuance of 1,800 common units upon exercise of options	—	54	—	54	—	54
Grant of 428,312 restricted common share awards by the Company	—	—	—	—	—	—
Repurchase of 1,497,981 units, including transaction costs	—	(39,354)	—	(39,354)	—	(39,354)
Withholding of 69,886 common units for employee income taxes	—	(2,435)	—	(2,435)	—	(2,435)
Common distributions (\$.6675 per common unit)	(668)	(67,938)	—	(68,606)	—	(68,606)
Balance, June 30, 2017	\$6,356	\$680,186	\$ (25,572)	\$660,970	\$ 159	\$661,129

The accompanying notes are an integral part of these consolidated financial statements.

TANGER PROPERTIES LIMITED PARTNERSHIP AND SUBSIDIARIES
 CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands, unaudited)

	Six months ended June 30,	
	2017	2016
OPERATING ACTIVITIES		
Net income	\$54,461	\$105,919
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	64,199	52,873
Amortization of deferred financing costs	1,749	1,505
Gain on sale of assets	(6,943)	(4,887)
Gain on previously held interest in acquired joint venture	—	(49,258)
Equity in earnings of unconsolidated joint ventures	(4,692)	(6,965)
Equity-based compensation expense	6,796	7,655
Amortization of debt (premiums) and discounts, net	245	1,075
Amortization (accretion) of market rent rate adjustments, net	1,691	1,303
Straight-line rent adjustments	(3,293)	(3,321)
Distributions of cumulative earnings from unconsolidated joint ventures	4,952	7,468
Changes in other assets and liabilities:		
Other assets	487	(1,511)
Accounts payable and accrued expenses	(8,986)	(6,848)
Net cash provided by operating activities	110,666	105,008
INVESTING ACTIVITIES		
Additions to rental property	(88,761)	(68,582)
Acquisitions of interests in unconsolidated joint ventures, net of cash acquired	—	(34,187)
Additions to investments in unconsolidated joint ventures	(3,617)	(19,363)
Net proceeds on sale of assets	39,213	25,785
Change in restricted cash	—	121,306
Additions to non-real estate assets	(7,959)	(2,379)
Distributions in excess of cumulative earnings from unconsolidated joint ventures	6,330	7,874
Additions to deferred lease costs	(2,845)	(2,919)
Other investing activities	2,591	(1,676)
Net cash provided by (used in) investing activities	(55,048)	25,859
FINANCING ACTIVITIES		
Cash distributions paid	(68,606)	(82,819)
Proceeds from revolving credit facility	326,254	509,550
Repayments of revolving credit facility	(286,127)	(440,650)
Proceeds from notes, mortgages and loans	454	88,165
Repayments of notes, mortgages and loans	(1,483)	(168,901)
Repayment of deferred financing obligation	—	(28,388)
Repurchase of units, including transaction costs	(39,354)	—
Employee income taxes paid related to shares withheld upon vesting of equity awards	(2,435)	(1,921)
Additions to deferred financing costs	(50)	(1,883)
Proceeds from exercise of options	54	1,041
Other financing activities	11,718	(64)
Net cash used in financing activities	(59,575)	(125,870)
Effect of foreign currency on cash and cash equivalents	9	539
Net increase (decrease) in cash and cash equivalents	(3,948)	5,536

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Cash and cash equivalents, beginning of period	12,199	21,552
Cash and cash equivalents, end of period	\$8,251	\$27,088

The accompanying notes are an integral part of these consolidated financial statements.

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TANGER FACTORY OUTLET CENTERS, INC. AND SUBSIDIARIES
TANGER PROPERTIES LIMITED PARTNERSHIP AND SUBSIDIARIES
CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Business

Tanger Factory Outlet Centers, Inc. and subsidiaries is one of the largest owners and operators of outlet centers in the United States and Canada. We are a fully-integrated, self-administered and self-managed real estate investment trust ("REIT") which, through our controlling interest in the Operating Partnership, focuses exclusively on developing, acquiring, owning, operating and managing outlet shopping centers. As of June 30, 2017, we owned and operated 35 consolidated outlet centers, with a total gross leasable area of approximately 12.4 million square feet. We also had partial ownership interests in 8 unconsolidated outlet centers totaling approximately 2.4 million square feet, including 4 outlet centers in Canada.

Our outlet centers and other assets are held by, and all of our operations are conducted by, Tanger Properties Limited Partnership and subsidiaries. Accordingly, the descriptions of our business, employees and properties are also descriptions of the business, employees and properties of the Operating Partnership. Unless the context indicates otherwise, the term "Company" refers to Tanger Factory Outlet Centers, Inc. and subsidiaries and the term, "Operating Partnership", refers to Tanger Properties Limited Partnership and subsidiaries. The terms "we", "our" and "us" refer to the Company or the Company and the Operating Partnership together, as the text requires.

The Company owns the majority of the units of partnership interest issued by the Operating Partnership through its two wholly-owned subsidiaries, Tanger GP Trust and Tanger LP Trust. Tanger GP Trust is the sole general partner of the Operating Partnership. Tanger LP Trust holds a limited partnership interest. As of June 30, 2017, the Company, through its ownership of Tanger GP Trust and Tanger LP Trust, owned 94,958,136 units of the Operating Partnership and other limited partners (the "Non-Company LPs") collectively owned 5,027,781 Class A common limited partnership units. Each Class A common limited partnership unit held by the Non-Company LPs is exchangeable for one of the Company's common shares, subject to certain limitations to preserve the Company's REIT status. Class B common limited partnership units, which are held by Tanger LP Trust, are not exchangeable for common shares of the Company.

2. Basis of Presentation

The unaudited consolidated financial statements included herein have been prepared pursuant to accounting principles generally accepted in the United States of America and should be read in conjunction with the consolidated financial statements and notes thereto of the Company's and the Operating Partnership's combined Annual Report on Form 10-K for the year ended December 31, 2016. The December 31, 2016 balance sheet data in this Form 10-Q was derived from audited financial statements. Certain information and note disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been condensed or omitted pursuant to the SEC's rules and regulations, although management believes that the disclosures are adequate to make the information presented not misleading. In the opinion of management, all adjustments (consisting only of normal recurring adjustments) necessary for a fair presentation of the financial statements for the interim periods have been made. The results of interim periods are not necessarily indicative of the results for a full year.

The Company currently consolidates the Operating Partnership because it has (1) the power to direct the activities of the Operating Partnership that most significantly impact the Operating Partnership's economic performance and (2) the obligation to absorb losses and the right to receive the residual returns of the Operating Partnership that could be potentially significant.

We consolidate properties that are wholly owned and properties where we own less than 100% but we control. Control is determined using an evaluation based on accounting standards related to the consolidation of voting interest entities and variable interest entities ("VIE"). For joint ventures that are determined to be a VIE, we consolidate the entity where we are deemed to be the primary beneficiary. Determination of the primary beneficiary is based on whether an entity has (1) the power to direct the activities of the VIE that most significantly impact the entity's economic performance, and (2) the obligation to absorb losses of the entity that could potentially be significant to the VIE or the right to receive benefits from the entity that could potentially be significant to the VIE. Our determination of the primary beneficiary considers all relationships between us and the VIE, including management agreements and other contractual arrangements.

Investments in real estate joint ventures that we do not control but may exercise significant influence are accounted for using the equity method of accounting. These investments are recorded initially at cost and subsequently adjusted for our equity in the joint venture's net income or loss, cash contributions, distributions and other adjustments required under the equity method of accounting.

For certain of these investments, we record our equity in the venture's net income or loss under the hypothetical liquidation at book value ("HLBV") method of accounting due to the structures and the preferences we receive on the distributions from our joint ventures pursuant to the respective joint venture agreements for those joint ventures. Under this method, we recognize income and loss in each period based on the change in liquidation proceeds we would receive from a hypothetical liquidation of our investment based on depreciated book value. Therefore, income or loss may be allocated disproportionately as compared to the ownership percentages due to specified preferred return rate thresholds and may be more or less than actual cash distributions received and more or less than what we may receive in the event of an actual liquidation. In the event a basis difference is created between our underlying interest in the venture's net assets and our initial investment, we amortize such amount over the estimated life of the venture as a component of equity in earnings of unconsolidated joint ventures.

We separately report investments in joint ventures for which accumulated distributions have exceeded investments in, and our share of net income or loss of, the joint ventures within other liabilities in the consolidated balance sheets because we are committed to provide further financial support to these joint ventures. The carrying amount of our investments in the Charlotte and Galveston/Houston joint ventures are less than zero because of financing or operating distributions that were greater than net income, as net income includes non-cash charges for depreciation and amortization.

"Noncontrolling interests in the Operating Partnership" reflects the Non-Company LP's percentage ownership of the Operating Partnership's units. "Noncontrolling interests in other consolidated partnerships" consist of outside equity interests in partnerships or joint ventures not wholly owned by the Company or the Operating Partnership that are consolidated with the financial results of the Company and Operating Partnership because the Operating Partnership exercises control over the entities that own the properties. Noncontrolling interests are initially recorded in the consolidated balance sheets at fair value based upon purchase price allocations. Income is allocated to the noncontrolling interests based on the allocation provisions within the partnership or joint venture agreements.

3. Disposition of Property

The following table sets forth certain summarized information regarding the property sold during the six months ended June 30, 2017:

Property	Location	Date Sold	Square Feet (in 000's)	Net Sales Proceeds (in 000's)	Gain on Sale (in 000's)
Westbrook	Westbrook, CT	May 2017	290	\$ 39,212	\$ 6,943

The rental property sold did not meet the criteria for reporting discontinued operations, thus its results of operations have remained in continuing operations.

4. Developments of Consolidated Outlet Centers

The table below sets forth our consolidated outlet centers under development as of June 30, 2017:

Project	Approximate square feet (in 000's)	Costs Incurred to Date (in millions)	Projected Opening
New development:			
Fort Worth	352	\$ 53.7	October 2017
Expansion:			
Lancaster	123	32.9	September 2017
Total	475	\$ 86.6	

Fort Worth

In September 2016, we purchased land in the greater Fort Worth, Texas area for approximately \$11.2 million and began construction immediately on the development of a wholly-owned outlet center. The outlet center will be located within the 279-acre Champions Circle mixed-use development adjacent to Texas Motor Speedway.

Lancaster Expansion

In July 2016, we commenced construction on a 123,000 square foot expansion of our outlet center in Lancaster, Pennsylvania.

Interest Costs Capitalized

Interest costs capitalized for development activities, including development in our unconsolidated joint ventures, was \$689,000 and \$1.2 million for the three and six months ended June 30, 2017, respectively, and \$634,000 and \$1.1 million for the three and six months ended June 30, 2016, respectively.

5. Investments in Unconsolidated Real Estate Joint Ventures

The equity method of accounting is used to account for each of the individual joint ventures. We have an ownership interest in the following unconsolidated real estate joint ventures:

As of June 30, 2017

Joint Venture	Outlet Center Location	Ownership %		Square Feet (in 000's)	Carrying Value of Investment (in millions)	Total Joint Venture Debt, Net (in millions) ⁽¹⁾
Columbus	Columbus, OH	50.0 %		355	\$ 6.8	\$ 84.3
National Harbor	National Harbor, MD	50.0 %		341	2.8	86.3
RioCan Canada	Various	50.0 %		924	121.6	11.1
Investments included in total assets					\$ 131.2	
Charlotte ⁽³⁾	Charlotte, NC	50.0 %		398	\$ (3.1)	\$ 89.8
Galveston/Houston ⁽²⁾⁽³⁾	Texas City, TX	50.0 %		353	(4.9)	64.9
Investments included in other liabilities					\$ (8.0)	

As of December 31, 2016

Joint Venture	Outlet Center Location	Ownership %		Square Feet (in 000's)	Carrying Value of Investment (in millions)	Total Joint Venture Debt, Net (in millions) ⁽¹⁾
Columbus	Columbus, OH	50.0 %		355	\$ 6.7	\$ 84.2
National Harbor	National Harbor, MD	50.0 %		341	4.1	86.1
RioCan Canada	Various	50.0 %		901	117.3	11.1
Investments included in total assets					\$ 128.1	
Charlotte ⁽³⁾	Charlotte, NC	50.0 %		398	\$ (2.5)	\$ 89.7
Galveston/Houston ⁽²⁾⁽³⁾	Texas City, TX	50.0 %		353	(3.8)	64.9
Investments included in other liabilities					\$ (6.3)	

(1) Net of debt origination costs and including premiums of \$1.3 million and \$1.6 million as of June 30, 2017 and December 31, 2016, respectively.

In June 2017, the joint venture exercised its extension option and extended the maturity date of the loan from July 2017 to July 2018. In July, the joint venture amended and restated the initial construction loan to increase the amount available to borrow from \$70.0 million to \$80.0 million and extended the maturity date until July 2020 with two one-year options. The amended and restated loan also changed the interest rate from LIBOR + 1.50% to an interest rate of LIBOR + 1.65%. At the closing of the amendment, the joint venture distributed approximately \$14.5 million equally between the partners.

(3) The negative carrying value is due to the distributions of proceeds from mortgage loans and quarterly distributions of excess cash flow exceeding the original contributions from the partners.

Fees we received for various services provided to our unconsolidated joint ventures were recognized in management, leasing and other services as follows (in thousands):

	Three months ended June 30,		Six months ended June 30,	
	2017	2016	2017	2016
Fee:				
Management and marketing	\$570	\$797	1,112	1,544
Development and leasing	35	353	\$67	\$545
Loan guarantee	4	182	9	364
Total Fees	\$609	\$1,332	\$1,188	\$2,453

Our investments in real estate joint ventures are reduced by the percentage of the profits earned for leasing and development services associated with our ownership interest in each joint venture. Our carrying value of investments in unconsolidated joint ventures differs from our share of the assets reported in the "Summary Balance Sheets - Unconsolidated Joint Ventures" shown below due to adjustments to the book basis, including intercompany profits on sales of services that are capitalized by the unconsolidated joint ventures. The differences in basis (totaling \$3.7 million for both the period ended June 30, 2017 and the period ended December 31, 2016) are amortized over the various useful lives of the related assets.

Condensed combined summary financial information of unconsolidated joint ventures accounted for using the equity method is as follows (in thousands):

Condensed Combined Balance Sheets - Unconsolidated Joint Ventures	June 30, 2017	December 31, 2016
Assets		
Land	\$90,741	\$88,015
Buildings, improvements and fixtures	520,223	503,548
Construction in progress, including land under development	8,479	13,037
	619,443	604,600
Accumulated depreciation	(80,452)	(67,431)
Total rental property, net	538,991	537,169
Cash and cash equivalents	24,610	27,271
Deferred lease costs, net	12,216	13,612
Prepays and other assets	11,522	12,567
Total assets	\$587,339	\$590,619
Liabilities and Owners' Equity		
Mortgages payable, net	\$336,387	\$335,971
Accounts payable and other liabilities	12,905	20,011
Total liabilities	349,292	355,982
Owners' equity	238,047	234,637
Total liabilities and owners' equity	\$587,339	\$590,619

Condensed Combined Statements of Operations ⁽¹⁾ - Unconsolidated Joint Ventures	Three months ended June 30,		Six months ended June 30,	
	2017	2016	2017	2016
Revenues	\$23,285	\$29,341	\$47,347	\$57,039
Expenses:				
Property operating	8,877	11,078	18,255	21,396
General and administrative	96	179	216	295
Depreciation and amortization	6,943	9,408	14,456	18,208
Total expenses	15,916	20,665	32,927	39,899
Operating income	7,369	8,676	14,420	17,140
Interest expense	(2,460)	(2,682)	(4,720)	(5,236)
Other non-operating income	1	2	3	3
Net income	\$4,910	\$5,996	\$9,703	\$11,907

The Company and Operating Partnership's share of:

Net income	\$2,374	\$3,466	\$4,692	\$6,965
Depreciation and amortization expense (real estate related)	\$3,550	\$5,808	\$7,388	\$11,147

⁽¹⁾ The three and six months ended June 30, 2017 includes results from the Columbus outlet center, which opened in June 2016. The three and six months ended June 30, 2016 includes results from our Westgate and Savannah outlet centers, which were previously held in unconsolidated joint ventures prior to acquiring our partners' interest in each venture in June 2016 and August 2016, respectively.

6. Debt Guaranteed by the Company

All of the Company's debt is held by the Operating Partnership and its consolidated subsidiaries.

The Company guarantees the Operating Partnership's obligations with respect to its unsecured lines of credit which have a total borrowing capacity of \$520.0 million. The Company also guarantees the Operating Partnership's unsecured term loan.

The Operating Partnership had the following principal amounts outstanding on the debt guaranteed by the Company (in thousands):

	June 30, 2017	December 31, 2016
Unsecured lines of credit	\$101,155	\$ 61,000
Unsecured term loan	\$325,000	\$ 325,000

7. Debt of the Operating Partnership

The debt of the Operating Partnership consisted of the following (in thousands):

	Stated Interest Rate(s)	Maturity Date	As of June 30, 2017		As of December 31, 2016	
			Principal	Book Value ⁽¹⁾	Principal	Book Value ⁽¹⁾
Senior, unsecured notes:						
Senior notes	6.125	% June 2020	\$ 300,000	\$ 298,475	\$ 300,000	\$ 298,226
Senior notes	3.875	% December 2023	250,000	245,728	250,000	245,425
Senior notes	3.750	% December 2024	250,000	247,234	250,000	247,058
Senior notes	3.125	% September 2026	350,000	344,859	350,000	344,600
Mortgages payable:						
Atlantic City ⁽²⁾	5.14%-7.65%	November 2021-December 2026	38,988	41,604	40,471	43,286
Foxwoods	LIBOR + 1.55%	December 2017	70,250	70,083	70,250	69,902
Southaven	LIBOR + 1.75%	April 2018	59,731	59,528	59,277	58,957
Unsecured term loan	LIBOR + 0.95%	April 2021	325,000	322,793	325,000	322,410
Unsecured lines of credit	LIBOR + 0.90%	October 2019	101,155	98,698	61,000	58,002
			\$ 1,745,124	\$ 1,729,002	\$ 1,705,998	\$ 1,687,866

(1) Including premiums and net of debt discount and debt origination costs.

(2) The effective interest rate assigned during the purchase price allocation to the Atlantic City mortgages assumed during the acquisition in 2011 was 5.05%.

Certain of our properties, which had a net book value of approximately \$320.5 million at June 30, 2017, serve as collateral for mortgages payable. We maintain unsecured lines of credit that provide for borrowings of up to \$520.0 million. The unsecured lines of credit include a \$20.0 million liquidity line and a \$500.0 million syndicated line. The syndicated line may be increased up to \$1.0 billion through an accordion feature in certain circumstances. As of June 30, 2017, letters of credit totaling approximately \$6.3 million were issued under the lines of credit.

We provide guarantees to lenders for our joint ventures which include standard non-recourse carve out indemnifications for losses arising from items such as but not limited to fraud, physical waste, payment of taxes, environmental indemnities, misapplication of insurance proceeds or security deposits and failure to maintain required insurance. For construction and term loans, we may include a guaranty of completion as well as a principal guaranty ranging from 5% to 100% of principal. The principal guarantees include terms for release or reduction based upon satisfactory completion of construction and performance targets including occupancy thresholds and minimum debt service coverage tests. As of June 30, 2017, the maximum amount of unconsolidated joint venture debt guaranteed by the Company was \$26.0 million.

The unsecured lines of credit and senior unsecured notes include covenants that require the maintenance of certain ratios, including debt service coverage and leverage, and limit the payment of dividends such that dividends and distributions will not exceed funds from operations, as defined in the agreements, for the prior fiscal year on an annual basis or 95% of funds from operations on a cumulative basis. As of June 30, 2017, we were in compliance with all of our debt covenants.

Debt Maturities

Maturities of the existing long-term debt as of June 30, 2017 for the next five years and thereafter are as follows (in thousands):

Calendar Year	Amount
2017	\$71,775
2018	62,914
2019	104,524
2020	303,566
2021	330,793
Thereafter	871,552
Subtotal	1,745,124
Net discount and debt origination costs	(16,122)
Total	\$ 1,729,002

8. Derivative Financial Instruments

The following table summarizes the terms and fair values of our derivative financial instruments, as well as their classifications within the consolidated balance sheets (notional amounts and fair values in thousands):

Effective Date	Maturity Date	Notional Amount	Bank Pay Rate	Company Fixed Pay Rate	Fair Value	
					June 30, 2017	December 31, 2016
Assets (Liabilities):						
November 14, 2013	August 14, 2018	\$50,000	1 month LIBOR	1.3075 %	\$40	\$(119)
November 14, 2013	August 14, 2018	50,000	1 month LIBOR	1.2970 %	46	(110)
November 14, 2013	August 14, 2018	50,000	1 month LIBOR	1.3025 %	43	(115)
April 13, 2016	January 1, 2021	50,000	1 month LIBOR	1.0390 %	1,144	1,227
April 13, 2016	January 1, 2021	50,000	1 month LIBOR	1.0395 %	1,143	1,226
April 13, 2016	January 1, 2021	50,000	1 month LIBOR	1.0400 %	1,143	1,222
April 13, 2016	January 1, 2021	25,000	1 month LIBOR	0.9915 %	613	662
Total		\$325,000			\$4,172	\$ 3,993

The derivative financial instruments are comprised of interest rate swaps, which are designated and qualify as cash flow hedges, each with a separate counterparty. We do not use derivatives for trading or speculative purposes and currently do not have any derivatives that are not designated as hedges.

The effective portion of changes in the fair value of derivatives designated and qualifying as cash flow hedges is recorded in accumulated other comprehensive loss and subsequently reclassified into earnings in the period that the hedged forecasted transaction affects earnings. The ineffective portion of the change in fair value of the derivative, if significant, is recognized directly in earnings. For the three and six months ended June 30, 2017 and 2016, the ineffective portion was not significant.

The following table represents the effect of the derivative financial instruments on the accompanying consolidated financial statements (in thousands):

	Three months ended June 30, 2017		Six months ended June 30, 2016	
Interest Rate Swaps (Effective Portion):				
Amount of gain (loss) recognized in OCI on derivative	\$(544)	\$(2,443)	\$178	\$(3,829)

9. Fair Value Measurements

Fair value guidance establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value. These tiers are defined as follows:

Tier	Description
Level 1	Observable inputs such as quoted prices in active markets
Level 2	Inputs other than quoted prices in active markets that are either directly or indirectly observable
Level 3	Unobservable inputs in which little or no market data exists, therefore requiring an entity to develop its own assumptions

The following table sets forth our assets and liabilities that are measured at fair value within the fair value hierarchy (in thousands):

	Total	Level 1 Quoted Prices in Active Markets for Identical Assets or Liabilities	Level 2 Significant Observable Inputs	Level 3 Significant Unobservable Inputs
Fair value as of June 30, 2017:				
Asset:				
Interest rate swaps (prepaids and other assets)	\$4,172	\$	—\$ 4,172	\$ —
Total assets	\$4,172	\$	—\$ 4,172	\$ —

	Total	Level 1 Quoted Prices in Active Markets for Identical Assets or Liabilities	Level 2 Significant Observable Inputs	Level 3 Significant Unobservable Inputs
Fair value as of December 31, 2016:				
Asset:				
Interest rate swaps (prepaids and other assets)	\$3,993	\$	—\$ 3,993	\$ —
Total assets	\$3,993	\$	—\$ 3,993	\$ —

Fair values of interest rate swaps are approximated using Level 2 inputs based on current market data received from financial sources that trade such instruments and are based on prevailing market data and derived from third party proprietary models based on well recognized financial principles including counterparty risks, credit spreads and interest rate projections, as well as reasonable estimates about relevant future market conditions.

The estimated fair value within the fair value hierarchy and recorded value of our debt consisting of senior unsecured notes, unsecured term loans, secured mortgages and unsecured lines of credit were as follows (in thousands):

	June 30, 2017	December 31, 2016
Level 1 Quoted Prices in Active Markets for Identical Assets or Liabilities	\$—	\$—
Level 2 Significant Observable Inputs	1,143,532	1,137,976
Level 3 Significant Unobservable Inputs	602,940	566,668
Total fair value of debt	\$1,746,472	\$ 1,704,644
Recorded value of debt	\$1,729,002	\$ 1,687,866

Our senior unsecured notes are publicly-traded which provides quoted market rates. However, due to the limited trading volume of these notes, we have classified these instruments as Level 2 in the hierarchy. Our other debt is classified as Level 3 given the unobservable inputs utilized in the valuation. Our unsecured term loan, unsecured lines of credit and variable interest rate mortgages are all LIBOR based instruments. When selecting the discount rates for purposes of estimating the fair value of these instruments, we evaluated the original credit spreads and do not believe that the use of them differs materially from current credit spreads for similar instruments and therefore the recorded values of these debt instruments is considered their fair value.

The carrying values of cash and cash equivalents, receivables, accounts payable, accrued expenses and other assets and liabilities are reasonable estimates of their fair values because of the short maturities of these instruments.

10. Share Repurchase Program

In May 2017, we announced that our Board of Directors authorized the repurchase of up to \$125.0 million of our outstanding common shares as market conditions warrant over a period commencing on May 19, 2017 and expiring on May 18, 2019. Repurchases may be made through open market, privately-negotiated, structured or derivative transactions (including accelerated stock repurchase transactions), or other methods of acquiring shares. The Company intends to structure open market purchases to occur within pricing and volume requirements of Rule 10b-18. The Company may, from time to time, enter into Rule 10b5-1 plans to facilitate the repurchase of its shares under this authorization. Between May 19, 2017 and June 2, 2017 we repurchased approximately 1.5 million common shares on the open market at an average price of \$26.25, totaling approximately \$39.3 million, exclusive of commissions and related fees. The remaining amount authorized to be repurchased under the program as of June 30, 2017 was approximately \$85.7 million.

11. Partners' Equity of the Operating Partnership

All units of partnership interest issued by the Operating Partnership have equal rights with respect to earnings, dividends and net assets. When the Company issues common shares upon the exercise of options, the grant of restricted common share awards, or the exchange of Class A common limited partnership units, the Operating Partnership issues a corresponding Class B common limited partnership unit to Tanger LP trust, a wholly-owned subsidiary of the Company. Likewise, when the Company repurchases its common shares, the Operating Partnership repurchases an equivalent number of Class B common limited partnership units held by Tanger LP Trust.

The following table sets forth the changes in outstanding partnership units for the six months ended June 30, 2017 and June 30, 2016:

	General Partnership Units	Limited Partnership Units		
		Class A	Class B	Total
Balance December 31, 2015	1,000,000	5,052,743	94,880,825	99,933,568
Grant of restricted common share awards by the Company, net of forfeitures	—	—	173,124	173,124
Issuance of deferred units	—	—	24,040	24,040
Units issued upon exercise of options	—	—	35,300	35,300
Units withheld for employee income taxes	—	—	(60,382)	(60,382)
Balance June 30, 2016	1,000,000	5,052,743	95,052,907	100,105,650
Balance December 31, 2016	1,000,000	5,027,781	95,095,891	100,123,672
Grant of restricted common share awards by the Company	—	—	428,312	428,312
Repurchase of units	—	—	(1,497,981)	(1,497,981)
Units issued upon exercise of options	—	—	1,800	1,800
Units withheld for employee income taxes	—	—	(69,886)	(69,886)
Balance June 30, 2017	1,000,000	5,027,781	93,958,136	98,985,917

12. Earnings Per Share of the Company

The following table sets forth a reconciliation of the numerators and denominators in computing the Company's earnings per share (in thousands, except per share amounts):

	Three months ended June 30,		Six months ended June 30,	
	2017	2016	2017	2016
Numerator:				
Net income attributable to Tanger Factory Outlet Centers, Inc.	\$29,390	\$73,417	\$51,726	\$100,567
Less allocation of earnings to participating securities	(306)	(725)	(601)	(1,019)
Net income available to common shareholders of Tanger Factory Outlet Centers, Inc.	\$29,084	\$72,692	\$51,125	\$99,548
Denominator:				
Basic weighted average common shares	95,025	95,124	95,217	95,034
Effect of notional units	—	183	—	167
Effect of outstanding options and certain restricted common shares	5	68	35	64
Diluted weighted average common shares	95,030	95,375	95,252	95,265
Basic earnings per common share:				
Net income	\$0.31	\$0.76	\$0.54	\$1.05
Diluted earnings per common share:				
Net income	\$0.31	\$0.76	\$0.54	\$1.04

We determine diluted earnings per share based on the weighted average number of common shares outstanding combined with the incremental weighted average shares that would have been outstanding assuming all potentially dilutive securities were converted into common shares at the earliest date possible.

The notional units are considered contingently issuable common shares and are included in earnings per share if the effect is dilutive using the treasury stock method and the common shares would be issuable if the end of the reporting period were the end of the contingency period. For the both the three and six months ended June 30, 2017, 871,116 notional units were excluded from the computation, respectively, and for the three and six months ended June 30, 2016, 775,073 and 791,131 notional units were excluded from the computation, respectively, because these notional units either would not have been issuable if the end of the reporting period were the end of the contingency period or as they were anti-dilutive.

The effect of dilutive common shares is determined using the treasury stock method, whereby outstanding options are assumed exercised at the beginning of the reporting period and the exercise proceeds from such options and the average measured but unrecognized compensation cost during the period are assumed to be used to repurchase our common shares at the average market price during the period. For both the three and six months ended June 30, 2017, 176,300 options were excluded from the computation and for both the three and six months ended June 30, 2016, 194,900 options were excluded from the computation, respectively, as they were anti-dilutive. The assumed exchange of the partnership units held by the Non-Company LPs as of the beginning of the year, which would result in the elimination of earnings allocated to the noncontrolling interest in the Operating Partnership, would have no impact on earnings per share since the allocation of earnings to a common limited partnership unit, as if exchanged, is equivalent to earnings allocated to a common share.

Certain of the Company's unvested restricted common share awards contain non-forfeitable rights to dividends or dividend equivalents. The impact of these unvested restricted common share awards on earnings per share has been calculated using the two-class method whereby earnings are allocated to the unvested restricted common share awards based on dividends declared and the unvested restricted common shares' participation rights in undistributed earnings.

Unvested restricted common shares that do not contain non-forfeitable rights to dividends or dividend equivalents are included in the diluted earnings per share computation if the effect is dilutive, using the treasury stock method.

13. Earnings Per Unit of the Operating Partnership

The following table sets forth a reconciliation of the numerators and denominators in computing earnings per unit (in thousands, except per unit amounts):

	Three months ended June 30,		Six months ended June 30,	
	2017	2016	2017	2016
Numerator:				
Net income attributable to partners of the Operating Partnership	\$30,947	\$77,314	\$54,461	\$105,908
Less allocation of earnings to participating securities	(306)	(725)	(601)	(1,019)
Net income available to common unitholders of the Operating Partnership	\$30,641	\$76,589	\$53,860	\$104,889
Denominator:				
Basic weighted average common units	100,053	100,177	100,245	100,087
Effect of notional units	—	183	—	167
Effect of outstanding options and certain restricted common units	5	68	35	64
Diluted weighted average common units	100,058	100,428	100,280	100,318
Basic earnings per common unit:				
Net income	\$0.31	\$0.76	\$0.54	\$1.05
Diluted earnings per common unit:				
Net income	\$0.31	\$0.76	\$0.54	\$1.05

We determine diluted earnings per unit based on the weighted average number of common units outstanding combined with the incremental weighted average units that would have been outstanding assuming all potentially dilutive securities were converted into common units at the earliest date possible.

The notional units are considered contingently issuable common units and are included in earnings per unit if the effect is dilutive using the treasury stock method and the common shares would be issuable if the end of the reporting period were the end of the contingency period. For both the three and six months ended June 30, 2017, 871,116 notional units were excluded from the computation and for the three and six months ended June 30, 2016, 775,073 and 791,131 notional units were excluded from the computation, respectively, because these notional units either would not have been issuable if the end of the reporting period were the end of the contingency period or as they were anti-dilutive.

The effect of dilutive common units is determined using the treasury stock method, whereby outstanding options are assumed exercised at the beginning of the reporting period and the exercise proceeds from such options and the average measured but unrecognized compensation cost during the period are assumed to be used to repurchase our common units at the average market price during the period. The market price of a common unit is considered to be equivalent to the market price of a Company common share. For both the three and six months ended June 30, 2017, 176,300 options were excluded from the computation and for both the three and six months ended June 30, 2016, 194,900 options were excluded from the computation as they were anti-dilutive.

Certain of the Company's unvested restricted common share awards contain non-forfeitable rights to distributions or distribution equivalents. The impact of the corresponding unvested restricted unit awards on earnings per unit has been calculated using the two-class method whereby earnings are allocated to the unvested restricted unit awards based on distributions declared and the unvested restricted units' participation rights in undistributed earnings. Unvested restricted common units that do not contain non-forfeitable rights to dividends or dividend equivalents are included in the diluted earnings per unit computation if the effect is dilutive, using the treasury stock method.

14. Equity-Based Compensation of the Company

We have a shareholder approved equity-based compensation plan, the Incentive Award Plan of Tanger Factory Outlet Centers, Inc. and Tanger Properties Limited Partnership (Amended and Restated as of April 4, 2014) (the "Plan"), which covers our independent directors, officers, employees and consultants. For each common share issued by the Company, the Operating Partnership issues one corresponding unit of partnership interest to the Company's wholly owned subsidiaries. Therefore, when the Company grants an equity-based award, the Operating Partnership treats each award as having been granted by the Operating Partnership. In the discussion below, the term "we" refers to the Company and the Operating Partnership together and the term "shares" is meant to also include corresponding units of the Operating Partnership.

We recorded equity-based compensation expense in general and administrative expenses in our consolidated statements of operations as follows (in thousands):

	Three months ended June 30, 2017		Six months ended June 30, 2016	
Restricted common shares	\$2,387	\$2,568	\$4,737	\$5,507
Notional unit performance awards	1,049	1,026	1,931	1,910
Options	68	61	128	238
Total equity-based compensation	\$3,504	\$3,655	\$6,796	\$7,655

Equity-based compensation expense capitalized as a part of rental property and deferred lease costs were as follows (in thousands):

	Three months ended June 30, 2017		Six months ended June 30, 2016	
Equity-based compensation expense capitalized	\$264	\$267	\$510	\$497

Restricted Common Share Awards

During February 2017, the Company granted 253,431 restricted common shares to the Company's independent directors and the Company's senior executive officers. The grant date fair value of the awards ranged from \$30.16 to \$34.47 per share. The independent directors' restricted common shares vest ratably over a three year period and the senior executive officers' restricted shares vest ratably over a three or five year period. For the restricted shares issued to our chief executive officer, the restricted share agreement requires him to hold the shares for a minimum of three years following each vesting date. Compensation expense related to the amortization of the deferred compensation is being recognized in accordance with the vesting schedule of the restricted shares.

For certain shares that vest during the period, we withhold shares with value equivalent to the employees' minimum statutory obligation for the applicable income and other employment taxes, and remit cash to the appropriate taxing authorities. The total number of shares withheld upon vesting was 69,886 and 60,382 for the six months ended June 30, 2017 and 2016, respectively. No shares were withheld for the three months ended June 30, 2017 and 2016. The total number of shares withheld was based on the value of the restricted common shares on the vesting date as determined by our closing share price on the day prior to the vesting date. Total amounts paid for the employees' tax obligation to taxing authorities was \$2.4 million and \$1.9 million for the six months ended June 30, 2017 and 2016, respectively. These amounts are reflected as financing activities within the consolidated statements of cash flows.

2017 Outperformance Plan

In February 2017, the Compensation Committee of Tanger Factory Outlet Centers, Inc. approved the terms of the Tanger Factory Outlet Centers, Inc. 2017 Outperformance Plan (the "2017 OPP"), a long-term incentive compensation plan. Recipients receive notional units which may convert, subject to the achievement of the goals described below, into restricted common shares of the Company based on the Company's absolute share price appreciation (or total shareholder return) and its share price appreciation relative to its peer group over a three-year measurement period. Any shares earned at the end of the three-year measurement period are subject to a time-based vesting schedule, with 50% of the shares vesting immediately following issuance, and the remaining 50% vesting one year thereafter, contingent upon continued employment with the Company through the vesting dates (unless terminated prior thereto (a) by the Company without cause, (b) by participant for good reason or (c) due to death or disability).

The following table sets forth 2017 OPP performance targets and other relevant information about the 2017 OPP:

Performance targets ⁽¹⁾

Absolute portion of award:

Percent of total award	50%
Absolute share price appreciation range	18% - 35%
Percentage of units to be earned	20%-100%

Relative portion of award:

Percent of total award	50%
Percentile rank of peer group range ⁽²⁾	40th - 70th
Percentage of units to be earned	20%-100%

Maximum number of restricted common shares that may be earned 296,400

Grant date fair value per share \$ 16.60

The number of restricted common shares received under the 2017 OPP will be determined on a pro-rata basis by linear interpolation between share price appreciation thresholds, both for absolute share price appreciation and for (1) relative share price appreciation amongst the Company's peer group. The share price for the purposes of calculation of share price appreciation will be adjusted on a penny-for-penny basis with respect to any dividend payments made during the measurement period.

(2) The peer group is based on companies included in the SNL Equity REIT index.

The fair values of the 2017 OPP awards granted during the six months ended June 30, 2017 were determined at the grant dates using a Monte Carlo simulation pricing model and the following assumptions:

Risk free interest rate ⁽¹⁾ 1.52%

Expected dividend yield ⁽²⁾ 3.4 %

Expected volatility ⁽³⁾ 19 %

(1) Represents the interest rate as of the grant date on US treasury bonds having the same life as the estimated life of the restricted unit grants.

(2) The dividend yield is calculated utilizing the dividends paid for the previous five-year period.

(3) Based on a mix of historical and implied volatility for our common shares and the common shares of our peer index companies over the measurement period.

2014 Outperformance Plan

On December 31, 2016, the measurement period for the 2014 Outperformance Plan ("the 2014 OPP") expired. Based on the Company's absolute share price appreciation (or total shareholder return) over the three year measurement period, we issued 184,455 restricted common shares in January 2017, with 94,663 vesting immediately and the

remaining 89,792 vesting in January one year thereafter, contingent upon continued employment with the Company through the vesting date. Our relative total shareholder return for the 2014 OPP did not meet the minimum share price appreciation and no shares were earned under this component of the 2014 OPP.

15. Accumulated Other Comprehensive Income (Loss) of the Company

The following table presents changes in the balances of each component of accumulated comprehensive income (loss) for the three and six months ended June 30, 2017 (in thousands):

	Tanger Factory Outlet Centers, Inc. Accumulated Other Comprehensive Income (Loss)			Noncontrolling Interest in Operating Partnership Accumulated Other Comprehensive Income (Loss)		
	Foreign Currency	Cash flow hedges	Total	Foreign Currency	Cash flow hedges	Total
Balance March 31, 2017	\$(31,128)	\$4,496	\$(26,632)	\$(1,689)	\$ 219	\$(1,470)
Other comprehensive income (loss) before reclassifications	2,919	(655)	2,264	155	(16)	139
Reclassification out of accumulated other comprehensive income into interest expense	—	121	121	—	6	6
Balance June 30, 2017	\$(28,209)	\$3,962	\$(24,247)	\$(1,534)	\$ 209	\$(1,325)

	Tanger Factory Outlet Centers, Inc. Accumulated Other Comprehensive Income (Loss)			Noncontrolling Interest in Operating Partnership Accumulated Other Comprehensive Income (Loss)		
	Foreign Currency	Cash flow hedges	Total	Foreign Currency	Cash flow hedges	Total
Balance December 31, 2016	\$(32,087)	\$3,792	\$(28,295)	\$(1,740)	\$ 201	\$(1,539)
Other comprehensive income (loss) before reclassifications	3,878	(244)	3,634	206	(13)	193
Reclassification out of accumulated other comprehensive income into interest expense	—	414	414	—	21	21
Balance June 30, 2017	\$(28,209)	\$3,962	\$(24,247)	\$(1,534)	\$ 209	\$(1,325)

The following table presents changes in the balances of each component of accumulated comprehensive loss for the three and six months ended June 30, 2016 (in thousands):

	Tanger Factory Outlet Centers, Inc. Accumulated Other Comprehensive Income (Loss)			Noncontrolling Interest in Operating Partnership Accumulated Other Comprehensive Income (Loss)		
	Foreign Currency	Cash flow hedges	Total	Foreign Currency	Cash flow hedges	Total
Balance March 31, 2016	\$(27,913)	\$(1,901)	\$(29,814)	\$(1,519)	\$(101)	\$(1,620)
Other comprehensive income (loss) before reclassifications	44	(2,845)	(2,801)	3	(151)	(148)
Reclassification out of accumulated other comprehensive income into interest expense	—	525	525	—	28	28
Balance June 30, 2016	\$(27,869)	\$(4,221)	\$(32,090)	\$(1,516)	\$(224)	\$(1,740)

	Tanger Factory Outlet Centers, Inc. Accumulated Other Comprehensive Income (Loss)			Noncontrolling Interest in Operating Partnership Accumulated Other Comprehensive Income (Loss)		
	Foreign Currency	Cash flow hedges	Total	Foreign Currency	Cash flow hedges	Total
Balance December 31, 2015	\$(36,130)	\$(585)	\$(36,715)	\$(1,956)	\$(31)	\$(1,987)
Other comprehensive income (loss) before reclassifications	8,261	(4,481)	3,780	440	(238)	202
Reclassification out of accumulated other comprehensive income into interest expense	—	845	845	—	45	45
Balance June 30, 2016	\$(27,869)	\$(4,221)	\$(32,090)	\$(1,516)	\$(224)	\$(1,740)

We expect within the next twelve months to reclassify into earnings as a decrease to interest expense approximately \$180,000 of the amounts recorded within accumulated other comprehensive income related to the interest rate swap agreements in effect and as of June 30, 2017.

16. Accumulated Other Comprehensive Income (Loss) of the Operating Partnership

The following table presents changes in the balances of each component of accumulated comprehensive income (loss) for the three and six months ended June 30, 2017 (in thousands):

	Foreign Currency	Cash flow hedges	Accumulated Other Comprehensive Income (Loss)
Balance March 31, 2017	\$(32,817)	\$4,715	\$ (28,102)
Other comprehensive income (loss) before reclassifications	3,074	(671)	2,403
Reclassification out of accumulated other comprehensive income into interest expense	—	127	127
Balance June 30, 2017	\$(29,743)	\$4,171	\$ (25,572)

	Foreign Currency	Cash flow hedges	Accumulated Other Comprehensive Income (Loss)
Balance December 31, 2016	\$(33,827)	\$3,993	\$ (29,834)
Other comprehensive income (loss) before reclassifications	4,084	(257)	3,827
Reclassification out of accumulated other comprehensive income into interest expense	—	435	435
Balance June 30, 2017	\$(29,743)	\$4,171	\$ (25,572)

The following table presents changes in the balances of each component of accumulated comprehensive loss for the three and six months ended June 30, 2016 (in thousands):

	Foreign Currency	Cash flow hedges	Accumulated Other Comprehensive Income (Loss)
Balance March 31, 2016	\$(29,432)	\$(2,002)	\$ (31,434)
Other comprehensive income (loss) before reclassifications	47	(2,996)	(2,949)
Reclassification out of accumulated other comprehensive income into interest expense	—	553	553
Balance June 30, 2016	\$(29,385)	\$(4,445)	\$ (33,830)

	Foreign Currency	Cash flow hedges	Accumulated Other Comprehensive Income (Loss)
Balance December 31, 2015	\$(38,086)	\$(616)	\$ (38,702)
Other comprehensive income (loss) before reclassifications	8,701	(4,719)	3,982
Reclassification out of accumulated other comprehensive income into interest expense	—	890	890
Balance June 30, 2016	\$(29,385)	\$(4,445)	\$ (33,830)

We expect within the next twelve months to reclassify into earnings as a decrease to interest expense approximately \$180,000 of the amounts recorded within accumulated other comprehensive income related to the interest rate swap agreements in effect and as of June 30, 2017.

17. Non-Cash Activities

We purchase capital equipment and incur costs relating to construction of facilities, including tenant finishing allowances. Expenditures included in accounts payable and accrued expenses were as follows (in thousands):

	June 30, 2017	June 30, 2016
Costs relating to construction included in accounts payable and accrued expenses	\$24,679	\$18,374

18. New Accounting Pronouncements

In May 2017, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2017-09, Compensation-Stock Compensation (Topic 718): Scope of Modification Accounting. ASU 2017-09 amends the scope of modification accounting for share-based payment arrangements, and provides guidance on the types of changes to the terms or conditions of share-based payment awards to which an entity would be required to apply modification accounting under ASC 718. ASU 2017-07 is effective for annual reporting periods, including interim periods within those annual reporting periods, beginning after December 15, 2017. Early adoption is permitted, including adoption in any interim period. We are currently evaluating the impact of adopting the new guidance, but we do not expect the adoption to have a material impact on our consolidated financial statements.

In February 2017, the FASB issued ASU 2017-05, "Other Income - Gains and Losses from the Derecognition of Nonfinancial Assets (Subtopic 610-20): Clarifying the Scope of Asset Derecognition Guidance and Accounting for Partial Sales of Nonfinancial Assets." ASU 2017-05 clarifies the definition of an in-substance nonfinancial asset and changes the accounting for partial sales of nonfinancial assets to be more consistent with the accounting for a sale of a business pursuant to ASU 2017-01. This update is effective for interim and annual periods beginning after December 15, 2017 using a full retrospective or modified retrospective method and is required to be adopted in conjunction with ASU 2014-09, "Revenue from Contracts with Customers" discussed below. We will adopt ASU 2017-05 effective January 1, 2018, along with our adoption of ASU 2014-09, using the modified retrospective approach. We are currently evaluating the impact this standard may have on our consolidated financial statements. Subsequent to adoption, we believe most of our future contributions of nonfinancial assets to our joint ventures where we cease to have a controlling financial interest, if any, will result in the recognition of a full gain or loss as if we sold 100% of the nonfinancial asset and we will also measure our retained interest at fair value.

In January 2017, the FASB issued ASU 2017-01, Clarifying the Definition of a Business (Topic 805). ASU 2017-01 clarifies the definition of a business and provides further guidance for evaluating whether a transaction will be accounted for as an acquisition of an asset or a business. ASU 2017-01 is effective for interim and annual periods beginning after December 15, 2017, and early adoption is permitted. The update should be applied prospectively. We early adopted this standard on January 1, 2017. We believe most of our future acquisitions of operating properties will qualify as asset acquisitions and certain transaction costs associated with these acquisitions will be capitalized.

In November 2016, the FASB issued ASU 2016-18, Statement of Cash Flows (Topic 230): Restricted Cash. This ASU requires that a statement of cash flows explain the change during the period in cash, cash equivalents, and amounts generally described as restricted cash. Amounts generally described as restricted cash should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. The update should be applied retrospectively to each period presented. The pronouncement is effective for fiscal years, and for interim periods within those fiscal years, beginning after December 15, 2017, with early adoption permitted. We plan to adopt this pronouncement for our fiscal year beginning January 1, 2018, and the

pronouncement will result in changes to our consolidated statements of cash flows such that restricted cash amounts will be included in the beginning-of-period and end-of-period cash and cash equivalents totals.

In August 2016, the FASB issued ASU 2016-15, the Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments (a consensus of the Emerging Issues Task Force), which finalizes Proposed ASU No. EITF-15F of the same name, and addresses stakeholders' concerns regarding diversity in practice in how certain cash receipts and cash payments are presented and classified in the statement of cash flows under Topic 230, Statement of Cash Flows, and other Topics. This ASU is effective for fiscal years beginning after December 15, 2017 and for interim periods within those fiscal years, with early adoption permitted. The ASU should be adopted using a retrospective transition approach. We are currently evaluating the impact of adopting the new guidance, but we do not expect the adoption to have a material impact on our consolidated financial statements.

In June 2016, the FASB issued ASU 2016-13, Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments, which requires measurement and recognition of expected versus incurred credit losses for financial assets held. This ASU will be applied on a prospective basis for fiscal years and interim periods beginning after December 15, 2019, with early adoption permitted for fiscal years beginning and interim periods beginning after December 15, 2018. We are currently evaluating the impact of adopting the new guidance, but we do not expect the adoption to have a material impact on our consolidated financial statements.

In February 2016, the FASB issued ASU 2016-02, Leases. ASU 2016-02, codified in ASC 842, amends the existing accounting standards for lease accounting, including requiring lessees to recognize most leases on their balance sheets and making targeted changes to lessor accounting. ASU 2016-02 will be effective beginning in the first quarter of 2019. Early adoption of ASU 2016-02 as of its issuance is permitted. We will adopt ASU 2016-02 effective January 1, 2019. The new leases standard requires a modified retrospective transition approach for all leases existing at, or entered into after, the date of initial application, with an option to use certain transition relief. Based on a preliminary assessment, we expect our significant operating lease commitments, primarily ground leases, will be required to be recognized as operating lease liabilities and right-of-use assets upon adoption, resulting in an increase in the assets and liabilities on our consolidated balance sheets. Upon adoption, we anticipate separating lease components from nonlease components, which will be evaluated under ASU 2014-09, as described below. We are continuing our evaluation, which may identify additional impacts this standard will have on our consolidated financial statements and related disclosures.

In May 2014, the FASB issued ASU 2014-09, Revenue from Contracts with Customers (Topic 606), which supersedes the revenue recognition requirements in ASC 605, Revenue Recognition. This ASU is based on the principle that revenue is recognized to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. ASU 2014-09 applies to all contracts with customers, except those that are within the scope of other topics in the FASB's Accounting Standards Codification, including real estate lease contracts, which the majority of our revenue is derived from. We are required to adopt the new pronouncement in the first quarter of fiscal 2018 using one of two retrospective application methods. In March 2016, April 2016, May 2016 and February 2017, the FASB issued the following amendments to clarify the implementation guidance: ASU No. 2016-08, Revenue from Contracts with Customers (Topic 606): Principal versus Agent Considerations (Reporting Revenue Gross versus Net), ASU No. 2016-10, Revenue from Contracts with Customers (Topic 606): Identifying Performance Obligations and Licensing, and ASU No. 2016-12, Revenue from Contracts with Customers (Topic 606)—Narrow-Scope Improvements and Practical Expedients. We will adopt ASU 2014-09 effective January 1, 2018 using the modified retrospective approach. We have identified our revenue streams that we believe will be impacted by the new standard, which are service revenue from management, marketing, development, and leasing fees. While the total revenue recognized over time would not differ under the new guidance, the recognition pattern would be different. We are in the process of evaluating the impact on our consolidated financial statements and internal accounting processes. We currently do not expect the adoption of ASU 2014-09 or related amendments and modifications by the FASB to have a material impact on the amount of revenue we recognize in our consolidated financial statements but we do expect to have additional disclosure as required by the adoption of ASU 2014-09.

19. Subsequent Events

In July 2017, the Company's Board of Directors declared a \$0.3425 cash dividend per common share payable on August 15, 2017 to each shareholder of record on July 31, 2017, and the Trustees of Tanger GP Trust declared a \$0.3425 cash distribution per Operating Partnership unit to the Operating Partnership's unitholders.

In July 2017, we completed an underwritten public offering of \$300.0 million of our 3.875% senior notes due 2027 (the "2027 Notes"). The 2027 Notes priced at 99.579% of the principal amount to yield 3.926% to maturity. The 2027 Notes pay interest semi-annually at a rate of 3.875% per annum and mature on July 15, 2027. The estimated net proceeds from the offering, after deducting the underwriting discount and offering expenses, were approximately \$295.9 million. In August 2017, we used the net proceeds from the sale of the 2027 Notes, together with borrowings under our unsecured lines of credit, to redeem all of our 6.125% senior notes due 2020 (the "2020 Notes") (approximately \$300.0 million in aggregate principal amount outstanding). The 2020 Notes were redeemed at par plus a "make-whole" premium of approximately \$34.1 million.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The discussion of our results of operations reported in the unaudited, consolidated statements of operations compares the three and six months ended June 30, 2017 with the three and six months ended June 30, 2016. The results of operations discussion is combined for Tanger Factory Outlet Centers, Inc. and Tanger Properties Limited Partnership because the results are virtually the same for both entities. The following discussion should be read in conjunction with the unaudited consolidated financial statements appearing elsewhere in this report. Historical results and percentage relationships set forth in the unaudited, consolidated statements of operations, including trends which might appear, are not necessarily indicative of future operations. Unless the context indicates otherwise, the term "Company" refers to Tanger Factory Outlet Centers, Inc. and subsidiaries and the term "Operating Partnership" refers to Tanger Properties Limited Partnership and subsidiaries. The terms "we", "our" and "us" refer to the Company or the Company and the Operating Partnership together, as the text requires.

Cautionary Statements

Certain statements made below are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. We intend for such forward-looking statements to be covered by the safe harbor provisions for forward-looking statements contained in the Private Securities Reform Act of 1995 and have included this statement for purposes of complying with these safe harbor provisions. Forward-looking statements, which are based on certain assumptions and describe our future plans, strategies, beliefs and expectations, are generally identifiable by use of the words "believe", "expect", "intend", "anticipate", "estimate", "project", or similar expressions. Such forward-looking statements include, but are not limited to, statements regarding our: future issuances of equity and debt and the expected use of proceeds from such issuances; potential sales or purchases of outlet centers; anticipated results of operations, liquidity and working capital; new outlet center developments, market and industry trends and consumer behavior; renewal and re-lease of leased space; expansions and renovations; and real estate joint ventures. You should not rely on forward-looking statements since they involve known and unknown risks, uncertainties and other important factors which are, in some cases, beyond our control and which could materially affect our actual results, performance or achievements. Important factors which may cause actual results to differ materially from current expectations include, but are not limited to: our inability to develop new outlet centers or expand existing outlet centers successfully; risks related to the economic performance and market value of our outlet centers; the relative illiquidity of real property investments; impairment charges affecting our properties; our dispositions of assets may not achieve anticipated results; competition for the acquisition and development of outlet centers, and our inability to complete outlet centers we have identified; environmental regulations affecting our business; risk associated with a possible terrorist activity or other acts or threats of violence and threats to public safety; our dependence on rental income from real property; our dependence on the results of operations of our retailers; the fact that certain of our properties are subject to ownership interests held by third parties, whose interests may conflict with ours; risks related to uninsured losses; the risk that consumer, travel, shopping and spending habits may change; risks associated with our Canadian investments; risks associated with attracting and retaining key personnel; risks associated with debt financing; risk associated with our guarantees of debt for, or other support we may provide to, joint venture properties; our potential failure to qualify as a REIT; our legal obligation to make distributions to our shareholders; legislative or regulatory actions that could adversely affect our shareholders; our dependence on distributions from the Operating Partnership to meet our financial obligations, including dividends; the risk of a cyber-attack or an act of cyber-terrorism and other important factors set forth under Item 1A - "Risk Factors" in the Company's and the Operating Partnership's Annual Report on Form 10-K for the year ended December 31, 2016.

General Overview

As of June 30, 2017, we had 35 consolidated outlet centers in 22 states totaling 12.4 million square feet. We also had 8 unconsolidated outlet centers in 6 states or provinces totaling 2.4 million square feet. The table below details our new developments, expansions and dispositions of consolidated and unconsolidated outlet centers that significantly impacted our results of operations and liquidity from January 1, 2016 to June 30, 2017 (square feet in thousands):

Outlet Center	Quarter Acquired/Opened/Disposed	Consolidated Outlet Centers		Unconsolidated Joint Venture Outlet Centers	
		Square Feet	Outlet Centers	Square Feet	Outlet Centers
As of January 1, 2016		11,746	34	2,747	9
New Developments:					
Columbus	Second Quarter	—	—	355	1
Daytona Beach	Fourth Quarter	349	1	—	—
Acquisitions:					
Westgate	Second Quarter	408	1	(408)	(1)
Savannah	Third Quarter	419	1	(419)	(1)
Expansions:					
Ottawa	First Quarter	—	—	32	—
Savannah	Second Quarter	—	—	42	—
Dispositions:					
Fort Myers	First Quarter	(199)	(1)	—	—
Other		(13)	—	(1)	—
As of December 31, 2016		12,710	36	2,348	8
Expansion:					
Ottawa	First & Second Quarter	—	—	39	—
Dispositions:					
Westbrook	Second Quarter	(290)	(1)	—	—
Other		5	—	(16)	—
As of June 30, 2017		12,425	35	2,371	8

Our Westgate and Savannah outlet centers were previously held in unconsolidated joint ventures prior to acquiring our partners' interest in each venture in June 2016 and August 2016, respectively.

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The following table summarizes certain information for our existing outlet centers in which we have an ownership interest as of June 30, 2017. Except as noted, all properties are fee owned.

Consolidated Outlet Centers Location	Legal Ownership %	Square Feet	% Occupied
Deer Park, New York	100	749,074	94
Riverhead, New York ⁽¹⁾	100	729,706	97
Rehoboth Beach, Delaware ⁽¹⁾	100	557,404	99
Foley, Alabama	100	556,677	99
Atlantic City, New Jersey ^{(1) (4)}	99	489,706	87
San Marcos, Texas	100	471,816	95
Sevierville, Tennessee ⁽¹⁾	100	448,355	100
Savannah, Georgia	100	429,089	97
Myrtle Beach Hwy 501, South Carolina	100	425,334	93
Jeffersonville, Ohio	100	411,849	94
Glendale, Arizona (Westgate)	100	407,673	96
Myrtle Beach Hwy 17, South Carolina ⁽¹⁾	100	403,192	93
Charleston, South Carolina	100	382,117	95
Pittsburgh, Pennsylvania	100	372,958	97
Commerce, Georgia	100	371,408	98
Grand Rapids, Michigan	100	357,080	94
Daytona Beach, Florida	100	349,402	96
Branson, Missouri	100	329,861	100
Locust Grove, Georgia	100	321,407	98
Gonzales, Louisiana	100	321,066	100
Southaven, Mississippi ^{(2) (4)}	50	320,337	96
Park City, Utah	100	319,661	98
Mebane, North Carolina	100	318,910	99
Howell, Michigan	100	314,459	97
Mashantucket, Connecticut (Foxwoods) ^{(1) (2) (4)}	67	311,614	94
Williamsburg, Iowa	100	276,331	97
Tilton, New Hampshire	100	250,107	96
Hershey, Pennsylvania	100	247,500	100
Lancaster, Pennsylvania	100	229,415	97
Hilton Head II, South Carolina	100	206,564	97
Ocean City, Maryland ⁽¹⁾	100	198,800	82
Hilton Head I, South Carolina	100	181,670	100
Terrell, Texas	100	177,800	96
Blowing Rock, North Carolina	100	104,009	98
Nags Head, North Carolina	100	82,161	100
Totals		12,424,512	96 ⁽³⁾

(1) These properties or a portion thereof are subject to a ground lease.

(2) Based on capital contribution and distribution provisions in the joint venture agreement, we expect our economic interest in the venture's cash flow to be greater than our legal ownership percentage. We currently receive substantially all the economic interest of the property.

(3) Excludes the occupancy rate at our Daytona Beach outlet center which opened during the fourth quarter of 2016 and has not yet stabilized.

(4) Property encumbered by mortgage. See notes 6 and 7 to the consolidated financial statements for further details of our debt obligations.

Unconsolidated joint venture properties Location	Legal Ownership %	Square Feet	% Occupied
Charlotte, North Carolina ⁽¹⁾	50	397,844	98
Ottawa, Ontario	50	355,747	90
Columbus, Ohio ⁽¹⁾	50	355,220	93
Texas City, Texas (Galveston/Houston) ⁽¹⁾	50	352,705	99
National Harbor, Maryland ⁽¹⁾	50	341,156	96
Cookstown, Ontario	50	307,779	96
Bromont, Quebec	50	161,307	69
Saint-Sauveur, Quebec ⁽¹⁾	50	99,405	96
Total		2,371,163	94 ⁽²⁾

(1) Property encumbered by mortgage. See note 5 to the consolidated financial statements for further details of our debt obligations.

(2) Excludes the occupancy rate at our Columbus outlet center which opened during the second quarter of 2016 and has not yet stabilized.

Leasing Activity

The following table provides information for our consolidated outlet centers regarding space re-leased or renewed:
Six months ended June 30, 2017⁽¹⁾

	Square # of Feet Leases	Average Annual Straight-line Rent (psf) 000's)	Average Tenant Allowance (psf)	Average Initial Term (in years)	Net Average Annual Straight-line Rent (psf) (2)
Re-tenant	62 336	\$ 25.15	\$ 71.79	9.05	\$ 17.22
Renewal	211 1,001	\$ 25.06	\$ 0.31	4.50	\$ 24.99

Six months ended June 30, 2016⁽³⁾

	Square # of Feet Leases	Average Annual Straight-line Rent (psf) 000's)	Average Tenant Allowance (psf)	Average Initial Term (in years)	Net Average Annual Straight-line Rent (psf) (2)
Re-tenant	98 302	\$ 31.97	\$ 36.50	8.76	\$ 27.80
Renewal	200 934	\$ 25.96	\$ 0.58	4.99	\$ 25.84

(1) Excludes Westbrook outlet center, which was sold in May 2017.

Net average straight-line rent is calculated by dividing the average tenant allowance costs per square foot by the average initial term and subtracting this calculated number from the average straight-line rent per year amount. The

(2) average annual straight-line rent disclosed in the table above includes all concessions, abatements and reimbursements of rent to tenants. The average tenant allowance disclosed in the table above includes landlord costs.

(3) Excludes Fort Myers outlet center, which was sold in January 2016.

RESULTS OF OPERATIONS

Comparison of the three months ended June 30, 2017 to the three months ended June 30, 2016

NET INCOME

Net income decreased \$46.4 million in the 2017 period to \$30.9 million as compared to \$77.3 million for the 2016 period. The majority of this decrease was due to the \$49.3 million gain on the acquisition of our partners' equity interests in the Westgate joint venture in the 2016 period.

In the tables below, information set forth for new development represents our Daytona Beach outlet center, which opened in November 2016. Acquisitions include our Westgate and Savannah outlet centers, which were previously held in unconsolidated joint ventures prior to acquiring our partners' interest in each venture in June 2016 and August 2016, respectively. Properties disposed include our Westbrook outlet center and Fort Myers outlet center sold in May 2017 and January 2016, respectively.

BASE RENTALS

Base rentals increased \$5.8 million, or 8%, in the 2017 period compared to the 2016 period. The following table sets forth the changes in various components of base rentals (in thousands):

	2017	2016	Increase/(Decrease)
Base rentals from existing properties	\$72,292	\$72,894	\$ (602)
Base rentals from new development	1,967	—	1,967
Base rentals from acquisitions	5,415	—	5,415
Base rentals from properties disposed	520	1,149	(629)
Termination fees	1,450	1,487	(37)
Amortization of above and below market rent adjustments, net	(856)	(527)	(329)
	\$80,788	\$75,003	\$ 5,785

Base rentals from existing properties decreased primarily due to a slight decrease in average portfolio occupancy.

PERCENTAGE RENTALS

Percentage rentals decreased \$521,000, or 22%, in the 2017 period compared to the 2016 period. Percentage rentals represents revenues based on a percentage of tenants' sales volume above predetermined levels (contractual breakpoints") (in thousands):

	2017	2016	Increase/(Decrease)
Percentage rentals from existing properties	\$1,667	\$2,326	\$ (659)
Percentage rentals from new development	8	—	8
Percentage rentals from acquisitions	130	—	130
	\$1,805	\$2,326	\$ (521)

Decrease in percentage rentals is primarily due to a decrease in average sales per square foot for certain tenants for the rolling twelve months ended June 30, 2017, compared to the rolling twelve months ended June 30, 2016 and due to annual increases in contractual breakpoints in certain leases.

EXPENSE REIMBURSEMENTS

Expense reimbursements increased \$3.3 million, or 11%, in the 2017 period compared to the 2016 period. The following table sets forth the changes in various components of expense reimbursements (in thousands):

	2017	2016	Increase/(Decrease)
Expense reimbursements from existing properties	\$30,216	\$30,203	\$ 13
Expense reimbursements from new development	908	—	908
Expense reimbursements from acquisitions	2,691	—	2,691
Expense reimbursements from properties disposed	208	551	(343)
	\$34,023	\$30,754	\$ 3,269

Expense reimbursements represent the contractual recovery from tenants of certain common area maintenance, insurance, property tax, promotional, advertising and management expenses. For certain tenants, we receive a fixed payment for common area maintenance ("CAM") with annual escalations. While certain expense reimbursements generally fluctuate consistently with the related expenses, our expense recoveries for CAM as a percentage of expenses were higher in the 2017 period compared to the 2016 period due to leases with fixed-CAM escalations. When not reimbursed by the fixed-CAM component, CAM expense reimbursements are based on the tenant's proportionate share of the allocable operating expenses for the property. See "Property Operating Expenses" below for a discussion of the increase in operating expenses from our existing properties

MANAGEMENT, LEASING AND OTHER SERVICES

Management, leasing and other services decreased \$723,000, or 54%, in the 2017 period compared to the 2016 period. The following table sets forth the changes in various components of management, leasing and other services (in thousands):

	2017	2016	Increase/(Decrease)
Management and marketing	\$570	\$797	\$ (227)
Development and leasing	35	353	(318)
Loan guarantee	4	182	(178)
	\$609	\$1,332	\$ (723)

The decrease in management, leasing and other services is primarily due to having one fewer outlet center in our unconsolidated joint ventures in the 2017 period compared to the 2016 period. During 2016, we acquired our venture partners' equity interests in the Westgate and Savannah outlet centers and received no fees subsequent to the acquisition dates. Offsetting the impact of the acquisitions was the addition of one new center in an unconsolidated joint venture, the Columbus outlet center, which opened in June 2016.

OTHER INCOME

Other income increased 471,000, or 25% in the 2017 period as compared to the 2016 period. The following table sets forth the changes in various components of property operating expenses (in thousands):

	2017	2016	Change
Other income from existing properties	\$2,080	\$1,889	\$ 191
Other income from new developments	53	—	53
Other income from acquisitions	217	—	217
Other income from properties disposed	39	29	10
	\$2,389	\$1,918	\$ 471

PROPERTY OPERATING EXPENSES

Property operating expenses increased \$2.1 million, or 6% in the 2017 period as compared to the 2016 period. The following table sets forth the changes in various components of property operating expenses (in thousands):

	2017	2016	Increase/(Decrease)
Property operating expenses from existing properties	\$33,380	\$34,264	\$ (884)
Property operating expenses from new development	1,139	—	1,139
Property operating expenses from acquisitions	2,208	—	2,208
Property operating expenses from properties disposed	389	748	(359)
	\$37,116	\$35,012	\$ 2,104

The decrease in property operating expenses from existing properties was due to lower spending for certain common area maintenance and marketing expenses.

DEPRECIATION AND AMORTIZATION

Depreciation and amortization costs increased \$6.6 million, or 25%, in the 2017 period compared to the 2016 period. The following table sets forth the changes in various components of depreciation and amortization costs from the 2017 period to the 2016 period (in thousands):

	2017	2016	Increase/(Decrease)
Depreciation and amortization from existing properties	\$27,667	\$25,959	\$ 1,708
Depreciation and amortization from new development	1,236	—	1,236
Depreciation and amortization from acquisitions	3,755	—	3,755
Depreciation and amortization from properties disposed	247	347	(100)
	\$32,905	\$26,306	\$ 6,599

Depreciation and amortization increased at our existing properties due to the accelerated amortization of lease related intangibles upon store closures and demolition activities at one of our centers.

INTEREST EXPENSE

Interest expense increased \$2.7 million, or 20%, in the 2017 period compared to the 2016 period, due to the increase in the average 30-day LIBOR rate, which impacts the interest rate associated with our floating rate debt. Additionally, in August 2016 and October 2016, we completed public offerings of an aggregate \$350.0 million of 3.125% notes, the net proceeds of which were used to repay amounts outstanding under our unsecured lines of credit that had an approximate interest rate of 1.20%.

GAIN ON SALE OF ASSETS

In May 2017, we sold our Westbrook outlet center for approximately \$40.0 million, which resulted in a gain of \$6.9 million.

GAIN ON PREVIOUSLY HELD INTEREST IN ACQUIRED JOINT VENTURE

On June 30, 2016, we completed the purchase of our venture partner's interest in the Westgate joint venture, which owned the outlet center in Glendale, Arizona, for a total cash price of approximately \$40.9 million. The purchase was funded with borrowings under our unsecured lines of credit. Prior to the transaction, we owned a 58% interest in the Westgate joint venture since its formation in 2012 and accounted for it under the equity method of accounting. The joint venture is now wholly-owned and is consolidated in our financial results as of June 30, 2016. As a result of acquiring the remaining interest in the Westgate joint venture, we recorded a gain of \$49.3 million, which represented the difference between the carrying book value and the fair value of our previously held equity method investment in the joint venture, as a result of the significant appreciation in the property's value since the completion of its original development and opening.

EQUITY IN EARNINGS OF UNCONSOLIDATED JOINT VENTURES

Equity in earnings of unconsolidated joint ventures decreased approximately \$1.1 million or 32% in the 2017 period compared to the 2016 period. The following table sets forth the changes in various components of equity in earnings of unconsolidated joint ventures (in thousands):

	2017	2016	Increase/(Decrease)
Equity in earnings from existing properties	\$1,873	\$2,222	\$ (349)
Equity in earnings from new development	501	(224)	725
Equity in earnings from properties previously held in unconsolidated joint ventures	—	1,468	(1,468)
	\$2,374	\$3,466	\$ (1,092)

The increase in equity in earnings of unconsolidated joint ventures from new development is due to the incremental earnings from the Columbus outlet center, which opened in June 2016. The decrease in equity in earnings from properties previously held in unconsolidated joint ventures in 2016 is related to the Westgate and Savannah joint ventures. We acquired our venture partners' interest in each of these joint ventures in June 2016 and August 2016, respectively, and have consolidated the results of operations of these centers since the respective acquisition date.

Comparison of the six months ended June 30, 2017 to the six months ended June 30, 2016

NET INCOME

Net income decreased \$51.5 million in the 2017 period to \$54.5 million as compared to \$105.9 million for the 2016 period. The majority of this decrease was due to the \$49.3 million gain on the acquisition of our partners' equity interests in the Westgate joint venture in the 2016 period and the \$4.9 million gain on the sale of our outlet center in Fort Myers, Florida in the 2016 period.

In the tables below, information set forth for new development represents our Daytona Beach outlet center, which opened in November 2016. Acquisitions include our Westgate and Savannah outlet centers, which were previously held in unconsolidated joint ventures prior to acquiring our partners' interest in each venture in June 2016 and August 2016, respectively. Properties disposed include our Westbrook outlet center and Fort Myers outlet center sold in May 2017 and January 2016, respectively.

BASE RENTALS

Base rentals increased \$13.5 million, or 9%, in the 2017 period compared to the 2016 period. The following table sets forth the changes in various components of base rentals (in thousands):

	2017	2016	Change
Base rentals from existing properties	\$143,737	\$144,338	\$(601)
Base rentals from new development	3,858	—	3,858
Base rentals from acquisitions	10,748	—	10,748
Base rentals from properties disposed	1,605	2,323	(718)
Termination fees	2,633	2,042	591
Amortization of above and below market rent adjustments, net	(1,463)	(1,077)	(386)
	\$161,118	\$147,626	\$13,492

Base rentals from existing properties decreased primarily due to a slight decrease in average portfolio occupancy.

PERCENTAGE RENTALS

Percentage rentals decreased \$816,000, or 18%, in the 2017 period compared to the 2016 period. Percentage rentals represents revenues based on a percentage of tenants' sales volume above predetermined levels ("contractual breakpoints") (in thousands):

	2017	2016	Increase/(Decrease)
Percentage rentals from existing properties	\$3,260	\$4,431	\$ (1,171)
Percentage rentals from new development	8	—	8
Percentage rentals from acquisitions	327	—	327
Percentage rentals from properties disposed	65	45	20
	\$3,660	\$4,476	\$ (816)

Decrease in percentage rentals is primarily due to a decrease in average sales per square foot for certain tenants for the rolling twelve months ended June 30, 2017, compared to the rolling twelve months ended June 30, 2016 and due to annual increases in contractual breakpoints in certain leases.

EXPENSE REIMBURSEMENTS

Expense reimbursements increased \$6.6 million, or 10%, in the 2017 period compared to the 2016 period. The following table sets forth the changes in various components of expense reimbursements (in thousands):

	2017	2016	Change
Expense reimbursements from existing properties	\$62,636	\$62,865	\$(229)
Expense reimbursements from new development	2,031	—	2,031
Expense reimbursements from acquisitions	5,202	—	5,202
Expense reimbursements from properties disposed	752	1,131	(379)
	\$70,621	\$63,996	\$6,625

Expense reimbursements represent the contractual recovery from tenants of certain common area maintenance, insurance, property tax, promotional, advertising and management expenses. For certain tenants, we receive a fixed payment for CAM with annual escalations. While certain expense reimbursements generally fluctuate consistently with the related expenses, our expense recoveries for CAM as a percentage of expenses were higher in the 2017 period compared to the 2016 period due to leases with fixed-CAM escalations. When not reimbursed by the fixed-CAM component, CAM expense reimbursements are based on the tenant's proportionate share of the allocable operating expenses for the property. See "Property Operating Expenses" below for a discussion of the increase in operating expenses from our existing properties

MANAGEMENT, LEASING AND OTHER SERVICES

Management, leasing and other services decreased \$1.3 million, or 52%, in the 2017 period compared to the 2016 period. The following table sets forth the changes in various components of management, leasing and other services (in thousands):

	2017	2016	Change
Management and marketing	1,112	1,544	(432)
Development and leasing	67	545	(478)
Loan guarantee	9	364	(355)
	\$1,188	\$2,453	\$(1,265)

The decrease in management, leasing and other services is primarily due to having one fewer outlet center in our unconsolidated joint ventures in the 2017 period compared to the 2016 period. During 2016, we acquired our venture partners' equity interests in the Westgate and Savannah outlet centers and received no fees subsequent to the acquisition dates. Offsetting the impact of the acquisitions was the addition of one new center in an unconsolidated joint venture, the Columbus outlet center, which opened in June 2016.

OTHER INCOME

Other income increased 808,000, or 23% in the 2017 period as compared to the 2016 period. The following table sets forth the changes in various components of other income (in thousands):

	2017	2016	Change
Other income from existing properties	\$3,760	\$3,524	\$ 236
Other income from new development	114	—	114
Other income from acquisitions	420	—	420
Other income from properties disposed	101	63	38
	\$4,395	\$3,587	\$ 808

PROPERTY OPERATING EXPENSES

Property operating expenses increased \$4.6 million, or 6% in the 2017 period as compared to the 2016 period. The following table sets forth the changes in various components of property operating expenses (in thousands):

	2017	2016	Change
Property operating expenses from existing properties	\$69,737	\$71,340	\$(1,603)
Property operating expenses from new development	2,293	—	2,293
Property operating expenses from acquisitions	4,391	—	4,391
Property operating expenses from properties disposed	1,082	1,546	(464)
	\$77,503	\$72,886	\$4,617

The decrease in property operating expenses from existing properties was due to lower spending for certain common area maintenance and marketing expenses.

ABANDONED PRE-DEVELOPMENT COSTS

During the 2017 period, we decided to terminate a purchase option for a pre-development stage project near Detroit, Michigan and as a result, recorded a \$627,000 charge, representing the cumulative related costs.

DEPRECIATION AND AMORTIZATION

Depreciation and amortization costs increased \$11.3 million, or 21%, in the 2017 period compared to the 2016 period. The following table sets forth the changes in various components of depreciation and amortization costs from the 2017 period to the 2016 period (in thousands):

	2017	2016	Change
Depreciation and amortization expenses from existing properties	\$53,625	\$52,175	\$ 1,450
Depreciation and amortization expenses from new development	2,288	—	2,288
Depreciation and amortization expenses from acquisitions	7,609	—	7,609
Depreciation and amortization from properties disposed	677	698	(21)
	\$64,199	\$52,873	\$ 11,326

Depreciation and amortization increased at our existing properties due to the accelerated amortization of lease related intangibles upon store closures and demolition activities at one of our centers.

INTEREST EXPENSE

Interest expense increased \$4.3 million, or 15%, in the 2017 period compared to the 2016 period, due to (1) the impact from converting throughout 2016 the floating interest rates on \$525.0 million of debt to higher fixed interest rates, (2) the 30-day LIBOR, which impacts the interest rate associated with our floating rate debt, increasing relative to its level in the 2016 period, (3) the additional debt incurred related to the 2016 acquisitions of Westgate and Savannah and (4) in August 2016 and October 2016, we completed public offerings of an aggregate \$350.0 million of 3.125% notes, the net proceeds of which were used to repay amounts outstanding under our unsecured lines of credit that had an approximate interest rate of 1.20%.

GAIN ON SALE OF ASSETS

In May 2017, we sold our Westbrook outlet center for approximately \$40.0 million, which resulted in a gain of \$6.9 million.

GAIN ON PREVIOUSLY HELD INTEREST IN ACQUIRED JOINT VENTURE

On June 30, 2016, we completed the purchase of our venture partner's interest in the Westgate joint venture, which owned the outlet center in Glendale, Arizona, for a total cash price of approximately \$40.9 million. The purchase was funded with borrowings under our unsecured lines of credit. Prior to the transaction, we owned a 58% interest in the Westgate joint venture since its formation in 2012 and accounted for it under the equity method of accounting. The joint venture is now wholly-owned and is consolidated in our financial results as of June 30, 2016. As a result of acquiring the remaining interest in the Westgate joint venture, we recorded a gain of \$49.3 million, which represented the difference between the carrying book value and the fair value of our previously held equity method investment in the joint venture, as a result of the significant appreciation in the property's value since the completion of its original development and opening.

EQUITY IN EARNINGS OF UNCONSOLIDATED JOINT VENTURES

Equity in earnings of unconsolidated joint ventures decreased approximately \$2.3 million or 33% in the 2017 period compared to the 2016 period. The following table sets forth the changes in various components of equity in earnings of unconsolidated joint ventures (in thousands):

	2017	2016	Change
Equity in earnings from existing properties	\$3,811	\$4,264	\$(453)
Equity in earnings (losses) from new development	881	(224)	1,105
Equity in earnings from properties previously held in unconsolidated joint ventures	—	2,925	(2,925)
	\$4,692	\$6,965	\$(2,273)

The increase in equity in earnings of unconsolidated joint ventures from new development is due to the incremental earnings from the Columbus outlet center, which opened in June 2016. The decrease in equity in earnings from properties previously held in unconsolidated joint ventures in 2016 is related to the Westgate and Savannah joint ventures. We acquired our venture partners' interest in each of these joint ventures in June 2016 and August 2016, respectively, and have consolidated the results of operations of these centers since the respective acquisition date.

LIQUIDITY AND CAPITAL RESOURCES OF THE COMPANY

In this "Liquidity and Capital Resources of the Company" section, the term "the Company" refers only to Tanger Factory Outlet Centers, Inc. on an unconsolidated basis, excluding the Operating Partnership.

The Company's business is operated primarily through the Operating Partnership. The Company issues public equity from time to time, but does not otherwise generate any capital itself or conduct any business itself, other than incurring certain expenses in operating as a public company, which are fully reimbursed by the Operating Partnership. The Company does not hold any indebtedness, and its only material asset is its ownership of partnership interests of the Operating Partnership. The Company's principal funding requirement is the payment of dividends on its common shares. The Company's principal source of funding for its dividend payments is distributions it receives from the Operating Partnership.

Through its ownership of the sole general partner of the Operating Partnership, the Company has the full, exclusive and complete responsibility for the Operating Partnership's day-to-day management and control. The Company causes the Operating Partnership to distribute all, or such portion as the Company may in its discretion determine, of its available cash in the manner provided in the Operating Partnership's partnership agreement. The Company receives

proceeds from equity issuances from time to time, but is required by the Operating Partnership's partnership agreement to contribute the proceeds from its equity issuances to the Operating Partnership in exchange for partnership units of the Operating Partnership.

The Company is a well-known seasoned issuer with a shelf registration that expires in June 2018 that allows the Company to register unspecified various classes of equity securities and the Operating Partnership to register unspecified, various classes of debt securities. As circumstances warrant, the Company may issue equity from time to time on an opportunistic basis, dependent upon market conditions and available pricing. The Operating Partnership may use the proceeds to repay debt, including borrowings under its lines of credit, to develop new or existing properties, to make acquisitions of properties or portfolios of properties, to invest in existing or newly created joint ventures or for general corporate purposes.

The liquidity of the Company is dependent on the Operating Partnership's ability to make sufficient distributions to the Company. The Company also guarantees some of the Operating Partnership's debt. If the Operating Partnership fails to fulfill its debt requirements, which trigger the Company's guarantee obligations, then the Company may be required to fulfill its cash payment commitments under such guarantees. However, the Company's only material asset is its investment in the Operating Partnership.

The Company believes the Operating Partnership's sources of working capital, specifically its cash flow from operations, and borrowings available under its unsecured lines of credit, are adequate for it to make its distribution payments to the Company and, in turn, for the Company to make its dividend payments to its shareholders. However, there can be no assurance that the Operating Partnership's sources of capital will continue to be available at all or in amounts sufficient to meet its needs, including its ability to make distribution payments to the Company. The unavailability of capital could adversely affect the Operating Partnership's ability to pay its distributions to the Company which will, in turn, adversely affect the Company's ability to pay cash dividends to its shareholders.

For the Company to maintain its qualification as a REIT, it must pay dividends to its shareholders aggregating annually at least 90% of its taxable income (excluding capital gains). While historically the Company has satisfied this distribution requirement by making cash distributions to its shareholders, it may choose to satisfy this requirement by making distributions of cash or other property, including, in limited circumstances, the Company's own shares.

As a result of this distribution requirement, the Operating Partnership cannot rely on retained earnings to fund its on-going operations to the same extent that other companies whose parent companies are not real estate investment trusts can. The Company may need to continue to raise capital in the equity markets to fund the Operating Partnership's working capital needs, as well as potential new developments, expansions and renovations of existing properties, acquisitions, or investments in existing or newly created joint ventures.

The Company currently consolidates the Operating Partnership because it has (1) the power to direct the activities of the Operating Partnership that most significantly impact the Operating Partnership's economic performance and (2) the obligation to absorb losses and the right to receive the residual returns of the Operating Partnership that could be potentially significant. The Company does not have significant assets other than its investment in the Operating Partnership. Therefore, the assets and liabilities and the revenues and expenses of the Company and the Operating Partnership are the same on their respective financial statements, except for immaterial differences related to cash, other assets and accrued liabilities that arise from public company expenses paid by the Company. However, all debt is held directly or indirectly at the Operating Partnership level, and the Company has guaranteed some of the Operating Partnership's unsecured debt as discussed below. Because the Company consolidates the Operating Partnership, the section entitled "Liquidity and Capital Resources of the Operating Partnership" should be read in conjunction with this section to understand the liquidity and capital resources of the Company on a consolidated basis and how the Company is operated as a whole.

In May 2017, we announced that our Board of Directors authorized the repurchase of up to \$125.0 million of our outstanding common shares as market conditions warrant over a period commencing on May 19, 2017 and expiring on May 18, 2019. Repurchases may be made through open market, privately-negotiated, structured or derivative transactions (including accelerated stock repurchase transactions), or other methods of acquiring shares. The Company intends to structure open market purchases to occur within pricing and volume requirements of Rule 10b-18. The Company may, from time to time, enter into Rule 10b5-1 plans to facilitate the repurchase of its shares under this authorization. Between May 19, 2017 and June 2, 2017 we repurchased approximately 1.5 million common shares on the open market at an average price of \$26.25, totaling approximately \$39.3 million exclusive of commissions and related fees. The remaining amount authorized to be repurchased under the program as of June 30, 2017 was approximately \$85.7 million.

In July 2017, the Company's Board of Directors declared a \$0.3425 cash dividend per common share payable on August 15, 2017 to each shareholder of record on July 31, 2017, and the Trustees of Tanger GP Trust declared a \$0.3425 cash distribution per Operating Partnership unit to the Operating Partnership's unitholders.

LIQUIDITY AND CAPITAL RESOURCES OF THE OPERATING PARTNERSHIP

General Overview

In this "Liquidity and Capital Resources of the Operating Partnership" section, the terms "we", "our" and "us" refer to the Operating Partnership or the Operating Partnership and the Company together, as the text requires.

Property rental income represents our primary source to pay property operating expenses, debt service, distributions and capital expenditures needed to maintain our properties. To the extent that our cash flow from operating activities is insufficient to cover our capital needs, including new developments, expansions of existing outlet centers, acquisitions and investments in unconsolidated joint ventures, we finance such activities from borrowings under our unsecured lines of credit or from the proceeds from the Operating Partnership's debt offerings and the Company's equity offerings.

We believe we achieve a strong and flexible financial position by attempting to: (1) maintain a conservative leverage position relative to our portfolio when pursuing new development, expansion and acquisition opportunities, (2) extend and sequence debt maturities, (3) manage our interest rate risk through a proper mix of fixed and variable rate debt, (4) maintain access to liquidity by using our unsecured lines of credit in a conservative manner and (5) preserve internally generated sources of capital by strategically divesting of underperforming assets and maintaining a conservative distribution payout ratio. We manage our capital structure to reflect a long term investment approach and utilize multiple sources of capital to meet our requirements.

The following table sets forth our changes in cash flows (in thousands):

	Six months ended		
	June 30,		
	2017	2016	Change
Net cash provided by operating activities	\$110,666	\$105,008	\$5,658
Net cash provided by (used in) investing activities	(55,048)	25,859	(80,907)
Net cash used in financing activities	(59,575)	(125,870)	66,295
Effect of foreign currency rate changes on cash and equivalents	9	539	(530)
Net increase (decrease) in cash and cash equivalents	\$(3,948)	\$5,536	\$(9,484)

Operating Activities

The increase in net cash provided by operating activities the 2017, period compared to the 2016 period was primarily the result of the acquisition of our venture partners' interest in our Westgate and Savannah outlet centers, previously held in unconsolidated joint ventures, in June 2016 and August 2016, respectively, and cash received from our newest wholly owned outlet center in Daytona Beach, FL, which opened in November 2016.

Investing Activities

The primary cause for the decrease in net cash provided by investing activities was due to the change in restricted cash of \$121.3 million. In the 2016 period, we used restricted cash, which represented a portion of the proceeds received from certain assets sales in 2015, to pay a portion of our \$150.0 million floating rate mortgage loan, which had an original maturity date in August 2018, and our \$28.4 million deferred financing obligation, both of which related to our Deer Park outlet center.

Financing Activities

The primary cause for the decrease in net cash used in financing activities is primarily associated with the use of restricted cash, as stated above, to repay a portion of our \$150.0 million floating rate mortgage loan and a \$28.4 million deferred financing obligation, both of which related to our Deer Park outlet center.

Capital Expenditures

The following table details our capital expenditures (in thousands):

	Six months ended		
	June 30,		
	2017	2016	Change
Capital expenditures analysis:			
New center developments	\$56,240	\$42,539	\$13,701
Major center renovations	10,243	5,003	5,240
Second generation tenant allowances	10,034	4,475	5,559
Other capital expenditures	14,015	6,274	7,741
	90,532	58,291	32,241
Conversion from accrual to cash basis	(1,771)	10,291	(12,062)
Additions to rental property-cash basis	\$88,761	\$68,582	\$20,179

New center development expenditures, which include first generation tenant allowances, relate to construction expenditures for our Fort Worth, Daytona Beach, Lancaster and Tilton outlet centers in the 2017 period. The 2016 period included new center development expenditures for our Daytona Beach, Southaven, and San Marcos outlet centers.

Major center renovations in both the 2017 and 2016 periods included construction activities at our Riverhead and our Rehoboth Beach outlet centers. The 2016 period also included renovations at our Howell outlet center while the 2017 period also included renovations at our Myrtle Beach 17 outlet center. We expect to spend approximately \$7.5 million for the remainder of 2017 on the renovation of these three outlet centers.

The increase in other capital expenditures in the 2017 period is primarily due to the installation of solar panels at several of our outlet centers.

Current Developments

We intend to continue to grow our portfolio by developing, expanding or acquiring additional outlet centers. In the section below, we describe the new developments that are either currently planned, underway or recently completed. However, you should note that any developments or expansions that we, or a joint venture that we have an ownership interest in, have planned or anticipated may not be started or completed as scheduled, or may not result in accretive net income or funds from operations ("FFO"). See the section "Non-GAAP Supplemental Earnings Measures" - "Funds From Operations" below for further discussion of FFO.

In addition, we regularly evaluate acquisition or disposition proposals and engage from time to time in negotiations for acquisitions or dispositions of properties. We may also enter into letters of intent for the purchase or sale of

properties. Any prospective acquisition or disposition that is being evaluated or which is subject to a letter of intent may not be consummated, or if consummated, may not result in an increase in earnings or liquidity.

New Development of Consolidated Outlet Centers

The following table summarizes our projects under development as of June 30, 2017:

Project	Approximate square feet (in 000's)	Projected Total Net Cost per Square Foot (in dollars)	Projected Total Net Incurred Cost (in millions)	Projected Costs to Date (in millions)	Projected Opening
New development:					
Fort Worth	352	\$ 256	\$ 90.2	\$ 53.7	October 2017
Expansion:					
Lancaster	123	388	47.7	32.9	September 2017
Total	475	\$ 290	\$ 137.9	\$ 86.6	

Fort Worth

In September 2016, we purchased land in the greater Fort Worth, Texas area for approximately \$11.2 million and began construction immediately on the development of a wholly-owned outlet center. The outlet center will be located within the 279-acre Champions Circle mixed-use development adjacent to Texas Motor Speedway.

Lancaster Expansion

In July 2016, we commenced construction on a 123,000 square foot expansion of our outlet center in Lancaster, Pennsylvania.

Other Potential Future Developments

As of the date of this filing, we are in the initial study period for potential new developments. We may also use joint venture arrangements to develop other potential sites. There can be no assurance, however, that these potential future projects will ultimately be developed.

In the case of projects to be wholly-owned by us, we expect to fund these projects from amounts available under our unsecured lines of credit, but may also fund them with capital from additional public debt and equity offerings. For projects to be developed through joint venture arrangements, we may use collateralized construction loans to fund a portion of the project, with our share of the equity requirements funded from sources described above. See "Off-Balance Sheet Arrangements" for a discussion of unconsolidated joint venture development activities.

Financing Arrangements

As of June 30, 2017, unsecured borrowings represented 90% of our outstanding debt and 88% of the gross book value of our real estate portfolio was unencumbered. We maintain unsecured lines of credit that provide for borrowings of up to \$520.0 million. The unsecured lines of credit include a \$20.0 million liquidity line and a \$500.0 million syndicated line. Our unsecured lines of credit bear interest at a rate of LIBOR + 0.90% and the syndicated line may be

increased up to \$1.0 billion through an accordion feature in certain circumstances. The unsecured lines of credit have an expiration date of October 24, 2019 with an option for a one year extension. The Company guarantees the Operating Partnership's obligations under these lines. As of June 30, 2017, we had \$412.5 million available under our unsecured lines of credit after taking into account outstanding letters of credit of \$6.3 million.

In July 2017, we completed an underwritten public offering of \$300.0 million of our 3.875% senior notes due 2027 (the "2027 Notes"). The 2027 Notes priced at 99.579% of the principal amount to yield 3.926% to maturity. The 2027 Notes pay interest semi-annually at a rate of 3.875% per annum and mature on July 15, 2027. The estimated net proceeds from the offering, after deducting the underwriting discount and offering expenses, were approximately \$295.9 million. In August 2017, we used the net proceeds from the sale of the 2027 Notes, together with borrowings under our unsecured lines of credit, to redeem all of our 6.125% senior notes due 2020 (the "2020 Notes") (approximately \$300.0 million in aggregate principal amount outstanding). The 2020 Notes were redeemed at par plus a "make-whole" premium of approximately \$34.1 million.

We intend to retain the ability to raise additional capital, including public debt or equity, to pursue attractive investment opportunities that may arise and to otherwise act in a manner that we believe to be in the best interests of our shareholders and unitholders. The Company is a well-known seasoned issuer with a joint shelf registration with the Operating Partnership, expiring in June 2018, that allows us to register unspecified amounts of different classes of securities on Form S-3. To generate capital to reinvest into other attractive investment opportunities, we may also consider the use of additional operational and developmental joint ventures, the sale or lease of outparcels on our existing properties and the sale of certain properties that do not meet our long-term investment criteria. Based on cash provided by operations, existing lines of credit, ongoing relationships with certain financial institutions and our ability to sell debt or issue equity subject to market conditions, we believe that we have access to the necessary financing to fund the planned capital expenditures through the end of 2017.

We anticipate that adequate cash will be available to fund our operating and administrative expenses, regular debt service obligations, and the payment of dividends in accordance with REIT requirements in both the short and long-term. Although we receive most of our rental payments on a monthly basis, distributions to shareholders and unitholders are made quarterly and interest payments on the senior, unsecured notes are made semi-annually. Amounts accumulated for such payments will be used in the interim to reduce the outstanding borrowings under our existing unsecured lines of credit or invested in short-term money market or other suitable instruments.

We believe our current balance sheet position is financially sound; however, due to the uncertainty and unpredictability of the capital and credit markets, we can give no assurance that affordable access to capital will exist between now and when our next significant debt maturity, which are our unsecured line of credit facilities, occurs in 2020 assuming the extension option is exercised.

The Operating Partnership's debt agreements require the maintenance of certain ratios, including debt service coverage and leverage, and limit the payment of dividends such that dividends and distributions will not exceed funds from operations, as defined in the agreements, for the prior fiscal year on an annual basis or 95% on a cumulative basis. We have historically been and currently are in compliance with all of our debt covenants. We expect to remain in compliance with all of our existing debt covenants; however, should circumstances arise that would cause us to be in default, the various lenders would have the ability to accelerate the maturity on our outstanding debt.

We believe our most restrictive covenants are contained in our senior, unsecured notes. Key financial covenants and their covenant levels, which are calculated based on contractual terms, include the following:

Senior unsecured notes financial covenants	Required	Actual	
Total consolidated debt to adjusted total assets	<60%	51	%
Total secured debt to adjusted total assets	<40%	5	%
Total unencumbered assets to unsecured debt	>150%	186	%

OFF-BALANCE SHEET ARRANGEMENTS

The following table details certain information as of June 30, 2017 about various unconsolidated real estate joint ventures in which we have an ownership interest:

Joint Venture	Outlet Center Location	Ownership %		Square Feet (in 000's)	Carrying Value of Investment (in millions)
Columbus	Columbus, OH	50.0 %		355	\$ 6.8
National Harbor	National Harbor, MD	50.0 %		341	2.8
RioCan Canada	Various	50.0 %		924	121.6
Investments included in total assets					\$ 131.2
Charlotte ⁽¹⁾	Charlotte, NC	50.0 %		398	\$ (3.1)
Galveston/Houston ⁽¹⁾	Texas City, TX	50.0 %		353	(4.9)
Investments included in other liabilities					\$ (8.0)

⁽¹⁾ The negative carrying value is due to the distributions of proceeds from mortgage loans, and quarterly distributions of excess cash flow exceeding the original contributions from the partners.

Our joint ventures are generally subject to buy-sell provisions which are customary for joint venture agreements in the real estate industry. Either partner may initiate these provisions (subject to any applicable lock up period), which could result in either the sale of our interest or the use of available cash or additional borrowings to acquire the other party's interest. Under these provisions, one partner sets a price for the property, then the other partner has the option to either (1) purchase their partner's interest based on that price or (2) sell its interest to the other partner based on that price. Since the partner other than the partner who triggers the provision has the option to be the buyer or seller, we don't consider this arrangement to be a mandatory redeemable obligation.

We provide guarantees to lenders for our joint ventures which include standard non-recourse carve out indemnifications for losses arising from items such as but not limited to fraud, physical waste, payment of taxes, environmental indemnities, misapplication of insurance proceeds or security deposits and failure to maintain required insurance. For construction and term loans, we may include a guaranty of completion as well as a principal guaranty ranging from 5% to 100% of principal. The principal guarantees include terms for release based upon satisfactory completion of construction and performance targets including occupancy thresholds and minimum debt service coverage tests. Our joint ventures may contain make whole provisions in the event that demands are made on any existing guarantees.

Debt of unconsolidated joint ventures

The following table details information regarding the outstanding debt of the unconsolidated joint ventures and principal guarantees of such debt provided by us as of June 30, 2017 (dollars in millions):

Joint Venture	Total Joint Venture Debt	Maturity Date	Interest Rate	Percent Guaranteed by the Operating Partnership	Maximum Guaranteed Amount by the Company
Charlotte	\$90.0	November 2018	LIBOR + 1.45%	5.0 %	\$ 4.5
Columbus	85.0	November 2019	LIBOR + 1.65%	7.5 %	6.4
Galveston/Houston ⁽¹⁾	65.0	July 2018	LIBOR + 1.50%	5.0 %	3.3
National Harbor ⁽²⁾	87.0	November 2019	LIBOR + 1.65%	10.0 %	8.7
RioCan Canada ⁽³⁾	11.1	May 2020	5.75%	27.9 %	3.1
Debt origination costs (1.7)	\$336.4				\$ 26.0

In June 2017, the joint venture exercised its extension option and extended the maturity date of the loan from July 2017 to July 2018. In July, the joint venture amended and restated the initial construction loan to increase the amount available to borrow from \$70.0 million to \$80.0 million and extended the maturity date until July 2020 with two one-year options. The amended and restated loan also changed the interest rate from LIBOR + 1.50% to an interest rate of LIBOR + 1.65%. At the closing of the amendment, the joint venture distributed approximately \$14.5 million equally between the partners.

(1) 100% completion guaranty; 10% principal guaranty.

(3) The joint venture debt amount includes premium of approximately \$425,000.

Fees from unconsolidated joint ventures

Fees we received for various services provided to our unconsolidated joint ventures were recognized in other income as follows (in thousands):

Fee:	Three months ended		Six months ended	
	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016
Management and marketing	\$570	\$797	1,112	1,544
Development and leasing	35	353	\$67	\$545
Loan Guarantee	4	182	9	364
Total Fees	\$609	\$1,332	\$1,188	\$2,453

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Refer to our 2016 Annual Report on Form 10-K of the Company and the Operating Partnership for a discussion of our critical accounting policies which include principles of consolidation, acquisition of real estate, cost capitalization, impairment of long-lived assets and revenue recognition. There have been no material changes to these policies in 2017.

NON-GAAP SUPPLEMENTAL MEASURES

Funds From Operations

Funds From Operations ("FFO") is a widely used measure of the operating performance for real estate companies that supplements net income (loss) determined in accordance with GAAP. We determine FFO based on the definition set forth by the National Association of Real Estate Investment Trusts ("NAREIT"), of which we are a member. FFO represents net income (loss) (computed in accordance with GAAP) before extraordinary items and gains (losses) on sale or disposal of depreciable operating properties, plus depreciation and amortization of real estate assets, impairment losses on depreciable real estate of consolidated real estate and after adjustments for unconsolidated partnerships and joint ventures, including depreciation and amortization, and impairment losses on investments in unconsolidated joint ventures driven by a measurable decrease in the fair value of depreciable real estate held by the unconsolidated joint ventures.

FFO is intended to exclude historical cost depreciation of real estate as required by GAAP which assumes that the value of real estate assets diminishes ratably over time. Historically, however, real estate values have risen or fallen with market conditions. Because FFO excludes depreciation and amortization of real estate assets, gains and losses from property dispositions and extraordinary items, it provides a performance measure that, when compared year over year, reflects the impact to operations from trends in occupancy rates, rental rates, operating costs, development activities and interest costs, providing perspective not immediately apparent from net income.

We present FFO because we consider it an important supplemental measure of our operating performance. In addition, a portion of cash bonus compensation to certain members of management is based on our FFO or Adjusted Funds From Operations ("AFFO"), which is described in the section below. We believe it is useful for investors to have enhanced transparency into how we evaluate our performance and that of our management. In addition, FFO is frequently used by securities analysts, investors and other interested parties in the evaluation of REITs, many of which present FFO when reporting their results. FFO is also widely used by us and others in our industry to evaluate and price potential acquisition candidates. NAREIT has encouraged its member companies to report their FFO as a supplemental, industry-wide standard measure of REIT operating performance.

FFO has significant limitations as an analytical tool, and you should not consider it in isolation, or as a substitute for analysis of our results as reported under GAAP. Some of these limitations are:

- FFO does not reflect our cash expenditures, or future requirements, for capital expenditures or contractual commitments;

- FFO does not reflect changes in, or cash requirements for, our working capital needs;

- Although depreciation and amortization are non-cash charges, the assets being depreciated and amortized will often have to be replaced in the future, and FFO does not reflect any cash requirements for such replacements;

- FFO, which includes discontinued operations, may not be indicative of our ongoing operations; and

- Other companies in our industry may calculate FFO differently than we do, limiting its usefulness as a comparative measure.

Because of these limitations, FFO should not be considered as a measure of discretionary cash available to us to invest in the growth of our business or our dividend paying capacity. We compensate for these limitations by relying primarily on our GAAP results and using FFO only as a supplemental measure.

Adjusted Funds From Operations

We present AFFO as a supplemental measure of our performance. We define AFFO as FFO further adjusted to eliminate the impact of certain items that we do not consider indicative of our ongoing operating performance. These further adjustments are itemized in the table below. You are encouraged to evaluate these adjustments and the reasons we consider them appropriate for supplemental analysis. In evaluating AFFO you should be aware that in the future we may incur expenses that are the same as or similar to some of the adjustments in this presentation. Our presentation of AFFO should not be construed as an inference that our future results will be unaffected by unusual or non-recurring items.

We present AFFO because we believe it assists investors and analysts in comparing our performance across reporting periods on a consistent basis by excluding items that we do not believe are indicative of our core operating performance. In addition, we believe it is useful for investors to have enhanced transparency into how we evaluate management's performance and the effectiveness of our business strategies. We use AFFO when certain material, unplanned transactions occur as a factor in evaluating management's performance and to evaluate the effectiveness of our business strategies, and may use AFFO when determining incentive compensation.

AFFO has limitations as an analytical tool. Some of these limitations are:

- AFFO does not reflect our cash expenditures, or future requirements, for capital expenditures or contractual commitments;

- AFFO does not reflect changes in, or cash requirements for, our working capital needs;

- Although depreciation and amortization are non-cash charges, the assets being depreciated and amortized will often have to be replaced in the future, and AFFO does not reflect any cash requirements for such replacements;

- AFFO does not reflect the impact of certain cash charges resulting from matters we consider not to be indicative of our ongoing operations; and

- Other companies in our industry may calculate AFFO differently than we do, limiting its usefulness as a comparative measure.

Because of these limitations, AFFO should not be considered in isolation or as a substitute for performance measures calculated in accordance with GAAP. We compensate for these limitations by relying primarily on our GAAP results and using AFFO only as a supplemental measure.

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Below is a reconciliation of net income to FFO available to common shareholders and AFFO available to common shareholders (in thousands, except per share amounts):

	Three months ended		Six months ended	
	June 30,		June 30,	
	2017	2016	2017	2016
Net income	\$30,947	\$77,302	\$54,461	\$105,919
Adjusted for:				
Depreciation and amortization of real estate assets - consolidated	32,383	25,937	63,238	52,142
Depreciation and amortization of real estate assets - unconsolidated joint ventures	3,550	5,808	7,388	11,147
Gain on sale of assets and interests in unconsolidated entities	(6,943)	—	(6,943)	(4,887)
Gain on previously held interests in acquired joint ventures	—	(49,258)	—	(49,258)
FFO	59,937	59,789	118,144	115,063
FFO attributable to noncontrolling interests in other consolidated partnerships	—	(12)	—	(59)
Allocation of earnings to participating securities	(528)	(564)	(1,040)	(1,133)
FFO available to common shareholders ⁽¹⁾	\$59,409	\$59,213	\$117,104	\$113,871
As further adjusted for:				
Director compensation upon termination of service ⁽²⁾	—	—	—	293
Demolition costs	—	182	—	182
Abandoned pre-development costs	—	—	627	—
Write-off of debt discount due to repayment of debt prior to maturity ⁽³⁾	—	—	—	882
Impact of above adjustments to the allocation of earnings to participating securities	—	(1)	(5)	(13)
AFFO available to common shareholders ⁽¹⁾	\$59,409	\$59,394	\$117,726	\$115,215
FFO available to common shareholders per share - diluted ⁽¹⁾	\$0.59	\$0.59	\$1.17	\$1.14
AFFO available to common shareholders per share - diluted ⁽¹⁾	\$0.59	\$0.59	\$1.17	\$1.15
Weighted Average Shares:				
Basic weighted average common shares	95,025	95,124	95,217	95,034
Effect of notional units	—	183	—	167
Effect of outstanding options and restricted common shares	5	68	35	64
Diluted weighted average common shares (for earnings per share computations)	95,030	95,375	95,252	95,265
Exchangeable operating partnership units	5,028	5,053	5,028	5,053
Diluted weighted average common shares (for FFO and AFFO per share computations) ⁽¹⁾	100,058	100,428	100,280	100,318

Assumes the Class A common limited partnership units of the Operating Partnership held by the noncontrolling interests are exchanged for common shares of the Company. Each Class A common limited partnership unit is exchangeable for one of the Company's common shares, subject to certain limitations to preserve the Company's REIT status.

(1) For the six months ended June 30, 2016, represents the accelerated vesting of restricted shares due to the death of a director in February 2016.

(3) Due to the January 28, 2016 early repayment of the \$150.0 million mortgage secured by the Deer Park property, which was scheduled to mature August 30, 2018.

Portfolio Net Operating Income and Same Center NOI

We present portfolio net operating income ("Portfolio NOI") and same center net operating income ("Same Center NOI") as supplemental measures of our operating performance. Portfolio NOI represents our property level net operating income which is defined as total operating revenues less property operating expenses and excludes termination fees and non-cash adjustments including straight-line rent, net above and below market rent amortization and gains or losses on the sale of outparcels recognized during the periods presented. We define Same Center NOI as Portfolio NOI for the properties that were operational for the entire portion of both comparable reporting periods and which were not acquired or subject to a material expansion or non-recurring event, such as a natural disaster, during the comparable reporting periods.

We believe Portfolio NOI and Same Center NOI are non-GAAP metrics used by industry analysts, investors and management to measure the operating performance of our properties because they provide performance measures directly related to the revenues and expenses involved in owning and operating real estate assets and provide a perspective not immediately apparent from net income, FFO or AFFO. Because Same Center NOI excludes properties developed, redeveloped, acquired and sold; as well as non-cash adjustments, gains or losses on the sale of outparcels and termination rents; it highlights operating trends such as occupancy levels, rental rates and operating costs on properties that were operational for both comparable periods. Other REITs may use different methodologies for calculating Portfolio NOI and Same Center NOI, and accordingly, our Portfolio NOI and Same Center NOI may not be comparable to other REITs.

Portfolio NOI and Same Center NOI should not be considered alternatives to net income (loss) or as an indicator of our financial performance since they do not reflect the entire operations of our portfolio, nor do they reflect the impact of general and administrative expenses, acquisition-related expenses, interest expense, depreciation and amortization costs, other non-property income and losses, the level of capital expenditures and leasing costs necessary to maintain the operating performance of our properties, or trends in development and construction activities which are significant economic costs and activities that could materially impact our results from operations. Because of these limitations, Portfolio NOI and Same Center NOI should not be viewed in isolation or as a substitute for performance measures calculated in accordance with GAAP. We compensate for these limitations by relying primarily on our GAAP results and using Portfolio NOI and Same Center NOI only as supplemental measures.

Below is a reconciliation of net income to Portfolio NOI and Same Center NOI for the consolidated portfolio (in thousands):

	Three months ended		Six months ended	
	June 30, 2017	2016	June 30, 2017	2016
Net income	\$30,947	\$77,302	\$54,461	\$105,919
Adjusted to exclude:				
Equity in earnings of unconsolidated joint ventures	(2,374)	(3,466)	(4,692)	(6,965)
Interest expense	16,520	13,800	33,007	28,684
Gain on sale of assets and interests in unconsolidated entities	(6,943)	—	(6,943)	(4,887)
Gain on previously held interests in acquired joint ventures	—	(49,258)	—	(49,258)
Other non-operating (income) expense	(57)	(38)	(92)	(354)
Depreciation and amortization	32,905	26,306	64,199	52,873
Other non-property (income) expenses	308	(290)	621	(388)
Abandoned pre-development costs	—	—	627	—
Demolition Costs	—	182	—	182
Corporate general and administrative expenses	11,202	11,448	22,479	22,913
Non-cash adjustments ⁽¹⁾	(596)	(1,050)	(1,561)	(1,972)
Termination rents	(1,450)	(1,487)	(2,633)	(2,042)
Portfolio NOI	80,462	73,449	159,473	144,705
Non-same center NOI ⁽²⁾	(9,585)	(3,054)	(19,830)	(6,194)
Same Center NOI	\$70,877	\$70,395	\$139,643	\$138,511

(1) Non-cash items include straight-line rent, net above and below market rent amortization and gains or losses on outparcel sales, as applicable.

(2) Excluded from Same Center NOI:

Outlet centers opened:	Outlet centers sold:	Outlet centers acquired:	Outlet center Expansions:
Daytona Beach	Fort Myers	Glendale (Westgate)	Lancaster (under construction)
November 2016	January 2016	June 2016	
	Westbrook	Savannah	
	May 2017	August 2016	

ECONOMIC CONDITIONS AND OUTLOOK

The majority of our leases contain provisions designed to mitigate the impact of inflation. Such provisions include clauses for the escalation of base rent and clauses enabling us to receive percentage rentals based on tenants' gross sales (above predetermined levels) which generally increase as prices rise. A component of most leases includes a pro-rata share or escalating fixed contributions by the tenant for property operating expenses, including common area maintenance, real estate taxes, insurance and advertising and promotion, thereby reducing exposure to increases in costs and operating expenses resulting from inflation.

The current challenging retail environment could impact our business in the short-term as our operations are subject to the results of operations of our retail tenants. A portion of our rental revenues are derived from percentage rents that directly depend on the sales volume of certain tenants. Accordingly, declines in these tenants' results of operations would reduce the income produced by our properties. If the sales or profitability of our retail tenants decline sufficiently, whether due to a change in consumer preferences, legislative changes that increase the cost of their operations or otherwise, such tenants maybe unable to pay their existing rents as such rents would represent a higher percentage of their sales. While we believe outlet stores will continue to be a profitable and fundamental distribution channel for many brand name manufacturers, some retail formats are more successful than others. As typical in the retail industry, certain tenants have closed, or will close, certain stores by terminating their lease prior to its natural expiration or as a result of filing for protection under bankruptcy laws.

Due to the relatively short-term nature of our tenants' leases, a significant portion of the leases in our portfolio come up for renewal each year. As of January 1, 2017, excluding the Westbrook outlet center, which was sold in the second quarter of 2017, we had approximately 1.5 million square feet, or 12% of our consolidated portfolio at that time, coming up for renewal during 2017. During the first six months of 2017, we renewed approximately 1.0 million square feet of this space at a 10% increase in the average base rental rate compared to the expiring rate. We also re-tenanted approximately 336,000 square feet at a 2% increase in the average base rental rate. In addition, we continue to attract and retain additional tenants. However, there can be no assurance that we can achieve similar base rental rates. In addition, if we were unable to successfully renew or re-lease a significant amount of this space on favorable economic terms, the loss in rent could have a material adverse effect on our results of operations.

Our outlet centers typically include well-known, national, brand name companies. By maintaining a broad base of well-known tenants and a geographically diverse portfolio of properties located across the United States, we believe we reduce our operating and leasing risks. No one tenant (including affiliates) accounts for more than 8% of our square feet or 7% of our combined base and percentage rental revenues. Accordingly, although we can give no assurance, we do not expect any material adverse impact on our results of operations and financial condition as a result of leases to be renewed or stores to be re-leased. Occupancy at our consolidated centers was 96% and 97% as of June 30, 2017 and 2016, respectively.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

Market Risk

We are exposed to various market risks, including changes in interest rates. Market risk is the potential loss arising from adverse changes in market rates and prices, such as interest rates. We may periodically enter into certain interest rate protection and interest rate swap agreements to effectively convert existing floating rate debt to a fixed rate basis. We do not enter into derivatives or other financial instruments for trading or speculative purposes. We are also exposed to foreign currency risk on investments in outlet centers that are located in Canada. Our currency exposure is concentrated in the Canadian Dollar. To mitigate some of the risk related to changes in foreign currency, cash flows received from our Canadian joint ventures are either reinvested to fund ongoing Canadian development activities, if applicable, or converted to US dollars and utilized to repay amounts outstanding under our unsecured lines of credit.

We generally do not hedge currency translation exposures.

In April 2016, we entered into four separate interest rate swap agreements, effective April 13, 2016 that fix the base LIBOR rate at an average of 1.03% on notional amounts totaling \$175.0 million through January 1, 2021. In addition, in October 2013, we entered into interest rate swap agreements with notional amounts totaling \$150.0 million to reduce our floating rate debt exposure. The interest rate swap agreements fix the base LIBOR rate at an average of 1.30% and mature in August 2018. The fair value of the interest rate swap agreements represents the estimated receipts or payments that would be made to terminate the agreement. As of June 30, 2017, the fair value of these contracts is an asset of \$4.2 million. The fair value is based on dealer quotes, considering current interest rates, remaining term to maturity and our credit standing.

As of June 30, 2017, 13% of our outstanding debt, excluding variable rate debt with interest rate protection agreements in place, had variable interest rates and therefore were subject to market fluctuations. An increase in the LIBOR index of 100 basis points would result in an increase of approximately \$2.3 million in interest expense on an annual basis. The information presented herein is merely an estimate and has limited predictive value. As a result, the ultimate effect upon our operating results of interest rate fluctuations will depend on the interest rate exposures that arise during the period, our hedging strategies at that time and future changes in the level of interest rates.

The estimated fair value and recorded value of our debt consisting of senior unsecured notes, unsecured term loans, secured mortgages and unsecured lines of credit were as follows (in thousands):

	June 30, 2017	December 31, 2016
Fair value of debt	\$ 1,746,472	\$ 1,704,644
Recorded value of debt	\$ 1,729,002	\$ 1,687,866

A 100 basis point increase from prevailing interest rates at June 30, 2017 and December 31, 2016 would result in a decrease in fair value of total debt of approximately \$65.3 million and \$69.1 million, respectively. Refer to Note 9 to the consolidated financial statements for a description of our methodology in calculating the estimated fair value of debt. Considerable judgment is necessary to develop estimated fair values of financial instruments. Accordingly, the estimates presented herein are not necessarily indicative of the amounts the Company could realize on the disposition of the financial instruments.

Item 4. Controls and Procedures

Tanger Factory Outlet Centers, Inc. Controls and Procedures

The Company's management carried out an evaluation, with the participation of the Company's Chief Executive Officer and Chief Financial Officer of the effectiveness of the Company's disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) as of June 30, 2017. Based on this evaluation, the Company's Chief Executive Officer and Chief Financial Officer, have concluded the Company's disclosure controls and procedures were effective as of June 30, 2017. There were no changes to the Company's internal controls over financial reporting during the quarter ended June 30, 2017, that materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Tanger Properties Limited Partnership Controls and Procedures

The management of the Operating Partnership's general partner carried out an evaluation, with the participation of the Chief Executive Officer and the Vice-President and Treasurer (Principal Financial and Accounting Officer) of the Operating Partnership's general partner of the effectiveness of the Operating Partnership's disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) as of June 30, 2017. Based on this evaluation, the Chief Executive Officer of the Operating Partnership's general partner, and the Vice-President and Treasurer of the

Operating Partnership's general partner, have concluded the Operating Partnership's disclosure controls and procedures were effective as of June 30, 2017. There were no changes to the Operating Partnership's internal controls over financial reporting during the quarter ended June 30, 2017, that materially affected, or are reasonably likely to materially affect, the Operating Partnership's internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

The Company and the Operating Partnership are, from time to time, engaged in a variety of legal proceedings arising in the normal course of business. Although the results of these legal proceedings cannot be predicted with certainty, management believes that the final outcome of such proceedings will not have a material adverse effect on our results of operations or financial condition.

Item 1A. Risk Factors

There have been no material changes from the risk factors disclosed in the "Risk Factors" section of our Annual Report on Form 10-K for the year ended December 31, 2016.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

(c) Issuer Purchases of Equity Securities

On May 19, 2017, we announced that our Board of Directors authorized the repurchase of up to \$125 million of our outstanding common shares as market conditions warrant over a period commencing on May 19, 2017 and expiring on May 18, 2019. Repurchases may be made through open market, privately-negotiated, structured or derivative transactions (including accelerated stock repurchase transactions), or other methods of acquiring shares. The Company intends to structure open market purchases to occur within pricing and volume requirements of Rule 10b-18. The Company may, from time to time, enter into Rule 10b5-1 plans to facilitate the repurchase of its shares under this authorization.

The following table summarizes our common share repurchases for the fiscal quarter ended June 30, 2017:

Period	Total number of shares purchased	Average price paid per share	Total number of shares purchased as part of publicly announced plans or programs	Approximate dollar value of shares that may yet be purchased under the plans or programs (in millions)
April 1, 2017 to April 30, 2017	—	\$ —	—	\$ 125.0
May 1, 2017 to May 31, 2017	1,307,481	26.25	1,307,481	90.7
June 1, 2017 to June 30, 2017	190,500	26.26	190,500	85.7
Total	1,497,981	\$ 26.25	1,497,981	\$ 85.7

Item 4. Mine Safety Disclosures

Not applicable

Item 6. Exhibits

Exhibit
Number Exhibit Descriptions

- 4.1 Eleventh Supplemental Indenture (Supplement to Indenture dated as of March 1, 1996) dated July 3, 2017. (Incorporated by reference to Exhibit 4.1 filed with the Company's and Operating Partnership's Report on Form 8-K dated July 3, 2017).
- 12.1* Company's Ratio of Earnings to Fixed Charges.
- 12.2* Operating Partnership's Ratio of Earnings to Fixed Charges.
- 31.1* Principal Executive Officer Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 302 of the Sarbanes - Oxley Act of 2002 for Tanger Factory Outlet Centers, Inc.
- 31.2* Principal Financial Officer Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 302 of the Sarbanes - Oxley Act of 2002 for Tanger Factory Outlet Centers, Inc.
- 31.3* Principal Executive Officer Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 302 of the Sarbanes - Oxley Act of 2002 for Tanger Properties Limited Partnership.
- 31.4* Principal Financial Officer Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 302 of the Sarbanes - Oxley Act of 2002 for Tanger Properties Limited Partnership.
- 32.1** Principal Executive Officer Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes - Oxley Act of 2002 for Tanger Factory Outlet Centers, Inc.
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- 101* The following financial statements from Tanger Factory Outlet Centers, Inc. and Tanger Properties Limited Partnership's dual Quarterly Report on Form 10-Q for the quarter ended June 30, 2017, formatted in XBRL: (i) Consolidated Balance Sheets (unaudited), (ii) Consolidated Statements of Operations (unaudited), (iii) Consolidated Statements of Other Comprehensive Income (unaudited), (iv) Consolidated Statements of Equity (unaudited), (v) Consolidated Statements of Cash Flows (unaudited), and (vi) Notes to Consolidated Financial Statements (unaudited).

* Filed herewith.

** Furnished herewith.

SIGNATURES

Pursuant to the requirements of the Securities and Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the undersigned thereunto duly authorized.

DATE: August 2, 2017

TANGER FACTORY OUTLET CENTERS, INC.

By: /s/ James F. Williams

James F. Williams

Senior Vice President and Chief Financial Officer

TANGER PROPERTIES LIMITED PARTNERSHIP

By: TANGER GP TRUST, its sole general partner

By: /s/ James F. Williams

James F. Williams

Vice President and Treasurer (Principal Financial and Accounting Officer)

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