

**TANGER FACTORY OUTLET CENTERS, INC.**  
**AUDIT COMMITTEE OF THE BOARD OF DIRECTORS**  
**CHARTER**

(adopted 2-24-04 with amendments through October 28, 2013)

- 1. PURPOSE.** The purpose of the Audit Committee (the “Committee”) shall be to:
  - A. Assist the Board in fulfilling its oversight of:
    1. The integrity of the Company’s financial statements;
    2. The Company’s compliance with legal and regulatory requirements;
    3. The qualifications and independence of the Company’s independent auditors; and
    4. The performance of the Company’s independent auditors and the Company’s internal audit function.
  - B. Prepare the disclosure required by Item 407(d)(3)(i) of Regulation S-K.

Notwithstanding the foregoing, the Committee’s responsibilities are limited to oversight. Management of the Company is responsible for the preparation, presentation and integrity of the Company’s financial statements as well as the Company’s financial reporting process, accounting policies, internal audit function, internal accounting controls and disclosure controls and procedures. The independent auditors are responsible for performing an audit of the Company’s annual financial statements, expressing an opinion as to the conformity of such annual financial statements with generally accepted accounting principles and reviewing the Company’s quarterly financial statements. It is not the responsibility of the Committee to plan or conduct audits or to determine that the Company’s financial statements and disclosure are complete and accurate and in accordance with generally accepted accounting principles and applicable laws, rules and regulations. Each member of the Committee shall be entitled to rely on the integrity of those persons within the Company and of the professionals and experts (including the Company’s internal auditor (or others responsible for the internal audit function, including contracted non-employee or audit or accounting firms engaged to provide internal audit services) (the “internal auditor”) and the Company’s independent auditors) from which the Committee receives information and, absent actual knowledge to the contrary, the accuracy of the financial and other information provided to the Committee by such persons, professionals or experts.

The members of the Committee are not independent auditors, and the term “review” as used in this Charter is not intended to suggest that the Committee members can or should follow the procedures required of auditors performing reviews of financial statements.

## 2. STRUCTURE AND OPERATIONS

### A. Composition and Qualifications

1. The Committee shall be comprised of at least three directors, each of whom the Board has determined has no material relationship with the Company and each of whom is otherwise “independent” under the rules of the New York Stock Exchange (“NYSE”) and Rule 10A-3(b)(1) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”).

2. Each member of the Committee must be “financially literate” (or become so within a reasonable period of time after his or her appointment to the Committee). Members of the Committee are not required to be engaged in the accounting and auditing profession and, consequently, some members may not be expert in financial matters, or in matters involving auditing or accounting. However, the Board shall determine that each member is “financially literate,” and that at least one member has “accounting or related financial management expertise,” as each such qualification is interpreted by the Board in its business judgment. Also, the Board shall determine whether any member of the Committee is an “audit committee financial expert” as defined in Item 407(d)(5)(ii) of Regulation S-K. If no member of the Committee is so determined to be an “audit committee financial expert,” the Company shall disclose in its periodic reports required pursuant to the Exchange Act the reasons why at least one member of the Committee is not an audit committee financial expert. If the Board has determined that a member of the Committee is an audit committee financial expert, it may presume that such member has accounting or related financial management expertise.

3. No member of the Committee may serve on the audit committee of more than two other public companies unless the Board determines that such simultaneous service would not impair the ability of such member to effectively serve on the Company’s Audit Committee and discloses that determination in the Company’s annual proxy statement.

### B. Appointment and Removal

Members shall be appointed by the Board based on nominations by the Company’s Nominating and Corporate Governance Committee and shall serve at the pleasure of the Board and for such term or terms as the Board may determine.

C. Chair

The Board shall designate one member of the Committee as its chair. If the Board does not designate a chair, the members of the Committee shall designate a chair by the majority vote of the Committee membership.

D. Compensation

A member of the Committee shall not receive from the Company or any of its subsidiaries any consulting, advisory or other compensatory fee, other than for service as a member of the Board, the Committee or any other Board committee, that would cause such member not to be “independent” for purposes of serving on the Committee under the requirements of federal law or the rules of the NYSE. Dividends paid on all shares of a class of stock or other investment income and reimbursements for bona fide expenses shall not be deemed compensatory income.

**3. MEETINGS**

The Committee chair (or in his or her absence, a member designated by the chair) shall preside at each meeting of the Committee and set the agenda for the meeting. The Committee shall have the authority to establish its own rules and procedures for notice and conduct of its meetings so long as they are not inconsistent with any provisions of the Company’s bylaws that are applicable to the Committee.

The Committee shall meet at least quarterly, or more frequently if the Committee deems it desirable, to discuss with the Company’s management and independent auditors the Company’s annual audited financial statements and quarterly financial statements, as applicable, including the Company’s disclosures under “Management’s Discussion and Analysis of Financial Condition and Results of Operations.”

Periodically, the Committee should meet separately with management, with the director of the Company’s internal auditing department and with the Company’s independent auditors to discuss any matters that the Committee or any of these persons or firms believe should be discussed privately.

All non-management directors that are not members of the Committee may attend and observe meetings of the Committee, but shall not participate in any discussion or deliberation unless invited to do so by the Committee, and in any event shall not be entitled to vote. In its discretion, the Committee may request any officer or employee of the Company or the Company’s outside counsel or independent auditors to attend a meeting of the Committee or to meet with any members of, or

consultants to, the Committee. Notwithstanding the foregoing, the Committee may also exclude from its meetings any persons it deems appropriate, including, but not limited to, any non-management director that is not a member of the Committee.

Members of the Committee may participate in a meeting of the Committee through or by the use of any means of communication by which all members participating may simultaneously hear each other during the meeting.

#### **4. DUTIES AND RESPONSIBILITIES**

To carry out its purposes, the Committee shall have the duties and responsibilities described in this Section 4.

##### **A. Independent Auditors**

1. To be directly responsible for the appointment, compensation, retention and oversight of the work of the Company's independent auditors (including the resolution of disagreements between management and the independent auditors regarding financial reporting), who shall report directly to the Committee.

2. To be directly responsible for the appointment, compensation, retention and oversight of the work of any other registered public accounting firm engaged for the purpose of preparing or issuing an audit report or to perform audit, review or attestation services, which firm shall also report directly to the Committee.

3. To approve in advance, or to adopt appropriate procedures to approve in advance, all audit and non-audit services to be provided by the independent auditors.

4. To obtain and review, at least annually, a formal written statement containing (a) a report by the independent auditors describing the auditors' internal quality-control procedures, any material issues raised by the most recent internal quality-control review or peer review of the auditors, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the auditors, and any steps taken to deal with any such issues, (b) an assessment of the auditors' independence, all relationships between the independent auditors and the Company, including each non-audit service provided to the Company, (c) the written disclosures and letter required by applicable requirements of the Public Company Accounting Oversight Board regarding the independent auditor's communications with the Audit Committee concerning independence and (d) a description of whether the independent auditor is in compliance with the Securities and Exchange Commission ("SEC") partner rotation requirements.

5. To obtain and review, at least annually, a formal written statement from the independent auditors of the fees billed to the Company by the independent auditors in each of the last two fiscal years for each of the following categories of services rendered by the independent auditors: (i) the audit of the Company's annual financial statements and the review of the financial statements included in the Company's Quarterly Reports on Form 10-Q or services that are normally provided by the independent auditors in connection with statutory and regulatory filings or engagements; (ii) assurance and related services not included in clause (i) that are reasonably related to the performance of the audit or review of the Company's financial statements, in the aggregate by each service; (iii) tax compliance, tax advice and tax planning services, in the aggregate and by each service; and (iv) all other products and services rendered by the independent auditors, in the aggregate and by each service.

6. To obtain from the independent auditors in connection with any audit a timely report relating to the Company's annual audited financial statements describing (A) all critical accounting policies and practices used, (B) all alternative treatments within generally accepted accounting principles for policies and practices related to material items that have been discussed with management, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the independent auditors, and (C) any material written communications between the independent auditors and management, such as any "management" letter or schedule of unadjusted differences.

7. Review the information provided pursuant to this Section A and such other information as the Committee deems relevant (A) for the Committee's consideration of the impact that any relationships between the auditor and the Company or non-audit services provided by the auditor may have on the objectivity and independence of the auditor (and to discuss the same with the independent auditor) and (B) for the Committee's consideration of whether, to insure continued auditor independence, there should be a rotation of the annual audit among independent auditing firms.

B. Internal Audit.

1. To review the appointment and replacement of the director of the internal auditing department.

2. To obtain and review summaries of and, as appropriate, the significant reports to management prepared by the internal auditing department and management's responses thereto.

3. To inquire of the Company's chief executive officer and chief financial officer as to the existence of any significant deficiencies or material weaknesses in the design or operation of internal control over financial reporting which are

reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial information, and as to the existence of any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal control over financial reporting.

4. To discuss guidelines and policies governing the process by which senior management of the Company and the relevant departments of the Company assess and manage the Company's exposure to risk, and to discuss the Company's major financial risk exposures and the steps management has taken to monitor and control such exposures.

C. Accounting Principles and Policies.

1. To obtain from management, the internal auditing department and the independent auditors a timely analysis of significant issues and practices relating to accounting principles and policies, financial reporting and internal control over financial reporting.

2. To consider any reports or communications (and management's and/or the internal audit department's responses thereto) submitted to the Committee by the independent auditors required to be communicated in accordance with Auditing Standard No. 16, as it may be modified or supplemented, or other professional standards.

D. Financial Reporting Process

1. To review with management, the internal auditor and the independent auditors:

(a) The scope of the annual audit, the procedures to be followed and the staffing of the audit;

(b) The annual audited financial statements and quarterly financial statements, including the Company's disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations";

(c) Any significant matters arising from any audit, including any audit problems or difficulties, whether raised by management, the internal auditing department or the independent auditors, relating to the Company's financial statements. Among the items the Committee should consider reviewing are (a) any accounting adjustments that were noted or proposed by the auditors but were not adopted (as immaterial or otherwise); (b) any communications between the audit team and the independent auditors' national office respecting auditing or accounting

issues presented by the engagement; and (c) any “management” or “internal control” letter issued, or proposed to be issued, by the independent auditors to the Company.

(d) Any difficulties the independent auditors encountered in the course of the audit, including any restrictions on their activities or access to requested information and any significant disagreements with management;

(e) Any “management” or “internal control” letter issued, or proposed to be issued, by the independent auditors to the Company;

(f) The form of opinion the independent auditors propose to render to the Board and shareholders;

(g) As appropriate: (i) any major issues regarding accounting principles and financial statement presentations, including any significant changes in the Company’s selection or application of accounting principles, and major issues as to the adequacy of the Company’s internal controls and any special audit steps adopted in light of material control deficiencies; (ii) analyses prepared by management and/or the independent auditors setting forth significant financial reporting issues and judgments made in connection with the preparation of the financial statements, including analyses of the effects of alternative GAAP methods on the financial statements; and (iii) the effect of regulatory and accounting initiatives, as well as off-balance sheet structures, on the financial statements of the Company; and

2. To obtain from the independent auditors assurance that the audit was conducted in a manner consistent with Section 10A of the Exchange Act, which sets forth certain procedures to be followed in any audit of financial statements required under the Exchange Act.

3. Based upon the discussions, reviews and disclosures provided for herein, to determine whether to recommend to the Board that the audited financial statements be included in the Company’s Annual Report on Form 10-K.

E. Legal/Compliance

1. To discuss with the Company’s General Counsel any significant legal, compliance or regulatory matters that may have a material effect on the financial statements or the Company’s business, financial statements or compliance policies, including material notices to or inquiries received from governmental agencies.

F. Reporting and Recommendations

1. To prepare the disclosure required by Item 407(d)(3)(i) of Regulation S-K;
2. To review this Charter at least annually and recommend any changes to the full Board of Directors;
3. To report its activities to the full Board of Directors on a regular basis and to make such recommendations with respect to the above and other matters as the Committee may deem necessary or appropriate; and
4. To prepare and review with the Board an annual performance evaluation of the Committee, which evaluation must compare the performance of the Committee with the requirements of this Charter. The performance evaluation by the Committee shall be conducted in such manner as the Committee deems appropriate. The report to the Board may take the form of an oral report by the chair of the Committee or any other member of the Committee designated by the Committee to make this report.

G. Other

1. To discuss and review the type and presentation of information to be included in earnings press releases (with particular focus on any “pro forma” or “adjusted” non-GAAP information);
2. To discuss the types of financial information and earnings guidance provided, and the types of presentations made, to analysts and rating agencies;
3. To discuss with management the Company’s policies with respect to risk assessment and risk management, the Company’s significant financial risk exposures and the actions management has taken to limit, monitor or control such exposures.
4. To establish procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters, and for the confidential, anonymous submission by Company employees of concerns regarding questionable accounting or auditing matters;
5. To review and discuss any reports concerning a material violation of an applicable United States federal or state securities law, a material breach of fiduciary duty arising under United States federal or state law, or a similar material violation of any United States federal or state law (a “material violation”) submitted to it by Company attorneys or outside counsel pursuant to the SEC



attorney professional responsibility rules (17 C.F.R. Part 205) or otherwise. The Committee shall have the authority and responsibility:

- (a) To inform the Company's chief legal officer and chief executive officer of any report of evidence of a material violation;
  - (b) To determine whether an investigation is necessary regarding any report of evidence of a material violation by the Company, its officers, directors, employees or agents and, if it determines an investigation is necessary or appropriate, to :
    - (i) Notify the full Board;
    - (ii) Initiate an investigation, which may be conducted either by the chief legal officer or by outside attorneys; and
    - (iii) Retain such additional expert personnel as the Committee deems necessary.
  - (c) At the conclusion of any such investigation, to:
    - (i) Recommend, by majority vote, that the Company implement an appropriate response to evidence of a material violation; and
    - (ii) Inform the chief legal officer, chief executive officer and the Board of the results of any such investigation and the appropriate remedial measures to be adopted.
  - (d) Acting by majority vote, to take all other appropriate action, including the authority to notify the SEC in the event that the Company fails in any material respect to implement any appropriate response that the Committee has recommended the Company take.
6. To establish hiring policies for employees or former employees of the independent auditors.
7. To review and approve all related party transactions of the Company in accordance with the policies of the Company in effect from time to time.

## **5. DELEGATION TO SUBCOMMITTEE**

The Committee may, in its discretion, delegate all or a portion of its duties and responsibilities to a subcommittee of the Committee. The Committee may, in its discretion, delegate to one or more of its members the authority to approve in advance

any audit or non-audit services to be performed by the independent auditors, provided that any such approvals are presented to the Committee at its next scheduled meeting.

## **6. RESOURCES AND AUTHORITY OF THE AUDIT COMMITTEE**

The Committee shall have the resources and the sole authority appropriate to discharge its duties and responsibilities, including the authority to select, retain, terminate, approve the fees and other retention terms of special or independent counsel, accountants or other experts and advisors, as it deems necessary or appropriate, without seeking approval of the Board or management.

The Company shall provide for appropriate funding, as determined by the Committee, in its capacity as a committee of the Board, for payment of:

- (1) Compensation to the independent auditors and any other public accounting firm engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Company;
- (2) Compensation of any experts or advisers employed by the Committee;
- (3) Compensation for the Company's regular legal counsel or other advisers of the Company; and
- (4) Ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.