

Section 1: 8-K (8-K)

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 8-K

Current Report Pursuant to Section 13 or 15(d) of
The Securities Exchange Act of 1934

Date of Report (date of earliest event reported): July 30, 2018

TANGER FACTORY OUTLET CENTERS, INC.

(Exact name of registrant as specified in its charter)

North Carolina

1-11986

56-1815473

(State or other jurisdiction of
Incorporation)

(Commission File Number)

(I.R.S. Employer Identification
Number)

3200 Northline Avenue, Greensboro, North Carolina 27408

(Address of principal executive offices) (Zip Code)

(336) 292-3010

(Registrants' telephone number, including area code)

N/A

(former name or former address, if changed since last
report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

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.

Item 2.02 Results of Operations and Financial Condition

On July 31, 2018, Tanger Factory Outlet Centers, Inc. (the "Company") issued a press release announcing its results of operations and financial condition as of and for the quarter ended June 30, 2018. A copy of the Company's press release is hereby furnished as Exhibit 99.1 to this report on Form 8-K. The information contained in this report on Form 8-K, including Exhibit 99.1, shall not be deemed "filed" with the Securities and Exchange Commission nor incorporated by reference in any registration statement filed by the Company under the Securities Act of 1933, as amended, unless specified otherwise.

Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers

On July 30, 2018, the Board of Directors of Tanger Factory Outlet Centers, Inc. (the "Company"), upon recommendation of the Board's Nominating and Corporate Governance Committee, voted to expand, effective July 30, 2018, the number of positions on the Company's board of directors from eight to nine and elected Susan E. Skerritt as a director to fill the vacancy, effective July 30, 2018. Ms. Skerritt's compensation for her services as a non-employee director will be consistent with the Company's compensation practices for non-employee directors described in the Company's Definitive Proxy Statement on Schedule 14A filed with the United States Securities and Exchange Commission on April 4, 2018, under the caption "Compensation of Directors."

Ms. Skerritt will serve as a director until the next annual meeting of shareholders or until her successor is elected and qualified. Ms. Skerritt has not been named to serve on any of the Board's committees at this time.

Item 7.01 Regulation FD Disclosure

On July 31, 2018, the Company made publicly available on its website, www.tangeroutlet.com, certain supplemental operating and financial information for the quarter ended June 30, 2018. This supplemental operating and financial information is hereby attached to this current report as Exhibit 99.2. The information contained in this report on Form 8-K, including Exhibit 99.2, shall not be deemed "filed" with the Securities and Exchange Commission nor incorporated by reference in any registration statement filed by the Company under the Securities Act of 1933, as amended, unless specified otherwise. The information found on, or otherwise accessible through, the Company's website is not incorporated into, and does not form a part of, this current report on Form 8-K or any other report or document the Company files with or furnishes to the United States Securities and Exchange Commission.

Item 9.01 Financial Statements and Exhibits

(d) Exhibits

The following exhibits are included with this Report:

Exhibit No.

- | | |
|------|---|
| 99.1 | <u>Press release announcing the results of operations and financial condition of the Company as of and for the quarter ended June 30, 2018.</u> |
| 99.2 | <u>Supplemental operating and financial information of the Company as of and for the quarter ended June 30, 2018.</u> |
| 99.3 | <u>Press release announcing Susan E. Skerritt appointment to the Board of Directors of Tanger Factory Outlet Centers, Inc.</u> |

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Dated: July 31, 2018

TANGER FACTORY OUTLET CENTERS, INC.

By: /s/ James F. Williams
James F. Williams
Executive Vice President, Chief Financial Officer

[\(Back To Top\)](#)

Section 2: EX-99.1 (EXHIBIT 99.1)

EXHIBIT 99.1

News Release

TANGER REPORTS SECOND QUARTER RESULTS

Maintains Earnings Guidance for 2018

Greensboro, NC, July 31, 2018, Tanger Factory Outlet Centers, Inc. (NYSE:SKT) today reported financial and operating results for the three and six months ended June 30, 2018.

Second Quarter Financial Results and Key Highlights

- Net income available to common shareholders was \$0.24 per share, or \$22.7 million, compared to \$0.31 per share, or \$29.1 million, for the prior year period. The prior year period was impacted by a gain on sale of assets totaling \$6.9 million, or approximately \$0.07 per share. No gains or losses were recognized from the sale of assets in the current period.
- Funds from operations ("FFO") available to common shareholders grew 2% to \$0.60 per share, or \$59.1 million, compared to \$0.59 per share, or \$59.4 million, for the prior year period
- Raised the annual common share cash dividend by 2.2% to \$1.40 per share, marking the 25th consecutive year the annual cash dividend was raised, representing a three-year cumulative growth rate of 22%.
- Repurchased approximately 476,000 common shares for total consideration of approximately \$10.0 million.

Year-to-Date Financial Results

- Net income available to common shareholders was \$0.48 per share, or \$45.2 million, compared to \$0.54 per share, or \$51.1 million, for the prior year period. The prior year period was impacted by a gain on sale of assets totaling \$6.9 million, or approximately \$0.07 per share. No gains or losses were recognized from the sale of assets in the current period.
- FFO available to common shareholders grew 3% to \$1.20 per share, or \$118.4 million, compared to \$1.17 per share, or \$117.7 million, for the prior year period.
- Repurchased approximately 919,000 common shares for total consideration of approximately \$20.0 million.
- Improved dividend payout ratio to 64% of Funds Available for Distribution ("FAD"), from 72% in the prior year period.

FFO, Adjusted Funds from Operations ("AFFO"), and FAD are widely accepted supplemental non-GAAP financial measures used in the real estate industry to measure and compare the operating performance of real estate companies. Complete reconciliations containing adjustments from GAAP net income to FFO, AFFO, and FAD are included in this release. Per share amounts for net income, FFO and AFFO are on a diluted basis.

"During the second quarter we delivered results as expected and are maintaining our outlook for the year," said Steven B. Tanger, Chief Executive Officer. "Consumers continue to seek the brands and value that we provide at our centers, as seen in the year over year sales increase. Additionally, customers are reacting positively to our enhanced efforts to bring experience and fun to shopping with events such as food truck festivals and family fun nights. We continue to work hard to maintain our high occupancy, extend shorter term leases with quality long-

term tenants, and pursue new prospects for our centers. As we look ahead, we maintain an unwavering focus on creating shareholder value by procuring the right tenant mix for our consumers, and providing retailers with a quality yet cost effective distribution channel.”

Operating Metrics

For the quarter ended June 30, 2018, the Company’s portfolio results were as follows:

- Portfolio NOI for the consolidated portfolio increased 0.8% for the quarter and 0.6% year-to-date.
- Same Center NOI for the consolidated portfolio decreased 1.9% for the quarter and 1.7% year to date, due primarily to a decrease in average occupancy rate year over year as a result of the 2017 and 2018 store closures.
- Consolidated portfolio occupancy rate was 95.6% on June 30, 2018, compared to 95.9% on March 31, 2018 and 96.1% on June 30, 2017.
- Commenced leases for the trailing twelve months that were renewed or released for a term of more than twelve months achieved a 14% increase in blended average rental rates on a straight-line basis and a 5.8% increase on a cash basis, excluding the impact of strategic re-merchandising activities. For additional detail on leasing activity see pages 12 through 13 in the Company’s Supplemental Operating and Financial Data package.
- No material lease termination fees, which are excluded from Same Center NOI and Portfolio NOI, were recognized during the second quarter of 2018. Lease termination fees totaled \$1.5 million for the second quarter 2017, and \$1.1 million and \$2.6 million, respectively, for the first half of 2018 and 2017 for the consolidated portfolio.

- Average tenant sales productivity for the consolidated portfolio was \$383 per square foot for the twelve months ended June 30, 2018, compared to \$383 per square foot in the comparable prior year period. Average tenant sales for the twelve months ended June 30, 2018 includes the Company's Daytona center which stabilized in the first quarter of 2018.
- Same center tenant sales performance for the overall portfolio increased 1.0% for the twelve months ended June 30, 2018 compared to the twelve months ended June 30, 2017.
- Occupancy cost ratio for the trailing twelve months ended June 30, 2018 was 10.0%.

Same Center NOI and Portfolio NOI are supplemental non-GAAP financial measures of our operating performance. Complete definitions of Same Center NOI and Portfolio NOI and a reconciliation to the nearest comparable GAAP measure are included in this release.

Leasing Activity

Commenced leases for the trailing twelve months ended June 30, 2018 that were renewed or released for a term of 12 months or more included 296 leases totaling approximately 1.4 million square feet. Total commenced leases for the trailing twelve months ended June 30, 2018 that were renewed or released for all terms, included 358 leases totaling approximately 1.7 million square feet.

Tanger recaptured approximately 105,000 square feet within its consolidated portfolio during first half of 2018 related to bankruptcies and brand-wide restructurings by retailers, including 68,000 square feet during the second quarter. During the first half of 2017, the Company recaptured approximately 142,000 square feet, including 80,000 square feet during the second quarter of 2017.

Balance Sheet and Capital Market Activity

- Repurchased approximately 476,000 common shares during the second quarter at a weighted average price of \$21.01 per share for total consideration of approximately \$10.0 million, leaving \$55.7 million remaining under Tanger's \$125 million share repurchase authorization, which is valid through May 2019. Repurchases during the first half of 2018 totaled 919,000 common shares at a weighted average price of \$21.74 for total consideration of approximately \$20.0 million.
- On June 19, 2018, the Charlotte joint venture closed on a \$100.0 million mortgage loan with a fixed interest rate of 4.27% that matures in July 2028. The proceeds from the loan were used to repay the \$90.0 million mortgage loan with an interest rate of LIBOR + 1.45% that had an original maturity date of November 2018. The joint venture distributed the incremental net loan proceeds of \$9.3 million equally to the partners.
- Total enterprise value was \$4.1 billion and debt-to-enterprise value ratio was 43%.
- Total outstanding floating rate debt was \$235 million, representing 13% of total consolidated debt outstanding, or less than 6% of total enterprise value.
- Unused capacity under the Company's \$600 million unsecured lines of credit was 62%, or \$370 million.
- Weighted average interest rate was 3.4% and weighted average term to maturity of outstanding consolidated debt, including extension options, was approximately 6.1 years.
- Approximately 94% of the Company's consolidated square footage was unencumbered by mortgages.
- Interest coverage ratio was 4.4 times for the second quarter 2018, compared to 4.3 times for the second quarter 2017.
- The Company's priority use of capital at this time include: reinvesting in its assets, paying its dividend, timely repurchases of common share, and deleveraging its balance sheet, while evaluating potential long-term opportunities for growth.

Earnings Guidance for 2018

The Company is reiterating its guidance for 2018. Management believes its net income and FFO for 2018 will be as follows:

For the year ended December 31, 2018:	Low Range	High Range
Estimated diluted net income per share	\$0.95	\$1.01
Noncontrolling interest, depreciation and amortization of real estate assets including noncontrolling interest share and our share of unconsolidated joint ventures	1.45	1.45
Estimated diluted FFO per share	\$2.40	\$2.46

Tanger's estimates reflect the following key assumptions:

- Portfolio NOI growth for the consolidated portfolio between (0.5)% and 0.5%.
- Same Center NOI guidance for the consolidated portfolio between (1.5)% and (2.5)% :
 - Projected average occupancy for the year is expected to be between 95.0% and 95.5%,
 - Projected 2018 store closings totaling between 150,000 and 175,000 square feet for the consolidated portfolio,
 - The impact of lease modifications and renewals with terms of 12 months or less commencing in 2017 and 2018, which the Company strategically executed to preserve upside potential and maintain high occupancy.
- Projected full year lease termination fees (which are not included in Same Center NOI) of approximately \$1.5 million for the consolidated portfolio.
- Average general and administrative expense of between \$11.1 million and \$11.5 million per quarter.
- Interest expense for the year for the consolidated portfolio of \$64.0 million to \$66.0 million.
- The Company's share of interest expense in the unconsolidated portfolio of \$7.0 million to \$7.8 million, compared to the prior range of \$6.5 to \$7.5 million, primarily as a result of the Charlotte refinancing.
- 2018 weighted average diluted common shares of approximately 93.2 million for earnings per share and 98.2 million for FFO per share.
- Combined recurring capital expenditures and second generation tenant allowances of approximately \$35 million to \$40 million.
- Tenant sales remain stable.
- Does not include the impact of any additional financing activity, the sale of any outparcels, properties or joint venture interests, or the acquisition of any properties or joint venture partner interests.

Second Quarter Conference Call

Tanger will host a conference call to discuss its second quarter results for analysts, investors and other interested parties on Wednesday, August 1, 2018, at 10:00 a.m. Eastern Time. To access the conference call, listeners should dial 1-877-277-5113 and provide conference ID # 5178316 to be connected to the Tanger Factory Outlet Centers Second Quarter 2018 Financial Results call. Alternatively, the call will be web cast by S&P Global Market Intelligence and can be accessed at Tanger's web site, investors.tangeroutlets.com. A telephone replay of the call will be available from August 1, 2018 at 1:00 p.m. through August 10, 2018 at 11:59 p.m. by dialing 1-855-859-2056, conference ID # 5178316. An online archive of the web cast will also be available through August 10, 2018.

About Tanger Factory Outlet Centers, Inc.

Tanger Factory Outlet Centers, Inc. (NYSE:SKT), is a publicly-traded REIT headquartered in Greensboro, North Carolina that operates and owns, or has an ownership interest in, a portfolio of 44 upscale outlet shopping centers. Tanger's operating properties are located in 22 states coast to coast and in Canada, totaling approximately 15.3 million square feet leased to over 3,100 stores operated by more than 510 different brand name companies. The Company has more than 37 years of experience in the outlet industry. Tanger Outlet Centers continue to attract more than 189 million shoppers annually. Tanger is furnishing a Form 8-K with the Securities and Exchange Commission that includes a supplemental information package for the quarter ended June 30, 2018. For more information on Tanger Outlet Centers, call 1-800-4TANGER or visit the Company's web site at www.tangeroutlets.com.

Safe Harbor Statement

This news release contains certain 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. The Company intends such forward-looking statements to be covered by the safe harbor provisions for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995 and includes this statement for purposes of complying with the safe harbor provisions. Forward-looking statements, which are based on certain assumptions and describe the Company's future plans, strategies and expectations, are generally identifiable by use of the words "believe," "expect," "intend," "anticipate," "estimate," "project," "will," "forecast" or similar expressions.

You should not rely on forward-looking statements since they involve known and unknown risks, uncertainties and other factors which are, in some cases, beyond the Company's control and could materially affect actual results, performances or achievements. Factors which may cause actual results to differ materially from current expectations include, but are not limited to, (i) the risks associated with general economic and real estate conditions in the United States and Canada, (ii) adverse changes in governmental laws and regulations, (iii) the Company's ability to meet its obligations on existing indebtedness, reduce variable rate debt, or refinance existing indebtedness on favorable terms, (iv) the availability and cost of capital, (v) the valuation of marketable securities and other investments, (vi) increases in operating costs, (vii) whether the Company's regular evaluation of acquisition and disposition opportunities results in any consummated transactions, and whether or not any such consummated transaction results in an increase or decrease in liquidity, net income, FFO or AFFO, (viii) whether projects in our pipeline convert into successful developments, (ix) the Company's ability to lease its properties, (x) the Company's ability to implement its plans and strategies for joint venture properties that it does not fully control, (xi) the reduction in the Company's income in the event of multiple lease terminations by tenants or a failure by multiple tenants to occupy their premises in a shopping center, (xii) impairment charges, (xiii) the ability of tenants to continue paying their rent obligations due to bankruptcy, insolvency or a general downturn in their business, (xiv) adverse weather conditions, including hurricanes, and other natural disasters, (xv) the Company's ability to pay dividends at current levels, (xvi) competition, and (xvii) the risks and uncertainties identified under Item 1A, "Risk Factors" in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2017 as may be updated or supplemented in the Company's Quarterly Reports on Form 10-Q and the Company's other filings with the SEC. Accordingly, there is no assurance that the Company's expectations will be realized. The Company disclaims any intention or obligation to update the forward-looking statements, whether as a result of new information, future events or otherwise. You are advised to refer to any further disclosures the Company makes or related subjects in the Company's Current Reports on Form 8-K that the Company files with the SEC.

Contact Information

Cyndi Holt Jim Williams
VP, Investor Relations EVP & CFO
336-834-6892 336-834-6800
cyndi.holt@tangeroutlets.com jim.williams@tangeroutlets.com

TANGER FACTORY OUTLET CENTERS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except per share data)
(Unaudited)

	Three months ended		Six months ended	
	June 30,		June 30,	
	2018	2017	2018	2017
Revenues:				
Base rentals (a)	\$ 80,925	\$ 80,788	\$ 162,458	\$ 161,118
Percentage rentals	2,027	1,805	3,456	3,660
Expense reimbursements	34,128	34,023	72,408	70,621
Management, leasing and other services	630	609	1,243	1,188
Other income	2,001	2,389	3,681	4,395
Total revenues	119,711	119,614	243,246	240,982
Expenses:				
Property operating	37,946	37,116	80,164	77,503
General and administrative	10,997	11,500	22,109	22,912
Abandoned pre-development costs	—	—	—	627
Depreciation and amortization	32,694	32,905	65,817	64,199
Total expenses	81,637	81,521	168,090	165,241
Operating income	38,074	38,093	75,156	75,741
Other income (expense):				
Interest expense	(16,181)	(16,520)	(31,981)	(33,007)
Gain on sale of assets	—	6,943	—	6,943
Other non-operating income	191	57	400	92
Income before equity in earnings of unconsolidated joint ventures	22,084	28,573	43,575	49,769
Equity in earnings of unconsolidated joint ventures	2,206	2,374	4,400	4,692
Net income	24,290	30,947	47,975	54,461
Noncontrolling interests in Operating Partnership	(1,229)	(1,557)	(2,446)	(2,735)
Noncontrolling interests in other consolidated partnerships	(92)	—	278	—
Net income attributable to Tanger Factory Outlet Centers, Inc.	22,969	29,390	45,807	51,726
Allocation of earnings to participating securities	(313)	(306)	(576)	(601)
Net income available to common shareholders of Tanger Factory Outlet Centers, Inc.	\$ 22,656	\$ 29,084	\$ 45,231	\$ 51,125
Basic earnings per common share:				
Net income	\$ 0.24	\$ 0.31	\$ 0.48	\$ 0.54
Diluted earnings per common share:				
Net income	\$ 0.24	\$ 0.31	\$ 0.48	\$ 0.54

a. Includes straight-line rent and market rent adjustments of \$771 and \$732 for the three months ended June 30, 2018 and 2017, respectively and \$2,270 and \$1,830 for the six months ended June 30, 2018 and 2017, respectively.

TANGER FACTORY OUTLET CENTERS, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(in thousands, except share data)
(Unaudited)

	June 30, 2018	December 31, 2017
Assets		
Rental property:		
Land	\$ 279,978	\$ 279,978
Buildings, improvements and fixtures	2,825,729	2,793,638
Construction in progress	1,329	14,854
	3,107,036	3,088,470
Accumulated depreciation	(956,418)	(901,967)
Total rental property, net	2,150,618	2,186,503
Cash and cash equivalents	4,261	6,101
Investments in unconsolidated joint ventures	110,502	119,436
Deferred lease costs and other intangibles, net	124,234	132,061
Prepays and other assets	98,982	96,004
Total assets	\$ 2,488,597	\$ 2,540,105
Liabilities and Equity		
Liabilities		
Debt:		
Senior, unsecured notes, net	\$ 1,135,705	\$ 1,134,755
Unsecured term loan, net	323,249	322,975
Mortgages payable, net	89,235	99,761
Unsecured lines of credit, net	220,018	206,160
Total debt	1,768,207	1,763,651
Accounts payable and accrued expenses	65,445	90,416
Other liabilities	79,281	73,736
Total liabilities	1,912,933	1,927,803
Commitments and contingencies		
Equity		
Tanger Factory Outlet Centers, Inc.:		
Common shares, \$.01 par value, 300,000,000 shares authorized, 93,907,034 and 94,560,536 shares issued and outstanding at June 30, 2018 and December 31, 2017, respectively	939	946
Paid in capital	770,877	784,782
Accumulated distributions in excess of net income	(204,506)	(184,865)
Accumulated other comprehensive loss	(20,722)	(19,285)
Equity attributable to Tanger Factory Outlet Centers, Inc.	546,588	581,578
Equity attributable to noncontrolling interests:		
Noncontrolling interests in Operating Partnership	29,076	30,724
Noncontrolling interests in other consolidated partnerships	—	—
Total equity	575,664	612,302
Total liabilities and equity	\$ 2,488,597	\$ 2,540,105

TANGER FACTORY OUTLET CENTERS, INC. AND SUBSIDIARIES
CENTER INFORMATION
(Unaudited)

	June 30,	
	2018	2017
Gross leasable area open at end of period (in thousands):		
Consolidated	12,919	12,425
Partially owned - unconsolidated	2,370	2,371
Total	15,289	14,796
Outlet centers in operation at end of period:		
Consolidated	36	35
Partially owned - unconsolidated	8	8
Total	44	43
States operated in at end of period ⁽¹⁾	22	22
Occupancy at end of period ^{(1), (2)}	95.6%	96.1%

(1) Excludes the centers in which we have ownership interests but are held in unconsolidated joint ventures.

(2) Excludes centers not yet stabilized at period end. The 2018 period excludes our Fort Worth outlet center (which opened during the fourth quarter of 2017) and the 2017 period excludes our Fort Worth outlet center and Daytona Beach outlet center (which opened during the fourth quarter of 2016).

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.

Funds Available for Distribution

Funds Available for Distribution ("FAD") is a non-GAAP financial measure that we define as FFO, excluding corporate depreciation, amortization of finance costs, amortization of net debt discount (premium), amortization of share-based compensation, straight line rent amounts, market rent amounts, less 2nd generation tenant allowances, capital improvement expenditures, and our share of the items listed above for our unconsolidated joint ventures. Investors, analysts and the Company utilize FAD as an indicator of common dividend potential. The FAD payout ratio, which represents regular distributions to common shareholders and unit holders of the Operating Partnership expressed as a percentage of FAD, facilitates the comparison of dividend coverage between REITs.

We believe that net income (loss) is the most directly comparable GAAP financial measure to FAD. FAD does not represent cash generated from operating activities in accordance with GAAP and should not be considered as an alternative to net income (loss) as an indication of our performance or to cash flows as a measure of liquidity or our ability to make distributions. Other companies in our industry may calculate FAD differently than we do, limiting its usefulness as a comparative measure.

Portfolio Net Operating Income and Same Center Net Operating Income

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.

TANGER FACTORY OUTLET CENTERS, INC. AND SUBSIDIARIES
RECONCILIATION OF GAAP TO NON-GAAP SUPPLEMENTAL MEASURES
(in thousands, except per share)
(Unaudited)

Below is a reconciliation of net income to FFO and AFFO:

	Three months ended		Six months ended	
	June 30,		June 30,	
	2018	2017	2018	2017
Net income	\$ 24,290	\$ 30,947	\$ 47,975	\$ 54,461
Adjusted for:				
Depreciation and amortization of real estate assets - consolidated	32,062	32,383	64,604	63,238
Depreciation and amortization of real estate assets - unconsolidated joint ventures	3,325	3,550	6,554	7,388
Gain on sale of assets	—	(6,943)	—	(6,943)
FFO	59,677	59,937	119,133	118,144
FFO attributable to noncontrolling interests in other consolidated partnerships	(92)	—	278	—
Allocation of earnings to participating securities	(534)	(528)	(1,011)	(1,040)
FFO available to common shareholders ⁽¹⁾	\$ 59,051	\$ 59,409	\$ 118,400	\$ 117,104
As further adjusted for:				
Abandoned pre-development costs	—	—	—	627
Impact of above adjustments to the allocation of earnings to participating securities	—	—	—	(5)
AFFO available to common shareholders ⁽¹⁾	\$ 59,051	\$ 59,409	\$ 118,400	\$ 117,726
FFO available to common shareholders per share - diluted ⁽¹⁾	\$ 0.60	\$ 0.59	\$ 1.20	\$ 1.17
AFFO available to common shareholders per share - diluted ⁽¹⁾	\$ 0.60	\$ 0.59	\$ 1.20	\$ 1.17

Weighted Average Shares:

Basic weighted average common shares	93,298	95,025	93,470	95,217
Effect of outstanding options and certain restricted common shares	—	5	—	35
Diluted weighted average common shares (for earnings per share computations)	93,298	95,030	93,470	95,252
Exchangeable operating partnership units	4,996	5,028	4,996	5,028
Diluted weighted average common shares (for FFO and AFFO per share computations) ⁽¹⁾	98,294	100,058	98,466	100,280

(1) 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.

Reconciliation of FFO to FAD (dollars and shares in thousands)

	Three months ended		Six months ended	
	June 30,		June 30,	
	2018	2017	2018	2017
FFO available to common shareholders	\$ 59,051	\$ 59,409	\$ 118,400	\$ 117,104
Adjusted for:				
Corporate depreciation excluded above	632	522	1,213	961
Amortization of finance costs	749	871	1,532	1,749
Amortization of net debt discount (premium)	103	120	204	245
Amortization of equity-based compensation	3,653	3,504	7,045	6,796
Straight line rent adjustment	(1,346)	(1,588)	(3,294)	(3,293)
Market rent adjustment	689	969	1,251	1,691
2 nd generation tenant allowances	(5,400)	(5,836)	(8,326)	(9,215)
Capital improvements	(8,198)	(15,430)	(10,920)	(21,340)
Adjustments from unconsolidated joint ventures	(148)	(619)	(419)	(1,143)
FAD available to common shareholders ⁽¹⁾	\$ 49,785	\$ 41,922	\$ 106,686	\$ 93,555
Dividends per share	\$ 0.3500	\$ 0.3425	\$ 0.6925	\$ 0.6680
FFO payout ratio	58%	58%	58%	57%
FAD payout ratio	69%	82%	64%	72%
Diluted weighted average common shares ⁽¹⁾	98,294	100,058	98,466	100,280

(1) 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.

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

	Three months ended		Six months ended	
	June 30,		June 30,	
	2018	2017	2018	2017
Net income	\$ 24,290	\$ 30,947	\$ 47,975	\$ 54,461
Adjusted to exclude:				
Equity in earnings of unconsolidated joint ventures	(2,206)	(2,374)	(4,400)	(4,692)
Interest expense	16,181	16,520	31,981	33,007
Gain on sale of assets	—	(6,943)	—	(6,943)
Other non-operating income	(191)	(57)	(400)	(92)
Depreciation and amortization	32,694	32,905	65,817	64,199
Other non-property expenses	209	309	640	621
Abandoned pre-development costs	—	—	—	627
Corporate general and administrative expenses	10,784	11,202	21,807	22,479
Non-cash adjustments ⁽¹⁾	(638)	(597)	(2,004)	(1,561)
Termination rents	(13)	(1,450)	(1,064)	(2,633)
Portfolio NOI	81,110	80,462	160,352	159,473
Non-same center NOI ⁽²⁾	(4,226)	(2,081)	(8,441)	(4,937)
Same Center NOI	\$ 76,884	\$ 78,381	\$ 151,911	\$ 154,536

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

(2) Excluded from Same Center NOI:

Outlet centers opened:		Outlet centers sold:		Outlet center expansions:	
Fort Worth	October 2017	Westbrook	May 2017	Lancaster	September 2017

[\(Back To Top\)](#)

Section 3: EX-99.2 (EXHIBIT 99.2)

Exhibit 99.2

Tanger[®]Outlets

Tanger Factory Outlet Centers, Inc.

Supplemental Operating and Financial Data

June 30, 2018

Supplemental Operating and Financial Data for the
Quarter Ended 6/30/2018



Notice

For a more detailed discussion of the factors that affect our operating results, interested parties should review the Tanger Factory Outlet Centers, Inc. Annual Report on Form 10-K for the fiscal year ended December 31, 2017.

This Supplemental Portfolio and Financial Data is not an offer to sell or a solicitation to buy any securities of the Company. Any offers to sell or solicitations to buy any securities of the Company shall be made only by means of a prospectus.

2

Supplemental Operating and Financial Data for the
Quarter Ended 6/30/2018



Table of Contents

Section

Portfolio Data:

Geographic Diversification	4
Property Summary - Occupancy at End of Each Period Shown	5
Portfolio Occupancy at the End of Each Period	7
Average Tenant Sales Per Square Foot by Outlet Center Ranking	8
Top 25 Tenants Based on Percentage of Total Annualized Base Rent	9
Lease Expirations as of June 30, 2018	10
Capital expenditures	11
Leasing Activity	12

Financial Data:

Consolidated Balance Sheets	14
Consolidated Statements of Operations	15
Unconsolidated Joint Venture Information	16
Debt Outstanding Summary	17
Future Scheduled Principal Payments	19
Senior Unsecured Notes Financial Covenants	19

Non-GAAP Supplemental Measures:

Non-GAAP Definitions	20
FFO and FAD Analysis	23
Portfolio NOI and Same Center NOI	25
Pro Rata Balance Sheet Information	26
Pro Rata Statement of Operations Information	27

Investor Information

**Geographic Diversification
As of June 30, 2018
Consolidated Properties**

State	# of Centers	GLA	% of GLA
South Carolina	5	1,599,094	12%
New York	2	1,468,815	11%
Georgia	3	1,121,579	9%
Texas	3	1,001,357	8%
Pennsylvania	3	997,441	8%
Michigan	2	671,562	5%
Delaware	1	557,353	4%
Alabama	1	556,673	4%
North Carolina	3	505,056	4%
New Jersey	1	489,706	4%
Tennessee	1	448,150	3%
Ohio	1	411,785	3%
Arizona	1	410,734	3%
Florida	1	351,721	3%
Missouri	1	329,861	3%
Louisiana	1	321,066	3%
Mississippi	1	320,348	3%
Utah	1	319,661	2%
Connecticut	1	311,516	2%
Iowa	1	276,331	2%
New Hampshire	1	250,107	2%
Maryland	1	199,425	2%
Total	36	12,919,341	100%

Unconsolidated Joint Venture Properties

	# of Centers	GLA	Ownership %
Charlotte, NC	1	397,857	50.00%
Columbus, OH	1	355,245	50.00%
Ottawa, ON	1	354,978	50.00%
Texas City, TX	1	352,705	50.00%
National Harbor, MD	1	341,156	50.00%
Cookstown, ON	1	307,779	50.00%
Bromont, QC	1	161,307	50.00%
Saint-Sauveur, QC	1	99,405	50.00%
Total	8	2,370,432	
Grand Total	44	15,289,773	

Property Summary - Occupancy at End of Each Period Shown
Consolidated properties

Location	Total GLA 6/30/18	% Occupied 6/30/18	% Occupied 12/31/17	% Occupied 6/30/17
Deer Park, NY	739,109	97%	95%	94%
Riverhead, NY	729,706	92%	99%	97%
Rehoboth Beach, DE	557,353	98%	98%	99%
Foley, AL	556,673	95%	99%	99%
Atlantic City, NJ	489,706	87%	88%	87%
San Marcos, TX	471,816	96%	99%	95%
Sevierville, TN	448,150	99%	100%	100%
Savannah, GA	429,089	96%	98%	97%
Myrtle Beach Hwy 501, SC	425,334	88%	94%	93%
Jeffersonville, OH	411,785	96%	95%	94%
Glendale, AZ (Westgate)	410,734	97%	99%	96%
Myrtle Beach Hwy 17, SC	403,346	100%	100%	93%
Charleston, SC	382,180	97%	98%	95%
Lancaster, PA	376,997	92%	95%	97%
Pittsburgh, PA	372,944	98%	99%	97%
Commerce, GA	371,408	96%	98%	98%
Grand Rapids, MI	357,103	95%	96%	94%
Fort Worth, TX	351,741	97%	94%	N/A
Daytona Beach, FL	351,721	99%	100%	96%
Branson, MO	329,861	99%	100%	100%
Locust Grove, GA	321,082	100%	99%	98%
Gonzales, LA	321,066	98%	99%	100%
Southaven, MS	320,348	94%	99%	96%
Park City, UT	319,661	94%	98%	98%
Mebane, NC	318,886	99%	100%	99%
Howell, MI	314,459	94%	98%	97%
Mashantucket, CT (Foxwoods)	311,516	95%	94%	94%
Williamsburg, IA	276,331	93%	96%	97%
Tilton, NH	250,107	94%	93%	96%
Hershey, PA	247,500	100%	100%	100%
Hilton Head II, SC	206,564	92%	94%	97%
Ocean City, MD	199,425	96%	98%	82%
Hilton Head I, SC	181,670	97%	99%	100%
Terrell, TX	177,800	96%	96%	96%
Blowing Rock, NC	104,009	96%	98%	98%
Nags Head, NC	82,161	100%	97%	100%
Total	12,919,341	96% ⁽¹⁾	97% ⁽²⁾	96% ⁽³⁾

(1) Excludes the occupancy rate at our Fort Worth outlet center which opened during the fourth quarter of 2017 and has not yet stabilized.

(2) Excludes the occupancy rate at our Fort Worth and Daytona Beach outlet centers which opened during the fourth quarter of 2017 and 2016, respectively, and have not yet stabilized.

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

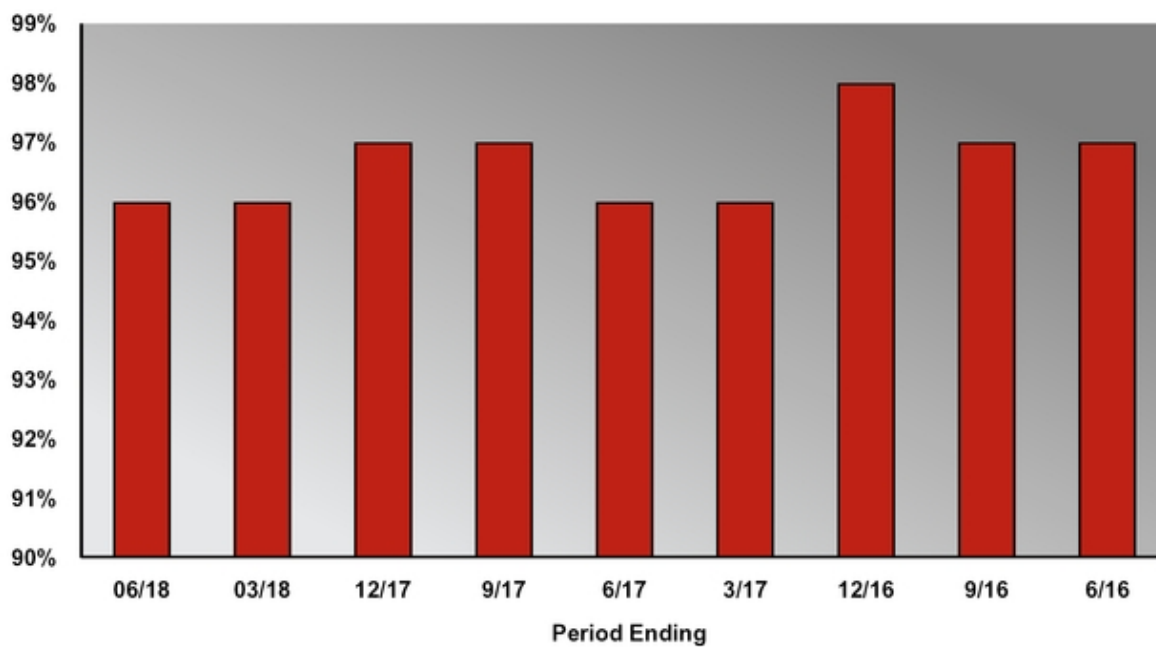
Unconsolidated joint venture properties

Location	Total GLA 6/30/18	% Occupied 6/30/18	% Occupied 12/31/17	% Occupied 6/30/17
Charlotte, NC	397,857	99%	99%	98%
Columbus, OH	355,245	95%	97%	93%
Ottawa, ON	354,978	94%	95%	90%
Texas City, TX (Galveston/Houston)	352,705	95%	99%	99%
National Harbor, MD	341,156	95%	99%	96%
Cookstown, ON	307,779	99%	99%	96%
Bromont, QC	161,307	73%	72%	69%
Saint-Sauveur, QC	99,405	89%	96%	96%
Total	2,370,432	94%	96%	94% ⁽¹⁾

(1) Excludes the occupancy rate at our Columbus outlet center which opened in June 2016 and had not yet stabilized.



Portfolio Occupancy at the End of Each Period ⁽¹⁾



(1) Excludes unconsolidated outlet centers. See table on page 4.

Average Tenant Sales Per Square Foot by Outlet Center Ranking As of June 30, 2018 ⁽¹⁾

Ranking ⁽²⁾	12 Months SPSF	Period End Occupancy	Sq Ft (thousands)	% of Square Feet	% of Portfolio NOI ⁽³⁾
Consolidated Centers					
Centers 1 - 5	\$ 523	96%	2,794	23%	30%
Centers 6 - 10	\$ 437	98%	1,842	15%	17%
Centers 11 - 15	\$ 392	98%	1,541	12%	12%
Centers 16 - 20	\$ 358	94%	1,914	15%	15%
Centers 21 - 25	\$ 316	94%	1,814	14%	12%
Centers 26 - 30	\$ 287	96%	1,494	12%	9%
Centers 31 - 35	\$ 250	95%	1,169	9%	5%

Ranking ⁽²⁾	Cumulative 12 Months SPSF	Cumulative Period End Occupancy	Cumulative Sq Ft (thousands)	Cumulative % of Square Feet	Cumulative % of Portfolio NOI ⁽³⁾
Consolidated Centers					
Centers 1 - 5	\$ 523	96%	2,794	23%	30%
Centers 1 - 10	\$ 487	97%	4,636	38%	47%
Centers 1 - 15	\$ 462	97%	6,177	50%	59%
Centers 1 - 20	\$ 436	96%	8,091	65%	74%
Centers 1 - 25	\$ 414	96%	9,905	79%	86%
Centers 1 - 30	\$ 396	96%	11,399	91%	95%
Centers 1 - 35	\$ 383	96%	12,568	100%	100%
Unconsolidated centers ⁽⁴⁾	\$ 451	96%	1,447	n/a	n/a
Domestic centers ⁽⁵⁾	\$ 391	96%	14,015	n/a	n/a

(1) Sales are based on reports for the trailing 12 months by retailers which have occupied outlet center stores for a minimum of 12 months. Sales per square foot are based on all stores less than 20,000 square feet in size. Centers are ranked by sales per square foot for the trailing twelve months ended June 30, 2018. Excludes outlet centers open less than 12 full calendar months and centers which have not yet stabilized (Fort Worth, Texas opened in October 2017).

(2) Outlet centers included in each ranking group above are as follows (in alphabetical order):

Centers 1 - 5:	Deer Park, NY	Mebane, NC	Rehoboth Beach, DE	Riverhead, NY	Sevierville, TN
Centers 6 - 10:	Branson, MO	Lancaster, PA	Locust Grove, GA	Myrtle Beach 17, SC	Westgate (Glendale), AZ
Centers 11 - 15:	Charleston, SC	Grand Rapids, MI	Hershey, PA	Hilton Head I, SC	Pittsburgh, PA
Centers 16 - 20:	Atlantic City, NJ	Foxwoods (Mashantucket), CT	Gonzales, LA	Park City, UT	San Marcos, TX
Centers 21 - 25:	Foley, AL	Myrtle Beach 501, SC	Nags Head, NC	Savannah, GA	Southaven (Memphis), MS
Centers 26 - 30:	Commerce, GA	Daytona Beach, FL	Hilton Head II, SC	Howell, MI	Tilton, NH
Centers 31 - 34:	Blowing Rock, NC	Jeffersonville, OH	Ocean City, MD	Terrell, TX	Williamsburg, IA

(3) Based on the Company's forecast of Portfolio NOI (see non-GAAP definitions). The Company's forecast is based on management's estimates as of March 31, 2018 and may be considered a forward-looking statement which is subject to risks and uncertainties. Actual results could differ materially from those projected due to various factors including, but not limited to, the risks associated with general economic and real estate conditions. For a more detailed discussion of the factors that affect operating results, interested parties should review the Tanger Factory Outlet Centers, Inc. Annual Report on Form 10-K for the fiscal year ended December 31, 2017.

(4) Includes domestic outlet centers open 12 full calendar months (in alphabetical order):

Unconsolidated:	Charlotte, NC	Columbus, OH	National Harbor, MD	Texas City (Houston), TX
-----------------	---------------	--------------	---------------------	--------------------------

(5) Includes consolidated portfolio and domestic unconsolidated joint ventures

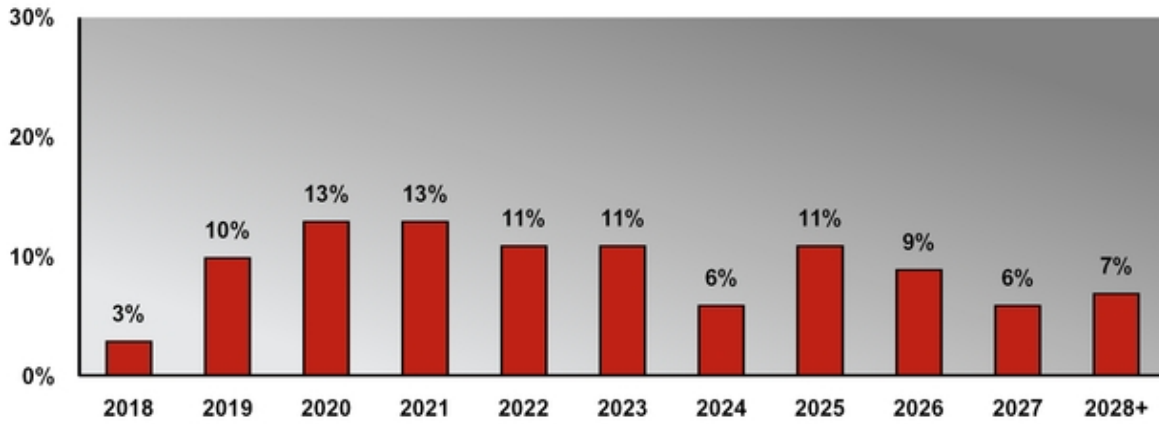
**Top 25 Tenants Based on Percentage to Total Annualized Base Rent
As of June 30, 2018 ⁽¹⁾**

Consolidated							Unconsolidated
Tenant	Brands	# of Stores	GLA	% of Total GLA	% of Total Annualized Base Rent ⁽²⁾	# of Stores	
Ascena Retail Group, Inc.	Dress Barn, Loft, Ann Taylor, Justice, Lane Bryant, Maurices	145	876,450	6.8%	6.9%	18	
The Gap, Inc.	Gap, Banana Republic, Old Navy	98	1,034,948	8.0%	5.8%	16	
PVH Corp.	Tommy Hilfiger, Van Heusen, Calvin Klein	67	410,108	3.2%	3.8%	15	
Under Armour, Inc.	Under Armour, Under Armour Kids	33	257,375	2.0%	2.7%	6	
Nike, Inc.	Nike, Converse, Hurley	44	468,184	3.6%	2.6%	11	
G-III Apparel Group, Ltd.	Bass, Wilson's Leather, Donna Karan	59	273,742	2.1%	2.6%	6	
Tapestry, Inc.	Coach, Kate Spade	47	225,215	1.7%	2.5%	10	
Carter's, Inc.	Carters, OshKosh B Gosh	60	259,051	2.0%	2.3%	11	
American Eagle Outfitters, Inc.	American Eagle Outfitters, Aerie	37	260,807	2.0%	2.3%	7	
V. F. Corporation	VF Outlet, The North Face, Vans, Timberland, Lee/Wrangler	33	289,948	2.2%	2.2%	4	
Signet Jewelers Limited	Kay Jewelers, Zales, Jared Vault	57	129,776	1.0%	2.0%	8	
Hanesbrands Inc.	Hanesbrands, Maidenform, Champion	41	200,056	1.5%	1.8%	2	
Michael Kors Holdings Limited	Michael Kors, Michael Kors Men's	27	125,891	1.0%	1.8%	5	
Ralph Lauren Corporation	Polo Ralph Lauren, Polo Children, Polo Ralph Lauren Big & Tall, Lauren Ralph Lauren	38	380,955	2.9%	1.8%	5	
Chico's, FAS Inc.	Chicos, White House/Black Market, Soma Intimates	48	137,966	1.1%	1.8%	6	
Adidas AG	Adidas, Reebok	30	187,275	1.4%	1.7%	11	
Caleres Inc.	Famous Footwear, Naturalizer, Allen Edmonds	39	190,140	1.5%	1.6%	11	
Columbia Sportswear Company	Columbia Sportswear	19	148,892	1.2%	1.6%	3	
J. Crew Group, Inc.	J. Crew, J. Crew Men's	29	155,376	1.2%	1.5%	4	
Brooks Brothers Group, Inc.	Brooks Brothers	28	165,469	1.3%	1.5%	5	
Skechers USA, Inc	Skechers	32	144,313	1.1%	1.5%	6	
Express Inc.	Express Factory	24	167,418	1.3%	1.4%	4	
Children's Place, Inc.	Children's Place	25	149,930	1.2%	1.4%	5	
Rack Room Shoes, Inc.	Rack Room Shoes	24	139,559	1.1%	1.3%	2	
H&M Hennes & Mauritz L.P.	H&M	19	407,342	3.2%	1.3%	2	
Total of Top 25 tenants		1,103	7,186,186	55.6%	57.7%	183	

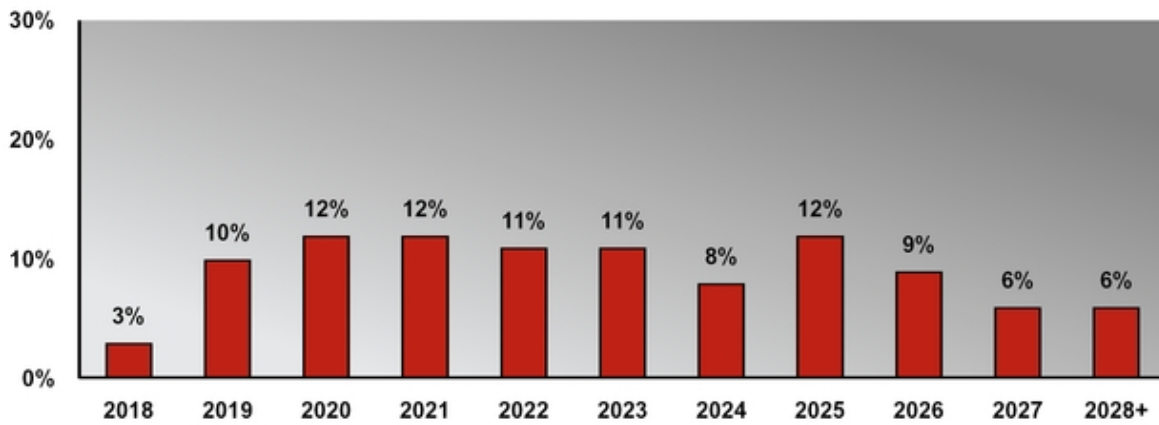
(1) Excludes leases that have been entered into but which tenant has not yet taken possession, temporary leases and month-to-month leases.

(2) Annualized base rent is defined as the minimum monthly payments due as of the end of the reporting period annualized, excluding periodic contractual fixed increases. Include rents which are based on a percentage of sales in lieu of fixed contractual rents.

Percentage of Total Gross Leasable Area ⁽¹⁾



Percentage of Total Annualized Base Rent ⁽¹⁾



(1) Excludes unconsolidated outlet centers. See table on page 4.

Capital expenditures (in thousands)

	Six months ended June 30,	
	2018	2017
Value-enhancing:		
New center developments and expansions	\$ 5,285	\$ 56,306
Other	—	3,093
	<hr/> 5,285	<hr/> 59,399
Recurring capital expenditures:		
Second generation tenant allowances	8,326	10,034
Operational capital expenditures	9,134	11,097
Major outlet center renovations	1,786	10,243
	<hr/> 19,246	<hr/> 31,374
Total additions to rental property-accrual basis	24,531	90,773
Conversion from accrual to cash basis	16,681	(2,012)
Total additions to rental property-cash basis	\$ 41,212	\$ 88,761

Leasing Activity ⁽¹⁾

	TTM ended	06/30/2018	06/30/2017
Re-tenanted Space (terms greater than 12 months)⁽¹⁾:			
Number of leases		96	85
Gross leasable area		327,409	307,029
New initial rent per square foot	\$	38.15	\$ 38.56
Prior expiring rent per square foot	\$	35.32	\$ 34.68
Percent increase ⁽²⁾		8.0%	11.2%
New straight line rent per square foot	\$	41.29	\$ 43.96
Prior straight line rent per square foot	\$	34.73	\$ 33.52
Percent increase ⁽²⁾		18.9%	31.1%
 Renewed Space (terms greater than 12 months)⁽¹⁾:			
Number of leases		200	219
Gross leasable area		1,090,055	991,434
New initial rent per square foot	\$	30.41	\$ 31.64
Prior expiring rent per square foot	\$	28.95	\$ 28.98
Percent increase		5.0%	9.2%
New straight line rent per square foot	\$	31.73	\$ 33.59
Prior straight line rent per square foot	\$	28.27	\$ 28.56
Percent increase		12.3%	17.6%
 Total Re-tenanted and Renewed Space (terms greater than 12 months)⁽¹⁾:			
Number of leases		296	304
Gross leasable area		1,417,464	1,298,463
New initial rent per square foot	\$	32.20	\$ 33.28
Prior expiring rent per square foot	\$	30.42	\$ 30.33
Percent increase ⁽²⁾		5.8%	9.7%
New straight line rent per square foot	\$	33.94	\$ 36.04
Prior straight line rent per square foot	\$	29.76	\$ 29.74
Percent increase ⁽²⁾		14.0%	21.2%
 Total Re-tenanted and Renewed Space (all terms)⁽³⁾:			
Number of leases		358	349
Gross leasable area		1,684,690	1,487,369
New initial rent per square foot	\$	30.55	\$ 31.98
Prior expiring rent per square foot	\$	30.27	\$ 29.75
Percent increase ⁽²⁾		0.9%	7.5%
New straight line rent per square foot	\$	32.01	\$ 34.40
Prior straight line rent per square foot	\$	29.54	\$ 29.17
Percent increase ⁽²⁾		8.4%	17.9%

(1) Represents change in rent (base rent and common area maintenance) for leases for a term of more than 12 months for new stores that opened or renewals that started during the respective trailing twelve month periods within the consolidated portfolio

(2) Excludes leases related to re-merchandising projects (see rent spreads including these leases on the following page)

(3) Represents change in rent (base rent and common area maintenance) for all leases for new stores that opened or renewals that started during the respective trailing twelve month periods within the consolidated portfolio, except for license agreements, seasonal tenants, and month-to-month leases

Leasing Activity Including Re-merchandising Projects

	TTM ended	06/30/2018	06/30/2017
Number of leases related to re-merchandising projects		6	3
Gross leasable area of these leases		121,340	43,873
Re-tenanted Space (terms greater than 12 months)⁽¹⁾:			
Cash basis percent increase		0.1 %	5.7%
Straight-line basis percent increase		9.2 %	23.5%
Total Re-tenanted and Renewed Space (terms greater than 12 months)⁽¹⁾:			
Cash basis percent increase		3.5 %	8.2%
Straight-line basis percent increase		11.3 %	19.3%
Re-tenanted Space (all terms)⁽²⁾:			
Cash basis percent (decrease) increase		(0.4)%	5.7%
Straight-line basis percent increase		8.7 %	23.5%
Total Re-tenanted and Renewed Space (all terms)⁽²⁾:			
Number of leases		364	352
Gross leasable area		1,806,030	1,531,242
Cash basis percent (decrease) increase		(0.8)%	6.2%
Straight-line basis percent increase		6.3 %	16.3%

(1) Represents change in rent (base rent and common area maintenance) for leases for a term of more than 12 months for new stores that opened or renewals that started during the respective trailing twelve month periods within the consolidated portfolio

(2) Represents change in rent (base rent and common area maintenance) for all leases for new stores that opened or renewals that started during the respective trailing twelve month periods within the consolidated portfolio, except for license agreements, seasonal tenants, and month-to-month leases

Consolidated Balance Sheets (dollars in thousands)

	June 30, 2018	December 31, 2017
Assets		
Rental property:		
Land	\$ 279,978	\$ 279,978
Buildings, improvements and fixtures	2,825,729	2,793,638
Construction in progress	1,329	14,854
	3,107,036	3,088,470
Accumulated depreciation	(956,418)	(901,967)
Total rental property, net	2,150,618	2,186,503
Cash and cash equivalents	4,261	6,101
Investments in unconsolidated joint ventures	110,502	119,436
Deferred lease costs and other intangibles, net	124,234	132,061
Prepays and other assets	98,982	96,004
Total assets	\$ 2,488,597	\$ 2,540,105
Liabilities and Equity		
Liabilities		
Debt:		
Senior, unsecured notes, net	\$ 1,135,705	\$ 1,134,755
Unsecured term loan, net	323,249	322,975
Mortgages payable, net	89,235	99,761
Unsecured lines of credit, net	220,018	206,160
Total debt	1,768,207	1,763,651
Accounts payable and accrued expenses	65,445	90,416
Other liabilities	79,281	73,736
Total liabilities	1,912,933	1,927,803
Commitments and contingencies		
Equity		
Tanger Factory Outlet Centers, Inc.:		
Common shares, \$.01 par value, 300,000,000 shares authorized, 93,907,034 and 94,560,536 shares issued and outstanding at June 30, 2018 and December 31, 2017, respectively	939	946
Paid in capital	770,877	784,782
Accumulated distributions in excess of net income	(204,506)	(184,865)
Accumulated other comprehensive loss	(20,722)	(19,285)
Equity attributable to Tanger Factory Outlet Centers, Inc.	546,588	581,578
Equity attributable to noncontrolling interests:		
Noncontrolling interests in Operating Partnership	29,076	30,724
Noncontrolling interests in other consolidated partnerships	—	—
Total equity	575,664	612,302
Total liabilities and equity	\$ 2,488,597	\$ 2,540,105

Consolidated Statements of Operations (in thousands, except per share data)

	Three months ended		Six months ended	
	June 30,		June 30,	
	2018	2017	2018	2017
Revenues:				
Base rentals	\$ 80,925	\$ 80,788	\$ 162,458	\$ 161,118
Percentage rentals	2,027	1,805	3,456	3,660
Expense reimbursements	34,128	34,023	72,408	70,621
Management, leasing and other services	630	609	1,243	1,188
Other income	2,001	2,389	3,681	4,395
Total revenues	119,711	119,614	243,246	240,982
Expenses:				
Property operating	37,946	37,116	80,164	77,503
General and administrative	10,997	11,500	22,109	22,912
Abandoned pre-development costs	—	—	—	627
Depreciation and amortization	32,694	32,905	65,817	64,199
Total expenses	81,637	81,521	168,090	165,241
Operating income	38,074	38,093	75,156	75,741
Other income (expense):				
Interest expense	(16,181)	(16,520)	(31,981)	(33,007)
Gain on sale of assets	—	6,943	—	6,943
Other non-operating income	191	57	400	92
Income before equity in earnings of unconsolidated joint ventures	22,084	28,573	43,575	49,769
Equity in earnings of unconsolidated joint ventures	2,206	2,374	4,400	4,692
Net income	24,290	30,947	47,975	54,461
Noncontrolling interests in Operating Partnership	(1,229)	(1,557)	(2,446)	(2,735)
Noncontrolling interests in other consolidated partnerships	(92)	—	278	—
Net income attributable to Tanger Factory Outlet Centers, Inc.	22,969	29,390	45,807	51,726
Allocation of earnings to participating securities	(313)	(306)	(576)	(601)
Net income available to common shareholders of Tanger Factory Outlet Centers, Inc.	\$ 22,656	\$ 29,084	\$ 45,231	\$ 51,125
Basic earnings per common share:				
Net income	\$ 0.24	\$ 0.31	\$ 0.48	\$ 0.54
Diluted earnings per common share:				
Net income	\$ 0.24	\$ 0.31	\$ 0.48	\$ 0.54

Unconsolidated Joint Venture Information

The following table details certain information as of June 30, 2018, except for Net Operating Income ("NOI") which is for the six months ended June 30, 2018, about various unconsolidated real estate joint ventures in which we have an ownership interest (dollars in millions):

Joint Venture	Center Location	Tanger's Ownership %	Square Feet	Tanger's Share of Total Assets	Tanger's Share of NOI	Tanger's Share of Net Debt ⁽¹⁾
Charlotte	Charlotte, NC	50.0%	397,857	\$ 40.7	\$ 3.6	\$ 49.8
Columbus	Columbus, OH	50.0%	355,245	43.0	2.5	42.3
Galveston/Houston	Texas City, TX	50.0%	352,705	24.7	2.1	39.8
National Harbor	National Harbor, MD	50.0%	341,156	45.2	2.5	43.3
RioCan Canada ⁽²⁾	Various	50.0%	923,469	113.7	3.4	5.1
Total			2,370,432	\$ 267.3	\$ 14.1	\$ 180.3

(1) Net of debt origination costs and premiums.

(2) Includes a 161,307 square foot center in Bromont, Quebec; a 307,779 square foot center in Cookstown, Ontario; a 354,978 square foot center in Ottawa, Ontario; and a 99,405 square foot center in Saint-Sauveur, Quebec.



Debt Outstanding Summary
As of June 30, 2018
(dollars in thousands)

	Total Debt Outstanding	Our Share of Debt	Stated Interest Rate	End of Period Effective Interest Rate ⁽¹⁾	Maturity Date ⁽²⁾	Weighted Average Years to Maturity ⁽²⁾
Consolidated Debt:						
Unsecured debt:						
Unsecured lines of credit ⁽³⁾	\$ 223,700	\$ 223,700	LIBOR + 0.875%	3.0%	10/28/2022	4.3
2023 Senior unsecured notes	250,000	250,000	3.875%	4.1%	12/1/2023	5.4
2024 Senior unsecured notes	250,000	250,000	3.75%	3.8%	12/1/2024	6.4
2026 Senior unsecured notes	350,000	350,000	3.125%	3.2%	9/1/2026	8.2
2027 Senior unsecured notes	300,000	300,000	3.875%	3.9%	7/15/2027	9.0
Unsecured term loan	325,000	325,000	LIBOR + 0.95%	2.1%	4/13/2021	2.8
Net debt discounts and debt origination costs	(19,728)	(19,728)				
Total net unsecured debt	1,678,972	1,678,972		3.4%		6.1
Secured mortgage debt:						
Atlantic City, NJ	35,892	35,892	5.14% - 7.65%	5.1%	11/15/2021 - 12/8/2026	6.4
Southaven, MS	51,400	51,400	LIBOR + 1.80%	4.2%	4/29/2023	4.8
Debt premium and debt origination costs	1,943	1,943				
Total net secured mortgage debt	89,235	89,235		4.5%		5.5
Total consolidated debt	1,768,207	1,768,207		3.4%		6.1
Unconsolidated JV debt:						
Charlotte ⁽⁴⁾	100,000	50,000	4.27%	4.3%	7/1/2028	10.0
Columbus	85,000	42,500	LIBOR + 1.65%	3.7%	11/28/2021	3.4
Galveston/Houston	80,000	40,000	LIBOR + 1.65%	3.7%	7/1/2022	4.0
National Harbor	87,000	43,500	LIBOR + 1.65%	3.7%	11/13/2019	1.4
RioCan Canada	9,967	4,983	5.75%	4.2%	5/10/2020	1.9
Debt premium and debt origination costs	(1,438)	(718)				
Total unconsolidated JV net debt	360,529	180,265		3.9%		4.8
Total	\$ 2,128,736	\$ 1,948,472		3.5%		5.9

(1) The effective interest rate includes the impact of discounts and premiums and interest rate swap agreements, as applicable. See page 18 for additional details.

(2) Includes applicable extensions available at our option.

(3) The Company has unsecured lines of credit that provide for borrowings of up to \$600.0 million. The unsecured lines of credit include a \$20.0 million liquidity line and a \$580.0 million syndicated line. A 15 basis point facility fee is due annually on the entire committed amount of each facility. The syndicated line may be increased up to \$1.2 billion through an accordion feature in certain circumstances.

(4) In June 2018, the joint venture closed on a \$100.0 million mortgage loan with a fixed interest rate of 4.27% and a maturity date of July 2028. The proceeds from the loan were used to pay off the \$90.0 million mortgage loan with an interest rate of LIBOR + 1.45% that had an original maturity date of November 2018. The joint venture distributed the incremental net loan proceeds of \$9.3 million equally to the partners.

Summary of Our Share of Fixed and Variable Rate Debt
As of June 30, 2018
(dollars in thousands)

	Total Debt %	Our Share of Debt	End of Period Effective Interest Rate	Average Years to Maturity ⁽¹⁾
Consolidated:				
Fixed ⁽²⁾	87%	\$ 1,537,065	3.4%	6.4
Variable	13%	231,142	3.3%	4.4
	100%	1,768,207	3.4%	6.1
Unconsolidated Joint ventures:				
Fixed	30%	\$ 54,912	4.3%	9.3
Variable	70%	125,353	3.7%	2.9
	100%	180,265	3.9%	4.8
Total:				
Fixed	82%	1,591,977	3.5%	6.6
Variable	18%	356,495	3.6%	3.6
Total share of debt	100%	\$ 1,948,472	3.5%	5.9

(1) Includes applicable extensions available at our option.

(2) The effective interest rate includes interest rate swap agreements that fix the base LIBOR rate at a weighted average of 1.30% on notional amounts aggregating \$365.0 million as follows:

- (a) Interest rate swaps entered into in October 2013 to hedge our variable interest rate exposure on notional amounts aggregating \$150.0 million. These interest rate swap agreements fix the base LIBOR rate at an average of 1.30% through August 14, 2018. In December 2017, we entered into three separate forward starting interest rate swap agreements, effective August 14, 2018 through January 1, 2021 on notional amounts aggregating \$150.0 million, which will fix the base LIBOR rate at an average of 2.20%, and
- (b) Interest rate swaps entered into in April 2016 to hedge our variable interest rate exposure on notional amounts aggregating \$175.0 million. These interest rate swap agreements fix the base LIBOR rate at an average of 1.03% through January 1, 2021,
- (c) In March 2018, the consolidated joint venture that owns the Tanger outlet center in Southaven, Mississippi, entered into an interest rate swap, effective March 1, 2018, that fixed the base LIBOR rate at 2.47% on a notional amount of \$40.0 million through January 31, 2021.

Future Scheduled Principal Payments (dollars in thousands)⁽¹⁾
As of June 30, 2018

Year	Tanger Consolidated Payments	Tanger's Share of Unconsolidated JV Payments	Total Scheduled Payments
2018	\$ 1,614	\$ 147	\$ 1,761
2019	3,369	43,807	47,176
2020	3,566	4,529	8,095
2021	330,793	42,500	373,293
2022 ⁽²⁾	228,136	40,000	268,136
2023	306,168	346	306,514
2024	255,140	855	255,995
2025	1,501	892	2,393
2026	355,705	931	356,636
2027	300,000	972	300,972
2028 & thereafter	—	46,004	46,004
	\$ 1,785,992	\$ 180,983	\$ 1,966,975
Net debt discounts and debt origination costs	(17,785)	(718)	(18,503)
	\$ 1,768,207	\$ 180,265	\$ 1,948,472

(1) Includes applicable extensions available at our option.

(2) Includes principal balance of \$223.7 million outstanding under the Company's unsecured lines of credit.

Senior Unsecured Notes Financial Covenants ⁽¹⁾
As of June 30, 2018

	Required	Actual	Compliance
Total Consolidated Debt to Adjusted Total Assets	<60%	51%	Yes
Total Secured Debt to Adjusted Total Assets	<40%	3%	Yes
Total Unencumbered Assets to Unsecured Debt	>150%	187%	Yes
Consolidated Income Available for Debt Service to Annual Debt Service Charge	>1.5	5.18	Yes

(1) For a complete listing of all debt covenants related to the Company's Senior Unsecured Notes, as well as definitions of the above terms, please refer to the Company's filings with the Securities and Exchange Commission.



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.

Funds Available for Distribution

Funds Available for Distribution ("FAD") is a non-GAAP financial measure that we define as FFO, excluding corporate depreciation, amortization of finance costs, amortization of net debt discount (premium), amortization of share-based compensation, straight line rent amounts, market rent amounts, less 2nd generation tenant allowances, capital improvement expenditures, and our share of the items listed above for our unconsolidated joint ventures. Investors, analysts and the Company utilize FAD as an indicator of common dividend potential. The FAD payout ratio, which represents regular distributions to common shareholders and unit holders of the Operating Partnership expressed as a percentage of FAD, facilitates the comparison of dividend coverage between REITs.

We believe that net income (loss) is the most directly comparable GAAP financial measure to FAD. FAD does not represent cash generated from operating activities in accordance with GAAP and should not be considered as an alternative to net income (loss) as an indication of our performance or to cash flows as a measure of liquidity or our ability to make distributions. Other companies in our industry may calculate FAD differently than we do, limiting its usefulness as a comparative measure.

Portfolio Net Operating Income and Same Center Net Operating Income

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.

Non-GAAP Pro Rata Balance Sheet and Income Statement Information

The pro rata balance sheet and pro rata income statement information is not, and is not intended to be, a presentation in accordance with GAAP. The pro rata balance sheet and pro rata income statement information reflect our proportionate economic ownership of each asset in our portfolio that we do not wholly own. These assets may be found in the table found earlier in this report entitled, "Unconsolidated Joint Venture Information." The amounts in the column labeled "Pro Rata Portion Unconsolidated Joint Ventures" were derived on a property-by-property basis by applying to each financial statement line item the ownership percentage interest used to arrive at our share of net income or loss during the period when applying the equity method of accounting. A similar calculation was performed for the amounts in the column labeled "Pro Rata Portion Noncontrolling interests."

We do not control the unconsolidated joint ventures and the presentations of the assets and liabilities and revenues and expenses do not represent our legal claim to such items. The operating agreements of the unconsolidated joint ventures generally provide that partners may receive cash distributions (1) quarterly, to the extent there is available cash from operations, (2) upon a capital event, such as a refinancing or sale or (3) upon liquidation of the venture. The amount of cash each partner receives is based upon specific provisions of each operating agreement and vary depending on factors including the amount of capital contributed by each partner and whether any contributions are entitled to priority distributions. Upon liquidation of the joint venture and after all liabilities, priority distributions and initial equity contributions have been repaid, the partners generally would be entitled to any residual cash remaining based on the legal ownership percentage shown in the table found earlier in this report entitled "Unconsolidated Joint Venture Information".

We provide pro rata balance sheet and income statement information because we believe it assists investors and analysts in estimating our economic interest in our unconsolidated joint ventures when read in conjunction with the Company's reported results under GAAP. The presentation of pro rata financial information has limitations as an analytical tool. Some of these limitations include:

- The amounts shown on the individual line items were derived by applying our overall economic ownership interest percentage determined when applying the equity method of accounting and do not necessarily represent our legal claim to the assets and liabilities, or the revenues and expenses; and
- Other companies in our industry may calculate their pro rata interest differently than we do, limiting the usefulness as a comparative measure.

Because of these limitations, the pro rata balance sheet and income statement information should not be considered in isolation or as a substitute for our financial statements as reported under GAAP. We compensate for these limitations by relying primarily on our GAAP results and using the pro rata balance sheet and income statement information only supplementally.

Reconciliation of Net Income to FFO and AFFO (dollars and shares in thousands)

	Three months ended		Six months ended	
	June 30,		June 30,	
	2018	2017	2018	2017
Net income	\$ 24,290	\$ 30,947	\$ 47,975	\$ 54,461
Adjusted for:				
Depreciation and amortization of real estate assets - consolidated	32,062	32,383	64,604	63,238
Depreciation and amortization of real estate assets - unconsolidated joint ventures	3,325	3,550	6,554	7,388
Gain on sale of assets	—	(6,943)	—	(6,943)
FFO	59,677	59,937	119,133	118,144
FFO attributable to noncontrolling interests in other consolidated partnerships	(92)	—	278	—
Allocation of earnings to participating securities	(534)	(528)	(1,011)	(1,040)
FFO available to common shareholders ⁽¹⁾	\$ 59,051	\$ 59,409	\$ 118,400	\$ 117,104
As further adjusted for:				
Abandoned pre-development costs	—	—	—	627
Impact of above adjustments to the allocation of earnings to participating securities	—	—	—	(5)
AFFO available to common shareholders ⁽¹⁾	\$ 59,051	\$ 59,409	\$ 118,400	\$ 117,726
FFO available to common shareholders per share - diluted ⁽¹⁾	\$ 0.60	\$ 0.59	\$ 1.20	\$ 1.17
AFFO available to common shareholders per share - diluted ⁽¹⁾	\$ 0.60	\$ 0.59	\$ 1.20	\$ 1.17

Weighted Average Shares:

Basic weighted average common shares	93,298	95,025	93,470	95,217
Effect of outstanding options and restricted common shares	—	5	—	35
Diluted weighted average common shares (for earnings per share computations)	93,298	95,030	93,470	95,252
Exchangeable operating partnership units	4,996	5,028	4,996	5,028
Diluted weighted average common shares (for FFO and AFFO per share computations) ⁽¹⁾	98,294	100,058	98,466	100,280

(1) 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.

Reconciliation of FFO to FAD (dollars and shares in thousands)

	Three months ended		Six months ended	
	June 30,		June 30,	
	2018	2017	2018	2017
FFO available to common shareholders	\$ 59,051	\$ 59,409	\$ 118,400	\$ 117,104
Adjusted for:				
Corporate depreciation excluded above	632	522	1,213	961
Amortization of finance costs	749	871	1,532	1,749
Amortization of net debt discount (premium)	103	120	204	245
Amortization of equity-based compensation	3,653	3,504	7,045	6,796
Straight line rent adjustment	(1,346)	(1,588)	(3,294)	(3,293)
Market rent adjustment	689	969	1,251	1,691
2 nd generation tenant allowances	(5,400)	(5,836)	(8,326)	(9,215)
Capital improvements	(8,198)	(15,430)	(10,920)	(21,340)
Adjustments from unconsolidated joint ventures	(148)	(619)	(419)	(1,143)
FAD available to common shareholders ⁽¹⁾	\$ 49,785	\$ 41,922	\$ 106,686	\$ 93,555
Dividends per share	\$ 0.3500	\$ 0.3425	\$ 0.6925	\$ 0.6680
FFO payout ratio	58%	58%	58%	57%
FAD payout ratio	69%	82%	64%	72%
Diluted weighted average common shares ⁽¹⁾	98,294	100,058	98,466	100,280

(1) 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.

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,		June 30,	
	2018	2017	2018	2017
Net income	\$ 24,290	\$ 30,947	\$ 47,975	\$ 54,461
Adjusted to exclude:				
Equity in earnings of unconsolidated joint ventures	(2,206)	(2,374)	(4,400)	(4,692)
Interest expense	16,181	16,520	31,981	33,007
Gain on sale of assets	—	(6,943)	—	(6,943)
Other non-operating income	(191)	(57)	(400)	(92)
Depreciation and amortization	32,694	32,905	65,817	64,199
Other non-property expenses	209	309	640	621
Abandoned pre-development costs	—	—	—	627
Corporate general and administrative expenses	10,784	11,202	21,807	22,479
Non-cash adjustments ⁽¹⁾	(638)	(597)	(2,004)	(1,561)
Termination rents	(13)	(1,450)	(1,064)	(2,633)
Portfolio NOI	81,110	80,462	160,352	159,473
Non-same center NOI ⁽²⁾	(4,226)	(2,081)	(8,441)	(4,937)
Same Center NOI	\$ 76,884	\$ 78,381	\$ 151,911	\$ 154,536

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

(2) Excluded from Same Center NOI:

Outlet centers opened:		Outlet centers sold:		Outlet center expansions:	
Fort Worth	October 2017	Westbrook	May 2017	Lancaster	September 2017

Non-GAAP Pro Rata Balance Sheet Information as of June 30, 2018 (in thousands)

	Non-GAAP Pro Rata Portion Unconsolidated Joint Ventures ⁽¹⁾	
Assets		
Rental property:		
Land	\$	46,611
Buildings, improvements and fixtures		248,759
Construction in progress		1,497
		296,867
Accumulated depreciation		(51,831)
Total rental property, net		245,036
Cash and cash equivalents		9,176
Deferred lease costs and other intangibles, net		5,028
Prepays and other assets		8,027
Total assets	\$	267,267
Liabilities and Owners' Equity		
Liabilities		
Mortgages payable, net	\$	180,264
Accounts payable and accruals		6,127
Total liabilities		186,391
Owners' equity		80,876
Total liabilities and owners' equity	\$	267,267

(1) The carrying value of our investments in unconsolidated joint ventures as reported in our Consolidated Balance Sheet differs from our pro rata share of the net assets shown above 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 totaled \$4.1 million as of June 30, 2018 and are being amortized over the various useful lives of the related assets.

Non-GAAP Pro Rata Statement of Operations Information year to date June 30, 2018 (in thousands)

	Non-GAAP Pro Rata Portion	
	Noncontrolling Interests	Unconsolidated Joint Ventures
Revenues:		
Base rentals	\$ —	\$ 13,666
Percentage rentals	—	1,150
Expense reimbursements	—	8,680
Other income	—	205
Total revenues	—	23,701
Expense:		
Property operating	—	9,443
General and administrative	—	126
Depreciation and amortization	—	6,553
Total expenses	—	16,122
Operating income	—	7,579
Other income (expense):		
Interest expense	—	(3,232)
Other nonoperating income	278	53
Net income	\$ 278	\$ 4,400

Investor Information

Tanger Outlet Centers welcomes any questions or comments from shareholders, analysts, investment managers, media and prospective investors. Please address all inquiries to our Investor Relations Department.

Tanger Factory Outlet Centers, Inc.

Investor Relations

Phone: (336) 834-6892

Fax: (336) 297-0931

e-mail: tangerir@tangeroutlet.com

Mail: Tanger Factory Outlet Centers, Inc.
3200 Northline Avenue
Suite 360
Greensboro, NC 27408

28

Supplemental Operating and Financial Data for the
Quarter Ended 6/30/2018



[\(Back To Top\)](#)

Section 4: EX-99.3 (EXHIBIT 99.3)

EXHIBIT 99.3

Tanger Outlets Elects Susan E. Skerritt to its Board of Directors

GREENSBORO, N.C., July 30, 2018 -- Tanger Factory Outlet Centers, Inc. (NYSE: SKT) today announced that Susan E. Skerritt has been elected to its Board of Directors, effective July 30, 2018.

"Susan is a tremendous addition to the Tanger Outlets organization," said Thomas J. Reddin Non-Executive Chairman of the Board of Tanger Outlets. "Her decades of experience and leadership will bring a fresh perspective to our business as we continue to strive to be the first-choice destination for retailers and shoppers."

Ms. Skerritt is a successful leader whose background as a commercial banker, industry consultant, and corporate treasury professional combined with deep expertise in global financial markets, regulatory compliance, and strategic project management are hallmarks of her 35-year career. She is currently a Non-Executive Director of Royal Bank of Canada USA, a \$130B bank holding company, serving as the Chair of Human Resources & Corporate Governance Committee and a member of the Audit and Risk Committees. She is also a Senior Advisor to Promontory Financial Group, an IBM company, guiding clients on regulatory, governance, and risk management matters. Prior to her role at Royal Bank of Canada USA, Skerritt was the Chairwoman, CEO and President of Deutsche Bank Trust Company Americas, Deutsche Bank's U.S. commercial banking entity with over \$50B in assets from May 2016-January 2018. During her tenure at Deutsche Bank, she led the transaction banking business in North and South America. Under her leadership, these businesses grew over 40% and increased significantly their net contribution to global profitability. Ms. Skerritt has made significant contributions to industry thinking about de-risking, new financial technologies, and regulatory compliance while leading the global correspondent banking business during a period of extensive market change.

Previously, Ms. Skerritt was an Executive Member of the Board of Directors of Bank of New York Mellon Trust Company and served as an Executive Vice President in a variety of increasingly important roles in the cash management, trade finance, and securities servicing business. She successfully co-led the acquisition and integration of the JPMorgan Corporate Trust business, which more than doubled the size and global scope of the division. As a Partner and Director of Treasury Strategies, she was the only non-founding member of its Board and established the New York office while leading the corporate consulting practice. Early in her career, she worked for Ernst & Young and Manufacturers Hanover Trust Company.

In recognition of her leadership and expertise, Ms. Skerritt was included in the American Banker's Most Powerful Women in Banking

ranking for multiple years. She is currently a member of the Women's Forum of New York, The Committee of 200, and has been a Director of The Brooklyn Hospital Center since 2013. Skerritt also received the certification of 'Board Leadership Fellow' from the National Association of Corporate Directors.

Ms. Skerritt graduated from Hamilton College with a B.A. in Economics, where she was recently elected Vice Chairman of the Board of Trustees. She received her M.B.A. in Finance and International Business from New York University's Stern School of Business and continued her education completing the Leading a Global Enterprise – 2013 Program at the Harvard Business School.

About Tanger Factory Outlet Centers, Inc.

Tanger Factory Outlet Centers, Inc. (NYSE: SKT), is a publicly-traded REIT headquartered in Greensboro, North Carolina that presently operates and owns, or has an ownership interest in, a portfolio of 44 upscale outlet shopping centers. Tanger's operating properties are located in 22 states coast to coast and in Canada, totaling approximately 15.3 million square feet, leased to over 3,100 stores which are operated by more than 500 different brand name companies. The company has more than 37 years of experience in the outlet industry. Tanger Outlet Centers continue to attract more than 189 million shoppers annually. For more information on Tanger Outlet Centers, call 1-800-4TANGER or visit the Company's website at www.tangeroutlets.com.

Contact: Quentin Pell, quentin.pell@tangeroutlets.com

[\(Back To Top\)](#)