United States
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-Q

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

For the quarterly period ended September 30, 2019

OR

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

For the transition period from _________ to _________

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

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

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

3200 Northline Avenue, Suite 360, Greensboro, NC 27408
(Address of principal executive offices)
(336) 292-3010
(Registrant's telephone number, including area code)

N/A
(Former name, former address and former fiscal year, if changed since last report)

Securities registered pursuant to Section 12(b) of the Act:

Tanger Factory Outlet Centers, Inc.:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Shares, $0.01 par value	SKT	New York Stock Exchange

Tanger Properties Limited Partnership:

None

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

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

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

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

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

Tanger Factory Outlet Centers, Inc.

Large Accelerated Filer	☒	Accelerated Filer	☐
Non-accelerated Filer	☐	Smaller Reporting Company	☐
		Emerging Growth Company	☐

Tanger Properties Limited Partnership

Large Accelerated Filer	☐	Accelerated Filer	☐
Non-accelerated Filer	☒	Smaller Reporting Company	☐
		Emerging Growth Company	☐

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

Tanger Factory Outlet Centers, Inc.	☐
Tanger Properties Limited Partnership	☐

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

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

As of October 31, 2019, there were 92,893,338 common shares of Tanger Factory Outlet Centers, Inc. outstanding, $.01 par value.

EXPLANATORY NOTE

This report combines the unaudited quarterly reports on Form 10-Q for the quarter ended September 30, 2019 of Tanger Factory Outlet Centers, Inc. and Tanger Properties Limited Partnership. Unless the context indicates otherwise, the term "Company" refers to Tanger Factory Outlet Centers, Inc. and subsidiaries and the term "Operating Partnership" refers to Tanger Properties Limited Partnership and subsidiaries. The terms "we", "our" and "us" refer to the Company or the Company and the Operating Partnership together, as the text requires.

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

The Company owns the majority of the units of partnership interest issued by the Operating Partnership through its two wholly-owned subsidiaries, Tanger GP Trust and Tanger LP Trust. Tanger GP Trust controls the Operating Partnership as its sole general partner. Tanger LP Trust holds a limited partnership interest. As of September 30, 2019, the Company, through its ownership of Tanger GP Trust and Tanger LP Trust, owned 92,893,338 units of the Operating Partnership and other limited partners (the "Non-Company LPs") collectively owned 4,960,684 Class A common limited partnership units. Each Class A common limited partnership unit held by the Non-Company LPs is exchangeable for one of the Company's common shares, subject to certain limitations to preserve the Company's status as a REIT. Class B common limited partnership units, which are held by Tanger LP Trust, are not exchangeable for common shares of the Company.

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

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

- enhancing investors' understanding of the Company and the Operating Partnership by enabling investors to view the business as a whole in the same manner as management views and operates the business;

- eliminating duplicative disclosure and providing a more streamlined and readable presentation since a substantial portion of the disclosure applies to both the Company and the Operating Partnership; and

- creating time and cost efficiencies through the preparation of one combined report instead of two separate reports.

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

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

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

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

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

- Consolidated financial statements;
- The following notes to the consolidated financial statements:
    - Debt of the Company and the Operating Partnership;
    - Shareholders' Equity, if applicable, and Partners' Equity;
    - Earnings Per Share and Earnings Per Unit;
    - Accumulated Other Comprehensive Income of the Company and the Operating Partnership;
- Liquidity and Capital Resources in the Management's Discussion and Analysis of Financial Condition and Results of Operations.

This report also includes separate Item 4. Controls and Procedures sections and separate Exhibit 31 and 32 certifications for each of the Company and the Operating Partnership in order to establish that the Chief Executive Officer and the Chief Financial Officer of each entity have made the requisite certifications and that the Company and Operating Partnership are compliant with Rule 13a-15 or Rule 15d-15 of the Securities Exchange Act of 1934 and 18 U.S.C. §1350.

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

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

TANGER FACTORY OUTLET CENTERS, INC. AND TANGER PROPERTIES LIMITED PARTNERSHIP

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PART I. - FINANCIAL INFORMATION

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

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

	September 30, 2019	December 31, 2018
Assets		
Rental property:		
Land	$ 267,642	$ 278,428
Buildings, improvements and fixtures	2,663,507	2,764,649
Construction in progress	—	3,102
	2,931,149	3,046,179
Accumulated depreciation	(991,441)	(981,305)
Total rental property, net	1,939,708	2,064,874
Cash and cash equivalents	4,664	9,083
Investments in unconsolidated joint ventures	94,415	95,969
Deferred lease costs and other intangibles, net	101,373	116,874
Operating lease right-of-use assets	86,830	—
Prepaids and other assets	97,367	98,102
Total assets	$ 2,324,357	$ 2,384,902
Liabilities and Equity		
Liabilities		
Debt:		
Senior, unsecured notes, net	$ 1,138,115	$ 1,136,663
Unsecured term loan, net	347,253	346,799
Mortgages payable, net	84,738	87,471
Unsecured lines of credit, net	1,817	141,985
Total debt	1,571,923	1,712,918
Accounts payable and accrued expenses	73,932	82,676
Operating lease liabilities	91,683	—
Other liabilities	88,619	83,773
Total liabilities	1,826,157	1,879,367
Commitments and contingencies		
Equity		
Tanger Factory Outlet Centers, Inc.:		
Common shares, $.01 par value, 300,000,000 shares authorized, 92,893,338 and 93,941,783 shares issued and outstanding at September 30, 2019 and December 31, 2018, respectively	929	939
Paid in capital	771,868	778,845
Accumulated distributions in excess of net income	(272,481)	(272,454)
Accumulated other comprehensive loss	(27,372)	(27,151)
Equity attributable to Tanger Factory Outlet Centers, Inc.	472,944	480,179
Equity attributable to noncontrolling interests:		
Noncontrolling interests in Operating Partnership	25,256	25,356
Noncontrolling interests in other consolidated partnerships	—	—
Total equity	498,200	505,535
Total liabilities and equity	$ 2,324,357	$ 2,384,902

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

TANGER FACTORY OUTLET CENTERS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except share data, unaudited)

	Three months ended September 30,		Nine months ended September 30,	
	2019	2018	2019	2018
Revenues:				
Rental revenues	$ 115,050	$ 120,277	$ 347,389	$ 357,450
Management, leasing and other services	1,356	1,239	3,943	3,580
Other revenues	2,588	2,720	6,524	6,452
Total revenues	118,994	124,236	357,856	367,482
Expenses:				
Property operating	39,149	39,653	118,252	119,817
General and administrative	12,292	10,752	40,910	32,861
Impairment charge	—	49,739	—	49,739
Depreciation and amortization	30,103	32,850	93,009	98,667
Total expenses	81,544	132,994	252,171	301,084
Other income (expense):				
Interest expense	(15,197)	(16,367)	(46,638)	(48,348)
Gain on sale of assets	—	—	43,422	—
Other income (expense)	227	261	(2,966)	661
Total other income (expense)	(14,970)	(16,106)	(6,182)	(47,687)
Income (loss) before equity in earnings of unconsolidated joint ventures	22,480	(24,864)	99,503	18,711
Equity in earnings of unconsolidated joint ventures	2,329	1,833	5,604	6,233
Net income (loss)	24,809	(23,031)	105,107	24,944
Noncontrolling interests in Operating Partnership	(1,263)	1,172	(5,308)	(1,274)
Noncontrolling interests in other consolidated partnerships	—	—	(195)	278
Net income (loss) attributable to Tanger Factory Outlet Centers, Inc.	$ 23,546	$ (21,859)	$ 99,604	$ 23,948
Basic earnings per common share:				
Net income (loss)	$ 0.25	$ (0.24)	$ 1.06	$ 0.25
Diluted earnings per common share:				
Net income (loss)	$ 0.25	$ (0.24)	$ 1.06	$ 0.25

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

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

	Three months ended September 30,		Nine months ended September 30,	
	2019	2018	2019	2018
Net income (loss)	$ 24,809	$ (23,031)	$ 105,107	$ 24,944
Other comprehensive income (loss):				
Foreign currency translation adjustments	(1,051)	1,921	6,341	(3,176)
Change in fair value of cash flow hedges	(1,011)	512	(6,576)	4,095
Other comprehensive income (loss)	(2,062)	2,433	(235)	919
Comprehensive income (loss)	22,747	(20,598)	104,872	25,863
Comprehensive (income) loss attributable to noncontrolling interests	(1,158)	1,048	(5,489)	(1,043)
Comprehensive income (loss) attributable to Tanger Factory Outlet Centers, Inc.	$ 21,589	$ (19,550)	$ 99,383	$ 24,820

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

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

	Common shares	Paid in capital	Accumulated distributions in excess of earnings	Accumulated other comprehensive loss	Equity attributable to Tanger Factory Outlet Centers, Inc.	Noncontrolling interests in Operating Partnership	Noncontrolling interests in other consolidated partnerships	Total equity
Balance, June 30, 2018	$ 939	$ 770,877	$ (204,506)	$ (20,722)	$ 546,588	$ 29,076	$ —	$ 575,664
Net loss	—	—	(21,859)	—	(21,859)	(1,172)	—	(23,031)
Other comprehensive income	—	—	—	2,309	2,309	124	—	2,433
Compensation under Incentive Award Plan	—	4,058	—	—	4,058	—	—	4,058
Adjustment for noncontrolling interests in Operating Partnership	—	(211)	—	—	(211)	211	—	—
Common dividends ($0.35 per share)	—	—	(32,893)	—	(32,893)	—	—	(32,893)
Distributions to noncontrolling interests	—	—	—	—	—	(1,748)	—	(1,748)
Balance, September 30, 2018	$ 939	$ 774,724	$ (259,258)	$ (18,413)	$ 497,992	$ 26,491	$ —	$ 524,483

	Common shares	Paid in capital	Accumulated distributions in excess of earnings	Accumulated other comprehensive loss	Equity attributable to Tanger Factory Outlet Centers, Inc.	Noncontrolling interests in Operating Partnership	Noncontrolling interests in other consolidated partnerships	Total equity
Balance, December 31, 2017	$ 946	$ 784,782	$ (184,865)	$ (19,285)	$ 581,578	$ 30,724	$ —	$ 612,302
Net income	—	—	23,948	—	23,948	1,274	(278)	24,944
Other comprehensive income	—	—	—	872	872	47	—	919
Compensation under Incentive Award Plan	—	11,654	—	—	11,654	—	—	11,654
Grant of 355,184 restricted common share awards, net of forfeitures	3	(3)	—	—	—	—	—	—
Repurchase of 919,249 common shares, including transaction costs	(9)	(19,989)	—	—	(19,998)	—	—	(19,998)
Withholding of 89,437 common shares for employee income taxes	(1)	(2,067)	—	—	(2,068)	—	—	(2,068)
Contributions from noncontrolling interests	—	—	—	—	—	—	445	445
Adjustment for noncontrolling interests in Operating Partnership	—	347	—	—	347	(347)	—	—
Common dividends ($1.0425 per share)	—	—	(98,341)	—	(98,341)	—	—	(98,341)
Distributions to noncontrolling interests	—	—	—	—	—	(5,207)	(167)	(5,374)
Balance, September 30, 2018	$ 939	$ 774,724	$ (259,258)	$ (18,413)	$ 497,992	$ 26,491	$ —	$ 524,483

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

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

	Common shares	Paid in capital	Accumulated distributions in excess of earnings	Accumulated other comprehensive loss	Equity attributable to Tanger Factory Outlet Centers, Inc.	Noncontrolling interests in Operating Partnership	Noncontrolling interests in other consolidated partnerships	Total equity
Balance, June 30, 2019	$ 935	$ 778,026	$ (262,764)	$ (25,415)	$ 490,782	$ 26,026	$ —	$ 516,808
Net income	—	—	23,546	—	23,546	1,263	—	24,809
Other comprehensive loss	—	—	—	(1,957)	(1,957)	(105)	—	(2,062)
Compensation under Incentive Award Plan	—	3,669	—	—	3,669	—	—	3,669
Repurchase of 650,929 common shares, including transaction costs	(6)	(9,994)	—	—	(10,000)	—	—	(10,000)
Contributions from noncontrolling interests	—	—	—	—	—	—	11	11
Adjustment for noncontrolling interests in Operating Partnership	—	167	—	—	167	(167)	—	—
Common dividends ($0.355 per share)	—	—	(33,263)	—	(33,263)	—	—	(33,263)
Distributions to noncontrolling interests	—	—	—	—	—	(1,761)	(11)	(1,772)
Balance, September 30, 2019	$ 929	$ 771,868	$ (272,481)	$ (27,372)	$ 472,944	$ 25,256	$ —	$ 498,200

	Common shares	Paid in capital	Accumulated distributions in excess of earnings	Accumulated other comprehensive loss	Equity attributable to Tanger Factory Outlet Centers, Inc.	Noncontrolling interests in Operating Partnership	Noncontrolling interests in other consolidated partnerships	Total equity
Balance, December 31, 2018	$ 939	$ 778,845	$ (272,454)	$ (27,151)	$ 480,179	$ 25,356	$ —	$ 505,535
Net income	—	—	99,604	—	99,604	5,308	195	105,107
Other comprehensive loss	—	—	—	(221)	(221)	(14)	—	(235)
Compensation under Incentive Award Plan	—	14,657	—	—	14,657	—	—	14,657
Grant of 242,167 restricted common share awards, net of forfeitures	3	(3)	—	—	—	—	—	—
Repurchase of 1,209,328 common shares, including transaction costs	(12)	(19,988)	—	—	(20,000)	—	—	(20,000)
Withholding of 81,284 common shares for employee income taxes	(1)	(1,780)	—	—	(1,781)	—	—	(1,781)
Contributions from noncontrolling interests	—	—	—	—	—	—	47	47
Adjustment for noncontrolling interests in Operating Partnership	—	137	—	—	137	(137)	—	—
Common dividends ($1.060 per share)	—	—	(99,631)	—	(99,631)	—	—	(99,631)
Distributions to noncontrolling interests	—	—	—	—	—	(5,257)	(242)	(5,499)
Balance, September 30, 2019	$ 929	$ 771,868	$ (272,481)	$ (27,372)	$ 472,944	$ 25,256	$ —	$ 498,200

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

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

	Nine months ended September 30, 2019	Nine months ended September 30, 2018
OPERATING ACTIVITIES		
Net income	$ 105,107	$ 24,944
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	93,009	98,667
Impairment charge	—	49,739
Amortization of deferred financing costs	2,246	2,280
Gain on sale of assets	(43,422)	—
Equity in earnings of unconsolidated joint ventures	(5,604)	(6,233)
Equity-based compensation expense	14,371	10,814
Amortization of debt (premiums) and discounts, net	333	309
Amortization (accretion) of market rent rate adjustments, net	1,067	1,980
Straight-line rent adjustments	(6,938)	(4,744)
Distributions of cumulative earnings from unconsolidated joint ventures	5,305	6,081
Other non-cash	3,638	—
Changes in other assets and liabilities:		
Other assets	(338)	(406)
Accounts payable and accrued expenses	(9,805)	(3,471)
Net cash provided by operating activities	158,969	179,960
INVESTING ACTIVITIES		
Additions to rental property	(35,208)	(53,349)
Additions to investments in unconsolidated joint ventures	(2,074)	(1,764)
Net proceeds from sale of assets	128,505	—
Additions to non-real estate assets	(819)	(1,203)
Distributions in excess of cumulative earnings from unconsolidated joint ventures	14,541	16,656
Additions to deferred lease costs	(5,207)	(5,220)
Other investing activities	8,205	8,065
Net cash provided by (used) in investing activities	107,943	(36,815)
FINANCING ACTIVITIES		
Cash dividends paid	(99,631)	(98,341)
Distributions to noncontrolling interests in Operating Partnership	(5,257)	(5,207)
Proceeds from revolving credit facility	275,400	391,900
Repayments of revolving credit facility	(416,400)	(396,900)
Repayments of notes, mortgages and loans	(2,509)	(10,971)
Repurchase of common shares, including transaction costs	(20,000)	(19,998)
Employee income taxes paid related to shares withheld upon vesting of equity awards	(1,781)	(2,068)
Additions to deferred financing costs	(65)	(2,615)
Proceeds from other financing activities	47	445
Payment for other financing activities	(1,103)	(1,027)
Net cash used in financing activities	(271,299)	(144,782)
Effect of foreign currency rate changes on cash and cash equivalents	(32)	(60)
Net decrease in cash and cash equivalents	(4,419)	(1,697)
Cash and cash equivalents, beginning of period	9,083	6,101
Cash and cash equivalents, end of period	$ 4,664	$ 4,404

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

Item 1 - Financial Statements of Tanger Properties Limited Partnership

TANGER PROPERTIES LIMITED PARTNERSHIP AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(In thousands, except unit data, unaudited)

	September 30, 2019	December 31, 2018
Assets		
Rental property:		
Land	$ 267,642	$ 278,428
Buildings, improvements and fixtures	2,663,507	2,764,649
Construction in progress	—	3,102
	2,931,149	3,046,179
Accumulated depreciation	(991,441)	(981,305)
Total rental property, net	1,939,708	2,064,874
Cash and cash equivalents	4,574	8,991
Investments in unconsolidated joint ventures	94,415	95,969
Deferred lease costs and other intangibles, net	101,373	116,874
Operating lease right-of-use assets	86,830	—
Prepaids and other assets	97,112	97,832
Total assets	$ 2,324,012	$ 2,384,540
Liabilities and Equity		
Liabilities		
Debt:		
Senior, unsecured notes, net	$ 1,138,115	$ 1,136,663
Unsecured term loan, net	347,253	346,799
Mortgages payable, net	84,738	87,471
Unsecured lines of credit, net	1,817	141,985
Total debt	1,571,923	1,712,918
Accounts payable and accrued expenses	73,587	82,314
Operating lease liabilities	91,683	—
Other liabilities	88,619	83,773
Total liabilities	1,825,812	1,879,005
Commitments and contingencies		
Equity		
Partners' Equity:		
General partner, 1,000,000 units outstanding at September 30, 2019 and December 31, 2018	4,916	4,914
Limited partners, 4,960,684 and 4,960,684 Class A common units, and 91,893,338 and 92,941,783 Class B common units outstanding at September 30, 2019 and December 31, 2018, respectively	522,150	529,252
Accumulated other comprehensive loss	(28,866)	(28,631)
Total partners' equity	498,200	505,535
Noncontrolling interests in consolidated partnerships	—	—
Total equity	498,200	505,535
Total liabilities and equity	$ 2,324,012	$ 2,384,540

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

TANGER PROPERTIES LIMITED PARTNERSHIP AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except per unit data, unaudited)

	Three months ended September 30,		Nine months ended September 30,	
	2019	2018	2019	2018
Revenues:				
Rental revenues	$ 115,050	$ 120,277	$ 347,389	$ 357,450
Management, leasing and other services	1,356	1,239	3,943	3,580
Other revenues	2,588	2,720	6,524	6,452
Total revenues	118,994	124,236	357,856	367,482
Expenses:				
Property operating	39,149	39,653	118,252	119,817
General and administrative	12,292	10,752	40,910	32,861
Impairment charge	—	49,739	—	49,739
Depreciation and amortization	30,103	32,850	93,009	98,667
Total expenses	81,544	132,994	252,171	301,084
Other income (expense):				
Interest expense	(15,197)	(16,367)	(46,638)	(48,348)
Gain on sale of assets	—	—	43,422	—
Other income (expense)	227	261	(2,966)	661
Total other income (expense)	(14,970)	(16,106)	(6,182)	(47,687)
Income (loss) before equity in earnings of unconsolidated joint ventures	22,480	(24,864)	99,503	18,711
Equity in earnings of unconsolidated joint ventures	2,329	1,833	5,604	6,233
Net income (loss)	24,809	(23,031)	105,107	24,944
Noncontrolling interests in consolidated partnerships	—	—	(195)	278
Net income (loss) available to partners	24,809	(23,031)	104,912	25,222
Net income (loss) available to limited partners	24,556	(22,798)	103,850	24,970
Net income (loss) available to general partner	$ 253	$ (233)	$ 1,062	$ 252
Basic earnings per common unit:				
Net income (loss)	$ 0.25	$ (0.24)	$ 1.06	$ 0.25
Diluted earnings per common unit:				
Net income (loss)	$ 0.25	$ (0.24)	$ 1.06	$ 0.25

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

TANGER PROPERTIES LIMITED PARTNERSHIP AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In thousands, unaudited)

	Three months ended September 30,		Nine months ended September 30,	
	2019	2018	2019	2018
Net income (loss)	$ 24,809	$ (23,031)	$ 105,107	$ 24,944
Other comprehensive income (loss):				
Foreign currency translation adjustments	(1,051)	1,921	6,341	(3,176)
Changes in fair value of cash flow hedges	(1,011)	512	(6,576)	4,095
Other comprehensive income (loss)	(2,062)	2,433	(235)	919
Comprehensive income (loss)	22,747	(20,598)	104,872	25,863
Comprehensive (income) loss attributable to noncontrolling interests in consolidated partnerships	—	—	(195)	278
Comprehensive income (loss) attributable to the Operating Partnership	$ 22,747	$ (20,598)	$ 104,677	$ 26,141

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

TANGER PROPERTIES LIMITED PARTNERSHIP AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF EQUITY
(In thousands, except unit and per unit data, unaudited)

	General partner	Limited partners	Accumulated other comprehensive loss	Total partners' equity	Noncontrolling interests in consolidated partnerships	Total equity
Balance, June 30, 2018	$ 5,637	$ 591,886	$ (21,859)	$ 575,664	$ —	$ 575,664
Net loss	(233)	(22,798)	—	(23,031)	—	(23,031)
Other comprehensive income	—	—	2,433	2,433	—	2,433
Compensation under Incentive Award Plan	—	4,058	—	4,058	—	4,058
Common distributions ($0.35 per common unit)	(350)	(34,291)	—	(34,641)	—	(34,641)
Distributions to noncontrolling interests	—	—	—	—	—	—
Balance, September 30, 2018	$ 5,054	$ 538,855	$ (19,426)	$ 524,483	$ —	$ 524,483

	General partner	Limited partners	Accumulated other comprehensive loss	Total partners' equity	Noncontrolling interests in consolidated partnerships	Total equity
Balance, December 31, 2017	$ 5,844	$ 626,803	$ (20,345)	$ 612,302	$ —	$ 612,302
Net income	252	24,970	—	25,222	(278)	24,944
Other comprehensive income	—	—	919	919	—	919
Compensation under Incentive Award Plan	—	11,654	—	11,654	—	11,654
Grant of 355,184 restricted common share awards by the Company, net of forfeitures	—	—	—	—	—	—
Repurchase of 919,249 units, including transaction costs	—	(19,998)	—	(19,998)	—	(19,998)
Withholding of 89,437 common units for employee income taxes	—	(2,068)	—	(2,068)	—	(2,068)
Contributions from noncontrolling interests	—	—	—	—	445	445
Common distributions ($1.0425 per common unit)	(1,042)	(102,506)	—	(103,548)	—	(103,548)
Distributions to noncontrolling interests	—	—	—	—	(167)	(167)
Balance, September 30, 2018	$ 5,054	$ 538,855	$ (19,426)	$ 524,483	$ —	$ 524,483

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

TANGER PROPERTIES LIMITED PARTNERSHIP AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF EQUITY
(In thousands, except unit and per unit data, unaudited)

	General partner	Limited partners	Accumulated other comprehensive loss	Total partners' equity	Noncontrolling interests in consolidated partnerships	Total equity
Balance, June 30, 2019	$ 5,018	$ 538,594	$ (26,804)	$ 516,808	$ —	$ 516,808
Net income	253	24,556	—	24,809	—	24,809
Other comprehensive loss	—	—	(2,062)	(2,062)	—	(2,062)
Compensation under Incentive Award Plan	—	3,669	—	3,669	—	3,669
Repurchase of 650,929 units, including transaction costs	—	(10,000)	—	(10,000)	—	(10,000)
Contributions from noncontrolling interests	—	—	—	—	11	11
Common distributions ($0.355 per common unit)	(355)	(34,669)	—	(35,024)	—	(35,024)
Distributions to noncontrolling interests	—	—	—	—	(11)	(11)
Balance, September 30, 2019	$ 4,916	$ 522,150	$ (28,866)	$ 498,200	$ —	$ 498,200

	General partner	Limited partners	Accumulated other comprehensive loss	Total partners' equity	Noncontrolling interests in consolidated partnerships	Total equity
Balance, December 31, 2018	$ 4,914	$ 529,252	$ (28,631)	$ 505,535	$ —	$ 505,535
Net income	1,062	103,850	—	104,912	195	105,107
Other comprehensive loss	—	—	(235)	(235)	—	(235)
Compensation under Incentive Award Plan	—	14,657	—	14,657	—	14,657
Grant of 242,167 restricted common share awards by the Company	—	—	—	—	—	—
Repurchase of 1,209,328 units, including transaction costs	—	(20,000)	—	(20,000)	—	(20,000)
Withholding of 81,284 common units for employee income taxes	—	(1,781)	—	(1,781)	—	(1,781)
Contributions from noncontrolling interests	—	—	—	—	47	47
Common distributions ($1.060 per common unit)	(1,060)	(103,828)	—	(104,888)	—	(104,888)
Distributions to noncontrolling interests	—	—	—	—	(242)	(242)
Balance, September 30, 2019	$ 4,916	$ 522,150	$ (28,866)	$ 498,200	$ —	$ 498,200

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

TANGER PROPERTIES LIMITED PARTNERSHIP AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands, unaudited)

	Nine months ended September 30, 2019	Nine months ended September 30, 2018
OPERATING ACTIVITIES		
Net income	$ 105,107	$ 24,944
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	93,009	98,667
Impairment charge	—	49,739
Amortization of deferred financing costs	2,246	2,280
Gain on sale of assets	(43,422)	—
Equity in earnings of unconsolidated joint ventures	(5,604)	(6,233)
Equity-based compensation expense	14,371	10,814
Amortization of debt (premiums) and discounts, net	333	309
Amortization (accretion) of market rent rate adjustments, net	1,067	1,980
Straight-line rent adjustments	(6,938)	(4,744)
Distributions of cumulative earnings from unconsolidated joint ventures	5,305	6,081
Other non-cash	3,638	—
Changes in other assets and liabilities:		
Other assets	(353)	(429)
Accounts payable and accrued expenses	(9,788)	(3,440)
Net cash provided by operating activities	158,971	179,968
INVESTING ACTIVITIES		
Additions to rental property	(35,208)	(53,349)
Additions to investments in unconsolidated joint ventures	(2,074)	(1,764)
Net proceeds from sale of assets	128,505	—
Additions to non-real estate assets	(819)	(1,203)
Distributions in excess of cumulative earnings from unconsolidated joint ventures	14,541	16,656
Additions to deferred lease costs	(5,207)	(5,220)
Other investing activities	8,205	8,065
Net cash provided by (used) in investing activities	107,943	(36,815)
FINANCING ACTIVITIES		
Cash distributions paid	(104,888)	(103,548)
Proceeds from revolving credit facility	275,400	391,900
Repayments of revolving credit facility	(416,400)	(396,900)
Repayments of notes, mortgages and loans	(2,509)	(10,971)
Repurchase of units, including transaction costs	(20,000)	(19,998)
Employee income taxes paid related to shares withheld upon vesting of equity awards	(1,781)	(2,068)
Additions to deferred financing costs	(65)	(2,615)
Proceeds from other financing activities	47	445
Payment for other financing activities	(1,103)	(1,027)
Net cash used in financing activities	(271,299)	(144,782)
Effect of foreign currency on cash and cash equivalents	(32)	(60)
Net decrease in cash and cash equivalents	(4,417)	(1,689)
Cash and cash equivalents, beginning of period	8,991	6,050
Cash and cash equivalents, end of period	$ 4,574	$ 4,361

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

CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Business

Tanger Factory Outlet Centers, Inc. and subsidiaries is one of the largest owners and operators of outlet centers in the United States and Canada. We are a fully-integrated, self-administered and self-managed real estate investment trust ("REIT") which, through our controlling interest in the Operating Partnership, focuses exclusively on developing, acquiring, owning, operating and managing outlet shopping centers. As of September 30, 2019, we owned and operated 32 consolidated outlet centers, with a total gross leasable area of approximately 12.0 million square feet. We also had partial ownership interests in 7 unconsolidated outlet centers totaling approximately 2.2 million square feet, including 3 outlet centers in Canada.

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

The Company owns the majority of the units of partnership interest issued by the Operating Partnership through its two wholly-owned subsidiaries, Tanger GP Trust and Tanger LP Trust. Tanger GP Trust is the sole general partner of the Operating Partnership. Tanger LP Trust holds a limited partnership interest. As of September 30, 2019, the Company, through its ownership of Tanger GP Trust and Tanger LP Trust, owned 92,893,338 units of the Operating Partnership and other limited partners (the "Non-Company LPs") collectively owned 4,960,684 Class A common limited partnership units. Each Class A common limited partnership unit held by the Non-Company LPs is exchangeable for one of the Company's common shares, subject to certain limitations to preserve the Company's REIT status. Class B common limited partnership units, which are held by Tanger LP Trust, are not exchangeable for common shares of the Company.

2. Basis of Presentation

The unaudited consolidated financial statements included herein have been prepared pursuant to accounting principles generally accepted in the United States of America and should be read in conjunction with the consolidated financial statements and notes thereto of the Company's and the Operating Partnership's combined Annual Report on Form 10-K for the year ended December 31, 2018. The December 31, 2018 balance sheet data in this Form 10-Q was derived from audited financial statements. Certain information and note disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been condensed or omitted pursuant to the SEC's rules and regulations, although management believes that the disclosures are adequate to make the information presented not misleading. In the opinion of management, all adjustments (consisting only of normal recurring adjustments) necessary for a fair presentation of the financial statements for the interim periods have been made. The results of interim periods are not necessarily indicative of the results for a full year.

Certain prior period balances in the accompanying unaudited consolidated statements of operations have been reclassified or combined to conform to the current period presentation.

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

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

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

For certain investments in real estate joint ventures, we record our equity in the venture's net income or loss under the hypothetical liquidation at book value ("HLBV") method of accounting due to the structures and the preferences we receive on the distributions from our joint ventures pursuant to the respective joint venture agreements for those joint ventures. Under this method, we recognize income and loss in each period based on the change in liquidation proceeds we would receive from a hypothetical liquidation of our investment based on depreciated book value. Therefore, income or loss may be allocated disproportionately as compared to the ownership percentages due to specified preferred return rate thresholds and may be more or less than actual cash distributions received and more or less than what we may receive in the event of an actual liquidation.

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

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

3. Disposition of Properties and Impairment Charge

Disposition of Properties

During the nine months ended September 30, 2019, we closed on the sale of four non-core outlet centers for total gross proceeds of $130.5 million.

The following table sets forth certain summarized information regarding properties and land outparcels sold during the nine months ended September 30, 2019:

Property	Location	Date Sold	Square Feet (in 000's)	Net Sales Proceeds (in 000's)	Gain on Sale (in 000's)
Nags Head, Ocean City, Park City, and Williamsburg	Nags Head, NC, Ocean City, MD, Park City, UT, and Williamsburg, IA	March 2019	878	$ 128,248	$ 43,422
Land outparcels	Savannah, GA and Seymour, IN	July 2019	—	257	—
Total			878	$ 128,505	$ 43,422

The rental properties sold did not meet the criteria to be reported as discontinued operations.

Impairment Charge

Rental property held and used by us is reviewed for impairment in the event that facts and circumstances indicate that the carrying amount of an asset may not be recoverable. In such an event, we compare the estimated future undiscounted cash flows associated with the asset to the asset's carrying amount, and if less, recognize an impairment loss in an amount by which the carrying amount exceeds its fair value.

During the third quarter 2018, we determined that the estimated future undiscounted cash flows of our Jeffersonville, OH outlet center did not exceed the property's carrying value due to a decline in operating results at the center likely resulting from increased competition from the Company's center in Columbus, OH and slower than expected improvement from remerchandising activities. Therefore, we recorded a $49.7 million non-cash impairment charge in our consolidated statement of operations which equaled the excess of the property's carrying value over its estimated fair value.

4. Investments in Unconsolidated Real Estate Joint Ventures

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

As of September 30, 2019					
Joint Venture	Outlet Center Location	Ownership %	Square Feet (in 000's)	Carrying Value of Investment (in millions)	Total Joint Venture Debt, Net (in millions)[1]
Investments included in investments in unconsolidated joint ventures:					
RioCan Canada	Various	50.0%	764	$ 94.4	$ 9.2
				$ 94.4	
Investments included in other liabilities:					
Columbus[2]	Columbus, OH	50.0%	355	$ (2.7)	$ 84.9
Charlotte[2]	Charlotte, NC	50.0%	399	(11.8)	99.5
National Harbor[2]	National Harbor, MD	50.0%	341	(5.7)	94.4
Galveston/Houston [2]	Texas City, TX	50.0%	353	(20.1)	79.8
				$ (40.3)	

As of December 31, 2018

Joint Venture	Outlet Center Location	Ownership %	Square Feet (in 000's)	Carrying Value of Investment (in millions)	Total Joint Venture Debt, Net (in millions)[(1)]
Investments included in investments in unconsolidated joint ventures:					
RioCan Canada	Various	50.0%	924	$ 96.0	$ 9.3
				$ 96.0	
Investments included in other liabilities:					
Columbus [(2)]	Columbus, OH	50.0%	355	$ (1.6)	$ 84.7
Charlotte[(2)]	Charlotte, NC	50.0%	398	(10.8)	99.5
National Harbor [(2)]	National Harbor, MD	50.0%	341	(5.1)	94.5
Galveston/Houston[(2)]	Texas City, TX	50.0%	353	(15.0)	79.6
				$ (32.5)	

(1) Net of debt origination costs and including premiums of $1.2 million and $1.4 million as of September 30, 2019 and December 31, 2018, respectively.

(2) The negative carrying value is due to distributions exceeding contributions and increases or decreases from our equity in earnings of the joint venture.

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

	Three months ended September 30,		Nine months ended September 30,	
	2019	2018	2019	2018
Fee:				
Management and marketing	$ 567	$ 571	$ 1,696	$ 1,704
Leasing and other fees	32	12	71	122
Expense reimbursements from unconsolidated joint ventures	757	656	2,176	1,754
Total Fees	$ 1,356	$ 1,239	$ 3,943	$ 3,580

Expense reimbursements from unconsolidated joint ventures were previously included in expense reimbursements in our September 30, 2018 Form 10-Q. As these revenues are not related to leases, the 2018 amounts have been reclassified to management, leasing and other services on the consolidated statements of operations to conform to the current year presentation. See Note 17 for discussion of adoption of Accounting Standards Codification Topic 842 "Leases".

Our investments in real estate joint ventures are reduced by the percentage of the profits earned for leasing and development services associated with our ownership interest in each joint venture. Our carrying value of investments in unconsolidated joint ventures differs from our share of the assets reported in the "Summary Balance Sheets - Unconsolidated Joint Ventures" shown below due to adjustments to the book basis, including intercompany profits on sales of services that are capitalized by the unconsolidated joint ventures. The differences in basis (totaling $3.9 million and $4.1 million as of September 30, 2019 and December 31, 2018, respectively) are amortized over the various useful lives of the related assets.

RioCan Canada

In May 2019, the RioCan joint venture closed on the sale of its outlet center in Bromont, for net proceeds of approximately $6.4 million. Our share of the proceeds was approximately $3.2 million. As a result of this transaction, we recorded a foreign currency loss of approximately $3.6 million in other income (expense), which had been previously recorded in other comprehensive income.

Columbus

In October 2019, the joint venture exercised its option to extend the mortgage loan for one year to November 2020 under the same terms. The mortgage loan has one remaining one-year extension option.

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

Condensed Combined Balance Sheets - Unconsolidated Joint Ventures	September 30, 2019	December 31, 2018
Assets		
Land	$ 90,145	$ 91,443
Buildings, improvements and fixtures	472,794	469,834
Construction in progress	4,914	2,841
	567,853	564,118
Accumulated depreciation	(126,858)	(113,713)
Total rental property, net	440,995	450,405
Cash and cash equivalents	16,423	16,216
Deferred lease costs and other intangibles, net	7,158	8,437
Prepaids and other assets	18,865	25,648
Total assets	$ 483,441	$ 500,706
Liabilities and Owners' Equity		
Mortgages payable, net	$ 367,927	$ 367,865
Accounts payable and other liabilities	14,789	13,414
Total liabilities	382,716	381,279
Owners' equity	100,725	119,427
Total liabilities and owners' equity	$ 483,441	$ 500,706

Condensed Combined Statements of Operations - Unconsolidated Joint Ventures	Three months ended September 30, 2019	Three months ended September 30, 2018	Nine months ended September 30, 2019	Nine months ended September 30, 2018
Revenues	$ 23,050	$ 23,538	$ 70,088	$ 70,940
Expenses:				
Property operating	8,380	9,147	27,780	28,032
General and administrative	19	49	171	301
Depreciation and amortization	6,051	6,860	18,478	19,768
Total expenses	14,450	16,056	46,429	48,101
Other income (expense):				
Interest expense	(4,059)	(3,810)	(12,331)	(10,275)
Other income	179	68	305	175
Total other income (expense)	(3,880)	(3,742)	$ (12,026)	$ (10,100)
Net income	$ 4,720	$ 3,740	$ 11,633	$ 12,739
The Company and Operating Partnership's share of:				
Net income	$ 2,329	$ 1,833	$ 5,604	$ 6,233
Depreciation and amortization (real estate related)	$ 3,058	$ 3,466	$ 9,453	$ 10,020

5. Debt Guaranteed by the Company

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

The Company guarantees the Operating Partnership’s obligations with respect to its unsecured lines of credit which have a total borrowing capacity of $600.0 million. The Company also guarantees the Operating Partnership’s unsecured term loan.

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

	As of	
	September 30, 2019	December 31, 2018
Unsecured lines of credit	$ 4,100	$ 145,100
Unsecured term loan	$ 350,000	$ 350,000

6. Debt of the Operating Partnership

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

			As of September 30, 2019		As of December 31, 2018	
	Stated Interest Rate(s)	Maturity Date	Principal	Book Value(1)	Principal	Book Value(1)
Senior, unsecured notes:						
Senior notes	3.875%	December 2023	$ 250,000	$ 247,145	$ 250,000	$ 246,664
Senior notes	3.750%	December 2024	250,000	248,035	250,000	247,765
Senior notes	3.125%	September 2026	350,000	346,079	350,000	345,669
Senior notes	3.875%	July 2027	300,000	296,856	300,000	296,565
Mortgages payable:						
Atlantic City (2)(3)	5.14% - 7.65%	November 2021-December 2026	31,769	33,491	34,279	36,298
Southaven	LIBOR + 1.80%	April 2021	51,400	51,247	51,400	51,173
Unsecured term loan	LIBOR + 0.90%	April 2024	350,000	347,253	350,000	346,799
Unsecured lines of credit	LIBOR + 0.875%	October 2021	4,100	1,817	145,100	141,985
			$ 1,587,269	$ 1,571,923	$ 1,730,779	$ 1,712,918

(1) Including premiums and net of debt discount and debt origination costs.
(2) The effective interest rate assigned during the purchase price allocation to the Atlantic City mortgages assumed during the acquisition in 2011 was 5.05%.
(3) Principal and interest due monthly with remaining principal due at maturity.

Certain of our properties, which had a net book value of approximately $174.5 million at September 30, 2019, serve as collateral for mortgages payable. We maintain 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. The syndicated line may be increased up to $1.2 billion through an accordion feature in certain circumstances. As of September 30, 2019, letters of credit totaling approximately $170,000 were issued under the lines of credit.

We provide guarantees to lenders for our joint ventures which include standard non-recourse carve out indemnifications for losses arising from items such as but not limited to fraud, physical waste, payment of taxes, environmental indemnities, misapplication of insurance proceeds or security deposits and failure to maintain required insurance. For construction and term loans, we may include a guaranty of completion as well as a principal guaranty ranging from 5% to 100% of principal. The principal guarantees include terms for release or reduction based upon satisfactory completion of construction and performance targets including occupancy thresholds and minimum debt service coverage tests. As of September 30, 2019, the maximum amount of unconsolidated joint venture debt guaranteed by the Company was $19.4 million.

The unsecured lines of credit and senior unsecured notes include covenants that require the maintenance of certain ratios, including debt service coverage and leverage, and limit the payment of dividends such that dividends and distributions will not exceed funds from operations, as defined in the agreements, for the prior fiscal year on an annual basis or 95% of funds from operations on a cumulative basis. As of September 30, 2019, we believe we were in compliance with all of our debt covenants.

Debt Maturities

Maturities of the existing long-term debt as of September 30, 2019 for the next five years and thereafter are as follows (in thousands):

Calendar Year	Amount
For the remainder of 2019	$ 860
2020	3,566
2021	61,293
2022	4,436
2023	254,768
Thereafter	1,262,346
Subtotal	1,587,269
Net discount and debt origination costs	(15,346)
Total	$ 1,571,923

7. Derivative Financial Instruments

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

Effective Date	Maturity Date	Notional Amount	Bank Pay Rate	Company Fixed Pay Rate	Fair Value September 30, 2019	Fair Value December 31, 2018
Assets (Liabilities)[1]:						
April 13, 2016	January 1, 2021	175,000	1 month LIBOR	1.03%	$ 1,203	$ 4,948
March 1, 2018	January 31, 2021	40,000	1 month LIBOR	2.47%	(480)	(6)
August 14, 2018	January 1, 2021	150,000	1 month LIBOR	2.20%	(1,166)	807
July 1, 2019	February 1, 2024	25,000	1 month LIBOR	1.75%	(384)	—
Total		$ 390,000			$ (827)	$ 5,749

(1) Asset balances are recorded in prepaids and other assets on the consolidated balance sheets and liabilities are recorded in other liabilities on the consolidated balance sheets.

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

Changes in the fair value of derivatives designated and qualifying as cash flow hedges is recorded in accumulated other comprehensive loss and subsequently reclassified into earnings in the period that the hedged forecasted transaction affects earnings.

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

	Three months ended September 30, 2019	Three months ended September 30, 2018	Nine months ended September 30, 2019	Nine months ended September 30, 2018
Interest Rate Swaps:				
Amount of gain (loss) recognized in Other comprehensive income (loss) on derivative	$ (1,011)	$ 512	$ (6,576)	$ 4,095

8. Fair Value Measurements

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

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

Fair Value Measurements on a Recurring Basis

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

		Level 1	Level 2	Level 3
	Total	Quoted Prices in Active Markets for Identical Assets or Liabilities	Significant Observable Inputs	Significant Unobservable Inputs
Fair value as of September 30, 2019:				
Asset:				
Interest rate swaps (prepaids and other assets)	$ 1,203	$ —	$ 1,203	$ —
Total assets	$ 1,203	$ —	$ 1,203	$ —
Liabilities:				
Interest rate swaps (other liabilities)	$ 2,030	$ —	$ 2,030	$ —
Total liabilities	$ 2,030	$ —	$ 2,030	$ —

		Level 1	Level 2	Level 3
	Total	Quoted Prices in Active Markets for Identical Assets or Liabilities	Significant Observable Inputs	Significant Unobservable Inputs
Fair value as of December 31, 2018:				
Asset:				
Interest rate swaps (prepaids and other assets)	$ 5,755	$ —	$ 5,755	$ —
Total assets	$ 5,755	$ —	$ 5,755	$ —
Liabilities:				
Interest rate swaps (other liabilities)	$ 6	$ —	$ 6	$ —
Total liabilities	$ 6	$ —	$ 6	$ —

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

Fair Value Measurements on a Nonrecurring Basis

The following table sets forth our assets that are measured at fair value on a nonrecurring basis within the fair value hierarchy (in thousands):

	Total	Level 1 Quoted Prices in Active Markets for Identical Assets or Liabilities	Level 2 Significant Observable Inputs	Level 3 Significant Unobservable Inputs
Fair value as of September 30, 2018:				
Asset:				
Long-lived assets	$ 50,000	$ —	$ —	$ 50,000

During the third quarter 2018, we recorded a $49.7 million impairment charge in our consolidated statement of operations which equaled the excess of the carrying value of our Jeffersonville outlet center over its estimated fair value. The estimated fair value was based on the income approach. The income approach involves discounting the estimated income stream and reversion (presumed sale) value of a property over an estimated holding period to a present value at a risk-adjusted rate. Discount rates and terminal capitalization rates utilized in this approach were derived from property-specific information, market transactions and other financial and industry data. The terminal capitalization rate and discount rate are significant unobservable inputs in determining the fair value. The terminal capitalization rate used in the calculation was 10% and the discount rate used was 10%. These inputs are classified under Level 3 in the fair value hierarchy above. Should the significant assumptions utilized above to determine fair value continue to deteriorate, additional impairments in the future could be possible.

Other Fair Value Disclosures

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

	September 30, 2019	December 31, 2018
Level 1 Quoted Prices in Active Markets for Identical Assets or Liabilities	$ —	$ —
Level 2 Significant Observable Inputs	1,166,981	1,085,138
Level 3 Significant Unobservable Inputs	439,426	583,337
Total fair value of debt	$ 1,606,407	$ 1,668,475
Recorded value of debt	$ 1,571,923	$ 1,712,918

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

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

9. Shareholders' Equity of the Company

Share Repurchase Program

In February 2019, the Company's Board of Directors authorized the repurchase of an additional $44.3 million of our outstanding common shares for an aggregate authorization of $169.3 million until May 2021. Repurchases may be made from time to time through open market, privately-negotiated, structured or derivative transactions (including accelerated share repurchase transactions), or other methods of acquiring shares. The Company intends to structure open market purchases to occur within pricing and volume requirements of Rule 10b-18. The Company may, from time to time, enter into Rule 10b5-1 plans to facilitate the repurchase of its shares under this authorization.

Shares repurchased are as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2019	2018	2019	2018
Total number of shares purchased	650,929	—	1,209,328	919,249
Average price paid per share	$ 15.34	$ —	$ 16.52	$ 21.74
Total price paid exclusive of commissions and related fees (in thousands)	$ 9,987	$ —	$ 19,976	$ 19,980

The remaining amount authorized to be repurchased under the program as of September 30, 2019 was approximately $80.0 million.

10. Partners' Equity of the Operating Partnership

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

The following table sets forth the changes in outstanding partnership units for the three and nine months ended September 30, 2019 and September 30, 2018:

	General Partnership Units	Limited Partnership Units		
		Class A	Class B	Total
Balance December 31, 2017	1,000,000	4,995,433	93,560,536	98,555,969
Grant of restricted common share awards by the Company, net of forfeitures	—	—	355,184	355,184
Repurchase of units	—	—	(919,249)	(919,249)
Units withheld for employee income taxes	—	—	(89,437)	(89,437)
Balance September 30, 2018 [(1)]	1,000,000	4,995,433	92,907,034	97,902,467
Balance June 30, 2019	1,000,000	4,960,684	92,544,267	97,504,951
Repurchase of units	—	—	(650,929)	(650,929)
Balance September 30, 2019	1,000,000	4,960,684	91,893,338	96,854,022
Balance December 31, 2018	1,000,000	4,960,684	92,941,783	97,902,467
Grant of restricted common share awards by the Company, net of forfeitures	—	—	242,167	242,167
Repurchase of units	—	—	(1,209,328)	(1,209,328)
Units withheld for employee income taxes	—	—	(81,284)	(81,284)
Balance September 30, 2019	1,000,000	4,960,684	91,893,338	96,854,022

(1) There was no activity in outstanding partnership units for the three months ended September 30, 2018.

11. Earnings Per Share of the Company

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

	Three months ended September 30,		Nine months ended September 30,	
	2019	2018	2019	2018
Numerator:				
Net income (loss) attributable to Tanger Factory Outlet Centers, Inc.	$ 23,546	$ (21,859)	$ 99,604	$ 23,948
Less allocation of earnings to participating securities	(305)	(313)	(1,030)	(889)
Net income (loss) available to common shareholders of Tanger Factory Outlet Centers, Inc.	$ 23,241	$ (22,172)	$ 98,574	$ 23,059
Denominator:				
Basic weighted average common shares	92,514	93,109	92,999	93,349
Diluted weighted average common shares	92,514	93,109	92,999	93,349
Basic earnings per common share:				
Net income (loss)	$ 0.25	$ (0.24)	$ 1.06	$ 0.25
Diluted earnings per common share:				
Net income (loss)	$ 0.25	$ (0.24)	$ 1.06	$ 0.25

We determine diluted earnings per share based on the weighted average number of common shares outstanding combined with the incremental weighted average shares that would have been outstanding assuming all potentially dilutive securities were converted into common shares at the earliest date possible. There were no securities which had a dilutive effect on earnings per common share for the three and nine months ended September 30, 2019 and 2018.

Notional units granted under our equity compensation plan are considered contingently issuable common shares and are included in earnings per share if the effect is dilutive using the treasury stock method and the common shares would be issuable if the end of the reporting period were the end of the contingency period. For both the three and nine months ended September 30, 2019, approximately 1.1 million notional units were excluded from the computation and for both the three and nine months ended September 30, 2018 approximately 1.0 million notional units were excluded from the computation because these notional units either would not have been issuable if the end of the reporting period were the end of the contingency period or as they were anti-dilutive.

With respect to outstanding options, the effect of dilutive common shares is determined using the treasury stock method, whereby outstanding options are assumed exercised at the beginning of the reporting period and the exercise proceeds from such options and the average measured but unrecognized compensation cost during the period are assumed to be used to repurchase our common shares at the average market price during the period. For both the three and nine months ended September 30, 2019, 524,000 options were excluded from the computation, and for both the three and nine months ended September 30, 2018, approximately 547,000 options were excluded from the computation as they were anti-dilutive.

The assumed exchange of the partnership units held by the Non-Company LPs as of the beginning of the year, which would result in the elimination of earnings allocated to the noncontrolling interest in the Operating Partnership, would have no impact on earnings per share since the allocation of earnings to a common limited partnership unit, as if exchanged, is equivalent to earnings allocated to a common share.

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

12. Earnings Per Unit of the Operating Partnership

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

	Three months ended September 30,		Nine months ended September 30,	
	2019	2018	2019	2018
Numerator:				
Net income (loss) attributable to partners of the Operating Partnership	$ 24,809	$ (23,031)	$ 104,912	$ 25,222
Less allocation of earnings to participating securities	(305)	(313)	(1,030)	(889)
Net income available to common unitholders of the Operating Partnership	$ 24,504	$ (23,344)	$ 103,882	$ 24,333
Denominator:				
Basic weighted average common units	97,474	98,104	97,959	98,344
Diluted weighted average common units	97,474	98,104	97,959	98,344
Basic earnings per common unit:				
Net income (loss)	$ 0.25	$ (0.24)	$ 1.06	$ 0.25
Diluted earnings per common unit:				
Net income (loss)	$ 0.25	$ (0.24)	$ 1.06	$ 0.25

We determine diluted earnings per unit based on the weighted average number of common units outstanding combined with the incremental weighted average units that would have been outstanding assuming all potentially dilutive securities were converted into common units at the earliest date possible. There were no securities which had a dilutive effect on earnings per common unit for the three and nine months ended September 30, 2019 and 2018.

Notional units granted under our equity compensation plan are considered contingently issuable common units and are included in earnings per unit if the effect is dilutive using the treasury stock method and the common units would be issuable if the end of the reporting period were the end of the contingency period. For both the three and nine months ended September 30, 2019, approximately 1.1 million notional units were excluded from the computation and for both the three and nine months ended September 30, 2018 approximately 1.0 million notional units were excluded from the computation because these notional units either would not have been issuable if the end of the reporting period were the end of the contingency period or as they were anti-dilutive.

With respect to outstanding options, the effect of dilutive common units is determined using the treasury stock method, whereby outstanding options are assumed exercised at the beginning of the reporting period and the exercise proceeds from such options and the average measured but unrecognized compensation cost during the period are assumed to be used to repurchase our common units at the average market price during the period. The market price of a common unit is considered to be equivalent to the market price of a Company common share. For both the three and nine months ended September 30, 2019, approximately 524,000 options were excluded from the computation, and for the three and nine months ended September 30, 2018, approximately 547,000 options were excluded from the computation as they were anti-dilutive.

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

13. Equity-Based Compensation of the Company

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

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

	Three months ended September 30,		Nine months ended September 30,	
	2019	2018	2019	2018
Restricted common shares [(1)]	$ 2,084	$ 2,275	$ 9,224	$ 7,359
Notional unit performance awards [(1)]	1,446	1,040	5,021	3,141
Options	45	92	126	314
Total equity-based compensation	$ 3,575	$ 3,407	$ 14,371	$ 10,814

(1) Includes the accelerated recognition of compensation cost related to the planned retirement of an executive officer.

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

	Three months ended September 30,		Nine months ended September 30,	
	2019	2018	2019	2018
Equity-based compensation expense capitalized	$ 94	$ 652	$ 286	$ 840

Restricted Common Share and Restricted Share Unit Awards

During February 2019, the Company granted approximately 309,000 restricted common shares and restricted share units to the Company's non-employee directors and the Company's senior executive officers. The grant date fair value of the awards ranged from $19.01 to $21.73 per share. The non-employee directors' restricted common shares vest ratably over a three year period and the senior executive officers' restricted shares (other than our Chief Executive Officer's) vest ratably over a three or five year period. Our Chief Executive Officer's restricted shares vest on the first anniversary of the grant date and his restricted share units vest in two equal installments on the second and third anniversaries of the grant date. For the restricted shares and units issued to our Chief Executive Officer, the award agreements require him to hold shares or units issued to him for a minimum of three years following vesting or the share issuance date, as applicable. Compensation expense related to the amortization of the deferred compensation is being recognized in accordance with the vesting schedule of the restricted shares.

For certain shares that vest during the period, we withhold shares with value equivalent up to the employees' maximum statutory obligation for the applicable income and other employment taxes, and remit cash to the appropriate taxing authorities. The total number of shares withheld upon vesting were approximately 81,000 and 89,000 for the nine months ended September 30, 2019 and 2018, respectively. The total number of shares withheld was based on the value of the restricted common shares on the vesting date as determined by our closing share price on the day prior to the vesting date. Total amounts paid for the employees' tax obligation to taxing authorities were $1.8 million for the nine months ended September 30, 2019 and $2.1 million for the nine months ended September 30, 2018. These amounts are reflected as financing activities within the consolidated statements of cash flows.

2019 Outperformance Plan

In February 2019, the Compensation Committee of the Company approved the general terms of the Tanger Factory Outlet Centers, Inc. 2019 Outperformance Plan (the "2019 OPP"). The 2019 OPP is a long-term incentive compensation plan. Recipients may earn units which may convert into restricted common shares of the Company based on the Company's absolute share price appreciation (or absolute total shareholder return) and its share price appreciation relative to its peer group (or relative total shareholder return) over a three-year measurement period. Any shares earned at the end of the three-year measurement period are subject to a time-based vesting schedule, with 50% of the shares vesting immediately following the measurement period, and the remaining 50% vesting one year thereafter, contingent upon continued employment with the Company through the vesting date (unless terminated prior thereto (a) by the Company without cause, (b) by participant for good reason or, with respect to our Chief Executive Officer, retirement or (c) due to death or disability).

The following table sets forth 2019 OPP performance targets and other relevant information about the 2019 OPP:

Performance targets [1]	
Absolute portion of award:	
Percent of total award	33.3%
Absolute total shareholder return range	19.1% - 29.5%
Percentage of units to be earned	20% - 100%
Relative portion of award:	
Percent of total award	66.7%
Percentile rank of peer group range [2]	30th - 80th
Percentage of units to be earned	20% - 100%
Maximum number of restricted common shares that may be earned	531,827
Grant date fair value per share	$ 12.09

(1) The number of restricted common shares received under the 2019 OPP will be determined on a pro-rata basis by linear interpolation between total shareholder return thresholds, both for absolute total shareholder return and for relative total shareholder return amongst the Company's peer group.

(2) The peer group is based on companies included in the FTSE NAREIT Retail Index.

The fair values of the 2019 OPP awards granted during the nine months ended September 30, 2019 were determined at the grant dates using a Monte Carlo simulation pricing model and the following assumptions:

Risk free interest rate [1]	2.6%
Expected dividend yield [2]	5.3%
Expected volatility [3]	24%

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

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

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

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

The following table presents changes in the balances of each component of accumulated comprehensive income (loss) for the three and nine months ended September 30, 2019 (in thousands):

	Tanger Factory Outlet Centers, Inc. Accumulated Other Comprehensive Income (Loss)			Noncontrolling Interest in Operating Partnership Accumulated Other Comprehensive Income (Loss)		
	Foreign Currency	Cash flow hedges	Total	Foreign Currency	Cash flow hedges	Total
Balance June 30, 2019	$ (25,591)	$ 176	$ (25,415)	$ (1,397)	$ 8	$ (1,389)
Other comprehensive income (loss) before reclassifications	(998)	(447)	(1,445)	(53)	(25)	(78)
Reclassification out of accumulated other comprehensive income (loss) into other income (expense) for interest expense for cash flow hedges	—	(512)	(512)	—	(27)	(27)
Balance September 30, 2019	$ (26,589)	$ (783)	$ (27,372)	$ (1,450)	$ (44)	$ (1,494)

	Tanger Factory Outlet Centers, Inc. Accumulated Other Comprehensive Income (Loss)			Noncontrolling Interest in Operating Partnership Accumulated Other Comprehensive Income (Loss)		
	Foreign Currency	Cash flow hedges	Total	Foreign Currency	Cash flow hedges	Total
Balance December 31, 2018	$ (32,610)	$ 5,459	$ (27,151)	$ (1,770)	$ 290	$ (1,480)
Other comprehensive income (loss) before reclassifications	2,567	(4,296)	(1,729)	136	(230)	(94)
Reclassification out of accumulated other comprehensive income (loss) into other income (expense) for foreign currency and interest expense for cash flow hedges	3,454	(1,946)	1,508	184	(104)	80
Balance September 30, 2019	$ (26,589)	$ (783)	$ (27,372)	$ (1,450)	$ (44)	$ (1,494)

The following table presents changes in the balances of each component of accumulated comprehensive income (loss) for the three and nine months ended September 30, 2018 (in thousands):

	Tanger Factory Outlet Centers, Inc. Accumulated Other Comprehensive Income (Loss)			Noncontrolling Interest in Operating Partnership Accumulated Other Comprehensive Income (Loss)		
	Foreign Currency	Cash flow hedges	Total	Foreign Currency	Cash flow hedges	Total
Balance June 30, 2018	$ (29,198)	$ 8,476	$ (20,722)	$ (1,588)	$ 451	$ (1,137)
Other comprehensive income (loss) before reclassifications	1,823	1,013	2,836	98	54	152
Reclassification out of accumulated other comprehensive income (loss) into interest expense	—	(527)	(527)	—	(28)	(28)
Balance September 30, 2018	$ (27,375)	$ 8,962	$ (18,413)	$ (1,490)	$ 477	$ (1,013)

	Tanger Factory Outlet Centers, Inc. Accumulated Other Comprehensive Income (Loss)			Noncontrolling Interest in Operating Partnership Accumulated Other Comprehensive Income (Loss)		
	Foreign Currency	Cash flow hedges	Total	Foreign Currency	Cash flow hedges	Total
Balance December 31, 2017	$ (24,360)	$ 5,075	$ (19,285)	$ (1,329)	$ 269	$ (1,060)
Other comprehensive income (loss) before reclassifications	(3,015)	5,267	2,252	(161)	282	121
Reclassification out of accumulated other comprehensive income (loss) into interest expense	—	(1,380)	(1,380)	—	(74)	(74)
Balance September 30, 2018	$ (27,375)	$ 8,962	$ (18,413)	$ (1,490)	$ 477	$ (1,013)

We expect within the next twelve months to reclassify into earnings as an increase to interest expense approximately $198,000 of the amounts recorded within accumulated other comprehensive income related to the interest rate swap agreements in effect as of September 30, 2019.

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

The following table presents changes in the balances of each component of accumulated comprehensive income (loss) for the three and nine months ended September 30, 2019 (in thousands):

	Foreign Currency	Cash flow hedges	Accumulated Other Comprehensive Income (Loss)
Balance June 30, 2019	$ (26,988)	$ 184	$ (26,804)
Other comprehensive income (loss) before reclassifications	(1,051)	(472)	(1,523)
Reclassification out of accumulated other comprehensive income (loss) into other income (expense) for foreign currency and interest expense for cash flow hedges	—	(539)	(539)
Balance September 30, 2019	$ (28,039)	$ (827)	$ (28,866)

	Foreign Currency	Cash flow hedges	Accumulated Other Comprehensive Income (Loss)
Balance December 31, 2018	$ (34,380)	$ 5,749	$ (28,631)
Other comprehensive income (loss) before reclassifications	2,703	(4,526)	(1,823)
Reclassification out of accumulated other comprehensive income (loss) into other income (expense) for foreign currency and interest expense for cash flow hedges	3,638	(2,050)	1,588
Balance September 30, 2019	$ (28,039)	$ (827)	$ (28,866)

The following table presents changes in the balances of each component of accumulated comprehensive income (loss) for the three and nine months ended September 30, 2018 (in thousands):

	Foreign Currency	Cash flow hedges	Accumulated Other Comprehensive Income (Loss)
Balance June 30, 2018	$ (30,786)	$ 8,927	$ (21,859)
Other comprehensive income (loss) before reclassifications	1,921	1,067	2,988
Reclassification out of accumulated other comprehensive income (loss) into interest expense	—	(555)	(555)
Balance September 30, 2018	$ (28,865)	$ 9,439	$ (19,426)

	Foreign Currency	Cash flow hedges	Accumulated Other Comprehensive Income (Loss)
Balance December 31, 2017	$ (25,689)	$ 5,344	$ (20,345)
Other comprehensive income (loss) before reclassifications	(3,176)	5,549	2,373
Reclassification out of accumulated other comprehensive income (loss) into interest expense	—	(1,454)	(1,454)
Balance September 30, 2018	$ (28,865)	$ 9,439	$ (19,426)

We expect within the next twelve months to reclassify into earnings as a increase to interest expense approximately $198,000 of the amounts recorded within accumulated other comprehensive income related to the interest rate swap agreements in effect as of September 30, 2019.

16. Supplemental Cash Flow Information

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

	As of September 30, 2019	As of September 30, 2018
Costs relating to construction included in accounts payable and accrued expenses	$ 18,417	$ 14,307

Interest paid, net of interest capitalized was as follows (in thousands):

	Nine months ended September 30, 2019	Nine months ended September 30, 2018
Interest paid	$ 44,231	$ 46,154

Information related to non-cash assets and liabilities recorded as a result of the adoption of Accounting Standards Codification Topic 842 “Leases” (“ASC 842”) as of September 30, 2019 was as follows (in thousands):

	September 30, 2019
Non-Cash operating lease right-of-use assets exchanged for operating lease liabilities	$ 87,679
Non-Cash operating lease liabilities exchanged for operating right-of-use assets	$ 92,354

The difference between the recorded operating lease liabilities and operating right-of-use assets represents the accrued straight-line rent liability of $5.0 million and our prepaid rent balances of $307,000 previously recognized under Accounting Standards Codification Topic 840 “Leases” (“ASC 840”) that were reclassified to the operating leases right-of use assets under ASC 842.

17. Leases

On January 1, 2019, we adopted ASC 842, which supersedes ASC 840. We adopted ASC 842 using the modified retrospective approach, whereby there was no cumulative effect adjustments to retained earnings on adoption and prior periods were not restated. Accordingly, our leases and lease related costs, as both lessee and lessor, and lease related receivables, as lessor, are presented under ASC 842 as of and for the three and nine months ended September 30, 2019 and under ASC 840 as of December 31, 2018 and for the three and nine months ended September 30, 2018.

As a lessor, substantially all of our revenues are earned from arrangements that are within the scope of ASC 842. We utilized the practical expedient in ASU 2018-11 to account for lease and non-lease components as a single component which resulted in all of our revenues associated with leases being recorded as rental revenues in the consolidated statements of operations. As a result of the adoption of ASC 842, the amounts disclosed in our 2018 third quarter 10-Q as base rentals, percentage rentals and expense reimbursements have now been combined into rental revenues on the consolidated statements of operations to conform to the current year presentation. In addition, certain amounts previously included in expense reimbursements in our 2018 third quarter 10-Q, which are not related to leases have been reclassified to management, leasing and other services and other revenues on the consolidated statements of operations to conform to the current year presentation. See Note 4 for additional details on the amounts reclassified to management, leasing and other services.

ASC 842 requires certain other accounting changes effective January 1, 2019 where prior year amounts are not reclassified or restated. Uncollectible tenant revenues previously recorded in general and administrative expense are recorded in rental revenues as a contra-revenue account in 2019. As a result of combining all components of a lease, all fixed contractual payments, including consideration received from certain executory costs, are now recognized on a straight line basis. For the three and nine months ended September 30, 2019, we recorded a straight-line rent adjustment of $1.6 million and $4.9 million, respectively, in rental revenues in our consolidated statements of operations to record revenues from executory costs on a straight-line basis. In addition, direct internal leasing costs are capitalized, however, indirect internal leasing costs previously capitalized are now expensed. We only capitalize the portion of these types of costs incurred that are a direct result of an executed lease. For the three and nine months ended September 30, 2019, lease costs of approximately $1.3 million and $3.5 million, respectively, were expensed which would have been capitalized under ASC 840.

As a lessee, the new standard also provides a number of optional provisions, known as practical expedients, which companies may elect to adopt to facilitate implementation. We elected the package of practical expedients which, among other items, precludes us from needing to reassess (1) whether any expired or existing contracts are or contain leases, (2) the lease classification of any expired or existing leases, and (3) initial direct costs for any existing leases.

Information as Lessor Under ASC 842

As of September 30, 2019, we were the lessor to over 2,300 stores in our 32 consolidated outlet centers, under operating leases with initial terms that expire from 2019 to 2035, with certain agreements containing extension options. We also have certain agreements which require tenants to pay their portion of reimbursable expenses such as common area expenses, utilities, insurance and real estate taxes.

For the three and nine months ended September 30, 2019, the components of rental revenues are as follows (in thousands):

	Three months ended	Nine months ended
	September 30, 2019	
Rental revenues - fixed	$ 89,055	$ 272,482
Rental revenues - variable [1]	25,995	74,907
Rental revenues	$ 115,050	$ 347,389

(1) Primarily includes rents based on a percentage of tenant sales volume and reimbursable expenses such as common area expenses, utilities, insurance and real estate taxes.

Future minimum lease receipts under non-cancelable operating leases as of September 30, 2019, excluding the effect of straight-line rent and variable rentals, are as follows (in thousands):

For the remainder of 2019	$ 80,828
2020	316,491
2021	281,120
2022	246,176
2023	212,194
2024	177,230
Thereafter	343,428
	$ 1,657,467

Information as Lessor Under ASC 840

As of December 31, 2018, we were the lessor to over 2,600 stores in our 36 consolidated outlet centers, under operating leases with initial terms that expire from 2019 to 2033. The majority of our leases contain provisions which provide additional rents based on tenants' sales volume. Percentage rentals are recognized when specified targets that trigger the contingent rent are met.

Future minimum lease receipts under non-cancelable operating leases as of December 31, 2018, excluding the effect of straight-line rent and variable rentals, are as follows (in thousands):

2019	$ 285,343
2020	265,361
2021	229,553
2022	195,808
2023	164,845
Thereafter	364,844
	$ 1,505,754

Information as Lessee Under ASC 842

Adoption of the new standard resulted in the recording of operating lease right-of-use assets and operating lease liabilities, of $90.4 million and $95.1 million, respectively, as of January 1, 2019 equal to the present value of the minimum lease payments required under each lease. The difference between the recorded operating lease liability and operating right-of-use assets represents the accrued straight-line rent liability and our prepaid rent balances previously recognized under ASC 840. In March 2019, we sold our Ocean City outlet center, which had an operating lease right-of-use asset and operating lease liability of approximately $2.5 million.

Our non-cancelable operating leases, with terms in excess of one year, have terms, including certain extension options, that expire from 2028 to 2101. Certain extension options, which are reasonably certain at inception, are used in the calculation of our operating lease right-of-use assets based on the economic life of the asset. Leases with an initial term of 12 months or less (short-term leases) are not recorded on the balance sheet; we recognize lease expense for these leases on a straight-line basis over the lease term. The majority of our operating lease expense is related to ground leases at the following outlet centers: Myrtle Beach Hwy 17, Atlantic City, Sevierville, Riverhead, Foxwoods and Rehoboth Beach and the lease of our corporate office in Greensboro, North Carolina.

For the three and nine months ended September 30, 2019, the components of lease costs are as follows (in thousands):

	Three months ended September 30, 2019	Nine months ended September 30, 2019
Operating lease costs	$ 1,372	$ 4,148
Short-term lease costs	563	1,726
Variable lease costs [(1)]	50	180
Total lease costs	$ 1,985	$ 6,054

(1) Our variable lease costs relate to our ground leases where increases in payments are based on center financial performance.

The discount rate applied to measure each operating lease right-of-use asset and operating lease liability is based on our incremental borrowing rate ("IBR"). We consider the general economic environment and our credit rating and factor in various financing and asset specific adjustments to ensure the IBR is appropriate based on the intended use of the underlying lease. The lease term and discount rates are as follows:

	September 30, 2019
Weighted - average remaining lease term (years)	50
Weighted - average discount rate	5.0 %

Cash flow information related to leases for the nine months ended September 30, 2019 (in thousands):

		September 30, 2019
Operating cash outflows related to operating leases	$	4,006

Maturities of lease liabilities as of September 30, 2019 for the next five years and thereafter are as follows (in thousands):

For the remainder of 2019	$	1,564
2020		5,568
2021		5,613
2022		5,669
2023		5,709
2024		5,765
Thereafter		226,837
Total lease payments	$	256,725
Less imputed interest		165,042
Present value of lease liabilities	$	91,683

Information as Lessee Under ASC 840

As of December 31, 2018, our non-cancelable operating leases have terms, including certain extension options, that expire from 2019 to 2101. Rental payments for these leases totaled approximately $1.8 million and $5.4 million, respectively for the three and nine months ended September 30, 2018. As of December 31, 2018, the majority of our rental payments are related to ground leases at the following outlet centers: Myrtle Beach Hwy 17, Atlantic City, Ocean City, Sevierville, Riverhead, Foxwoods and Rehoboth Beach and the lease of our corporate office in Greensboro, North Carolina. The contingent portion of our ground lease payments is based on center performance and/or changes in an index.

For operating leases as of December 31, 2018, minimum lease payments for the next five years and thereafter are as follows (in thousands):

2019	$	7,526
2020		7,311
2021		7,140
2022		7,127
2023		7,167
Thereafter		258,438
Total minimum payment	$	294,709

18. New Accounting Pronouncements

Recently adopted accounting standards (other than ASC 842 Leases)

In October 2018, the FASB issued Accounting Standards Update ("ASU") 2018-16, Inclusion of the Secured Overnight Financing Rate ("SOFR") Overnight Index Swap ("OIS") Rate as a Benchmark Interest Rate for Hedge Accounting Purposes to Accounting Standards Codification 815. ASU 2018-16 expands the list of U.S. benchmark interest rates permitted in the application of hedge accounting by adding the OIS rate based on SOFR as an eligible benchmark interest rate. The mandatory effective date for calendar year-end public companies was January 1, 2019. The adoption of ASU 2018-16 as of January 1, 2019 did not have a material impact on our consolidated financial statements.

In June 2018, the FASB issued ASU 2018-07, Improvements to Nonemployee Share-Based Payment Accounting. ASU 2018-07 amends prior employee share-based payment guidance to include nonemployee share-based payment transactions for acquiring services or property. This ASU now aligns the determination of the measurement date, the accounting for performance conditions, and the accounting for share-based payments after vesting in addition to other items. The provisions of ASU 2018-07 were effective for us as of January 1, 2019 using a modified transition method upon adoption, and early adoption was permitted. The adoption of ASU 2018-07 as of January 1, 2019 did not have a material impact on our consolidated financial statements.

In August 2017, the FASB issued ASU 2017-12, Derivatives and Hedging (Topic 815), Targeted Improvements to Accounting for Hedging Activities. The new guidance made more financial and nonfinancial hedging strategies eligible for hedge accounting. It also amended the presentation and disclosure requirements and changed how companies assess effectiveness. It is intended to more closely align hedge accounting with companies' risk management strategies, simplify the application of hedge accounting, and increase transparency as to the scope and results of hedging programs. The adoption of ASU 2017-12 as of January 1, 2019 did not have a material impact on our consolidated financial statements.

Recently issued accounting standards to be adopted

In August 2018, the FASB issued ASU 2018-13, Fair Value Measurement (Topic 820): Disclosure Framework - Changes to the Disclosure Requirements for Fair Value Measurement. ASU 2018-13 is intended to improve the effectiveness of disclosures required by entities regarding recurring and nonrecurring fair value measurements. ASU 2018-13 is effective for reporting periods beginning after December 15, 2019, with early adoption permitted. The adoption of ASU 2018-13 will not have a material impact on our consolidated financial statements.

In June 2016, the FASB issued ASU No. 2016-13 to amend the accounting for credit losses for certain financial instruments. Under the new guidance, an entity recognizes its estimate of expected credit losses as an allowance, which the FASB believes will result in more timely recognition of such losses. In November 2018, the FASB released ASU No. 2018-19 "Codification Improvements to Topic 326, Financial Instruments - Credit Losses." This ASU clarifies that receivables arising from operating leases are not within the scope of Subtopic 326-20 "Financial Instruments - Credit Losses." Instead, impairment of receivables arising from operating leases should be accounted for under Subtopic 842-30 "Leases - Lessor." ASU 2016-13 is effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. Early adoption is permitted for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. The adoption of this new guidance will not have a material impact on our consolidated financial statements.

19. Subsequent Events

In October 2019, the Company's Board of Directors declared a $0.355 cash dividend per common share payable on November 15, 2019 to each shareholder of record on October 31, 2019, and the Trustees of Tanger GP Trust declared a $0.355 cash distribution per Operating Partnership unit to the Operating Partnership's unitholders.

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

The discussion of our results of operations reported in the unaudited, consolidated statements of operations compares the three and nine months ended September 30, 2019 with the three and nine months ended September 30, 2018. The results of operations discussion is combined for Tanger Factory Outlet Centers, Inc. and Tanger Properties Limited Partnership because the results are virtually the same for both entities. The following discussion should be read in conjunction with the unaudited consolidated financial statements appearing elsewhere in this report. Historical results and percentage relationships set forth in the unaudited, consolidated statements of operations, including trends which might appear, are not necessarily indicative of future operations. Unless the context indicates otherwise, the term “Company” refers to Tanger Factory Outlet Centers, Inc. and subsidiaries and the term “Operating Partnership” refers to Tanger Properties Limited Partnership and subsidiaries. The terms “we”, “our” and “us” refer to the Company or the Company and the Operating Partnership together, as the text requires.

Cautionary Statements

Certain statements made below are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. We intend for such forward-looking statements to be covered by the safe harbor provisions for forward-looking statements contained in the Private Securities Reform Act of 1995 and have included this statement for purposes of complying with these safe harbor provisions. Forward-looking statements, which are based on certain assumptions and describe our future plans, strategies, beliefs and expectations, are generally identifiable by use of the words “believe”, “expect”, “intend”, “anticipate”, “estimate”, “project”, or similar expressions. Such forward-looking statements include, but are not limited to, statements regarding our: ability to raise additional capital, including via future issuances of equity and debt, and the use of proceeds from such issuances; results of operations and financial condition; capital expenditure and working capital needs and the funding thereof; repurchase of the Company’s shares; potential developments, expansions, renovations, acquisitions or dispositions of outlet centers; compliance with debt covenants; renewal and re-lease of leased space; outcome of legal proceedings arising in the normal course of business; and real estate joint ventures. You should not rely on forward-looking statements since they involve known and unknown risks, uncertainties and other important factors which are, in some cases, beyond our control and which could materially affect our actual results, performance or achievements. Important factors which may cause actual results to differ materially from current expectations include, but are not limited to: our inability to develop new outlet centers or expand existing outlet centers successfully; risks related to the economic performance and market value of our outlet centers; the relative illiquidity of real property investments; impairment charges affecting our properties; our dispositions of assets may not achieve anticipated results; competition for the acquisition and development of outlet centers, and our inability to complete outlet centers we have identified; environmental regulations affecting our business; risk associated with a possible terrorist activity or other acts or threats of violence and threats to public safety; our dependence on rental income from real property; our dependence on the results of operations of our retailers; the fact that certain of our properties are subject to ownership interests held by third parties, whose interests may conflict with ours; risks related to uninsured losses; the risk that consumer, travel, shopping and spending habits may change; risks associated with our Canadian investments; risks associated with attracting and retaining key personnel; risks associated with debt financing; risk associated with our guarantees of debt for, or other support we may provide to, joint venture properties; the effectiveness of our interest rate hedging arrangements; uncertainty relating to the potential phasing out of LIBOR; our potential failure to qualify as a REIT; our legal obligation to make distributions to our shareholders; legislative or regulatory actions that could adversely affect our shareholders, including the recent changes in the U.S. federal income taxation of U.S. businesses; our dependence on distributions from the Operating Partnership to meet our financial obligations, including dividends; the risk of a cyber-attack or an act of cyber-terrorism and other important factors set forth under Item 1A - “Risk Factors” in the Company’s and the Operating Partnership’s Annual Report on Form 10-K for the year ended December 31, 2018.

General Overview

As of September 30, 2019, we had 32 consolidated outlet centers in 19 states totaling 12.0 million square feet. We also had 7 unconsolidated outlet centers in 6 states or provinces totaling 2.2 million square feet. During March 2019, we closed on the sale of four non-core consolidated outlet centers for total gross proceeds of $130.5 million, and total net proceeds of approximately $128.2 million. The four properties were located in Nags Head, North Carolina; Ocean City, Maryland; Park City, Utah; and Williamsburg, Iowa and represented 6.8% of the Company's consolidated portfolio square footage. In May 2019, the RioCan joint venture closed on the sale of its outlet center in Bromont, Quebec for net proceeds of approximately $6.4 million. Our share of the proceeds was approximately $3.2 million.

The table below details our new developments, expansions and dispositions of consolidated and unconsolidated outlet centers that significantly impacted our results of operations and liquidity from January 1, 2018 to September 30, 2019 (square feet in thousands):

		Consolidated Outlet Centers		Unconsolidated Joint Venture Outlet Centers	
Outlet Center	Quarter Opened/Disposed	Square Feet	Number of Outlet Centers	Square Feet	Number of Outlet Centers
As of January 1, 2018		12,930	36	2,370	8
Other		(7)	—	1	—
As of December 31, 2018		12,923	36	2,371	8
Dispositions:					
Nags Head	First Quarter	(82)	(1)	—	—
Ocean City	First Quarter	(200)	(1)	—	—
Park City	First Quarter	(320)	(1)	—	—
Williamsburg	First Quarter	(276)	(1)	—	—
Bromont	Second Quarter	—	—	(161)	(1)
Other		3	—	2	—
As of September 30, 2019		12,048	32	2,212	7

The following table summarizes certain information for our existing outlet centers in which we have an ownership interest as of September 30, 2019. Except as noted, all properties are fee owned.

Consolidated Outlet Centers Location	Legal Ownership %	Square Feet	% Occupied
Deer Park, New York	100	739,109	98
Riverhead, New York (1)	100	729,778	97
Rehoboth Beach, Delaware (1)	100	557,353	98
Foley, Alabama	100	554,583	90
Atlantic City, New Jersey (1) (3)	100	489,706	80
San Marcos, Texas	100	471,816	94
Sevierville, Tennessee (1)	100	447,815	99
Savannah, Georgia	100	429,089	96
Myrtle Beach Hwy 501, South Carolina	100	426,523	98
Jeffersonville, Ohio	100	411,867	92
Glendale, Arizona (Westgate)	100	410,726	99
Myrtle Beach Hwy 17, South Carolina (1)	100	403,425	100
Charleston, South Carolina	100	382,180	99
Lancaster, Pennsylvania	100	376,997	88
Pittsburgh, Pennsylvania	100	373,863	97
Commerce, Georgia	100	371,408	97
Grand Rapids, Michigan	100	357,103	96
Fort Worth, Texas	100	351,741	99
Daytona Beach, Florida	100	351,721	99
Branson, Missouri	100	329,861	100
Southaven, Mississippi (2) (3)	50	324,716	98
Locust Grove, Georgia	100	321,082	97
Gonzales, Louisiana	100	321,066	95
Mebane, North Carolina	100	318,886	100
Howell, Michigan	100	314,438	93
Mashantucket, Connecticut (Foxwoods) (1)	100	311,508	95
Tilton, New Hampshire	100	250,107	97
Hershey, Pennsylvania	100	249,696	100
Hilton Head II, South Carolina	100	206,564	92
Hilton Head I, South Carolina	100	181,670	100
Terrell, Texas	100	177,800	97
Blowing Rock, North Carolina	100	104,009	88
Totals		12,048,206	96

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

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

(3) Property encumbered by mortgage. See Notes 5 and 6 to the consolidated financial statements for further details of our debt obligations.

Unconsolidated joint venture properties Location	Legal Ownership %	Square Feet	% Occupied
Charlotte, North Carolina (1)	50	398,677	99
Ottawa, Ontario	50	357,213	97
Columbus, Ohio (1)	50	355,245	97
Texas City, Texas (Galveston/Houston) (1)	50	352,705	96
National Harbor, Maryland (1)	50	341,156	97
Cookstown, Ontario	50	307,779	98
Saint-Sauveur, Quebec (1)	50	99,405	96
Total		2,212,180	97

(1) Property encumbered by mortgage. See Note 4 to the consolidated financial statements for further details of the joint venture debt obligations.

Leasing Activity

The tables below show changes in rent (base rent and common area maintenance ("CAM")) for leases for new stores that opened or renewals that started during the respective trailing twelve month periods ended September 30, 2019 and 2018:

Trailing twelve months ended September 30, 2019 (1),(2)

	# of Leases	Square Feet (in 000's)	Average Annual Straight-line Rent (psf)	Average Tenant Allowance (psf)	Average Initial Term (in years)	Net Average Annual Straight-line Rent (psf) (3)
Re-tenant	106	520	$ 34.02	$ 42.35	8.41	$ 28.98
Renewal	239	1,147	$ 34.02	$ 0.55	3.81	$ 33.88

Trailing twelve months ended September 30, 2018 (1)

	# of Leases	Square Feet (in 000's)	Average Annual Straight-line Rent (psf)	Average Tenant Allowance (psf)	Average Initial Term (in years)	Net Average Annual Straight-line Rent (psf) (3)
Re-tenant	99	478	$ 32.92	$ 63.74	7.86	$ 24.81
Renewal	265	1,343	$ 29.79	$ 0.26	3.79	$ 29.72

(1) Excludes license agreements, seasonal tenants, and month-to-month leases.

(2) Excludes outlet centers sold in March 2019 (Nags Head, Ocean City, Park City, and Williamsburg Outlets Centers).

(3) Net average annual straight-line base rent is calculated by dividing the average tenant allowance costs per square foot by the average initial term and subtracting this calculated number from the average straight-line base rent per year amount. The average annual straight-line base rent disclosed in the table above includes all concessions, abatements and reimbursements of rent to tenants. The average tenant allowance disclosed in the table above includes other landlord costs.

RESULTS OF OPERATIONS

Comparison of the three months ended September 30, 2019 to the three months ended September 30, 2018

NET INCOME (LOSS)
Net income in the 2019 period increased $47.8 to $24.8 million as compared to a net loss of $23.0 million for the 2018 period. The increase in net income is primarily due to the the inclusion in the 2018 period of a $49.7 million impairment charge related to our Jeffersonville outlet center. The increase in net income was partially offset by lower net income due to the sale of four outlet centers in March 2019.

In the tables below, information set forth for properties disposed includes the Nags Head, Ocean City, Park City and Williamsburg outlet centers sold in late March 2019.

RENTAL REVENUES
Rental revenues decreased $5.2 million in the 2019 period compared to the 2018 period. The following table sets forth the changes in various components of rental revenues (in thousands):

	2019	2018	Increase/(Decrease)
Rental revenues from existing properties	$ 113,013	$ 113,049	$ (36)
Rental revenues from properties disposed	79	6,322	(6,243)
Straight-line rent adjustments	2,052	1,451	601
Lease termination fees	127	70	57
Amortization of above and below market rent adjustments, net	(221)	(615)	394
	$ 115,050	$ 120,277	$ (5,227)

As a result of combining all components of a lease due to the adoption of Accounting Standards Codification Topic 842 “Leases” (“ASC 842”), all fixed contractual payments, including consideration received from certain executory costs, are now recognized on a straight line basis. For the three months ended September 30, 2019, we recorded $1.6 million in rental revenues in our consolidated statements of operations to record executory costs on a straight-line basis. These incremental straight-line rents were partially offset by the adjustment of straight-line rents related to certain bankrupt tenants.

MANAGEMENT, LEASING AND OTHER SERVICES
Management, leasing and other services increased $117,000 in the 2019 period compared to the 2018 period. The following table sets forth the changes in various components of management, leasing and other services (in thousands):

	2019	2018	Increase/(Decrease)
Management and marketing	$ 567	$ 571	$ (4)
Leasing and other fees	32	12	20
Expense reimbursements from unconsolidated joint ventures	757	656	101
	$ 1,356	$ 1,239	$ 117

PROPERTY OPERATING EXPENSES

Property operating expenses decreased $504,000 in the 2019 period compared to the 2018 period. The following table sets forth the changes in various components of property operating expenses (in thousands):

	2019	2018	Increase/(Decrease)
Property operating expenses from existing properties	$ 38,074	$ 36,420	$ 1,654
Properties operating expenses from properties disposed	(4)	1,863	(1,867)
Expenses related to unconsolidated joint ventures	757	656	101
Other property operating expenses	322	714	(392)
	$ 39,149	$ 39,653	$ (504)

Property operating expenses incurred at existing properties during the 2019 period increased due primarily to higher property taxes at certain centers and higher portfolio-wide property insurance costs.

GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses increased $1.5 million in the 2019 period compared to the 2018 period, primarily as a result of $1.3 million in costs incurred due to the adoption of the lease accounting standard ASC 842 in 2019 which requires indirect internal leasing and legal costs to be expensed as incurred. In the 2018 period, a portion of these indirect costs were capitalized.

IMPAIRMENT CHARGE

During the third quarter 2018, we determined that the estimated future undiscounted cash flows of our Jeffersonville outlet center did not exceed the property's carrying value due to a decline in operating results at the center likely resulting from increased competition from the Company's center in Columbus, OH and slower than expected improvement from remerchandising activities. Therefore, we recorded a $49.7 million non-cash impairment charge in our consolidated statement of operations which equaled the excess of the property's carrying value over its estimated fair value.

DEPRECIATION AND AMORTIZATION

Depreciation and amortization costs decreased $2.7 million in the 2019 period compared to the 2018 period. The following table sets forth the changes in various components of depreciation and amortization costs from the 2018 period to the 2019 period (in thousands):

	2019	2018	Increase/(Decrease)
Depreciation and amortization from existing properties	$ 30,103	$ 31,480	$ (1,377)
Depreciation and amortization from properties disposed	—	1,370	(1,370)
	$ 30,103	$ 32,850	$ (2,747)

Depreciation and amortization decreased at our existing properties primarily due to the lower basis in our Jeffersonville property due to the impairment recorded in the third quarter of 2018.

INTEREST EXPENSE

Interest expense decreased $1.2 million in the 2019 period compared to the 2018 period primarily from the use of the net proceeds from the sale of four properties in March 2019 to reduce amounts outstanding on our unsecured lines of credit. In addition, we utilized some of our operating cash flows to pay down the lines of credit.

EQUITY IN EARNINGS OF UNCONSOLIDATED JOINT VENTURES

Equity in earnings of unconsolidated joint ventures increased approximately $496,000 in the 2019 period compared to the 2018 period. In the table below, information set forth for properties disposed includes the RioCan joint venture's Bromont outlet center, which was sold in May 2019.

	2019	2018	Increase/(Decrease)
Equity in earnings from existing properties	$ 2,329	$ 1,756	$ 573
Equity in earnings from property disposed	—	77	(77)
	$ 2,329	$ 1,833	$ 496

Equity in earnings from existing properties increased due to lease termination fees received in the 2019 period and due to rental revenues in the 2019 period including consideration received from certain executory costs, recognized on a straight line basis, as discussed above.

Comparison of the nine months ended September 30, 2019 to the nine months ended September 30, 2018

NET INCOME

Net income increased $80.2 million in the 2019 period to $105.1 million as compared to $24.9 million for the 2018 period. The increase in net income is partially due to:

- the $43.4 million gain recorded on the sale of the four outlet centers in March 2019, and the
- inclusion in the 2018 period of a $49.7 million impairment charge related to our Jeffersonville outlet center.

The increase was partially offset by a decrease in net income due to:

- the sale of the four outlet centers in March 2019 discussed above,
- a $4.4 million charge in the 2019 period related to the accelerated recognition of compensation cost as a result of a transition agreement (the "COO Transition Agreement") with the Company's President and Chief Operating Officer in connection with his planned retirement, and
- a $3.6 million foreign currency loss recorded in the 2019 period upon the sale of the Bromont property by the RioCan Canada joint venture.

In the tables below, information set forth for properties disposed includes the four outlet centers sold in late March 2019.

RENTAL REVENUES

Rental revenues decreased $10.1 million in the 2019 period compared to the 2018 period. The following table sets forth the changes in various components of rental revenues (in thousands):

	2019	2018	Increase/(Decrease)
Rental revenues from existing properties	$ 333,195	$ 334,052	$ (857)
Rental revenues from properties disposed	6,501	19,159	(12,658)
Straight-line rent adjustments	6,938	4,744	2,194
Lease termination fees	1,526	1,134	392
Amortization of above and below market rent adjustments, net	(771)	(1,639)	868
	$ 347,389	$ 357,450	$ (10,061)

Rental revenues from existing properties decreased primarily due to lower average occupancy and rent modifications for certain tenants, in large part as a result of a number of bankruptcy filings and other tenant closures during 2018 and 2019.

As a result of combining all components of a lease due to the adoption of the lease accounting standard ASC 842, all fixed contractual payments, including consideration received from certain executory costs, are now recognized on a straight line basis. For the nine months ended September 30, 2019, we recorded $4.9 million in rental revenues in our consolidated statements of operations to record executory costs on a straight-line basis. These incremental straight-line rents were partially offset by the adjustment of straight-line rents by $1.1 million related to certain bankrupt tenants.

MANAGEMENT, LEASING AND OTHER SERVICES

Management, leasing and other services increased $363,000 in the 2019 period compared to the 2018 period. The following table sets forth the changes in various components of management, leasing and other services (in thousands):

	2019	2018	Increase/(Decrease)
Management and marketing	$ 1,696	$ 1,704	$ (8)
Leasing and other fees	71	122	(51)
Expense reimbursements from unconsolidated joint ventures	2,176	1,754	422
Total Fees	$ 3,943	$ 3,580	$ 363

PROPERTY OPERATING EXPENSES

Property operating expenses decreased $1.6 million in the 2019 period as compared to the 2018 period. The following table sets forth the changes in various components of property operating expenses (in thousands):

	2019	2018	Increase/(Decrease)
Property operating expenses from existing properties	$ 111,937	$ 110,105	$ 1,832
Property operating expenses from property disposed	2,594	5,945	(3,351)
Expenses related to unconsolidated joint ventures	2,176	1,754	422
Other property operating expense	1,545	2,013	(468)
	$ 118,252	$ 119,817	$ (1,565)

Property operating expenses incurred at existing properties during the 2019 period increased due primarily to higher property taxes at certain centers and higher portfolio-wide property insurance costs.

GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses increased $8.0 million in the 2019 period compared to the 2018 period, primarily as a result of the $4.4 million charge related to the COO Transition Agreement. In addition, general and administrative expenses increased by approximately $3.5 million due to the adoption of the lease accounting standard ASC 842 in 2019 which requires indirect internal leasing and legal costs to be expensed as incurred. In the 2018 period, a portion of these indirect costs were capitalized.

IMPAIRMENT CHARGE

During the third quarter 2018, we determined that the estimated future undiscounted cash flows of our Jeffersonville outlet center did not exceed the property's carrying value due to a decline in operating results at the center likely resulting from increased competition from the Company's center in Columbus, OH and slower than expected improvement from remerchandising activities. Therefore, we recorded a $49.7 million non-cash impairment charge in our consolidated statement of operations which equaled the excess of the property's carrying value over its estimated fair value.

DEPRECIATION AND AMORTIZATION

Depreciation and amortization costs decreased $5.7 million in the 2019 period compared to the 2018 period. The following table sets forth the changes in various components of depreciation and amortization costs from the 2019 period to the 2018 period (in thousands):

	2019	2018	Increase/(Decrease)
Depreciation and amortization expenses from existing properties	$ 91,753	$ 94,606	$ (2,853)
Depreciation and amortization from property disposed	1,256	4,061	(2,805)
	$ 93,009	$ 98,667	$ (5,658)

Depreciation and amortization decreased at our existing properties primarily due to the lower basis in our Jeffersonville property due to the impairment recorded in the third quarter of 2018.

INTEREST EXPENSE

Interest expense decreased $1.7 million in the 2019 period compared to the 2018 period primarily from the use of the net proceeds from the sale of four properties in March 2019 to reduce amounts outstanding on our unsecured lines of credit. In addition, we utilized some of our operating cash flows to pay down the lines of credit in the 2019 period. The decrease was partially offset by higher interest rates related to $150.0 million of interest rate swap agreements. In August 2018, certain 30-day LIBOR interest rate swaps with a rate of 1.3% expired and were replaced with new interest rate swaps with a rate of 2.2%. In addition, the average 30-day LIBOR interest rate for our unsecured lines of credit was higher in the 2019 period.

GAIN ON SALE OF ASSETS

In March 2019, we sold four outlet centers for net proceeds of approximately $128.2 million, which resulted in a gain on sale of assets of $43.4 million. The proceeds from the sale of these unencumbered assets were used to pay down balances outstanding under our unsecured lines of credit.

OTHER INCOME (EXPENSE)

In May 2019, the RioCan joint venture closed on the sale of its outlet center in Bromont for net proceeds of approximately $6.4 million. Our share of the proceeds was approximately $3.2 million. As a result of this transaction, we recorded a foreign currency loss of approximately $3.6 million in other income (expense), which had been previously recorded in other comprehensive income.

EQUITY IN EARNINGS OF UNCONSOLIDATED JOINT VENTURES

Equity in earnings of unconsolidated joint ventures decreased approximately $629,000 in the 2019 period compared to the 2018 period. In the table below, information set forth for properties disposed includes the RioCan joint venture's Bromont outlet center, which was sold in May 2019.

	2019	2018	Increase/(Decrease)
Equity in earnings from existing properties	$ 5,596	$ 6,120	$ (524)
Equity in earnings from property disposed	8	113	(105)
	$ 5,604	$ 6,233	$ (629)

The decrease in equity in earnings of unconsolidated joint ventures from existing properties was primarily due to the conversion of the mortgages at both our Charlotte and National Harbor joint ventures from variable to fixed due to debt refinancings in 2018. In June 2018, the Charlotte joint venture closed on a $100.0 million mortgage loan with a fixed interest rate of approximately 4.3% and a maturity date of July 2028. This loan replaced the $90.0 million mortgage loan with an interest rate of LIBOR + 1.45%. In December 2018, the National Harbor joint venture closed on a $95.0 million mortgage loan with a fixed interest rate of approximately 4.6% and a maturity date of January 2030. This loan replaced the $87.0 million construction loan with an interest rate of LIBOR + 1.65%. In addition, the 2019 period had higher LIBOR interest rate levels on variable rate mortgages at our Columbus and Galveston unconsolidated joint ventures.

These decreases were partially offset due to lease termination fees received in the 2019 period and due to rental revenues in the 2019 period including consideration received from certain executory costs, recognized on a straight line basis, as discussed above.

LIQUIDITY AND CAPITAL RESOURCES OF THE COMPANY

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

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

Through its ownership of the sole general partner of the Operating Partnership, the Company has the full, exclusive and complete responsibility for the Operating Partnership’s day-to-day management and control. The Company causes the Operating Partnership to distribute all, or such portion as the Company may in its discretion determine, of its available cash in the manner provided in the Operating Partnership’s partnership agreement. The Company receives proceeds from equity issuances from time to time, but is required by the Operating Partnership’s partnership agreement to contribute the proceeds from its equity issuances to the Operating Partnership in exchange for partnership units of the Operating Partnership.

We are a well-known seasoned issuer with a shelf registration that expires in March 2021 that allows the Company to register unspecified various classes of equity securities and the Operating Partnership to register unspecified, various classes of debt securities. As circumstances warrant, the Company may issue equity from time to time on an opportunistic basis, dependent upon market conditions and available pricing. The Operating Partnership may use the proceeds to repay debt, including borrowings under its lines of credit, to develop new or existing properties, to make acquisitions of properties or portfolios of properties, to invest in existing or newly created joint ventures or for general corporate purposes.

The liquidity of the Company is dependent on the Operating Partnership’s ability to make sufficient distributions to the Company. The Operating Partnership is a party to loan agreements with various bank lenders that require the Operating Partnership to comply with various financial and other covenants before it may make distributions to the Company. The Company also guarantees some of the Operating Partnership’s debt. If the Operating Partnership fails to fulfill its debt requirements, which trigger the Company’s guarantee obligations, then the Company may be required to fulfill its cash payment commitments under such guarantees. However, the Company’s only material asset is its investment in the Operating Partnership.

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

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

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

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

In February 2019, the Company's Board of Directors authorized the repurchase of an additional $44.3 million of our outstanding common shares for an aggregate authorization of $169.3 million until May 2021. Repurchases may be made from time to time through open market, privately-negotiated, structured or derivative transactions (including accelerated share repurchase transactions), or other methods of acquiring shares. The Company intends to structure open market purchases to occur within pricing and volume requirements of Rule 10b-18. The Company may, from time to time, enter into Rule 10b5-1 plans to facilitate the repurchase of its shares under this authorization.

Shares repurchased were as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2019	2018	2019	2018
Total number of shares purchased	650,929	—	1,209,328	919,249
Average price paid per share	$ 15.34	$ —	$ 16.52	$ 21.74
Total price paid exclusive of commissions and related fees (in thousands)	$ 9,987	$ —	$ 19,976	$ 19,980

The remaining amount authorized to be repurchased under the program as of September 30, 2019 was approximately $80.0 million. For more information, see "Item 2. Unregistered Sales of Equity Securities and Use of Proceeds" in Part II of this Quarterly Report on Form 10-Q.

In October 2019, the Company's Board of Directors declared a $0.355 cash dividend per common share payable on November 15, 2019 to each shareholder of record on October 31, 2019, and the Trustees of Tanger GP Trust declared a $0.355 cash distribution per Operating Partnership unit to the Operating Partnership's unitholders.

LIQUIDITY AND CAPITAL RESOURCES OF THE OPERATING PARTNERSHIP

General Overview

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

Property rental income represents our primary source to pay property operating expenses, debt service, capital expenditures and distributions, excluding non-recurring capital expenditures and acquisitions. To the extent that our cash flow from operating activities is insufficient to cover such non-recurring capital expenditures and acquisitions, we finance such activities from borrowings under our unsecured lines of credit or from the proceeds from the Operating Partnership's debt offerings and the Company's equity offerings.

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

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

	Nine months ended September 30,		
	2019	2018	Change
Net cash provided by operating activities	$ 158,971	$ 179,968	$ (20,997)
Net cash provided by (used in) investing activities	107,943	(36,815)	144,758
Net cash used in financing activities	(271,299)	(144,782)	(126,517)
Effect of foreign currency rate changes on cash and equivalents	(32)	(60)	28
Net decrease in cash and cash equivalents	$ (4,417)	$ (1,689)	$ (2,728)

Operating Activities

The decrease in net cash provided by operating activities in the 2019 period was due to the sale of the four outlet centers in March 2019 as well as changes in working capital.

Investing Activities

The primary cause for the increase in net cash provided by investing activities was due to the net proceeds of approximately $128.2 million from the sale of the four outlet centers in the 2019 period. In addition, the 2019 period had lower levels of development activity than the 2018 period.

Financing Activities

The primary cause for the increase in net cash used in financing activities was due to the use of the proceeds from the sale of the four outlet centers to pay down our unsecured lines of credit.

Capital Expenditures

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

	Nine months ended September 30,		
	2019	2018	Change
Capital expenditures analysis:			
New outlet center developments and expansions	$ 6,913	$ 6,398	$ 515
Major outlet center renovations	919	1,973	(1,054)
Second generation tenant allowances	15,171	11,588	3,583
Other capital expenditures	15,135	15,929	(794)
	38,138	35,888	2,250
Conversion from accrual to cash basis	(2,930)	17,461	(20,391)
Additions to rental property-cash basis	$ 35,208	$ 53,349	$ (18,141)

Potential Future Developments, Acquisitions and Dispositions

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

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

We intend to continue to grow our portfolio by developing, expanding or acquiring additional outlet centers. However, you should note that any developments or expansions that we, or a joint venture that we have an ownership interest in, have planned or anticipated may not be started or completed as scheduled, or may not result in accretive net income or funds from operations (“FFO”). See the section “Non-GAAP Supplemental Earnings Measures - Funds From Operations” below for further discussion of FFO. In addition, we regularly evaluate acquisition or disposition proposals and engage from time to time in negotiations for acquisitions or dispositions of properties. We may also enter into letters of intent for the purchase or sale of properties. Any prospective acquisition or disposition that is being evaluated or which is subject to a letter of intent may not be consummated, or if consummated, may not result in an increase in earnings or liquidity.

Financing Arrangements

As of September 30, 2019, unsecured borrowings represented 95% of our outstanding debt and 92% of the gross book value of our real estate portfolio was unencumbered. The Company guarantees the Operating Partnership’s obligations under our lines of credit. As of September 30, 2019, we had $595.7 million available under our unsecured lines of credit after taking into account outstanding letters of credit of $170,000.

We intend to retain the ability to raise additional capital, including public debt or equity, to pursue attractive investment opportunities that may arise and to otherwise act in a manner that we believe to be in the best interests of our shareholders and unitholders. The Company is a well-known seasoned issuer with a joint shelf registration on Form S-3 with the Operating Partnership, expiring in March 2021, that allows us to register unspecified amounts of different classes of securities. To generate capital to reinvest into other attractive investment opportunities, we may also consider the use of additional operational and developmental joint ventures, the sale or lease of outparcels on our existing properties and the sale of certain properties that do not meet our long-term investment criteria. Based on cash provided by operations, existing lines of credit, ongoing relationships with certain financial institutions and our ability to sell debt or issue equity subject to market conditions, we believe that we have access to the necessary financing to fund the planned capital expenditures for at least the next twelve months.

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

We believe our current balance sheet position is financially sound; however, due to the uncertainty and unpredictability of the capital and credit markets, we can give no assurance that affordable access to capital will exist between now and when our next significant debt matures, which is our unsecured lines of credit. The unsecured lines of credit expire in 2021, with a one-year extension option that may extend the maturity to 2022. At September 30, 2019, amounts outstanding under our unsecured lines of credit, which provide for borrowings up to $600.0 million, totaled $4.1 million.

The interest rate spreads associated with our unsecured lines of credit and our unsecured term loan are based on the higher of our two investment grade credit ratings. Changes to our credit ratings could cause our interest rate spread to adjust accordingly.

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

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

Senior unsecured notes financial covenants	Required	Actual
Total consolidated debt to adjusted total assets	<60%	48 %
Total secured debt to adjusted total assets	<40%	3 %
Total unencumbered assets to unsecured debt	>150%	199 %

OFF-BALANCE SHEET ARRANGEMENTS

We have partial ownership interests in seven unconsolidated outlet centers totaling approximately 2.2 million square feet, including three outlet centers in Canada. See Note 4 to the consolidated financial statements for details of our individual joint ventures, including, but not limited to, carrying values of our investments, fees we receive for services provided to the joint ventures, recent development and financing transactions and condensed combined summary financial information.

We may elect to fund cash needs of a joint venture through equity contributions (generally on a basis proportionate to our ownership interests), advances or partner loans, although such funding is not typically required contractually or otherwise. We separately report investments in joint ventures for which accumulated distributions have exceeded investments in, and our share of net income or loss of, the joint ventures within other liabilities in the consolidated balance sheets because we are committed and intend to provide further financial support to these joint ventures. We believe our joint ventures will be able to fund their operating and capital needs for the next twelve months based on their sources of working capital, specifically cash flow from operations, access to contributions from partners, and ability to refinance debt obligations, including the ability to exercise upcoming extensions of near term maturities.

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

RioCan Canada

In May 2019, the RioCan joint venture closed on the sale of its outlet center in Bromont, for net proceeds of approximately $6.4 million. Our share of the proceeds was approximately $3.2 million. As a result of this transaction, we recorded a foreign currency loss of approximately $3.6 million in other income (expense), which had been previously recorded in other comprehensive income.

Debt of unconsolidated joint ventures

The following table details information regarding the outstanding debt of the unconsolidated joint ventures and guarantees of such debt provided by us as of September 30, 2019 (dollars in millions):

Joint Venture	Total Joint Venture Debt	Maturity Date	Interest Rate	Percent Guaranteed by the Operating Partnership	Maximum Guaranteed Amount by the Company
Charlotte	$ 100.0	July 2028	4.27%	—%	$ —
Columbus [(1)]	85.0	November 2019	LIBOR + 1.65%	7.5%	6.4
Galveston/Houston	80.0	July 2020	LIBOR + 1.65%	12.5%	10.0
National Harbor	95.0	January 2030	4.63%	—%	—
RioCan Canada	9.1	May 2020	5.75%	33.0%	3.0
Debt premium and debt origination costs	(1.2)				
	$ 367.9				$ 19.4

(1) In October 2019, the joint venture exercised its option to extend the mortgage loan for one year to November 2020 under the same terms. The mortgage loan has one remaining one-year extension option.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Refer to our 2018 Annual Report on Form 10-K of the Company and the Operating Partnership for a discussion of our critical accounting policies which include principles of consolidation, acquisition of real estate, cost capitalization, impairment of long-lived assets and revenue recognition. There have been no material changes to these policies in 2019, other than the adoption of the Accounting Standards Codification Topic 842, Leases, described in Note 17 -Leases to the unaudited consolidated financial statements in Part I, Item I of this Quarterly Report on Form 10-Q.

NON-GAAP SUPPLEMENTAL MEASURES

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. In December 2018, NAREIT issued "NAREIT Funds From Operations White Paper - 2018 Restatement" which clarifies, where necessary, existing guidance and consolidates alerts and policy bulletins into a single document for ease of use. NAREIT defines FFO as net income/(loss) available to the Company's common shareholders computed in accordance with generally accepted accounting principles in the United States ("GAAP"), excluding (i) depreciation and amortization related to real estate, (ii) gains or losses from sales of certain real estate assets, (iii) gains and losses from change in control, (iv) impairment write-downs of certain real estate assets and investments in entities when the impairment is directly attributable to decreases in the value of depreciable real estate held by the entity and (v) after adjustments for unconsolidated partnerships and joint ventures calculated to reflect FFO on the same basis.

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. We believe that FFO payout ratio, which represents regular distributions to common shareholders and unit holders of the Operating Partnership expressed as a percentage of FFO, is useful to investors because it facilitates the comparison of dividend coverage between REITs. 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; 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.

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

	Three months ended September 30, 2019	Three months ended September 30, 2018	Nine months ended September 30, 2019	Nine months ended September 30, 2018
Net income (loss)	$ 24,809	$ (23,031)	$ 105,107	$ 24,944
Adjusted for:				
Depreciation and amortization of real estate assets - consolidated	29,451	32,237	91,149	96,841
Depreciation and amortization of real estate assets - unconsolidated joint ventures	3,058	3,466	9,453	10,020
Impairment charge - consolidated	—	49,739	—	49,739
Foreign currency loss from sale of joint venture property	—	—	3,641	—
Gain on sale of assets	—	—	(43,422)	—
FFO	57,318	62,411	165,928	181,544
FFO attributable to noncontrolling interests in other consolidated partnerships	—	—	(195)	278
Allocation of earnings to participating securities	(481)	(560)	(1,502)	(1,571)
FFO available to common shareholders [1]	$ 56,837	$ 61,851	$ 164,231	$ 180,251
As further adjusted for:				
Compensation related to executive officer retirement [2]	—	—	4,371	—
Impact of above adjustment to the allocation of earnings to participating securities	—	—	(35)	—
AFFO available to common shareholders [1]	$ 56,837	$ 61,851	$ 168,567	$ 180,251
FFO available to common shareholders per share - diluted[1]	$ 0.58	$ 0.63	$ 1.68	$ 1.83
AFFO available to common shareholders per share - diluted[1]	$ 0.58	$ 0.63	$ 1.72	$ 1.83
Weighted Average Shares:				
Basic weighted average common shares	92,514	93,109	92,999	93,349
Diluted weighted average common shares (for earnings per share computations)	92,514	93,109	92,999	93,349
Exchangeable operating partnership units	4,960	4,995	4,960	4,995
Diluted weighted average common shares (for FFO and AFFO per share computations)[1]	97,474	98,104	97,959	98,344

(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.

(2) Represents the accelerated recognition of compensation cost entitled to be received by the Company's President and Chief Operating Officer per the terms of a transition agreement executed in connection with his planned retirement.

Portfolio Net Operating Income and Same Center NOI

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

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

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

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

	Three months ended September 30,		Nine months ended September 30,	
	2019	2018	2019	2018
Net income (loss)	$ 24,809	$ (23,031)	$ 105,107	$ 24,944
Adjusted to exclude:				
Equity in earnings of unconsolidated joint ventures	(2,329)	(1,833)	(5,604)	(6,233)
Interest expense	15,197	16,367	46,638	48,348
Gain on sale of assets	—	—	(43,422)	—
Other non-operating (income) expense	(227)	(261)	2,966	(661)
Impairment charge	—	49,739	—	49,739
Depreciation and amortization	30,103	32,850	93,009	98,667
Other non-property expense	160	457	491	832
Corporate general and administrative expenses	12,265	10,521	41,032	32,223
Non-cash adjustments(1)	(1,729)	(702)	(5,829)	(2,707)
Lease termination fees	(127)	(70)	(1,526)	(1,134)
Portfolio NOI	78,122	84,037	232,862	244,018
Non-same center NOI(2)	(82)	(4,579)	(4,190)	(13,505)
Same Center NOI	$ 78,040	$ 79,458	$ 228,672	$ 230,513

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

(2) Excluded from Same Center NOI:

Outlet centers sold:	
Nags Head, Ocean City, Park City, and Williamsburg	March 2019

ECONOMIC CONDITIONS AND OUTLOOK

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

A portion of our rental revenues are derived from rents that directly depend on the sales volume of certain tenants. Accordingly, declines in these tenants' sales would reduce the income produced by our properties. If the sales or profitability of our retail tenants decline sufficiently, whether due to a change in consumer preferences, legislative changes that increase the cost of their operations or otherwise, such tenants may be unable to pay their existing rents as such rents would represent a higher percentage of their sales.

Our outlet centers typically include well-known, national, brand name companies. By maintaining a broad base of well-known tenants and a geographically diverse portfolio of properties located across the United States, we believe we reduce our operating and leasing risks. No one tenant (including affiliates) accounts for more than 8% of our square feet or 7% of our rental revenues.

Due to the relatively short-term nature of our tenants' leases, a significant portion of the leases in our portfolio come up for renewal each year. As of January 1, 2019, we had approximately 1.3 million square feet, or 11% of our consolidated portfolio at that time coming up for renewal during 2019, excluding the outlet centers sold in March 2019. As of September 30, 2019, we had renewed approximately 71% of this space. In addition, for the rolling twelve months ended September 30, 2019, we completed renewals and re-tenanted space totaling 1.7 million square feet at a blended 2.5% increase in average base rental rates compared to the expiring rates.

The current challenging retail environment has impacted our business as our operations are subject to the operating results and operating decisions of our retail tenants. As is typical in the retail industry, certain tenants have closed, or will close, certain stores by terminating their lease prior to its natural expiration or as a result of filing for protection under bankruptcy laws, or may request modifications to their existing lease terms. As of September 30, 2019, we recaptured approximately 195,000 square feet within the consolidated portfolio related to bankruptcies and brand-wide restructurings by retailers during the year, compared to 123,000 square feet by this time last year. Largely due to the number of bankruptcy filings, store closings and rent adjustments in 2018 and 2019, we currently expect our Same Center NOI for 2019 to decline compared to 2018.

We expect other store closings will impact our operating results. For example, Dressbarn plans to close all of their stores at the beginning of 2020. In our consolidated portfolio, this comprises 22 stores with approximately 177,000 square feet. Kitchen Collection has also announced plans to close all of their retail stores. We currently have 30 stores in our consolidated portfolio representing 93,000 square feet. Forever 21 and Destination Maternity filed for bankruptcy court protection in October. The current potential store closure lists for stores in our consolidated portfolio include two Forever 21 Stores, and five Destination Maternity locations. Together, these seven stores represent 33,000 square feet. We do not know exactly how many stores will close and when, and if there will be any early termination fees or any rent adjustments at stores that remain open.

We believe outlet stores will continue to be a profitable and fundamental distribution channel for many brand name manufacturers. While we continue to attract and retain additional tenants, if we were unable to successfully renew or re-lease a significant amount of this space on favorable economic terms or in a timely manner, the loss in rent and our Same Center NOI could be further negatively impacted in 2020.

Occupancy at our consolidated centers was 95.9% and 96.4% as of September 30, 2019 and 2018, respectively.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

Market Risk

We are exposed to various market risks, including changes in interest rates. Market risk is the potential loss arising from adverse changes in market rates and prices, such as interest rates. We may periodically enter into certain interest rate protection and interest rate swap agreements to effectively convert existing floating rate debt to a fixed rate basis. We do not enter into derivatives or other financial instruments for trading or speculative purposes.

Interest Rate Risk

We may periodically enter into certain interest rate protection and interest rate swap agreements to effectively convert existing floating rate debt to a fixed rate basis. We do not enter into derivatives or other financial instruments for trading or speculative purposes. We currently have interest rate swap agreements to fix the interest rates on outstanding debt with notional amounts totaling $390.0 million. See Note 7 to the consolidated financial statements for additional details related to our outstanding derivatives.

As of September 30, 2019, 1% of our outstanding consolidated debt, excluding the amount of variable rate debt with interest rate protection agreements in place, had variable interest rates and therefore was subject to market fluctuations. A change in the LIBOR index of 100 basis points would result in an increase or decrease of approximately $155,000 in interest expense on an annual basis. The information presented herein is merely an estimate and has limited predictive value. As a result, the ultimate effect upon our operating results of interest rate fluctuations will depend on the interest rate exposures that arise during the period, our hedging strategies at that time and future changes in the level of interest rates.

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

	September 30, 2019	December 31, 2018
Fair value of debt	$ 1,606,407	$ 1,668,475
Recorded value of debt	$ 1,571,923	$ 1,712,918

A 100 basis point increase from prevailing interest rates at September 30, 2019 and December 31, 2018 would result in a decrease in fair value of total consolidated debt of approximately $64.7 million and $65.6 million, respectively. Refer to Note 8 to the consolidated financial statements for a description of our methodology in calculating the estimated fair value of debt. Considerable judgment is necessary to develop estimated fair values of financial instruments. Accordingly, the estimates presented herein are not necessarily indicative of the amounts the Company could realize on the disposition of the financial instruments.

Foreign Currency Risk

We are also exposed to foreign currency risk on investments in outlet centers that are located in Canada. Our currency exposure is concentrated in the Canadian Dollar. To mitigate some of the risk related to changes in foreign currency, cash flows received from our Canadian joint ventures are either reinvested to fund ongoing Canadian development activities, if applicable, or converted to US dollars and utilized to repay amounts outstanding under our unsecured lines of credit. We generally do not hedge currency translation exposures.

Item 4. Controls and Procedures

Tanger Factory Outlet Centers, Inc. Controls and Procedures

The Company's management carried out an evaluation, with the participation of the Company's Chief Executive Officer and Chief Financial Officer of the effectiveness of the Company's disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) as of September 30, 2019. Based on this evaluation, the Company's Chief Executive Officer and Chief Financial Officer have concluded that the Company's disclosure controls and procedures were effective as of September 30, 2019. There were no changes to the Company's internal control over financial reporting during the quarter ended September 30, 2019, that materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Tanger Properties Limited Partnership Controls and Procedures

The management of the Operating Partnership's general partner carried out an evaluation, with the participation of the Chief Executive Officer and the Vice-President and Treasurer (Principal Financial Officer) of the Operating Partnership's general partner, of the effectiveness of the Operating Partnership's disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) as of September 30, 2019. Based on this evaluation, the Chief Executive Officer of the Operating Partnership's general partner, and the Vice-President and Treasurer of the Operating Partnership's general partner, have concluded that the Operating Partnership's disclosure controls and procedures were effective as of September 30, 2019. There were no changes to the Operating Partnership's internal control over financial reporting during the quarter ended September 30, 2019, that materially affected, or are reasonably likely to materially affect, the Operating Partnership's internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

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

Item 1A. Risk Factors

There have been no material changes from the risk factors disclosed in the “Risk Factors” section of our Annual Report on Form 10-K for the year ended December 31, 2018.

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

(c) Issuer Purchases of Equity Securities

In February 2019, the Company’s Board of Directors authorized the repurchase of an additional $44.3 million of our outstanding common shares for an aggregate authorization of $169.3 million until May 2021. Repurchases may be made from time to time through open market, privately-negotiated, structured or derivative transactions (including accelerated share repurchase transactions), or other methods of acquiring shares. The Company intends to structure open market purchases to occur within pricing and volume requirements of Rule 10b-18. The Company may, from time to time, enter into Rule 10b5-1 plans to facilitate the repurchase of its shares under this authorization.

The following table summarizes our common share repurchases for the fiscal quarter ended September 30, 2019:

Period	Total number of shares purchased	Average price paid per share	Total number of shares purchased as part of publicly announced plans or programs	Approximate dollar value of shares that may yet be purchased under the plans or programs (in millions)
July 1, 2019 to July 31, 2019	—	$ —	—	$ 90.0
August 1, 2019 to August 31, 2019	650,929	15.34	650,929	80.0
September 1, 2019 to September 30, 2019	—	—	—	80.0
Total	650,929	$ 15.34	650,929	$ 80.0

Item 5. Other Information

The other information presented below is being filed as a result of the Company’s adoption of the new accounting guidance for lease accounting (“ASC 842”) on January 1, 2019. As a lessor, substantially all of our revenues are earned from arrangements that are within the scope of ASC 842. We utilized the practical expedient in ASU 2018-11 to account for lease and non-lease components as a single component which resulted in all of our revenues associated with leases being recorded as rental revenues in the consolidated statements of operations. As a result of the adoption of ASC 842, the amounts disclosed in our 2018 10-Q’s and our 2018 10-K as base rentals, percentage rentals and expense reimbursements have now been combined into rental revenues on the consolidated statements of operations to conform to the current year presentation. In addition, certain amounts previously included in expense reimbursements in our 2018 10-Q’s and our 2018 10-K, which are not related to leases have been reclassified to management, leasing and other services and other revenues on the consolidated statements of operations to conform to the current year presentation. See Note 4 of Part I, Item 1. “Financial Statements,” for additional details on the amounts reclassified to management, leasing and other services.

This information has been provided to assist investors in making comparisons of the Company's historical information with the ongoing presentation of the Company's revenues under ASC 842. The reported financial information below has been revised to conform to the current presentation.

The tables below summarizes total revenues as originally reported in the Consolidated Statements of Operations included the Company's 2018 Annual Report on Form 10-K, and as revised to conform with ASC 842 (in thousands):

As originally reported:

	For the years ended December 31,		
	2018	2017	2016
Revenues:			
Base rentals	$ 327,960	$ 323,985	$ 308,353
Percentage rentals	10,040	9,853	11,221
Expense reimbursements	145,356	142,817	133,818
Management, leasing and other services	2,496	2,452	3,847
Other revenues	8,829	9,127	8,595
Total revenues	$ 494,681	$ 488,234	$ 465,834

As revised:

	For the years ended December 31,		
	2018	2017	2016
Revenues:			
Rental revenues	$ 480,707	$ 475,283	$ 451,185
Management, leasing and other services	4,995	3,664	5,905
Other revenues	8,979	9,287	8,744
Total revenues	$ 494,681	$ 488,234	$ 465,834

Item 6. Exhibits

Exhibit Number	Exhibit Descriptions
31.1*	Principal Executive Officer Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 302 of the Sarbanes - Oxley Act of 2002 for Tanger Factory Outlet Centers, Inc.
31.2*	Principal Financial Officer Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 302 of the Sarbanes - Oxley Act of 2002 for Tanger Factory Outlet Centers, Inc.
31.3*	Principal Executive Officer Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 302 of the Sarbanes - Oxley Act of 2002 for Tanger Properties Limited Partnership.
31.4*	Principal Financial Officer Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 302 of the Sarbanes - Oxley Act of 2002 for Tanger Properties Limited Partnership.
32.1**	Principal Executive Officer Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes - Oxley Act of 2002 for Tanger Factory Outlet Centers, Inc.
32.2**	Principal Financial Officer Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes - Oxley Act of 2002 for Tanger Factory Outlet Centers, Inc.
32.3**	Principal Executive Officer Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes - Oxley Act of 2002 for Tanger Properties Limited Partnership.
32.4**	Principal Financial Officer Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes - Oxley Act of 2002 for Tanger Properties Limited Partnership.
101.INS***	Inline XBRL Instance Document - the Instance Document does not appear in the interactive data file because its XBRL tags are embedded within the Inline XBRL document.
101.SCH***	Inline XBRL Taxonomy Extension Schema Document
101.CAL***	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.LAB***	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE***	Inline XBRL Taxonomy Extension Presentation Linkbase Document
101.DEF***	Inline XBRL Taxonomy Extension Definition Linkbase Document
104***	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

* Filed herewith.
** Furnished herewith.
*** Submitted herewith.

SIGNATURES

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

DATE: November 4, 2019

TANGER FACTORY OUTLET CENTERS, INC.

By: /s/ James F. Williams

James F. Williams
Executive Vice President and Chief Financial Officer

TANGER PROPERTIES LIMITED PARTNERSHIP
By: TANGER GP TRUST, its sole general partner

By: /s/ James F. Williams

James F. Williams
Vice President and Treasurer (Principal Financial Officer)

Exhibit 31.1

I, Steven B. Tanger, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Tanger Factory Outlet Centers, Inc. for the period ended September 30, 2019;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 4, 2019

/s/ Steven B. Tanger
Steven B. Tanger
Chief Executive Officer
Tanger Factory Outlet Centers, Inc.

Exhibit 31.2

I, James F. Williams, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Tanger Factory Outlet Centers, Inc. for the period ended September 30, 2019;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 4, 2019

/s/ James F. Williams
James F. Williams
Executive Vice-President and Chief Financial Officer
Tanger Factory Outlet Centers, Inc.

Exhibit 31.3

I, Steven B. Tanger, certify that:

1 I have reviewed this quarterly report on Form 10-Q of Tanger Properties Limited Partnership for the period ended September 30, 2019;

2 Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3 Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4 The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5 The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 4, 2019

/s/ Steven B. Tanger

Steven B. Tanger
Chief Executive Officer
Tanger GP Trust, sole general partner of the Operating Partnership

Exhibit 31.4

I, James F. Williams, certify that:

1 I have reviewed this quarterly report on Form 10-Q of Tanger Properties Limited Partnership for the period ended September 30, 2019;

2 Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3 Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4 The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5 The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 4, 2019

/s/ James F. Williams

James F. Williams
Vice-President and Treasurer
Tanger GP Trust, sole general partner of the Operating Partnership
(Principal Financial Officer)

Exhibit 32.1

Certification of Chief Executive Officer

Pursuant to 18 U.S.C. § 1350, as created by Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned officer of Tanger Factory Outlet Centers, Inc. (the "Company") hereby certifies, to such officer's knowledge, that:

(i) the accompanying Quarterly Report on Form 10-Q of the Company for the period ended September 30, 2019 (the "Report") fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and

(ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 4, 2019

/s/ Steven B. Tanger

Steven B. Tanger
Chief Executive Officer
Tanger Factory Outlet Centers, Inc.

Exhibit 32.2

Certification of Chief Financial Officer

Pursuant to 18 U.S.C. § 1350, as created by Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned officer of Tanger Factory Outlet Centers, Inc. (the "Company") hereby certifies, to such officer's knowledge, that:

(i) the accompanying Quarterly Report on Form 10-Q of the Company for the period ended September 30, 2019 (the "Report") fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and

(ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 4, 2019

/s/ James F. Williams

James F. Williams
Executive Vice President and Chief Financial Officer Tanger Factory Outlet Centers, Inc.

Exhibit 32.3

Certification of Chief Executive Officer

Pursuant to 18 U.S.C. § 1350, as created by Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned officer of Tanger Properties Limited Partnership (the "Operating Partnership") hereby certifies, to such officer's knowledge, that:

(i) the accompanying Quarterly Report on Form 10-Q of the Operating Partnership for the period ended September 30, 2019 (the "Report") fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and

(ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Operating Partnership.

Date: November 4, 2019

/s/ Steven B. Tanger

Steven B. Tanger
Chief Executive Officer
Tanger GP Trust, sole general partner of the Operating Partnership

Exhibit 32.4

Certification of Principal Financial Officer

Pursuant to 18 U.S.C. § 1350, as created by Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned officer of Tanger Properties Limited Partnership (the "Operating Partnership") hereby certifies, to such officer's knowledge, that:

(i) the accompanying Quarterly Report on Form 10-Q of the Operating Partnership for the period ended September 30, 2019 (the "Report") fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and

(ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Operating Partnership.

Date: November 4, 2019

/s/ James F. Williams

James F. Williams
Vice President and Treasurer
Tanger GP Trust, sole general partner of the Operating Partnership
(Principal Financial Officer)