

TANGER FACTORY OUTLET CENTERS INC
Form 10-Q
November 12, 2013

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, 2013
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.)
North Carolina (Tanger Properties Limited Partnership)
(State or other jurisdiction of incorporation or organization)

56-1815473
56-1822494
(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)

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

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

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

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of "large accelerated filer", "accelerated filer" and "smaller reporting company" (as defined in Rule 12b-2 of the Securities and Exchange Act of 1934).

Tanger Factory Outlet Centers, Inc.
x Large accelerated filer o Accelerated filer o Non-accelerated filer o Smaller reporting company

Tanger Properties Limited Partnership

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Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting
company

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

Tanger Factory Outlet Centers, Inc. Yes No

Tanger Properties Limited Partnership Yes No

As of October 31, 2013, there were 94,478,785 common shares of Tanger Factory Outlet Centers, Inc. outstanding, \$.01 par value.

EXPLANATORY NOTE

This report combines the quarterly reports on Form 10-Q for the quarter ended September 30, 2013 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. 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.

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, 2013, the Company, through its ownership of Tanger GP Trust and Tanger LP Trust, owned 94,478,785 units of the Operating Partnership and other limited partners collectively owned 5,145,012 units. Each unit held by the other limited partners is exchangeable for one common share of the Company, subject to certain limitations to preserve the Company's REIT status.

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 the 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 a few differences between the Company and the Operating Partnership, which are reflected in the disclosure in this report. We believe it is important to understand the 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, 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 substantially all the assets of the Company and holds the ownership interests in the Company's 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 required to be contributed to the Operating Partnership in exchange for partnership units, the Operating Partnership generates the capital required through its operations, its incurrence of indebtedness or through the issuance of partnership units.

Noncontrolling interests, shareholder's equity and partners' equity 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 limited partners other than Tanger LP Trust are accounted for as partners' equity 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 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 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.

In order to highlight the differences between the Company and the Operating Partnership, 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.

As the 100% owner of Tanger GP Trust, the general partner with control of the Operating Partnership, the Company consolidates the Operating Partnership for financial reporting purposes. 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 and per share data, unaudited)

	September 30, 2013	December 31, 2012
ASSETS		
Rental property		
Land	\$230,417	\$148,002
Buildings, improvements and fixtures	2,004,882	1,796,042
Construction in progress	4,375	3,308
	2,239,674	1,947,352
Accumulated depreciation	(636,035	) (582,859
Total rental property, net	1,603,639	1,364,493
Cash and cash equivalents	10,482	10,335
Investments in unconsolidated joint ventures	136,922	126,632
Deferred lease costs and other intangibles, net	171,702	107,415
Deferred debt origination costs, net	7,275	9,083
Prepays and other assets	71,943	60,842
Total assets	\$2,001,963	\$1,678,800
LIABILITIES AND EQUITY		
Liabilities		
Debt		
Senior, unsecured notes (net of discount of \$1,753 and \$1,967, respectively)	\$548,247	\$548,033
Unsecured term loans (net of discount of \$435 and \$547, respectively)	267,065	259,453
Mortgages payable (including premiums of \$3,963 and \$6,362, respectively)	251,533	107,745
Unsecured lines of credit	259,000	178,306
Total debt	1,325,845	1,093,537
Construction trade payables	5,272	7,084
Accounts payable and accrued expenses	48,400	41,149
Deferred financing obligation	28,388	—
Other liabilities	33,101	23,155
Total liabilities	1,441,006	1,164,925
Commitments and contingencies		
Equity		
Tanger Factory Outlet Centers, Inc.		
Common shares, \$.01 par value, 300,000,000 shares authorized, 94,478,785 and 94,061,384 shares issued and outstanding at September 30, 2013 and December 31, 2012, respectively	945	941
Paid in capital	785,515	766,056
Accumulated distributions in excess of net income	(262,173	) (285,588
Accumulated other comprehensive income	1,179	1,200
Equity attributable to Tanger Factory Outlet Centers, Inc.	525,466	482,609
Equity attributable to noncontrolling interests		
Noncontrolling interests in Operating Partnership	28,615	24,432
Noncontrolling interests in other consolidated partnerships	6,876	6,834

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Total equity	560,957	513,875
Total liabilities and equity	\$2,001,963	\$1,678,800

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

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

	Three months ended September 30,		Nine months ended September 30,	
	2013	2012	2013	2012
Revenues				
Base rentals	\$64,301	\$59,662	\$184,591	\$175,464
Percentage rentals	3,084	3,180	6,956	6,542
Expense reimbursements	27,414	24,908	78,544	73,777
Other income	3,104	2,733	7,516	6,278
Total revenues	97,903	90,483	277,607	262,061
Expenses				
Property operating	29,863	27,614	86,819	81,679
General and administrative	9,754	9,018	29,240	27,737
Acquisition costs	532	—	963	—
Depreciation and amortization	24,223	24,809	68,683	75,247
Total expenses	64,372	61,441	185,705	184,663
Operating income	33,531	29,042	91,902	77,398
Interest expense	(12,367)	(12,317)	(37,826)	(37,062)
Gain on previously held interest in acquired joint venture	26,002	—	26,002	—
Income before equity in earnings (losses) of unconsolidated joint ventures	47,166	16,725	80,078	40,336
Equity in earnings (losses) of unconsolidated joint ventures	9,014	(555)	10,107	(2,874)
Net income	56,180	16,170	90,185	37,462
Noncontrolling interests in Operating Partnership	(2,787)	(836)	(4,435)	(2,315)
Noncontrolling interests in other consolidated partnerships	(99)	(7)	(129)	25
Net income attributable to Tanger Factory Outlet Centers, Inc.	\$53,294	\$15,327	\$85,621	\$35,172
Basic earnings per common share				
Net income	\$0.56	\$0.16	\$0.91	\$0.38
Diluted earnings per common share				
Net income	\$0.56	\$0.16	\$0.90	\$0.37
Dividends paid per common share	\$0.225	\$0.210	\$0.660	\$0.620

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,	
	2013	2012	2013	2012
Net income	\$56,180	\$16,170	\$90,185	\$37,462
Other comprehensive income (loss)				
Reclassification adjustments for amounts recognized in net income	(94	) (88	) (147	) (261
Foreign currency translation adjustments	(79	) (73	) 124	(39
Other comprehensive income (loss)	(173	) (161	) (23	) (300
Comprehensive income	56,007	16,009	90,162	37,162
Comprehensive income attributable to noncontrolling interests	(2,877	) (835	) (4,562	) (2,273
Comprehensive income attributable to Tanger Factory Outlet Centers, Inc.	\$53,130	\$15,174	\$85,600	\$34,889

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

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

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

	Common shares	Paid in capital	Accumulated distributions in excess of earnings	Accumulated other comprehensive income	Total Tanger Factory Outlet Centers, Inc. equity	Noncontrolling interests in Operating Partnership	Noncontrolling interests in other consolidated partnerships	Total equity
Balance, December 31, 2011	\$867	\$720,073	\$(261,913)	\$ 1,535	\$460,562	\$ 61,027	\$ 6,843	\$528,432
Net income	—	—	53,228	—	53,228	3,267	(19)	56,476
Other comprehensive loss	—	—	—	(335)	(335)	(21)	—	(356)
Compensation under Incentive Award Plan	—	10,676	—	—	10,676	—	—	10,676
Issuance of 37,700 common shares upon exercise of options	—	481	—	—	481	—	—	481
Grant of 566,000 restricted shares, net of forfeitures	6	(6)	—	—	—	—	—	—
Adjustment for noncontrolling interests in Operating Partnership	—	34,910	—	—	34,910	(34,910)	—	—
Adjustment for noncontrolling interests in other consolidated partnerships	—	(10)	—	—	(10)	—	10	—
Exchange of 6,730,028 Operating Partnership units for 6,730,028 common shares	68	(68)	—	—	—	—	—	—
Common dividends (\$0.83 per share)	—	—	(76,903)	—	(76,903)	—	—	(76,903)
Distributions to noncontrolling interest in Operating Partnership	—	—	—	—	—	(4,931)	—	(4,931)

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Balance, December 31, 2012	\$941	\$766,056	\$(285,588)	\$ 1,200	\$482,609	\$ 24,432	\$ 6,834	\$513,875
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TANGER FACTORY OUTLET CENTERS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF EQUITY

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

(Continued)

	Common shares	Paid in capital	Accumulated distributions in excess of earnings	Accumulated other comprehensive income	Total Tanger Factory Outlet Centers, Inc. equity	Noncontrolling interests in Operating Partnership	Noncontrolling interests in other consolidated partnerships	Total equity
Balance, December 31, 2012	\$941	\$766,056	\$(285,588)	\$ 1,200	\$482,609	\$ 24,432	\$ 6,834	\$513,875
Net income	—	—	85,621	—	85,621	4,435	129	90,185
Other comprehensive loss	—	—	—	(21)	(21)	(2)	—	(23)
Compensation under Incentive Award Plan	—	8,614	—	—	8,614	—	—	8,614
Issuance of 17,600 common shares upon exercise of options	—	332	—	—	332	—	—	332
Issuance of 450,576 Operating Partnership limited partner units	—	—	—	—	—	13,981	—	13,981
Grant of 337,373 restricted shares, net of forfeitures	3	(3)	—	—	—	—	—	—
Adjustment for noncontrolling interests in Operating Partnership	—	11,095	—	—	11,095	(11,095)	—	—
Adjustment for noncontrolling interests in other consolidated partnerships	—	(578)	—	—	(578)	—	578	—
Acquisition of noncontrolling interests in other consolidated partnerships	—	—	—	—	—	—	(525)	(525)
Exchange of 67,428 Operating Partnership units for 67,428 common shares	1	(1)	—	—	—	—	—	—

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Common dividends (\$.66 per share)	—	—	(62,206)	—	(62,206)	—	—	(62,206)
Distributions to noncontrolling interests in Operating Partnership	—	—	—	—	—	(3,136)	(140)	(3,276)
Balance, September 30, 2013	\$945	\$785,515	\$(262,173)	\$1,179	\$525,466	\$28,615	\$6,876	\$560,957

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,	
	2013	2012
OPERATING ACTIVITIES		
Net income	\$90,185	\$37,462
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	68,683	75,247
Amortization of deferred financing costs	1,795	1,722
Gain on previously held interest in acquired joint venture	(26,002))
Equity in (earnings) losses of unconsolidated joint ventures	(10,107)	) 2,874
Distributions of cumulative earnings from unconsolidated joint ventures	4,415	740
Share-based compensation expense	8,363	8,231
Amortization of debt (premiums) and discounts, net	(767)	) (753)
Net amortization (accretion) of market rent rate adjustments	389	) (489)
Straight-line rent adjustments	(4,068)	) (2,866)
Changes in other assets and liabilities:		
Other assets	236	) (1,336)
Accounts payable and accrued expenses	3,947	8,331
Net cash provided by operating activities	137,069	129,163
INVESTING ACTIVITIES		
Additions to rental property	(40,578)	) (31,157)
Acquisition of interest in unconsolidated joint venture, net of cash acquired	(11,271)) —
Additions to investments in and notes receivable from unconsolidated joint ventures	(140,373)	) (57,810)
Additions to non-real estate assets	(7,768)) —
Distributions in excess of cumulative earnings from unconsolidated joint ventures	45,891	336
Additions to deferred lease costs	(3,381)	) (3,430)
Net cash used in investing activities	(157,480)	) (92,061)
FINANCING ACTIVITIES		
Cash dividends paid	(62,206)	) (57,202)
Distributions to noncontrolling interests in Operating Partnership	(3,136)	) (3,900)
Proceeds from debt issuances	500,003	491,477
Repayments of debt	(413,806)	) (463,705)
Acquisition of noncontrolling interests in other consolidated partnerships	(525)) —
Distributions to noncontrolling interests in other consolidated partnerships	(67)) —
Additions to deferred financing costs	(37)	) (2,527)
Proceeds from exercise of options	332	372
Net cash provided by (used in) financing activities	20,558	) (35,485)
Net increase in cash and cash equivalents	147	1,617
Cash and cash equivalents, beginning of period	10,335	7,894
Cash and cash equivalents, end of period	\$10,482	\$9,511

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, unaudited)

	September 30, 2013	December 31, 2012
ASSETS		
Rental property		
Land	\$230,417	\$148,002
Buildings, improvements and fixtures	2,004,882	1,796,042
Construction in progress	4,375	3,308
	2,239,674	1,947,352
Accumulated depreciation	(636,035)	(582,859)
Total rental property, net	1,603,639	1,364,493
Cash and cash equivalents	10,458	10,295
Investments in unconsolidated joint ventures	136,922	126,632
Deferred lease costs and other intangibles, net	171,702	107,415
Deferred debt origination costs, net	7,275	9,083
Prepays and other assets	71,531	60,408
Total assets	\$2,001,527	\$1,678,326
LIABILITIES AND EQUITY		
Liabilities		
Debt		
Senior, unsecured notes (net of discount of \$1,753 and \$1,967, respectively)	\$548,247	\$548,033
Unsecured term loans (net of discount of \$435 and \$547, respectively)	267,065	259,453
Mortgages payable (including premiums of \$3,963 and \$6,362, respectively)	251,533	107,745
Unsecured lines of credit	259,000	178,306
Total debt	1,325,845	1,093,537
Construction trade payables	5,272	7,084
Accounts payable and accrued expenses	47,964	40,675
Deferred financing obligation	28,388	—
Other liabilities	33,101	23,155
Total liabilities	1,440,570	1,164,451
Commitments and contingencies		
Equity		
Partners' Equity		
General partner	4,978	4,720
Limited partners	548,019	501,214
Accumulated other comprehensive income	1,084	1,107
Total partners' equity	554,081	507,041
Noncontrolling interests in consolidated partnerships	6,876	6,834
Total equity	560,957	513,875
Total liabilities and equity	\$2,001,527	\$1,678,326

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

TANGER PROPERITES 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,	
	2013	2012	2013	2012
Revenues				
Base rentals	\$64,301	\$59,662	\$184,591	\$175,464
Percentage rentals	3,084	3,180	6,956	6,542
Expense reimbursements	27,414	24,908	78,544	73,777
Other income	3,104	2,733	7,516	6,278
Total revenues	97,903	90,483	277,607	262,061
Expenses				
Property operating	29,863	27,614	86,819	81,679
General and administrative	9,754	9,018	29,240	27,737
Acquisition costs	532	—	963	—
Depreciation and amortization	24,223	24,809	68,683	75,247
Total expenses	64,372	61,441	185,705	184,663
Operating income	33,531	29,042	91,902	77,398
Interest expense	(12,367)	(12,317)	(37,826)	(37,062)
Gain on previously held interest in acquired joint venture	26,002	—	26,002	—
Income before equity in earnings (losses) of unconsolidated joint ventures	47,166	16,725	80,078	40,336
Equity in earnings (losses) of unconsolidated joint ventures	9,014	(555)	10,107	(2,874)
Net income	56,180	16,170	90,185	37,462
Noncontrolling interests in consolidated partnerships	(99)	(7)	(129)	25
Net income available to partners	56,081	16,163	90,056	37,487
Net income available to limited partners	55,510	15,998	89,138	37,103
Net income available to general partner	\$571	\$165	\$918	\$384
Basic earnings per common unit:				
Net income	\$0.56	\$0.16	\$0.91	\$0.38
Diluted earnings per common unit:				
Net income	\$0.56	\$0.16	\$0.90	\$0.37
Distribution paid per common unit	\$0.225	\$0.210	\$0.660	\$0.620

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

TANGER PROPERITES LIMITED PARTNERSHIP AND SUBSIDIARIES
 CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In thousands, unaudited)

	Three months ended September 30,		Nine months ended September 30,	
	2013	2012	2013	2012
Net income	\$56,180	\$16,170	\$90,185	\$37,462
Other comprehensive income (loss)				
Reclassification adjustments for amounts recognized in net income	(94	) (88	) (147	) (261
Foreign currency translation adjustments	(79	) (73	) 124	(39
Other comprehensive income (loss)	(173	) (161	) (23	) (300
Comprehensive income	56,007	16,009	90,162	37,162
Comprehensive income attributable to noncontrolling interests in consolidated partnerships	(99	) (7	) (129	) 25
Comprehensive income attributable to the Operating Partnership	\$55,908	\$16,002	\$90,033	\$37,187

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

TANGER PROPERITES LIMITED PARTNERSHIP AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF EQUITY

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

	General partner	Limited partners	Accumulated other comprehensive income	Total partners' equity	Noncontrolling interests in consolidated partnerships	Total equity
Balance, December 31, 2011	\$4,972	\$515,154	\$1,463	\$521,589	\$6,843	\$528,432
Net income	578	55,917	—	56,495	(19)	)56,476
Other comprehensive loss	—	—	(356	)(356	)—	(356)
Compensation under Incentive Award Plan	—	10,676	—	10,676	—	10,676
Issuance of 37,700 common units upon exercise of options	—	481	—	481	—	481
Grant of 566,000 restricted units, net of forfeitures	—	—	—	—	—	—
Adjustments for noncontrolling interests in consolidated partnerships	—	(10	)—	(10	)10	—
Common distributions (\$.83 per common unit)	(830	)(81,004	)—	(81,834	)—	(81,834)
Balance, December 31, 2012	4,720	501,214	1,107	507,041	6,834	513,875
Net income	918	89,138	—	90,056	129	90,185
Other comprehensive income	—	—	(23	)(23	)—	(23)
Compensation under Incentive Award Plan	—	8,614	—	8,614	—	8,614
Issuance of 17,600 common units upon exercise of options	—	332	—	332	—	332
Issuance of 450,576 limited partner units	—	13,981	—	13,981	—	13,981
Grant of 337,373 restricted units, net of forfeitures	—	—	—	—	—	—
Adjustment for noncontrolling interests in other consolidated partnerships	—	(578	)—	(578	)578	—
Acquisition of noncontrolling interests in other consolidated partnerships	—	—	—	—	(525	)(525)
Common distributions (\$.66 per common unit)	(660	)(64,682	)—	(65,342	)(140	)(65,482)
Balance, September 30, 2013	\$4,978	\$548,019	\$1,084	\$554,081	\$6,876	\$560,957

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,	
	2013	2012
OPERATING ACTIVITIES		
Net income	\$90,185	\$37,462
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	68,683	75,247
Amortization of deferred financing costs	1,795	1,722
Gain on previously held interest in acquired joint venture	(26,002)	—
Equity in (earnings) losses of unconsolidated joint ventures	(10,107)	2,874
Distributions of cumulative earnings from unconsolidated joint ventures	4,415	740
Equity-based compensation expense	8,363	8,231
Amortization of debt (premiums) and discounts, net	(767)	(753)
Net amortization (accretion) of market rent rate adjustments	389	(489)
Straight-line rent adjustments	(4,068)	(2,866)
Changes in other assets and liabilities:		
Other assets	214	(1,274)
Accounts payable and accrued expenses	3,985	8,290
Net cash provided by operating activities	137,085	129,184
INVESTING ACTIVITIES		
Additions to rental property	(40,578)	(31,157)
Acquisition of interest in unconsolidated joint venture, net of cash acquired	(11,271)	—
Additions to investments in and notes receivable from unconsolidated joint ventures	(140,373)	(57,810)
Additions to non-real estate assets	(7,768)	—
Distributions in excess of cumulative earnings from unconsolidated joint ventures	45,891	336
Additions to deferred lease costs	(3,381)	(3,430)
Net cash used in investing activities	(157,480)	(92,061)
FINANCING ACTIVITIES		
Cash distributions paid	(65,342)	(61,102)
Proceeds from debt issuances	500,003	491,477
Repayments of debt	(413,806)	(463,705)
Acquisition of noncontrolling interests in consolidated partnerships	(525)	—
Distributions to noncontrolling interests in consolidated partnerships	(67)	—
Additions to deferred financing costs	(37)	(2,527)
Proceeds from exercise of options	332	372
Net cash provided by (used in) financing activities	20,558	(35,485)
Net increase in cash and cash equivalents	163	1,638
Cash and cash equivalents, beginning of period	10,295	7,866
Cash and cash equivalents, end of period	\$10,458	\$9,504

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

TANGER FACTORY OUTLET CENTERS INC. AND SUBSIDIARIES
TANGER PROPERTIES LIMITED PARTNERSHIP AND SUBSIDIARIES
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. 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, 2013, we owned and operated 37 outlet centers, with a total gross leasable area of approximately 11.5 million square feet. We also had partial ownership interests in 6 outlet centers totaling approximately 1.4 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 controls the Operating Partnership as its sole general partner. Tanger LP Trust holds a limited partnership interest. As of September 30, 2013, the Company, through its ownership of Tanger GP Trust and Tanger LP Trust, owned 94,478,785 units of the Operating Partnership and other limited partners collectively owned 5,145,012 units.

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, 2012. The December 31, 2012 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.

Investments in real estate joint ventures that we do not control are accounted for using the equity method of accounting. These investments are recorded initially at cost and subsequently adjusted for our equity in the venture's net income (loss), cash contributions, distributions and other adjustments required under the equity method of accounting. These investments are evaluated for impairment when necessary. Control is determined using an evaluation based on accounting standards related to the consolidation of voting interest entities and variable interest entities. For joint ventures that are determined to be variable interest entities, we consolidate the entity where we are deemed to be the primary beneficiary.

Noncontrolling interests in the Operating Partnership relate to the interests owned by limited partners other than Tanger LP Trust. In August 2013, the Operating Partnership's operating agreement was amended to, among other things, effect a four-for-one split by issuing to its existing holders four units of partnership interest for every one unit

outstanding. After the effect of the split, each unit of partnership interest held by limited partners not wholly owned by the Company may be exchanged for one common share of the Company. Prior to the split, each unit held by the limited partners not wholly owned by the Company was exchangeable for four common shares of the Company. All references to the number of units outstanding and per unit amounts reflect the effect of the split for all periods presented.

The noncontrolling interests in other consolidated partnerships consist of outside equity interests in partnerships 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.

Certain amounts related to reimbursements of payroll related expenses from unconsolidated joint ventures in the statement of operations for the three and nine months ended September 30, 2012 have been reclassified to the caption "expense reimbursements" from the caption "other income" to conform to the presentation of the consolidated statement of operations presented for the three months and nine months ended September 30, 2013.

In addition, we have corrected the classification of certain amounts related to above and below market lease contracts in the consolidated balance sheet of the Company and Operating Partnership as of December 31, 2012. The amounts were previously reported net within the deferred lease costs and other intangibles, net line item. Below market lease values, net of accumulated amortization, in the amount of \$6.4 million have been reclassified into the other liabilities line item in the consolidated balance sheet as of December 31, 2012. These revisions were not considered material to the previously issued financial statements.

3. Acquisition of Rental Property

In August 2013, Deer Park completed a refinancing of its existing debt and then immediately restructured the ownership whereby we acquired an additional ownership interest in the property from one of the partners which gave us a controlling interest. With the acquisition of this additional interest, we have consolidated the property for financial reporting purposes since the acquisition date, and remeasured our previously held interest that was accounted for as an equity method investment.

Prior to the acquisition, Deer Park successfully negotiated new financing of the debt obligations for the previous mortgage and mezzanine loans totaling approximately \$238.5 million, with a \$150.0 million mortgage loan. The new five year mortgage loan bears interest at a 150 basis point spread over LIBOR. The previous mortgage and mezzanine loans were in default, and as part of the refinancing, all default interest associated with the loans was waived. Utilizing funding from our existing unsecured lines of credit, we loaned approximately \$89.5 million at a rate of LIBOR plus 3.25% and due on August 30, 2020 to the Deer Park joint venture representing the remaining amount necessary to repay the previous mortgage and mezzanine loans. As a result of the refinancing, Deer Park recorded a gain on early extinguishment of debt of approximately \$13.8 million. Our share of this gain and the income from the settlement of a lawsuit with a third party was approximately \$7.8 million and has been included in equity in earnings (losses) of unconsolidated joint ventures in the consolidated statement of operations for the three and nine months ended September 30, 2013.

Subsequent to the debt extinguishment, we acquired an additional one-third interest in the Deer Park property from one of the partners, bringing our total ownership to a two-thirds interest, for total consideration of approximately \$27.9 million, including \$13.9 million in cash and 450,576 in common limited partnership units of Tanger Properties Limited Partnership, which are exchangeable for an equivalent number of the Company's common shares. This transaction was accounted for as a business combination resulting in the assets acquired and liabilities assumed being recorded at fair value as a result of the step acquisition. Prior to the acquisition, the joint venture was considered a variable interest entity and was accounted for under the equity method of accounting since we did not have the ability to direct the significant activities that affect the economic performance of the venture as a one-third owner. Upon acquiring an additional one-third interest, we determined, based on the acquisition agreement and other transaction documents which amended our rights with respect to the property and our obligations with respect to the additional one-third interest, that we control the property assets and direct the property's significant activities and therefore,

consolidate the property's assets and liabilities.

The following table illustrates the fair value of the total consideration transferred and the amounts of the identifiable assets acquired and liabilities assumed at the acquisition date (in thousands):

Cash transferred	\$13,939
Common limited partnership units issued	13,981
Fair value of total consideration transferred to acquire one-third interest	27,920
Fair value of our previously held one-third interest	27,920
Fair value of one-third interest owned by the remaining partner	27,920
Fair value of net assets acquired	\$83,760

The aggregate purchase price of the property has been allocated as follows:

	Fair Value (in thousands)	Weighted-Average Amortization Period (in years)
Land	\$82,413	
Buildings, improvements and fixtures	172,694	
Deferred lease costs and other intangibles		
Above market lease value	18,807	11.9
Below market lease value	(12,658)	) 18.5
Lease in place value	28,846	7.6
Tenant relationships	27,594	19.0
Lease and legal costs	1,724	8.9
Total deferred lease costs and other intangibles, net	64,313	
Other identifiable assets and liabilities assumed, net	2,265	
Debt	(237,925))
Total fair value of net assets acquired	\$83,760	

There was no contingent consideration associated with this acquisition. We incurred approximately \$772,000 in third-party acquisition costs which were expensed as incurred. As a part of the acquisition accounting, we recorded a gain of \$26.0 million which represented the difference between the carrying book value and the fair value of our previously held equity method investment in Deer Park.

Although we do not anticipate any changes in the fair value measurements of the acquisitions, the measurements may be subject to change within 12 months of the business combination date if new facts or circumstances are brought to our attention that were previously unknown but existed as of the business combination date.

Following the acquisition, we and the remaining one-third owner of the Deer Park property restructured certain aspects of our ownership of the property, whereby we receive substantially all of the economics generated by the property and would have substantial control over the property's financial activities. We and the remaining one-third owner of the Deer Park property entered into a triple net lease agreement with a different wholly-owned subsidiary of ours which operates the property as lessee. Under the new structure, we will serve as property manager and control the management, leasing, marketing and other operations of the property. We and the remaining one-third property owner will receive, in proportion to our respective ownership interests, fixed annual lease payments of approximately \$2.5 million, plus an amount necessary to pay the interest expense on debt related to the property. In addition, we and the remaining property owner have entered into an agreement whereby they may require us to acquire their ownership interest in the property on the second anniversary of the acquisition date for a price of \$28.4 million, and we have the option to acquire their ownership interest on the fourth anniversary of the acquisition date at the same price. Due to the other partner's ability to require us to purchase their interest, we have recorded an obligation to redeem their interest at the redemption price as a deferred financing obligation in the other liabilities section of the balance sheet.

The results of operations from the property are included in the consolidated statements of operations beginning on the acquisition date. The aggregate revenues and net loss from the property from the acquisition date through September 30, 2013, were \$3.2 million and \$337,000, respectively. The following unaudited condensed pro forma financial information for the three and nine months ended September 30, 2013 is presented as if the acquisition had been consummated as of January 1, 2012, the beginning of the previous reporting period (in thousands, except per share data):

	(Pro forma) Three months ended September 30,		(Pro forma) Nine months ended September 30,	
	2013	2012	2013	2012
Total Revenue	\$104,326	\$98,905	\$300,931	\$286,452
Income from continuing operations	29,417	15,041	61,700	60,333
Net income attributable to Tanger Factory Outlet Centers, Inc.	27,861	14,257	58,466	58,102
Basic earnings per common share	0.30	0.15	0.62	0.63
Diluted earnings per common share	0.29	0.15	0.61	0.62

4. Investments in Unconsolidated Real Estate Joint Ventures

Our investments in unconsolidated joint ventures as of September 30, 2013 and December 31, 2012 aggregated \$136.9 million and \$126.6 million, respectively. We have concluded based on the current facts and circumstances that the equity method of accounting should be used to account for each of the individual joint ventures below. At September 30, 2013 and December 31, 2012, we were members of the following unconsolidated real estate joint ventures:

As of September 30, 2013

Joint Venture	Center Location	Ownership %	Square Feet	Carrying Value of Investment (in millions)	Total Joint Venture Debt (in millions)
Charlotte	Charlotte, NC	50.0	% —	\$5.9	\$—
Galveston/Houston	Texas City, TX	50.0	% 347,930	7.7	65.0
National Harbor	Washington D.C. Metro Area	50.0	% —	17.5	28.1
RioCan Canada	Various	50.0	% 434,162	86.7	18.8
Westgate	Glendale, AZ	58.0	% 331,739	16.4	43.0

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Wisconsin Dells	Wisconsin Dells, WI	50.0	% 265,086	2.5	24.3
Other			—	0.2	—
				\$136.9	\$179.2

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As of December 31, 2012

Joint Venture	Center Location	Ownership %	Square Feet	Carrying Value of Investment (in millions)	Total Joint Venture Debt (in millions)
Deer Park	Deer Park, Long Island, NY	33.3	% 741,981	\$3.0	\$246.9
Deer Park Warehouse	Deer Park, Long Island, NY	33.3	% 29,253	—	1.9
Galveston/Houston	Texas City, TX	50.0	% 352,705	36.7	—
National Harbor	Washington D.C. Metro Area	50.0	% —	2.6	—
RioCan Canada	Various	50.0	% 434,562	62.2	20.1
Westgate	Glendale, AZ	58.0	% 332,234	19.1	32.0
Wisconsin Dells	Wisconsin Dells, WI	50.0	% 265,086	2.8	24.3
Other			—	0.2	—
				\$126.6	\$325.2

These investments are recorded initially at cost and subsequently adjusted for our equity in the venture's net income (loss), cash contributions, distributions and other adjustments required by the equity method of accounting as described below.

The following management, development, leasing and marketing fees were recognized from services provided to our unconsolidated joint ventures (in thousands):

Fee:	Three months ended		Nine months ended	
	September 30, 2013	September 30, 2012	September 30, 2013	September 30, 2012
Development	\$(6	) \$8	\$57	\$8
Loan Guarantee	40	16	121	16
Management and leasing	761	554	2,391	1,507
Marketing	93	61	301	161
Total Fees	\$888	\$639	\$2,870	\$1,692

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 are amortized over the various useful lives of the related assets.

Charlotte, North Carolina

In May 2013, we formed a 50/50 joint venture for the development of an outlet center in the Charlotte, NC market. Subsequently, during the third quarter of 2013, the joint venture began construction on the outlet center which will be located eight miles southwest of uptown Charlotte at the interchange of I-485 and Steele Creek Road (NC Highway 160), the two major thoroughfares for the city. The approximately 400,000 square foot project will feature approximately 90 brand name and designer stores and is expected to open during the third quarter of 2014.

As of September 30, 2013, we and our partner had each contributed approximately \$5.9 million in cash to the joint venture to fund development activities. We are providing development services to the project; and with our partner, are jointly providing leasing services. Our partner will provide property management and marketing services to the center once open.

Deer Park, Long Island, New York

As described in Note 3, we acquired an additional one-third ownership interest in Deer Park and have consolidated the property for financial reporting purposes since the acquisition date.

Deer Park Warehouse, Long Island, New York

In March 2013, in connection with a loan forbearance agreement signed in 2012 with the lender to the joint venture, the warehouse property was sold for approximately \$1.2 million. The proceeds were used to satisfy the terms of the forbearance agreement. There was no impact to the net income of the joint venture as a result of this sale and the retirement of the associated mortgage debt.

Galveston/Houston, Texas

Tanger Outlets Texas City, which opened on October 19, 2012, was initially fully funded with equal equity contributions to the joint venture by us and our 50/50 joint venture partner. In July 2013, the joint venture closed on a mortgage loan with the ability to borrow up to \$70.0 million with a rate of LIBOR + 1.50% and a maturity date of July 1, 2017, and with the option to extend the maturity for one additional year. The joint venture received total loan proceeds of \$65.0 million and distributed the proceeds equally to the partners.

National Harbor, Washington, D.C. Metro Area

In May 2011, we announced the formation of a joint venture for the development of a Tanger Outlet Center at National Harbor in the Washington, D.C. Metro area. The planned Tanger Outlet Center is expected to open in time for the 2013 holiday shopping season with approximately 80 brand name and designer outlet stores in a center containing approximately 340,000 square feet. In November 2012, the joint venture broke ground and began development. Both parties have made equity contributions of \$17.2 million to fund certain development costs. In May 2013, the joint venture closed on a construction loan with the ability to borrow up to \$62.0 million and which carries an interest rate of LIBOR + 1.65%. As of September 30, 2013 the balance on the loan was \$28.1 million. We provide property management, leasing and marketing services to the joint venture; and with our partner, are jointly providing site development and construction supervision services.

RioCan Canada

We have entered into a 50/50 co-ownership agreement with RioCan Real Estate Investment Trust ("RioCan Joint Venture") to develop and acquire outlet centers in Canada. Any projects developed or acquired will be branded as Tanger Outlet Centers. We have agreed to provide leasing and marketing services to the venture and RioCan will provide development and property management services.

In March of 2013 the RioCan Joint Venture acquired the land adjacent to the existing Cookstown Outlet Mall for \$13.9 million. The land is being used for the joint venture's expansion of the Cookstown Outlet Mall which began in May 2013. The expansion, which is expected to open in the fourth quarter of 2014, will add approximately 153,000 square feet to the center and will add approximately 35 new brand name and designer outlet stores to the center.

Also, during the second quarter of 2013, the joint venture purchased land for \$28.7 million and broke ground on Tanger Outlets Ottawa, the first ground up development of a Tanger Outlet Center in Canada. Located in suburban Kanata off the TransCanada Highway (Highway 417) at Palladium Drive, this center will contain approximately 303,000 square feet and will feature approximately 80 brand name and designer outlet stores. The center is currently expected to open in the fourth quarter of 2014.

Additionally, the RioCan Joint Venture partners have decided not to proceed with the proposed development at Mississauga's Heartland Town Centre, west of Toronto, at the current time.

We evaluate our real estate joint ventures in accordance with the Consolidation guidance of the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC"). As a result of our qualitative assessment, we concluded that our Westgate joint venture is a Variable Interest Entity ("VIE") and all of our other joint ventures are not a VIE. Westgate is considered a VIE because the voting rights are disproportionate to the economic interests. Investments in real estate joint ventures in which we have a non-controlling ownership interest are accounted for using the equity method of accounting.

After making the determination that Westgate was a VIE, we performed an assessment to determine if we would be considered the primary beneficiary and thus be required to consolidate its balance sheet and results of operations. This assessment was based upon whether we had the following:

- a. The power to direct the activities of the VIE that most significantly impact the entity's economic performance
- b. 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

The operating, development, leasing, and management agreement of Westgate provides that the activities that most significantly impact the economic performance of the venture require unanimous consent. Accordingly, we determined that we do not have the power to direct the significant activities that affect the economic performance of the ventures and therefore, have applied the equity method of accounting for Westgate. Our equity method investment in Westgate as of September 30, 2013 was approximately \$16.4 million. We are unable to estimate our maximum exposure to loss at this time because our guarantees are limited and based on the future operating performance of Westgate.

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

Summary Balance Sheets - Unconsolidated Joint Ventures	September 30, 2013	December 31, 2012
Assets		
Land	\$49,184	\$96,455
Buildings, improvements and fixtures	256,652	493,424
Construction in progress, including land	138,615	16,338
	444,451	606,217
Accumulated depreciation	(25,561)	(62,547)
Total rental property, net	418,890	543,670
Assets held for sale ⁽¹⁾	—	1,828
Cash and cash equivalents	13,727	21,879
Deferred lease costs, net	20,012	24,411
Deferred debt origination costs, net	1,970	5,213
Prepays and other assets	8,167	25,350
Total assets	\$462,766	\$622,351
Liabilities and Owners' Equity		
Mortgages payable	\$179,212	\$325,192
Construction trade payables	13,950	21,734
Accounts payable and other liabilities	6,253	31,944
Total liabilities	199,415	378,870
Owners' equity	263,351	243,481
Total liabilities and owners' equity	\$462,766	\$622,351

(1) Assets related to our Deer Park Warehouse joint venture that were sold in March 2013.

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Summary Statements of Operations - Unconsolidated Joint Ventures	Three months ended September 30,		Nine months ended September 30,	
	2013	2012	2013	2012
Revenues (a)	\$29,013	\$11,985	\$70,961	\$35,249
Expenses				
Property operating	7,808	5,521	25,440	15,495
General and administrative	629	365	962	765
Acquisition costs	19	—	474	704
Abandoned development costs	19	—	153	1,390
Impairment Charge	—	—	—	420
Depreciation and amortization	6,232	4,283	21,200	13,191
Total expenses	14,707	10,169	48,229	31,965
Operating income	14,306	1,816	22,732	3,284
Gain on early extinguishment of debt	13,820	—	13,820	—
Interest expense	(2,840)	(3,540)	(10,406)	(10,967)
Net income (loss)	\$25,286	\$(1,724)	\$26,146	\$(7,683)
The Company and Operating Partnership's share of:				
Net income (loss)	\$9,014	\$(555)	\$10,107	\$(2,874)
Depreciation and impairment charge (real estate related)	\$2,861	\$1,641	\$9,465	\$5,249

a) Note that revenues for the three and nine months ended September 30, 2013 include approximately \$9.5 million of other income from the settlement of a lawsuit at Deer Park prior to our acquisition of an additional one-third interest in and the consolidation of the property.

5. New Developments

Foxwoods, Connecticut

In September 2013, we broke ground at Foxwoods Resort Casino in Mashantucket, Connecticut on Tanger Outlets at Foxwoods. We own a two-thirds controlling interest in the joint venture, which will be consolidated for financial reporting purposes. The outlet center will feature approximately 80 brand name and designer tenants. The approximately 314,000 square foot project will be suspended above ground to join the casino floors of the two major hotels located within the resort, which attract millions of visitors each year. Due to the relative complexity of the project, the construction period is expected to exceed our typical development timeline and we currently expect the property to open in the second quarter of 2015.

6. Debt of the Company

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

The Company guarantees the Operating Partnership's obligations with respect to its unsecured lines of credit which have a total borrowing capacity of \$520.0 million. As of September 30, 2013 and December 31, 2012, the Operating Partnership had amounts outstanding on these lines totaling \$259.0 million and \$178.3 million, respectively.

The Company also guarantees the Operating Partnership's unsecured term loan in the amount of \$250.0 million as well as its obligation with respect to the mortgage assumed in connection with the acquisition of the outlet center in Ocean City, Maryland in July 2011.

7. Debt of the Operating Partnership

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

	Stated Interest Rate(s)	Maturity Date	As of September 30, 2013 Principal	Premium (Discount)	As of December 31, 2012 Principal	Premium (Discount)
Senior, unsecured notes:						
Senior notes	6.15	% November 2015	\$250,000	\$(238)	\$250,000	\$(317)
Senior notes	6.125	% June 2020	300,000	(1,515)	300,000	(1,650)
Mortgages payable:						
Atlantic City ⁽¹⁾	5.14%-7.65%	November 2021- December 2026	49,148	4,189	52,212	4,495
Deer Park ⁽²⁾	LIBOR + 1.50%	August 2018	150,000	(1,583)	—	—
Hershey ⁽¹⁾	5.17%-8.00%	August 2015	30,139	1,141	30,631	1,581
Ocean City ⁽¹⁾	5.24	% January 2016	18,283	216	18,540	285
Note payable ⁽¹⁾	1.50	% June 2016	10,000	(435)	10,000	(546)
Unsecured term loan ⁽³⁾	LIBOR + 1.60%	February 2019	250,000	—	250,000	—
Unsecured term note	LIBOR + 1.30%	August 2017	7,500	—	—	—
Unsecured lines of credit ⁽⁴⁾	LIBOR + 1.10%	November 2015	259,000	—	178,306	—
			\$1,324,070	\$1,775	\$1,089,689	\$3,848

The effective interest rates assigned during the purchase price allocation to these assumed mortgages and note (1) payable during acquisitions in 2011 were as follows: Atlantic City 5.05%, Ocean City 4.68%, Hershey 3.40% and note payable 3.15%.

On August 30, 2013, as part of the acquisition of a controlling interest in Deer Park, we assumed an interest-only (2) mortgage loan that has a 5 year term and carries an interest rate of LIBOR + 1.50%. In October 2013, we entered into interest rate swap agreements that fix the base LIBOR rate at an average of 1.30%, creating a contractual interest rate of 2.80%.

(3) This unsecured term loan is pre-payable without penalty beginning in February of 2015.

At September 30, 2013, we had the option to extend the lines for one additional year to November 10, 2016. These lines required a facility fee payment of 0.175% annually based on the total amount of the commitment. The credit (4) spread and facility fee can vary depending on our investment grade rating. In October 2013, we amended the lines of credit which extended the maturity to October 2017 with the ability to extend for one additional year, reduced the interest rate spread over LIBOR to 1.00% and reduced the facility fee to 0.15%. Loan origination costs associated with the amendments totaled approximately \$1.5 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, 2013 we were in compliance with

all of our debt covenants.

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Debt Maturities

Maturities of the existing long-term debt as of September 30, 2013 are as follows (in thousands):

Calendar Year	Amount
2013	\$871
2014	3,603
2015	541,344
2016	30,283
2017	10,508
Thereafter	737,461
Subtotal	1,324,070
Net premiums	1,775
Total	\$1,325,845

8. Shareholders' Equity of the Company

Throughout the first nine months of 2013, limited partners of the Operating Partnership exchanged a total of 67,428 Operating Partnership units for an equal number of common shares of the Company. After the above described exchanges, the limited partners not wholly owned by the Company owned 5,145,012 Operating Partnership units which were exchangeable for an equal number of Company common shares.

9. Partners' Equity of the Operating Partnership

The ownership interests of the Operating Partnership as of September 30, 2013 and December 31, 2012, consisted of the following:

	September 30, 2013	December 31, 2012
Common units:		
General partner	1,000,000	1,000,000
Limited partners	98,623,797	97,823,248
Total common units	99,623,797	98,823,248

During the third quarter of 2013, the Operating Partnership's operating agreement was amended to, among other things, effect a four-for-one split by issuing to its existing holders four units of partnership interest for every one unit outstanding. After the effect of the split, each unit of partnership interest held by limited partners not wholly owned by the Company may be exchanged for one common share of the Company. Prior to the split, each unit held by the limited partners not wholly owned by the Company was exchangeable for four common shares of the Company. All references to the number of units outstanding and per unit amounts reflect the effect of the split for all periods presented.

Also, in August 2013 as disclosed in Note 3, the Operating Partnership issued 450,576 common limited partnership units, as partial consideration for the acquisition of an additional one-third interest in Deer Park.

10. Equity Based Compensation of the Company

We have a shareholder approved share-based compensation plan, the Amended and Restated Incentive Award Plan of Tanger Factory Outlet Centers, Inc. and Tanger Properties Limited Partnership (the "Plan"), which covers our independent directors, officers and our employees. When shares are issued by the Company, the Operating Partnership issues corresponding units to the Company, based on the current exchange ratio as provided by the Operating Partnership agreement. Therefore, when the Company grants an equity based award, the Operating Partnership treats each award as having been granted by the Operating Partnership.

During February 2013, the Company's Board of Directors approved grants of 349,373 restricted common shares to the Company's independent directors and the Company's senior executive officers. The grant date fair value of the awards ranged from \$28.84 to \$36.05 per share. The independent directors' restricted common shares vest ratably over a three year period and the senior executive officers' restricted shares vest ratably over a five year period. For the grants to certain senior executive officers, the grants have a provision that requires the senior officers to hold the shares for a minimum of three years following the vesting date. Compensation expense related to the amortization of the deferred compensation is being recognized in accordance with the vesting schedule of the restricted shares.

In February 2013, the Compensation Committee of the Company approved the general terms of the Tanger Factory Outlet Centers, Inc. 2013 Outperformance Plan (the "2013 OPP"). The 2013 OPP provides for the grant of performance shares under the Amended and Restated Incentive Award Plan of Tanger Factory Outlet Centers, Inc.

The 2013 OPP is a long-term incentive compensation plan pursuant to which award recipients may earn up to an aggregate of 315,150 restricted common shares of the Company based on the Company's absolute share price appreciation (or total shareholder return) and its share price appreciation relative to its peer group, over a three year measurement period from January 1, 2013 through December 31, 2015. The maximum number of shares will be earned under this plan if the Company both (a) achieves 35% or higher share price appreciation, inclusive of all dividends paid, over the three-year measurement period and (b) is in the 70th or greater percentile of its peer group for total shareholder return over the three-year measurement period. The maximum value of the awards that could be earned on December 31, 2015, if the Company achieves or exceeds the 35% share price appreciation and is in the 70th or greater percentile of its peer group for total shareholder return over the three-year measurement period, will equal approximately \$13.25 million.

Any shares earned on December 31, 2015 are also subject to a time based vesting schedule, with 50% of the shares vesting on January 4, 2016 and the remaining 50% vesting on January 3, 2017, contingent upon continued employment with the Company through the vesting dates.

With respect to 70% of the performance shares (or 220,605 shares), 33.33% of this portion of the award (or 73,535 shares) will be earned if the Company's aggregate share price appreciation, inclusive of all dividends paid during this period, equals 25% over the three-year measurement period, 66.67% of the award (or 147,070 shares) will be earned if the Company's aggregate share price appreciation, inclusive of all dividends paid during this period equals 30%, and 100.00% of this portion of the award (or 220,605 shares) will be earned if the Company's aggregate share price appreciation, inclusive of all dividends paid during this period, equals 35% or higher.

With respect to 30% of the performance shares (or 94,545 shares), 33.33% of this portion of the award (or 31,515 shares) will be earned if the Company's share price appreciation inclusive of all dividends paid is in the 50th percentile of its peer group over the three-year measurement period, 66.67% of this portion of the award (or 63,030 shares) will be earned if the Company's share price appreciation inclusive of all dividends paid is in the 60th percentile of its peer group during this period, and 100.00% of this portion of the award (or 94,545 shares) will be earned if the Company's

share price appreciation inclusive of all dividends paid is in the 70th percentile of its peer group or greater during this period. The peer group will be based on the SNL Equity REIT index.

The performance shares will convert on a pro-rata basis by linear interpolation between share price appreciation thresholds, both for absolute share price appreciation and for relative share price appreciation amongst the Company's peer group. The share price targets will be reduced on a dollar-for-dollar basis with respect to any dividend payments made during the measurement period. The compensation expense is amortized using the graded vesting attribution method over the requisite service period. The fair value of the awards are calculated using a Monte Carlo simulation pricing model.

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

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2013	2012	2013	2012
Restricted common shares ⁽¹⁾	\$2,141	\$1,886	\$6,162	\$6,600
Notional unit performance awards	778	495	2,069	1,475
Options	45	53	132	156
Total share-based compensation	\$2,964	\$2,434	\$8,363	\$8,231

For the nine months ended September 30, 2012, includes approximately \$1.3 million of compensation expense related to 45,000 common shares that vested immediately upon grant under the terms of the amended and restated (1) Employment Agreement (the "Employment Agreement") for Steven B. Tanger, President and Chief Executive Officer of the Company.

The following table summarizes information related to unvested restricted common shares outstanding as of September 30, 2013:

Unvested Restricted Common Shares	Number of shares	Weighted-average grant date fair value
Unvested at December 31, 2012	1,047,993	\$ 24.39
Granted	349,373	31.01
Vested	(291,400)	) 22.34
Forfeited	(12,000)	) 25.61
Unvested at September 30, 2013	1,093,966	\$ 27.04

The total value of restricted common shares vested during the nine months ended September 30, 2013 and September 30, 2012 was \$9.7 million and \$8.0 million, respectively.

As of September 30, 2013, there was \$30.7 million of total unrecognized compensation cost related to unvested share-based compensation arrangements granted under the Plan. That cost is expected to be recognized over a weighted-average period of 3.1 years.

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,	
	2013	2012	2013	2012
Numerator				
Net income attributable to Tanger Factory Outlet Centers, Inc.	\$53,294	\$15,327	\$85,621	\$35,172
Less allocation of earnings to participating securities	(609)	(209)	(932)	(576)
Net income available to common shareholders of Tanger Factory Outlet Centers, Inc.	\$52,685	\$15,118	\$84,689	\$34,596
Denominator				
Basic weighted average common shares	93,368	92,674	93,278	91,359
Effect of notional units	856	880	841	865
Effect of outstanding options and restricted common shares	76	93	91	78
Diluted weighted average common shares	94,300	93,647	94,210	92,302
Basic earnings per common share:				
Net income	\$0.56	\$0.16	\$0.91	\$0.38
Diluted earnings per common share:				
Net income	\$0.56	\$0.16	\$0.90	\$0.37

The notional units are considered contingently issuable common shares and are included in earnings per share if the effect is dilutive using the treasury stock method.

The computation of diluted earnings per share excludes options to purchase common shares when the exercise price is greater than the average market price of the common shares for the period. For the three months ended September 30, 2013 and 2012 no options were excluded from the computation. For the nine months ended September 30, 2013, 200 options were excluded from the computation and for the nine months ended September 30, 2012, 167,800 options were excluded from the computation. The assumed exchange of the partnership units held by the noncontrolling interest limited partners 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 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 the Operating Partnership's earnings per unit (in thousands, except per unit amounts). Note that all per unit amounts reflect a four-for-one split of the Operating Partnership's units.

	Three months ended		Nine months ended	
	September 30, 2013	2012	September 30, 2013	2012
Numerator				
Net income attributable to partners of the Operating Partnership	\$56,081	\$16,163	\$90,056	\$37,487
Less allocation of earnings to participating securities	(609)	(209)	(933)	(576)
Net income available to common unitholders of the Operating Partnership	\$55,472	\$15,954	\$89,123	\$36,911
Denominator				
Basic weighted average common units	98,246	97,727	98,072	97,656
Effect of notional units	856	879	841	865
Effect of outstanding options and restricted common units	76	93	91	78
Diluted weighted average common units	99,178	98,699	99,004	98,599
Basic earnings per common unit:				
Net income	\$0.56	\$0.16	\$0.91	\$0.38
Diluted earnings per common unit:				
Net income	\$0.56	\$0.16	\$0.90	\$0.37

The notional units are considered contingently issuable common units and are included in earnings per unit if the effect is dilutive using the treasury stock method.

When the Company issues common shares upon exercise of options or issues restricted share awards, the Operating Partnership issues one corresponding unit to the Company for each Company common share issued.

The computation of diluted earnings per unit excludes options to purchase common units when the exercise price is greater than the average market price of the common units for the period. The market price of a common unit is considered to be equivalent to the market price of a Company common share. For the three months ended September 30, 2013 and 2012 no units were excluded from the computation. For the nine months ended September 30, 2013, 200 units were excluded from the computation and for the nine months ended September 30, 2012, 167,800 units, which would be issued upon the exercise of outstanding options, were excluded from the computation.

Certain of the Company's unvested restricted common share awards contain non-forfeitable rights to distributions or distribution equivalents. The impact of these unvested restricted share awards on earnings per unit has been calculated using the two-class method whereby earnings are allocated to the unvested restricted share awards based on distributions declared and the unvested restricted shares awards' 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 unit compilation if the effect is dilutive, using the treasury stock method.

13. Accumulated Other Comprehensive Income of the Company

The following table presents changes in the balances of each component of accumulated comprehensive income for the nine months ended September 30, 2013 (in thousands):

	Foreign Currency	Cash flow hedges	Accumulated Other Comprehensive Income (Loss)
Beginning balance as of December 31, 2012	\$ (5	) \$ 1,205	\$ 1,200
Amortization of cash flow hedges	—	(263	) (263
Unrealized gains/(losses) on foreign currency translation adjustments	119	—	119
Realized loss on foreign currency	123	—	123
Current period other comprehensive income (loss), net	242	(263	) (21
Ending balance as of September 30, 2013	\$ 237	\$ 942	\$ 1,179

The following represents amounts reclassified out of accumulated other comprehensive income into earnings during the three and nine months ended September 30, 2013 and September 30, 2012, respectively:

Details about Accumulated Other Comprehensive Income Components	Amount Reclassified from Accumulated Other Comprehensive Income				Affected Line Item in Statement of Operations
	Three months ended September 30,		Nine months ended September 30,		
	2013	2012	2013	2012	
Amortization of cash flow hedges	\$(89	) \$(84	) \$(263	) \$(244	) Interest expense
Realized loss on foreign currency	\$—	\$—	\$123	\$—	Interest expense

14. Accumulated Other Comprehensive Income of the Operating Partnership

The following table presents changes in the balances of each component of accumulated comprehensive income for the nine months ended September 30, 2013 (in thousands):

	Foreign Currency	Cash flow hedges	Accumulated Other Comprehensive Income (Loss)
Beginning balance as of December 31, 2012	\$ (5	) \$ 1,112	\$ 1,107
Amortization of cash flow hedges	—	(276	) (276
Unrealized gains/(losses) on foreign currency translation adjustments	124	—	124
Realized loss on foreign currency	129	—	129
Current period other comprehensive income (loss), net	253	(276	) (23
Ending balance as of September 30, 2013	\$ 248	\$ 836	\$ 1,084

The following represents amounts reclassified out of accumulated other comprehensive income into earnings during the three and nine months ended September 30, 2013 and September 30, 2012, respectively:

Details about Accumulated Other Comprehensive Income Components	Amount Reclassified from Accumulated Other Comprehensive Income				Affected Line Item in Statement of Operations
	Three months ended September 30, 2013		Nine months ended September 30, 2012		
Amortization of cash flow hedges	\$ (94	) \$ (88	) \$ (276	) \$ (261	) Interest expense
Realized loss on foreign currency	\$ —	\$ —	\$ 129	\$ —	Interest expense

15. 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	Defined as observable inputs such as quoted prices in active markets
Level 2	Defined as inputs other than quoted prices in active markets that are either directly or indirectly observable
Level 3	Defined as unobservable inputs in which little or no market data exists, therefore requiring an entity to develop its own assumptions

We had no assets or liabilities measured at fair value on either a recurring or non-recurring basis as of September 30, 2013 or December 31, 2012.

The estimated fair value of our debt, consisting of senior unsecured notes, unsecured term loans, secured mortgages and unsecured lines of credit, at September 30, 2013 and December 31, 2012, was \$1.4 billion and \$1.2 billion, respectively, and its recorded value was \$1.3 billion and \$1.1 billion, respectively. Fair values were determined based on level 2 inputs using discounted cash flow analysis with an interest rate or credit spread similar to that of current market borrowing arrangements.

16. Non-Cash Activities

Non-cash financing activities related to the acquisition of a controlling interest in Deer Park, as discussed in Note 3, included the assumption of debt totaling \$237.9 million, and the issuance of \$14.0 million in Operating Partnership common limited partnership units as a portion of the consideration given. In addition, rental property and lease related intangible assets increased by \$27.9 million related to the fair value of the one-third interest owned by Deer Park's other remaining partner and \$26.0 million related to the fair value of our previously held interest in excess of carrying amount.

We purchase capital equipment and incur costs relating to construction of facilities, including tenant finishing allowances. Expenditures included in construction trade payables as of September 30, 2013 and 2012 amounted to \$5.3 million and \$10.5 million, respectively.

17. Subsequent Events

On October 24, 2013, we closed on amendments to our unsecured lines of credit, extending the maturity, reducing the overall borrowing costs, and amending certain debt covenants. The maturity of these facilities was extended from November 10, 2015 to October 24, 2017 with the ability to further extend maturity for an additional year at our option. The annual commitment fee, which is payable on the full \$520.0 million in loan commitments, was reduced from 0.175% to 0.15%, and the interest rate spread over LIBOR was reduced from 1.10% to 1.00%. Loan origination costs associated with the amendments totaled approximately \$1.5 million.

On October 28, 2013, we entered into interest rate swap agreements to reduce our floating rate debt exposure by locking the interest rate on the \$150.0 million Deer Park mortgage. The loan bears interest at LIBOR plus 1.50% and matures in August 2018. The interest rate swap agreements fix the base LIBOR rate at an average of 1.30%, creating a

contractual interest rate for the loan of 2.80% through August 2018.

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, 2013 with the three and nine months ended September 30, 2012. 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 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. You should not rely on forward-looking statements since they involve known and unknown risks, uncertainties and other factors which are, in some cases, beyond our control and which could materially affect our actual results, performance or achievements. Factors which may cause actual results to differ materially from current expectations include, but are not limited to, those 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, 2012. There have been no material changes to the risk factors listed there through September 30, 2013.

General Overview

At September 30, 2013, we had 37 consolidated outlet centers in 24 states totaling 11.5 million square feet. The table below details our development activities at consolidated centers that significantly impacted our results of operations and liquidity from January 1, 2012 to September 30, 2013.

Center	Date Open	Square Feet (in thousands)	Centers	States
As of January 1, 2012		10,724	36	24
Expansion:				
Locust Grove, GA	Second quarter 2012	26	—	—
Other		(13)	—
As of December 31, 2012		10,737	36	24
Expansion:				
Gonzales, LA	First and second quarters 2013	40		
Sevierville, TN	Third quarter 2013	19		
Acquisition:				
Deer Park, NY ⁽¹⁾		742	1	
Other		9	—	—
As of September 30, 2013		11,547	37	24

(1)The Company acquired a controlling interest in the Deer Park, NY center on August 30, 2013.

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The following table summarizes certain information for our existing outlet centers in which we have an ownership interest as of September 30, 2013. Except as noted, all properties are fee owned.

Consolidated Outlet Centers Location	Square Feet	% Occupied
Deer Park, New York	741,981	95
Riverhead, New York ⁽¹⁾	729,734	100
Rehoboth Beach, Delaware ⁽¹⁾	568,975	100
Foley, Alabama	557,014	98
Atlantic City, New Jersey ⁽¹⁾	489,762	95
San Marcos, Texas	441,929	99
Sevierville, Tennessee ⁽¹⁾	438,076	99
Myrtle Beach Hwy 501, South Carolina	425,247	100
Jeffersonville, Ohio	411,776	100
Myrtle Beach Hwy 17, South Carolina ⁽¹⁾	402,791	99
Pittsburgh, Pennsylvania	372,972	100
Commerce II, Georgia	370,512	99
Charleston, South Carolina	365,107	100
Howell, Michigan	324,652	99
Locust Grove, Georgia	321,070	99
Mebane, North Carolina	318,910	100
Gonzales, Louisiana	318,666	100
Branson, Missouri	302,922	100
Park City, Utah	298,391	99
Westbrook, Connecticut	289,898	99
Williamsburg, Iowa	277,230	99
Lincoln City, Oregon	270,212	99
Lancaster, Pennsylvania	254,002	100
Tuscola, Illinois	250,439	95
Hershey, Pennsylvania	247,500	100
Tilton, New Hampshire	245,698	100
Hilton Head II, South Carolina	206,544	100
Fort Myers, Florida	198,877	91
Ocean City, Maryland ⁽¹⁾	198,840	100
Terrell, Texas	177,800	99
Hilton Head I, South Carolina	177,199	99
Barstow, California	171,300	100
West Branch, Michigan	112,570	98
Blowing Rock, North Carolina	104,154	100
Nags Head, North Carolina	82,161	100
Kittery I, Maine	57,667	100
Kittery II, Maine	24,619	100
Totals	11,547,197	99

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

Unconsolidated joint venture properties	Square	%
Location	Feet	Occupied
Texas City, TX (50% owned)	347,930	100
Glendale, AZ (58% owned)	331,739	100
Wisconsin Dells, WI (50% owned)	265,086	100
Bromont, QC (50% owned)	162,543	93
Cookstown, ON (50% owned)	155,522	95
Saint-Sauveur, QC (50% owned)	116,097	100
Total	1,378,917	

Leasing Activity

The following table provides information for our consolidated outlet centers regarding space re-leased or renewed:

Nine months ended September 30, 2013						
	# of Leases	Square Feet	Average Annual Straight-line Rent (psf)	Average Tenant Allowance (psf)	Average Initial Term (in years)	Net Average Annual Straight-line Rent (psf) ⁽¹⁾
Re-tenant	154	510,000	\$30.57	\$40.69	8.68	\$25.88
Renewal	306	1,457,000	\$23.61	\$0.90	4.81	\$23.42
Nine months ended September 30, 2012						
	# of Leases	Square Feet	Average Annual Straight-line Rent (psf)	Average Tenant Allowance (psf)	Average Initial Term (in years)	Net Average Annual Straight-line Rent (psf) ⁽¹⁾
Re-tenant	130	440,000	\$31.54	\$42.59	8.55	\$26.56
Renewal	277	1,358,000	\$21.56	\$—	4.60	\$21.56

Net average straight-line rentals is calculated by dividing the average tenant allowance costs per square foot by the average initial term and subtracting this calculated number from the average straight-line rent per year amount. The (1) average annual straight-line rent disclosed in the table above includes all concessions, abatements and reimbursements of rent to tenants. The average tenant allowance disclosed in the table above includes landlord costs.

RESULTS OF OPERATIONS

Comparison of the three months ended September 30, 2013 to the three months ended September 30, 2012

NET INCOME

Net income increased \$40.0 million in the 2013 period to \$56.2 million as compared to \$16.2 million for the 2012 period. The increase in net income was attributable to an increase in base rentals from internal growth within our existing portfolio, the acquisition of a controlling interest in the property in Deer Park, NY on August 30, 2013, which caused us to consolidate the property for financial reporting purposes, and the addition of several expansions within our portfolio at existing properties since October 1, 2012. In addition, our equity in earnings from unconsolidated joint ventures increased \$9.6 million, primarily due to a gain on early extinguishment of debt and the settlement of a lawsuit at Deer Park prior to our acquiring a controlling interest. In association with the acquisition, we recorded a gain of \$26.0 million representing the difference between the recorded value and the fair market value of our original equity interest.

BASE RENTALS

Base rentals increased \$4.6 million, or 8%, in the 2013 period compared to the 2012 period. The following table sets forth the changes in various components of base rentals (in thousands):

	2013	2012	Change
Existing property base rentals	\$62,342	\$59,467	\$2,875
Base rentals from acquired properties	2,044	—	2,044
Termination fees	36	22	14
Amortization of above and below market rent adjustments, net	(121	) 173	(294
	\$64,301	\$59,662	\$4,639

Base rental income generated from existing properties in our portfolio increased due to increases in rental rates on lease renewals and incremental rents from re-tenanting vacant spaces.

Amortization of above and below market lease values decreased due to leases from prior year acquisitions becoming fully amortized during the period from October 1, 2012 to September 30, 2013. In addition, the purchase price allocation of the Deer Park acquisition resulted in an above market asset of approximately \$6.1 million.

At September 30, 2013, the net asset representing the amount of unrecognized, combined above and below market lease values, recorded as a part of the purchase price of acquired properties, totaled approximately \$11.3 million. If a tenant terminates its lease prior to the contractual termination of the lease and no rental payments are being made on the lease, any unamortized balance of the related above or below market lease value will be written off and could materially impact our net income positively or negatively.

PERCENTAGE RENTALS

Percentage rentals, which represent revenues based on a percentage of tenants' sales volume above predetermined levels, decreased \$96,000, or 3%, from the 2012 period to the 2013 period. The decrease in percentage rentals is directly related to a slow down in the increase in tenant sales productivity in the 2013 period as compared to the 2012 period. Reported tenant comparable sales for our consolidated properties for the rolling twelve months ended September 30, 2013 increased approximately 1% to \$384 per square foot. Reported tenant comparable sales is defined as the weighted average sales per square foot reported in space open for the full duration of each comparison period. The following table sets forth the changes in various components of percentage rentals (in thousands):

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	2013	2012	Change	
Existing property percentage rentals	\$3,055	\$3,180	\$(125)
Percentage rentals from acquired properties	29	—	29	
	\$3,084	\$3,180	\$(96)

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EXPENSE REIMBURSEMENTS

Expense reimbursements increased \$2.5 million, or 10%, in the 2013 period compared to the 2012 period. The following table sets forth the changes in various components of expense reimbursements (in thousands):

	2013	2012	Change
Existing property expense reimbursements	\$26,257	\$24,908	\$1,349
Property expense reimbursements from acquired properties	1,157	—	1,157
	\$27,414	\$24,908	\$2,506

Expense reimbursements, which represent the contractual recovery from tenants of certain common area maintenance, insurance, property tax, promotional, advertising and management expenses, generally fluctuate consistently with the reimbursable property operating expenses to which they relate.

OTHER INCOME

Other income increased \$371,000, or 14%, in the 2013 period as compared to the 2012 period. The majority of the increase is due to the incremental fees earned from the unconsolidated joint ventures that were added to the portfolio during the fourth quarter of 2012. The following table sets forth the changes in various components of other income (in thousands):

	2013	2012	Change
Existing property other income	\$3,045	\$2,733	\$312
Other income from acquired properties	59	—	59
	\$3,104	\$2,733	\$371

PROPERTY OPERATING EXPENSES

Property operating expenses increased \$2.2 million, or 8%, in the 2013 period as compared to the 2012 period. The increase is due primarily to the addition of the Deer Park property to the consolidated portfolio. The following table sets forth the changes in various components of property operating expenses (in thousands):

	2013	2012	Change
Existing property operating expenses	\$28,027	\$27,614	\$413
Property operating expenses from acquired properties	1,836	—	1,836
	\$29,863	\$27,614	\$2,249

GENERAL AND ADMINISTRATIVE

General and administrative expenses increased \$736,000, or 8%, in the 2013 period compared to the 2012 period. This increase was mainly due to additional share-based compensation expense related to the 2013 grants of restricted shares to directors and certain officers of the Company and the grant of performance shares to executive officers under a new long term incentive plan. Also, the 2013 period included higher payroll related expenses on a comparative basis to the 2012 period due to the addition of new employees since October 1, 2012.

ACQUISITION COSTS

The 2013 period includes costs related to the acquisition of the additional ownership interest in the Deer Park property during the period as well as costs from other potential acquisitions of operating properties.

DEPRECIATION AND AMORTIZATION

Depreciation and amortization decreased \$586,000, or 2%, in the 2013 period compared to the 2012 period as certain construction and development related assets, as well as lease related intangibles recorded as part of the acquisition price of acquired properties, which are amortized over shorter lives, became fully depreciated during the reporting periods. The following table sets forth the changes in various components of depreciation and amortization (in thousands):

	2013	2012	Change
Existing property depreciation and amortization expenses	\$22,351	\$24,809	\$(2,458)
Depreciation and amortization expenses from acquired properties	1,872	—	1,872
	\$24,223	\$24,809	\$(586)

GAIN ON PREVIOUSLY HELD INTEREST IN ACQUIRED JOINT VENTURE

In August 2013, we acquired an additional one-third ownership interest in the Deer Park property, bringing our total ownership to a two-thirds interest. With the acquisition of a controlling interest, we have consolidated the property for financial reporting purposes since the acquisition date. The acquisition resulted in a gain of approximately \$26.0 million, representing the difference between the recorded value and the fair market value of our original equity interest.

EQUITY IN EARNINGS (LOSSES) OF UNCONSOLIDATED JOINT VENTURES

Equity in earnings (losses) of unconsolidated joint ventures increased approximately \$9.6 million in the 2013 period compared to the 2012 period. The primary reasons for the increase were related to the transactions at the Deer Park property prior to our acquisition of an additional one-third interest in the property and its subsequent consolidation for financial reporting purposes. As a part of the refinance of the debt at Deer Park, a gain on early extinguishment of debt of \$13.8 million was recorded. In addition, prior to the acquisition, the partnership settled a lawsuit with a third party which resulted in income to Deer Park of approximately \$9.5 million after expenses. Our one-third share of these transactions, recorded through equity in earnings prior to the acquisition, was approximately \$7.8 million. Incremental earnings from the addition of four centers held in unconsolidated joint ventures during the fourth quarter of 2012 accounted for the remainder of the increase.

Comparison of the nine months ended September 30, 2013 to the nine months ended September 30, 2012

NET INCOME

Net income increased \$52.7 million in the 2013 period to \$90.2 million as compared to \$37.5 million for the 2012 period. The increase in net income was attributable to an increase in base rentals of \$9.1 million from internal growth within our existing portfolio, the acquisition of a controlling interest in the property in Deer Park, NY on August 30, 2013, which caused us to consolidate the property for financial reporting purposes, and the addition of several expansions within our portfolio at existing properties since October 1, 2012. In addition, our equity in earnings from unconsolidated joint ventures increased \$13.0 million, due to a gain on early extinguishment of debt and the settlement of a lawsuit at Deer Park prior to our acquiring a controlling interest, as well as incremental earnings from the addition of four centers held in unconsolidated joint ventures to the portfolio during the fourth quarter of 2012. In association with the acquisition, we recorded a gain of \$26.0 million representing the difference between the recorded value and the fair market value of our original equity interest. Finally our depreciation and amortization decreased \$6.6 million due to certain construction and development related assets and lease related intangibles recorded as part of the acquisition price of acquired properties, which are amortized over shorter lives, became fully depreciated during the reporting periods.

BASE RENTALS

Base rentals increased \$9.1 million, or 5%, in the 2013 period compared to the 2012 period. The following table sets forth the changes in various components of base rentals (in thousands):

	2013	2012	Change
Existing property base rentals	\$182,409	\$173,754	\$8,655
Base rentals from acquired properties	2,044	—	2,044
Termination fees	186	880	(694)
Amortization of above and below market rent adjustments, net	(48)	830	(878)
	\$184,591	\$175,464	\$9,127

Base rental income generated from existing properties in our portfolio increased due to increases in rental rates on lease renewals and incremental rents from re-tenanting vacant spaces.

Termination fees decreased due to the 2012 period containing a tenant that exited the outlet industry and terminated their leases prior to the end of their contractual obligation.

Amortization of above and below market lease values decreased due to leases from prior year acquisitions becoming fully amortized during the period from October 1, 2012 to September 30, 2013. In addition, the purchase price allocation of the Deer Park acquisition resulted in an above market asset of approximately \$6.1 million.

At September 30, 2013, the net asset representing the amount of unrecognized, combined above and below market lease values, recorded as a part of the purchase price of acquired properties, totaled approximately \$11.3 million. If a tenant terminates its lease prior to the contractual termination of the lease and no rental payments are being made on the lease, any unamortized balance of the related above or below market lease value will be written off and could materially impact our net income positively or negatively.

PERCENTAGE RENTALS

Percentage rentals, which represent revenues based on a percentage of tenants' sales volume above predetermined levels, the breakpoint, increased \$414,000, or 6%, from the 2012 period to the 2013 period. The increase in percentage rentals is directly related to higher tenant sales productivity, the majority of which occurred during the first six months of 2013. Reported tenant comparable sales for our consolidated properties for the rolling twelve months ended September 30, 2013 increased 1% to \$384 per square foot. Reported tenant comparable sales is defined as the weighted average sales per square foot reported in space open for the full duration of each comparison period. The following table sets forth the changes in various components of percentage rentals (in thousands):

	2013	2012	Change
Existing property percentage rentals	\$6,927	\$6,542	\$385
Percentage rentals from acquired properties	29	—	29
	\$6,956	\$6,542	\$414

EXPENSE REIMBURSEMENTS

Expense reimbursements increased \$4.8 million, or 6%, in the 2013 period compared to the 2012 period. The following table sets forth the changes in various components of expense reimbursements (in thousands):

	2013	2012	Change
Existing property expense reimbursements	\$77,299	\$73,499	\$3,800
Property expense reimbursements from acquired properties	1,157	—	1,157

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Termination fees allocated to expense reimbursements	88	278	(190)
	\$78,544	\$73,777	\$4,767	

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Expense reimbursements, which represent the contractual recovery from tenants of certain common area maintenance, insurance, property tax, promotional, advertising and management expenses, generally fluctuate consistently with the reimbursable property operating expenses to which they relate.

OTHER INCOME

Other income increased \$1.2 million, or 20%, in the 2013 period as compared to the 2012 period. The majority of the increase is due to the incremental fees earned from the unconsolidated joint ventures that were added to the portfolio during the fourth quarter of 2012. The following table sets forth the changes in various components of other income (in thousands):

	2013	2012	Change
Existing property other income	\$7,457	\$6,278	\$1,179
Other income from acquired properties	59	—	59
	\$7,516	\$6,278	\$1,238

PROPERTY OPERATING EXPENSES

Property operating expenses increased \$5.1 million, or 6%, in the 2013 period as compared to the 2012 period. Existing property operating expenses increased in the 2013 period compared to the 2012 period as a result of higher common area maintenance costs for various projects and an increase in snow removal expenditures. The following table sets forth the changes in various components of property operating expenses (in thousands):

	2013	2012	Change
Existing property operating expenses	\$84,983	\$81,679	\$3,304
Property operating expenses from acquired properties	1,836	—	1,836
	\$86,819	\$81,679	\$5,140

GENERAL AND ADMINISTRATIVE

General and administrative expenses increased \$1.5 million, or 5%, in the 2013 period compared to the 2012 period. This increase was mainly due to additional share-based compensation expense related to the 2013 grant of restricted shares to directors and certain officers of the Company and the grant of performance shares under a new long term incentive plan. Also, the 2013 period included higher payroll related expenses on a comparative basis to the 2012 period due to the addition of new employees since October 1, 2012.

ACQUISITION COSTS

The 2013 period includes costs related to the acquisition of the additional ownership interest in the Deer Park property during the period as well as costs from other potential acquisitions of operating properties.

DEPRECIATION AND AMORTIZATION

Depreciation and amortization decreased \$6.6 million, or 9%, in the 2013 period compared to the 2012 period as certain construction and development related assets and lease related intangibles recorded as part of the acquisition price of acquired properties, which are amortized over shorter lives, became fully depreciated during the reporting periods. The following table sets forth the changes in various components of depreciation and amortization (in thousands):

	2013	2012	Change
Existing property depreciation and amortization expenses	\$66,811	\$75,247	\$(8,436)
Depreciation and amortization expenses from acquired properties	1,872	—	1,872

\$68,683 \$75,247 \$(6,564)

INTEREST EXPENSE

Interest expense increased approximately \$764,000, or 2%, in the 2013 period compared to the 2012 period. The primary reason for the increase in interest expense is the increase in the average amount of debt outstanding from approximately \$1.0 billion for the 2012 period to approximately \$1.2 billion for the 2013 period. The higher debt levels outstanding were a result of fundings for additional investments in our unconsolidated joint ventures in both Canada and the United States.

GAIN ON PREVIOUSLY HELD INTEREST IN ACQUIRED JOINT VENTURE

In August 2013, we acquired an additional one-third ownership interest in the Deer Park property, bringing our total ownership to a two-thirds interest. With the acquisition of a controlling interest, we have consolidated the property for financial reporting purposes since the acquisition date. The acquisition resulted in a gain of approximately \$26.0 million, representing the difference between the recorded value and the fair market value of our original equity interest.

EQUITY IN EARNINGS (LOSSES) OF UNCONSOLIDATED JOINT VENTURES

Equity in earnings of unconsolidated joint ventures increased approximately \$13.0 million in the 2013 period compared to the 2012 period. The primary reasons for the increase were the related to transactions at the Deer Park property prior to our acquisition of an additional one-third interest in the property and its subsequent consolidation for financial reporting purposes. As a part of the refinance of the debt at Deer Park, a gain on early extinguishment of debt of \$13.8 million was recorded. In addition a lawsuit was settled which resulted in income to the Deer Park of approximately \$9.5 million after expenses. Our one-third share of these transactions, recorded through equity in earnings prior to the acquisition, was approximately \$7.8 million. Incremental earnings from the addition of four centers held in unconsolidated joint ventures to the portfolio during the fourth quarter of 2012 accounted for the remainder of the increase.

LIQUIDITY AND CAPITAL RESOURCES OF THE COMPANY

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

The Company's business is operated primarily through the Operating Partnership. The Company issues public equity from time to time, but does not otherwise generate any capital itself or conduct any business itself, other than incurring certain expenses in operating as a public company, which are fully reimbursed by the Operating Partnership. The Company does not hold any indebtedness, and its only material asset is its ownership of partnership interests of the Operating Partnership.

The Company's principal funding requirement is the payment of dividends on its common shares. The Company's principal source of funding for its dividend payments is distributions it receives from the Operating Partnership.

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

partnership units of the Operating Partnership.

The Company is a well-known seasoned issuer with a shelf registration that expires in June 2015 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, develop new or existing properties, to make acquisitions of properties or portfolios of properties, to invest in existing or newly created joint ventures or for general corporate purposes.

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

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

For the Company to maintain its qualification as a REIT, it must pay dividends to its shareholders aggregating annually at least 90% of its taxable income. 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 developments of new or existing properties, acquisitions or investments in existing or newly created joint ventures.

As the sole owner of the general partner with control of the Operating Partnership, the Company consolidates the Operating Partnership for financial reporting purposes. 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.

On October 10, 2013, the Company's Board of Directors declared a \$.225 cash dividend per common share payable on November 15, 2013 to each shareholder of record on October 30, 2013, and caused a \$.225 per Operating Partnership unit cash distribution 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.

Our strategy is to achieve a strong and flexible financial position by seeking 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,		
	2013	2012	Change
Net cash provided by operating activities	\$137,085	\$129,184	\$7,901
Net cash used in investing activities	(157,480)	(92,061)	(65,419)
Net cash provided by (used in) financing activities	20,558	(35,485)	56,043
Net increase in cash and cash equivalents	\$163	\$1,638	\$(1,475)

Operating Activities

Cash provided by operating activities during 2013 was positively impacted by an increase in operating income. Also, due to the addition of four centers held in unconsolidated joint ventures since the third quarter of 2012, cash received from unconsolidated joint ventures that represented a return on investment increased by \$3.8 million.

Investing Activities

Cash used in investing activities was higher in the 2013 period compared to the 2012 period due primarily due to a loan of approximately \$89.5 million to the Deer Park joint venture representing the remaining amount necessary to repay the previous mortgage and mezzanine loans. This impact was partially offset by additional cash received from unconsolidated joint ventures that represented a return of investment, the most significant of which related to the Galveston/Houston joint venture. This venture closed on a mortgage loan with the ability to borrow up to \$70.0 million with a rate of LIBOR + 1.50% and a maturity date of July 1, 2017, and with the option to extend the maturity for one additional year. The joint venture received total loan proceeds of \$65.0 million and distributed the proceeds equally to the partners.

Financing Activities

The change in cash used in financing activities of \$56.0 million was primarily the result of significant borrowings under our lines of credit to fund development at our unconsolidated joint ventures in the United States and Canada and the loan to Deer Park as mentioned above.

Capital Expenditures

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

	Nine months ended September 30,		
	2013	2012	Change
Capital expenditures analysis:			
New center developments	\$13,690	\$3,783	\$9,907
Center redevelopment	—	249	(249)
Major center renovations	3,840	7,639	(3,799)
Second generation tenant allowances	11,762	10,013	1,749
Other capital expenditures	9,474	6,342	3,132
	38,766	28,026	10,740
Conversion from accrual to cash basis	1,812	3,131	(1,319)
Additions to rental property-cash basis	\$40,578	\$31,157	\$9,421

New center development expenditures, which includes first generation tenant allowances, included expansions in Gonzales, Louisiana and Sevierville, Tennessee and the initial development costs associated with the construction of our center at the Foxwoods casino in Connecticut in the 2013 period. The 2012 period included an expansion in Locust Grove, Georgia.

Major center renovations in the 2013 period included renovation activities at our Gonzales, LA center. The 2012 period included on-going renovation efforts at the centers acquired during the second and third quarters of 2011.

Other capital expenditures in 2013 increased over the 2012 period due to a higher number of other capital expenditure projects within our existing portfolio.

Current Developments

We intend to continue to grow our portfolio by developing, expanding or acquiring additional outlet centers. In the section below, we describe the new developments that are either currently planned, underway or recently completed. However, you should note that any developments or expansions that we, or a joint venture that we are involved 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 "Supplemental Earnings Measures" - "Funds From Operations" in the Management's Discussion and Analysis section 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 liquidity, net income or FFO.

POTENTIAL FUTURE DEVELOPMENTS

As of the date of this filing, we are in the initial study period for potential new developments, including sites located in Scottsdale, Arizona; Columbus, Ohio; and Clarksburg, Maryland. We may also use joint venture arrangements to develop other potential sites. There can be no assurance, however, that these potential future developments 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 typically use collateralized construction loans to fund a portion of the project, with our share of the equity requirements funded from sources previously described.

CONSOLIDATED JOINT VENTURES

Foxwoods, Connecticut

In September 2013, we broke ground at Foxwoods Resort Casino in Mashantucket, Connecticut on Tanger Outlets at Foxwoods. We own a two-thirds controlling interest in the project, which will be consolidated for financial reporting purposes. The outlet center will feature approximately 80 brand name and designer tenants, including American Eagle

Outfitters, Ann Taylor, Banana Republic, Calvin Klein, Coach, Fossil, Gap, LOFT, Michael Kors, Nike, Skechers, Steve Madden, Tommy Hilfiger and more. The approximately 314,000 square foot project will be suspended above ground to join the casino floors of the two major hotels located within the resort, which attract millions of visitors each year. Due to the relative complexity of the project, the construction period is expected to exceed our typical development timeline and we currently expect the property to open in the second quarter of 2015.

UNCONSOLIDATED JOINT VENTURES

We have formed joint venture arrangements to develop outlet centers that are currently in various stages of development in several markets. See "Off-Balance Sheet Arrangements" for a discussion of unconsolidated joint venture development activities.

Financing Arrangements

At September 30, 2013, 81% of our outstanding debt consisted of unsecured borrowings and 80% of the gross book value of our real estate portfolio was unencumbered. We maintain unsecured lines of credit that provide for borrowings of up to \$520.0 million. In October 2013, we modified our unsecured lines of credit which extended the expiration date to October 24, 2017 with an option for an additional one year extension and reduced the interest rate to LIBOR + 1.00%.

As part of the consolidation of the Deer Park property, we assumed debt totaling \$237.9 million, including an existing mortgage totaling \$150.0 million with a five year term bearing interest at LIBOR + 1.50%. In October 2013, the Company entered into interest rate swap agreements that fix the base LIBOR rate on the \$150.0 million Deer Park mortgage at an average of 1.30%, creating an effective interest rate of 2.80%.

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. Based on market conditions, we may choose to complete additional financing transactions by year end with the objectives of further reducing our floating rate debt exposure, extending the average term of our debt outstanding, and increasing our unused lines of credit capacity.

The Company is a well-known seasoned issuer with a joint shelf registration with the Operating Partnership, expiring in June 2015, that allows us to register unspecified amounts of different classes of securities on Form S-3. To generate capital to reinvest into other attractive investment opportunities, we may also consider the use of additional operational and developmental joint ventures, the sale or lease of outparcels on our existing properties and the sale of certain properties that do not meet our long-term investment criteria. Based on cash provided by operations, existing lines of credit, ongoing relationships with certain financial institutions and our ability to sell debt or issue equity subject to market conditions, we believe that we have access to the necessary financing to fund the planned capital expenditures through the end of 2013 and into 2014.

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 2015 when our next significant debt maturities occur.

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.

The Operating Partnership's senior unsecured notes contain covenants and restrictions requiring us to meet certain financial ratios and reporting requirements. Key financial covenants and their covenant levels include:

Senior unsecured notes financial covenants	Required	Actual	
Total consolidated debt to adjusted total assets	<60%	48	%

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Total secured debt to adjusted total assets	<40%	9	%
Total unencumbered assets to unsecured debt	>135%	187	%

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OFF-BALANCE SHEET ARRANGEMENTS

The following table details certain information as of September 30, 2013 about various unconsolidated real estate joint ventures in which we have an ownership interest:

Joint Venture	Center Location	Ownership %	Square Feet	Carrying Value of Investment (in millions)
Charlotte	Charlotte, NC	50.0	% —	\$5.9
Galveston/Houston	Texas City, TX	50.0	% 347,930	7.7
National Harbor	Washington D.C. Metro Area	50.0	% —	17.5
RioCan Canada	Various	50.0	% 434,162	86.7
Westgate	Glendale, AZ	58.0	% 331,739	16.4
Wisconsin Dells	Wisconsin Dells, WI	50.0	% 265,086	2.5
Other			—	0.2
Total				\$136.9

Each of the above ventures contain make whole provisions in the event that demands are made on any existing guarantees. In addition, the joint venture agreements contain other provisions where a venture partner can force the other partners to either buy or sell their investment in the joint venture. Should this occur, we may be required to sell the property to the venture partner or incur a significant cash outflow in order to maintain ownership of these outlet centers.

Charlotte, North Carolina

In May 2013, we formed a 50/50 joint venture for the development of an outlet center in the Charlotte, NC market. Subsequently, during the third quarter of 2013, the joint venture began construction on the outlet center which will be located eight miles southwest of uptown Charlotte at the interchange of I-485 and Steele Creek Road (NC Highway 160), the two major thoroughfares for the city. The approximately 400,000 square foot project will feature approximately 90 brand name and designer stores and is expected to open during the third quarter of 2014.

As of September 30, 2013, we and our partner had each contributed approximately \$5.9 million in cash to the joint venture to fund development activities. We are providing development services to the project; and with our partner, are jointly providing leasing services. Our partner will provide property management and marketing services to the center once open.

Deer Park, Long Island, New York

As described in Note 3, we acquired an additional one-third ownership interest in Deer Park and have consolidated the property for financial reporting purposes since the acquisition date.

Deer Park Warehouse, Long Island, New York

In March 2013, in connection with a loan forbearance agreement signed in 2012 with the lender to the joint venture, the warehouse property was sold for approximately \$1.2 million. The proceeds were used to satisfy the terms of the forbearance agreement. There was no impact to the net income of the joint venture as a result of this sale and the retirement of the associated mortgage debt.

Galveston/Houston, Texas

Tanger Outlets Texas City, which opened October 19, 2012, was initially fully funded with equity contributed to the joint venture by Tanger and its 50/50 partner. In July 2013, the joint venture closed on a \$70.0 million mortgage loan with a rate of LIBOR + 1.50% and a maturity date of July 1, 2017, with the option to extend the maturity for one additional year. The joint venture received total loan proceeds of \$65.0 million and distributed the proceeds equally to the partners. We used our share of the proceeds to reduce amounts outstanding under our unsecured lines of credit.

National Harbor, Washington, D.C. Metro Area

In May 2011, we announced the formation of a joint venture for the development of a Tanger Outlet Center at National Harbor in the Washington, D.C. Metro area. The planned Tanger Outlet Center is expected to open in November 2013 in time for the 2013 holiday shopping season and contain approximately 80 brand name and designer outlet stores in a center containing approximately 340,000 square feet. In November 2012, the joint venture broke ground and began development. Both parties have made equity contributions of \$17.2 million to fund certain development costs. In May 2013, the joint venture closed on a construction loan with the ability to borrow up to \$62.0 million and which carries an interest rate of LIBOR + 1.65%. As of September 30, 2013 the balance on the loan was \$28.1 million. We provide property management, leasing and marketing services to the joint venture; and with our partner, are jointly providing site development and construction supervision services.

RioCan Canada

We have entered into a 50/50 co-ownership agreement with RioCan Real Estate Investment Trust ("RioCan Joint Venture") to develop and acquire outlet centers in Canada. Any projects developed or acquired will be branded as Tanger Outlet Centers. We have agreed to provide leasing and marketing services to the venture and RioCan will provide development and property management services.

In March of 2013 the RioCan Joint Venture acquired the land adjacent to the existing Cookstown Outlet Mall for \$13.9 million. The land is being used for the joint venture's expansion of the Cookstown Outlet Mall which began in May 2013. The expansion, which is expected to open in the fourth quarter of 2014, will add approximately 153,000 square feet to the center and will add approximately 35 new brand name and designer outlet stores to the center.

Also, during the second quarter of 2013, the joint venture purchased land for \$28.7 million and broke ground on Tanger Outlets Ottawa, the first ground up development of a Tanger Outlet Center in Canada. Located in suburban Kanata off the TransCanada Highway (Highway 417) at Palladium Drive, this center will contain approximately 303,000 square feet and will feature approximately 80 brand name and designer outlet stores. The center is currently expected to open in the fourth quarter of 2014.

Additionally, the RioCan Joint Venture partners have decided not to proceed with the proposed development at Mississauga's Heartland Town Centre, west of Toronto, at the current time.

The following table details the debt maturities of the unconsolidated joint ventures as of September 30, 2013 (in millions):

Joint Venture	Total Joint Venture Debt (in millions)	Maturity Date	Interest Rate
Galveston/Houston	\$65.0	July 2017	LIBOR + 1.50%
National Harbor	\$28.1	May 2016	LIBOR + 1.65%
RioCan Canada	\$18.8	June 2015 and May 2020	5.10% to 5.75%
Westgate	\$43.0	June 2015	LIBOR + 1.75%
Wisconsin Dells	\$24.3	December 2022	LIBOR + 2.25%

Management, leasing and marketing fees, which we believe approximate current market rates, earned from services provided to our unconsolidated joint ventures were recognized in other income as follows (in thousands):

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2013	2012	2013	2012
Fee:				
Development	\$(6	) \$8	\$57	\$8
Loan Guarantee	40	16	121	16
Management and leasing	761	554	2,391	1,507
Marketing	93	61	301	161
Total Fees	\$888	\$639	\$2,870	\$1,692

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Refer to our 2012 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 2013.

SUPPLEMENTAL EARNINGS MEASURES

Funds From Operations

Funds From Operations ("FFO") represents income before extraordinary items and gains (losses) on sale or disposal of depreciable operating properties, plus depreciation and amortization uniquely significant to real estate, impairment losses on depreciable real estate of consolidated real estate and after adjustments for unconsolidated partnerships and joint ventures, including depreciation and amortization, and impairment losses on investments in unconsolidated joint ventures driven by a measurable decrease in the fair value of depreciable real estate held by the unconsolidated joint ventures.

FFO is intended to exclude historical cost depreciation of real estate as required by United States Generally Accepted Accounting Principles ("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 unique to real estate, 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 and believe it 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 widely used by us and others in our industry to evaluate and price potential acquisition candidates. The National Association of Real Estate Investment Trusts, Inc., of which we are a member, has encouraged its member companies to report their FFO as a supplemental, industry-wide standard measure of REIT operating performance. In addition, a percentage of bonus compensation to certain members of management is based on our FFO performance.

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

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

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

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

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

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

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

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

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2013	2012	2013	2012
FUNDS FROM OPERATIONS				
Net income	\$56,180	\$16,170	\$90,185	\$37,462
Adjusted for:				
Depreciation and amortization uniquely significant to real estate - consolidated	23,888	24,532	67,798	74,543
Depreciation and amortization uniquely significant to real estate - unconsolidated joint ventures	2,861	1,641	9,465	5,109
Gain on previously held interest in acquired joint venture	(26,002)	—	(26,002)	—
Impairment charge - unconsolidated joint ventures	—	—	—	140
Funds from operations (FFO)	56,927	42,343	141,446	117,254
FFO attributable to noncontrolling interests in other consolidated partnerships	(117)	(4)	(190)	10
Allocation of FFO to participating securities	(614)	(425)	(1,501)	(1,123)
Funds from operations available to common shareholders and noncontrolling interests in Operating Partnership	\$56,196	\$41,914	\$139,755	\$116,141
Tanger Factory Outlet Centers, Inc.:				
Weighted average common shares outstanding ⁽¹⁾⁽²⁾	99,178	98,699	99,004	98,599
Dilutive funds from operations per share	\$0.57	\$0.42	\$1.41	\$1.18
Tanger Properties Limited Partnership:				
Weighted average Operating Partnership units outstanding ⁽¹⁾	99,178	98,699	99,004	98,599
Dilutive funds from operations per unit	\$0.57	\$0.42	\$1.41	\$1.18

(1) Includes the dilutive effect of options, restricted shares not considered participating securities, and notional units.

Assumes the partnership units of the Operating Partnership held by the noncontrolling interests are exchanged for

(2) common shares of the Company. Each unit held by a limited partner is exchangeable for one of the Company's common shares, subject to certain limitations to preserve the Company's REIT status.

Adjusted Funds From Operations

We present Adjusted Funds From Operations ("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 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 use AFFO, or some form of AFFO, when certain material, unplanned transactions occur, as a factor in evaluating management's performance when determining incentive compensation and to evaluate the effectiveness of our business strategies.

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 supplementally.

Below is a reconciliation of FFO to AFFO (in thousands, except per share and per unit amounts):

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2013	2012	2013	2012
ADJUSTED FUNDS FROM OPERATIONS				
Funds from operations	\$56,927	\$42,343	\$141,446	\$117,254
Adjusted for non-core items:				
Demolition costs	100	—	140	—
Acquisition costs	532	—	963	—
AFFO adjustments from unconsolidated joint ventures ⁽¹⁾	(7,962	) —	(7,421	) 892
Adjusted funds from operations (AFFO)	49,597	42,343	135,128	118,146
AFFO attributable to noncontrolling interests in other consolidated partnerships	(117	) (4	) (190	) 10
Allocation of AFFO to participating securities	(533	) (425	) (1,431	) (1,132
Adjusted funds from operations available to common shareholders and noncontrolling interests in Operating Partnership	\$48,947	\$41,914	\$133,507	\$117,024
Tanger Factory Outlet Centers, Inc.:				
Weighted average common shares outstanding ^{(2) (3)}	99,178	98,699	99,004	98,599
Dilutive adjusted funds from operations per share	\$0.49	\$0.42	\$1.35	\$1.19
Tanger Properties Limited Partnership:				
Weighted average Operating Partnership units outstanding ⁽²⁾	99,178	98,699	99,004	98,599
Dilutive adjusted funds from operations per unit	\$0.49	\$0.42	\$1.35	\$1.19

Includes our share of acquisition costs, litigation settlement proceeds, abandoned development costs and gain on early extinguishment of debt from unconsolidated joint ventures. The gain on early extinguishment of debt was \$4.6 million and the litigation settlement proceeds was \$3.2 million, for the three and nine months ended, September 30, 2013.

(2) Includes the dilutive effect of options, restricted shares not considered participating securities, and notional units.

(3) Assumes the partnership units of the Operating Partnership held by the noncontrolling interest are exchanged for common shares of the Company.

Same Center Net Operating Income

We present Same Center Net Operating Income (“NOI”) as a supplemental measure of our performance. We define Net Operating Income (“NOI”) as total operating revenues less property operating expenses. Same Center NOI represents the NOI for the properties that were operational for the entire portion of both comparable reporting periods and which were not acquired, expanded, renovated or subject to a material, non-recurring event, such as a natural disaster, during the comparable reporting periods. We believe that NOI and Same Center NOI provide useful information to our investors and analysts about our financial and operating performance because it provides a performance measure of the revenues and expenses directly involved in owning and operating real estate assets and provides a perspective not immediately apparent from net income or FFO. Because Same Center NOI excludes the change in NOI from properties developed, redeveloped, acquired, sold and expanded, 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 Same Center NOI, and accordingly, our Same Center NOI may not be comparable to other REITs.

Same Center NOI should not be viewed as an alternative measure of the Company's financial performance since it does not reflect the operations of the Company's entire portfolio, nor does it reflect the impact of general and administrative expenses, acquisition-related expenses, interest expense, depreciation and amortization costs, other non-property income and losses, and the level of capital expenditures and leasing costs necessary to maintain the operating performance of the Company's properties, or trends in development and construction activities which are significant economic costs and activities that could materially impact the Company's results from operations.

Below is a reconciliation of income before equity in losses of unconsolidated joint ventures to Same Center NOI (in thousands):

	Three months ended September 30,		Nine months ended September 30,	
	2013	2012	2013	2012
SAME CENTER NET OPERATING INCOME				
Income before equity in earnings (losses) of unconsolidated joint ventures	\$47,166	\$16,725	\$80,078	\$40,336
Interest expense	12,367	12,317	37,826	37,062
Gain on previously held interest in acquired joint venture	(26,002)	) —	(26,002)) —
Operating income	33,531	29,042	91,902	77,398
Adjusted to exclude:				
Depreciation and amortization	24,223	24,809	68,683	75,247
Other non-property income and losses	(1,512)	) (1,380)	) (4,615)	) (3,834)
Acquisition costs	532	—	963	—
General and administrative expenses	9,754	9,018	29,240	27,737
Property net operating income	66,528	61,489	186,173	176,548
Less: non-cash adjustments and termination rents ⁽¹⁾	(1,474)	) (1,174)	) (3,870)	) (4,370)
Property net operating income - cash basis	65,054	60,315	182,303	172,178
Less: non-same center NOI ⁽²⁾	(8,672)	) (6,122)	) (21,542)	) (17,718)
Total same center NOI - cash basis	\$56,382	\$54,193	\$160,761	\$154,460

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

(2)Centers excluded from same center NOI are as follows:

- a. Gonzales - Expansion opened during March and April 2013.
- b. Locust Grove - Expansion opened during April 2012.
- c. Sevierville - Expansion opened during September 2013.

d. Deer Park - The Company acquired a controlling interest in the Deer Park, NY center on August 30, 2013.

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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 we believe often are lower than traditional retail industry standards) which generally increase as prices rise. Most of the leases require the tenant to pay their share of 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.

While we believe outlet stores will continue to be a profitable and fundamental distribution channel for many brand name manufacturers, some retail formats are more successful than others. As typical in the retail industry, certain tenants have closed, or will close, certain stores by terminating their lease prior to its natural expiration or as a result of filing for protection under bankruptcy laws.

Due to the relatively short-term nature of our tenants' leases, a significant portion of the leases in our portfolio come up for renewal each year. As of January 1, 2013, we had approximately 1.9 million square feet, or 18%, of our consolidated portfolio at that time coming up for renewal during 2013. During the first nine months of 2013, we renewed approximately 1.5 million square feet of this space at a 18% increase in the average base rental rate compared to the expiring rate. We also re-tenanted approximately 510,000 square feet at a 38% increase in the average base rental rate. In addition, we continue to attract and retain additional tenants. However, there can be no assurance that we can achieve similar increases in base rental rates. In addition, if we were unable to successfully renew or release a significant amount of this space on favorable economic terms, the loss in rent could have a material adverse effect on our results of operations.

Our outlet centers typically include well-known, national, brand name companies. By maintaining a broad base of well-known tenants and a geographically diverse portfolio of properties located across the United States, we reduce our operating and leasing risks. No one tenant (including affiliates) accounts for more than 8% of our square feet or 7% of our combined base and percentage rental revenues. Accordingly, we do not expect any material adverse impact on our results of operations and financial condition as a result of leases to be renewed or stores to be released. As of September 30, 2013 and 2012, respectively, occupancy at our consolidated centers was 99%.

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 floating rate debt to a fixed rate basis. We do not enter into derivatives or other financial instruments for trading or speculative purposes. As of September 30, 2013, we were not a party to any interest rate protection agreements.

As of September 30, 2013, approximately 50% of our outstanding debt had a variable interest rate and was therefore subject to market fluctuations. An increase in the LIBOR rate of 100 basis points would result in an increase of approximately \$6.7 million in interest expense on an annual basis. The information presented herein is merely an estimate and has limited predictive value. As a result, the ultimate effect upon our operating results of interest rate fluctuations will depend on the interest rate exposures that arise during the period, our hedging strategies at that time and future changes in the level of interest rates.

The estimated fair value of our debt, consisting of senior unsecured notes, unsecured term loans, secured mortgages and unsecured lines of credit, at September 30, 2013 and December 31, 2012 was \$1.4 billion and \$1.2 billion, respectively, and its recorded value was \$1.3 billion and \$1.1 billion, respectively. A 100 basis point increase from

prevailing interest rates at September 30, 2013 and December 31, 2012 would result in a decrease in fair value of total debt of approximately \$30.9 million and \$34.8 million, respectively. Fair values were determined, based on level 2 inputs, using discounted analysis with an interest rate or credit spread similar to that of current market borrowing arrangements.

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)) as of September 30, 2013. Based on this evaluation, the Company's Chief Executive Officer and Chief Financial Officer, have concluded the Company's disclosure controls and procedures were effective as of September 30, 2013. There were no changes to the Company's internal controls over financial reporting during the quarter ended September 30, 2013, 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, 2013. Based on this evaluation, the Chief Executive Officer of the Operating Partnership's general partner, and the Vice-President and Treasurer (Principal Financial and Accounting Officer) of the Operating Partnership's general partner, have concluded the Operating Partnership's disclosure controls and procedures were effective as of September 30, 2013. There were no changes to the Operating Partnership's internal controls over financial reporting during the quarter ended September 30, 2013, 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

Neither the Company nor the Operating Partnership is presently involved in any material litigation nor, to their knowledge, is any material litigation threatened against the Company or the Operating Partnership or its properties, other than routine litigation arising in the ordinary course of business and which is expected to be covered by liability insurance.

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, 2012.

Item 4. Mine Safety Disclosures

Not applicable

Item 6. Exhibits

Exhibit Number	Exhibit Descriptions
3.1	Amended and Restated Agreement of Limited Partnership of Tanger Properties Limited Partnership dated August 30, 2013.
10.1 *	Form of 2013 Outperformance Plan Notional Unit Award agreement. (Incorporated by reference to the Company's and Operating Partnership's Quarterly Report on Form 10-Q for the quarter ended March 31, 2013.)
10.2	Registration Rights Agreement among Tanger Factory Outlet Centers, Inc, Tanger Properties Limited Partnership and DPSW Deer Park LLC.
12.1	Company's Ratio of Earnings to Fixed Charges.
12.2	Operating Partnership's Ratio of Earnings to Fixed Charges.
31.1	Principal Executive Officer Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 302 of the Sarbanes - Oxley Act of 2002 for Tanger Factory Outlet Centers, Inc.
31.2	Principal Financial Officer Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 302 of the Sarbanes - Oxley Act of 2002 for Tanger Factory Outlet Centers, Inc.
31.3	Principal Executive Officer Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 302 of the Sarbanes - Oxley Act of 2002 for Tanger Properties Limited Partnership.
31.4	Principal Financial Officer Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 302 of the Sarbanes - Oxley Act of 2002 for Tanger Properties Limited Partnership.
32.1	Principal Executive Officer Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes - Oxley Act of 2002 for Tanger Factory Outlet Centers, Inc.
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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	The following financial statements from Tanger Factory Outlet Centers, Inc. and Tanger Properties Limited Partnership's dual Quarterly Report on Form 10-Q for the quarter ended September 30, 2013, formatted in XBRL: (i) Consolidated Balance Sheets (unaudited), (ii) Consolidated Statements of Operations (unaudited), (iii) Consolidated Statements of Other Comprehensive Income (unaudited), (iv) Consolidated Statements of Equity (unaudited), (v) Consolidated Statements of Cash Flows (unaudited), and (vi) Notes to Consolidated Financial Statements (unaudited).
*	Management contract or compensatory plan or arrangement.

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 12, 2013

TANGER FACTORY OUTLET CENTERS, INC.

By: /s/ Frank C. Marchisello, Jr.
Frank C. Marchisello, Jr.
Executive Vice President and Chief Financial Officer

TANGER PROPERTIES LIMITED PARTNERSHIP

By: TANGER GP TRUST, its sole general partner

By: /s/ Frank C. Marchisello, Jr.
Frank C. Marchisello, Jr.
Vice President and Treasurer

Exhibit Index

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* Management contract or compensatory plan or arrangement.

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