

TANGER FACTORY OUTLET CENTERS INC

Form 10-K

February 21, 2019

United States

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

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

For the fiscal year ended December 31, 2018

OR

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

For the transition period from _____ to _____

Commission file number 1-11986 (Tanger Factory Outlet Centers, Inc.)

Commission file number 333-3526-01 (Tanger Properties Limited Partnership)

TANGER FACTORY OUTLET CENTERS, INC.

TANGER PROPERTIES LIMITED PARTNERSHIP

(Exact name of Registrant as specified in its charter)

North Carolina (Tanger Factory Outlet Centers, Inc.) 56-1815473

North Carolina (Tanger Properties Limited Partnership) 56-1822494

(State or other jurisdiction of incorporation or organization) (I.R.S. Employer Identification No.)

3200 Northline Avenue, Suite 360

Greensboro, NC 27408

(Address of principal executive offices)

(336) 292-3010

(Registrant's telephone number)

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

Tanger Factory Outlet Centers, Inc.:

Title of each class

Common Shares, \$.01 par value

Name of exchange on which registered

New York Stock Exchange

Tanger Properties Limited Partnership:

None

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

Tanger Factory Outlet Centers, Inc.: None

Tanger Properties Limited Partnership: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Tanger Factory Outlet Centers, Inc. Yes No

Tanger Properties Limited Partnership Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.

Tanger Factory Outlet Centers, Inc. Yes No

Tanger Properties Limited Partnership Yes No

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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

1

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

Tanger Factory Outlet Centers, Inc. Yes No

Tanger Properties Limited Partnership Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

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

Tanger Factory Outlet Centers, Inc.

Large accelerated filer Accelerated filer

Non-accelerated filer Smaller reporting company

Emerging growth company

Tanger Properties Limited Partnership

Large accelerated filer Accelerated filer

Non-accelerated filer Smaller reporting company

Emerging growth company

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

Tanger Factory Outlet Centers, Inc.

Tanger Properties Limited Partnership

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

Tanger Factory Outlet Centers, Inc. Yes No

Tanger Properties Limited Partnership Yes No

The aggregate market value of voting shares held by non-affiliates of Tanger Factory Outlet Centers, Inc. was approximately \$2,167,615,999 based on the closing price on the New York Stock Exchange for such shares on June 30, 2018.

The number of Common Shares of Tanger Factory Outlet Centers, Inc. outstanding as of February 14, 2019 was 93,941,783.

Documents Incorporated By Reference

Portions of Tanger Factory Outlet Center, Inc.'s definitive proxy statement to be filed with respect to the 2019 Annual Meeting of Shareholders are incorporated by reference in Part III.

PART I

EXPLANATORY NOTE

This report combines the annual reports on Form 10-K for the year ended December 31, 2018 of Tanger Factory Outlet Centers, Inc. and Tanger Properties Limited Partnership. Unless the context indicates otherwise, the term "Company", refers to Tanger Factory Outlet Centers, Inc. and subsidiaries and the term "Operating Partnership" refers to Tanger Properties Limited Partnership and subsidiaries. The terms "we", "our" and "us" refer to the Company or the Company and the Operating Partnership together, as the text requires.

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

The Company owns the majority of the units of partnership interest issued by the Operating Partnership through its two wholly-owned subsidiaries, Tanger GP Trust and Tanger LP Trust. Tanger GP Trust controls the Operating Partnership as its sole general partner. Tanger LP Trust holds a limited partnership interest. As of December 31, 2018, the Company, through its ownership of Tanger GP Trust and Tanger LP Trust, owned 93,941,783 units of the Operating Partnership and other limited partners (the "Non-Company LPs") collectively owned 4,960,684 Class A common limited partnership units. Each Class A common limited partnership unit held by the Non-Company LPs is exchangeable for one of the Company's common shares, subject to certain limitations to preserve the Company's status as a REIT. Class B common limited partnership units, which are held by Tanger LP Trust, are not exchangeable for common shares of the Company.

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

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

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

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

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

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

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

To help investors understand the significant differences between the Company and the Operating Partnership, this report presents the following separate sections 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; and

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

This report also includes separate Item 9A. Controls and Procedures sections and separate Exhibit 31 and 32 certifications for each of the Company and the Operating Partnership in order to establish that the Chief Executive Officer and the Chief Financial Officer of each entity have made the requisite certifications and that the Company and

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

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

4

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

ITEM 1. BUSINESS

The Company and the Operating Partnership

Tanger Factory Outlet Centers, Inc. and subsidiaries, which we refer to as the Company, is one of the largest owners and operators of outlet centers in the United States and Canada. We are a fully-integrated, self-administered and self-managed REIT, which focuses exclusively on developing, acquiring, owning, operating and managing outlet shopping centers. As of December 31, 2018, our consolidated portfolio consisted of 36 outlet centers, with a total gross leasable area of approximately 12.9 million square feet, which were 97% occupied and contained over 2,600 stores representing approximately 400 store brands. We also had partial ownership interests in 8 unconsolidated outlet centers totaling approximately 2.4 million square feet, including 4 outlet centers in Canada.

Our outlet centers and other assets are held by, and all of our operations are conducted by, Tanger Properties Limited Partnership and subsidiaries, which we refer to as 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 December 31, 2018, the Company, through its ownership of the Tanger GP Trust and Tanger LP Trust, owned 93,941,783 units of the Operating Partnership and the Non-Company LPs collectively owned 4,960,684 Class A common limited partnership units. Each Class A common limited partnership unit held by the Non-Company LPs is exchangeable for one of the Company's common shares, subject to certain limitations to preserve the Company's status as a REIT. Class B common limited partnership units, which are held by Tanger LP Trust, are not exchangeable for common shares of the Company.

Ownership of the Company's common shares is restricted to preserve the Company's status as a REIT for federal income tax purposes. Subject to certain exceptions, a person may not actually or constructively own more than 4% of our common shares. We also operate in a manner intended to enable us to preserve our status as a REIT, including, among other things, making distributions with respect to our then outstanding common shares and preferred shares, if applicable, equal to at least 90% of our taxable income each year.

The Company is a North Carolina corporation that was incorporated in March 1993 and the Operating Partnership is a North Carolina partnership that was formed in May 1993. Our executive offices are currently located at 3200 Northline Avenue, Suite 360, Greensboro, North Carolina, 27408 and our telephone number is (336) 292-3010. Our website can be accessed at www.tangeroutlet.com. Copies of our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and any amendments thereto can be obtained, free of charge, on our website as soon as reasonably practicable after we file such material with, or furnish it to, the Securities and Exchange Commission (the "SEC"). The information found on, or otherwise accessible through, our website is not incorporated into, and does not form a part of, this Annual Report on Form 10-K or any other report or document we file with or furnish to the SEC.

Recent Developments

Financing Transactions

Increased Borrowing Capacity and Extension of Unsecured Lines of Credit

In January 2018, we closed on amendments to our unsecured lines of credit, which increased the borrowing capacity from \$520.0 million to \$600.0 million and extended the maturity date from October 2019 to October 2021, with a one-year extension option. We also reduced the interest rate spread over the London Interbank Offered Rate ("LIBOR") from 0.90% to 0.875%, and increased the incremental borrowing availability through an accordion feature on the syndicated line from \$1.0 billion to \$1.2 billion.

Southaven Mortgage

In February 2018, the consolidated joint venture that owns the Tanger outlet center in Southaven, Mississippi amended and restated the \$60.0 million mortgage loan secured by the property that was scheduled to mature in April 2018. The amended and restated loan reduced the principal balance to \$51.4 million, increased the interest rate from LIBOR + 1.75% to LIBOR + 1.80% and extended the maturity to April 2021, with a two-year extension option. In March 2018, the consolidated joint venture entered into an interest rate swap, effective March 1, 2018, that fixed the base LIBOR rate at 2.47% on a notional amount of \$40.0 million through January 31, 2021.

Unsecured Term Loan

In October 2018, we amended and restated our unsecured term loan, increasing the size of the loan from \$325.0 million to \$350.0 million, extending the maturity from April 2021 to April 2024, and reducing the interest rate spread over LIBOR from 0.95% to 0.90%. The \$25.0 million of proceeds were used to pay down the balances outstanding under our unsecured lines of credit.

Unconsolidated Real Estate Joint Ventures

Charlotte

In June 2018, the Charlotte joint venture closed on a \$100.0 million mortgage loan with a fixed interest rate of approximately 4.3% and a maturity date of July 2028. The proceeds from the loan were used to pay off the existing \$90.0 million mortgage loan with an interest rate of LIBOR + 1.45%, which had an original maturity date of November 2018. The joint venture distributed the incremental net loan proceeds of \$9.3 million equally to the partners.

National Harbor

In December 2018, the National Harbor joint venture closed on a \$95.0 million mortgage loan with a fixed interest rate of approximately 4.6% and a maturity date of January 2030. The proceeds from the loan were used to pay off the \$87.0 million construction loan with an interest rate of LIBOR + 1.65%, which had an original maturity date of November 2019. The joint venture distributed the incremental net loan proceeds of \$7.4 million equally to the partners.

The Outlet Concept

Outlet centers generally consist of stores operated by manufacturers and brand name retailers that sell primarily first quality, branded products, some of which are made specifically for the outlet distribution channel, to consumers at significant discounts from regular retail prices charged by department stores and specialty stores. Outlet centers offer advantages to manufacturers and brand name retailers as they are often able to charge customers lower prices for brand name and designer products by eliminating the third party retailer. Outlet centers also typically have lower operating costs than other retailing formats, enhancing their profit potential. Outlet centers enable retailers to optimize the size of production runs while continuing to maintain control of their distribution channels. Outlet centers also enable manufacturers and brand name retailers to establish a direct relationship with their customers.

We believe that outlet centers present an attractive opportunity for capital investment as many retailers view the outlet concept as a profitable distribution channel. However, due to present economic conditions, the availability of multiple retail channels, and the potential for increased competition from other outlet center developers, new developments or expansions may not provide an initial return on investment as high as has been historically achieved.

Our Outlet Centers

Each of our outlet centers, except one joint venture property, carries the Tanger brand name. We believe that our tenants and consumers recognize the Tanger brand as one that provides outlet shopping centers where consumers can trust the brand, quality and price of the merchandise they purchase directly from the manufacturers and brand name retailers.

As one of the original participants in this industry, we have established long-standing relationships with many of our tenants that we believe is critical in developing and operating successful outlet centers.

Our consolidated outlet centers range in size from 82,161 to 739,109 square feet and are typically located at least 10 miles from major department stores and manufacturer-owned, full-price retail stores. Historically, manufacturers prefer these locations so that they do not compete directly with their major customers and their own stores. Many of our outlet centers are located near tourist destinations to attract tourists who consider shopping to be a recreational activity. Additionally, our centers are often situated in close proximity to interstate highways that provide accessibility and visibility to potential customers.

We have a diverse tenant base throughout our consolidated portfolio, comprised of approximately 400 different well-known, upscale, national designer or brand name concepts, such as Ann Taylor, American Eagle Outfitters, Banana Republic Factory Store, Barneys New York, Brooks Brothers, Calvin Klein, Coach, Gap Outlet, Giorgio Armani, Hugo Boss Factory Store, Kate Spade New York, Lululemon Athletica, Michael Kors, Nike Factory Store, North Face, Polo Ralph Lauren Factory Store, Saks Fifth Avenue Off 5th, Tommy Hilfiger, Under Armour, Victoria's Secret, Vineyard Vines and others.

No single tenant, including all of its store concepts, accounted for 10% or more of our combined base and percentage rental revenues during 2018, 2017 or 2016. As of December 31, 2018, no single tenant accounted for more than 8% of our leasable square feet or 7% of our combined base and percentage rental revenues. Because many of our tenants are large, multinational manufacturers or retailers, losses with respect to rent collections or lease defaults historically have been immaterial.

Only small portions of our revenues are dependent on contingent revenue sources. Revenues from fixed rents and operating expense reimbursements accounted for approximately 90% of our total revenues in 2018. Revenues from contingent sources, such as percentage rents, vending income and miscellaneous income, accounted for approximately 10% of our total revenues in 2018.

Business History

Stanley K. Tanger, the Company's founder, entered the outlet center business in 1981. Prior to founding our company, Stanley K. Tanger and his son, Steven B. Tanger, our Chief Executive Officer, built and managed a successful family owned apparel manufacturing business, Tanger/Creighton, Inc., which included the operation of five outlet stores. Based on their knowledge of the apparel and retail industries, as well as their experience operating Tanger/Creighton, Inc.'s outlet stores, they recognized that there would be a demand for outlet centers where a number of manufacturers could operate in a single location and attract a large number of shoppers.

Steven B. Tanger joined the predecessor company in 1986, and by June 1993, the Tangers had developed 17 outlet centers totaling approximately 1.5 million square feet. In June 1993, we completed our initial public offering, making Tanger Factory Outlet Centers, Inc. the first publicly traded outlet center company. Since our initial public offering, we have grown our portfolio through the strategic development, expansion and acquisition of outlet centers and are now one of the largest owner operators of outlet centers in the United States and Canada.

Business Strategy

Our company has been built on a firm foundation of strong and enduring business relationships coupled with conservative business practices. We partner with many of the world's best known and most respected retailers and manufacturers. By fostering and maintaining strong tenant relationships with these successful, high volume companies, we have been able to solidify our position as a leader in the outlet industry for well over a quarter century. The confidence and trust that we have developed with our retail partners from the very beginning has allowed us to forge the impressive retail alliances that we enjoy today with our brand name retailers and manufacturers.

We have had a solid track record of success in the outlet industry for the past 38 years. In 1993, Tanger led the way by becoming the industry's first outlet center company to be publicly traded. Our seasoned team of real estate professionals utilize the knowledge and experience that we have gained to give us a competitive advantage in the outlet business.

As of December 31, 2018, our consolidated outlet centers were 97% occupied with average tenant sales of \$385 per square foot. Our portfolio of properties has had an average occupancy rate of 95% or greater on December 31st of each year since the predecessor company was founded in 1981. We believe our ability to achieve this level of performance is a testament to our long-standing tenant relationships, industry experience and our expertise in the development, leasing and operation of outlet centers.

Growth Strategy

Our goal is to build shareholder value through a comprehensive, conservative plan for sustained, long-term growth. We focus our efforts on increasing rents in our existing outlet centers, renovating and expanding selected outlet centers and reaching new markets through ground-up developments or acquisitions of existing outlet centers. We expect new development to continue to be important to the growth of our portfolio in the long-term. Future outlet centers may be wholly-owned by us or developed through joint venture arrangements.

Increasing rents at existing outlet centers

Our leasing team focuses on the marketing of available space to maintain our standard for high occupancy levels. The majority of our leases are negotiated to provide for inflation-based contractual rent increases or periodic fixed contractual rent increases and percentage rents. We have historically been able to renew most, but not all, leases at higher base rents per square-foot and attract new tenants to replace underperforming tenants.

Developing new outlet centers

We believe that there continue to be opportunities to introduce the Tanger brand in untapped or under-served markets across the United States and Canada in the long-term. We believe our 38 years of outlet industry experience, extensive development expertise and strong retail relationships give us a distinct competitive advantage.

In order to identify new markets across North America, we follow a general set of guidelines when evaluating opportunities for the development of new outlet centers. This typically includes seeking locations within markets that have at least 1 million people residing within a 30 to 40 mile radius with an average household income of at least \$65,000 per year, frontage on a major interstate or roadway that has excellent visibility and a traffic count of at least 55,000 cars per day. Leading tourist, vacation and resort markets that receive at least 5 million visitors annually are also closely evaluated. Although our current goal is to target sites that are large enough to support outlet centers with approximately 60 to 90 stores totaling at least 250,000 to 350,000 square feet, we maintain the flexibility to vary our minimum requirements based on the unique characteristics of a site, tenant demand and our prospects for future

growth and success.

In order to help ensure the viability of proceeding with a project, we gauge the interest of our retail partners first. We typically prefer to have signed leases or leases out for negotiation with tenants for at least 60% of the space in each outlet center prior to acquiring the site and beginning construction; however, we may choose to proceed with construction with less than 60% of the space pre-leased under certain circumstances. Construction of a new outlet center has typically taken us nine to twelve months from groundbreaking to grand opening of the outlet center.

8

Expanding and renovating existing outlet centers

Keeping our outlet shopping centers vibrant and growing is a key part of our formula for success. In order to maintain our reputation as the premiere outlet shopping destination in the markets that we serve, we have an ongoing program of renovations and expansions taking place at our outlet centers. Construction for expansion and renovation to existing properties typically takes less time, usually between six to nine months depending on the scope of the project.

Acquiring outlet centers

As a means of creating a presence in key markets and to create shareholder value, we may selectively choose to acquire individual properties or portfolios of properties that meet our strategic investment criteria. We believe that our extensive experience in the outlet center business, access to capital markets, familiarity with real estate markets and our management experience will allow us to evaluate and execute our acquisition strategy successfully over time. Through our tenant relationships, our leasing professionals have the ability to implement a re-merchandising strategy when needed to increase occupancy rates and value. We believe that our managerial skills, marketing expertise and overall outlet industry experience will also allow us to add long-term value and viability to these outlet centers.

Operating Strategy

Increasing cash flow to enhance the value of our properties and operations remains a primary business objective. Through targeted marketing and operational efficiencies, we strive to improve sales and profitability of our tenants and our outlet centers as a whole. Achieving higher base and percentage rents and generating additional income from temporary leasing, vending and other sources also remains an important focus and goal.

Leasing

Our long-standing retailer relationships and our focus on identifying emerging retailers allow us the ability to provide our shoppers with a collection of the world's most popular outlet stores. Tanger customers shop and save on their favorite brand name merchandise including men's, women's and children's ready-to-wear, lifestyle apparel, footwear, jewelry and accessories, tableware, housewares, luggage and home goods. In order for our outlet centers to perform at a high level, our leasing professionals continually monitor and evaluate tenant mix, store size, store location and sales performance. They also work to assist our tenants through re-sizing and re-location of retail space within each of our outlet centers for maximum sales of each retail unit across our portfolio.

Marketing

Our marketing plans deliver compelling, well-crafted messages and enticing promotions and events to targeted audiences for tangible, meaningful and measurable results. Our plans are based on a basic measure of success - increase sales and traffic for our retail partners and we will create successful outlet centers. Utilizing a strategic mix of print, radio, television, direct mail, our consumer website, Internet advertising, social networks, mobile applications and public relations, we consistently reinforce the Tanger brand. Our marketing efforts are also designed to build loyalty with current Tanger shoppers and create awareness with potential customers. The majority of consumer-marketing expenses incurred by us are reimbursable by our tenants.

Capital Strategy

We believe we achieve a strong and flexible financial position by attempting to: (1) maintain a conservative leverage position relative to our portfolio when pursuing new development, expansion and acquisition opportunities, (2) extend and sequence debt maturities, (3) manage our interest rate risk through a proper mix of fixed and variable rate debt, (4)

maintain access to liquidity by using our lines of credit in a conservative manner and (5) preserve internally generated sources of capital by strategically divesting of our non-core 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.

9

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. We are a well-known seasoned issuer with a shelf registration statement on Form S-3 that allows us to register unspecified amounts of different classes of securities. To generate capital to reinvest into other attractive investment opportunities, we may also consider the use of additional operational and developmental joint ventures, the sale or lease of outparcels on our existing properties and the sale of certain properties that do not meet our long-term investment criteria. Based on cash provided by operations, existing lines of credit, ongoing relationships with certain financial institutions and our ability to issue debt or equity subject to market conditions, we believe that we have access to the necessary financing to fund our planned capital expenditures during 2019.

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 lines of credit or invested in short-term money market or other suitable instruments adhering to our investment policies.

We believe our current balance sheet position is financially sound; however, due to the uncertainty and unpredictability of the capital and credit markets, we can give no assurance that affordable access to capital will exist between now and when our next significant debt maturity, which is our unsecured lines of credit. The unsecured lines of credit expire in 2021, with a one-year extension option that may extend the maturity to 2022. As a result, our current primary focus is to continually strengthen our capital and liquidity position by controlling and reducing construction and overhead costs, generating positive cash flows from operations to cover our distributions and reducing outstanding debt.

Competition

We carefully consider the degree of existing and planned competition in a proposed area before deciding to develop, acquire or expand a new outlet center. Our outlet centers compete for customers primarily with outlet centers built and operated by different developers, traditional shopping malls, full- and off-price retailers and e-commerce retailers. We believe that the majority of our customers visit outlet centers because they are intent on buying name-brand products at discounted prices. Traditional full-and off-price retailers and e-commerce retailers are often unable to provide such a variety and depth of name-brand products at attractive prices.

Because our revenues are ultimately linked to our tenants' success, we are indirectly affected by the same competitive factors, such as consumer spending habits and on-line shopping, as our tenants. Tenants of outlet centers are generally adverse to direct competition with major brick and mortar retailers and their own specialty stores. For this reason, our outlet centers generally compete only to a limited extent with traditional malls in or near metropolitan areas. In recent years, some of our tenants have been adversely impacted by changes in consumer spending habits and on-line shopping.

We compete with institutional pension funds, private equity investors, other REITs, individual owners of outlet centers, specialty stores and others who are engaged in the acquisition, development or ownership of outlet centers and stores. In addition, the number of entities competing to acquire or develop outlet centers has increased and may continue to increase in the future, which could increase demand for these outlet centers and the prices we must pay to acquire or develop them. Nevertheless, we believe the high barriers to entry in the outlet industry, including the need for extensive marketing programs to drive traffic to the centers and relationships with premier manufacturers and brand name retailers, will continue to limit the number of new outlet centers developed each year.

Financial Information

We have one reportable operating segment. For financial information regarding our segment, see our consolidated financial statements.

10

Corporate and Regional Headquarters

We rent space in an office building in Greensboro, North Carolina where our corporate headquarters is located as well as a regional office in Miami, Florida.

As of February 1, 2019, we maintain offices and employ on-site managers at 38 consolidated and unconsolidated outlet centers. The managers closely monitor the operation, marketing and local relationships at each of their outlet centers.

Insurance

We believe that as a whole our properties are covered by adequate comprehensive liability, fire, flood, earthquake and extended loss insurance provided by reputable companies with commercially reasonable and customary deductibles and limits. Northline Indemnity, LLC, ("Northline"), a wholly-owned captive insurance subsidiary of the Operating Partnership, is responsible for losses up to certain levels for property damage (including wind damage from hurricanes) prior to third-party insurance coverage. Specified types and amounts of insurance are required to be carried by each tenant under their lease. There are however, types of losses, like those resulting from wars or nuclear radiation, which may either be uninsurable or not economically insurable in some or all of our locations. An uninsured loss could result in a loss to us of both our capital investment and anticipated profits from the affected property.

Employees

As of February 1, 2019, we had 285 full-time employees, located at our corporate headquarters in North Carolina, our regional office in Miami and 40 business offices. At that date, we also employed 358 part-time employees at various locations.

ITEM 1A.RISK FACTORS

Risks Related to Real Estate Investments

We may be unable to develop new outlet centers or expand existing outlet centers successfully.

We continue to develop new outlet centers and expand existing outlet centers as opportunities arise. However, there are significant risks associated with our development activities in addition to those generally associated with the ownership and operation of established retail properties. While we have policies in place designed to limit the risks associated with development, these policies do not mitigate all development risks associated with a project. These risks include the following:

- significant expenditure of money and time on projects that may be delayed or never be completed;
- higher than projected construction costs;
- shortage of construction materials and supplies;
- failure to obtain zoning, occupancy or other governmental approvals or to the extent required, tenant approvals; and
- late completion because of construction delays, delays in the receipt of zoning, occupancy and other approvals or other factors outside of our control.

Any or all of these factors may impede our development strategy and adversely affect our overall business.

11

The economic performance and the market value of our outlet centers are dependent on risks associated with real property investments.

Real property investments are subject to varying degrees of risk. The economic performance and values of real estate may be affected by many factors, including changes in the national, regional and local economic climate, inflation, changes in government policies and regulations, unemployment rates, consumer confidence, consumer shopping preferences, local conditions such as an oversupply of space or a reduction in demand for real estate in the area, the attractiveness of the properties to tenants, competition from other available space, our ability to provide adequate maintenance and insurance and increased operating costs.

Real property investments are relatively illiquid.

Our outlet centers represent a substantial portion of our total consolidated assets. These assets are relatively illiquid. As a result, our ability to sell one or more of our outlet centers in response to any changes in economic or other conditions is limited. If we want to sell an outlet center, there can be no assurance that we will be able to dispose of it in the desired time period or that the sales price will exceed the cost of our investment.

Properties may be subject to impairment charges which can adversely affect our financial results.

We periodically evaluate long-lived assets to determine if there has been any impairment in their carrying values and record impairment losses if the undiscounted cash flows estimated to be generated by those assets are less than their carrying amounts or if there are other indicators of impairment. If it is determined that an impairment has occurred, we would be required to record an impairment charge equal to the excess of the asset's carrying value over its estimated fair value, which could have a material adverse effect on our financial results in the accounting period in which the adjustment is made. Our estimates of undiscounted cash flows expected to be generated by each property are based on a number of assumptions that are subject to economic and market uncertainties including, but not limited to, estimated hold period, terminal capitalization rates, demand for space, competition for tenants, changes in market rental rates and costs to operate each property. As these factors are difficult to predict and are subject to future events that may alter our assumptions, the future cash flows estimated in our impairment analysis may not be achieved.

Also, we assess whether there are any indicators that the value of our investments in unconsolidated joint ventures may be impaired. An investment is impaired only if management's estimate of the value of the investment is less than the carrying value of the investments, and such decline in value is deemed to be other than temporary. To the extent impairment has occurred, the loss is measured as the excess of the carrying amount of the investment over the estimated fair value of the investment. Our estimates of value for each joint venture investment are based on a number of assumptions that are subject to economic and market uncertainties including, among others, estimated hold period, terminal capitalization rates, demand for space, competition for tenants, discount and capitalization rates, changes in market rental rates and operating costs of the property. As these factors are difficult to predict and are subject to future events that may alter our assumptions, the values estimated by us in our impairment analysis may not be realized.

We face competition for the acquisition and development of outlet centers, and we may not be able to complete acquisitions or developments that we have identified.

We intend to grow our business in part through acquisitions and new developments. We compete with institutional pension funds, private equity investors, other REITs, small owners of outlet centers, specialty stores and others who are engaged in the acquisition, development or ownership of outlet centers and stores. These competitors may succeed in acquiring or developing outlet centers themselves. Also, our potential acquisition targets may find our competitors to be more attractive acquirers because they may have greater marketing and financial resources, may be willing to pay more, or may have a more compatible operating philosophy. In addition, the number of entities competing to acquire or develop outlet centers has increased and may continue to increase in the future, which could increase demand for these outlet centers and the prices we must pay to acquire or develop them. If we pay higher prices for outlet centers, our profitability may be reduced. Also, once we have identified potential acquisitions, such acquisitions are subject to the successful completion of due diligence, the negotiation of definitive agreements and the satisfaction of customary closing conditions. We cannot assure you that we will be able to reach acceptable terms with the sellers or that these conditions will be satisfied.

We may be subject to environmental regulation.

Under various federal, state and local laws, ordinances and regulations, we may be considered an owner or operator of real property and may be responsible for paying for the disposal or treatment of hazardous or toxic substances released on or in our property or disposed of by us, as well as certain other potential costs which could relate to hazardous or toxic substances (including governmental fines and injuries to persons and property). This liability may be imposed whether or not we knew about, or were responsible for, the presence of hazardous or toxic substances.

Possible terrorist activity or other acts or threats of violence and threats to public safety could adversely affect our financial condition and results of operations.

Terrorist attacks and threats of terrorist attacks, whether in the United States, Canada or elsewhere, or other acts or threats of violence may result in declining economic activity, which could harm the demand for goods and services offered by our tenants and the value of our properties and might adversely affect the value of an investment in our securities. Such a resulting decrease in retail demand could make it difficult for us to renew or re-lease our properties.

Terrorist activities or violence also could directly affect the value of our properties through damage, destruction or loss. In addition, these acts and threats might erode business and consumer confidence and spending, and might result in increased volatility in national and international financial markets and economies. Any one of these events might decrease demand for real estate, decrease or delay the occupancy of our properties, impair the ability of tenants to meet their obligations under their existing leases, limit our access to capital, increase our cost of raising capital and/or give rise to third party claims.

Risks Related to our Business

Our earnings and therefore our profitability are dependent on rental income from real property.

Substantially all of our income is derived from rental income from real property. Our income and funds for distribution would be adversely affected if rental rates at our centers decrease, if a significant number of our tenants were unable to meet their obligations to us or if we were unable to lease a significant amount of space in our outlet centers on economically favorable lease terms. In addition, the terms of outlet store tenant leases traditionally have been significantly shorter than in other retail segments. There can be no assurance that any tenant whose lease expires in the future will renew such lease or that we will be able to re-lease space on economically favorable terms.

We are substantially dependent on the results of operations of our retailers.

Our operations are subject to the results of operations of our retail tenants. A portion of our rental revenues are derived from percentage rents that directly depend on the sales volume of certain tenants. Accordingly, declines in these tenants' results of operations would reduce the income produced by our properties. If the sales or profitability of our retail tenants decline sufficiently, whether due to a change in consumer preferences, legislative changes that increase the cost of their operations or otherwise, such tenants may be unable to pay their existing rents as such rents would represent a higher percentage of their sales. Any resulting leasing delays, failures to make payments or tenant bankruptcies could result in the termination of such tenants' leases.

A number of companies in the retail industry, including some of our tenants, have declared bankruptcy or have voluntarily closed certain of their stores in recent years. The bankruptcy of a major tenant or number of tenants may result in the closing of certain affected stores, and we may not be able to re-lease the resulting vacant space for some time or for equal or greater rent. Such bankruptcy, or the voluntary closings of a significant amount of stores, could have a material adverse effect on our results of operations and could result in a lower level of funds for distribution.

Certain of our properties are subject to ownership interests held by third parties, whose interests may conflict with ours and thereby constrain us from taking actions concerning these properties which otherwise would be in our best interests and our shareholders' interests.

We own partial interests in outlet centers with various joint venture partners. The approval or consent of the other members of these joint ventures is required before we may sell, finance, expand or make other significant changes in the operations of these properties. We also may not have control over certain major decisions, including approval of the annual operating budgets, selection or termination of the property management company, leasing and the timing and amount of distributions, which could result in decisions that do not fully reflect our interests. To the extent such approvals or consents are required, we may experience difficulty in, or may be prevented from, implementing our plans and strategies with respect to expansion, development, property management, on-going operations, financing (for example, decisions as to whether to refinance or obtain financing, when and whether to pay down principal of any loan and whether and how to cure any defaults under loan documents) or other similar transactions with respect to such properties.

An uninsured loss or a loss that exceeds our insurance policies on our outlet centers or the insurance policies of our tenants could subject us to lost capital and revenue on those outlet centers.

Some of the risks to which our outlet centers are subject, including risks of terrorist attacks, war, earthquakes, hurricanes and other natural disasters, are not insurable or may not be insurable in the future. Should a loss occur that is uninsured or in an amount exceeding the combined aggregate limits for the insurance policies noted above or in the event of a loss that is subject to a substantial deductible under an insurance policy, we could lose all or part of our capital invested in and anticipated revenue from one or more of our outlet centers, which could adversely affect our results of operations and financial condition, as well as our ability to make distributions to our shareholders.

Under the terms and conditions of our leases, tenants generally are required to indemnify and hold us harmless from liabilities resulting from injury to persons and contamination of air, water, land or property, on or off the premises, due to activities conducted in the leased space, except for claims arising from negligence or intentional misconduct by us or our agents. Additionally, tenants generally are required, at the tenant's expense, to obtain and keep in full force during the term of the lease, liability and property damage insurance policies issued by companies acceptable to us. These policies include liability coverage for bodily injury and property damage arising out of the ownership, use, occupancy or maintenance of the leased space. All of these policies may involve substantial deductibles and certain exclusions. Therefore, an uninsured loss or loss that exceeds the insurance policies of our tenants could also subject us

to lost capital and revenue.

14

Consumer spending habits have changed and may continue to evolve.

Certain retailers have experienced, and may continue to experience for the foreseeable future considerable decreases in customer traffic in their retail stores, increased competition from alternative retail options such as those accessible via the Internet and other forms of pressure on their business models. As pressure on such retailers increases, their ability to maintain their stores, meet their obligations both to us and to their external lenders and suppliers, withstand takeover attempts by investors or rivals or avoid bankruptcy and/or liquidation may be impaired, adversely impacting our percentage rents, and resulting in closures of their stores or their seeking a lease modification with us. Any lease renewal or modification could be unfavorable to us as the lessor and could decrease rents or expense recovery charges.

Our Canadian investments may subject us to different or greater risk from those associated with our domestic operations.

As of December 31, 2018, through a co-ownership arrangement with a Canadian REIT, we have an ownership interest in four properties in Canada. Our operating results and the value of our Canadian operations may be impacted by any unhedged movements in the Canadian dollar. Canadian ownership activities carry risks that are different from those we face with our domestic properties. These risks include:

- adverse effects of changes in the exchange rate between the U.S. and Canadian dollar;
- changes in Canadian political and economic environments, regionally, nationally, and locally;
- challenges of complying with a wide variety of foreign laws;
- changes in applicable laws and regulations in the United States that affect foreign operations;
- property management services being provided directly by our 50/50 co-owner, not by us; and
- obstacles to the repatriation of earnings and cash.

Any or all of these factors may adversely impact our operations and financial results, as well as our overall business.

Our success significantly depends on our key personnel and our ability to attract and retain key personnel. Our success depends upon the personal efforts and abilities of our senior management team and other key personnel. Although we believe we have a strong management team with relevant industry expertise, the extended loss of the services of key personnel could have a material adverse effect on the securities markets' view of our prospects and materially harm our business. Also, our success and the achievement of our goals are dependent upon our ability to attract and retain qualified employees.

Risks Related to our Indebtedness and Financial Markets

We are subject to the risks associated with debt financing.

We are subject to the risks associated with debt financing, including the risk that the cash provided by our operating activities will be insufficient to meet required payments of principal and interest. Disruptions in the capital and credit markets may adversely affect our operations, including the ability to fund the planned capital expenditures and potential new developments or acquisitions. Further, there is the risk that we will not be able to repay or refinance existing indebtedness or that the terms of any refinancing will not be as favorable as the terms of existing indebtedness. If we are unable to access capital markets to refinance our indebtedness on acceptable terms, we might

be forced to dispose of properties on disadvantageous terms, which might result in losses.

15

The Operating Partnership guarantees debt or otherwise provides support for a number of joint venture properties.

Joint venture debt is the liability of the joint venture and is typically secured by a mortgage on the joint venture property. A default by a joint venture under its debt obligations may expose us to liability under a guaranty. We may elect to fund cash needs of a joint venture through equity contributions (generally on a basis proportionate to our ownership interests), advances or partner loans, although such funding is not typically required contractually or otherwise.

Our interest rate hedging arrangements may not effectively limit our interest rate risk exposure.

We manage our exposure to interest rate risk by periodically entering into interest rate hedging agreements to effectively fix a portion of our variable rate debt. Our use of interest rate hedging arrangements to manage risk associated with interest rate volatility may expose us to additional risks, including that a counterparty to a hedging arrangement may fail to honor its obligations. We enter into swaps that are exempt from the requirements of central clearing and/or trading on a designated contract market or swap execution facility pursuant to the applicable regulations and rules, and thus there may be more counterparty risk relative to others who do not utilize such exemption. Developing an effective interest rate risk strategy is complex and no strategy can completely insulate us from risks associated with interest rate fluctuations. There can be no assurance that our hedging activities will have the desired beneficial impact on our results of operations or financial condition. We might be subject to additional costs, such as transaction fees or breakage costs, if we terminate these arrangements.

Uncertainty relating to the determination of LIBOR and the potential phasing out of LIBOR after 2021 may adversely affect our results of operations, financial condition, liquidity and net worth.

A portion of our long-term indebtedness bears interest at fluctuating interest rates based on LIBOR. LIBOR and certain other interest “benchmarks” may be subject to regulatory guidance and/or reform that could cause interest rates under our current or future debt agreements to perform differently than in the past or cause other unanticipated consequences. The United Kingdom’s Financial Conduct Authority, which regulates LIBOR, has announced that it intends to stop encouraging or requiring banks to submit LIBOR rates after 2021, and it is unclear if LIBOR will cease to exist or if new methods of calculating LIBOR will evolve. If LIBOR ceases to exist or if the methods of calculating LIBOR change from their current form, interest rates on our current or future indebtedness may be adversely affected.

Risks Related to Federal Income Tax Laws

The Company's failure to qualify as a REIT could subject our earnings to corporate level taxation.

We believe that we have operated and intend to operate in a manner that permits the Company to qualify as a REIT under the Internal Revenue Code of 1986, as amended (the "Internal Revenue Code"). However, we cannot assure you that the Company has qualified or will remain qualified as a REIT. If in any taxable year the Company were to fail to qualify as a REIT and certain statutory relief provisions were not applicable, the Company would not be allowed a deduction for distributions to shareholders in computing taxable income and would be subject to U.S. federal income tax on our taxable income at the regular corporate rate. Also, we could be disqualified from treatment as a REIT for the four taxable years following the year during which qualification was lost. Accordingly, the Company's failure to qualify for taxation as a REIT would result in a significant reduction in cash available for distribution to our shareholders, and thus may adversely affect the market price and marketability of our securities.

The Company is required by law to make distributions to our shareholders.

To obtain the favorable tax treatment associated with the Company's qualification as a REIT, generally, the Company is required to distribute to its shareholders at least 90% of its net taxable income (excluding capital gains) each year. The Company depends upon distributions or other payments from the Operating Partnership to make distributions to the Company's common shareholders. The Company is allowed to satisfy the REIT income distribution requirement by distributing up to 80% of the dividends on its common shares in the form of additional common shares in lieu of paying dividends entirely in cash. Although we reserve the right to utilize this procedure in the future, we currently have no intent to do so.

Recent changes in law significantly changed the U.S. federal income taxation of U.S. businesses, including us. Recently enacted U.S. tax legislation (the “2017 Tax Legislation”) has significantly changed the U.S. federal income taxation of U.S. businesses and their owners, including REITs and their shareholders. Changes made by the 2017 Tax Legislation that could affect us and our shareholders from a U.S. federal income tax perspective include:

- temporarily reducing individual U.S. federal income tax rates on ordinary income;
- permanently eliminating the progressive corporate tax rate structure, which previously imposed a maximum corporate tax rate of 35%, and replacing it with a flat corporate tax rate of 21%;
- permitting a deduction for certain pass-through business income, including dividends received by our shareholders from us that are not designated by us as capital gain dividends or qualified dividend income, which allow individuals, trusts, and estates to deduct up to 20% of such amounts for taxable years beginning after December 31, 2017 and before January 1, 2026;
- reducing the highest rate of withholding with respect to our distributions to non-U.S. stockholders that are treated as attributable to gains from the sale or exchange of U.S. real property interests from 35% to 21%;
- generally limiting the deduction for net business interest expense in excess of 30% of a business’s “adjusted taxable income,” except for taxpayers (including certain REITs) that engage in certain real estate businesses and elect out of this rule (provided that such electing taxpayers must use an alternative depreciation system with longer depreciation periods); and
- eliminating the corporate alternative minimum tax.

These changes applied to all businesses for tax year 2018, without any transition periods or grandfathering for existing transactions. The legislation continues to be subject to potential amendments and technical corrections, as well as interpretations and implementing regulations by the U.S. Treasury Department, IRS and courts, any of which could change the impact of the legislation. In many instances it remains unclear how these U.S. federal income tax changes will affect state and local taxation, which often uses federal taxable income as a starting point for computing state and local tax liabilities. While some of the changes made by this tax legislation may adversely affect us in one or more reporting periods and prospectively, other changes may be beneficial on a going forward basis. We continue to work with our tax advisors and auditors to determine the full impact that the recent tax legislation as a whole will have on us.

Further federal or state legislative or other actions could adversely affect our shareholders.

Other future changes to tax laws may adversely affect the taxation of the REIT, its subsidiaries or its shareholders. These changes could have an adverse effect on an investment in our shares or on the market value or the resale potential of our assets.

These potential changes could generally result in REITs having fewer tax advantages, and may lead REITs to determine that it would be more advantageous to elect to be taxed, for federal income tax purposes, as a corporation.

Additionally, not all states automatically conform to changes in the Internal Revenue Code. This could increase the complexity of our compliance costs, and may subject us to additional tax and audit risk.

Risks Related to our Organizational Structure

The Company depends on distributions from the Operating Partnership to meet its financial obligations, including dividends.

The Company's operations are conducted by the Operating Partnership, and the Company's only significant asset is its interest in the Operating Partnership. As a result, the Company depends upon distributions or other payments from the Operating Partnership in order to meet its financial obligations, including its obligations under any guarantees or to pay dividends or liquidation payments to its common shareholders. As a result, these obligations are effectively subordinated to existing and future liabilities of the Operating Partnership. The Operating Partnership is a party to loan agreements with various bank lenders that require the Operating Partnership to comply with various financial and other covenants before it may make distributions to the Company. Although the Operating Partnership presently is in compliance with these covenants, there is no assurance that the Operating Partnership will continue to be in compliance and that it will be able to make distributions to the Company.

Risks Related to Cyber Security

Cyber-attacks or acts of cyber-terrorism could disrupt our business operations and information technology systems or result in the loss or exposure of confidential or sensitive customer, employee or Company information.

Our business operations and information technology systems may be attacked by individuals or organizations intending to disrupt our business operations and information technology systems, whether through cyber attacks or cyber-intrusions over the Internet, malware, computer viruses, attachments to e-mails, persons inside our organization, or persons with access to systems inside our organization. The risk of a security breach or disruption, particularly through cyber attacks or cyber-intrusion, including by computer hackers, foreign governments, and cyber terrorists, has generally increased as the number, intensity and sophistication attempted attacks and intrusions from around the world have increased. We use information technology systems to manage our outlet centers and other business processes. Disruption of those systems could adversely impact our ability to operate our business to provide timely service to our customers and maintain our relationships with our tenants. Accordingly, if such an attack or act of terrorism were to occur, our operations and financial results could be adversely affected. In addition, we use our information technology systems to protect confidential or sensitive customer, employee and Company information developed and maintained in the normal course of our business. Any attack on such systems that would result in the unauthorized release or loss of customer, employee or other confidential or sensitive data could have a material adverse effect on our business reputation, increase our costs and expose us to material legal claims and liability. As a result, if such an attack or act of terrorism were to occur, our operations and financial results and our share price could be adversely affected.

While we maintain some of our own critical information technology systems, we also depend on third parties to provide important information technology services relating to several key business functions, such as payroll, electronic communications and certain accounting and finance functions. Our measures to prevent, detect and mitigate these threats, including password protection, firewalls, backup servers, threat monitoring and periodic penetration testing, may not be successful in preventing a data breach or limiting the effects of a breach. Furthermore, the security measures employed by third-party service providers may prove to be ineffective at preventing breaches of their systems.

ITEM 1B. UNRESOLVED STAFF COMMENTS

There are no unresolved staff comments from the SEC for either the Company or the Operating Partnership.

ITEM 2. PROPERTIES

As of December 31, 2018, our consolidated portfolio consisted of 36 outlet centers totaling 12.9 million square feet located in 22 states. We own interests in eight other outlet centers totaling approximately 2.4 million square feet through unconsolidated joint ventures, including four outlet centers in Canada. Our consolidated outlet centers range in size from 82,161 to 739,109 square feet. The outlet centers are generally located near tourist destinations or along major interstate highways to provide visibility and accessibility to potential customers.

We believe that the outlet centers are well diversified geographically and by tenant and that we are not dependent upon any single property or tenant. The outlet center in Deer Park, New York is the only property that comprises 10% or more of our consolidated total assets as of December 31, 2018. No property comprises more than 10% of our consolidated revenues for the year ended December 31, 2018. See "Properties - Significant Property" for further details.

We have an ongoing strategy of acquiring outlet centers, developing new outlet centers and expanding existing outlet centers. See "Management's Discussion and Analysis of Financial Condition and Results of Operations - Liquidity and Capital Resources" for a discussion of the cost of such programs and the sources of financing thereof.

As of December 31, 2018, of the 36 outlet centers in our consolidated portfolio, we own the land underlying 29 and have ground leases on seven. The following table sets forth information about the land leases on which all or a portion of the outlet centers are located:

Outlet Center	Acres	Expiration	Expiration including renewal terms at our option
Myrtle Beach Hwy 17, SC	40.0	2027	2096
Atlantic City, NJ	21.3	2101	2101
Ocean City, MD	18.5	2084	2084
Sevierville, TN	43.6	2086	2086
Riverhead, NY	47.0	2019	2039
Mashantucket, CT (Foxwoods)	8.1	2040	2090
Rehoboth Beach, DE	2.7	2044	(1)

(1) Lease may be renewed at our option for additional terms of twenty years each.

Generally, our leases with our outlet center tenants typically have an initial term that ranges from 5 to 10 years and provide for the payment of fixed monthly rent in advance. There are often contractual base rent increases during the initial term of the lease. In addition, the rental payments are customarily subject to upward adjustments based upon tenant sales volume. A component of most leases includes a pro-rata share or escalating fixed contributions by the tenant for property operating expenses, including common area maintenance, real estate taxes, insurance and advertising and promotion, thereby reducing exposure to increases in costs and operating expenses resulting from inflation.

The following table summarizes certain information with respect to our consolidated outlet centers as of December 31, 2018:

State	Number of Outlet Centers	Square Feet	% of Square Feet
South Carolina	5	1,600,362	12
New York	2	1,468,887	11
Georgia	3	1,121,579	9
Texas	3	1,001,357	8
Pennsylvania	3	999,637	8
Michigan	2	671,541	5
Delaware	1	557,353	4
Alabama	1	556,673	4
North Carolina	3	505,056	4
New Jersey	1	489,706	4
Tennessee	1	447,815	3
Ohio	1	411,859	3
Arizona	1	410,734	3
Florida	1	351,721	3
Missouri	1	329,861	3
Louisiana	1	321,066	3
Mississippi	1	320,348	3
Utah	1	319,687	2
Connecticut	1	311,593	2
Iowa	1	276,331	2
New Hampshire	1	250,107	2
Maryland	1	199,425	2
Total	36	12,922,698	100

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The following table summarizes certain information with respect to our existing outlet centers in which we have an ownership interest as of December 31, 2018. Except as noted, all properties are fee owned:

Location	Legal Ownership %	Square Feet	% Occupied
Consolidated Outlet Centers			
Deer Park, New York	100	739,109	96
Riverhead, New York ⁽¹⁾	100	729,778	95
Rehoboth Beach, Delaware ⁽¹⁾	100	557,353	96
Foley, Alabama	100	556,673	98
Atlantic City, New Jersey ^{(1) (4)}	100	489,706	84
San Marcos, Texas	100	471,816	97
Sevierville, Tennessee ⁽¹⁾	100	447,815	100
Savannah, Georgia	100	429,089	98
Myrtle Beach Hwy 501, South Carolina	100	426,523	99
Jeffersonville, Ohio	100	411,859	97
Glendale, Arizona (Westgate)	100	410,734	99
Myrtle Beach Hwy 17, South Carolina ⁽¹⁾	100	403,425	99
Charleston, South Carolina	100	382,180	97
Lancaster, Pennsylvania	100	376,997	93
Pittsburgh, Pennsylvania	100	372,944	99
Commerce, Georgia	100	371,408	98
Grand Rapids, Michigan	100	357,103	96
Fort Worth, Texas	100	351,741	99
Daytona Beach, Florida	100	351,721	100
Branson, Missouri	100	329,861	100
Locust Grove, Georgia	100	321,082	100
Gonzales, Louisiana	100	321,066	95
Southaven, Mississippi ^{(2) (4)}	50	320,348	98
Park City, Utah	100	319,687	98
Mebane, North Carolina	100	318,886	100
Howell, Michigan	100	314,438	95
Mashantucket, Connecticut (Foxwoods) ⁽¹⁾	100	311,593	96
Williamsburg, Iowa	100	276,331	92
Tilton, New Hampshire	100	250,107	96
Hershey, Pennsylvania	100	249,696	100
Hilton Head II, South Carolina	100	206,564	94
Ocean City, Maryland ⁽¹⁾	100	199,425	97
Hilton Head I, South Carolina	100	181,670	97
Terrell, Texas	100	177,800	97
Blowing Rock, North Carolina	100	104,009	98
Nags Head, North Carolina	100	82,161	100
Total		12,922,698	97 ⁽³⁾

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

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

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

(4) Property encumbered by mortgage. See notes 8 and 9 to the consolidated financial statements for further details of our debt obligations.

21

Location	Legal Ownership %	Square Feet	% Occupied
Unconsolidated joint venture properties			
Charlotte, North Carolina ⁽¹⁾	50	397,856	99
Columbus, Ohio ⁽¹⁾	50	355,245	97
Ottawa, Ontario	50	355,003	96
Texas City, Texas (Galveston/Houston) ⁽¹⁾	50	352,705	99
National Harbor, Maryland ⁽¹⁾	50	341,156	98
Cookstown, Ontario	50	307,779	100
Bromont, Quebec	50	161,449	77
Saint-Sauveur, Quebec ⁽¹⁾	50	99,405	96
Total		2,370,598	97

⁽¹⁾ Property encumbered by mortgage. See Note 6, to the consolidated financial statements for further details of our joint ventures' debt obligations.

Lease Expirations

The following table sets forth, as of December 31, 2018, scheduled lease expirations for our consolidated outlet centers, assuming none of the tenants exercise renewal options:

Year	No. of Leases Expiring	Approx. Square Feet (in 000's) ⁽¹⁾	Average Annualized Base Rent per sq. ft	Annualized Base Rent (in 000's) ⁽²⁾	% of Gross Annualized Base Rent Represented by Expiring Leases
2019	206	899	\$ 22.56	\$ 20,284	7
2020	335	1,619	21.76	35,222	12
2021	336	1,652	23.54	38,892	13
2022	295	1,347	26.37	35,524	12
2023	236	1,245	24.89	30,989	12
2024	181	868	30.90	26,820	9
2025	280	1,297	27.87	36,153	12
2026	234	998	27.28	27,225	9
2027	140	698	25.31	17,667	6
2028	126	864	20.48	17,696	6
2029 and after	34	325	21.59	7,018	2
	2,403	11,812	\$ 24.85	\$ 293,490	100

Excludes leases that have been entered into but which tenant has not yet taken possession, vacant suites, space ⁽¹⁾ under construction, temporary leases and month-to-month leases totaling in the aggregate approximately 1.1 million square feet.

⁽²⁾ Annualized base rent is defined as the minimum monthly payments due as of December 31, 2018 annualized, excluding periodic contractual fixed increases and rents calculated based on a percentage of tenants' sales. The annualized base rent disclosed in the table above includes all concessions, abatements and reimbursements of rent to tenants.

Changes in rental income associated with individual signed leases on comparable spaces may be positive or negative, and we can provide no assurance that the rents on new leases or renewals of existing leases will increase from current levels, if at all.

Base Rents and Occupancy Rates

The following table sets forth our year end occupancy and average annual base rent per square foot during each of the last five calendar years for our consolidated properties:

	2018	2017	2016	2015	2014
Occupancy	97 %	97 %	98 %	97 %	98 %
Average annual base rent per square foot ⁽¹⁾	\$25.51	\$25.81	\$26.10	\$25.19	\$23.78

Average annual base rent per square foot is calculated based on base rental revenues recognized during the year on (1) a straight-line basis including non-cash adjustments to base rent required by United States Generally Accepted Accounting Principles ("GAAP") and the effects of inducements and rent concessions.

The following table sets forth information regarding the expiring leases for our consolidated outlet centers during each of the last five calendar years:

Year	Total Expiring		Renewed by Existing	
	Square Feet	% of Total Outlet Center Square Feet ⁽¹⁾	Square Feet	% of Expiring Square Feet
2018	1,742	13	1,418	81
2017 ⁽²⁾	1,549	12	1,296	84
2016 ⁽³⁾	1,440	12	1,223	85
2015 ⁽⁴⁾	1,532	13	1,282	84
2014 ⁽⁵⁾	1,613	14	1,241	77

(1) Represents the percentage of total square footage at the beginning of each year that is scheduled to expire during the respective year.

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

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

(4) Excludes the outlet centers in Kittery I & II, Tuscola, West Branch, and Barstow, which were sold during 2015.

(5) Excludes Lincoln City outlet center, which was sold in 2014.

The following table sets forth the weighted average base rental rate increases per square foot on a straight-line basis (includes periodic, contractual fixed rent increases) for our consolidated outlet centers upon re-leasing stores that were turned over or renewed during each of the last five calendar years:

Year	Renewals of Existing Leases				Stores Re-leased to New Tenants ⁽¹⁾			
	Square Feet (in 000's)	Average Annualized Base Rent (\$ per sq. ft.)	Average Annualized Base Rent (\$ per sq. ft.)	% Increase	Square Feet (in 000's)	Average Annualized Base Rent (\$ per sq. ft.)	Average Annualized Base Rent (\$ per sq. ft.)	% Increase
2018 ⁽²⁾	1,398	\$30.12	\$31.65	5	431	\$30.63	\$32.40	6
2017 ⁽²⁾⁽³⁾	1,261	\$28.21	\$30.65	9	413	\$30.46	\$33.24	9
2016 ⁽²⁾⁽⁴⁾	1,187	\$27.44	\$32.26	18	384	\$32.15	\$42.84	33
2015 ⁽⁵⁾	1,282	\$21.77	\$26.06	20	444	\$24.33	\$31.48	29
2014 ⁽⁶⁾	1,241	\$19.97	\$23.38	17	470	\$24.20	\$32.93	36

The square footage released to new tenants for 2018, 2017, 2016, 2015 and 2014, contains 144,000, 107,000, (1)93,000, 149,000 and 207,000 square feet respectively, that was released to new tenants upon expiration of an existing lease during the respective year.

(2)Includes both minimum base rent and common area maintenance rents.

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

(4) Excludes Fort Myers outlet center, which was sold in 2016 and includes the Westgate and Savannah outlet centers, which were consolidated in 2016 due to the acquisition of the other joint venture partners' interests.

(5)Excludes the outlet centers in Kittery I & II, Tuscola, West Branch, and Barstow, which were sold during 2015.

(6)Excludes Lincoln City outlet center, which was sold in 2014.

Occupancy Costs

We believe that our ratio of average tenant occupancy cost (which includes base rent, common area maintenance, real estate taxes, insurance, advertising and promotions) to average sales per square foot is low relative to other forms of retail distribution. The following table sets forth for tenants that report sales, for each of the last five calendar years, tenant occupancy costs per square foot as a percentage of reported tenant sales per square foot for our consolidated outlet centers:

Year	Occupancy Costs as a % of Tenant Sales
2018	9.9
2017	10.0
2016	9.9
2015	9.3
2014	8.9

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Tenants

The following table sets forth certain information for our consolidated outlet centers with respect to our 25 largest tenants based on total annualized base rent as of December 31, 2018:

Tenant ⁽¹⁾	Brands	# of Stores	GLA	% of Total GLA	% of Total Annualized Base Rent ⁽²⁾
Ascena Retail Group, Inc.	Dress Barn, Loft, Ann Taylor, Justice, Lane Bryant, Maurices, roz & ALI	145	876,450	6.8 %	6.9 %
The Gap, Inc.	Gap, Banana Republic, Old Navy	98	1,034,948	8.0 %	5.8 %
PVH Corp.	Tommy Hilfiger, Van Heusen, Calvin Klein	67	410,108	3.2 %	3.9 %
Under Armour, Inc.	Under Armour, Under Armour Kids	33	257,375	2.0 %	2.7 %
Nike, Inc.	Nike, Converse, Hurley	43	465,026	3.6 %	2.6 %
G-III Apparel Group, Ltd.	Bass, Wilson's Leather, Donna Karan	58	267,763	2.1 %	2.5 %
Tapestry, Inc.	Coach, Kate Spade	47	225,215	1.7 %	2.4 %
American Eagle Outfitters, Inc.	American Eagle Outfitters, Aerie	38	268,167	2.1 %	2.3 %
Carter's, Inc.	Carters, OshKosh B Gosh	57	250,990	1.9 %	2.3 %
V. F. Corporation	VF Outlet, The North Face, Vans, Timberland, Lee/Wrangler	33	289,948	2.2 %	2.2 %
Signet Jewelers Limited	Kay Jewelers, Zales, Jared Vault	56	127,225	1.0 %	1.9 %
Michael Kors Holdings Limited	Michael Kors, Michael Kors Men's	30	143,296	1.1 %	1.9 %
Hanesbrands Inc.	Hanesbrands, Maidenform, Champion	40	197,801	1.5 %	1.8 %
Ralph Lauren Corporation	Polo Ralph Lauren, Polo Children, Polo Ralph Lauren Big & Tall, Lauren Ralph Lauren	38	383,904	3.0 %	1.8 %
Chico's, FAS Inc.	Chicos, White House/Black Market, Soma Intimates	47	135,901	1.0 %	1.7 %
Columbia Sportswear Company	Columbia Sportswear	20	155,592	1.2 %	1.7 %
Adidas AG	Adidas, Reebok	30	184,420	1.4 %	1.7 %
Caleres Inc.	Famous Footwear, Naturalizer, Allen Edmonds	38	188,647	1.5 %	1.6 %
J. Crew Group, Inc.	J. Crew, J. Crew Men's	29	155,376	1.2 %	1.5 %
Brooks Brothers Group, Inc.	Brooks Brothers	28	165,469	1.3 %	1.5 %
Skechers USA, Inc.	Skechers	33	149,313	1.2 %	1.5 %
Express Inc.	Express Factory	24	167,418	1.3 %	1.4 %
Children's Place, Inc.	Children's Place	25	150,526	1.2 %	1.4 %
Rack Room Shoes, Inc.	Rack Room Shoes	24	139,559	1.1 %	1.3 %
Luxottica Group SpA	Sunglass Hut, Oakley, Lenscrafters	55	81,174	0.6 %	1.3 %
Total of Top 25 tenants		1,136	6,871,611	53.2 %	57.6 %

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

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

Significant Property

The Deer Park, New York outlet center is the only property that comprises 10% or more of our consolidated total assets. No property comprises more than 10% of our consolidated revenues.

Tenants at the Deer Park outlet center principally conduct retail sales operations. The following table shows occupancy and certain base rental information related to this property as of December 31, 2018, 2017, and 2016:

Deer Park	Square Feet	2018	2017	2016
Outlet Center Occupancy	739,109	96 %	95 %	97 %

Average base rental rates per weighted average square foot ⁽¹⁾ \$31.67 \$31.64 \$30.24

Average annual base rent per square foot is calculated based on base rental revenues recognized during the year on (1) a straight-line basis including non-cash adjustments to base rent required by GAAP and the effects of inducements and rent concessions.

Depreciation on the outlet centers is computed on the straight-line basis over the estimated useful lives of the assets. We generally use estimated lives up to 33 years for buildings, 15 years for land improvements and 7 years for equipment. Expenditures for ordinary repairs and maintenance are charged to operations as incurred while significant renovations and improvements, including tenant finishing allowances, which improve and/or extend the useful life of the asset are capitalized and depreciated over their estimated useful life. Real estate taxes assessed on this outlet center during 2018 amounted to \$4.7 million. Real estate taxes for 2019 are estimated to be approximately \$5.0 million.

The following table sets forth, as of December 31, 2018, scheduled lease expirations for the Deer Park outlet center assuming that none of the tenants exercise renewal options:

Year	No. of Leases Expiring ⁽¹⁾	Square Feet (in 000's) ⁽¹⁾	Annualized Base Rent per Square Foot	Annualized Base Rent (in 000's) ⁽²⁾	% of Gross Annualized Base Rent Represented by Expiring Leases
2019	10	36	\$ 42.14	\$ 1,517	7
2020	10	35	36.94	1,293	6
2021	12	56	51.14	2,864	12
2022	6	25	44.36	1,109	5
2023	12	112	26.25	2,940	13
2024	14	132	33.09	4,368	19
2025	6	26	22.35	581	2
2026	7	22	32.05	705	3
2027	6	19	38.32	728	3
2028	10	105	39.20	4,116	18
2029 and thereafter	4	122	21.99	2,683	12
Total	97	690	\$ 33.19	\$ 22,904	100 %

⁽¹⁾ Excludes leases that have been entered into but which tenant has not taken possession, vacant suites, temporary leases and month-to-month leases totaling in the aggregate approximately 49,000 square feet.

Annualized base rent is defined as the minimum monthly payments due as of December 31, 2018, excluding ⁽²⁾ periodic contractual fixed increases and rents calculated based on a percentage of tenants' sales. The annualized base rent disclosed in the table above includes all concessions, abatements and reimbursements of rent to tenants.

ITEM 3. LEGAL PROCEEDINGS

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

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

Executive Officers of Tanger Factory Outlet Centers, Inc.

The following table sets forth certain information concerning the Company's executive officers. The Operating Partnership does not have executive officers:

NAME	AGE	POSITION
Steven B. Tanger	70	Director, Chief Executive Officer
Thomas E. McDonough	60	President and Chief Operating Officer
James F. Williams	54	Executive Vice President - Chief Financial Officer
Chad D. Perry	47	Executive Vice President - General Counsel and Secretary
Lisa J. Morrison	59	Executive Vice President - Leasing
Virginia R. Summerell	60	Senior Vice President of Finance - Treasurer and Assistant Secretary
Carrie A. Warren	56	Senior Vice President - Chief Marketing Officer
Charles A. Worsham	47	Senior Vice President - Construction and Development
Thomas J. Guerrieri Jr.	46	Vice President - Chief Accounting Officer and Controller

The following is a biographical summary of the experience of our executive officers:

Steven B. Tanger. Mr. Tanger is a director of the Company and has served as Chief Executive Officer since January 2009. Previously, Mr. Tanger also served as President from January 2009 to May 2017, President and Chief Operating Officer from January 1995 to December 2008, and Executive Vice President from 1986 to December 1994. He has been with Tanger related companies for most of his professional career, having served as Executive Vice President of Tanger/Creighton for 10 years. Mr. Tanger is a graduate of the University of North Carolina at Chapel Hill and the Stanford University School of Business Executive Program. Mr. Tanger provides an insider's perspective in Board discussions about the business and strategic direction of the Company and has experience in all aspects of the Company's business.

Thomas E. McDonough. Mr. McDonough was named President and Chief Operating Officer in May 2017. He joined the Company in August 2010 as Executive Vice President of Operations and was named Executive Vice President and Chief Operating Officer in August 2011. Previously, he was the Co-Founder and Principal of MHF Real Estate Group, a real estate asset management firm, from September 2009 to August 2010. He served as Chief Investment Officer and was a member of the Investment Committee at Equity One, Inc. from July 2007 to April 2009. From April 2006 to July 2007, Mr. McDonough was a partner at Kahl & Goveia, and from February 1997 to April 2006, he was employed by Regency Centers Corp., and its predecessor, Pacific Retail Trust, as the national director of acquisitions and dispositions. Previously, from July 1984 to January 1997, Mr. McDonough served in various capacities, including partner and principal, with Trammell Crow Company. Mr. McDonough has supervisory responsibility over the senior officers that oversee the Company's operations, construction and development, leasing and marketing functions. Mr. McDonough is a graduate of Stanford University and holds an MBA degree from Harvard Business School.

James F. Williams. Mr. Williams was named Executive Vice President - Chief Financial Officer in May 2018, previously serving as Senior Vice President - Chief Financial Officer from May 2016 to May 2018. He joined the Company in September 1993, served as Controller from January 1995 to March 2015 and Chief Accounting Officer from March 2013 to May 2016. He was also named Assistant Vice President in January 1997, Vice President in April 2004, and Senior Vice President in February 2006. Prior to joining the Company, Mr. Williams was the Financial Reporting Manager of Guilford Mills, Inc. from April 1991 to September 1993 and was employed by Arthur Andersen from 1987 to 1991. He is responsible for the Company's financial reporting processes, as well as supervisory responsibility over the senior officers that oversee the Company's accounting, finance, investor relations and information systems functions. Mr. Williams is a graduate of the University of North Carolina at Chapel Hill and is a certified public accountant.

Chad D. Perry. Mr. Perry joined the Company in December 2011 as Executive Vice President - General Counsel and was named Secretary in May 2012. He was Executive Vice President and Deputy General Counsel of LPL Financial Corporation from May 2006 to December 2011. Previously, he was Senior Corporate Counsel of EMC Corporation. Mr. Perry began his legal career with international law firm Ropes & Gray LLP. His responsibilities include corporate governance, compliance, and other legal matters, as well as management of outside counsel relationships and the Company's in house legal department. Mr. Perry is a graduate of Princeton University, and earned a J.D. from Columbia University, where he was a Harlan Fiske Stone Scholar. He is a member of both the Massachusetts and California bar associations.

Lisa J. Morrison. Ms. Morrison was named Executive Vice President - Leasing in May 2018. Previously, she held the positions of Senior Vice President - Leasing from August 2004 to May 2018, Vice President - Leasing from May 2001 to August 2004, Assistant Vice President of Leasing from August 2000 to May 2001 and Director of Leasing from April 1999 until August 2000. Prior to joining the Company, Ms. Morrison was employed by the Taubman Company and Trizec Properties, Inc. where she served as a leasing agent. Previously, she was a director of leasing for Nelson Ross Properties. Her major responsibilities include managing the leasing strategies for our operating properties, as well as expansions and new developments. She also oversees the leasing personnel and the merchandising and occupancy for Tanger properties. Ms. Morrison is a graduate of the University of Detroit and holds an MA degree from Michigan State University.

Virginia R. Summerell. Ms. Summerell was named Senior Vice President of Finance - Treasurer and Assistant Secretary of the Company in May 2011. Since joining the Company in August 1992, she has held various positions including Vice President, Treasurer, Assistant Secretary and Director of Finance. Her major responsibilities include oversight of corporate and project finance transactions, developing and maintaining banking relationships, management of treasury systems and the supervision of the Company's credit department. Prior to joining the Company, she served as a Vice President and in other capacities at Bank of America and its predecessors in Real Estate and Corporate Lending for nine years. Ms. Summerell is a graduate of Davidson College and holds an MBA from Wake Forest University Babcock School of Business.

Carrie A. Warren. Ms. Warren was named Senior Vice President - Chief Marketing Officer in January 2012. Previously, she held the positions of Senior Vice President - Marketing from May 2000 to January 2012, Vice President - Marketing from September 1996 to May 2000 and Assistant Vice President - Marketing from December 1995 to September 1996. Prior to joining Tanger, Ms. Warren was with Prime Retail, L.P. for 4 years where she served as Regional Marketing Director responsible for coordinating and directing marketing for five outlet centers in the southeast region. Previously, Ms. Warren was Marketing Manager for North Hills, Inc. for five years and also served in the same role for the Edward J. DeBartolo Corp. for two years. Her major responsibilities include managing the Company's marketing department and developing and overseeing implementation of all corporate and field marketing programs. Ms. Warren is a graduate of East Carolina University.

Charles A. Worsham. Mr. Worsham was named Senior Vice President - Construction and Development in May 2014 and previously held the position of Vice President - Development since April 2011. Prior to joining the Company, Mr. Worsham was employed by DDR Corp. for 8 years where he served as Vice President of Development from 2006 to 2010 and Development Director from 2003 to 2006 with a focus on executing the redevelopment and expansion program. From 1999 to 2003, Mr. Worsham served as Real Estate and Development Manager for Intown Suites, Inc. where he managed the development of hotel properties in various geographic regions. His major responsibilities include implementing the Company's real estate development program and oversight of construction personnel. Mr. Worsham is a graduate of Tennessee Technological University and holds an MBA degree in Real Estate from Georgia State University.

28

Thomas J. Guerrieri Jr. Mr. Guerrieri was named Vice President, Chief Accounting Officer and Controller in May 2017. Previously, he served as Vice President and Controller from January 2016 to May 2017, Vice President, Financial Reporting from January 2008 to January 2016, Assistant Vice President, Financial Reporting from August 2005 to January 2008, and Director of Financial reporting from since joining the Company in August 2000 to August 2005. Mr. Guerrieri began his career with PricewaterhouseCoopers LLP where he was employed from August 1995 to August 2000. His major responsibilities include oversight and supervision of the Company's accounting and financial reporting functions. Mr. Guerrieri is a graduate of the Kenan-Flagler Business School at the University of North Carolina at Chapel Hill and holds a master's degree in accounting and a bachelor's degree in business administration. Mr. Guerrieri is also a certified public accountant.

PART II

ITEM MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED SHAREHOLDER MATTERS AND
5. ISSUER PURCHASES OF EQUITY SECURITIES

Tanger Factory Outlet Centers, Inc. Market Information

The common shares commenced trading on the New York Stock Exchange on May 28, 1993. Our common shares are listed on the New York Stock Exchange with the ticker symbol "SKT".

Holders

As of February 1, 2019, there were approximately 395 common shareholders of record.

Share Repurchases

On May 19, 2017, we announced that our Board of Directors authorized the repurchase of up to \$125 million of our outstanding common shares as market conditions warrant over a period commencing on May 19, 2017 and expiring on May 18, 2019. In February 2019, the Company's Board of Directors authorized the repurchase of up to an additional \$44.3 million of its outstanding common shares, in addition to approximately up to \$55.7 million remaining available under prior share repurchase authorization for a total authorized amount of \$100.0 million. The Board of Directors also extended the expiration of the existing plan by two years to May 2021. Repurchases may be made from time to time through open market, privately-negotiated, structured or derivative transactions (including accelerated stock repurchase transactions), or other methods of acquiring shares. The Company intends to structure open market purchases to occur within pricing and volume requirements of Rule 10b-18. The Company may, from time to time, enter into Rule 10b5-1 plans to facilitate the repurchase of its shares under this authorization.

The following table summarizes our common share repurchases for the fiscal quarter ended December 31, 2018:

Period	Total number of shares purchased	Average price paid per share	Total number of shares purchased as part of publicly announced plans or programs	Approximate dollar value of shares that may yet be purchased under the plans or programs (in millions)
October 1, 2018 to October 31, 2018	—	\$ —	—	\$ 55.7
November 1, 2018 to November 30, 2018	—	—	—	55.7
December 1, 2018 to December 31, 2018	—	—	—	55.7
Total	—	\$ —	—	\$ 55.7

Dividends

The Company operates in a manner intended to enable it to qualify as a REIT under the Internal Revenue Code. A REIT is required to distribute at least 90% of its taxable income to its shareholders each year. We intend to continue to qualify as a REIT and to distribute substantially all of our taxable income to our shareholders through the payment of regular quarterly dividends. Certain of our debt agreements limit the payment of dividends such that dividends shall

not exceed funds from operations ("FFO"), as defined in the agreements, for the prior fiscal year on an annual basis or 95% of FFO on a cumulative basis.

Securities Authorized for Issuance under Equity Compensation Plans

The information required by this Item is set forth in Part III, Item 12 of this document.

30

Performance Graph

The following Performance Graph and related information shall not be deemed “soliciting material” or to be “filed” with the SEC, nor shall such information be incorporated by reference into any future filing under the Securities Act of 1933, as amended, or the Securities Act, or the Securities Exchange Act of 1934, as amended, or the Exchange Act, except to the extent that the Company specifically incorporates it by reference into such filing.

The following share price performance chart compares our performance to an index of U.S. equity REITs and an index of U.S. retail REITs, both prepared by SNL Financial.

Equity REITs are defined as those that derive more than 75% of their income from equity investments in real estate assets. The SNL Retail index includes all publicly traded retail REITs (including malls, shopping centers and other retail REITs) listed on the New York Stock Exchange, NYSE MKT, NASDAQ National Market System or the OTC Market Group.

All share price performance assumes an initial investment of \$100 at the beginning of the period and assumes the reinvestment of dividends. Share price performance, presented for the five years ended December 31, 2018, is not necessarily indicative of future results.

Index	Period Ended					
	12/31/2013	12/31/2014	12/31/2015	12/31/2016	12/31/2017	12/31/2018
Tanger Factory Outlet Centers, Inc.	100.00	118.59	108.92	123.47	95.93	77.63
SNL US REIT Equity	100.00	127.49	131.01	142.65	154.59	146.94
SNL US REIT Retail	100.00	127.82	133.07	134.43	127.74	112.23

Tanger Properties Limited Partnership Market Information

There is no established public trading market for the Operating Partnership's common units. As of December 31, 2018, the Company's wholly-owned subsidiaries, Tanger GP Trust and Tanger LP Trust, owned 93,941,783 units of the Operating Partnership and the Non-Company LPs owned 4,960,684 units. We made distributions per common unit during 2018 as follows:

	2018
First Quarter	\$0.3425
Second Quarter	0.3500
Third Quarter	0.3500
Fourth Quarter	0.3500
Distributions per unit	\$ 1.3925

ITEM 6. SELECTED FINANCIAL DATA (TANGER FACTORY OUTLET CENTERS, INC.)

The following data should be read in conjunction with our consolidated financial statements and notes thereto and Management's Discussion and Analysis of Financial Condition and Results of Operations included elsewhere in this Annual Report on Form 10-K:

	2018	2017	2016	2015	2014
	(in thousands, except per share and outlet center data)				
OPERATING DATA					
Total revenues	\$494,681	\$488,234	\$465,834	\$439,369	\$418,558
Net income ⁽¹⁾⁽²⁾⁽³⁾⁽⁴⁾⁽⁵⁾	45,563	71,876	204,329	222,168	78,152
Net income available to common shareholders ⁽¹⁾⁽²⁾⁽³⁾⁽⁴⁾⁽⁵⁾	42,444	66,793	191,818	208,792	72,139
SHARE DATA					
Basic:					
Net income available to common shareholders ⁽¹⁾⁽²⁾⁽³⁾⁽⁴⁾⁽⁵⁾	\$0.45	\$0.71	\$2.02	\$2.20	\$0.77
Weighted average common shares	93,309	94,506	95,102	94,698	93,769
Diluted:					
Net income available to common shareholders ⁽¹⁾⁽²⁾⁽³⁾⁽⁴⁾⁽⁵⁾	\$0.45	\$0.71	\$2.01	\$2.20	\$0.77
Weighted average common shares	93,310	94,522	95,345	94,759	93,839
Common dividends ⁽⁶⁾	\$1.3925	\$1.3525	\$1.2600	\$1.3050	\$0.9450
BALANCE SHEET DATA					
Real estate assets, before depreciation	\$3,046,179	\$3,088,470	\$2,965,907	\$2,513,217	\$2,263,603
Total assets	2,384,902	2,540,105	2,526,214	2,314,825	2,085,534
Debt	1,712,918	1,763,651	1,687,866	1,551,924	1,431,068
Total equity	505,535	612,302	705,441	606,032	523,886
CASH FLOW DATA					
Cash flows provided by (used in):					
Operating activities	\$258,318	\$253,159	\$239,316	\$220,755	\$188,771
Investing activities	(40,023)	(117,545)	(45,501)	(221,827)	(188,588)
Financing activities	(215,203)	(141,679)	(203,467)	6,854	1,977
OTHER DATA					
Square feet open:					
Consolidated	12,923	12,930	12,710	11,746	11,346
Partially-owned (unconsolidated)	2,371	2,370	2,348	2,747	2,606
Number of outlet centers:					
Consolidated	36	36	36	34	36
Partially-owned (unconsolidated)	8	8	8	9	9

For the year ended December 31, 2018, net income includes a \$49.7 million impairment charge related to our (1) Jeffersonville, Ohio outlet center and a \$7.2 million impairment charge associated with our RioCan Canada unconsolidated joint ventures.

For the year ended December 31, 2017, net income includes a \$6.9 million gain on the sale of our outlet center in (2) Westbrook, Connecticut, a \$35.6 million loss on early extinguishment of debt related to the early redemption of senior notes due 2020 and a \$9.0 million impairment charge associated with our RioCan Canada unconsolidated joint ventures.

(3) For the year ended December 31, 2016, net income includes gains of approximately \$95.5 million related to the acquisitions of our other venture partners' equity interests in the Westgate and Savannah joint ventures, and \$6.3 million in gains on the sales of our Fort Myers, Florida outlet center and an outparcel at our Hwy 501 outlet center

in Myrtle Beach, South Carolina.

For the year ended December 31, 2015, net income includes gains of approximately \$120.4 million from the sale of (4) our equity interest in the Wisconsin Dells joint venture and the sale of our Kittery I & II, Tuscola, West Branch and Barstow outlet centers.

For the year ended December 31, 2014, net income includes a \$7.5 million gain on the sale of our Lincoln City (5) outlet center and a \$13.1 million loss on early extinguishment of debt related to the early redemption of senior notes due November 2015.

(6) For the year ended December 31, 2015, common dividends include a special dividend paid on January 15, 2016 to holders of record as of December 31, 2015.

ITEM 6. SELECTED FINANCIAL DATA (TANGER PROPERTIES LIMITED PARTNERSHIP)

The following data should be read in conjunction with our consolidated financial statements and notes thereto and Management's Discussion and Analysis of Financial Condition and Results of Operations included elsewhere in this Annual Report on Form 10-K:

	2018	2017	2016	2015	2014
	(in thousands, except per unit and outlet center data)				
OPERATING DATA					
Total revenues	\$494,681	\$488,234	\$465,834	\$439,369	\$418,558
Net income ⁽¹⁾⁽²⁾⁽³⁾⁽⁴⁾⁽⁵⁾	45,563	71,876	204,329	222,168	78,152
Net income available to common unitholders ⁽¹⁾⁽²⁾⁽³⁾⁽⁴⁾⁽⁵⁾	44,773	70,402	202,103	220,118	76,175
UNIT DATA					
Basic:					
Net income available to common unitholders ⁽¹⁾⁽²⁾⁽³⁾⁽⁴⁾⁽⁵⁾	\$0.45	\$0.71	\$2.02	\$2.21	\$0.77
Weighted average common units	98,302	99,533	100,155	99,777	98,883
Diluted:					
Net income available to common unitholders ⁽¹⁾⁽²⁾⁽³⁾⁽⁴⁾⁽⁵⁾	\$0.45	\$0.71	\$2.01	\$2.20	\$0.77
Weighted average common units	98,303	99,549	100,398	99,838	98,953
Common distributions ⁽⁶⁾	\$1.3925	\$1.3525	\$1.2600	\$1.3050	\$0.9450
BALANCE SHEET DATA					
Real estate assets, before depreciation	\$3,046,179	\$3,088,470	\$2,965,907	\$2,513,217	\$2,263,603
Total assets	2,384,540	2,539,434	2,525,687	2,314,154	2,083,959
Debt	1,712,918	1,763,651	1,687,866	1,551,924	1,431,068
Total equity	505,535	612,302	705,441	606,032	523,886
CASH FLOW DATA					
Cash flows provided by (used in):					
Operating activities	\$258,277	\$253,131	\$239,299	\$221,818	\$187,959
Investing activities	(40,023)	(117,545)	(45,501)	(221,827)	(188,588)
Financing activities	(215,203)	(141,679)	(203,467)	6,854	1,977
OTHER DATA					
Consolidated	12,923	12,930	12,710	11,746	11,346
Partially-owned (unconsolidated)	2,371	2,370	2,348	2,747	2,606
Number of outlet centers:					
Consolidated	36	36	36	34	36
Partially-owned (unconsolidated)	8	8	8	9	9

For the year ended December 31, 2018, net income includes a \$49.7 million impairment charge related to our (1) Jeffersonville, Ohio outlet center and a \$7.2 million impairment charge associated with our RioCan Canada unconsolidated joint ventures.

For the year ended December 31, 2017, net income includes a \$6.9 million gain on the sale of our outlet center in (2) Westbrook, Connecticut, a \$35.6 million loss on early extinguishment of debt related to the early redemption of senior notes due 2020 and a \$9.0 million impairment charge associated with our RioCan Canada unconsolidated joint ventures.

For the year ended December 31, 2016, net income includes gains of approximately \$95.5 million related to the (3) acquisitions of our other venture partners' equity interests in the Westgate and Savannah joint ventures, and \$6.3 million in gains on the sales of our Fort Myers, Florida outlet center and an outparcel at our Hwy 501 outlet center in Myrtle Beach, South Carolina.

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For the year ended December 31, 2015, net income includes gains of approximately \$120.4 million from the sale of (4) our equity interest in the Wisconsin Dells joint venture and the sale of our Kittery I & II, Tuscola, West Branch and Barstow outlet centers.

For the year ended December 31, 2014, net income includes a \$7.5 million gain on the sale of our Lincoln City (5) outlet center and a \$13.1 million loss on early extinguishment of debt related to the early redemption of senior notes due November 2015.

(6) For the year ended December 31, 2015, common dividends include a special dividend paid on January 15, 2016 to holders of record as of December 31, 2015.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Cautionary Statements

Certain statements made in Item 1 - Business and this Management's Discussion and Analysis of Financial Condition and Results of Operations 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, or the Exchange Act. We intend 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. Such forward-looking statements include, but are not limited to, statements regarding our: ability to raise additional capital, including via future issuances of equity and debt, and the use of proceeds from such issuances; results of operations and financial condition; capital expenditure and working capital needs and the funding thereof; repurchase of the Company's common shares, including the potential use of a 10b5-1 plan to facilitate repurchases; potential developments, expansions, renovations, acquisitions or dispositions of outlet centers; compliance with debt covenants; renewal and re-lease of leased space; outcome of legal proceedings arising in the normal course of business; and real estate joint ventures. You should not rely on forward-looking statements since they involve known and unknown risks, uncertainties and other important factors which are, in some cases, beyond our control and which could materially affect our actual results, performance or achievements. Important factors which may cause actual results to differ materially from current expectations include, but are not limited to: our inability to develop new outlet centers or expand existing outlet centers successfully; risks related to the economic performance and market value of our outlet centers; the relative illiquidity of real property investments; impairment charges affecting our properties; competition for the acquisition and development of outlet centers, and our inability to complete outlet centers we have identified; environmental regulations affecting our business; risk associated with a possible terrorist activity or other acts or threats of violence and threats to public safety; our dependence on rental income from real property; our dependence on the results of operations of our retailers; the fact that certain of our properties are subject to ownership interests held by third parties, whose interests may conflict with ours; risks related to uninsured losses; risks related to changes in consumer spending habits; risks associated with our Canadian investments; risks associated with attracting and retaining key personnel; risks associated with debt financing; risk associated with our guarantees of debt for, or other support we may provide to, joint venture properties; risk associated with our interest rate hedging arrangements; risk associated to uncertainty related to determination of LIBOR; our potential failure to qualify as a REIT; our legal obligation to make distributions to our shareholders; legislative or regulatory actions that could adversely affect our shareholders, including the recent changes in the U.S. federal income taxation of U.S. Businesses; our dependence on distributions from the Operating Partnership to meet our financial obligations, including dividends; the risk of a cyber-attack or an act of cyber-terrorism and other important factors 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.

We qualify all of our forward-looking statements by these cautionary statements. The forward-looking statements in this Annual Report on Form 10-K are only predictions. We have based these forward-looking statements largely on our current expectations and projections about future events and financial trends that we believe may affect our business, financial condition and results of operations. Because forward-looking statements are inherently subject to risks and uncertainties, some of which cannot be predicted or quantified, you should not rely on these forward-looking statements as predictions of future events. The events and circumstances reflected in our forward-looking statements may not be achieved or occur and actual results could differ materially from those projected in the forward-looking statements. Except as required by applicable law, we do not plan to publicly update or revise any forward-looking statements contained herein, whether as a result of any new information, future events, changed circumstances or

otherwise. For a further discussion of the risks relating to our business, see “Item 1A-Risk Factors” in Part I of this Annual Report on Form 10-K.

The following discussion should be read in conjunction with the consolidated financial statements appearing elsewhere in this report. Historical results and percentage relationships set forth in the consolidated statements of operations, including trends which might appear, are not necessarily indicative of future operations.

General Overview

As of December 31, 2018, we had 36 consolidated outlet centers in 22 states totaling 12.9 million square feet. We also had 8 unconsolidated outlet centers totaling 2.4 million square feet, including 4 outlet centers in Canada. The table below details our acquisitions, new developments, expansions and dispositions of consolidated and unconsolidated outlet centers that significantly impacted our results of operations and liquidity from January 1, 2016 to December 31, 2018:

Outlet Center	Quarter Acquired/Open/Disposed/Demolished	Consolidated Outlet Centers		Unconsolidated Joint Venture Outlet Centers	
		Square Feet (in thousands)	Number Centers	Square Feet (in thousands)	Number of Outlet Centers
As of January 1, 2016		11,746	34	2,747	9
New Developments:					
Columbus	Second Quarter	—	—	355	1
Daytona Beach	Fourth Quarter	349	1	—	—
Acquisition:					
Westgate	Second Quarter	408	1	(408)	(1)
Savannah	Third Quarter	419	1	(419)	(1)
Expansions:					
Ottawa	First Quarter	—	—	32	—
Savannah	Second Quarter	—	—	42	—
Dispositions:					
Fort Myers	First Quarter	(199)	(1)	—	—
Demolition:					
Lancaster	First and Third Quarter	(25)	—	—	—
Other		12	—	(1)	—
As of December 31, 2016		12,710	36	2,348	8
New Developments:					
Fort Worth	Fourth Quarter	352	1	—	—
Expansion:					
Ottawa	Second Quarter	—	—	39	—
Lancaster	Third Quarter	148	—	—	—
Dispositions:					
Westbrook	Second Quarter	(290)	(1)	—	—
Other		10	—	(17)	—
As of December 31, 2017		12,930	36	2,370	8
Other		(7)	—	1	—
As of December 31, 2018		12,923	36	2,371	8

Leasing Activity

The following table provides information for our consolidated outlet centers related to leases for new stores that opened or renewals that started during the years ended December 31, 2018 and 2017, respectively:

2018 ⁽¹⁾

	Square # of Feet Leases in 000's)	Average Annual Straight-line Rent (psf)	Average Tenant Allowance (psf)	Average Initial Term (in years)	Net Average Annual Straight-line Rent (psf) (2)
Re-tenant	92 431	\$ 32.40	\$ 50.19	7.81	\$ 25.97
Renewal	281 1,398	31.65	0.22	3.66	31.59

2017 ⁽¹⁾

	Square # of Feet Leases in 000's)	Average Annual Straight-line Rent (psf)	Average Tenant Allowance (psf)	Average Initial Term (in years)	Net Average Annual Straight-line Rent (psf) (2)
Re-tenant	79 413	\$ 33.24	\$ 70.51	8.79	\$ 25.22
Renewal	273 1,261	30.65	0.25	4.40	30.59

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

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

(2) average annual straight-line rent disclosed in the table above includes both minimum base rent and common area maintenance rents and also 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

2018 Compared to 2017

Net Income

Net income decreased \$26.3 million in 2018 compared to 2017. The 2018 period included a \$49.7 million impairment charge related to our Jeffersonville outlet center and equity in earnings includes our share of impairment charges totaling \$7.2 million related to the Bromont and Saint-Sauveur outlet centers in Canada. The 2017 period included a loss on the early extinguishment of debt of \$35.6 million and equity in earnings includes our share of impairment charges totaling \$9.0 million related to the Bromont and Saint-Sauveur outlet centers in Canada.

In the tables below, information set forth for new developments and expansions represent our Fort Worth outlet center, which opened in October 2017 and our Lancaster expansion, which opened in September 2017. Properties disposed include our Westbrook outlet center sold in May 2017.

Base Rentals

Base rentals increased \$4.0 million in the 2018 period compared to the 2017 period. The following table sets forth the changes in various components of base rentals (in thousands):

	2018	2017	Increase/(Decrease)
Base rentals from existing properties	\$306,234	\$306,514	\$ (280)
Base rentals from new development and expansion	16,758	8,984	7,774
Base rentals from property disposed	—	1,596	(1,596)
Straight-line rent adjustments	5,843	5,632	211
Lease termination fees	1,246	3,633	(2,387)
Amortization of above and below market rent adjustments, net	(2,121)	(2,374)	253
	\$327,960	\$323,985	\$ 3,975

Base rentals from existing properties decreased due the portfolio's overall average occupancy decreasing, partially offset by increases in cash rental rates from existing leases that contain fixed periodic increases.

The decrease in lease termination fees is due to fewer store closings in 2018, other than through bankruptcy proceedings, prior to natural expiration of the lease.

Percentage Rentals

Percentage rentals increased \$187,000 in the 2018 period compared to the 2017 period. The following table sets forth the changes in various components of percentage rentals (in thousands):

	2018	2017	Increase/(Decrease)
Percentage rentals from existing properties	\$9,700	\$9,739	\$ (39)
Percentage rentals from new development and expansion	340	49	291
Percentage rentals from property disposed	—	65	(65)
	\$10,040	\$9,853	\$ 187

Percentage rentals represents revenues based on a percentage of tenants' sales volume above their contractual breakpoints. The decrease in percentage rentals from existing properties is primarily due to annual increases in contractual breakpoints in certain leases without corresponding increases in sales volume.

Expense Reimbursements

Expense reimbursements increased \$2.5 million in the 2018 period compared to the 2017 period. The following table sets forth the changes in various components of expense reimbursements (in thousands):

	2018	2017	Increase/(Decrease)
Expense reimbursements from existing properties	\$136,538	\$137,808	\$ (1,270)
Expense reimbursements from new development and expansions	8,818	4,257	4,561
Expense reimbursements from properties disposed	—	752	(752)
	\$145,356	\$142,817	\$ 2,539

Expense reimbursements represent the contractual recovery from tenants of certain common area maintenance ("CAM"), insurance, property tax, promotional, advertising and management expenses. Certain expense reimbursements are based on the tenant's proportionate share of the allocable operating expenses for the property, and thus generally fluctuate consistently with the related expenses. Other expense reimbursements, such as promotional, advertising and certain CAM payments, represent contractual fixed rents and may escalate each year. The decrease in expense reimbursements from existing properties is due primarily to an overall decrease in average occupancy.

Other Income

Other income decreased \$298,000, in the 2018 period compared to the 2017 period. The following table sets forth the changes in various components of other income (in thousands):

	2018	2017	Increase/(Decrease)
Other income from existing properties	\$8,522	\$8,817	\$ (295)
Other income from new development and expansions	307	255	52
Other income from property disposed	—	55	(55)
	\$8,829	\$9,127	\$ (298)

The decrease in other income from existing properties was primarily related to the expiration in July 2017 of a certain national sponsorship program that was not renewed.

Property Operating Expenses

Property operating expenses increased \$5.2 million in the 2018 period compared to the 2017 period. The following table sets forth the changes in various components of property operating expenses (in thousands):

	2018	2017	Increase/(Decrease)
Property operating expenses from existing properties	\$146,949	\$146,701	\$ 248
Property operating expenses from new development and expansion	8,440	4,338	4,102
Property operating expenses from property disposed	—	965	(965)
Other property operating expenses	5,068	3,231	1,837
	\$160,457	\$155,235	\$ 5,222

Property operating expenses from existing properties increased primarily due to higher snow removal costs partially offset by lower marketing expense in the 2018 period compared to the 2017 period. Other property operating expenses increased in part due to expenses related to due diligence for potential new developments.

General and Administrative Expenses

General and administrative expenses in the 2018 period increased \$163,000 compared to the 2017 period, primarily due to higher payroll related expenses offset by lower bad debt and legal expenses.

Abandoned Pre-Development Costs

During the 2017 period, we decided to terminate a purchase option for a pre-development stage project near Detroit, Michigan and as a result, recorded a \$528,000 charge, representing the cumulative related pre-development costs.

Impairment Charge

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

Depreciation and Amortization

Depreciation and amortization expense increased \$4.0 million in the 2018 period compared to the 2017 period. The following table sets forth the changes in various components of depreciation and amortization (in thousands):

	2018	2017	Increase/(Decrease)
Depreciation and amortization expenses from existing properties	\$122,210	\$124,525	\$ (2,315)
Depreciation and amortization expenses from new development and expansion	9,512	2,532	6,980
Depreciation and amortization from property disposed	—	687	(687)
	\$131,722	\$127,744	\$ 3,978

Depreciation and amortization decreased at our existing properties primarily due to the accelerated amortization of lease related intangibles upon store closures, lower basis in our Jeffersonville property due to the impairment, and also due to demolition activities at one of our centers in 2017.

Interest Expense and Loss on Early Extinguishment of Debt

Interest expense decreased \$4,000 in the 2018 period compared to the 2017 period. The decrease was primarily due to the full year effect of the July 2017 bond refinancing, which effectively lowered the interest rate from 6.125% to 3.875% on \$300.0 million of senior notes. This decrease was offset by increases in the 30-day LIBOR, which impacts the interest rate associated with our floating rate debt not covered by interest rate swap agreements. Additionally, the average effective interest rate on \$150.0 million of variable rate debt covered by interest rate swap agreements increased as certain 30-day LIBOR interest rate swaps with a rate of 1.30% expired in August 2018 and were replaced with interest rate swaps with a rate of 2.20%.

In July 2017, we completed an underwritten public offering of \$300.0 million of 3.875% senior notes due 2027 (the "2027 Notes"). In August 2017, we used the net proceeds from the sale of the 2027 Notes, together with borrowings under our unsecured lines of credit, to redeem all of our 6.125% senior notes due 2020 (the "2020 Notes") (approximately \$300.0 million in aggregate principal amount outstanding). The 2020 Notes were redeemed at par plus a make-whole premium of approximately \$34.1 million. The loss on early extinguishment of debt includes the make-whole premium and the write off of approximately \$1.5 million of unamortized debt discount and debt origination costs related to the 2020 Notes.

Gain on Sale of Assets and Interests in Unconsolidated Entities

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

Equity in Earnings of Unconsolidated Joint Ventures

Equity in earnings of unconsolidated joint ventures decreased approximately \$1.0 million in the 2018 period compared to the 2017 period. Equity in earnings includes our share of impairment charges totaling \$7.2 million and \$9.0 million for 2018 and 2017, respectively, related to the Bromont and Saint-Sauveur outlet centers in Canada. The decrease in equity in earnings of unconsolidated joint ventures was primarily due to higher LIBOR interest rate levels on variable rate mortgages at our unconsolidated joint ventures. The approximate average 30 day LIBOR rate for the 2018 period was 2.0% compared to 1.1% for the 2017 period.

2017 Compared to 2016

Net Income

Net income decreased \$132.5 million in 2017 compared to 2016. The majority of this decrease was due to a loss on the early extinguishment of debt of \$35.6 million in the 2017 period and a \$95.5 million gain on the acquisition of our partners' equity interests in the Westgate and Savannah joint ventures in the 2016 period.

In the tables below, information set forth for new developments and expansions represent our Fort Worth and Daytona Beach outlet centers, which opened in October 2017 and November 2016, respectively and our Lancaster expansion, which opened in September 2017. Acquisitions include our Westgate and Savannah outlet centers, which were previously held in unconsolidated joint ventures prior to our acquisitions of our venture partners' interest in each venture in June 2016 and August 2016, respectively. Properties disposed include our Westbrook and Fort Myers outlet centers sold in May 2017 and January 2016, respectively.

Base Rentals

Base rentals increased \$15.6 million in the 2017 period compared to the 2016 period. The following table sets forth the changes in various components of base rentals (in thousands):

	2017	2016	Increase/ (Decrease)
Base rentals from existing properties	\$279,170	\$278,732	\$ 438
Base rentals from new developments and expansions	16,174	8,326	7,848
Base rentals from acquisitions	20,154	8,920	11,234
Base rentals from properties disposed	1,596	4,621	(3,025)
Straight-line rent adjustments	5,632	7,002	(1,370)
Termination fees	3,633	3,599	34
Amortization of above and below market rent adjustments, net	(2,374)	(2,847)	473
	\$323,985	\$308,353	\$ 15,632

Percentage Rentals

Percentage rentals decreased \$1.4 million in the 2017 period compared to the 2016 period. The following table sets forth the changes in various components of percentage rentals (in thousands):

	2017	2016	Increase/ (Decrease)
Percentage rentals from existing properties	\$8,547	\$10,303	\$(1,756)
Percentage rentals from new developments and expansions	198	22	176
Percentage rentals from acquisitions	1,043	759	284
Percentage rentals from properties disposed	65	137	(72)
	\$9,853	\$11,221	\$(1,368)

Percentage rentals represents revenues based on a percentage of tenants' sales volume above their contractual breakpoints. The decrease in percentage rentals is primarily due to a decrease in average sales per square foot for

certain tenants for the rolling twelve months ended December 31, 2017, compared to the rolling twelve months ended December 31, 2016 and due to annual increases in contractual breakpoints in certain leases.

41

Expense Reimbursements

Expense reimbursements increased \$9.0 million in the 2017 period compared to the 2016 period. The following table sets forth the changes in various components of expense reimbursements (in thousands):

	2017	2016	Increase/ (Decrease)
Expense reimbursements from existing properties	\$ 122,323	\$ 123,032	\$ (709)
Expense reimbursements from new developments and expansions	8,502	3,675	4,827
Expense reimbursements from acquisitions	11,240	4,877	6,363
Expense reimbursements from properties disposed	752	2,234	(1,482)
	\$ 142,817	\$ 133,818	\$ 8,999

Expense reimbursements represent the contractual recovery from tenants of certain common area maintenance ("CAM"), insurance, property tax, promotional, advertising and management expenses. Certain expense reimbursements are based on the tenant's proportionate share of the allocable operating expenses for the property, and thus generally fluctuate consistently with the related expenses. Other expense reimbursements, such as promotional, advertising and certain CAM payments, represent contractual fixed rents and may escalate each year. See "Property Operating Expenses" below for a discussion of the decrease in operating expenses from our existing properties.

Management, Leasing and Other Services

Management, leasing and other services decreased \$1.4 million, in the 2017 period compared to the 2016 period. The following table sets forth the changes in various components of management, leasing and other services (in thousands):

	2017	2016	Increase/ (Decrease)
Management and marketing	\$ 2,310	\$ 2,744	\$ (434)
Leasing and other fees	142	1,103	(961)
	\$ 2,452	\$ 3,847	\$ (1,395)

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

Other Income

Other income increased \$532,000, in the 2017 period compared to the 2016 period. The following table sets forth the changes in various components of other income (in thousands):

	2017	2016	Increase/ (Decrease)
Other income from existing properties	\$ 7,796	\$ 7,826	\$ (30)
Other income from new developments and expansions	463	237	226
Other income from acquisitions	812	399	413
Other income from properties disposed	56	133	(77)
	\$ 9,127	\$ 8,595	\$ 532

Property Operating Expenses

Property operating expenses increased \$3.2 million in the 2017 period compared to the 2016 period. The following table sets forth the changes in various components of property operating expenses (in thousands):

	2017	2016	Increase/ (Decrease)
Property operating expenses from existing properties	\$136,564	\$140,146	\$(3,582)
Property operating expenses from new developments and expansions	8,698	4,425	4,273
Property operating expenses from acquisitions	9,090	4,295	4,795
Property operating expenses from properties disposed	883	3,151	(2,268)
	\$155,235	\$152,017	\$3,218

The decrease in property operating expenses from existing properties was due to lower spending in the 2017 period for certain CAM and marketing expenses.

General and Administrative Expenses

General and administrative expenses in the 2017 period decreased \$2.7 million, compared to the 2016 period, primarily due to lower amounts of incentive compensation earned in the 2017 period compared to the 2016 period and due to the 2016 period including compensation related to an executive officer termination and the death of a director totaling approximately \$1.2 million.

Abandoned Pre-Development Costs

During the 2017 period, we decided to terminate a purchase option for a pre-development stage project near Detroit, Michigan, and as a result, recorded a \$528,000 charge, representing the cumulative related pre-development costs.

Depreciation and Amortization

Depreciation and amortization expense increased \$12.4 million in the 2017 period compared to the 2016 period. The following table sets forth the changes in various components of depreciation and amortization (in thousands):

	2017	2016	Increase/ (Decrease)
Depreciation and amortization expenses from existing properties	\$104,309	\$105,550	\$(1,241)
Depreciation and amortization expenses from new developments and expansions	7,300	2,407	4,893
Depreciation and amortization expenses from acquisitions	15,448	5,999	9,449
Depreciation and amortization from properties disposed	687	1,401	(714)
	\$127,744	\$115,357	\$12,387

Depreciation and amortization decreased at our existing properties primarily due to tenant improvements and lease related intangibles recorded as part of the acquisition price of acquired properties, which are amortized over shorter lives, becoming fully depreciated during the reporting periods.

Interest Expense and Loss on Early Extinguishment of Debt

Interest expense increased \$4.2 million in the 2017 period compared to the 2016 period, primarily due to (1) the impact of converting throughout 2016 \$525.0 million of debt with floating interest rates to higher fixed interest rates, (2) the 30-day LIBOR, which impacts the interest rate associated with our floating rate debt, increasing relative to its level in the 2016 period and (3) the additional debt incurred related to the 2016 acquisitions of Westgate and Savannah.

In July 2017, we completed an underwritten public offering of \$300.0 million of 3.875% senior notes due 2027 (the "2027 Notes"). In August 2017, we used the net proceeds from the sale of the 2027 Notes, together with borrowings under our unsecured lines of credit, to redeem all of our 6.125% senior notes due 2020 (the "2020 Notes") (approximately \$300.0 million in aggregate principal amount outstanding). The 2020 Notes were redeemed at par plus a make-whole premium of approximately \$34.1 million. The loss on early extinguishment of debt includes the make-whole premium and the write off of approximately \$1.5 million of unamortized debt discount and debt origination costs related to the 2020 Notes.

Gain on Sale of Assets and Interests in Unconsolidated Entities

In May 2017, we sold our Westbrook outlet center for approximately \$40.0 million, which resulted in a gain of \$6.9 million. In September 2016, we sold an outparcel at our outlet center in Myrtle Beach, South Carolina located on Highway 501 for approximately \$2.9 million and recognized a gain of approximately \$1.4 million. Also, in the first quarter of 2016, we sold our Fort Myers outlet center for approximately \$25.8 million, which resulted in a gain of \$4.9 million.

Gain on Previously Held Interest in Acquired Joint Venture

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

In August 2016, the Savannah joint venture, which owned the outlet center in Pooler, Georgia distributed all outparcels along with \$15.0 million in cash consideration to our joint venture partner in exchange for the partner's ownership interest. We contributed the \$15.0 million in cash consideration to the joint venture, which we funded with borrowings under our unsecured lines of credit. The joint venture is now wholly-owned by us and has been consolidated in our financial results since the acquisition date. As a result of acquiring the remaining interest in the Savannah joint venture, we recorded a gain of \$46.3 million, which represented the difference between the carrying book value and the fair value of our previously held equity method investment in the Savannah joint venture, as a result of the significant appreciation in the property's value since the completion of its original development and opening in April 2015.

Equity in Earnings of Unconsolidated Joint Ventures

Equity in earnings of unconsolidated joint ventures decreased approximately \$8.9 million in the 2017 period compared to the 2016 period. The following table sets forth the changes in various components of equity in earnings of unconsolidated joint ventures (in thousands):

	2017	2016	Increase/ (Decrease)
Equity in earnings from existing properties	\$505	\$6,361	\$ (5,856)
Equity in earnings from new developments	1,432	868	\$ 564
Equity in earnings from properties previously held in unconsolidated joint ventures	—	3,643	(3,643)
	\$1,937	\$10,872	\$ (8,935)

Equity in earnings from existing properties includes our share of impairment charges totaling \$9.0 million in the 2017 period related to the Bromont and Saint-Sauveur outlet centers in Canada, and totaling \$2.9 million in the 2016 period

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

Liquidity and Capital Resources of the Company

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

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

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

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

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

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

We operate in a manner intended to enable us to qualify as a REIT under the Internal Revenue Code, or the Code. 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. Based on our 2018 estimated taxable income, we were required to distribute approximately \$110.4 million to our shareholders in order to maintain our REIT status as described above. We distributed approximately \$130.1 million during 2018. If in any taxable year the Company were to fail to qualify as a REIT and certain statutory relief provisions were not applicable, we would not be allowed a deduction for distributions to shareholders in computing taxable income and would be subject to U.S. federal income tax (including any applicable alternative minimum tax for tax years prior to 2018) on our taxable income at the regular corporate rate.

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.

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

In May 2017, the Company announced that its Board of Directors authorized the repurchase of up to \$125.0 million of its outstanding common shares as market conditions warrant over a period commencing on May 19, 2017 and expiring on May 18, 2019. In February 2019, the Company's Board of Directors authorized the repurchase of up to an additional \$44.3 million of its outstanding common shares, in addition to approximately up to \$55.7 million remaining available under prior share repurchase authorization for a total authorized amount of \$100.0 million. The Board of Directors also extended the expiration of the existing plan by two years to May 2021. Repurchases may be made from time to time through open market, privately-negotiated, structured or derivative transactions (including accelerated share repurchase transactions), or other methods of acquiring shares. The Company intends to structure open market purchases to occur within pricing and volume requirements of Rule 10b-18. The Company may, from time to time, enter into Rule 10b5-1 plans to facilitate the repurchase of its shares under this authorization.

Shares repurchased during the years ended December 31, 2018 and 2017 were as follows:

	Year Ended	
	December 31,	
	2018	2017
Total number of shares purchased	919,249	1,911,585
Average price paid per share	\$21.74	\$ 25.80
Total price paid exclusive of commissions and related fees (in thousands)	\$ 19,980	\$ 49,324

The remaining amount authorized to be repurchased under the program as of December 31, 2018 was approximately \$55.7 million.

46

Liquidity and Capital Resources of the Operating Partnership

General Overview

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

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

We believe we achieve a strong and flexible financial position by attempting to: (1) maintain a conservative leverage position relative to our portfolio when pursuing new development, expansion and acquisition opportunities, (2) extend and sequence debt maturities, (3) manage our interest rate risk through a proper mix of fixed and variable rate debt, (4) maintain access to liquidity by using our lines of credit in a conservative manner and (5) preserve internally generated sources of capital by strategically divesting of our non-core 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.

Statements of Cash Flows

The following table sets forth our changes in cash flows from 2018 and 2017 (in thousands):

	2018	2017	Change
Net cash provided by operating activities	\$258,277	\$253,131	\$5,146
Net cash used in investing activities	(40,023)	(117,545)	77,522
Net cash used in financing activities	(215,203)	(141,679)	(73,524)
Effect of foreign currency rate changes on cash and equivalents	(110)	(56)	(54)
Net increase (decrease) in cash, cash equivalents and restricted cash	\$2,941	\$(6,149)	\$9,090

Operating Activities

The increase in net cash provided by operating activities in 2018 compared to 2017 is primarily due to a significant increase in tenant prepaid rents (received in December that relate to January). This increase was partially offset by a decrease in distributions received from unconsolidated joint ventures that represented a distribution of cumulative earnings.

Investing Activities

The primary cause for the decrease in net cash used in investing activities was due to lower levels of development activity in 2018 compared to 2017. In 2017, we had construction expenditures for our Fort Worth and Lancaster outlet centers. In 2018, we had no new developments under construction. Partially offsetting the decrease in net cash used in investing activities was the net proceeds from the sale of our Westbrook center in May 2017.

Financing Activities

Cash used in financing activities increased because of lower proceeds from our sources of liquidity due to lower levels of development as described above. The increase was partially offset by the following:

In 2017, we used cash to repurchase \$49.4 million used to repurchase Operating Partnership units, compared to \$20.0 million in the 2018 period.

In 2017, we used cash to fund the payment of a make-whole premium totaling \$34.1 million related to early extinguishment of debt.

The following table sets forth our changes in cash flows from 2017 and 2016 (in thousands):

	2017	2016	Change
Net cash provided by operating activities	\$253,131	\$239,299	\$13,832
Net cash used in investing activities	(117,545)	(45,501)	(72,044)
Net cash used in financing activities	(141,679)	(203,467)	61,788
Effect of foreign currency rate changes on cash and equivalents	(56)	316	(372)
Net decrease in cash, cash equivalents and restricted cash	\$(6,149)	\$(9,353)	\$3,204

Operating Activities

The increase in net cash provided by operating activities from 2016 to 2017 is primarily associated with the following:

incremental operating income in 2017 as a result of the full year impact of the acquisition of our venture partners' interest in our Westgate and Savannah outlet centers, previously held in unconsolidated joint ventures, in June 2016 and August 2016, respectively, and

incremental operating income from the opening of our two new wholly-owned outlet centers in Daytona Beach and Fort Worth, which opened in November 2016 and October 2017, respectively.

Investing Activities

The increase in net cash used in investing activities from 2016 to 2017 is primarily associated with the following:

the use of restricted cash in 2016, which represented a portion of the proceeds received from certain assets sales in 2015, to pay a portion of our \$150.0 million floating rate mortgage loan, which had an original maturity date in August 2018, and our \$28.4 million deferred financing obligation, both of which related to our Deer Park outlet center, and

partially offsetting the increase, cash used in 2016 to acquire our venture partners' interest in our Westgate joint venture and Savannah joint venture.

Financing Activities

The decrease in net cash used in financing activities from 2016 to 2017 is primarily associated with the following:

lower outstanding borrowing amounts in 2017 to fund the Company's development needs, net of asset sales proceeds, due to a significant portion of the 2016 development needs being funded with the \$121.3 million held in restricted cash during that period,

a special dividend of approximately \$21.0 million that was paid during 2016, and

offsetting the decrease, \$49.4 million used to repurchase Operating Partnership units in 2017.

Development Activities

Development in Unconsolidated Real Estate Joint Ventures

From time to time, we form joint venture arrangements to develop outlet centers. See "Off-Balance Sheet Arrangements" for a discussion of unconsolidated joint venture development activities.

Potential Future Developments, Acquisitions and Dispositions

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

In the case of projects to be wholly-owned by us, we expect to fund these projects with borrowings under our unsecured lines of credit and cash flow from operations, but may also fund them with capital from additional public debt and equity offerings. For projects to be developed through joint venture arrangements, we may use collateralized construction loans to fund a portion of the project, with our share of the equity requirements funded from sources described above.

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

Financing Arrangements

See Notes 8 and 9 to the Consolidated Financial Statements, for details of our current outstanding debt, financing transactions that have occurred over the past three years and debt maturities. As of December 31, 2018, unsecured borrowings represented 95% of our outstanding debt and 93% of the gross book value of our real estate portfolio was unencumbered. As of December 31, 2018, 10% of our outstanding debt, excluding variable rate debt with interest rate protection agreements in place, had variable interest rates and therefore was subject to market fluctuations.

We maintain unsecured lines of credit that, as of December 31, 2018, provided for borrowings of up to \$600.0 million, including a separate \$20.0 million liquidity line and a \$580.0 million syndicated line. The syndicated line may be increased up to \$1.2 billion through an accordion feature in certain circumstances. As of December 31, 2018, our unused capacity under our unsecured lines of credit was 76%, or \$454.7 million.

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

We anticipate that adequate cash will be available to fund our operating and administrative expenses, regular debt service obligations, and the payment of dividends in accordance with REIT requirements in both the short and

long-term. Although we receive most of our rental payments on a monthly basis, distributions to shareholders and unitholders are made quarterly and interest payments on the senior, unsecured notes are made semi-annually. Amounts accumulated for such payments will be used in the interim to reduce the outstanding borrowings under our existing unsecured lines of credit or invested in short-term money market or other suitable instruments.

We believe our current balance sheet position is financially sound; however, due to the uncertainty and unpredictability of the capital and credit markets, we can give no assurance that affordable access to capital will exist between now and when our next significant debt matures, which is our unsecured lines of credit. The unsecured lines of credit expire in 2021, with a one-year extension option that may extend the maturity to 2022.

The interest rate spreads associated with our unsecured lines of credit and our unsecured term loan are based on our current investment grade credit rating. If our credit rating is downgraded or upgraded, our interest rate spread would adjust accordingly.

Our debt agreements contain 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% 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 our existing debt covenants; however, should circumstances arise that would cause us to be in default, the various lenders would have the ability to accelerate the maturity on our outstanding debt.

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

Senior unsecured notes financial covenants	Required	Actual
Total consolidated debt to adjusted total assets	< 60%	50 %
Total secured debt to adjusted total assets	< 40%	3 %
Total unencumbered assets to unsecured debt	> 150%	189 %

Capital Expenditures

The following table details our capital expenditures for the years ended December 31, 2018 and 2017, respectively (in thousands):

	2018	2017	Change
Capital expenditures analysis:			
New outlet center developments and expansions	\$8,863	\$110,910	\$(102,047)
Major outlet center renovations	4,690	20,227	(15,537)
Second generation tenant allowances	15,729	21,926	(6,197)
Other capital expenditures	19,075	22,805	(3,730)
	48,357	175,868	(127,511)
Conversion from accrual to cash basis	15,896	(9,637)	25,533
Additions to rental property-cash basis	\$64,253	\$166,231	\$(101,978)

The decrease in new outlet center developments and expansions expenditures was primarily due to construction expenditures, including first generation tenant allowances, that occurred in 2017 for our Fort Worth and Lancaster outlet centers.

The decrease in major outlet center renovations in the 2018 period was primarily due to construction activities at our Myrtle Beach Hwy 17, Riverhead and Rehoboth Beach outlet centers that occurred in 2017.

The decrease in second generation tenant allowances was due to the re-merchandising efforts that occurred in 2017 to bring high volume tenants to 5 outlet centers.

The decrease in other capital expenditures in the 2018 period is primarily due to tenant interior build outs and the installation of solar panels at several of our outlet centers that occurred in 2017.

Contractual Obligations and Commercial Commitments

The following table details our contractual obligations over the next five years and thereafter as of December 31, 2018 (in thousands):

Contractual Obligations	2019	2020	2021	2022	2023	Thereafter	Total
Debt ⁽¹⁾	\$3,370	\$3,566	\$202,293	\$4,436	\$254,768	\$1,262,346	\$1,730,779
Interest payments ⁽²⁾	60,692	60,495	58,323	51,865	50,726	83,303	365,404
Operating leases	7,526	7,311	7,140	7,127	7,167	258,438	294,709
	\$71,588	\$71,372	\$267,756	\$63,428	\$312,661	\$1,604,087	\$2,390,892

(1) These amounts represent total future cash payments related to debt obligations outstanding as of December 31, 2018.

(2) These amounts represent future interest payments related to our debt obligations based on the fixed and variable interest rates specified in the associated debt agreements, including the effects of our interest rate swaps. All of our variable rate debt agreements are based on the one month LIBOR rate, thus for purposes of calculating future interest amounts on variable interest rate debt, the one month LIBOR rate as of December 31, 2018 was used.

In addition to the contractual payment obligations shown in the table above, we have commitments of \$362,000 remaining as of December 31, 2018 related to contracts to complete construction, development activity at outlet centers, and other capital expenditures throughout our consolidated portfolio. These amounts would be primarily funded by amounts available under our unsecured lines of credit but could also be funded by other sources of capital, such as collateralized construction loans or public debt and equity offerings. In addition, we have commitments to pay approximately \$9.4 million in tenant allowances for leases that are executed but where the tenant improvements have not been constructed. Payments are only made upon the tenant opening its store, completing its interior construction and submitting the necessary documentation required per its lease. Contractual commitments to complete construction and development activity related to our unconsolidated joint ventures amounted to approximately \$3.3 million at December 31, 2018, of which our portion was approximately \$1.7 million. In addition, commitments related to tenant allowances at our unconsolidated joint ventures totaled approximately \$1.1 million at December 31, 2018, of which our portion was approximately \$570,000. Contractual commitments represent only those costs subject to contracts which are legal binding agreements as of December 31, 2018 and do not necessarily represent the total cost to complete the projects.

Off-Balance Sheet Arrangements

We have partial ownership interests in 8 unconsolidated outlet centers totaling approximately 2.4 million square feet, including 4 outlet centers in Canada. See Note 6 to the Consolidated Financial Statements for details of our individual joint ventures, including, but not limited to, carrying values of our investments, fees we receive for services provided to the joint ventures, recent development and financing transactions and condensed combined summary financial information.

We may elect to fund cash needs of a joint venture through equity contributions (generally on a basis proportionate to our ownership interests), advances or partner loans, although such funding is not typically required contractually or otherwise. We separately report investments in joint ventures for which accumulated distributions have exceeded investments in, and our share of net income or loss of, the joint ventures within other liabilities in the consolidated balance sheets because we are committed and intend to provide further financial support to these joint ventures. We believe our joint ventures will be able to fund their operating and capital needs during 2019 based on their sources of working capital, specifically cash flow from operations, access to contributions from partners, and ability to refinance debt obligations, including the ability to exercise upcoming extensions of near term maturities.

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

The following table details information regarding the outstanding debt of the unconsolidated joint ventures and guarantees of such debt provided by us as of December 31, 2018 (dollars in millions):

Joint Venture	Total Joint Venture Debt	Maturity Date	Interest Rate	Percent Guaranteed by the Operating Partnership	Maximum Guaranteed Amount by the Company
Charlotte	\$100.0	July 2028	4.27%	— %	\$ —
Columbus	85.0	November 2019	LIBOR + 1.65%	7.5 %	6.4
Galveston/Houston	80.0	July 2020	LIBOR + 1.65%	12.5 %	10.0
National Harbor	95.0	January 2030	4.63%	— %	—
RioCan Canada	9.3	May 2020	5.75%	31.2 %	2.9
Debt premium and debt origination costs	(1.4)				
	\$367.9				\$ 19.3

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

Impairments

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

During 2018, 2017 and 2016, the Rio-Can joint venture recognized impairment charges related to its properties located in Bromont, Quebec and Saint Sauveur, Quebec. The impairment charges were primarily driven by, among other things, new competition in the market and changes in market capitalization rates. While the joint venture believes the properties are recorded at fair value, there can be no assurance that additional impairment charges will not be recognized.

The table below summarizes the impairment charges taken during 2018, 2017 and 2016 (in thousands):

Outlet Center	Impairment Charge ⁽¹⁾	
	Total	Our Share
2018 Bromont and Saint Sauveur	\$14,359	\$7,180
2017 Bromont and Saint Sauveur	18,042	9,021
2016 Bromont	5,838	2,919

(1) The fair value was determined using an income approach considering the prevailing market income capitalization rates for similar assets.

Critical Accounting Estimates

We believe the following critical accounting policies affect our more significant judgments and estimates used in the preparation of our consolidated financial statements.

Principles of Consolidation

The consolidated financial statements of the Company include its accounts and its consolidated subsidiaries, as well as the Operating Partnership and its consolidated subsidiaries. The consolidated financial statements of the Operating Partnership include its accounts and its consolidated subsidiaries. Intercompany balances and transactions have been eliminated in consolidation.

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

We consolidate properties that are wholly-owned or properties where we own less than 100% but we control. Control is determined using an evaluation based on accounting standards related to the consolidation of voting interest entities and variable interest entities ("VIE"). For joint ventures that are determined to be a VIE, we consolidate the entity where we are deemed to be the primary beneficiary. Determination of the primary beneficiary is based on whether an entity has (1) the power to direct the activities of the VIE that most significantly impact the entity's economic performance, and (2) the obligation to absorb losses of the entity that could potentially be significant to the VIE or the right to receive benefits from the entity that could potentially be significant to the VIE. Our determination of the primary beneficiary considers various factors including the form of our ownership interest, our representation in an entity's governance, the size of our investment, our ability to participate in policy making decisions and the rights of the other investors to participate in the decision making process to replace us as manager and or liquidate the venture, if applicable. If we do not evaluate these joint ventures correctly under the amended guidance, we could significantly overstate or understate our financial condition and results of operations.

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

Acquisition of Real Estate

We allocate the purchase price of acquisitions based on the fair value of land, building, tenant improvements, debt and deferred lease costs and other intangibles, such as the value of leases with above or below market rents, origination costs associated with the in-place leases, and the value of in-place leases and tenant relationships, if any. We depreciate the amount allocated to building, deferred lease costs and other intangible assets over their estimated useful lives, which generally range from 3 to 33 years. The values of the above and below market leases are amortized and recorded as either an increase (in the case of below market leases) or a decrease (in the case of above market leases) to rental income over the remaining term of the associated lease. The values of below market leases that are considered to have renewal periods with below market rents are amortized over the remaining term of the associated lease plus the renewal periods when the renewal is deemed probable to occur. The value associated with in-place leases is amortized over the remaining lease term and tenant relationships is amortized over the expected term, which includes an estimated probability of the lease renewal. If a tenant terminates its lease prior to the contractual termination date of the lease and no rental payments are being made on the lease, any unamortized balance of the related deferred lease costs is written off. The tenant improvements and origination costs are amortized as an expense over the remaining life of the lease (or charged against earnings if the lease is terminated prior to its contractual expiration date). We assess fair value based on estimated cash flow projections that utilize appropriate discount and capitalization rates and available market information.

If we do not allocate appropriately to the separate components of rental property, deferred lease costs and other intangibles or if we do not estimate correctly the total value of the property or the useful lives of the assets, our computation of depreciation and amortization expense may be significantly understated or overstated.

Cost Capitalization

We capitalize costs incurred for the construction and development of properties, including interest, real estate taxes and salaries and related costs associated with employees directly involved. Capitalization of costs commences at the time the development of the property becomes probable and ceases when the property is substantially completed and ready for its intended use. We consider a construction project as substantially completed and ready for its intended use upon the completion of tenant improvements. We cease capitalization on the portion that is substantially completed and occupied or held available for occupancy, and capitalize only those costs associated with the portion under construction. The amount of salaries and related costs capitalized for the construction and development of properties is based on our estimate of the amount of costs directly related to the construction or development of these assets. Interest costs are capitalized during periods of active construction for qualified expenditures based upon interest rates in place during the construction period until construction is substantially complete. This includes interest incurred on funds invested in or advanced to unconsolidated joint ventures with qualifying development activities.

Deferred charges includes deferred lease costs and other intangible assets consisting of fees and costs incurred to originate operating leases and are amortized over the expected lease term. Deferred lease costs capitalized includes amounts paid to third-party brokers and salaries and related costs of employees directly involved in originating leases. The amount of salaries and related costs capitalized is based on our estimate of the time and amount of costs directly related to originating leases.

If we incorrectly estimate the amount of costs to capitalize, we could significantly overstate or understate our financial condition and results of operations.

Impairment of Long-Lived Assets and Investments in Unconsolidated Entities

Rental property held and used by us is reviewed for impairment in the event that facts and circumstances indicate the carrying amount of an asset may not be recoverable. In such an event, we compare the estimated future undiscounted cash flows associated with the asset to the asset's carrying amount, and if less than such carrying amount, recognize an impairment loss in an amount by which the carrying amount exceeds its fair value. If we do not recognize impairments at appropriate times and in appropriate amounts, our consolidated balance sheet may overstate the value of our long-lived assets. The estimated fair value is based primarily on the income approach. The income approach involves discounting the estimated income stream and reversion (presumed sale) value of a property over an estimated holding period to a present value at a risk-adjusted rate. Discount rates and terminal capitalization rates utilized in this approach are derived from property-specific information, market transactions and other financial and industry data. We recognized an impairment at our Jeffersonville outlet center in 2018 and recognized no impairment losses at any of our consolidated properties during the years ended December 31, 2017 and 2016, respectively. See Note 4 and Note 6 to the consolidated financial statements, for discussion of the impairment of our Jeffersonville outlet center and our unconsolidated joint venture at our Bromont and Saint Sauveur, Quebec outlet centers during 2018 and 2017 and our Bromont, Quebec outlet center in 2016.

On a periodic basis, we assess whether there are any indicators that the value of our investments in unconsolidated joint ventures may be impaired. An investment is impaired only if management's estimate of the value of the investment is less than the carrying value of the investments, and such decline in value is deemed to be other than temporary. To the extent an other than temporary impairment has occurred, the loss shall be measured as the excess of the carrying amount of the investment over the estimated fair value of the investment. Our estimates of value for each joint venture investment are based on a number of assumptions that are subject to economic and market uncertainties including, among others, estimated hold period, terminal capitalization rates, demand for space, competition for tenants, changes in market rental rates and operating costs of the property. As these factors are difficult to predict and are subject to future events that may alter our assumptions, the values estimated by us in our impairment analysis may not be realized.

Revenue Recognition

Base rentals are recognized on a straight-line basis over the term of the lease. As a provision of a tenant lease, if we make a cash payment to the tenant for purposes other than funding the construction of landlord assets, we defer the amount of such payments as a lease incentive. We amortize lease incentives as a reduction of base rental revenue over the term of the lease. The majority of our leases contain provisions which provide additional rents based on each tenants' sales volume ("percentage rentals") and reimbursement of the tenants' share of advertising and promotion, common area maintenance, insurance and real estate tax expenses. Percentage rentals are recognized when specified targets that trigger the contingent rent are met. Expense reimbursements are recognized in the period the applicable expenses are incurred. Payments received from the early termination of leases are recognized as revenue from the time payment is receivable until the tenant vacates the space.

New Accounting Pronouncements

See Note 2 to the consolidated financial statements for information on recently adopted accounting standards and new accounting pronouncements issued.

NON-GAAP SUPPLEMENTAL MEASURES

Funds From Operations

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

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

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

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

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

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

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

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

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

Adjusted Funds From Operations

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

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

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

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

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

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

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

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

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

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Below is a reconciliation of net income to FFO available to common shareholders and AFFO available to common shareholders (in thousands, except per share amounts): ⁽¹⁾

	2018	2017	2016
Net income	\$45,563	\$71,876	\$204,329
Adjusted for:			
Depreciation and amortization of real estate assets - consolidated	129,281	125,621	113,645
Depreciation and amortization of real estate assets - unconsolidated joint ventures	13,314	13,857	18,910
Impairment charge - consolidated	49,739	—	—
Impairment charges - unconsolidated joint ventures	7,180	9,021	2,919
Gain on sale of assets and interests in unconsolidated entities	—	(6,943)	(4,887)
Gain on previously held interests in acquired joint ventures	—	—	(95,516)
FFO	245,077	213,432	239,400
FFO attributable to noncontrolling interests in other consolidated partnerships	421	(265)	(348)
Allocation of earnings to participating securities	(2,151)	(1,943)	(2,192)
FFO available to common shareholders ⁽¹⁾	\$243,347	\$211,224	\$236,860
As further adjusted for:			
Compensation related to director and executive officer terminations ⁽²⁾	—	—	1,180
Acquisition costs	—	—	487
Demolition costs	—	—	441
Gain on sale of outparcel	—	—	(1,418)
Abandoned pre-development costs	—	528	—
Recoveries from litigation settlement	—	(1,844)	—
Make-whole premium due to early extinguishment of debt ⁽³⁾	—	34,143	—
Write-off of debt discount and debt origination costs due to early extinguishment of debt ⁽³⁾	—	1,483	882
Impact of above adjustments to the allocation of earnings to participating securities	—	(238)	(15)
AFFO available to common shareholders ⁽¹⁾	\$243,347	\$245,296	\$238,417
FFO available to common shareholders per share - diluted ⁽¹⁾	\$2.48	\$2.12	\$2.36
AFFO available to common shareholders per share - diluted ⁽¹⁾	\$2.48	\$2.46	\$2.37
Weighted Average Shares:			
Basic weighted average common shares	93,309	94,506	95,102
Effect of notional units	—	—	175
Effect of outstanding options and restricted common shares	1	16	68
Diluted weighted average common shares (for earnings per share computations)	93,310	94,522	95,345
Exchangeable operating partnership units	4,993	5,027	5,053
Diluted weighted average common shares (for FFO and AFFO per share computations) ⁽¹⁾	98,303	99,549	100,398

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

For the year ended December 31, 2016, represents cash severance and accelerated vesting of restricted shares ⁽²⁾ associated with the departure of an officer in August 2016 and the accelerated vesting of restricted shares due to the death of a director in February 2016.

For the year end December 31, 2017, charges related to the redemption of our \$300.0 million 6.125% senior notes ⁽³⁾ due 2020. For the year ended December 31, 2016, charges related to the January 28, 2016 early repayment of the \$150.0 million mortgage secured by the Deer Park property, which was scheduled to mature August 30, 2018.

Portfolio Net Operating Income and Same Center NOI

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

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

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

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

	2018	2017
Net income	\$45,563	\$71,876
Adjusted to exclude:		
Equity in earnings of unconsolidated joint ventures	(924)	(1,937)
Interest expense	64,821	64,825
Gain on sale of assets	—	(6,943)
Loss on early extinguishment of debt	—	35,626
Other non-operating income	(864)	(2,724)
Impairment charge	49,739	—
Depreciation and amortization	131,722	127,744
Other non-property expenses	1,291	1,232
Abandoned pre-development costs	—	528
Corporate general and administrative expenses	43,809	43,766
Non-cash adjustments ⁽¹⁾	(3,191)	(2,721)
Lease termination fees	(1,246)	(3,632)
Portfolio NOI	330,720	327,640
Non-same center NOI ⁽²⁾	(17,912)	(10,838)
Same Center NOI	\$312,808	\$316,802

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

(2) Excluded from Same Center NOI:

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

Economic Conditions and Outlook

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

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

The current challenging retail environment could impact our business in the short-term as our operations are subject to the results of operations of our retail tenants. 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 is typical in the retail industry, certain tenants have closed, or will close, certain stores by terminating their lease prior to its natural expiration or as a result of filing for protection under bankruptcy laws, or may request modifications to their existing lease terms. During 2017, 13 of our tenants filed for bankruptcy protection, as compared to two tenants in 2016, and a number of other retailers in our portfolio engaged in brand wide restructurings during 2017 that resulted in store closings. During 2018, an additional five of our tenants filed for bankruptcy protection and, as of February 18, 2019, three of our tenants have filed in 2019. Largely due to the number of bankruptcy filings, store closings and rent adjustments in 2017 and 2018, along with the expectations of further bankruptcies, brand-wide restructurings by retailers and potential select rent adjustments in 2019, we currently expect our Same Center NOI for 2019 to decline compared to 2018. If the combined level of bankruptcy filings, store closings and rent adjustments during 2019 are a greater level than we currently anticipate, our 2019 results of operations and Same Center NOI could be further negatively impacted.

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, 2018, we had approximately 1.7 million square feet, or 13% of our consolidated portfolio at that time, coming up for renewal during 2018. As of December 31, 2018, we had renewed approximately 81% of this space. In addition, for the rolling twelve months ended December 31, 2018, we completed renewals and re-tenanted space totaling 1.8 million square feet at a blended 5.3% increase in average base rental rates compared to the expiring rates. While we continue to attract and retain additional tenants, there can be no assurance that we can achieve similar base rental rates. In addition, if we were unable to successfully renew or re-lease a significant amount of this space on favorable economic terms, the loss in rent could have a material adverse effect on our results of operations.

Our outlet centers typically include well-known, national, brand name companies. By maintaining a broad base of well-known tenants and a geographically diverse portfolio of properties located across the United States and Canada, we reduce our operating and leasing risks. No one tenant (including affiliates) accounts for more than 8% of our square feet or 7% of our combined base and percentage rental revenues. Accordingly, although we can give no assurance, we do not expect any material adverse impact on our results of operations and financial condition as a result of leases to be renewed or stores to be released. As of December 31, 2018 and 2017, occupancy at our consolidated outlet centers was 97% for both periods.

ITEM 7A. 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 are exposed to foreign currency risk on investments in outlet centers that are located in Canada. Our currency exposure is concentrated in the Canadian Dollar. Cash flows received from our Canadian joint ventures are either reinvested to fund ongoing Canadian development activity, if applicable, or converted to U.S. dollars and utilized to repay amounts outstanding under our unsecured lines of credit. We believe this strategy mitigates some of the risk of our initial investment and our exposure to changes in foreign currencies. We generally do not hedge currency translation exposures.

Interest Rate Risk

We may periodically enter into certain interest rate protection and interest rate swap agreements to effectively convert existing floating rate debt to a fixed rate basis. We do not enter into derivatives or other financial instruments for trading or speculative purposes. We currently have interest rate swap agreements to fix the interest rates on outstanding debt with notional amounts totaling \$365.0 million. See Note 11 to the Consolidated Financial Statements for additional details related to our outstanding derivatives.

As of December 31, 2018, 10% of our outstanding consolidated debt, excluding variable rate debt with interest rate protection agreements in place, had variable interest rates and therefore were subject to market fluctuations. An increase in the LIBOR index of 100 basis points would result in an increase of approximately \$1.8 million in interest expense on an annual basis. The information presented herein is merely an estimate and has limited predictive value.

As a result, the ultimate effect upon our operating results of interest rate fluctuations will depend on the interest rate exposures that arise during the period, our hedging strategies at that time and future changes in the level of interest rates.

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

	December 31, December 31,	
	2018	2017
Fair value of debt	\$ 1,668,475	\$ 1,775,540
Recorded value of debt	\$ 1,712,918	\$ 1,763,651

A 100 basis point increase from prevailing interest rates at December 31, 2018 and December 31, 2017 would result in a decrease in fair value of total consolidated debt of approximately \$65.6 million and \$77.9 million, respectively. Refer to Note 12 to the consolidated financial statements for a description of our methodology in calculating the estimated fair value of debt. Considerable judgment is necessary to develop estimated fair values of financial instruments. Accordingly, the estimates presented herein are not necessarily indicative of the amounts we could realize on the disposition of the financial instruments.

Foreign Currency Risk

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

ITEM 8. FINANCIAL STATEMENTS AND
SUPPLEMENTARY DATA

The information required by this Item is set forth on the pages indicated in Item 15(a) below.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND
FINANCIAL DISCLOSURE

Not applicable.

ITEM 9A. CONTROLS AND PROCEDURES

Tanger Factory Outlet Centers, Inc.

(a) Evaluation of disclosure control procedures.

The Chief Executive Officer, Steven B. Tanger (Principal Executive Officer), and Chief Financial Officer, James F. Williams (Principal Financial Officer), evaluated the effectiveness of the Company's disclosure controls and procedures on December 31, 2018 and concluded that, as of that date, the Company's disclosure controls and procedures were effective to ensure that the information the Company is required to disclose in its filings with the SEC under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms, and to ensure that information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the Company's management, including its principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosure.

(b) Management's report on internal control over financial reporting.

Internal control over financial reporting, as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act, is a process designed by, or under the supervision of, the Company's Chief Executive Officer and Chief Financial Officer, or persons performing similar functions, and effected by the Company's board of directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. The Company's management, with the participation of the Company's Chief Executive Officer and Chief Financial Officer, is responsible for establishing and maintaining policies and procedures designed to maintain the adequacy of the Company's internal control over financial reporting, including those policies and procedures that:

(1) Pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the Company;

(2) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and

(3) Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements.

The Company's management has evaluated the effectiveness of the Company's internal control over financial reporting as of December 31, 2018 based on the criteria established in a report entitled Internal Control-Integrated Framework (2013), issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on our assessment and those criteria, the Company's management has concluded that the Company's internal control over financial reporting was effective at the reasonable assurance level as of December 31, 2018.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

The effectiveness of the Company's internal control over financial reporting as of December 31, 2018 has been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their report which appears herein.

(c) There were no changes in our internal control over financial reporting identified in connection with the evaluation required by paragraph (d) of Exchange Act Rules 13a-15 or 15d-15 that occurred during our last fiscal quarter ended December 31, 2018 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Tanger Properties Limited Partnership

(a) Evaluation of disclosure control procedures.

The Chief Executive Officer, Steven B. Tanger (Principal Executive Officer), and Vice President and Treasurer, James F. Williams (Principal Financial Officer) of Tanger GP Trust, sole general partner of the Operating Partnership, evaluated the effectiveness of the Operating Partnership's disclosure controls and procedures on December 31, 2018 and concluded that, as of that date, the Operating Partnership's disclosure controls and procedures were effective to ensure that the information the registrant is required to disclose in its filings with the SEC under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms, and to ensure that information required to be disclosed by the Operating Partnership's in the reports that it files or submits under the Exchange Act is accumulated and communicated to the Operating Partnership's management, including its principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosure.

(b) Management's report on internal control over financial reporting.

Internal control over financial reporting, as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act, is a process designed by, or under the supervision of, the Operating Partnership's Principal Executive Officer and Principal Financial Officer, or persons performing similar functions, and effected by the Operating Partnership's board of trustees, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. The Operating Partnership's management, with the participation of the Operating Partnership's Principal Executive Officer and Principal Financial Officer, is responsible for establishing and maintaining policies and procedures designed to maintain the adequacy of the Operating Partnership's internal control over financial reporting, including those policies and procedures that:

(1) Pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the Operating Partnership;

(2) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Operating Partnership are being made only in accordance with authorizations of management and trustees of the Operating Partnership; and

- (3) Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Operating Partnership's assets that could have a material effect on the financial statements.

64

The Operating Partnership's management has evaluated the effectiveness of the Operating Partnership's internal control over financial reporting as of December 31, 2018 based on the criteria established in a report entitled Internal Control-Integrated Framework (2013), issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on our assessment and those criteria, the Operating Partnership's management has concluded that the Operating Partnership's internal control over financial reporting was effective at the reasonable assurance level as of December 31, 2018.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

The effectiveness of the Operating Partnership's internal control over financial reporting as of December 31, 2018 has been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their report which appears herein.

There were no changes in our internal control over financial reporting identified in connection with the evaluation required by paragraph (d) of Exchange Act Rules 13a-15 or 15d-15 that occurred during our last fiscal quarter (c) ended December 31, 2018 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

All information required to be disclosed in a report on Form 8-K during the fourth quarter of 2018 was reported.

PART III

Certain information required by Part III is omitted from this Report in that the Company will file a definitive proxy statement pursuant to Regulation 14A, or the Proxy Statement, not later than 120 days after the end of the fiscal year covered by this Report, and certain information included therein is incorporated herein by reference. Only those sections of the Proxy Statement which specifically address the items set forth herein are incorporated by reference.

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The information concerning the Company's directors required by this Item is incorporated herein by reference to the Company's Proxy Statement to be filed with respect to the Company's 2019 Annual Meeting of Shareholders.

The information concerning the Company's executive officers required by this Item is incorporated herein by reference to the section at the end of Part I, entitled "Executive Officers of Tanger Factory Outlet Centers, Inc."

The information regarding compliance with Section 16 of the Exchange Act is incorporated herein by reference to the Company's Proxy Statement to be filed with respect to the Company's 2019 Annual Meeting of Shareholders.

The information concerning our Company Code of Ethics required by this Item, which is posted on our website at www.tangeroutlet.com, is incorporated herein by reference to the Company's Proxy Statement to be filed with respect to the Company's 2019 Annual Meeting of Shareholders. The information found on, or otherwise accessible through, our website is not incorporated into, and does not form a part of, this Annual Report on Form 10-K or any other report or document we file with or furnish to the SEC.

The information concerning our corporate governance required by this Item is incorporated herein by reference to the Company's Proxy Statement to be filed with respect to the Company's 2019 Annual Meeting of Shareholders.

ITEM 11. EXECUTIVE
COMPENSATION

The information required by this Item is incorporated herein by reference to the Company's Proxy Statement to be filed with respect to the Company's 2019 Annual Meeting of Shareholders.

65

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED SHAREHOLDER MATTERS.

The information concerning the security ownership of certain beneficial owners and management required by this Item is incorporated by reference herein to the Company's Proxy Statement to be filed with respect to the Company's 2019 Annual Meeting of Shareholders.

The table below provides information as of December 31, 2018 with respect to compensation plans under which our equity securities are authorized for issuance. For each common share issued by the Company, the Operating Partnership issues one corresponding unit of partnership interest to the Company's wholly-owned subsidiaries. Therefore, when the Company grants an equity based award, the Operating Partnership treats each award as having been granted by the Operating Partnership. In the discussion below, the term "we" refers to the Company and the Operating Partnership together and the term "common shares" is meant to also include corresponding units of the Operating Partnership.

Plan Category	(a) Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights	(b) Weighted Average Exercise Price of Outstanding Options, Warrants and Rights	(c) Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a))
Equity compensation plans approved by security holders	1,547,883	⁽¹⁾ \$ 25.56	849,173 ⁽²⁾
Equity compensation plans not approved by security holders	—	—	—
Total	1,547,883	\$ 25.56	849,173

Includes (a) 534,500 common shares issuable upon the exercise of outstanding options (189,800 of which are vested and exercisable), (b) 311,111 restricted common shares that may be issued under the 2016 Outperformance Plan (the "2016 OPP") upon the satisfaction of certain conditions, (c) 292,300 restricted common shares that may (1) be issued under the 2017 Outperformance Plan (the "2017 OPP") upon the satisfaction of certain conditions and (d) 409,972 restricted common shares that may be issued under the 2018 Outperformance Plan (the "2018 OPP") upon the satisfaction of certain conditions. Because there is no exercise price associated with the 2016, 2017 and 2018 OPP awards, such restricted common shares are not included in the weighted average exercise price calculation. Represents common shares available for issuance under the Amended and Restated Incentive Award Plan. Under (2) the Amended and Restated Incentive Award Plan, the Company may award restricted common shares, restricted share units, performance awards, dividend equivalents, deferred shares, deferred share units, share payments profit interests, and share appreciation rights.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information required by this Item is incorporated herein by reference to the Company's Proxy Statement to be filed with respect to the Company's 2019 Annual Meeting of Shareholders.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

The information required by this Item is incorporated herein by reference to the Company's Proxy Statement to be filed with respect to the Company's 2019 Annual Meeting of Shareholders.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) (1) and (2) Documents filed as a part of this report:

(a) (1) Financial Statements

Reports of Independent Registered Public Accounting Firm (Tanger Factory Outlet Centers, Inc.) F-1

Reports of Independent Registered Public Accounting Firm (Tanger Properties Limited Partnership) F-3

Financial Statements of Tanger Factory Outlet Centers, Inc.

Consolidated Balance Sheets - December 31, 2018 and 2017 F-5

Consolidated Statements of Operations - Years Ended December 31, 2018, 2017 and 2016 F-6

Consolidated Statements of Comprehensive Income - Years Ended December 31, 2018, 2017 and 2016 F-7

Consolidated Statements of Shareholders' Equity - Years Ended December 31, 2018, 2017 and 2016 F-8

Consolidated Statements of Cash Flows - Years Ended December 31, 2018, 2017 and 2016 F-11

Financial Statements of Tanger Properties Limited Partnership

Consolidated Balance Sheets - December 31, 2018 and 2017 F-12

Consolidated Statements of Operations - Years Ended December 31, 2018, 2017 and 2016 F-13

Consolidated Statements of Comprehensive Income - Years Ended December 31, 2018, 2017 and 2016 F-14

Consolidated Statements of Equity - Years Ended December 31, 2018, 2017 and 2016 F-15

Consolidated Statements of Cash Flows - Years Ended December 31, 2018, 2017 and 2016 F-16

Notes to Consolidated Financial Statements (Tanger Factory Outlet Centers, Inc. and Tanger Properties Limited Partnership) F-17

(a) (2) Financial Statement Schedules

Schedule III

Real Estate and Accumulated Depreciation F-57

All other schedules have been omitted because of the absence of conditions under which they are required or because the required information is given in the above-listed financial statements or notes thereto.

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3. Exhibits

Exhibit No.	Description
3.1	<u>Amended and Restated Articles of Incorporation of the Company. (Incorporated by reference to Exhibit 3.1 to the Company's Annual Report on Form 10-K for the year ended December 31, 1996.)</u>
3.1A	<u>Amendment to Amended and Restated Articles of Incorporation dated May 29, 1996. (Incorporated by reference to Exhibit 3.1A to the Company's Annual Report on Form 10-K for the year ended December 31, 1996.)</u>
3.1B	<u>Amendment to Amended and Restated Articles of Incorporation dated August 20, 1998. (Incorporated by reference to Exhibit 3.1B to the Company's Annual Report on Form 10-K for the year ended December 31, 1998.)</u>
3.1C	<u>Amendment to Amended and Restated Articles of Incorporation dated September 30, 1999. (Incorporated by reference to the Exhibit 3.1C to the Company's Annual Report on Form 10-K for the year ended December 31, 1999.)</u>
3.1D	<u>Amendment to Amended and Restated Articles of Incorporation dated November 10, 2005. (Incorporated by reference to the exhibits to the Company's Current Report on Form 8-K dated November 10, 2005.)</u>
3.1E	<u>Amendment to Amended and Restated Articles of Incorporation dated June 13, 2007. (Incorporated by reference to the exhibits of the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2007.)</u>
3.1F	<u>Articles of Amendment to Amended and Restated Articles of Incorporation dated August 27, 2008. (Incorporated by reference to the exhibits of the Company's current report on Form 8-K dated August 29, 2008.)</u>
3.1G	<u>Articles of Amendment to Amended and Restated Articles of Incorporation of Tanger Factory Outlet Centers, Inc. dated May 18, 2011. (Incorporated by reference to the exhibits of the Company's and Operating Partnership's Quarterly Report on Form 10-Q for the quarter ended June 30, 2011.)</u>
3.1H	<u>Articles of Amendment to Amended and Restated Articles of Incorporation of Tanger Factory Outlet Centers, Inc., dated May 24, 2012. (Incorporated by reference to the exhibits to the Company's and Operating Partnership's Form S-3 dated June 7, 2012.)</u>
3.2	<u>By-laws of Tanger Factory Outlet Centers, Inc. restated to reflect all amendments through May 18, 2012. (Incorporated by reference to the exhibits to the Company's and Operating Partnership's Form S-3 dated June 7, 2012.)</u>
3.3	<u>Amended and Restated Agreement of Limited Partnership for Tanger Properties Limited Partnership dated August 30, 2013. (Incorporated by reference to the exhibits to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2013.)</u>
4.1	Senior Indenture dated as of March 1, 1996. (Incorporated by reference to the exhibits to the Company's Current Report on Form 8-K dated March 6, 1996.)

- 4.1A Sixth Supplemental Indenture (Supplement to Senior Indenture dated as of March 1, 1996) dated July 2, 2009. (Incorporated by reference to the exhibits to the Company's Registration Statement on Form S-3 filed on July 2, 2009.)
- 4.1B Seventh Supplemental Indenture (Supplement to Senior Indenture dated March 1, 1996) dated June 7, 2010. (Incorporated by reference to the exhibits to the Company's and Operating Partnership's Current Report on Form 8-K dated June 7, 2010.)
- 4.1C Eighth Supplemental Indenture (Supplement to Senior Indenture dated March 1, 1996) dated November 25, 2013. (Incorporated by reference to exhibits to the Company's and Operating Partnership's Current Report on Form 8-K dated November 25, 2013.)
- 4.1D Ninth Supplemental Indenture (Supplement to Senior Indenture dated March 1, 1996) dated November 21, 2014. (Incorporated by reference to exhibits to the Company's and Operating Partnership's Current Report on Form 8-K dated November 21, 2014.)

68

- 4.1E Tenth Supplemental Indenture (Supplement to Senior Indenture dated as of March 1, 1996) dated August 8, 2016. (Incorporated by reference to Exhibit 4.1 filed with the Company's and Operating Partnership's Report on Form 8-K dated August 8, 2016.)
- 4.1F First Amendment, dated October 13, 2016, to Tenth Supplemental Indenture dated August 8, 2016. (Incorporated by reference to Exhibit 4.1 filed with the Company's and Operating Partnership's Report on Form 8-K dated October 13, 2016.)
- 4.1G Eleventh Supplemental Indenture (Supplement to Senior Indenture dated as of March 1, 1996) dated as of July 3, 2017. (Incorporated by reference to Exhibit 4.1 filed with the Company's and Operating Partnership's Report on Form 8-K dated July 3, 2017.)
- 10.1 * Incentive Award Plan of Tanger Factory Outlet Centers, Inc. and Tanger Properties Limited Partnership (Amended and Restated as of April 4, 2014) (Incorporated by reference to the exhibits to the Company's and Operating Partnership's Quarterly Report on Form 10-Q for the quarter ended June 30, 2014.)
- 10.2 * Form of Non-Qualified Share Option Agreement between Tanger Factory Outlet Centers, Inc., Tanger Properties Limited Partnership and certain employees. (Incorporated by reference to the exhibits to the Company's and Operating Partnership's Quarterly Report on Form 10-Q for the quarter ended June 30, 2011.)
- 10.3 * Amended and Restated Employment Agreement of Steven B. Tanger dated December 14, 2016 (Incorporated by reference to the exhibits to the Company's and Operating Partnership's Current Report on Form 8-K dated December 19, 2016.)
- 10.4 * Amended and Restated Employment Agreement for Frank C. Marchisello, Jr., as of December 29, 2008. (Incorporated by reference to the exhibits to the Company's Current Report on Form 8-K dated December 31, 2008.)
- 10.5 * Amended and Restated Employment Agreement for Lisa J. Morrison, as of December 29, 2008. (Incorporated by reference to the exhibits to the Company's Current Report on Form 8-K dated December 31, 2008.)
- 10.6 * Amended and Restated Employment Agreement for Carrie A. Geldner, as of December 29, 2008. (Incorporated by reference to the exhibits to the Company's Annual Report on Form 10-K for the year ended December 31, 2009.)
- 10.7 * Employment Agreement for Chad D. Perry, dated as of December 12, 2011. (Incorporated by reference to the exhibits to the Company's and Operating Partnership's Annual Report on Form 10-K for the year ended December 31, 2011.)
- 10.8 * Employment Agreement for Thomas E. McDonough, dated August 23, 2010. (Incorporated by reference to the exhibits to the Company's and Operating Partnership's Current Report on form 8-K dated August 23, 2010.)
- 10.9 * Amended and Restated Employment Agreement for James F. Williams, as of December 29, 2008. (Incorporated by reference to the exhibits to the Company's and Operating Partnership's Annual Report on Form 10-K for the year ended December 31, 2012.)

- 10.10 * Amended and Restated Employment Agreement for Virginia R. Summerell, as of December 29, 2008.
(Incorporated by reference to the exhibits to the Company's and Operating Partnership's Annual Report on Form 10-K for the year ended December 31, 2012.)
- 10.11 * Employment Agreement for Charles A. Worsham, dated July 17, 2014. (Incorporated by reference to the exhibits to the Company's and Operating Partnership's Quarterly Report on Form 10-Q for the quarter ended June 30, 2014.)
- 10.12 Registration Rights Agreement among the Company, the Tanger Family Limited Partnership and Stanley K. Tanger. (Incorporated by reference to the exhibits to the Company's Registration Statement on Form S-11 filed May 27, 1993, as amended.)
- 10.12A Amendment to Registration Rights Agreement among the Company, the Tanger Family Limited Partnership and Stanley K. Tanger. (Incorporated by reference to the exhibits to the Company's Annual Report on Form 10-K for the year ended December 31, 1995.)

- 10.12B Second Amendment to Registration Rights Agreement among the Company, the Tanger Family Limited Partnership and Stanley K. Tanger dated September 4, 2002. (Incorporated by reference to the exhibits to the Company's Annual Report on Form 10-K for the year ended December 31, 2003.)
- 10.12C Third Amendment to Registration Rights Agreement among the Company, the Tanger Family Limited Partnership and Stanley K. Tanger dated December 5, 2003. (Incorporated by reference to the exhibits to the Company's Annual Report on Form 10-K for the year ended December 31, 2003.)
- 10.12D Fourth Amendment to Registration Rights Agreement among the Company, the Tanger Family Limited Partnership and Stanley K. Tanger dated August 8, 2006. (Incorporated by reference to the exhibits to the Company's Registration Statement on Form S-3, dated August 9, 2006.)
- 10.12E Fifth Amendment to Registration Rights Agreement among the Company, The Tanger Family Limited Partnership and Stanley K. Tanger dated August 10, 2009. (Incorporated by reference to exhibits to the Company's Current Report on Form 8-K dated August 14, 2009.)
- 10.13 Registration Rights Agreement amount Tanger Factory Outlet Centers, Inc., Tanger Properties Limited Partnership and DPSW Deer Park LLC. (Incorporated by reference to the exhibits to the Company's and the Operating Partnership's Quarterly Report on Form 10-Q for the quarter ended September 30, 2013.)
- 10.14 Agreement Pursuant to Item 601(b)(4)(iii)(A) of Regulation S-K. (Incorporated by reference to the exhibits to the Company's Registration Statement on Form S-11 filed May 27, 1993, as amended.)
- 10.15 Assignment and Assumption Agreement among Stanley K. Tanger, Stanley K. Tanger & Company, the Tanger Family Limited Partnership, the Operating Partnership and the Company. (Incorporated by reference to the exhibits to the Company's Registration Statement on Form S-11 filed May 27, 1993, as amended.)
- 10.16 COROC Holdings, LLC Limited Liability Company Agreement dated October 3, 2003. (Incorporated by reference to the exhibits to the Company's Current Report on Form 8-K dated December 8, 2003.)
- 10.17 Form of Shopping Center Management Agreement between owners of COROC Holdings, LLC and Tanger Properties Limited Partnership. (Incorporated by reference to the exhibits to the Company's Current Report on Form 8-K dated December 8, 2003.)
- 10.18 * Form of Restricted Share Agreement between the Company and certain Officers. (Incorporated by reference to the exhibits to the Company's Annual Report on Form 10-K for the year ended December 31, 2008.)
- 10.19 * Form of Restricted Share Agreement between the Company and certain Officers with certain performance criteria vesting. (Incorporated by reference to the exhibits to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2005.)
- 10.19A * Form of Amendment to Restricted Share Agreement between the Company and certain Officers with certain performance criteria vesting. (Incorporated by reference to the exhibits to the Company's Annual Report on Form 10-K for the year ended December 31, 2008.)
- 10.20 * Form of Restricted Share Agreement between the Company and certain Directors. (Incorporated by reference to the exhibits to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2005.)
- 10.21 * Restricted Share Agreement between the Company and Steven. B. Tanger dated February 28, 2012. (Incorporated by reference to the exhibits to the Company's and Operating Partnership's Quarterly Report on

Form 10-Q for the quarter ended March 31, 2012.)

10.22 * Form of Tanger Factory Outlet Centers, Inc. Notional Unit Award Agreement between the Company and certain Officers. (Incorporated by reference to the exhibits to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2010.)

10.23 * 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.)

70

- 10.24* Form of 2014 Outperformance Plan Notional Unit Award agreement. (Incorporated by reference to the exhibits to the Company's and the Operating Partnership's Annual Report on Form 10-K for the year ended December 31, 2014.)
- 10.25* Form of 2015 Outperformance Plan Notional Unit Award agreement. (Incorporated by reference to the exhibits to the Company's and Operating Partnership's Quarterly Report on Form 10-Q for the quarter ended March 31, 2015.)
- 10.26* Form of 2016 Outperformance Plan Notional Unit Award agreement. (Incorporated by reference to the exhibits to the Company's and Operating Partnership's Quarterly Report on Form 10-Q for the quarter ended March 31, 2016.)
- 10.27* Director Deferred Share Program of Tanger Factory Outlet Centers, Inc. and Tanger Properties Limited Partnership. (Incorporated by reference to the exhibits to the Company's and the Operating Partnership's Annual Report on Form 10-K for the year ended December 31, 2012.)
- 10.28* 2018 Declaration of Amendment to Incentive Award Plan of Tanger Factory Outlet Centers, Inc. and Tanger Properties Limited Partnership. (Incorporated by reference to the exhibits to the Company's and Operating Partnership's Quarterly Report on Form 10-Q for the quarter ended March 31, 2018.)
- 10.29* Form of 2018 Outperformance Plan Notional Unit Award agreement between the Company and Certain Officers.(Incorporated by reference to the exhibits to the Company's and Operating Partnership's Quarterly Report on Form 10-Q for the quarter ended March 31, 2018.)
- 10.30* Form of 2018 Outperformance Plan Notional Unit Award agreement between the Company and Steven B. Tanger. (Incorporated by reference to the exhibits to the Company's and Operating Partnership's Quarterly Report on Form 10-Q for the quarter ended March 31, 2018.)
- 10.31* Form of 2018 Restricted Share Unit Agreement between the Company and Steven B. Tanger.(Incorporated by reference to the exhibits to the Company's and Operating Partnership's Quarterly Report on Form 10-Q for the quarter ended March 31, 2018)
- 10.32* Amended and Restated Credit Agreement, dated as of November 10, 2011, among Tanger Properties Limited Partnership, as the Borrower, Bank of America, N.A., as Administrative Agent, Swing Line Lender and L/C Issuer, and The Other Lenders Party Hereto, Bank of America Merrill Lynch, Well Fargo Securities, LLC, and US Bank National Association, as Joint Bookrunners and Joint Lead Arrangers, Well Fargo Bank, National Association, as Syndication Agent, US Bank National Association, as Syndication Agent, Suntrust Bank, as Documentation Agent and Branch Banking and Trust Company, as Documentation Agent. (Incorporated by reference to the exhibits to the Company's and Operating Partnership's Current Report on Form 8-K dated November 15, 2011.)
- 10.33* Modification Agreement, dated October 24, 2013 to the Amended and Restated Credit Agreement, dated as of November 10, 2011, among Tanger Properties Limited Partnership, as the Borrower, Bank of America, N.A., as Administrative Agent, Swing Line Lender and L/C Issuer, and The Other Lenders Party Hereto, Bank of America Merrill Lynch, Well Fargo Securities, LLC, and US Bank National Association, as Joint Bookrunners and Joint Lead Arrangers, Well Fargo Bank, National Association, as Syndication Agent, US Bank National Association, as Syndication Agent, Suntrust Bank, as Documentation Agent and Branch

Banking and Trust Company, as Documentation Agent. (Incorporated by reference to the exhibits to the Company's and the Operating Partnership's Annual Report on Form 10-K for the year ended December 31, 2013.)

- Second Amended and Restated Credit Agreement, dated as of October 29, 2015 among Tanger Properties Limited Partnership, as the Borrower, Bank of America, N.A., as Administrative Agent, Swing Line Lender and L/C Issuer, and The Other Lenders Party Thereto, Merrill Lynch, Pierce, Fenner & Smith Incorporated, Well Fargo Securities, LLC, and US Bank National Association, as Joint Bookrunners and Joint Lead
- 10.34 Arrangers, Well Fargo Bank, National Association, as Syndication Agent, US Bank National Association, as Syndication Agent, Suntrust Bank, as Documentation Agent, Branch Banking and Trust Company, as Documentation Agent, PNC Bank, National Association as Document Agent, and Regions Bank as Managing Agent (Incorporated by reference to the exhibits to the Company's Annual Report on Form 10-K dated February 23, 2016.)
- Amended and Restated Term Loan Agreement dated October 29, 2015 between Tanger Properties Limited Partnership and Wells Fargo Bank, National Association, as Administrative Agent, Wells Fargo Bank Securities, LLC, SunTrust Robinson Humphrey, Inc.m and PNC Capital Markets LLC, as Joint Lead
- 10.35 Arrangers, SunTrust Bank and PNC Bank, National Association, as Co-Syndication Agents, Regions Bank, as Documentation Agent and Wells Fargo Securities, LLC, as Sole Bookrunner, and the other lenders party thereto. (Incorporated by reference to the exhibits to the Company's and Operating Partnership's Current Report on Form 8-K dated April 15, 2016.)
- First Amendment to Amended and Restated Term Loan Agreement dated as of April 13, 2016 between Tanger Properties Limited Partnership and Wells Fargo Bank, National Association, as Administrative Agent, and the lenders party thereto (Incorporated by reference to the exhibits to the Company's Form 8-K dated April 15, 2016.)
- 10.36
- Letter Agreements between the Company and Jack Africk dated February 6, 2014 and May 16, 2014. (Incorporated by reference to the exhibits to the Company's and Operating Partnership's Quarterly Report on Form 10-Q for the quarter ended June 30, 2014.)
- 10.37
- Third Amended and Restated Credit Agreement, dated as of January 9, 2018, by and among Tanger Properties Limited Partnership, as the Borrower, Bank of America, N.A., as Administrative Agent and L/C Issuer, and the Other Lenders Party Thereto, Merrill Lynch, Pierce, Fenner & Smith Incorporated, Wells Fargo Securities, LLC, and US Bank National Association, as Joint Bookrunners and Joint Lead Arrangers, Wells Fargo Bank, National Association, as Syndication Agent, US Bank National Association, as Syndication Agent, Suntrust Bank, as Documentation Agent, Branch Banking and Trust Company, as Documentation Agent, PNC Bank, National Association, as Document Agent, and Regions Bank as Managing Agent. (Incorporated by reference to the exhibits to the Company's and Operating Partnership's Current Report on Form 8-K dated January 9, 2018.)
- 10.38
- Third Amended and Restated Liquidity Credit Agreement, dated as of January 9, 2018, by and among Tanger Properties Limited Partnership, as the Borrower, Bank of America, N.A., as Administrative Agent, and the Other Lenders Party Thereto. (Incorporated by reference to the exhibits to the Company's and Operating Partnership's Current Report on Form 8-K dated January 9, 2018.)
- 10.39
- Second Amendment to Amended and Restated Term Loan Agreement dated as of January 9, 2018, by and among Tanger Properties Limited Partnership, as the Borrower, Tanger Factory Outlet Centers, Inc., as the Guarantor, Wells Fargo Bank, National Association, as Administrative Agent, and the lenders party thereto. (Incorporated by reference to the exhibits t o the Company's and Operating Partnership's Current Report on Form 8-K dated January 9, 2018.)
- 10.40

10.41

Second Amended and Restated Term Loan Agreement dated as of October 25, 2018 between Tanger Properties Limited Partnership and Wells Fargo Bank, National Association, as Administrative Agent, and the lenders party thereto. (Incorporated by reference to the exhibits to the Company's and Operating Partnership's Current Report on Form 8-K dated October 15, 2018.)

10.42 Second Amended and Restated Continuing Guaranty dated October 25, 2018 by and between Tanger Factory Outlet Centers, Inc. and Wells Fargo Bank, National Association. (Incorporated by reference to the exhibits to the Company's and Operating Partnership's Current Report on Form 8-K dated October 15, 2018.)

21.1 List of Subsidiaries of the Company.

21.2 List of Subsidiaries of the Operating Partnership.

72

- 23.1 Consent of Deloitte & Touche LLP (Tanger Factory Outlet Centers, Inc.)
- 23.2 Consent of Deloitte & Touche LLP (Tanger Properties Limited Partnership.)
- 31.1 Principal Executive Officer Certification 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 Section 302 of the Sarbanes-Oxley Act of 2002 for Tanger Factory Outlet Centers, Inc.
- 31.3 Principal Executive Officer Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 for Tanger Properties Limited Partnership.
- 31.4 Principal Financial Officer Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 for Tanger Properties Limited Partnership.
- 32.1 Principal Executive Officer Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 for Tanger Factory Outlet Centers, Inc.
- 32.2 Principal Financial Officer Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 for Tanger Factory Outlet Centers, Inc.
- 32.3 Principal Executive Officer Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 for Tanger Properties Limited Partnership.
- 32.4 Principal Financial Officer Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 for Tanger Properties Limited Partnership.

The following Tanger Factory Outlet Centers, Inc. and Tanger Properties Limited Partnership financial information for the year ended December 31, 2018, formatted in XBRL (eXtensible Business Reporting Language): (i) Consolidated Balance Sheets, (ii) Consolidated Statements of Operations, (iii) Consolidated Statements of Other Comprehensive Income (iv) Consolidated Statements of Shareholders' Equity, (v) Consolidated Statements of Cash Flows and (vi) Notes to the Consolidated Financial Statements.

* Management contract or compensatory plan or arrangement.

ITEM 16. FORM 10-K SUMMARY

None.

74

SIGNATURES of Tanger Factory Outlet Centers, Inc.

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

TANGER FACTORY OUTLET CENTERS, INC.

By: /s/ Steven B. Tanger
 Steven B. Tanger
 Chief Executive Officer

February 21, 2019

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated:

Signature	Title	Date
/s/ Thomas J. Reddin Thomas J. Reddin	Non-Executive Chairman of the Board of Directors	February 21, 2019
/s/ Steven B. Tanger Steven B. Tanger	Director, Chief Executive Officer (Principal Executive Officer)	February 21, 2019
/s/ James F. Williams James F. Williams	Executive Vice President and Chief Financial Officer (Principal Financial Officer)	February 21, 2019
/s/ Thomas J. Guerrieri Jr. Thomas J. Guerrieri Jr.	Vice President, Chief Accounting Officer and Controller (Principal Accounting Officer)	February 21, 2019
/s/ William G. Benton William G. Benton	Director	February 21, 2019
/s/ Jeffrey B. Citrin Jeffrey B. Citrin	Director	February 21, 2019
/s/ David B. Henry David B. Henry	Director	February 21, 2019
/s/ Thomas E. Robinson Thomas E. Robinson	Director	February 21, 2019

/s/ Bridget M.
Ryan-Berman

Bridget M. Ryan-Berman Director

February 21,
2019

/s/ Allan L. Schuman

Allan L. Schuman Director

February 21,
2019

/s/ Susan E. Skerritt

Susan E. Skerritt Director

February 21,
2019

75

SIGNATURES of Tanger Properties Limited Partnership

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

TANGER PROPERTIES LIMITED PARTNERSHIP

By: Tanger GP Trust, its sole general partner

By: /s/ Steven B. Tanger
 Steven B. Tanger
 Chief Executive Officer

February 21, 2019

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated:

Signature	Title	Date
/s/ Steven B. Tanger Steven B. Tanger	Chairman of the Board of Trustees, Chief Executive Officer (Principal Executive Officer)	February 21, 2019
/s/ James F. Williams James F. Williams	Vice President and Treasurer (Principal Financial Officer)	February 21, 2019
/s/ Thomas J. Guerrieri Jr. Thomas J. Guerrieri Jr.	Vice President and Assistant Treasurer (Principal Accounting Officer)	February 21, 2019
/s/ William G. Benton William G. Benton	Trustee	February 21, 2019
/s/ Jeffrey B. Citrin Jeffrey B. Citrin	Trustee	February 21, 2019
/s/ David B. Henry David B. Henry	Trustee	February 21, 2019
/s/ Thomas J. Reddin Thomas J. Reddin	Trustee	February 21, 2019
/s/ Thomas E. Robinson Thomas E. Robinson	Trustee	February 21, 2019

/s/ Bridget M.
Ryan-Berman

Bridget M. Ryan-Berman Trustee

February 21,
2019

/s/ Allan L. Schuman

Allan L. Schuman Trustee

February 21,
2019

/s/ Susan E. Skerritt

Susan E. Skerritt Trustee

February 21,
2019

76

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the shareholders and the Board of Directors of Tanger Factory Outlet Centers, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Tanger Factory Outlet Centers, Inc. and subsidiaries (the "Company") as of December 31, 2018 and 2017, the related consolidated statements of operations, comprehensive income, shareholders' equity, and cash flows, for each of the three years in the period ended December 31, 2018, and the related notes and the schedule listed in the Index at Item 15(a)(2) (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2018 and 2017, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2018, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2018, based on criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 21, 2019, expressed an unqualified opinion on the Company's internal control over financial reporting.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB. We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ Deloitte & Touche LLP
Charlotte, North Carolina
February 21, 2019

We have served as the Company's auditor since 2016.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the shareholders and the Board of Directors of Tanger Factory Outlet Centers, Inc.

Opinion on Internal Control over Financial Reporting

We have audited the internal control over financial reporting of Tanger Factory Outlet Centers, Inc. and subsidiaries (the "Company") as of December 31, 2018, based on criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2018, based on criteria established in Internal Control - Integrated Framework (2013) issued by COSO.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated financial statements as of and for the year ended December 31, 2018, of the Company and our report dated February 21, 2019, expressed an unqualified opinion on those financial statements.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB. We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Deloitte & Touche LLP
Charlotte, North Carolina
February 21, 2019

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the shareholders and the Board of Directors of Tanger Properties Limited Partnership
Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Tanger Properties Limited Partnership and subsidiaries (the "Operating Partnership") as of December 31, 2018 and 2017, the related consolidated statements of operations, comprehensive income, equity, and cash flows, for each of the three years in the period ended December 31, 2018, and the related notes and the schedule listed in the Index at Item 15(a)(2) (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Operating Partnership as of December 31, 2018 and 2017, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2018, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Operating Partnership's internal control over financial reporting as of December 31, 2018, based on criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 21, 2019, expressed an unqualified opinion on the Operating Partnership's internal control over financial reporting.

Basis for Opinion

These financial statements are the responsibility of the Operating Partnership's management. Our responsibility is to express an opinion on the Operating Partnership's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Operating Partnership in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ Deloitte & Touche LLP
Charlotte, North Carolina
February 21, 2019

We have served as the Operating Partnership's auditor since 2016.

F-3

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the shareholders and the Board of Directors of Tanger Properties Limited Partnership

Opinion on Internal Control over Financial Reporting

We have audited the internal control over financial reporting of Tanger Properties Limited Partnership and subsidiaries (the "Operating Partnership") as of December 31, 2018, based on criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, the Operating Partnership maintained, in all material respects, effective internal control over financial reporting as of December 31, 2018, based on criteria established in Internal Control - Integrated Framework (2013) issued by COSO.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated financial statements as of and for the year ended December 31, 2018, of the Operating Partnership and our report dated February 21, 2019, expressed an unqualified opinion on those financial statements.

Basis for Opinion

The Operating Partnership's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Operating Partnership's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Operating Partnership in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Deloitte & Touche LLP
Charlotte, North Carolina
February 21, 2019

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

	December 31,	
	2018	2017
Assets		
Rental property:		
Land	\$278,428	\$279,978
Buildings, improvements and fixtures	2,764,649	2,793,638
Construction in progress	3,102	14,854
	3,046,179	3,088,470
Accumulated depreciation	(981,305)	(901,967)
Total rental property, net	2,064,874	2,186,503
Cash and cash equivalents	9,083	6,101
Investments in unconsolidated joint ventures	95,969	119,436
Deferred lease costs and other intangibles, net	116,874	132,061
Prepays and other assets	98,102	96,004
Total assets	\$2,384,902	\$2,540,105
Liabilities and Equity		
Liabilities		
Debt:		
Senior, unsecured notes, net	\$1,136,663	\$1,134,755
Unsecured term loans, net	346,799	322,975
Mortgages payable, net	87,471	99,761
Unsecured lines of credit, net	141,985	206,160
Total debt	1,712,918	1,763,651
Accounts payable and accrued expenses	82,676	90,416
Other liabilities	83,773	73,736
Total liabilities	1,879,367	1,927,803
Commitments and contingencies (Note 23)		
Equity		
Tanger Factory Outlet Centers, Inc.:		
Common shares, \$.01 par value, 300,000,000 shares authorized, 93,941,783 and 94,560,536 shares issued and outstanding at December 31, 2018 and 2017, respectively	939	946
Paid in capital	778,845	784,782
Accumulated distributions in excess of net income	(272,454)	(184,865)
Accumulated other comprehensive loss	(27,151)	(19,285)
Equity attributable to Tanger Factory Outlet Centers, Inc.	480,179	581,578
Equity attributable to noncontrolling interests:		
Noncontrolling interests in Operating Partnership	25,356	30,724
Noncontrolling interests in other consolidated partnerships	—	—
Total equity	505,535	612,302
Total liabilities and equity	\$2,384,902	\$2,540,105

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

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

	For the years ended December 31,		
	2018	2017	2016
Revenues:			
Base rentals	\$327,960	\$323,985	\$308,353
Percentage rentals	10,040	9,853	11,221
Expense reimbursements	145,356	142,817	133,818
Management, leasing and other services	2,496	2,452	3,847
Other revenues	8,829	9,127	8,595
Total revenues	494,681	488,234	465,834
Expenses:			
Property operating	160,457	155,235	152,017
General and administrative	44,167	44,004	46,696
Acquisition costs	—	—	487
Abandoned pre-development costs	—	528	—
Impairment charge	49,739	—	—
Depreciation and amortization	131,722	127,744	115,357
Total expenses	386,085	327,511	314,557
Other income (expense):			
Interest expense	(64,821)	(64,825)	(60,669)
Loss on early extinguishment of debt	—	(35,626)	—
Gain on sale of assets	—	6,943	6,305
Gain on previously held interest in acquired joint ventures	—	—	95,516
Other non-operating income	864	2,724	1,028
Total other income (expense)	(63,957)	(90,784)	42,180
Income before equity in earnings of unconsolidated joint ventures	44,639	69,939	193,457
Equity in earnings of unconsolidated joint ventures	924	1,937	10,872
Net income	45,563	71,876	204,329
Noncontrolling interests in Operating Partnership	(2,329)	(3,609)	(10,287)
Noncontrolling interests in other consolidated partnerships	421	(265)	(298)
Net income attributable to Tanger Factory Outlet Centers, Inc.	\$43,655	\$68,002	\$193,744
Basic earnings per common share:			
Net income	\$0.45	\$0.71	\$2.02
Diluted earnings per common share:			
Net income	\$0.45	\$0.71	\$2.01

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)

	For the years ended		
	December 31,		
	2018	2017	2016
Net income	\$45,563	\$71,876	\$204,329
Other comprehensive income (loss):			
Foreign currency translation adjustments	(8,691)	8,138	4,259
Change in fair value of cash flow hedges	405	1,351	4,609
Other comprehensive income (loss)	(8,286)	9,489	8,868
Comprehensive income	37,277	81,365	213,197
Comprehensive income attributable to noncontrolling interests	(1,488)	(4,353)	(11,033)
Comprehensive income attributable to Tanger Factory Outlet Centers, Inc.	\$35,789	\$77,012	\$202,164

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

F-7

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

	Common shares	Paid in capital	Accumulated distributions in excess of earnings	Accumulated other comprehensive income (loss)	Total shareholders' equity	Noncontrolling interest in Operating Partnership	Noncontrolling interests in other consolidated partnerships	Total equity
Balance, December 31, 2015	\$ 959	\$ 806,379	\$(195,486)	\$(36,715)	\$ 575,137	\$ 30,309	\$ 586	\$ 606,032
Net income	—	—	193,744	—	193,744	10,287	298	204,329
Other comprehensive income	—	—	—	8,420	8,420	448	—	8,868
Compensation under Incentive Award Plan	—	16,304	—	—	16,304	—	—	16,304
Issuance of 59,700 common shares upon exercise of options	—	1,749	—	—	1,749	—	—	1,749
Grant of 173,124 restricted common shares, net of forfeitures	2	(2)	—	—	—	—	—	—
Issuance of 24,040 deferred shares	—	—	—	—	—	—	—	—
Withholding of 66,760 common shares for employee income taxes	—	(2,177)	—	—	(2,177)	—	—	(2,177)
Contributions from noncontrolling interests	—	—	—	—	—	—	35	35
Adjustment for noncontrolling interests in Operating Partnership	—	(389)	—	—	(389)	389	—	—
Adjustment for noncontrolling interests in other consolidated partnerships	—	4	—	—	4	—	(4)	—
Acquisition of noncontrolling interests in other consolidated partnerships	—	(1,617)	—	—	(1,617)	—	(325)	(1,942)
Exchange of 24,962 Operating Partnership units for 24,962 common shares	—	—	—	—	—	—	—	—
Common dividends (\$1.260 per share)	—	—	(120,959)	—	(120,959)	—	—	(120,959)
Distributions to noncontrolling interests	—	—	—	—	—	(6,367)	(431)	(6,798)
Balance, December 31, 2016	\$ 961	\$ 820,251	\$(122,701)	\$(28,295)	\$ 670,216	\$ 35,066	\$ 159	\$ 705,441

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

F-8

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

	Common shares	Paid in capital	Accumulated distributions in excess of earnings	Accumulated other comprehensive income (loss)	Total shareholders' equity	Noncontrolling interest in Operating Partnership	Noncontrolling interests in other consolidated partnerships	Total equity
Balance, December 31, 2016	\$ 961	\$ 820,251	\$(122,701)	\$(28,295)	\$ 670,216	\$ 35,066	\$ 159	\$ 705,441
Net income	—	—	68,002	—	68,002	3,609	265	71,876
Other comprehensive income	—	—	—	9,010	9,010	479	—	9,489
Compensation under Incentive Award Plan	—	14,629	—	—	14,629	—	—	14,629
Issuance of 1,800 common shares upon exercise of options	—	54	—	—	54	—	—	54
Grant of 411,968 restricted common share awards, net of forfeitures	4	(4)	—	—	—	—	—	—
Repurchase of 1,911,585 common shares, including transaction costs	(18)	(49,343)	—	—	(49,361)	—	—	(49,361)
Withholding of 69,886 common shares for employee income taxes	(1)	(2,435)	—	—	(2,436)	—	—	(2,436)
Contributions from noncontrolling interests	—	—	—	—	—	—	13	13
Adjustment for noncontrolling interests in Operating Partnership	—	1,630	—	—	1,630	(1,630)	—	—
Acquisition of noncontrolling interest in other consolidated partnership	—	—	—	—	—	—	(159)	(159)
Exchange of 32,348 Operating Partnership units for 32,348 common shares	—	—	—	—	—	—	—	—
Common dividends (\$1.3525 per share)	—	—	(130,166)	—	(130,166)	—	—	(130,166)
Distributions to noncontrolling interests	—	—	—	—	—	(6,800)	(278)	(7,078)
Balance, December 31, 2017	\$ 946	\$ 784,782	\$(184,865)	\$(19,285)	\$ 581,578	\$ 30,724	\$ —	\$ 612,302

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

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

(in thousands, except share and per share data)

	Common shares	Paid in capital	Accumulated distributions in excess of earnings	Accumulated other comprehensive income (loss)	Total shareholders' equity	Noncontrolling interest in Operating Partnership	Noncontrolling interests in other consolidated partnerships	Total equity
Balance, December 31, 2017	\$ 946	\$ 784,782	\$(184,865)	\$(19,285)	\$ 581,578	\$ 30,724	\$ —	\$ 612,302
Net income	—	—	43,655	—	43,655	2,329	(421)	45,563
Other comprehensive loss	—	—	—	(7,866)	(7,866)	(420)	—	(8,286)
Compensation under Incentive Award Plan	—	15,800	—	—	15,800	—	—	15,800
Grant of 355,184 restricted common share awards, net of 3 forfeitures	—	(3)	—	—	—	—	—	—
Repurchase of 919,249 common shares, including transaction costs	(9)	(19,989)	—	—	(19,998)	—	—	(19,998)
Withholding of 89,437 common shares for employee income taxes	(1)	(2,067)	—	—	(2,068)	—	—	(2,068)
Contributions from noncontrolling interests	—	—	—	—	—	—	626	626
Adjustment for noncontrolling interests in Operating Partnership	—	322	—	—	322	(322)	—	—
Exchange of 34,749 Operating Partnership units for 34,749 common shares	—	—	—	—	—	—	—	—
Common dividends (\$1.3925 per share)	—	—	(131,244)	—	(131,244)	—	—	(131,244)
Distributions to noncontrolling interests	—	—	—	—	—	(6,955)	(205)	(7,160)
Balance, December 31, 2018	\$ 939	\$ 778,845	\$(272,454)	\$(27,151)	\$ 480,179	\$ 25,356	\$ —	\$ 505,535

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)

	For the years ended December 31,		
	2018	2017	2016
Operating Activities			
Net income	\$45,563	\$71,876	\$204,329
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	131,722	127,744	115,357
Impairment charge	49,739	—	—
Amortization of deferred financing costs	3,058	3,263	3,237
Gain on sale of assets	—	(6,943)	(6,305)
Gain on previously held interest in acquired joint ventures	—	—	(95,516)
Loss on early extinguishment of debt	—	35,626	—
Equity in earnings of unconsolidated joint ventures	(924)	(1,937)	(10,872)
Equity-based compensation expense	14,669	13,585	15,319
Amortization of debt (premiums) and discounts, net	416	462	1,290
Amortization (accretion) of market rent rate adjustments, net	2,577	2,829	3,302
Straight-line rent adjustments	(5,844)	(5,632)	(7,002)
Distributions of cumulative earnings from unconsolidated joint ventures	7,941	10,697	13,662
Changes in other asset and liabilities:			
Other assets	2,079	365	(544)
Accounts payable and accrued expenses	7,322	1,224	3,059
Net cash provided by operating activities	258,318	253,159	239,316
Investing Activities			
Additions to rental property	(64,253)	(166,231)	(165,060)
Acquisitions of interest in unconsolidated joint ventures, net of cash acquired	—	—	(45,219)
Additions to investments in unconsolidated joint ventures	(1,916)	(5,892)	(32,968)
Net proceeds on sale of assets	—	39,213	28,706
Distributions in excess of cumulative earnings from unconsolidated joint ventures	25,232	25,084	60,267
Additions to non-real estate assets	(1,330)	(8,909)	(6,503)
Additions to deferred lease costs	(6,703)	(6,584)	(7,013)
Other investing activities	8,947	5,774	983
Net cash used in investing activities	(40,023)	(117,545)	(166,807)
Financing Activities			
Cash dividends paid	(131,244)	(130,166)	(141,088)
Distributions to noncontrolling interests in Operating Partnership	(6,955)	(6,800)	(7,428)
Proceeds from revolving credit facility	491,900	719,521	845,650
Repayments of revolving credit facility	(554,900)	(572,421)	(974,950)
Proceeds from notes, mortgages and loans	25,000	299,460	437,420
Repayments of notes, mortgages and loans	(11,783)	(373,258)	(330,329)
Payment of make-whole premium related to early extinguishment of debt	—	(34,143)	—
Repayment of deferred financing obligation	—	—	(28,388)
Repurchase of common shares, including transaction costs	(19,998)	(49,361)	—
Employee income taxes paid related to shares withheld upon vesting of equity awards	(2,068)	(2,436)	(2,177)
Additions to deferred financing costs	(4,428)	(2,850)	(5,496)
Proceeds from exercise of options	—	54	1,749
Proceeds from other financing activities	626	12,054	3,897

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Payment for other financing activities	(1,353)	(1,333)	(2,327)
Net cash used in financing activities	(215,203)	(141,679)	(203,467)
Effect of foreign currency rate changes on cash and cash equivalents	(110)	(56)	316
Net increase (decrease) in cash, cash equivalents and restricted cash	2,982	(6,121)	(130,642)
Cash, cash equivalents and restricted cash, beginning of year	6,101	12,222	142,864
Cash, cash equivalents and restricted cash, end of year	\$9,083	\$6,101	\$12,222

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

F-11

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

	December 31,	
	2018	2017
Assets		
Rental property:		
Land	\$278,428	\$279,978
Buildings, improvements and fixtures	2,764,649	2,793,638
Construction in progress	3,102	14,854
	3,046,179	3,088,470
Accumulated depreciation	(981,305)	(901,967)
Total rental property, net	2,064,874	2,186,503
Cash and cash equivalents	8,991	6,050
Investments in unconsolidated joint ventures	95,969	119,436
Deferred lease costs and other intangibles, net	116,874	132,061
Prepays and other assets	97,832	95,384
Total assets	\$2,384,540	\$2,539,434
Liabilities and Equity		
Liabilities		
Debt:		
Senior, unsecured notes, net	\$1,136,663	\$1,134,755
Unsecured term loans, net	346,799	322,975
Mortgages payable, net	87,471	99,761
Unsecured lines of credit, net	141,985	206,160
Total debt	1,712,918	1,763,651
Accounts payable and accrued expenses	82,314	89,745
Other liabilities	83,773	73,736
Total liabilities	1,879,005	1,927,132
Commitments and contingencies (Note 23)		
Equity		
Partners' Equity:		
General partner, 1,000,000 units outstanding at December 31, 2018 and 2017	4,914	5,844
Limited partners, 4,960,684 and 4,995,433 Class A units and 92,941,783 and 93,560,536 Class B units outstanding at December 31, 2018 and 2017, respectively	529,252	626,803
Accumulated other comprehensive loss	(28,631)	(20,345)
Total partners' equity	505,535	612,302
Noncontrolling interests in consolidated partnerships	—	—
Total equity	505,535	612,302
Total liabilities and equity	\$2,384,540	\$2,539,434

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

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

	For the years ended December 31,		
	2018	2017	2016
Revenues:			
Base rentals	\$327,960	\$323,985	\$308,353
Percentage rentals	10,040	9,853	11,221
Expense reimbursements	145,356	142,817	133,818
Management, leasing and other services	2,496	2,452	3,847
Other revenues	8,829	9,127	8,595
Total revenues	494,681	488,234	465,834
Expenses:			
Property operating	160,457	155,235	152,017
General and administrative	44,167	44,004	46,696
Acquisition costs	—	—	487
Abandoned pre-development costs	—	528	—
Impairment charge	49,739	—	—
Depreciation and amortization	131,722	127,744	115,357
Total expenses	386,085	327,511	314,557
Other income (expense):			
Interest expense	(64,821)	(64,825)	(60,669)
Loss on early extinguishment of debt	—	(35,626)	—
Gain on sale of assets	—	6,943	6,305
Gain on previously held interest in acquired joint ventures	—	—	95,516
Other non-operating income	864	2,724	1,028
Total other income (expense)	(63,957)	(90,784)	42,180
Income before equity in earnings of unconsolidated joint ventures	44,639	69,939	193,457
Equity in earnings of unconsolidated joint ventures	924	1,937	10,872
Net income	45,563	71,876	204,329
Noncontrolling interests in consolidated partnerships	421	(265)	(298)
Net income available to partners	45,984	71,611	204,031
Net income available to limited partners	45,522	70,900	202,012
Net income available to general partner	\$462	\$711	\$2,019
Basic earnings per common unit:			
Net income	\$0.45	\$0.71	\$2.02
Diluted earnings per common unit:			
Net income	\$0.45	\$0.71	\$2.01

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

TANGER PROPERTIES LIMITED PARTNERSHIP AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(in thousands)

	For the years ended December 31,		
	2018	2017	2016
Net income	\$45,563	\$71,876	\$204,329
Other comprehensive income (loss):			
Foreign currency translation adjustments	(8,691)	8,138	4,259
Change in fair value of cash flow hedges	405	1,351	4,609
Other comprehensive income (loss)	(8,286)	9,489	8,868
Comprehensive income	37,277	81,365	213,197
Comprehensive (income) loss attributable to noncontrolling interests in consolidated partnerships	421	(265)	(298)
Comprehensive income attributable to the Operating Partnership	\$37,698	\$81,100	\$212,899

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

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

	General partner	Limited partners	Accumulated other comprehensive income (loss)	Total partners' equity	Noncontrolling interests in consolidated partnerships	Total equity
Balance, December 31, 2015	\$5,726	\$638,422	\$ (38,702)	\$605,446	\$ 586	\$606,032
Net income	2,019	202,012	—	204,031	298	204,329
Other comprehensive income	—	—	8,868	8,868	—	8,868
Compensation under Incentive Award Plan	—	16,304	—	16,304	—	16,304
Issuance of 59,700 common units upon exercise of options	—	1,749	—	1,749	—	1,749
Grant of 173,124 restricted common share awards by the Company, net of forfeitures	—	—	—	—	—	—
Issuance of 24,040 deferred units	—	—	—	—	—	—
Withholding of 66,760 common units for employee income taxes	—	(2,177)	—	(2,177)	—	(2,177)
Contributions from noncontrolling interests	—	—	—	—	35	35
Adjustment for noncontrolling interests in other consolidated partnerships	—	4	—	4	(4)	—
Acquisition of noncontrolling interest in other consolidated partnership	—	(1,617)	—	(1,617)	(325)	(1,942)
Common distributions (\$1.260 per common unit)	(1,260)	(126,066)	—	(127,326)	—	(127,326)
Distributions to noncontrolling interests	—	—	—	—	(431)	(431)
Balance, December 31, 2016	\$6,485	\$728,631	\$ (29,834)	\$705,282	\$ 159	\$705,441
Net income	711	70,900	—	71,611	265	71,876
Other comprehensive income	—	—	9,489	9,489	—	9,489
Compensation under Incentive Award Plan	—	14,629	—	14,629	—	14,629
Issuance of 1,800 common units upon exercise of options	—	54	—	54	—	54
Grant of 411,968 restricted common share awards by the Company	—	—	—	—	—	—
Repurchase of 1,911,585 units, including transaction costs	—	(49,361)	—	(49,361)	—	(49,361)
Withholding of 69,886 common units for employee income taxes	—	(2,436)	—	(2,436)	—	(2,436)
Contributions from noncontrolling interests	—	—	—	—	13	13
Acquisition of noncontrolling interest in other consolidated partnership	—	—	—	—	(159)	(159)
Common distributions (\$1.3525 per common unit)	(1,352)	(135,614)	—	(136,966)	—	(136,966)
Distributions to noncontrolling interests	—	—	—	—	(278)	(278)
Balance, December 31, 2017	\$5,844	\$626,803	\$ (20,345)	\$612,302	\$ —	\$612,302
Net income	462	45,522	—	45,984	(421)	45,563
Other comprehensive loss	—	—	(8,286)	(8,286)	—	(8,286)
Compensation under Incentive Award Plan	—	15,800	—	15,800	—	15,800
	—	—	—	—	—	—

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Grant of 355,184 restricted common share awards by the Company					
Repurchase of 919,249 units, including transaction costs	—	(19,998)	—	(19,998)	(19,998)
Withholding of 89,437 common units for employee income taxes	—	(2,068)	—	(2,068)	(2,068)
Contributions from noncontrolling interests	—	—	—	626	626
Common distributions (\$1.3925 per common unit)	(1,392)	(136,807)	—	(138,199)	(138,199)
Distributions to noncontrolling interests	—	—	—	(205)	(205)
Balance, December 31, 2018	\$4,914	\$529,252	\$ (28,631)	\$505,535	\$ —

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

F-15

TANGER PROPERTIES LIMITED PARTNERSHIP AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	For the years ended December 31,		
	2018	2017	2016
Operating activities			
Net income	\$45,563	\$71,876	\$204,329
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	131,722	127,744	115,357
Impairment charge	49,739	—	—
Amortization of deferred financing costs	3,058	3,263	3,237
Loss on early extinguishment of debt	—	35,626	—
Gain on sale of assets	—	(6,943)	(6,305)
Gain on previously held interest in acquired joint ventures	—	—	(95,516)
Equity in earnings of unconsolidated joint ventures	(924)	(1,937)	(10,872)
Equity-based compensation expense	14,669	13,585	15,319
Amortization of debt (premiums) and discounts, net	416	462	1,290
Amortization (accretion) of market rent rate adjustments, net	2,577	2,829	3,302
Straight-line rent adjustments	(5,844)	(5,632)	(7,002)
Distributions of cumulative earnings from unconsolidated joint ventures	7,941	10,697	13,662
Changes in other assets and liabilities:			
Other assets	1,729	481	(705)
Accounts payable and accrued expenses	7,631	1,080	3,203
Net cash provided by operating activities	258,277	253,131	239,299
Investing activities			
Additions to rental property	(64,253)	(166,231)	(165,060)
Acquisitions of interest in unconsolidated joint ventures, net of cash acquired	—	—	(45,219)
Additions to investments in unconsolidated joint ventures	(1,916)	(5,892)	(32,968)
Net proceeds on sale of assets	—	39,213	28,706
Distributions in excess of cumulative earnings from unconsolidated joint ventures	25,232	25,084	60,267
Additions to non-real estate assets	(1,330)	(8,909)	(6,503)
Additions to deferred lease costs	(6,703)	(6,584)	(7,013)
Other investing activities	8,947	5,774	983
Net cash used in investing activities	(40,023)	(117,545)	(166,807)
Financing activities			
Cash distributions paid	(138,199)	(136,966)	(148,516)
Proceeds from revolving credit facility	491,900	719,521	845,650
Repayments of revolving credit facility	(554,900)	(572,421)	(974,950)
Proceeds from notes, mortgages and loans	25,000	299,460	437,420
Repayments of notes, mortgages and loans	(11,783)	(373,258)	(330,329)
Payment of make-whole premium related to early extinguishment of debt	—	(34,143)	—
Repayment of deferred financing obligation	—	—	(28,388)
Repurchase of common shares, including transaction costs	(19,998)	(49,361)	—
Employee income taxes paid related to shares withheld upon vesting of equity awards	(2,068)	(2,436)	(2,177)
Additions to deferred financing costs	(4,428)	(2,850)	(5,496)
Proceeds from exercise of options	—	54	1,749
Proceeds from other financing activities	626	12,054	3,897
Payment for other financing activities	(1,353)	(1,333)	(2,327)

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Net cash used in financing activities	(215,203)	(141,679)	(203,467)
Effect of foreign currency rate changes on cash and cash equivalents	(110)	(56)	316
Net increase (decrease) in cash, cash equivalents and restricted cash	2,941	(6,149)	(130,659)
Cash, cash equivalents and restricted cash, beginning of year	6,050	12,199	142,858
Cash, cash equivalents and restricted cash, end of year	\$8,991	\$6,050	\$12,199

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

F-16

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

1. Organization of the Company

Tanger Factory Outlet Centers, Inc. and subsidiaries, which we refer to as the Company, is one of the largest owners and operators of outlet centers in the United States and Canada. We are a fully-integrated, self-administered and self-managed real estate investment trust ("REIT") which, through our controlling interest in the Operating Partnership, focuses exclusively on developing, acquiring, owning, operating and managing outlet shopping centers. As of December 31, 2018, we owned and operated 36 consolidated outlet centers, with a total gross leasable area of approximately 12.9 million square feet. All references to gross leasable area, square feet, occupancy, stores and store brands contained in the notes to the consolidated financial statements are unaudited. These outlet centers were 97% occupied and contained over 2,600 stores, representing approximately 400 store brands. We also had partial ownership interests in 8 unconsolidated outlet centers totaling approximately 2.4 million square feet, including 4 outlet centers in Canada.

Our outlet centers and other assets are held by, and all of our operations are conducted by, Tanger Properties Limited Partnership and subsidiaries, which we refer to as the Operating Partnership. 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 December 31, 2018, the Company, through its ownership of Tanger GP Trust and Tanger LP Trust, owned 93,941,783 units of the Operating Partnership and other limited partners (the "Non-Company LPs") collectively owned 4,960,684 Class A common limited partnership units. Each Class A common limited partnership unit held by the Non-Company LPs is exchangeable for one of the Company's common shares, subject to certain limitations to preserve the Company's status as a REIT. Class B common limited partnership units, which are held by Tanger LP Trust, are not exchangeable for common shares of the Company.

2. Summary of Significant Accounting Policies

Principles of Consolidation - The consolidated financial statements of the Company include its accounts and its consolidated subsidiaries, as well as the Operating Partnership and its consolidated subsidiaries. The consolidated financial statements of the Operating Partnership include its accounts and its consolidated subsidiaries. Intercompany balances and transactions have been eliminated in consolidation.

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

We consolidate properties that are wholly-owned or properties where we own less than 100% but control such properties. Control is determined using an evaluation based on accounting standards related to the consolidation of

voting interest entities and variable interest entities ("VIE"). For joint ventures that are determined to be a VIE, we consolidate the entity where we are deemed to be the primary beneficiary. Determination of the primary beneficiary is based on whether an entity has (1) the power to direct the activities of the VIE that most significantly impact the entity's economic performance, and (2) the obligation to absorb losses of the entity that could potentially be significant to the VIE or the right to receive benefits from the entity that could potentially be significant to the VIE. Our determination of the primary beneficiary considers various factors including the form of our ownership interest, our representation in an entity's governance, the size of our investment, our ability to participate in policy making decisions and the rights of the other investors to participate in the decision making process to replace us as manager and or liquidate the venture, if applicable. As of December 31, 2018, we did not have a joint venture that was a VIE.

F-17

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

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

The carrying amount of our investments in the Charlotte, Columbus, Galveston/Houston and National Harbor joint ventures are less than zero because of financing or operating distributions that were greater than net income, as net income includes non-cash charges for depreciation and amortization.

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

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, as well as disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Estimates are used in the calculations of impairment losses, costs capitalized to originate operating leases, costs incurred for the construction and development of properties, and the values of deferred lease costs and other intangibles related to the acquisition of properties. Actual results could differ from those estimates.

Operating Segments - We focus exclusively on developing, acquiring, owning, operating, and managing outlet shopping centers. We aggregate the financial information of all outlet centers into one reportable operating segment because the outlet centers all have similar economic characteristics and provide similar products and services to similar types and classes of customers.

Rental Property - Rental properties are recorded at cost less accumulated depreciation. Buildings, improvements and fixtures consist primarily of permanent buildings and improvements made to land such as infrastructure and costs incurred in providing rental space to tenants.

The pre-construction stage of project development involves certain costs to secure land control and zoning and complete other initial tasks essential to the development of the project. These costs are transferred from other assets to

construction in progress when the pre-construction tasks are completed. Costs of unsuccessful pre-construction efforts are expensed when the project is no longer probable and, if significant, are recorded as abandoned pre-development costs in the consolidated statement of operations.

F-18

We also capitalize other costs incurred for the construction and development of properties, including interest, real estate taxes and payroll and related costs associated with employees directly involved. Capitalization of costs commences at the time the development of the property becomes probable and ceases when the property is substantially completed and ready for its intended use. We consider a construction project as substantially completed and ready for its intended use upon the completion of tenant improvements. We cease capitalization on the portion that is substantially completed and occupied or held available for occupancy, and capitalize only those costs associated with the portion under construction. The amount of payroll and related costs capitalized for the construction and development of properties is based on our estimate of the amount of costs directly related to the construction or development of these assets.

Interest costs are capitalized during periods of active construction for qualified expenditures based upon interest rates in place during the construction period until construction is substantially complete. This includes interest incurred on funds invested in or advanced to unconsolidated joint ventures for qualifying development activities until placed in service.

Payroll and related costs and interest costs capitalized for the years ended December 31, 2018, 2017 and 2016 were as follows (in thousands):

	2018	2017	2016
Payroll and related costs capitalized	\$1,521	\$2,345	\$2,095
Interest costs capitalized	\$93	\$2,289	\$2,259

Depreciation is computed on the straight-line basis over the estimated useful lives of the assets. We generally use estimated lives of 33 years for buildings and improvements, 15 years for land improvements and 7 years for equipment. Tenant finishing allowances are amortized over the life of the associated lease. Capitalized interest costs are amortized over lives which are consistent with the constructed assets. Expenditures for ordinary maintenance and repairs are charged to operations as incurred while significant renovations and improvements which improve and/or extend the useful life of the asset are capitalized and depreciated over their estimated useful life.

Depreciation expense related to rental property included in net income for each of the years ended December 31, 2018, 2017 and 2016 was as follows (in thousands):

	2018	2017	2016
Depreciation expense related to rental property	\$114,198	\$107,845	\$96,813

In accordance with accounting guidance for business combinations, we allocate the purchase price of acquisitions based on the fair value of land, building, tenant improvements, debt and deferred lease costs and other intangibles, such as the value of leases with above or below market rents, origination costs associated with the in-place leases, the value of in-place leases and tenant relationships, if any. We depreciate the amount allocated to building, deferred lease costs and other intangible assets over their estimated useful lives, which range up to 33 years. The values of the above and below market leases are amortized and recorded as either an increase (in the case of below market leases) or a decrease (in the case of above market leases) to rental income over the remaining term of the associated lease. The values of below market leases that are considered to have renewal periods with below market rents are amortized over the remaining term of the associated lease plus the renewal periods when the renewal is deemed probable to occur. The value associated with in-place leases is amortized over the remaining lease term and tenant relationships are amortized over the expected term, which includes an estimated probability of the lease renewal. 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 intangibles is written off. The tenant improvements and origination costs are amortized as an expense over the remaining life of the lease (or charged against earnings if the lease is terminated prior to its contractual expiration date). We assess fair value based on estimated cash flow projections that utilize appropriate discount and capitalization rates and available market information. These cash flow projections may be

derived from various observable and unobservable inputs and assumptions. Also, we may utilize third-party valuation specialists. As a part of acquisition accounting, the amount by which the fair value of our previously held equity method investment exceeds the carrying book value is recorded as a gain on previously held interest in acquired joint venture.

F-19

Cash, Cash Equivalents and Restricted Cash - All highly liquid investments with an original maturity of three months or less at the date of purchase are considered to be cash equivalents. Cash balances at a limited number of banks may periodically exceed insurable amounts. We believe that we mitigate our risk by investing in or through major financial institutions. At December 31, 2018 and 2017, we had cash equivalent investments in highly liquid money market accounts at major financial institutions of \$2.9 million and \$3.0 million, respectively.

Deferred Charges - Deferred charges include deferred lease costs and other intangible assets consisting of fees and costs incurred to originate operating leases and are amortized over the expected lease term. Deferred lease costs capitalized, including amounts paid to third-party brokers and payroll and related costs of employees directly involved in originating leases for the years ended December 31, 2018, 2017 and 2016 were as follows (in thousands):

	2018	2017	2016
Deferred lease costs capitalized- payroll and related costs	\$6,007	\$6,098	\$6,210
Total deferred lease costs capitalized	\$6,703	\$6,584	\$7,013

The amount of payroll and related costs capitalized is based on our estimate of the time and amount of costs directly related to originating leases. Deferred lease costs and other intangible assets also include the value of leases and origination costs deemed to have been acquired in real estate acquisitions.

Deferred financing costs - Deferred financing costs include fees and costs incurred to obtain long-term financing and are amortized over the terms of the respective loans. Unamortized deferred financing costs are charged to expense when debt is retired before the maturity date.

Captive Insurance - We have a wholly-owned captive insurance company that is responsible for losses up to certain deductible levels per occurrence for property damage (including wind damage from hurricanes) prior to third-party insurance coverage. Insurance losses are reflected in property operating expenses and include estimates of costs incurred, both reported and unreported.

Impairment of Long-Lived Assets - Rental property held and used by us is reviewed for impairment in the event that facts and circumstances indicate the carrying amount of an asset may not be recoverable. In such an event, we compare the estimated future undiscounted cash flows associated with the asset to the asset's carrying amount, and if less than such carrying amount, recognize an impairment loss in an amount by which the carrying amount exceeds its fair value. The estimated fair value is based primarily on the income approach. The income approach involves discounting the estimated income stream and reversion (presumed sale) value of a property over an estimated holding period to a present value at a risk-adjusted rate. Discount rates and terminal capitalization rates utilized in this approach are derived from property-specific information, market transactions and other financial and industry data.

During the third quarter 2018, we recorded a non-cash impairment charge of \$49.7 million at our Jeffersonville, Ohio outlet center due to a decline in operating results at the center likely resulting from increased competition from the Company's center in Columbus, Ohio and store closures from bankruptcy filings and brand-wide restructurings. The non-cash impairment charge equaled the excess of the property's carrying value over its estimated fair value. See Note 12 for additional information on the fair market value calculation. We recognized no impairment losses for our consolidated properties during the years ended December 31, 2017 and 2016, respectively. See Note 6 for discussion of the impairment of our unconsolidated joint ventures at the Bromont, Quebec and Saint Sauveur, Quebec outlet centers during the years ended December 31, 2018, 2017 and 2016.

Rental Property Held For Sale - Rental properties designated as held for sale are stated at the lower of their carrying value or their fair value less costs to sell. We classify rental property as held for sale when our Board of Directors approves the sale of the assets and it meets the requirements of current accounting guidance. Subsequent to this classification, no further depreciation is recorded on the assets.

F-20

Impairment of Investments - On a periodic basis, we assess whether there are any indicators that the value of our investments in unconsolidated joint ventures may be impaired. An investment is impaired only if management's estimate of the value of the investment is less than the carrying value of the investments, and such decline in value is deemed to be other than temporary. To the extent an other than temporary impairment has occurred, the loss shall be measured as the excess of the carrying amount of the investment over the value of the investment. Our estimates of value for each joint venture investment are based on a number of assumptions that are subject to economic and market uncertainties including, among others, estimated hold period, terminal capitalization rates, demand for space, competition for tenants, discount and capitalization rates, changes in market rental rates and operating costs of the property. As these factors are difficult to predict and are subject to future events that may alter our assumptions, the values estimated by us in our impairment analysis may not be realized.

Sales of Real Estate - For sales of real estate where we have consideration to which we are entitled in exchange for transferring the real estate, the related assets and liabilities are removed from the balance sheet and the resultant gain or loss is recorded in the period the transaction closes. Any post sale involvement is accounted for as a separate performance obligations and when the separate performance obligations are satisfied, the sales price allocated to each is recognized.

For transactions that do not meet the criteria for a sale, we evaluate the nature of the continuing involvement, including put and call provisions, if present, and account for the transaction as a financing arrangement, profit-sharing arrangement, leasing arrangement or other alternate method of accounting, rather than as a sale, based on the nature and extent of the continuing involvement. Some transactions may have numerous forms of continuing involvement. In those cases, we determine which method is most appropriate based on the substance of the transaction.

Discontinued Operations - Properties that are sold or classified as held for sale are classified as discontinued operations provided that the disposal represents a strategic shift that has (or will have) a major effect on our operations and financial results (e.g., a disposal of a major geographical area, a major line of business, a major equity method investment or other major parts of an entity).

Derivatives - We selectively enter into interest rate protection agreements to mitigate the impact of changes in interest rates on our variable rate borrowings. The notional amounts of such agreements are used to measure the interest to be paid or received and do not represent the amount of exposure to loss. None of these agreements are used for speculative or trading purposes.

We recognize all derivatives as either assets or liabilities in the consolidated balance sheets and measure those instruments at their fair value. We also measure the effectiveness, as defined by the relevant accounting guidance, of all derivatives. We formally document our derivative transactions, including identifying the hedge instruments and hedged items, as well as our risk management objectives and strategies for entering into the hedge transaction. At inception and on a quarterly basis thereafter, we assess the effectiveness of derivatives used to hedge transactions. If a cash flow hedge is deemed effective, we record the change in fair value in other comprehensive income (loss). If after assessment it is determined that a portion of the derivative is ineffective, then that portion of the derivative's change in fair value will be immediately recognized in earnings.

Income Taxes - We operate in a manner intended to enable the Company to qualify as a REIT under the Internal Revenue Code. A REIT which distributes at least 90% of its taxable income to its shareholders each year and which meets certain other conditions is not taxed on that portion of its taxable income which is distributed to its shareholders. We intend to continue to qualify as a REIT and to distribute substantially all of the Company's taxable income to its shareholders. Accordingly, no provision has been made in the Company's consolidated financial statements for Federal income taxes. As a partnership, the allocated share of income or loss for the year with respect to the Operating Partnership is included in the income tax returns for the partners; accordingly, no provision has been

made for Federal income taxes in the Operating Partnership's consolidated financial statements. In addition, we continue to evaluate uncertain tax positions. The tax years 2015 - 2018 remain open to examination by the major tax jurisdictions to which we are subject.

F-21

With regard to the Company's unconsolidated Canadian joint ventures, deferred tax assets result principally from depreciation deducted under United States Generally Accepted Accounting Principles ("GAAP") that exceed capital cost allowances claimed under Canadian tax rules. A valuation allowance is provided if we believe all or some portion of the deferred tax asset may not be realized. We have determined that a full valuation allowance is required as we believe it is not probable that the deferred tax assets will be realized.

For income tax purposes, distributions paid to the Company's common shareholders consist of ordinary income, capital gains, return of capital or a combination thereof. Dividends per share for the years ended December 31, 2018, 2017 and 2016 were taxable as follows:

Common dividends per share:	2018	2017	2016
Ordinary income	\$ 1.3919	\$ 1.1660	\$ 1.2459
Capital gain	0.0006	—	0.0141
Return of capital	—	0.1865	—
	\$ 1.3925	\$ 1.3525	\$ 1.2600

The following reconciles net income available to the Company's shareholders to taxable income available to common shareholders for the years ended December 31, 2018, 2017 and 2016 (in thousands):

	2018	2017	2016
Net income available to the Company's shareholders	\$43,655	\$68,002	\$193,744
Book/tax difference on:			
Depreciation and amortization	58,208	10,685	1,666
Sale of assets and interests in unconsolidated entities	(3,243)	(8,718)	(8,688)
Equity in earnings from unconsolidated joint ventures	18,444	15,662	4,305
Share-based payment compensation	6,269	221	4,596
Gain on previously held interest in acquired joint venture	—	—	(91,467)
Other differences	(630)	(1,089)	6,294
Taxable income available to common shareholders	\$122,703	\$84,763	\$110,450

Revenue Recognition - Base rentals are recognized on a straight-line basis over the term of the lease. Straight-line rent adjustments recorded as a receivable in other assets on the consolidated balance sheets were approximately \$57.5 million and \$51.9 million as of December 31, 2018 and 2017, respectively. As a provision of a tenant lease, if we make a cash payment to the tenant for purposes other than funding the construction of landlord assets, we defer the amount of such payments as a lease incentive. We amortize lease incentives as a reduction of base rental revenue over the term of the lease. The majority of our leases contain provisions which provide additional rents based on tenants' sales volume ("percentage rentals") and reimbursement of the tenants' share of advertising and promotion, common area maintenance, insurance and real estate tax expenses. Percentage rentals are recognized when specified targets that trigger the contingent rent are met. Expense reimbursements are recognized in the period the applicable expenses are incurred. For certain tenants, we receive a fixed payment for common area maintenance ("CAM") which is recognized as revenue when earned. When not reimbursed by the fixed-CAM component, CAM expense reimbursements are based on the tenant's proportionate share of the allocable operating expenses for the property. Payments received from the early termination of leases are recognized as revenue from the time the payment is receivable until the tenant vacates the space. The values of the above and below market leases are amortized and recorded as either an increase (in the case of below market leases) or a decrease (in the case of above market leases) to rental income over the remaining term of the associated lease. If a tenant terminates its lease prior to the original 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.

We receive development, leasing, loan guarantee, management and marketing fees from third parties and unconsolidated affiliates for services provided to properties held in joint ventures. Development and leasing fees received from unconsolidated affiliates are recognized as revenue when earned to the extent of the third party partners' ownership interest. Development and leasing fees earned to the extent of our ownership interest are recorded as a reduction to our investment in the unconsolidated affiliate. Loan guarantee fees are recognized over the term of the guarantee. Management fees and marketing fees are recognized as revenue when earned. Fees recognized from these activities are shown as management, leasing and other services in our consolidated statements of operations. Fees received from consolidated joint ventures are eliminated in consolidation.

Concentration of Credit Risk - We perform ongoing credit evaluations of our tenants. Although the tenants operate principally in the retail industry, the properties are geographically diverse. No single tenant accounted for 10% or more of combined base and percentage rental income or gross leasable area during 2018, 2017 or 2016.

Supplemental Cash Flow Information - We purchase capital equipment and incur costs relating to construction of new facilities, including tenant finishing allowances. Expenditures included in accounts payable and accrued expenses were as follows for the years ended December 31, 2018, 2017 and 2016 (in thousands):

	2018	2017	2016
Costs relating to construction included in accounts payable and accrued expenses	\$ 15,772	\$ 32,060	\$ 22,908

See Note 3 for additional non-cash information associated with our acquisitions of rental property.

A non-cash financing activity that occurred during the 2015 period related to a special dividend of \$21.2 million that was declared in December 2015 and paid in January 2016.

Interest paid, net of interest capitalized was as follows for the years ended December 31, 2018, 2017 and 2016 (in thousands):

	2018	2017	2016
Interest paid, net of interest capitalized	\$ 60,529	\$ 56,730	\$ 50,270

A reconciliation of the Company's cash balances on our balance sheet to our cash balances on our statement of cash flows for the years ended December 31, 2018, 2017, 2016 and 2015 were as follows (in thousands):

	2018	2017	2016	2015
Cash and cash equivalents	\$ 9,083	\$ 6,101	\$ 12,222	\$ 21,558
Restricted cash ⁽¹⁾	—	—	—	121,306
Cash, cash equivalents and restricted cash	\$ 9,083	\$ 6,101	\$ 12,222	\$ 142,864

The restricted cash represents the cash proceeds from property sales that were held by a qualified intermediary (1) until being invested in a tax efficient manner under Section 1031 of the Internal Revenue Code of 1986, as amended.

A reconciliation of the Operating Partnership's cash balances on our balance sheet to our cash balances on our statement of cash flows for the years ended December 31, 2018, 2017, 2016 and 2015 were as follows (in thousands):

	2018	2017	2016	2015
Cash and cash equivalents	\$ 8,991	\$ 6,050	\$ 12,199	\$ 21,552
Restricted cash ⁽¹⁾	—	—	—	121,306
Cash, cash equivalents and restricted cash	\$ 8,991	\$ 6,050	\$ 12,199	\$ 142,858

(1) The restricted cash represents the cash proceeds from property sales that were held by a qualified intermediary until being invested in a tax efficient manner under Section 1031 of the Internal Revenue Code of 1986, as

amended.

F-23

Accounting for Equity-Based Compensation - We have a shareholder approved equity-based compensation plan, the Incentive Award Plan of Tanger Factory Outlet Centers, Inc. and Tanger Properties Limited Partnership (Amended and Restated as of April 4, 2014) (the "Plan"), which covers our independent directors, officers and our employees. We may issue non-qualified options and other equity-based awards under the Plan. We account for our equity-based compensation plan under the fair value provisions of the relevant accounting guidance and we estimate expected forfeitures in determining compensation cost.

Foreign Currency Translation - We have entered into a co-ownership agreement with RioCan Real Estate Investment Trust to develop and acquire outlet centers in Canada for which the functional currency is the local currency. The assets and liabilities related to our investments in Canada are translated from their functional currency into U.S. Dollars at the rate of exchange in effect on the balance sheet date. Income statement accounts are translated using the average exchange rate for the period. Our share of unrealized gains and losses resulting from the translation of these financial statements are reflected in equity as a component of accumulated other comprehensive income (loss) in the consolidated balance sheets.

Recently adopted accounting standards - In November 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-18, Statement of Cash Flows (Topic 230): Restricted Cash. This ASU requires that a statement of cash flows explain the change during the period in cash, cash equivalents, and amounts generally described as restricted cash. Amounts generally described as restricted cash should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. The update should be applied retrospectively to each period presented. The pronouncement is effective for fiscal years, and for interim periods within those fiscal years, beginning after December 15, 2017. We adopted this pronouncement on January 1, 2018, and the pronouncement resulted in changes to our consolidated statements of cash flows such that restricted cash amounts will be included in the beginning-of-period and end-of-period cash and cash equivalents totals. The December 31, 2016 statement of cash flow was restated to include restricted cash of \$121.3 million in the beginning-of-period cash and cash equivalents total.

In February 2017, the FASB issued ASU 2017-05, "Other Income - Gains and Losses from the Derecognition of Nonfinancial Assets (Subtopic 610-20): Clarifying the Scope of Asset Derecognition Guidance and Accounting for Partial Sales of Nonfinancial Assets." ASU 2017-05 clarifies the definition of an in-substance nonfinancial asset and changes the accounting for partial sales of nonfinancial assets to be more consistent with the accounting for a sale of a business pursuant to ASU 2017-01. This update is effective for interim and annual periods beginning after December 15, 2017 using a full retrospective or modified retrospective method and is required to be adopted in conjunction with ASU 2014-09, "Revenue from Contracts with Customers" discussed below. We adopted ASU 2017-05 effective January 1, 2018, along with our adoption of ASU 2014-09, using the modified retrospective approach only to contracts that were not completed contracts as of January 1, 2018. The adoption of this standard did not have a material impact on our consolidated financial statements. Subsequent to adoption, we believe most of our future contributions of nonfinancial assets to our joint ventures where we cease to have a controlling financial interest, if any, will result in the recognition of a full gain or loss as if we sold 100% of the nonfinancial asset and we will also measure our retained interest at fair value.

In May 2014, the FASB issued ASU 2014-09, Revenue from Contracts with Customers: Topic 606, as amended, (collectively, Topic 606). Topic 606 is based on the principle that revenue is recognized to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Topic 606 applies to all contracts with customers, except those that are within the scope of other topics in the FASB's Accounting Standards Codification, including real estate lease contracts, which the majority of our revenue is derived. The guidance also provides a model for the measurement and recognition of gains and losses on the sale of certain nonfinancial assets, such as property, including real estate.

F-24

We adopted Topic 606 effective January 1, 2018 using the modified retrospective approach. Results for reporting periods beginning after January 1, 2018 are presented under Topic 606, while prior period amounts are not adjusted and continue to be reported in accordance with our historic accounting under Revenue Recognition (Topic 605). The new guidance provides a unified model to determine how revenue is recognized. To determine the proper amount of revenue to be recognized, the Company performs the following steps: (i) identify the contract with the customer, (ii) identify the performance obligations within the contract, (iii) determine the transaction price, (iv) allocate the transaction price to the performance obligations and (v) recognize revenue when (or as) a performance obligation is satisfied. As of December 31, 2018, the Company has no outstanding contract assets or contract liabilities and we did not have a cumulative catch-up upon the adoption of this standard. The adoption of this standard did not result in any material changes to our revenue recognition as compared to the previous guidance.

The Company's revenue-producing contracts are primarily leases that are not within the scope of this standard, except for the lease component relating to common area maintenance ("CAM") reimbursement revenue, which will be within the scope of this standard upon the effective date of ASU 2016-02, Leases (Topic 842). The revenues which were impacted by the initial adoption of Topic 606 include revenues from management, leasing and other services provided to our unconsolidated joint ventures that we manage and other income earned at our properties. We receive management, leasing and other services revenue for services provided to our unconsolidated joint ventures that we manage and recognize this revenue as the services are transferred. Our other income earned at our properties consist primarily of revenues from vending and other on-site services or products provided to shoppers or tenants. The other income earned at our properties is recorded as the goods are transferred at a point in time or as the service is transferred over time.

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

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

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

In August 2017, the FASB issued ASU 2017-12, Derivatives and Hedging (Topic 815), Targeted Improvements to Accounting for Hedging Activities. The new guidance will make more financial and nonfinancial hedging strategies eligible for hedge accounting. It also amends the presentation and disclosure requirements and changes how companies assess effectiveness. It is intended to more closely align hedge accounting with companies' risk management strategies, simplify the application of hedge accounting, and increase transparency as to the scope and results of hedging programs. The amendments can be adopted immediately in any interim or annual period (including

the current period). The mandatory effective date for calendar year-end public companies is January 1, 2019. The adoption of ASU 2017-12 will not have a material impact on our consolidated financial statements.

F-25

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

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842) and issued subsequent amendments to the initial guidance in September 2017 within ASU 2017-13, January 2018 within ASU 2018-01 and July 2018 within ASU 2018-11 (collectively, Topic 842). Topic 842, amends the existing accounting standards for lease accounting, including requiring lessees to recognize most leases on their balance sheets and making targeted changes to lessor accounting. Topic 842 will be effective beginning in the first quarter of 2019. Early adoption of Topic 842 as of its issuance is permitted. The new lease standard requires a modified retrospective transition approach for all leases existing at, or entered into after, the date of initial application, with an option to use certain practical expedients including the following; not requiring the company to reassess whether any expired or existing contracts are or contain leases, not requiring the company to reassess the lease classification for any expired or existing leases, not requiring the company to reassess initial direct costs for any existing leases, not requiring the company to record operating leases with a term of 12 months or less as an operating lease liability and right-of-use asset on its consolidated balance sheet, and not requiring the company to separate lease and non-lease components, provided certain conditions are met. We will adopt Topic 842 effective January 1, 2019 using the modified retrospective approach and will elect the use of all practical expedients provided by the ASU and related amendments as mentioned above based on our assessment. We expect our significant operating lease commitments, primarily ground leases at seven of our outlet centers, will be required to be recognized as operating lease liabilities and right-of-use assets upon adoption equal to the present value of the minimum lease payments required under each lease, resulting in an increase in the assets and liabilities on our consolidated balance sheets. We believe the operating lease liability and right-of-use asset will range from \$89.0 million to \$96.0 million. See Note 23 for information regarding our lease commitments.

Substantially all of our revenues are earned from arrangements that are within the scope of Topic 842. We believe we meet the criteria in the practical expedient in ASU 2018-11 to account for lease and non-lease components as a single component, which would alleviate the requirement upon adoption of Topic 842 that we reallocate or separately present lease and non-lease components. We would, however, recognize consideration received from fixed common area maintenance arrangements on a straight-line basis, which we expect will increase revenues on our consolidated income statement by approximately \$5.0 million in 2019.

In addition, direct internal leasing costs will continue to be capitalized, however, indirect internal leasing costs previously capitalized will be expensed. For the years ended December 31, 2018 and 2017, based on existing accounting guidance, we capitalized approximately \$6.0 million and \$6.1 million, respectively, of internal leasing and legal payroll and related costs. Upon adoption of this ASU in 2019, we will only capitalize the portion of these types of costs incurred that are a direct result of an executed lease, which we expect will increase general and administrative expenses on our consolidated income statement between \$4.0 million and \$5.0 million in 2019.

3. Acquisition of Rental Property

2017 Acquisition

Foxwoods

In November 2017, we successfully settled litigation with the estate of our former partner in the Foxwoods, Connecticut joint venture. In return for mutual releases and no cash consideration, the estate tendered its partnership interest to the Company. Prior to this settlement, we had a 100% economic interest in the consolidated joint venture as a result of our preferred equity interest and the capital and distribution provisions in the joint venture agreement.

2016 Acquisitions

Savannah

In August 2016, the Savannah joint venture, which owned the outlet center in Pooler, Georgia, distributed all outparcels along with \$15.0 million in cash consideration to the other partner in exchange for the partner's ownership interest. We contributed the \$15.0 million in cash consideration to the joint venture, which we funded with borrowings under our unsecured lines of credit. At the time of acquisition, the property was subject to a \$96.9 million construction loan, with an interest rate of LIBOR + 1.65%, that would have matured in May 2017. In September 2016, we repaid the mortgage loan with borrowings under our unsecured lines of credit.

The former joint venture is now wholly-owned by us and was consolidated in our financial results as of the acquisition date. Prior to this transaction, we owned a 50% legal interest in the joint venture since its formation and accounted for it under the equity method of accounting. However, due to preferred equity contributions we made to the joint venture, and the returns earned on those contributions, our estimated economic interest in the book value of the assets was approximately 98%. Therefore, substantially all of the earnings of the joint venture were previously recognized by us as equity in earnings of unconsolidated joint ventures.

There was no contingent consideration associated with this acquisition. The joint venture incurred approximately \$260,000 in third-party acquisition related costs for the acquisition of the venture partner's interest that were expensed as incurred. As a result of acquiring the remaining interest in the Savannah joint venture, we recorded a gain of \$46.3 million which represented the difference between the carrying book value and the fair value of our previously held equity method investment in the joint venture.

Non-cash investing activities related to the purchase of our partners' interest in the Savannah joint venture, include the assumption of debt totaling \$96.9 million. In addition, rental property and lease related intangible assets and liabilities increased by a net of \$46.3 million related to the fair value of our previously held interest in excess of our carrying amount; prepaids and other assets increased \$250,000 and accounts payable and accrued expenses increased \$2.1 million from the assumption of current assets and liabilities.

Westgate

In June 2016, we completed the purchase of our partners' interest in the Westgate joint venture, which owned the outlet center in Glendale, Arizona, for a total cash price of approximately \$40.9 million. Prior to the transaction, we owned a 58% interest in the Westgate joint venture since its formation in 2012 and accounted for it under the equity method of accounting. The former joint venture is now wholly-owned by us and was consolidated in our financial results as of June 30, 2016.

The total cash price included \$39.0 million to acquire the 40% ownership interest held by the equity partner in the joint venture. We also purchased the remaining 2% noncontrolling ownership interests in the Westgate outlet center held in a consolidated partnership for a purchase price of \$1.9 million. The acquisition of the noncontrolling ownership interest was recorded as an equity transaction and, as a result, the carrying balances of the noncontrolling interest were eliminated and the remaining difference between the purchase price and carrying balance was recorded as a reduction in additional-paid-in-capital. We funded the total purchase price with borrowings under our unsecured lines of credit. At the time of the acquisition, the property was subject to a \$62.0 million mortgage loan, with an interest rate of LIBOR + 1.75% and a maturity in June 2017. In August 2016, we repaid the mortgage loan in full with proceeds from the public offering of \$250.0 million in senior notes due 2026.

F-27

There was no contingent consideration associated with this acquisition. We incurred approximately \$127,000 in third-party acquisition related costs for the acquisition of our partners' interest in the Westgate joint venture that were expensed as incurred. As a result of acquiring the remaining interest in the Westgate joint venture, we recorded a gain of \$49.3 million which represented the difference between the carrying book value and the fair value of our previously held equity method investment in the joint venture.

Non-cash investing activities related to the purchase of our partners' interest in the Westgate joint venture, include the assumption of debt totaling \$62.0 million. In addition, rental property and lease related intangible assets and liabilities increased by a net of \$49.3 million related to the fair value of our previously held interest in excess of our carrying amount; prepaids and other assets increased \$227,000 and accounts payable and accrued expenses increased \$5.0 million from the assumption of current assets and liabilities.

The following table illustrates the fair value of the aggregate consideration transferred to acquire the equity interests of the Savannah and Westgate properties at the acquisition date for the year ended 2016 (in thousands):

Cash transferred for equity interests	\$54,000
Fair value of our previously held interests	145,581
Fair value of net assets	\$199,581

The following table illustrates the aggregate fair value of the amounts of the identifiable assets acquired and liabilities assumed and recognized at the acquisition date for the Savannah and Westgate properties acquired during the year ended 2016:

	Fair Value (in thousands)	Weighted-Average Amortization Period (in years)
Cash	\$8,781	
Land	27,593	
Buildings, improvements and fixtures	308,117	
Deferred lease costs and other intangibles		
Above market lease value	15,882	7.2
Lease in place value	13,972	5.9
Lease and legal costs	10,264	6.4
Total deferred lease costs and other intangibles	40,118	
Prepaids and other assets	477	
Debt	(158,994)	
Accounts payable and accrued expenses	(7,183)	
Other liabilities (below market lease value)	(19,328)	12.0
Total fair value of net assets	\$199,581	

The fair values were determined based on an income approach, using a rental growth rate of 3.0%, a discount rate between 7.50% and 8.25%, and a terminal capitalization rate between 5.75% and 7.0%. The estimated fair values were determined to have primarily relied upon Level 3 inputs, as defined in Note 12.

4. Disposition of Properties

The following table sets forth the properties sold for the years ended 2017 and 2016 (in thousands):

Properties	Locations	Date Sold	Square Feet	Net Sales Proceeds	Gain on Sale
2017 Dispositions: ⁽¹⁾					
Westbrook	Westbrook, CT	May 2017	290	\$ 39,213	\$6,943
2016 Dispositions: ⁽¹⁾					
Fort Myers	Fort Myers, FL	January 2016	199	\$ 25,785	\$4,887
Land outparcel	Myrtle Beach, SC	September 2016	—	2,921	1,418
					\$6,305

(1) The rental properties did not meet the criteria to be reported as discontinued operations (See Note 2), thus their results of operations were not reclassified to discontinued operations.

5. Development of Consolidated Rental Properties

2017 Developments

Fort Worth

In October 2017, we opened a 352,000 square foot wholly-owned outlet center in the greater Fort Worth, Texas area. The outlet center is located within the 279-acre Champions Circle mixed-use development adjacent to Texas Motor Speedway.

Lancaster Expansion

In September 2017, we opened a 123,000 square foot expansion of our outlet center in Lancaster, Pennsylvania.

2016 Developments

Daytona Beach

In November 2016, we opened an approximately 352,000 square foot, wholly-owned, outlet center in Daytona Beach, Florida.

6. Investments in Unconsolidated Real Estate Joint Ventures

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

As of December 31, 2018

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

As of December 31, 2017

Joint Venture	Outlet Center Location	Ownership %	Square Feet (in 000's)	Carrying Value of Investment (in millions)	Total Joint Venture Debt, Net (in millions) ⁽¹⁾
Investments included in investments in unconsolidated joint ventures:					
Columbus	Columbus, OH	50.0 %	355	\$ 1.1	\$ 84.4
National Harbor	National Harbor, MD	50.0 %	341	2.5	86.4
RioCan Canada	Various	50.0 %	923	115.8 \$ 119.4	11.1
Investments included in other liabilities:					
Charlotte ⁽²⁾	Charlotte, NC	50.0 %	398	\$ (4.1)	\$ 89.8
Galveston/Houston ⁽²⁾	Texas City, TX	50.0 %	353	(13.0) \$ (17.1)	79.4

(1) Net of debt origination costs and including premiums of \$1.4 million and \$1.4 million as of December 31, 2018 and December 31, 2017, respectively.

We separately report investments in joint ventures for which accumulated distributions have exceeded investments in and our share of net income or loss of the joint ventures within other liabilities in the consolidated balance sheets

(2) because we are committed and intend to provide further financial support to these joint ventures. The negative carrying value is due to the distributions of proceeds from mortgage loans and quarterly distributions of excess cash flow exceeding the original contributions from the partners and equity in earnings of the joint ventures.

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

Year Ended December
31,

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	2018	2017	2016
Fees:			
Management and marketing	\$2,334	\$2,310	\$2,744
Leasing and other fees	162	142	1,103
Total Fees	\$2,496	\$2,452	\$3,847

F-30

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 “Condensed Combined Balance Sheets - Unconsolidated Joint Ventures” shown below due to adjustments to the book basis, including intercompany profits on sales of services that are capitalized by the unconsolidated joint ventures. The differences in basis (totaling \$4.1 million and \$4.2 million as of December 31, 2018 and 2017, respectively) are amortized over the various useful lives of the related assets.

Charlotte

In July 2014, we opened an approximately 398,000 square foot outlet center in Charlotte, North Carolina that was developed through, and is owned by, a joint venture formed in May 2013. In June 2018, the Charlotte joint venture closed on a \$100.0 million mortgage loan with a fixed interest rate of approximately 4.3% and a maturity date of July 2028. The proceeds from the loan were used to pay off the existing \$90.0 million mortgage loan with an interest rate of LIBOR + 1.45%, which had an original maturity date of November 2018. The joint venture distributed the incremental net loan proceeds of \$9.3 million equally to the partners. Our partner is providing property management, marketing and leasing services to the joint venture.

Columbus

In June 2016, we opened an approximately 355,000 square foot outlet center in Columbus, Ohio. The development was initially fully funded with equity contributed to the joint venture by Tanger and its partner. In November 2016, the joint venture closed on an interest-only mortgage loan of \$85.0 million at an interest rate of LIBOR + 1.65%. The loan initially matures in November 2019, with two one-year extension options. The joint venture received net loan proceeds of \$84.2 million and distributed them equally to the partners. We are providing property management, marketing and leasing services to the joint venture.

Galveston/Houston

In October 2012, we opened an approximately 353,000 square foot outlet center in Texas City, Texas that was developed through, and is owned by, a joint venture formed in June 2011. In July 2017, the joint venture amended and restated the initial construction loan, which had an outstanding balance of \$65.0 million, to increase the amount available to borrow from \$70.0 million to \$80.0 million and extended the maturity date until July 2020 with two one-year options. The amended and restated loan also changed the interest rate from LIBOR + 1.50% to LIBOR + 1.65%. At the closing of the amendment, the joint venture distributed the net proceeds of approximately \$14.5 million equally between the partners. We are providing property management, marketing and leasing services to the outlet center.

National Harbor

In November 2013, we opened an approximately 341,000 square foot outlet center at National Harbor in the Washington, D.C. Metro area that was developed through, and is owned by, a joint venture formed in May 2011. In December 2018, the National Harbor joint venture closed on a \$95.0 million mortgage loan with a fixed interest rate of approximately 4.6% and a maturity date of January 2030. The proceeds from the loan were used to pay off the \$87.0 million construction loan with an interest rate of LIBOR + 1.65%, which had an original maturity date of November 2019. The joint venture distributed the incremental net loan proceeds of \$7.4 million equally to the partners.

RioCan Canada

We have a 50/50 co-ownership agreement with RioCan Real Estate Investment Trust to operate and manage outlet centers in Canada. We provide leasing and marketing services for the outlet centers and RioCan provides development and property management services.

In October 2014, the co-owners opened Tanger Outlets Ottawa, the first ground up development of a Tanger Outlet Center in Canada. In March 2016, the co-owners opened an approximately 28,000 square foot expansion related to an anchor tenant bringing the total square feet of the outlet center to approximately 316,000 square feet. In 2016, the co-owners commenced construction on a 39,000 square foot expansion, which opened during the second quarter of 2017.

F-31

Other properties owned by the RioCan Canada co-owners include Cookstown, Les Factoreries Saint-Sauveur and Bromont Outlet Mall. Cookstown Outlet Mall is approximately 308,000 square feet, Les Factoreries Saint-Sauveur is approximately 116,000 square feet and the Bromont Outlet Mall is approximately 161,000 square feet.

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

During 2018, 2017 and 2016, the Rio-Can joint venture recognized impairment charges related to its Bromont and Saint Sauveur properties. The impairment charges were primarily driven by, among other things, new competition in the market and changes in market capitalization rates.

The table below summarizes the impairment charges taken during 2018, 2017 and 2016 (in thousands):

Outlet Center	Impairment Charge ⁽¹⁾	
	Total	Our Share
2018 Bromont and Saint Sauveur	\$14,359	\$7,180
2017 Bromont and Saint Sauveur	18,042	9,021
2016 Bromont	5,838	2,919

(1) The fair value was determined using an income approach considering the prevailing market income capitalization rates for similar assets.

Condensed combined summary financial information of joint ventures accounted for using the equity method as of December 31, 2018 and 2017 and for the years ended December 31, 2018, 2017 and 2016 is as follows (in thousands):

Condensed Combined Balance Sheets - Unconsolidated Joint Ventures	2018	2017
Assets		
Land	\$91,443	\$95,686
Buildings, improvements and fixtures	469,834	505,618
Construction in progress	2,841	3,005
	564,118	604,309
Accumulated depreciation	(113,713)	(93,837)
Total rental property, net	450,405	510,472
Cash and cash equivalents	16,216	25,061
Deferred lease costs, net	8,437	10,985
Prepays and other assets	25,648	15,073
Total assets	\$500,706	\$561,591
Liabilities and Owners' Equity		
Mortgages payable, net	\$367,865	\$351,259
Accounts payable and other liabilities	13,414	14,680
Total liabilities	381,279	365,939
Owners' equity	119,427	195,652
Total liabilities and owners' equity	\$500,706	\$561,591

Condensed Combined Statements of Operations- Unconsolidated Joint Ventures:	Year Ended December 31,		
	2018	2017	2016
Revenues	\$94,509	\$96,776	\$106,766
Expenses:			
Property operating	37,121	36,507	39,576
General and administrative	266	350	349
Impairment charges	14,359	18,042	5,838
Depreciation and amortization	26,262	28,162	32,930
Total expenses	78,008	83,061	78,693
Other income (expense):			
Interest expense	(14,518)	(10,365)	(8,946)
Other non-operating income	234	71	6
Total other income (expense)	\$(14,284)	\$(10,294)	\$(8,940)
Net income	\$2,217	\$3,421	\$19,133
The Company and Operating Partnership's share of:			
Net income	\$924	\$1,937	\$10,872
Depreciation, amortization and asset impairments (real estate related)	\$20,494	\$22,878	\$21,829

F-33

7. Deferred Charges

Deferred lease costs and other intangibles, net as of December 31, 2018 and 2017 consist of the following (in thousands):

	2018	2017
Deferred lease costs	\$87,590	\$81,888
Intangible assets:		
Above market leases	49,869	54,763
Lease in place value	64,152	71,801
Tenant relationships	40,690	49,184
Other intangibles	48,639	49,730
	290,940	307,366
Accumulated amortization	(174,066)	(175,305)
Deferred lease costs and other intangibles, net	\$116,874	\$132,061

Below market lease intangibles, net of accumulated amortization, included in other liabilities on the consolidated balance sheets as of December 31, 2018 and 2017 were \$21.7 million and \$24.5 million, respectively.

Amortization of deferred lease costs and other intangibles, excluding above and below market leases, included in depreciation and amortization for the years ended December 31, 2018, 2017 and 2016 was \$15.1 million, \$17.8 million and \$16.8 million, respectively.

Amortization of above and below market lease intangibles recorded as an increase or (decrease) in base rentals for the years ended December 31, 2018, 2017 and 2016 was \$(2.1) million, \$(2.4) million and \$(2.8) million, respectively.

Estimated aggregate amortization of net above and below market leases and other intangibles for each of the five succeeding years is as follows (in thousands):

Year	Above/(Below) Market Leases, Net ⁽¹⁾	Deferred Lease Costs and Other Intangibles ⁽²⁾
2019	\$ 865	\$ 6,565
2020	434	5,625
2021	309	4,984
2022	286	4,640
2023	423	3,915
Total	\$ 2,317	\$ 25,729

(1) These net amounts are recorded as a reduction of base rentals.

(2) These amounts are recorded as an increase in depreciation and amortization.

8. 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 \$600.0 million. The Company also guarantees the Operating Partnership's unsecured term loan.

The Operating Partnership had the following amounts outstanding on the debt guaranteed by the Company as of December 31, 2018 and 2017 (in thousands):

	2018	2017
Unsecured lines of credit	\$145,100	\$208,100
Unsecured term loan	\$350,000	\$325,000

9. Debt of the Operating Partnership

The debt of the Operating Partnership as of December 31, 2018 and 2017 consisted of the following (in thousands):

	Stated Interest Rate(s)	Maturity Date	2018 Principal	Book Value ⁽¹⁾	2017 Principal	Book Value ⁽¹⁾
Senior, unsecured notes:						
Senior notes	3.875	% December 2023	250,000	246,664	250,000	246,036
Senior notes	3.750	% December 2024	250,000	247,765	250,000	247,410
Senior notes	3.125	% September 2026	350,000	345,669	350,000	345,128
Senior notes	3.875	% July 2027	300,000	296,565	300,000	296,182
Mortgages payable:						
Atlantic City ⁽²⁾ ⁽³⁾	5.14%-7.65%	November 2021- December 2026	34,279	36,298	37,462	39,879
Southaven	LIBOR + 1.80%	April 2021	51,400	51,173	60,000	59,881
Unsecured term loan	LIBOR + 0.90%	April 2024	350,000	346,799	325,000	322,975
Unsecured lines of credit	LIBOR + 0.875%	October 2021	145,100	141,985	208,100	206,160
			\$1,730,779	\$1,712,918	\$1,780,562	\$1,763,651

Includes premiums and net of debt discount and unamortized debt origination costs. Unamortized debt origination costs were \$14.1 million and \$12.7 million as of December 31, 2018 and 2017, respectively. Amortization of deferred debt origination costs included in interest expense for the years ended December 31, 2018, 2017 and 2016 was \$3.1 million, \$3.3 million and \$3.2 million, respectively.

(1) The effective interest rate assigned during the purchase price allocation to this assumed mortgage during the acquisition in 2011 was 5.05%.

(2) Principal and interest due monthly with remaining principal due at maturity.

Certain of our properties, which had a net book value of approximately \$182.0 million at December 31, 2018, serve as collateral for mortgages payable. We maintain unsecured lines of credit that, as of December 31, 2018, provided for borrowings of up to \$600.0 million, including a separate \$20.0 million liquidity line and a \$580.0 million syndicated line. The syndicated line may be increased up to \$1.2 billion through an accordion feature in certain circumstances. As of December 31, 2018, letters of credit totaling \$170,000 were issued under the lines of credit.

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 December 31, 2018, we believe we were in compliance with all of our debt covenants.

F-35

2018 Transactions

Increased Borrowing Capacity and Extension of Unsecured Lines of Credit

In January 2018, we closed on amendments to our unsecured lines of credit, which increased the borrowing capacity from \$520.0 million to \$600.0 million and extended the maturity date from October 2019 to October 2021, with a one-year extension option. We also reduced the interest rate spread over LIBOR from 0.90% to 0.875%, and increased the incremental borrowing availability through an accordion feature on the syndicated line from \$1.0 billion to \$1.2 billion. Loan origination costs associated with the amendments totaled approximately \$2.3 million.

Southaven Mortgage

In February 2018, the consolidated joint venture that owns the Tanger outlet center in Southaven, Mississippi amended and restated the \$60.0 million mortgage loan secured by the property that was scheduled to mature in April 2018. The amended and restated loan reduced the principal balance to \$51.4 million, increased the interest rate from LIBOR + 1.75% to LIBOR + 1.80% and extended the maturity to April 2021, with a two-year extension option. In March 2018, the consolidated joint venture entered into an interest rate swap, effective March 1, 2018, that fixed the base LIBOR rate at 2.47% on a notional amount of \$40.0 million through January 31, 2021.

Unsecured Term Loan

In October 2018, we amended and restated our unsecured term loan, increasing the size of the loan from \$325.0 million to \$350.0 million, extending the maturity from April 2021 to April 2024, and reducing the interest rate spread over LIBOR from 0.95% to 0.90%. The \$25.0 million of proceeds were used to pay down the balances outstanding under our unsecured lines of credit.

2017 Transactions

\$300.0 Million Unsecured Senior Notes due 2027

In July 2017, we completed an underwritten public offering of \$300.0 million of 3.875% senior notes due 2027 (the "2027 Notes"). The 2027 Notes priced at 99.579% of the principal amount to yield 3.926% to maturity. The 2027 Notes pay interest semi-annually at a rate of 3.875% per annum and mature on July 15, 2027. The net proceeds from the offering, after deducting the underwriting discount and offering expenses, were approximately \$295.9 million. In August 2017, we used the net proceeds from the sale of the 2027 Notes, together with borrowings under our unsecured lines of credit, to redeem all of our 6.125% senior notes due 2020 (the "2020 Notes") (approximately \$300.0 million in aggregate principal amount outstanding). The 2020 Notes were redeemed at par plus a "make-whole" premium of approximately \$34.1 million. In addition, we wrote off approximately \$1.5 million of unamortized debt discount and debt origination costs related to the 2020 Notes.

Foxwoods Debt Repayment

In November 2017, we repaid the \$70.3 million floating rate mortgage loan secured by the Foxwoods property with borrowings under its unsecured floating rate lines of credit.

2016 Transactions

Deer Park Debt Repayment

In January 2016, we repaid our \$150.0 million floating rate mortgage loan, which had an original maturity date in August 2018 and was related to our Deer Park outlet center.

Unsecured Term Note Repayment

In February 2016, we repaid our \$7.5 million unsecured term note, which had an original maturity date in August 2017. In June 2016, our \$10.0 million unsecured note payable became due and was repaid in June 2016.

F-36

Unsecured Term Loan

In April 2016, we amended our unsecured term loan to increase the size of the loan from \$250.0 million to \$325.0 million, extend the maturity date from February 2019 to April 2021, reduce the interest rate spread over LIBOR from 1.05% to 0.95%, and increase the incremental loan availability through an accordion feature from \$150.0 million to \$175.0 million.

Aggregate \$350.0 Million Unsecured Senior Notes due 2026 and Westgate Debt Repayment

In August 2016, we completed a public offering of \$250.0 million in senior notes due 2026 in an underwritten public offering. The notes were priced at 99.605% of the principal amount to yield 3.171% to maturity. In October 2016, we sold an additional \$100.0 million of our senior notes due 2026. The notes priced at 98.962% of the principal amount to yield 3.248% to maturity. The notes pay interest semi-annually at a rate of 3.125% per annum and mature on September 1, 2026. The aggregate net proceeds from the offerings, after deducting the underwriting discount and offering expenses, were approximately \$344.5 million. We used the net proceeds from the sale of the notes to repay a \$62.0 million floating rate mortgage loan related to the outlet center in Glendale (Westgate), Arizona, repay borrowings under our unsecured lines of credit, and for general corporate purposes.

Savannah Debt Repayment

At the time of acquisition, the Savannah outlet center was subject to a \$96.9 million mortgage loan, with an interest rate of LIBOR + 1.65% and maturity date in May 2017. In September 2016, we repaid the mortgage loan with borrowings under our unsecured lines of credit.

Debt Maturities

Maturities of the existing long-term debt as of December 31, 2018 for the next five years and thereafter are as follows (in thousands):

Calendar Year	Amount
2019	\$3,370
2020	3,566
2021	202,293
2022	4,436
2023	254,768
Thereafter	1,262,346
Subtotal	1,730,779
Net discount and debt origination costs	(17,861)
Total	\$ 1,712,918

10. Deferred Financing Obligation

In September 2015, the noncontrolling interest in our outlet center in Deer Park, New York exercised its right to require us to acquire their ownership interest in the property for \$28.4 million. We closed on the transaction in January 2016 and repaid the deferred financing obligation.

11. Derivative Financial Instruments

The following table summarizes the terms and fair values of our derivative financial instruments, as well as their classifications within the consolidated balance sheets as of December 31, 2018 and 2017 (notional amounts and fair values in thousands):

Effective Date	Maturity Date	Notional Amount	Bank Pay Rate	Company Average Fixed Pay Rate	Fair Value	
					2018	2017
Assets (Liabilities) ⁽¹⁾ :						
November 14, 2013	August 14, 2018	\$150,000	1 month LIBOR	1.30 %	\$—	\$326
April 13, 2016	January 1, 2021	175,000	1 month LIBOR	1.03 %	4,948	5,207
March 1, 2018	January 31, 2021	40,000	1 month LIBOR	2.47 %	(6)	—
August 14, 2018	January 1, 2021	150,000	1 month LIBOR	2.20 %	807	(188)
Total					\$5,749	\$5,345

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

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

The effective portion of changes in the fair value of derivatives designated and qualifying as cash flow hedges is recorded in accumulated other comprehensive loss and subsequently reclassified into earnings in the period that the hedged forecasted transaction affects earnings. The ineffective portion of the change in fair value of the derivative, if significant, is recognized directly in earnings. For the years ended December 31, 2018, 2017 and 2016, the ineffective portion was not significant.

The following table represents the effect of the derivative financial instruments on the accompanying consolidated financial statements for the years ended December 31, 2018, 2017 and 2016, respectively (in thousands):

	2018	2017	2016
Interest Rate Swaps (Effective Portion):			
Amount of gain recognized in OCI	\$405	\$1,351	\$4,609

12. Fair Value Measurements

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

Tier Description

Level 1 Observable inputs such as quoted prices in active markets

Level 2 Inputs other than quoted prices in active markets that are either directly or indirectly observable

Level 3 Unobservable inputs in which little or no market data exists, therefore requiring an entity to develop its own assumptions

Fair Value Measurements on a Recurring Basis

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

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

	Total	Level 1 Quoted Prices in Active Markets for Identical Assets or Liabilities	Level 2 Significant Observable Inputs	Level 3 Significant Unobservable Inputs
Fair value as of December 31, 2017:				
Assets:				
Interest rate swaps (prepaids and other assets)	\$5,533	\$	—\$ 5,533	\$ —
Total assets	\$5,533	\$	—\$ 5,533	\$ —
Liabilities:				

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Interest rate swaps (other liabilities)	\$188	\$	—\$ 188	\$	—
Total liabilities	\$188	\$	—\$ 188	\$	—

F-39

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

Fair Value Measurements on a Nonrecurring Basis

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

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

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

Other Fair Value Disclosures

The estimated fair value and recorded value of our debt as of December 31, 2018 and 2017 were as follows (in thousands):

	2018	2017
Level 1 Quoted Prices in Active Markets for Identical Assets or Liabilities	\$—	\$—
Level 2 Significant Observable Inputs	1,085,138	1,139,064
Level 3 Significant Unobservable Inputs	583,337	636,476
Total fair value of debt	\$1,668,475	\$1,775,540
Recorded value of debt	\$1,712,918	\$1,763,651

Our senior unsecured notes are publicly-traded which provides quoted market rates. However, due to the limited trading volume of these notes, we have classified these instruments as Level 2 in the hierarchy. Our other debt is classified as Level 3 given the unobservable inputs utilized in the valuation. Our unsecured term loan, unsecured lines of credit and variable interest rate mortgages are all LIBOR based instruments. When selecting the discount rates for

purposes of estimating the fair value of these instruments, we evaluated the original credit spreads and do not believe that the use of them differs materially from current credit spreads for similar instruments and therefore the recorded values of these debt instruments is considered their fair value.

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

F-40

13. Shareholders' Equity of the Company

As discussed in Note 14, each Class A common limited partnership unit is exchangeable for one common share of the Company. The following table sets forth the number of Class A common limited partnership units exchanged for an equal number of common shares for the years ended December 31, 2018, 2017 and 2016:

	2018	2017	2016
Exchange of Class A limited partnership units	34,749	32,348	24,962

Share Repurchase Program

In May 2017, the Company announced that our Board of Directors authorized the repurchase of up to \$125.0 million of its outstanding common shares as market conditions warrant over a period commencing on May 19, 2017 and expiring on May 18, 2019. Repurchases may be made from time to time through open market, privately-negotiated, structured or derivative transactions (including accelerated share repurchase transactions), or other methods of acquiring shares. The Company intends to structure open market purchases to occur within pricing and volume requirements of Rule 10b-18. The Company may, from time to time, enter into Rule 10b5-1 plans to facilitate the repurchase of its shares under this authorization.

Shares repurchased during the years ended December 31, 2018 and 2017 were as follows:

	Year Ended December 31,	
	2018	2017
Total number of shares purchased	919,249	1,911,585
Average price paid per share	\$21.74	\$25.80
Total price paid exclusive of commissions and related fees (in thousands)	\$19,980	\$49,324

The remaining amount authorized to be repurchased under the program as of December 31, 2018 was approximately \$55.7 million.

14. Partners' Equity of the Operating Partnership

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

The following table sets forth the changes in outstanding partnership units for the years ended December 31, 2018, 2017 and 2016:

	General partnership units	Limited Partnership Units		
		Class A	Class B	Total
Balance December 31, 2015	1,000,000	5,052,743	94,880,825	99,933,568
Units withheld for employee income taxes	—	—	(66,760)	(66,760)
Exchange of Class A limited partnership units	—	(24,962)	24,962	—
Grant of restricted common share awards by the Company, net of forfeitures	—	—	173,124	173,124
Issuance of deferred units	—	—	24,040	24,040
Units issued upon exercise of options	—	—	59,700	59,700
Balance December 31, 2016	1,000,000	5,027,781	95,095,891	100,123,672
Units withheld for employee income taxes	—	—	(69,886)	(69,886)
Exchange of Class A limited partnership units	—	(32,348)	32,348	—
Grant of restricted common share awards by the Company, net of forfeitures	—	—	411,968	411,968
Repurchase of units	—	—	(1,911,585)	(1,911,585)
Units issued upon exercise of options	—	—	1,800	1,800
Balance December 31, 2017	1,000,000	4,995,433	93,560,536	98,555,969
Units withheld for employee income taxes	—	—	(89,437)	(89,437)
Exchange of Class A limited partnership units	—	(34,749)	34,749	—
Grant of restricted common share awards by the Company, net of forfeitures	—	—	355,184	355,184
Repurchase of units	—	—	(919,249)	(919,249)
Balance December 31, 2018	1,000,000	4,960,684	92,941,783	97,902,467

15. Noncontrolling Interests

Noncontrolling interests in the Operating Partnership relate to the interests in the Operating Partnership owned by Non-Company LPs as discussed in Note 2. 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.

In 2018 and 2017, adjustments of the noncontrolling interest in the Operating Partnership were made as a result of the changes in the Company's ownership of the Operating Partnership from additional units received in connection with the Company's issuance of common shares upon the exercise of options and grants of share-based compensation awards, additional units received upon the exchange of Class A common limited partnership units of the Operating Partnership into an equal number of common shares of the Company, and units repurchased by the Operating Partnership as a result of the Company's repurchase of its outstanding common shares. As discussed in Note 13, for the years ended December 31, 2018 and 2017, Non-Company LPs exchanged 34,749 and 32,348 Class A common limited partnership units of the Operating Partnership, respectively, for an equal number of common shares of the Company. In addition, for the years ended December 31, 2018 and 2017, the Company repurchased approximately 919,249 and 1.9 million common shares, respectively, on the open market and the Operating Partnership repurchased an equal number of units held by the Company.

The changes in the Company's ownership interests in the subsidiaries impacted consolidated equity during the periods shown as follows (in thousands):

	2018	2017
Net income attributable to Tanger Factory Outlet Centers, Inc.	\$43,655	\$68,002
Increase in Tanger Factory Outlet Centers, Inc. paid-in-capital adjustments to noncontrolling interests	322	1,630
Changes from net income attributable to Tanger Factory Outlet Centers, Inc. and transfers from noncontrolling interest	\$43,977	\$69,632

16. Earnings Per Share of the Company

The following table sets forth a reconciliation of the numerators and denominators in computing earnings per share for the years ended December 31, 2018, 2017 and 2016 (in thousands, except per share amounts):

	2018	2017	2016
Numerator			
Net income attributable to Tanger Factory Outlet Centers, Inc.	\$43,655	\$68,002	\$193,744
Less allocation of earnings to participating securities	(1,211)	(1,209)	(1,926)
Net income available to common shareholders of Tanger Factory Outlet Centers, Inc.	\$42,444	\$66,793	\$191,818
Denominator			
Basic weighted average common shares	93,309	94,506	95,102
Effect of notional units	—	—	175
Effect of outstanding options and certain restricted common shares	1	16	68
Diluted weighted average common shares	93,310	94,522	95,345
Basic earnings per common share:			
Net income	\$0.45	\$0.71	\$2.02
Diluted earnings per common share:			
Net income	\$0.45	\$0.71	\$2.01

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

Notional units granted under our equity compensation plan are considered contingently issuable common shares and are included in earnings per share if the effect is dilutive using the treasury stock method and the common shares would be issuable if the end of the reporting period were the end of the contingency period. For the years ended December 31, 2018, 2017, and 2016, approximately 1.0 million, 603,000 and 501,000 units were excluded from the computation, respectively, because these units would not have been issuable if the end of the reporting period were the end of the contingency period or because they were anti-dilutive.

With respect to outstanding options, the effect of dilutive common shares is determined using the treasury stock method whereby outstanding options are assumed exercised at the beginning of the reporting period and the exercise proceeds from such options and the average measured but unrecognized compensation cost during the period are assumed to be used to repurchase our common shares at the average market price during the period. For the years ended December 31, 2018, 2017 and 2016, approximately 535,000, 169,000 and 141,000 options were excluded from the computation, respectively, as they were anti-dilutive. The assumed exchange of the partnership units held by the Non-Company LPs as of the beginning of the year, which would result in the elimination of earnings allocated to the noncontrolling interest in the Operating Partnership, would have no impact on earnings per share since the allocation of earnings to a common limited partnership unit, as if exchanged, is equivalent to earnings allocated to a common share.

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

17. Earnings Per Unit of the Operating Partnership

The following table sets forth a reconciliation of the numerators and denominators in computing earnings per unit for the years ended December 31, 2018, 2017 and 2016 (in thousands, except per unit amounts):

	2018	2017	2016
Numerator			
Net income attributable to partners of the Operating Partnership	\$45,984	\$71,611	\$204,031
Allocation of earnings to participating securities	(1,211)	(1,209)	(1,928)
Net income available to common unitholders of the Operating Partnership	\$44,773	\$70,402	\$202,103
Denominator			
Basic weighted average common units	98,302	99,533	100,155
Effect of notional units	—	—	175
Effect of outstanding options and certain restricted common units	1	16	68
Diluted weighted average common units	98,303	99,549	100,398
Basic earnings per common unit:			
Net income	\$0.45	\$0.71	\$2.02
Diluted earnings per common unit:			
Net income	\$0.45	\$0.71	\$2.01

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

Notional units granted under our equity compensation plan are considered contingently issuable common units and are included in earnings per unit if the effect is dilutive using the treasury stock method and the common shares would be issuable if the end of the reporting period were the end of the contingency period. For the years ended December 31, 2018, 2017, and 2016, approximately 1.0 million, 603,000 and 501,000 units were excluded from the computation, respectively, because these units would not have been issuable if the end of the reporting period were the end of the contingency period or because they were anti-dilutive. 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.

With respect to outstanding options, the effect of dilutive common units is determined using the treasury stock method, whereby outstanding options are assumed exercised at the beginning of the reporting period and the exercise proceeds from such options and the average measured but unrecognized compensation cost during the period are assumed to be used to repurchase our common units at the average market price during the period. The market price of a common unit is considered to be equivalent to the market price of a Company common share. For the years ended December 31, 2018, 2017 and 2016, approximately 535,000, 169,000 and 141,000 options were excluded from the computation, respectively.

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

18. Equity-Based Compensation

When a common share is issued by the Company, the Operating Partnership issues one corresponding unit of partnership interest to the Company's wholly-owned subsidiaries. Therefore, when the Company grants an equity based award, the Operating Partnership treats each award as having been granted by the Operating Partnership. In the discussion below, the term "we" refers to the Company and the Operating Partnership together and the term "shares" is meant to also include corresponding units of the Operating Partnership.

We may issue up to 15.4 million common shares under the Plan. Shares remaining available for future issuance totaled approximately 849,000 common shares. The amount and terms of the awards granted under the Plan were determined by the Board of Directors (or the Compensation Committee of the Board of Directors).

We recorded equity-based compensation expense in general and administrative expenses in the consolidated statements of operations for the years ended December 31, 2018, 2017 and 2016, respectively, as follows (in thousands):

	2018	2017	2016
Restricted common shares	\$9,870	\$9,395	\$10,976
Notional unit performance awards	4,356	3,913	3,967
Options	443	277	376
Total equity-based compensation	\$14,669	\$13,585	\$15,319

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

	2018	2017	2016
Equity-based compensation expense capitalized	\$1,131	\$1,044	\$985

As of December 31, 2018, there was \$22.1 million of total unrecognized compensation cost related to unvested common equity-based compensation arrangements granted under the Plan. That cost is expected to be recognized over a weighted-average period of 2.1 years.

Restricted Common Share and Restricted Share Unit Awards

During 2018, 2017 and 2016, the Company granted approximately 407,000, 253,000 and 287,000 restricted common shares and restricted share units, respectively, to the independent directors and the senior executive officers. The non-employee directors' restricted common shares generally vest ratably over a three year period and the senior executive officers' restricted common shares (other than our chief executive officer's) generally vest ratably over periods ranging from three to five years. For the restricted shares and units issued to our chief executive officer during 2018, 2017 and 2016, the award agreements generally require him to hold the shares or units issued to him for a minimum of three years following each applicable vesting date or the share issuance date, as applicable.

Compensation expense related to the amortization of the deferred compensation is being recognized in accordance with the vesting schedule of the restricted shares and units. For all of the restricted common share and unit awards described above, the grant date fair value of the awards were determined based upon the closing market price of the Company's common shares on the day prior to the grant date.

The following table summarizes information related to unvested restricted common shares and restricted share units outstanding for the years ended December 31, 2018, 2017, and 2016:

Unvested Restricted Common Shares and Units	Number of shares	Weighted average grant date fair value
Outstanding at December 31, 2015	1,085,995	\$ 31.84
Granted	286,524	29.64
Vested	(388,851)	31.30
Forfeited	(104,400)	34.13
Outstanding at December 31, 2016	879,268	\$ 31.09
Granted	253,431	33.07
Vested	(368,043)	29.87
Forfeited	(14,750)	34.39
Outstanding at December 31, 2017	749,906	\$ 32.30
Granted ⁽¹⁾	407,156	21.13
Vested	(314,982)	31.43
Forfeited	—	—
Outstanding at December 31, 2018	842,080	\$ 27.56

(1) Includes 44,452 restricted share units.

The table above excludes restricted common shares earned under the 2014 Outperformance Plan. In connection with the 2014 Outperformance Plan, we issued approximately 184,000 restricted common shares in January 2017, with approximately 94,000 vesting immediately and the remaining 90,000 vesting in January 2018, contingent upon continued employment with the Company through the vesting date (unless terminated prior thereto (a) by the Company without cause, (b) by participant for good reason or (c) due to death or disability).

The total value of restricted common shares vested during the years ended 2018, 2017 and 2016 was \$9.2 million, \$12.4 million and \$12.7 million, respectively. During 2018, 2017 and 2016, we withheld shares with value equivalent to the employees' minimum statutory obligation for the applicable income and other employment taxes, and remitted the cash to the appropriate taxing authorities. The total number of shares withheld were approximately 89,000, 70,000 and 67,000 for 2018, 2017 and 2016, respectively, and were based on the value of the restricted common shares on the vesting date as determined by our closing share price on the day prior to the vesting date. Total amounts paid for the employees' tax obligation to taxing authorities were \$2.1 million, \$2.4 million and \$2.2 million for 2018, 2017 and 2016, respectively, which are reflected as a financing activity within the consolidated statements of cash flows.

Notional Unit Performance Awards

Outperformance Plan

Each year, the Compensation Committee of Tanger Factory Outlet Centers, Inc. approves the terms and the number of awards to be granted under the Tanger Factory Outlet Centers, Inc. Outperformance Plan (the "OPP"). The OPP is a long-term incentive compensation plan. Recipients may earn units which may convert, subject to the achievement of the goals described below, into restricted common shares of the Company based on the Company's absolute share price appreciation (or absolute total shareholder return) and its share price appreciation relative to its peer group (or relative total shareholder return) over a three-year measurement period. For all recipients (other than our chief executive officer), any shares earned at the end of the three-year measurement period are subject to a time-based vesting schedule, with 50% of the shares vesting immediately following the measurement period, and the remaining 50% vesting one year thereafter, contingent upon continued employment with the Company through the vesting date (unless terminated prior thereto (a) by the Company without cause, (b) by participant for good reason or (c) due to death or disability). For our chief executive officer, any shares earned at the end of the three-year measurement period remain subject to a time-based vesting schedule and are issued following vesting, with 50% of the shares vesting immediately following issuance, and the remaining 50% vesting one year thereafter, contingent upon continued employment with the Company through the vesting dates (unless terminated prior thereto (a) by the Company without cause, (b) by participant for good reason or due to retirement or (c) due to death or disability).

The following table sets forth OPP performance targets and other relevant information about each plan:

	2018 OPP ⁽¹⁾	2017 OPP ⁽²⁾	2016 OPP ⁽²⁾	2015 OPP ^{(2),(3)}	2014 OPP ^{(2),(4)}
Performance targets					
Absolute portion of award:					
Percent of total award	33%	50%	50%	60%	70%
Absolute total shareholder return range	19.1% - 29.5%	18% - 35%	18% - 35%	25% - 35%	25% - 35%
Percentage of units to be earned	20%-100%	20%-100%	20%-100%	33%-100%	33%-100%
Relative portion of award:					
Percent of total award	67%	50%	50%	40%	30%
Percentile rank of peer group range	30th - 80th	40th - 70th	40th - 70th	50th - 70th	50th - 70th
Percentage of units to be earned	20%-100%	20%-100%	20%-100%	33%-100%	33%-100%
Maximum number of restricted common shares that may be earned	409,972	296,400	321,900	306,600	329,700
Grant date fair value per share	\$ 12.42	\$ 16.60	\$ 15.10	\$ 15.85	\$ 14.71

(1) The number of restricted common shares received under the 2018 OPP will be determined on a pro-rata basis by linear interpolation between total shareholder return thresholds, both for absolute total shareholder return and for relative total shareholder return amongst the Company's peer group. The peer group is based on companies included in the FTSE NAREIT Retail Index.

(2) The performance shares for the 2017, 2016, 2015 and 2014 OPP will convert on a pro-rata basis by linear interpolation between share price appreciation thresholds, both for absolute total shareholder return and for relative total shareholder return. The share price for the purposes of calculation of share price appreciation will be adjusted on a penny-for-penny basis with respect to any dividend payments made during the measurement period. The peer group is based on companies included in the SNL Equity REIT index.

(3)

On December 31, 2017, the measurement period for the 2015 OPP expired and neither of the Company's absolute nor relative total shareholder returns were sufficient for employees to earn, and therefore become eligible to vest in, any restricted shares under the plan. Accordingly, all 2015 OPP performance awards were automatically forfeited.

On December 31, 2016, the measurement period for the 2014 OPP expired. Based on the Company's absolute total shareholder return over the three-year measurement period, we issued 184,000 restricted common shares in January 2017, with 94,000 vesting immediately and the remaining 90,000 vesting in January one year thereafter, contingent (4) upon continued employment with the Company through the vesting date (unless terminated prior thereto (a) by the Company without cause, (b) by participant for good reason or (c) due to death or disability). Our relative total shareholder return for the 2014 OPP did not meet the minimum share price appreciation and no shares were earned under this component of the 2014 OPP.

F-48

The fair values of the OPP awards granted during the years ended December 31, 2018, 2017, and 2016 were determined at the grant dates using a Monte Carlo simulation pricing model and the following assumptions:

	2018	2017	2016
Risk free interest rate ⁽¹⁾	2.40%	1.52%	1.05%
Expected dividend yield ⁽²⁾	4.8 %	3.4 %	3.1 %
Expected volatility ⁽³⁾	27 %	19 %	21 %

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

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

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

The following table sets forth OPP activity for the years ended December 31, 2018, 2017, and 2016:

Unvested OPP Awards	Number of units	Weighted average grant date fair value
Outstanding as of December 31, 2015	544,300	\$ 15.26
Awarded	321,900	15.10
Forfeited	(107,024)	14.77
Outstanding as of December 31, 2016	759,176	\$ 15.36
Awarded	296,400	16.60
Earned ⁽¹⁾	(184,455)	14.71
Forfeited	(267,710)	15.84
Outstanding as of December 31, 2017	603,411	\$ 15.83
Awarded	409,972	12.42
Earned	—	—
Forfeited	—	—
Outstanding as of December 31, 2018	1,013,383	\$ 14.44

(1) Represents the units under the 2014 OPP that are no longer outstanding and have been settled in restricted common shares.

Option Awards

Options outstanding at December 31, 2018 had the following weighted average exercise prices and weighted average remaining contractual lives:

Options Outstanding				Options Exercisable	
Exercise prices	Options	Weighted average exercise price	Weighted remaining contractual life in years	Options	Weighted average exercise price
\$21.94	306,000	\$ 21.94	9.20	—	\$ —
\$26.06	61,700	26.06	2.15	61,700	26.06
\$32.02	166,800	32.02	5.00	128,100	32.02
	534,500	\$ 25.56	7.08	189,800	\$ 30.08

F-49

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A summary of option activity under the Plan for the years ended December 31, 2018, 2017, and 2016 (aggregate intrinsic value amount in thousands):

Options	Shares	Weighted-average exercise price	Weighted-average remaining contractual life in years	Aggregate intrinsic value
Outstanding as of December 31, 2015	318,400	\$ 30.32		
Granted	—	—		
Exercised	(59,700)	29.31		
Forfeited	(16,500)	31.86		
Outstanding as of December 31, 2016	242,200	\$ 30.46	6.26	\$ 1,287
Granted	—	—		
Exercised	(1,800)	29.70		
Forfeited	(9,200)	31.83		
Outstanding as of December 31, 2017	231,200	\$ 30.42	5.24	\$ 28
Granted	331,000	21.94		
Exercised	—	—		
Forfeited	(27,700)	22.62		
Outstanding as of December 31, 2018	534,500	\$ 25.56	7.08	\$ —
Vested and Expected to Vest as of December 31, 2018	492,889	\$ 25.87	6.90	\$ —
Exercisable as of December 31, 2018	189,800	\$ 30.08	4.08	\$ —

During February 2018, the Company granted 331,000 options to non-executive employees of the Company. The exercise price of the options granted during the first quarter of 2018 was \$21.94 per share which equaled the closing market price of the Company's common shares on the day prior to the grant date. The options expire 10 years from the date of grant and 20% of the options become exercisable in each of the first five years commencing one year from the date of grant. The fair value of each option grant is estimated on the date of grant using the Black-Scholes option pricing model, which resulted in a weighted average grant date fair value per share of \$3.62 and included the following weighted-average assumptions: expected dividend yield 6.24%; expected life of 7.1 years; expected volatility of 32.47%; a risk-free rate of 2.8%; and forfeiture rates of 3.0% to 10.0% dependent upon the employee's position within the Company. There were no options exercised in 2018. The total intrinsic value of options exercised during the years ended December 31, 2017 and 2016 was \$8,000 and \$469,000, respectively.

401(k) Retirement Savings Plan

We have a 401(k) Retirement Savings Plan covering substantially all employees who meet certain age and employment criteria. An employee may invest pretax earnings in the 401(k) plan up to the maximum legal limits (as defined by Federal regulations). This plan allows participants to defer a portion of their compensation and to receive matching contributions for a portion of the deferred amounts. During the years ended December 31, 2018, 2017 and 2016, we contributed approximately \$872,000, \$862,000 and \$828,000, respectively, to the 401(k) Retirement Savings Plan.

F-50

19. Accumulated Other Comprehensive Loss of the Company

The following table presents changes in the balances of each component of accumulated comprehensive income (loss) for the years ended December 31, 2018, 2017, and 2016 (in thousands):

	Tanger Factory Outlet Centers, Inc. Accumulated Other Comprehensive Income (Loss)			Noncontrolling Interest in Operating Partnership Accumulated Other Comprehensive (Income) Loss		
	Foreign currency	Cash flow hedges	Total	Foreign currency	Cash flow hedges	Total
Balance December 31, 2015	\$(36,130)	\$(585)	\$(36,715)	\$(1,956)	\$(31)	\$(1,987)
Other comprehensive income before reclassifications	4,043	2,539	6,582	216	135	351
Reclassification out of accumulated other comprehensive income into interest expense	—	1,838	1,838	—	97	97
Balance December 31, 2016	(32,087)	3,792	(28,295)	(1,740)	201	(1,539)
Other comprehensive income before reclassifications	7,727	1,020	8,747	411	55	466
Reclassification out of accumulated other comprehensive income into interest expense	—	263	263	—	13	13
Balance December 31, 2017	(24,360)	5,075	(19,285)	(1,329)	269	(1,060)
Other comprehensive income (loss) before reclassifications	(8,250)	2,335	(5,915)	(441)	126	(315)
Reclassification out of accumulated other comprehensive income into interest expense	—	(1,951)	(1,951)	—	(105)	(105)
Balance December 31, 2018	\$(32,610)	\$5,459	\$(27,151)	\$(1,770)	\$290	\$(1,480)

We expect within the next twelve months to reclassify into earnings as a decrease to interest expense approximately \$2.9 million of the amounts recorded within accumulated other comprehensive income related to the interest rate swap agreements in effect and as of December 31, 2018.

20. Accumulated Other Comprehensive Loss of the Operating Partnership

The following table presents changes in the balances of each component of accumulated comprehensive income (loss) for the years ended December 31, 2018, 2017, and 2016 (in thousands):

	Foreign currency	Cash flow hedges	Accumulated other comprehensive income (loss)
Balance December 31, 2015	\$(38,086)	\$(616)	\$(38,702)
Other comprehensive income before reclassifications	4,259	2,674	6,933
Reclassification out of accumulated other comprehensive income into interest expense	—	1,935	1,935
Balance December 31, 2016	(33,827)	3,993	(29,834)
Other comprehensive income before reclassifications	8,138	1,075	9,213
Reclassification out of accumulated other comprehensive income into interest expense	—	276	276
Balance December 31, 2017	(25,689)	5,344	(20,345)
Other comprehensive income (loss) before reclassifications	(8,691)	2,461	(6,230)
Reclassification out of accumulated other comprehensive income into interest expense	—	(2,056)	(2,056)
Balance December 31, 2018	\$(34,380)	\$5,749	\$(28,631)

We expect within the next twelve months to reclassify into earnings as a decrease to interest expense approximately \$2.9 million of the amounts recorded within accumulated other comprehensive income related to the interest rate swap agreements in effect and as of December 31, 2018.

21. Supplementary Income Statement Information

The following amounts are included in property operating expenses for the years ended December 31, 2018, 2017 and 2016 (in thousands):

	2018	2017	2016
Advertising and promotion	\$27,066	\$29,046	\$29,108
Common area maintenance	73,367	71,195	70,616
Real estate taxes	32,836	30,695	28,542
Other operating expenses	27,188	24,299	23,751
	\$160,457	\$155,235	\$152,017

22. Lease Agreements

As of December 31, 2018, we were the lessor to over 2,600 stores in our 36 consolidated outlet centers, under operating leases with initial terms that expire from 2019 to 2033. Future minimum lease receipts under non-cancelable operating leases as of December 31, 2018, excluding the effect of straight-line rent and percentage rentals, are as follows (in thousands):

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

23. Commitments and Contingencies

Commitments and Contingencies of Consolidated Properties

Leases and capital expenditure commitments

Our non-cancelable operating leases, with initial terms in excess of one year, have terms that expire from 2019 to 2101. Annual rental payments for these leases totaled approximately \$7.2 million, \$7.1 million and \$7.0 million, for the years ended December 31, 2018, 2017 and 2016, respectively. The majority of our rental payments are related to ground leases at the following outlet centers: Myrtle Beach Hwy 17, Atlantic City, Ocean City, Sevierville, Riverhead, Foxwoods and Rehoboth Beach.

Minimum lease payments for the next five years and thereafter are as follows (in thousands):

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

Commitments to complete construction of our ongoing capital projects and other capital expenditure requirements amounted to approximately \$9.8 million at December 31, 2018.

Litigation

We are also subject to legal proceedings and claims, which arise from time to time in the ordinary course of our business and have not been finally adjudicated. In our opinion, the ultimate resolution of these matters is not expected to have a material effect on our consolidated financial statements. We record a liability in our consolidated financial statements for these matters when a loss is known or considered probable and the amount can be reasonably estimated. We review these estimates each accounting period as additional information is known and adjust the loss provision when appropriate. If a matter is both probable to result in a liability and the amounts of loss can be reasonably estimated, we estimate and disclose the possible loss or range of loss to the extent necessary to make the consolidated

financial statements not misleading. If the loss is not probable or cannot be reasonably estimated, a liability is not recorded in our consolidated financial statements.

F-53

Employment Agreements

We are party to employment agreements with certain executives that provide for compensation and certain other benefits. The agreements also provide for severance payments under certain circumstances.

Commitments and Contingencies of Unconsolidated Properties

Capital expenditure commitments

Contractual commitments for ongoing capital projects and other capital expenditure requirements related to our unconsolidated joint ventures amounted to approximately \$4.4 million at December 31, 2018, of which our portion was approximately \$2.2 million. Contractual commitments represent only those costs subject to contracts which are legal binding agreements as of December 31, 2018 and do not necessarily represent the total cost to complete the projects.

Debt

We provide guarantees to lenders for our joint ventures which include standard non-recourse carve out indemnifications for losses arising from items such as but not limited to fraud, physical waste, payment of taxes, environmental indemnities, misapplication of insurance proceeds or security deposits and failure to maintain required insurance. For construction and mortgage loans, we may include a guaranty of completion as well as a principal guaranty ranging from 5% to 100% of principal. The principal guarantees include terms for release based upon satisfactory completion of construction and performance targets including occupancy thresholds and minimum debt service coverage tests. Our joint ventures may contain make whole provisions in the event that demands are made on any existing guarantees. As of December 31, 2018, the maximum amount of joint venture debt guaranteed by the Company is \$19.3 million.

24. Subsequent Events

Dividends

In January 2019, the Company's Board of Directors declared a \$0.35 cash dividend per common share payable on February 15, 2019 to each shareholder of record on January 31, 2019, and the Trustees of Tanger GP Trust declared a \$0.35 cash distribution per Operating Partnership unit to the Operating Partnership's unitholders.

In February 2019, the Company's Board of Directors declared a \$0.355 cash dividend per common share payable on May 15, 2019 to each shareholder of record on April 30, 2019, and the Trustees of Tanger GP Trust declared a \$0.355 cash distribution per Operating Partnership unit to the Operating Partnership's unitholders.

Notional Unit Performance Awards

In February 2019, the Compensation Committee of the Company approved the general terms of the Tanger Factory Outlet Centers, Inc. 2019 Outperformance Plan (the "2019 OPP"). The 2019 OPP is a long-term incentive compensation plan. Recipients may earn units which may convert, into restricted common shares of the Company based on the Company's absolute share price appreciation (or absolute total shareholder return) and its share price appreciation relative to its peer group (or relative total shareholder return) over a three-year measurement period. Any shares earned at the end of the three-year measurement period are subject to a time-based vesting schedule, with 50% of the shares vesting immediately following the measurement period, and the remaining 50% vesting one year thereafter, contingent upon continued employment with the Company through the vesting date (unless terminated

prior thereto (a) by the Company without cause, (b) by participant for good reason or (c) due to death or disability). For our chief executive officer, any shares earned at the end of the three-year measurement period remain subject to a time-based vesting schedule and are issued following vesting, with 50% of the shares vesting immediately following issuance, and the remaining 50% vesting one year thereafter, contingent upon continued employment with the Company through the vesting dates (unless terminated prior thereto (a) by the Company without cause, (b) by participant for good reason or due to retirement or (c) due to death or disability).

F-54

Share repurchase program

In February 2019, the Company's Board of Directors authorized the repurchase of up to an additional \$44.3 million of its outstanding common shares, in addition to approximately \$55.7 million remaining available under the prior share repurchase authorization for a total authorized amount of \$100.0 million. The Board of Directors also extended the expiration of the existing plan by two years to May 2021.

25. Quarterly Financial Data of the Company (Unaudited)

The following table sets forth the Company's summarized quarterly financial information for the years ended December 31, 2018 and 2017 (unaudited and in thousands, except per common share data)⁽¹⁾. This information is not required for the Operating Partnership:

	Year Ended December 31, 2018 ⁽¹⁾			
	First Quarter	Second Quarter	Third Quarter ⁽²⁾	Fourth Quarter ⁽³⁾
Total revenues	\$123,535	\$119,711	\$124,236	\$127,199
Net income (loss)	23,685	24,290	(23,031)	20,619
Income (loss) attributable to Tanger Factory Outlet Centers, Inc.	22,838	22,969	(21,859)	19,707
Income (loss) available to common shareholders of Tanger Factory Outlet Centers, Inc.	\$22,575	\$22,656	\$(22,172)	\$19,385
Basic earnings per common share:				
Net income (loss)	\$0.24	\$0.24	\$(0.24)	\$0.21
Diluted earnings per common share:				
Net income (loss)	\$0.24	\$0.24	\$(0.24)	\$0.21

(1) Quarterly amounts may not add to annual amounts due to the effect of rounding on a quarterly basis.

(2) In the third quarter of 2018, net income includes a \$49.7 million impairment charge related to our Jeffersonville, Ohio outlet center.

(3) In the fourth quarter of 2018, net income includes a \$7.2 million impairment charge, associated with our RioCan Canada unconsolidated joint ventures.

	Year Ended December 31, 2017 ⁽¹⁾			
	First Quarter	Second Quarter ⁽²⁾	Third Quarter ⁽³⁾	Fourth Quarter
Total revenues	\$ 121,368	\$ 119,614	\$ 120,765	\$ 126,487
Net income (loss)	23,514	30,947	(16,034)	33,449
Income (loss) attributable to Tanger Factory Outlet Centers, Inc.	22,336	29,390	(15,219)	31,495
Income (loss) available to common shareholders of Tanger Factory Outlet Centers, Inc.	\$22,041	\$ 29,084	\$(15,525)	\$31,193
Basic earnings per common share :				
Net income (loss)	\$0.23	\$0.31	\$(0.17)	\$0.33
Diluted earnings per common share:				
Net income (loss)	\$0.23	\$0.31	\$(0.17)	\$0.33
(1) Quarterly amounts may not add to annual amounts due to the effect of rounding on a quarterly basis.				
(2) In the second quarter of 2017, net income includes a \$6.9 million gain on the sale of our outlet center in Westbrook, Connecticut.				
(3) In the third quarter of 2017, net income includes a \$35.6 million loss on early extinguishment of debt related to the early redemption of senior notes due 2020 and a \$9.0 million impairment charge, associated with our RioCan Canada unconsolidated joint ventures.				

TANGER FACTORY OUTLET CENTERS, INC. AND SUBSIDIARIES
TANGER PROPERTIES LIMITED PARTNERSHIP AND SUBSIDIARIES
SCHEDULE III - REAL ESTATE AND ACCUMULATED DEPRECIATION
For the Year Ended December 31, 2018 (in thousands)

Description		Initial cost to Company	Costs Capitalized Subsequent to Acquisition (Improvements) ⁽¹⁾	Gross Amount Carried at Close of Period December 31, 2018 ⁽²⁾					
Outlet Center Name	Location	Encum-brance ⁽³⁾	Buildings, Land & Fixtures	Buildings, Land & Fixtures	Buildings, Land & Fixtures	Total	Accumulated Depreciation ⁽¹⁾	Date of Construction or Acquisition	Life Used to Compute Depreciation in Income Statement
Atlantic City	Atlantic City, NJ	\$36,298	\$125,988	\$-6,191	\$132,179	\$132,179	\$32,806	2011 ⁽⁵⁾	(4)
Blowing Rock	Blowing Rock, NC	—	1,962	—8,822	1,962	20,209	10,627	1997 ⁽⁵⁾	(4)
Branson	Branson, MO	—	4,267	396	4,663	53,558	31,565	1994	(4)
Charleston	Charleston, SC	—	10,837	—15,127	10,837	74,357	30,701	2006	(4)
Commerce	Commerce, GA	—	1,262	707	1,969	51,926	33,105	1995	(4)
Daytona Beach	Daytona Beach, FL	—	9,803	—791	9,813	91,314	10,087	2016	(4)
Deer Park	Deer Park, NY	—	82,733	—15,318	82,883	270,775	40,365	2013 ⁽⁵⁾	(4)
Foley	Foley, AL	—	4,809	693	5,502	129,168	58,478	2003 ⁽⁵⁾	(4)
Fort Worth	Fort Worth, TX	—	187,385	—	187,385	99,042	5,413	2017	(4)
Foxwoods	Mashantucket, CT	—	—130,941	—943	—131,884	131,884	20,300	2015	(4)
Gonzales	Gonzales, LA	—	675,895	—35,079	670,974	51,653	33,695	1992	(4)
Grand Rapids	Grand Rapids, MI	—	8,759	—339	8,759	83,939	14,310	2015	(4)
Hershey	Hershey, PA	—	3,683	—6,282	3,573	58,141	14,590	2011 ⁽⁵⁾	(4)
Hilton Head I	Bluffton, SC	—	4,753	—33,289	4,753	38,042	14,222	2011	(4)
Hilton Head II	Bluffton, SC	—	5,208	—12,881	5,325	38,677	16,727	2003 ⁽⁵⁾	(4)
Howell	Howell, MI	—	2,352	—15,178	2,352	52,678	25,134	2002 ⁽⁵⁾	(4)
Jeffersonville ⁽⁶⁾	Jeffersonville, OH	—	2,752	(1,867)	1,485	49,998	704	2011 ⁽⁵⁾	(4)
Lancaster	Lancaster, PA	—	3,699	6,656	10,656	86,907	30,837	1994 ⁽⁵⁾	(4)
Locust Grove	Locust Grove, GA	—	2,558	—30,868	2,558	45,227	26,792	1994	(4)
Mebane	Mebane, NC	—	8,323	—5,092	8,323	67,275	25,806	2010	(4)
Myrtle Beach Hwy 17	Myrtle Beach, SC	—	—80,733	—27,607	—108,340	108,340	33,850	2009 ⁽⁵⁾	(4)
		—	8,567	—40,562	8,978	106,141	44,849	2003 ⁽⁵⁾	(4)

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Myrtle Beach Hwy 501	Myrtle Beach, SC									
Nags Head	Nags Head, NC	—	1,857	—6,589	1,852	15,121	8,313	1997	(5)	(4)
Ocean City	Ocean City, MD	—	—16,334	—13,835	—30,169	30,169	8,633	2011	(5)	(4)

F-57

TANGER FACTORY OUTLET CENTERS, INC. AND SUBSIDIARIES
TANGER PROPERTIES LIMITED PARTNERSHIP AND SUBSIDIARIES
SCHEDULE III - REAL ESTATE AND ACCUMULATED DEPRECIATION
For the Year Ended December 31, 2018 (in thousands)

Description		Initial cost to Company		Costs Capitalized Subsequent to Acquisition (Improvements) ⁽¹⁾			Gross Amount Carried at Close of Period December 31, 2018 ⁽²⁾				Accumulated Depreciation ⁽¹⁾
Outlet Center Name	Location	Encumbrances ⁽³⁾	Land	Buildings, Improvements & Fixtures	Land	Buildings, Improvements & Fixtures	Land	Buildings, Improvements & Fixtures	Total		
Park City	Park City, UT	—	6,900	33,597	343	28,376	7,243	61,973	69,216	27,991	2
Pittsburgh	Pittsburgh, PA	—	5,528	91,288	3	13,975	5,531	105,263	110,794	54,224	2
Rehoboth Beach	Rehoboth Beach, DE	—	20,600	74,209	1,875	54,866	22,475	129,075	151,550	51,382	2
Riverhead	Riverhead, NY	—	—	36,374	6,152	131,467	6,152	167,841	173,993	95,269	1
San Marcos	San Marcos, TX	—	1,801	9,440	2,301	58,839	4,102	68,279	72,381	43,628	1
Savannah	Pooler, GA	—	8,556	167,780	—	3,257	8,556	171,037	179,593	14,938	2
Sevierville	Sevierville, TN	—	—	18,495	—	49,984	—	68,479	68,479	39,362	1
Southaven	Southaven, MS	51,173	14,959	60,263	—	2,656	14,959	62,919	77,878	12,521	2
Terrell	Terrell, TX	—	523	13,432	—	9,926	523	23,358	23,881	18,666	1
Tilton	Tilton, NH	—	1,800	24,838	29	13,909	1,829	38,747	40,576	18,331	2
Westgate	Glendale, AZ	—	19,037	140,337	—	3,547	19,037	143,884	162,921	11,864	2
Williamsburg	Williamsburg, IA	—	706	6,781	717	17,993	1,423	24,774	26,197	21,013	1
Other	Various	—	506	1,494	—	—	506	1,494	2,000	207	V
		\$87,471	\$259,903	\$2,008,902	\$18,525	\$758,849	\$278,428	\$2,767,751	\$3,046,179	\$981,305	

(1) Includes impairments.

(2) Aggregate cost for federal income tax purposes is approximately \$3.1 billion.

(3) Including premiums and net of debt origination costs.

We generally use estimated lives of 33 years for buildings and 15 years for land improvements. Tenant finishing allowances are depreciated over the initial lease term. Building, improvements & fixtures includes amounts included in construction in progress on the consolidated balance sheet.

(5) Represents year acquired.

(6) Amounts net of \$47.9 million impairment charge taken during 2018 consisting of a write-off of approximately \$1.3 million of land, \$76.6 million of building and improvement cost and \$30.0 million of accumulated depreciation.

TANGER FACTORY OUTLET CENTERS, INC. and SUBSIDIARIES
TANGER PROPERTIES LIMITED PARTNERSHIP and SUBSIDIARIES
SCHEDULE III - (Continued)
REAL ESTATE AND ACCUMULATED DEPRECIATION
For the Year Ended December 31, 2018
(in thousands)

The changes in total real estate for the years ended December 31, 2018, 2017 and 2016 are as follows:

	2018	2017	2016
Balance, beginning of year	\$3,088,470	\$2,965,907	\$2,513,217
Acquisitions	—	—	335,710
Improvements	48,357	175,868	163,187
Impairment charge	(77,958)	—	—
Dispositions and other	(12,690)	(53,305)	(46,207)
Balance, end of year	\$3,046,179	\$3,088,470	\$2,965,907

The changes in accumulated depreciation for the years ended December 31, 2018, 2017 and 2016 are as follows:

	2018	2017	2016
Balance, beginning of year	\$901,967	\$814,583	\$748,341
Depreciation for the period	114,198	107,845	96,813
Impairment charge	(30,050)	—	—
Dispositions and other	(4,810)	(20,461)	(30,571)
Balance, end of year	\$981,305	\$901,967	\$814,583