TANGER FACTORY OUTLET CENTERS INC
Form 10-Q
July 29, 2016

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

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

For the quarterly period ended June 30, 2016
OR

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

For the transition period from _________ to _________

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

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

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

3200 Northline Avenue, Suite 360, Greensboro, NC 27408
(Address of principal executive offices)

(336) 292-3010
(Registrant's telephone number, including area code)

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 x No o
Tanger Properties Limited Partnership Yes x No o

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

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

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

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

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

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

As of July 26, 2016, there were 96,053,707 common shares of Tanger Factory Outlet Centers, Inc. outstanding, $.01 par value.

EXPLANATORY NOTE

This report combines the quarterly reports on Form 10-Q for the quarter ended June 30, 2016 of Tanger Factory Outlet Centers, Inc. and Tanger Properties Limited Partnership. Unless the context indicates otherwise, the term "Company", refers to Tanger Factory Outlet Centers, Inc. and subsidiaries and the term "Operating Partnership" refers to Tanger Properties Limited Partnership and subsidiaries. The terms “we”, “our” and “us” refer to the Company or the Company and the Operating Partnership together, as the text requires.

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

The Company owns the majority of the units of partnership interest issued by the Operating Partnership through its two wholly-owned subsidiaries, Tanger GP Trust and Tanger LP Trust. Tanger GP Trust controls the Operating Partnership as its sole general partner. Tanger LP Trust holds a limited partnership interest. As of June 30, 2016, the Company, through its ownership of Tanger GP Trust and Tanger LP Trust, owned 95,052,907 units of the Operating Partnership and other limited partners (the "Non-Company LPs") collectively owned 5,052,743 Class A common limited partnership units. Each Class A common limited partnership unit held by the Non-Company LPs is exchangeable for one of the Company's common shares, subject to certain limitations to preserve the Company's status as a REIT. Class B common limited partnership units, which are held by Tanger LP Trust, are not exchangeable for common shares of the Company.

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

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

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

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

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

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

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

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

Noncontrolling interests, 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, as applicable, for each of the Company and the Operating Partnership:

- Consolidated financial statements;

- The following notes to the consolidated financial statements:

  - Debt of the Company and the Operating Partnership;

  - Shareholders' Equity, if applicable, and Partners' Equity;

  - Earnings Per Share and Earnings Per Unit;

  - Accumulated Other Comprehensive Income of the Company and the Operating Partnership;

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

This report also includes separate Item 4. Controls and Procedures sections and separate Exhibit 31 and 32 certifications for each of the Company and the Operating Partnership in order to establish that the Chief Executive Officer and the Chief Financial Officer of each entity have made the requisite certifications and that the Company and

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

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

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

TANGER FACTORY OUTLET CENTERS, INC. AND TANGER PROPERTIES LIMITED PARTNERSHIP
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PART I. - FINANCIAL INFORMATION

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

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

	June 30, 2016	December 31, 2015
Assets		
Rental property		
Land	$254,809	$240,267
Buildings, improvements and fixtures	2,377,765	2,249,417
Construction in progress	61,038	23,533
	2,693,612	2,513,217
Accumulated depreciation	(769,777)	(748,341)
Total rental property, net	1,923,835	1,764,876
Cash and cash equivalents	27,107	21,558
Restricted cash	—	121,306
Investments in unconsolidated joint ventures	210,486	201,083
Deferred lease costs and other intangibles, net	133,578	127,089
Prepaids and other assets	84,346	78,913
Total assets	$2,379,352	$2,314,825
Liabilities and Equity		
Liabilities		
Debt		
Senior, unsecured notes, net	$789,991	$789,285
Unsecured term loans, net	321,980	265,832
Mortgages payable, net	235,215	310,587
Unsecured lines of credit, net	255,661	186,220
Total debt	1,602,847	1,551,924
Accounts payable and accrued expenses	62,658	97,396
Deferred financing obligation	—	28,388
Other liabilities	53,433	31,085
Total liabilities	1,718,938	1,708,793
Commitments and contingencies	—	—
Equity		
Tanger Factory Outlet Centers, Inc.		
Common shares, $.01 par value, 300,000,000 shares authorized, 96,052,907 and 95,880,825 shares issued and outstanding at June 30, 2016 and December 31, 2015, respectively	960	959
Paid in capital	811,853	806,379
Accumulated distributions in excess of net income	(153,465)	(195,486)
Accumulated other comprehensive loss	(32,090)	(36,715)
Equity attributable to Tanger Factory Outlet Centers, Inc.	627,258	575,137
Equity attributable to noncontrolling interests		
Noncontrolling interests in Operating Partnership	32,996	30,309
Noncontrolling interests in other consolidated partnerships	160	586
Total equity	660,414	606,032

Total liabilities and equity	$2,379,352	$2,314,825

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

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

	Three months ended June 30,		Six months ended June 30,	
	2016	2015	2016	2015
Revenues				
Base rentals	$75,003	$72,329	$147,626	$139,958
Percentage rentals	2,326	2,042	4,476	4,271
Expense reimbursements	30,754	29,909	63,996	63,273
Management, leasing and other services	1,332	1,727	2,453	3,010
Other income	1,918	1,729	3,587	3,150
Total revenues	111,333	107,736	222,138	213,662
Expenses				
Property operating	35,012	34,958	72,886	72,690
General and administrative	11,675	11,612	23,240	22,917
Depreciation and amortization	26,306	24,272	52,873	48,261
Total expenses	72,993	70,842	148,999	143,868
Operating income	38,340	36,894	73,139	69,794
Other income/(expense)				
Interest expense	(13,800)	(13,088)	(28,684)	(26,177)
Gain on sale of assets and interests in unconsolidated joint ventures	—	—	4,887	13,726
Gain on previously held interest in acquired joint venture	49,258	—	49,258	—
Other nonoperating income	38	(493)	354	(187)
Income before equity in earnings of unconsolidated joint ventures	73,836	23,313	98,954	57,156
Equity in earnings of unconsolidated joint ventures	3,466	2,046	6,965	4,589
Net income	77,302	25,359	105,919	61,745
Noncontrolling interests in Operating Partnership	(3,897)	(1,313)	(5,341)	(3,168)
Noncontrolling interests in other consolidated partnerships	12	435	(11)	416
Net income attributable to Tanger Factory Outlet Centers, Inc.	$73,417	$24,481	$100,567	$58,993
Basic earnings per common share				
Net income	$0.76	$0.26	$1.05	$0.62
Diluted earnings per common share				
Net income	$0.76	$0.26	$1.04	$0.62
Dividends declared per common share	$0.325	$0.285	$0.610	$0.525

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

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

	Three months ended June 30,		Six months ended June 30,	
	2016	2015	2016	2015
Net income	$77,302	$25,359	$105,919	$61,745
Other comprehensive income (loss)				
Foreign currency translation adjustments	47	3,063	8,701	(8,013)
Change in fair value of cash flow hedges	(2,443)	398	(3,829)	(889)
Other comprehensive income (loss)	(2,396)	3,461	4,872	(8,902)
Comprehensive income	74,906	28,820	110,791	52,843
Comprehensive income attributable to noncontrolling interests	(3,765)	(1,054)	(5,599)	(2,297)
Comprehensive income attributable to Tanger Factory Outlet Centers, Inc.	$71,141	$27,766	$105,192	$50,546

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

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

	Common shares	Paid in capital	Accumulated distributions in excess of earnings	Accumulated other comprehensive loss	Total Tanger Factory Outlet Centers, Inc. equity	Noncontrolling interests in Operating Partnership	Noncontrolling interests in other consolidated partnerships	Total equity
Balance, December 31, 2014	$ 955	$ 791,566	$ (281,679)	$ (14,023)	$ 496,819	$ 26,417	$ 650	$ 523,886
Net income	—	—	58,993	—	58,993	3,168	(416)	61,745
Other comprehensive loss	—	—	—	(8,447)	(8,447)	(455)	—	(8,902)
Compensation under Incentive Award Plan	—	7,969	—	—	7,969	—	—	7,969
Issuance of 14,000 common shares upon exercise of options	—	384	—	—	384	—	—	384
Grant of 348,844 restricted common share awards	3	(3)	—	—	—	—	—	—
Withholding of 30,578 common shares for employee income taxes	—	(1,084)	—	—	(1,084)	—	—	(1,084)
Contributions from noncontrolling interests	—	—	—	—	—	—	456	456
Adjustment for noncontrolling interests in Operating Partnership	—	(248)	—	—	(248)	248	—	—
Adjustment for noncontrolling interests in other consolidated partnerships	—	3	—	—	3	—	(3)	—
Common dividends ($0.525 per share)	—	—	(50,262)	—	(50,262)	—	—	(50,262)
Distributions to noncontrolling interests	—	—	—	—	—	(2,666)	(90)	(2,756)
Balance, June 30, 2015	$ 958	$ 798,587	$ (272,948)	$ (22,470)	$ 504,127	$ 26,712	$ 597	$ 531,436

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

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

	Common shares	Paid in capital	Accumulated distributions in excess of earnings	Accumulated other comprehensive loss	Total Tanger Factory Outlet Centers, Inc. equity	Noncontrolling interests 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	—	—	100,567	—	100,567	5,341	11	105,919
Other comprehensive income	—	—	—	4,625	4,625	247	—	4,872
Compensation under Incentive Award Plan	—	8,152	—	—	8,152	—	—	8,152
Issuance of 35,300 common shares upon exercise of options	—	1,041	—	—	1,041	—	—	1,041
Grant of 173,124 restricted common share awards, net of forfeitures	2	(2)	—	—	—	—	—	—
Issuance of 24,040 deferred shares	—	—	—	—	—	—	—	—
Withholding of 60,382 common shares for employee income taxes	(1)	(1,920)	—	—	(1,921)	—	—	(1,921)
Contributions from noncontrolling interests	—	—	—	—	—	—	35	35
Adjustment for noncontrolling interests in Operating Partnership	—	(182)	—	—	(182)	182	—	—
Adjustment for noncontrolling interests in other consolidated partnerships	—	2	—	—	2	—	(2)	—
Acquisition of noncontrolling interest in other consolidated partnership	—	(1,617)	—	—	(1,617)	—	(325)	(1,942)
Common dividends ($.61 per share)	—	—	(58,546)	—	(58,546)	—	—	(58,546)
Distributions to noncontrolling interests	—	—	—	—	—	(3,083)	(145)	(3,228)
Balance, June 30, 2016	$ 960	$ 811,853	$ (153,465)	$ (32,090)	$ 627,258	$ 32,996	$ 160	$ 660,414

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

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

	Six months ended June 30, 2016	2015
OPERATING ACTIVITIES		
Net income	$105,919	$61,745
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	52,873	48,261
Amortization of deferred financing costs	1,505	1,202
Gain on sale of assets and interests in unconsolidated entities	(4,887)	(13,726)
Gain on previously held interest in acquired joint venture	(49,258)	—
Equity in earnings of unconsolidated joint ventures	(6,965)	(4,589)
Share-based compensation expense	7,655	7,566
Amortization of debt (premiums) and discounts, net	1,075	(74)
Amortization (accretion) of market rent rate adjustments, net	1,303	1,299
Straight-line rent adjustments	(3,321)	(2,818)
Distributions of cumulative earnings from unconsolidated joint ventures	7,468	5,535
Changes in other assets and liabilities:		
Other assets	(1,011)	1,146
Accounts payable and accrued expenses	(7,335)	(4,847)
Net cash provided by operating activities	105,021	100,700
INVESTING ACTIVITIES		
Additions to rental property	(68,582)	(111,231)
Acquisition of interest in unconsolidated joint venture, net of cash acquired	(34,187)	—
Acquisition of noncontrolling interest in other consolidated partnership	(1,942)	—
Additions to investments in unconsolidated joint ventures	(19,363)	(26,938)
Net proceeds on sale of assets and interests in unconsolidated entities	25,785	15,495
Change in restricted cash	121,306	—
Proceeds from insurance reimbursements	266	187
Additions to non-real estate assets	(2,379)	(457)
Distributions in excess of cumulative earnings from unconsolidated joint ventures	7,874	9,448
Additions to deferred lease costs	(2,919)	(3,989)
Net cash provided by (used in) investing activities	25,859	(117,485)
FINANCING ACTIVITIES		
Cash dividends paid	(78,675)	(50,262)
Distributions to noncontrolling interests in Operating Partnership	(4,144)	(2,666)
Proceeds from debt issuances	597,715	302,257
Repayments of debt	(609,551)	(230,887)
Repayment of deferred financing obligation	(28,388)	—
Employee income taxes paid related to shares withheld upon vesting of equity awards	(1,921)	(1,084)
Distributions to noncontrolling interests in other consolidated partnerships	(99)	(90)
Additions to deferred financing costs	(1,883)	(721)
Proceeds from exercise of options	1,041	384
Contributions from noncontrolling interests in other consolidated partnerships	35	259
Net cash provided by (used in) financing activities	(125,870)	17,190
Effect of foreign currency rate changes on cash and cash equivalents	539	(331)
Net increase in cash and cash equivalents	5,549	74

Cash and cash equivalents, beginning of period	21,558	16,875
Cash and cash equivalents, end of period	$27,107	$16,949

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

Item 1 - Financial Statements of Tanger Properties Limited Partnership

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

	June 30, 2016	December 31, 2015
Assets		
Rental property		
Land	$254,809	$240,267
Buildings, improvements and fixtures	2,377,765	2,249,417
Construction in progress	61,038	23,533
	2,693,612	2,513,217
Accumulated depreciation	(769,777)	(748,341)
Total rental property, net	1,923,835	1,764,876
Cash and cash equivalents	27,088	21,552
Restricted cash	—	121,306
Investments in unconsolidated joint ventures	210,486	201,083
Deferred lease costs and other intangibles, net	133,578	127,089
Prepaids and other assets	84,181	78,248
Total assets	$2,379,168	$2,314,154
Liabilities and Equity		
Liabilities		
Debt		
Senior, unsecured notes, net	$789,991	$789,285
Unsecured term loans, net	321,980	265,832
Mortgages payable, net	235,215	310,587
Unsecured lines of credit, net	255,661	186,220
Total debt	1,602,847	1,551,924
Accounts payable and accrued expenses	62,474	96,725
Deferred financing obligation	—	28,388
Other liabilities	53,433	31,085
Total liabilities	1,718,754	1,708,122
Commitments and contingencies	—	—
Equity		
Partners' Equity		
General partner, 1,000,000 units outstanding at June 30, 2016 and December 31, 2015	6,164	5,726
Limited partners, 5,052,743 Class A common units, and 95,052,907 and 94,880,825 Class B common units outstanding at June 30, 2016 and December 31, 2015, respectively	687,920	638,422
Accumulated other comprehensive loss	(33,830)	(38,702)
Total partners' equity	660,254	605,446
Noncontrolling interests in consolidated partnerships	160	586
Total equity	660,414	606,032
Total liabilities and equity	$2,379,168	$2,314,154

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

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

	Three months ended June 30,		Six months ended June 30,	
	2016	2015	2016	2015
Revenues				
Base rentals	$75,003	$72,329	$147,626	$139,958
Percentage rentals	2,326	2,042	4,476	4,271
Expense reimbursements	30,754	29,909	63,996	63,273
Management, leasing and other services	1,332	1,727	2,453	3,010
Other income	1,918	1,729	3,587	3,150
Total revenues	111,333	107,736	222,138	213,662
Expenses				
Property operating	35,012	34,958	72,886	72,690
General and administrative	11,675	11,612	23,240	22,917
Depreciation and amortization	26,306	24,272	52,873	48,261
Total expenses	72,993	70,842	148,999	143,868
Operating income	38,340	36,894	73,139	69,794
Other income/(expense)				
Interest expense	(13,800)	(13,088)	(28,684)	(26,177)
Gain on sale of assets and interests in unconsolidated joint ventures	—	—	4,887	13,726
Gain on previously held interest in acquired joint venture	49,258	—	49,258	—
Other nonoperating income	38	(493)	354	(187)
Income before equity in earnings of unconsolidated joint ventures	73,836	23,313	98,954	57,156
Equity in earnings of unconsolidated joint ventures	3,466	2,046	6,965	4,589
Net income	77,302	25,359	105,919	61,745
Noncontrolling interests in consolidated partnerships	12	435	(11)	416
Net income available to partners	77,314	25,794	105,908	62,161
Net income available to limited partners	76,549	25,539	104,860	61,546
Net income available to general partner	$765	$255	$1,048	$615
Basic earnings per common unit				
Net income	$0.76	$0.26	$1.05	$0.62
Diluted earnings per common unit				
Net income	$0.76	$0.26	$1.05	$0.62
Distribution declared per common unit	$0.325	$0.285	$0.610	$0.525

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

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

	Three months ended June 30,		Six months ended June 30,	
	2016	2015	2016	2015
Net income	$77,302	$25,359	$105,919	$61,745
Other comprehensive income (loss)				
Foreign currency translation adjustments	47	3,063	8,701	(8,013)
Changes in fair value of cash flow hedges	(2,443)	398	(3,829)	(889)
Other comprehensive income (loss)	(2,396)	3,461	4,872	(8,902)
Comprehensive income	74,906	28,820	110,791	52,843
Comprehensive income attributable to noncontrolling interests in consolidated partnerships	12	435	(11)	416
Comprehensive income attributable to the Operating Partnership	$74,918	$29,255	$110,780	$53,259

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

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

	General partner	Limited partners	Accumulated other comprehensive loss	Total partners' equity	Noncontrolling interests in consolidated partnerships	Total equity
Balance, December 31, 2014	$4,828	$533,199	$ (14,791)	$523,236	$ 650	$523,886
Net income	615	61,546	—	62,161	(416)	61,745
Other comprehensive loss	—	—	(8,902)	(8,902)	—	(8,902)
Compensation under Incentive Award Plan	—	7,969	—	7,969	—	7,969
Issuance of 14,000 common units upon exercise of options	—	384	—	384	—	384
Grant of 348,844 restricted common share awards by the Company	—	—	—	—	—	—
Withholding of 30,578 common units for employee income taxes	—	(1,084)	—	(1,084)	—	(1,084)
Contributions from noncontrolling interests	—	—	—	—	456	456
Adjustments for noncontrolling interests in consolidated partnerships	—	3	—	3	(3)	—
Common distributions ($.525 per common unit)	(525)	(52,403)	—	(52,928)	—	(52,928)
Distributions to noncontrolling interests	—	—	—	—	(90)	(90)
Balance, June 30, 2015	$4,918	$549,614	$ (23,693)	$530,839	$ 597	$531,436

	General partner	Limited partners	Accumulated other comprehensive loss	Total partners' equity	Noncontrolling interests in consolidated partnerships	Total equity
Balance, December 31, 2015	$5,726	$638,422	$ (38,702)	$605,446	$ 586	$606,032
Net income	1,048	104,860	—	105,908	11	105,919
Other comprehensive income	—	—	4,872	4,872	—	4,872
Compensation under Incentive Award Plan	—	8,152	—	8,152	—	8,152
Issuance of 35,300 common units upon exercise of options	—	1,041	—	1,041	—	1,041
Grant of 173,124 restricted common share awards by the Company, net of forfeitures	—	—	—	—	—	—
Issuance of 24,040 deferred units	—	—	—	—	—	—
Withholding of 60,382 common units for employee income taxes	—	(1,921)	—	(1,921)	—	(1,921)
Contributions from noncontrolling interests	—	—	—	—	35	35
Adjustment for noncontrolling interests in consolidated partnerships	—	2	—	2	(2)	—
Acquisition of noncontrolling interest in other consolidated partnership	—	(1,617)	—	(1,617)	(325)	(1,942)
Common distributions ($.61 per common unit)	(610)	(61,019)	—	(61,629)	—	(61,629)
Distributions to noncontrolling interests	—	—	—	—	(145)	(145)
Balance, June 30, 2016	$6,164	$687,920	$ (33,830)	$660,254	$ 160	$660,414

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

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

	Six months ended June 30, 2016	Six months ended June 30, 2015
OPERATING ACTIVITIES		
Net income	$105,919	$61,745
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	52,873	48,261
Amortization of deferred financing costs	1,505	1,202
Gain on sale of assets and interests in unconsolidated entities	(4,887)	(13,726)
Gain on previously held interest in acquired joint venture	(49,258)	—
Equity in earnings of unconsolidated joint ventures	(6,965)	(4,589)
Equity-based compensation expense	7,655	7,566
Amortization of debt (premiums) and discounts, net	1,075	(74)
Amortization (accretion) of market rent rate adjustments, net	1,303	1,299
Straight-line rent adjustments	(3,321)	(2,818)
Distributions of cumulative earnings from unconsolidated joint ventures	7,468	5,535
Changes in other assets and liabilities:		
Other assets	(1,511)	1,182
Accounts payable and accrued expenses	(6,848)	(3,857)
Net cash provided by operating activities	105,008	101,726
INVESTING ACTIVITIES		
Additions to rental property	(68,582)	(111,231)
Acquisition of interest in unconsolidated joint venture, net of cash acquired	(34,187)	—
Acquisition of noncontrolling interest in other consolidated partnership	(1,942)	—
Additions to investments in unconsolidated joint ventures	(19,363)	(26,938)
Net proceeds on sale of assets and interests in unconsolidated entities	25,785	15,495
Change in restricted cash	121,306	—
Proceeds from insurance reimbursements	266	187
Additions to non-real estate assets	(2,379)	(457)
Distributions in excess of cumulative earnings from unconsolidated joint ventures	7,874	9,448
Additions to deferred lease costs	(2,919)	(3,989)
Net cash provided by (used in) investing activities	25,859	(117,485)
FINANCING ACTIVITIES		
Cash distributions paid	(82,819)	(52,928)
Proceeds from debt issuances	597,715	302,257
Repayments of debt	(609,551)	(230,887)
Repayment of deferred financing obligation	(28,388)	—
Employee income taxes paid related to shares withheld upon vesting of equity awards	(1,921)	(1,084)
Distributions to noncontrolling interests in consolidated partnerships	(99)	(90)
Additions to deferred financing costs	(1,883)	(721)
Proceeds from exercise of options	1,041	384
Contributions from noncontrolling interests in other consolidated partnerships	35	259
Net cash provided by (used in) financing activities	(125,870)	17,190
Effect of foreign currency on cash and cash equivalents	539	(331)
Net increase in cash and cash equivalents	5,536	1,100
Cash and cash equivalents, beginning of period	21,552	15,806

Cash and cash equivalents, end of period	$27,088	$16,906

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

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

1. Business
Tanger Factory Outlet Centers, Inc. and subsidiaries is one of the largest owners and operators of outlet centers in the United States 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 June 30, 2016, we owned and operated 34 consolidated outlet centers, with a total gross leasable area of approximately 11.9 million square feet. We also had partial ownership interests in 9 unconsolidated outlet centers totaling approximately 2.8 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. 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 June 30, 2016, the Company, through its ownership of Tanger GP Trust and Tanger LP Trust, owned 95,052,907 units of the Operating Partnership and other limited partners (the "Non-Company LPs") collectively owned 5,052,743 Class A common limited partnership units. Each Class A common limited partnership unit held by the Non-Company LPs is exchangeable for one of the Company's common shares, subject to certain limitations to preserve the Company's REIT status. Class B common limited partnership units, which are held by Tanger LP Trust, are not exchangeable for common shares of the Company.

2. Basis of Presentation
The unaudited consolidated financial statements included herein have been prepared pursuant to accounting principles generally accepted in the United States of America and should be read in conjunction with the consolidated financial statements and notes thereto of the Company's and the Operating Partnership's combined Annual Report on Form 10-K for the year ended December 31, 2015. The December 31, 2015 balance sheet data in this Form 10-Q was derived from audited financial statements. Certain information and note disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been condensed or omitted pursuant to the SEC's rules and regulations, although management believes that the disclosures are adequate to make the information presented not misleading. In the opinion of management, all adjustments (consisting only of normal recurring adjustments) necessary for a fair presentation of the financial statements for the interim periods have been made. The results of interim periods are not necessarily indicative of the results for a full year.

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.

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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 all relationships between us and the VIE, including management agreements and other contractual arrangements.

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

For certain 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.

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. The carrying amount of our investments in the Charlotte and Galveston/Houston 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.

We have concluded that our Savannah and Southaven joint ventures are each considered a VIE because our voting rights are disproportionate to our economic interests and substantially all of each venture's activities either involve us or are conducted on our behalf.

The operating, development, leasing, and management agreements of the Savannah joint venture provide that the activities that most significantly impact the economic performance of the venture require unanimous consent. Accordingly, we determined that we are not the primary beneficiary since we do not have the power to direct the significant activities that affect the economic performance of the venture, and have applied the equity method of accounting. The carrying amount of our investment in Savannah is reflected in investments in unconsolidated joint ventures on our consolidated balance sheets and was $42.4 million as of June 30, 2016. We are unable to estimate our maximum exposure to loss at this time because our guarantees are limited and based on the future operating performance of Savannah.

The management agreement and other contractual arrangements for the Southaven joint venture give us, but not necessarily our joint venture partner, significant participating rights over activities that most significantly impact the economic performance of the ventures, thus we have concluded that we are the primary beneficiary and have consolidated the venture's balance sheet and results of operations. At June 30, 2016, total assets of this venture were

$85.6 million and total liabilities were $60.6 million. The primary classification of the assets on the consolidated balance sheets are total rental property, net, $80.7 million; cash, $2.8 million and other assets, $2.1 million (including deferred lease costs and other intangibles) and the primary classification of the liabilities include accounts payable and accrued expenses, $2.6 million and mortgages payable net of debt origination costs, $58.0 million. These assets include only those assets that can be used to settle obligations of the VIE. The liabilities include third party liabilities and exclude intercompany balances that are eliminated in consolidation.

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

As a result of the adoption of Financial Accounting Standards Board ("FASB") Accounting Standards Update (ASU) No. 2015-03 Interest - Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs, our deferred debt origination costs and related accumulated amortization previously recorded in the line item “deferred debt origination costs, net” have been reclassified from assets to the respective debt line items within the liabilities section in the consolidated balance sheet as of December 31, 2015. The reclassification decreases previously reported total assets and total liabilities by $11.9 million.

In February 2015, FASB issued ASU No. 2015-02, Consolidation (Topic 810): Amendments to the Consolidation Analysis. ASU 2015-02 affects reporting entities that are required to evaluate whether they should consolidate certain legal entities. ASU 2015-02 modifies the evaluation of whether limited partnerships and similar legal entities are VIEs or voting interest entities, eliminates the presumption that a general partner should consolidate a limited partnership and affects the consolidation analysis of reporting entities that are involved with VIEs, particularly those that have fee arrangements and related party relationships. ASU 2015-02 is effective for fiscal years, and for interim periods within those fiscal years, beginning after December 15, 2015. During the first quarter of 2016, we adopted ASU No. 2015-02, "Consolidation (Topic 810): Amendments to the Consolidation Analysis" and this adoption did not have a material impact on our financial position, results of operations or cash flows.

3. Acquisition of Rental Property

On June 30, 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 joint venture is now wholly-owned and is 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. The property is subject to an existing $62.0 million mortgage loan, with an interest rate of LIBOR + 1.75% and matures in June 2017.

The following table illustrates the fair value of the total consideration transferred to acquire the equity interest at the acquisition date (in thousands):

Cash transferred for equity interest	$39,000
Fair value of our previously held interest	58,500
Fair value of net assets	$97,500

The following table illustrates the fair value of the amounts of the identifiable assets acquired and liabilities assumed recognized at the acquisition date:

	Fair Value (in thousands)	Weighted-Average Amortization Period (in years)
Cash	$ 4,813	
Land	19,187	
Buildings, improvements and fixtures	145,900	
Deferred lease costs and other intangibles		
Above market lease value	2,689	6.8
Lease in place value	7,878	5.3
Lease and legal costs	2,839	5.1
Total deferred lease costs and other intangibles	13,406	
Prepaids and other assets	227	
Debt	(62,000)	
Accounts payable and accrued expenses	(5,040)	
Other liabilities (Below market lease value)	(18,993)	11.4
Total fair value of net assets	$ 97,500	

There was no contingent consideration associated with this acquisition. We incurred approximately $75,000 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 Westgate 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 above and below market intangible assets and liabilities increased $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 expense increased $5.0 million from the assumption of current assets and liabilities.

The fair value was determined based on an income approach, using a rental growth rate of 3.0%, a discount rate of 8.75%, and a terminal cap rate of 7.25%. The estimate of fair value was determined to have primarily relied upon Level 3 inputs, as defined in Note 11. The fair value is based upon our best available information at the time of the preparation of our financial statements. However, the business acquisition accounting for this property is not complete and accordingly, such estimates of the value of acquired assets and liabilities are provisional until the valuation is finalized. Therefore, the provisional measurements of fair value reflected are subject to change and such changes could be significant. The Company expects to finalize the valuation and complete the purchase price allocation as soon as practical, but no later than one year from the acquisition date.

4. Disposition of Properties and Properties Held for Sale

In January 2016, we sold our outlet center in Fort Myers, Florida located near Sanibel Island for net proceeds of approximately $25.8 million. The proceeds from the sale of this unencumbered asset were used to pay down balances outstanding under our unsecured lines of credit.

The following table sets forth certain summarized information regarding the properties sold during the six months ended June 30, 2016:

Properties	Locations	Date Sold	Square Feet (in 000's)	Net Sales Price (in 000's)	Gain on Sale(in 000's)
Sold:					
Sanibel Center	Fort Myers, Florida	January 2016	199	$ 25,785	$ 4,887

The rental property sold did not meet the criteria for reporting discontinued operations, thus its results of operations have remained in continuing operations.

5. Developments of Consolidated Outlet Centers

The table below sets forth our consolidated outlet centers under development as of June 30, 2016:

Project	Approximate square feet (in 000's)	Costs Incurred to Date (in millions)	Borrowed to date (in millions)	Projected Opening
Daytona Beach	352	$ 49.8	—	November 2016

Daytona Beach

In November 2015, we purchased land for approximately $9.9 million and commenced construction on the development of a wholly owned outlet center in Daytona Beach, Florida.

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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 June 30, 2016

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]
Columbus	Columbus, OH	50.0	%	355	$ 36.4		$ —
National Harbor	National Harbor, MD	50.0	%	339	4.9		86.0
RioCan Canada	Various	50.0	%	902	126.8		11.8
Savannah [2]	Savannah, GA	50.0	%	419	42.4		95.7
					$ 210.5		$ 193.5
Charlotte[3]	Charlotte, NC	50.0	%	398	$ (1.6	)	$ 89.6
Galveston/Houston [3]	Texas City, TX	50.0	%	353	(2.9	)	64.8
					$ (4.5	)	$ 154.4

As of December 31, 2015

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]
Columbus	Columbus, OH	50.0	%	—	$ 21.1		$ —
National Harbor	National Harbor, MD	50.0	%	339	6.1		85.8
RioCan Canada	Various	50.0	%	870	117.2		11.3
Savannah [2]	Savannah, GA	50.0	%	377	44.4		87.6
Westgate	Glendale, AZ	58.0	%	411	12.3		61.9
					$ 201.1		$ 246.6
Charlotte[3]	Charlotte, NC	50.0	%	398	$ (1.1	)	$ 89.6
Galveston/Houston[3]	Texas City, TX	50.0	%	353	(1.5	)	64.7
					$ (2.6	)	$ 154.3

(1) Net of debt origination costs and including premiums of $2.3 million and $3.3 million as of June 30, 2016 and December 31, 2015, respectively.

(2) Based on capital contribution and distribution provisions in the joint venture agreement, we expect our economic interest in the venture's cash flow to be greater than indicated in the Ownership column, which states our legal interest in this venture. As of June 30, 2016, based upon the liquidation proceeds we would receive from a hypothetical liquidation of our investment based on depreciated book value, our estimated economic interest in the venture was approximately 98%. Our economic interest may fluctuate based on a number of factors, including mortgage financing, partnership capital contributions and distributions, and proceeds from gains or losses of asset sales.

(3) 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.

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

	Three months ended June 30,		Six months ended June 30,	
	2016	2015	2016	2015
Fee:				
Development and leasing	$353	$727	$545	$1,307
Loan guarantee	182	187	364	383
Management and marketing	797	813	1,544	1,320
Total Fees	$1,332	$1,727	$2,453	$3,010

Our investments in real estate joint ventures are reduced by the percentage of the profits earned for leasing and development services associated with our ownership interest in each joint venture. Our carrying value of investments in unconsolidated joint ventures differs from our share of the assets reported in the "Summary Balance Sheets - Unconsolidated Joint Ventures" shown below due to adjustments to the book basis, including intercompany profits on sales of services that are capitalized by the unconsolidated joint ventures. The differences in basis (totaling $4.4 million and $3.9 million as of June 30, 2016 and December 31, 2015, respectively) are amortized over the various useful lives of the related assets.

Westgate

As described in Note 3, we acquired our partners' interest in the Westgate joint venture and have consolidated the property for financial reporting purposes since the acquisition date.

Columbus

In June 2016, we opened an approximately 355,000 square foot outlet center in Columbus, Ohio. As of June 30, 2016, we and our partner had each contributed $35.8 million to fund development activities. The projected total net cost of the development is estimated to be approximately $94.9 million.We are providing property management, marketing and leasing services to the joint venture. During construction, our partner provided development services to the joint venture and we, along with our partner, provided joint leasing services.

Savannah

In May 2016, we expanded our outlet center in Savannah by approximately 42,000 square feet, bringing the outlet center's total gross leasable area to approximately 419,000 square feet.

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

Condensed Combined Balance Sheets - Unconsolidated Joint Ventures	June 30, 2016	December 31, 2015
Assets		
Land	$104,123	$103,046
Buildings, improvements and fixtures	638,116	615,662
Construction in progress, including land	8,436	62,308
	750,675	781,016
Accumulated depreciation	(64,556)	(60,629)
Total rental property, net	686,119	720,387
Cash and cash equivalents	24,247	28,723
Deferred lease costs, net	18,887	18,399
Prepaids and other assets	16,287	14,455
Total assets	$745,540	$781,964
Liabilities and Owners' Equity		
Mortgages payable, net	$347,890	$400,935
Accounts payable and other liabilities	28,601	31,805
Total liabilities	376,491	432,740
Owners' equity	369,049	349,224
Total liabilities and owners' equity	$745,540	$781,964

Condensed Combined Statements of Operations - Unconsolidated Joint Ventures	Three months ended June 30, 2016	2015	Six months ended June 30, 2016	2015
Revenues	$29,341	$26,189	$57,039	$50,153
Expenses				
Property operating	11,078	11,167	21,396	20,311
General and administrative	179	90	295	308
Depreciation and amortization	9,408	8,556	18,208	16,378
Total expenses	20,665	19,813	39,899	36,997
Operating income	8,676	6,376	17,140	13,156
Interest expense	(2,682)	(2,216)	(5,236)	(3,980)
Other nonoperating income	2	5	3	13
Net income	$5,996	$4,165	$11,907	$9,189
The Company and Operating Partnership's share of:				
Net income	$3,466	$2,046	$6,965	$4,589
Depreciation expense (real estate related)	$5,808	$5,038	$11,147	$9,114

7. Debt of the Company

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

The Company guarantees the Operating Partnership's obligations with respect to its unsecured lines of credit which have a total borrowing capacity of $520.0 million. The Company also guarantees the Operating Partnership's unsecured term loan.

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

	June 30, 2016	December 31, 2015
Unsecured lines of credit	$259,200	$ 190,300
Unsecured term loan	$325,000	$ 250,000

8. Debt of the Operating Partnership

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

			As of June 30, 2016		As of December 31, 2015	
	Stated Interest Rate(s)	Maturity Date	Principal	Book Value(1)	Principal	Book Value(1)
Senior, unsecured notes:						
Senior notes	6.125 %	June 2020	$300,000	$297,982	$300,000	$297,739
Senior notes	3.875 %	December 2023	250,000	245,125	250,000	244,829
Senior notes	3.750 %	December 2024	250,000	246,884	250,000	246,717
Mortgages payable:						
Atlantic City (2)	5.14%-7.65%	November 2021-December 2026	41,911	44,925	43,312	46,605
Deer Park	LIBOR + 1.50%	—	—	—	150,000	149,145
Foxwoods	LIBOR + 1.65%	December 2017	70,250	69,737	70,250	69,564
Southaven	LIBOR + 1.75%	April 2018	58,989	58,553	45,824	45,273
Westgate	LIBOR + 1.75%	June 2017	62,000	62,000	—	—
Unsecured note payable (2)	1.50 %	June 2016	—	—	10,000	9,919
Unsecured term loan	LIBOR + 0.95%	April 2021	325,000	321,980	250,000	248,443
Unsecured term note	LIBOR + 1.30%	—	—	—	7,500	7,470
Unsecured lines of credit	LIBOR + .90%	October 2019	259,200	255,661	190,300	186,220
			$1,617,350	$1,602,847	$1,567,186	$1,551,924

(1) Including premiums and net of debt discount and net debt origination costs.

(2) The effective interest rates assigned during the purchase price allocation to the assumed mortgage and note payable during acquisitions in 2011 were as follows: Atlantic City 5.05% and unsecured note payable 3.15%.

Certain of our properties, which had a net book value of approximately $495.2 million at June 30, 2016 and $622.8 million at December 31, 2015, serve as collateral for mortgages payable. We maintain unsecured lines of credit that provide for borrowings of up to $520.0 million. The unsecured lines of credit include a $20.0 million liquidity line and a $500.0 million syndicated line. The syndicated line may be increased to $1.0 billion through an accordion feature in certain circumstances.

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

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 June 30, 2016, we were in compliance with all of our debt covenants.

Unsecured Note Payable Repayment

In June 2016, our $10.0 million unsecured note payable became due and was repaid on June 23, 2016.

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 related to our 749,000 square foot 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.

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 23, 2019 to April 13, 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.

Debt Maturities

Maturities of the existing long-term debt as of June 30, 2016 for the next five years and thereafter are as follows (in thousands):

Calendar Year	Amount
2016	$1,442
2017	135,258
2018	62,172
2019	262,569
2020	303,566
Thereafter	852,343
Subtotal	1,617,350
Net discount and debt origination costs	(14,503)
Total	$1,602,847

9. 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, which was recorded in the other liabilities section of our consolidated balance sheet as of December 31, 2015.

10. Derivative Financial Instruments

The following table summarizes the terms and fair values of our derivative financial instruments, recorded in other liabilities within the consolidated balance sheets (in thousands):

Effective Date	Maturity Date	Notional Amount	Bank Pay Rate	Company Fixed Pay Rate	Fair Value June 30, 2016	Fair Value December 31, 2015
Assets (Liabilities):						
November 14, 2013	August 14, 2018	$50,000	1 month LIBOR	1.3075 %	$(782)	$ (212)
November 14, 2013	August 14, 2018	50,000	1 month LIBOR	1.2970 %	(771)	(198)
November 14, 2013	August 14, 2018	50,000	1 month LIBOR	1.3025 %	(777)	(206)
April 13, 2016	January 1, 2021	50,000	1 month LIBOR	1.0390 %	(572)	—
April 13, 2016	January 1, 2021	50,000	1 month LIBOR	1.0395 %	(573)	—
April 13, 2016	January 1, 2021	50,000	1 month LIBOR	1.0400 %	(574)	—
April 13, 2016	January 1, 2021	25,000	1 month LIBOR	0.9915 %	(234)	—
October 3, 2016	October 3, 2026	125,000	3 month LIBOR	1.4025 %	16	—
October 3, 2016	October 3, 2026	125,000	3 month LIBOR	1.4190 %	(178)	—
Total		$575,000			$(4,445)	$ (616)

In April 2016, we entered into four separate interest rate swap agreements, effective April 13, 2016 that fix the base LIBOR rate at an average of 1.03% on notional amounts totaling $175.0 million through January 1, 2021.

In June 2016, we entered into two separate interest rate swap agreements, effective October 3, 2016 that fixed the base LIBOR rate at an average of 1.41% on notional amounts totaling $250.0 million through October 3, 2026.

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 any, is recognized directly in earnings. For the three and six months ended June 30, 2016, the ineffective portion was not significant.

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

	Three months ended June 30,		Six months ended June 30,	
	2016	2015	2016	2015
Interest Rate Swaps (Effective Portion):				
Change in fair value of cash flow hedges	$(2,443)	$398	$(3,829)	$(889)

11. 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

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 June 30, 2016				
Liabilities:				
Interest rate swaps (other liabilities)	$(4,445)	$ —	$ (4,445)	$ —
Total liabilities	$(4,445)	$ —	$ (4,445)	$ —

	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, 2015:				
Liabilities:				
Interest rate swaps (other liabilities)	$(616)	$ —	$ (616)	$ —
Total liabilities	$(616)	$ —	$ (616)	$ —

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.

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

	June 30, 2016	December 31, 2015
Fair value of debt	$1,694,512	$ 1,615,833
Recorded value of debt	$1,602,847	$ 1,551,924

With the exception of the unsecured term loan and unsecured lines of credit, that have variable rates and considered at market value, fair values of the senior notes and mortgage loans are determined using discounted cash flow analysis with an interest rate or credit spread similar to that of current market borrowing arrangements. Because the Company's senior unsecured notes are publicly traded with limited trading volume, these instruments are classified as Level 2 in the hierarchy. In contrast, mortgage loans are classified as Level 3 given the unobservable inputs utilized in the valuation. Considerable judgment is necessary to develop estimated fair values of financial instruments. Accordingly, the estimates presented herein are not necessarily indicative of the amounts the Company could realize on the disposition of the financial instruments.

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.

12. Partners' Equity of the Operating Partnership

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

The following table sets forth the changes in outstanding partnership units for the six months ended June 30, 2016 and June 30, 2015.

		Limited Partnership Units		
	General Partnership Units	Class A	Class B	Total
Balance December 31, 2014	1,000,000	5,078,406	94,509,781	99,588,187
Grant of restricted common share awards by the Company	—	—	348,844	348,844
Units issued upon exercise of options	—	—	14,000	14,000
Units withheld for employee income taxes	—	—	(30,578)	(30,578)
Balance June 30, 2015	1,000,000	5,078,406	94,842,047	99,920,453
Balance December 31, 2015	1,000,000	5,052,743	94,880,825	99,933,568
Grant of restricted common share awards by the Company, net of of forfeitures	—	—	173,124	173,124
Issuance of deferred units	—	—	24,040	24,040
Units issued upon exercise of options	—	—	35,300	35,300
Units withheld for employee income taxes	—	—	(60,382)	(60,382)
Balance June 30, 2016	1,000,000	5,052,743	95,052,907	100,105,650

13. Earnings Per Share of the Company

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

	Three months ended June 30,		Six months ended June 30,	
	2016	2015	2016	2015
Numerator				
Net income attributable to Tanger Factory Outlet Centers, Inc.	$73,417	$24,481	$100,567	$58,993
Less allocation of earnings to participating securities	(725)	(308)	(1,019)	(716)
Net income available to common shareholders of Tanger Factory Outlet Centers, Inc.	$72,692	$24,173	$99,548	$58,277
Denominator				
Basic weighted average common shares	95,124	94,741	95,034	94,639
Effect of notional units	183	—	167	—
Effect of outstanding options and certain restricted common shares	68	54	64	66
Diluted weighted average common shares	95,375	94,795	95,265	94,705
Basic earnings per common share:				
Net income	$0.76	$0.26	$1.05	$0.62
Diluted earnings per common share:				
Net income	$0.76	$0.26	$1.04	$0.62

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.

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

The computation of diluted earnings per share excludes options to purchase common shares when the exercise price is greater than the average market price of the common shares for the period. For both the three and six months ended June 30, 2016, 194,900 options were excluded from the computation and for the three and six months ended June 30, 2015, 250,700 and 250,800 options were excluded from the computation, as they were anti-dilutive. The assumed exchange of the partnership units held by the Non-Company LPs as of the beginning of the year, which would result in the elimination of earnings allocated to the noncontrolling interest in the Operating Partnership, would have no impact on earnings per share since the allocation of earnings to a common limited partnership unit, as if exchanged, is equivalent to earnings allocated to a common share.

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

14. Earnings Per Unit of the Operating Partnership

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

	Three months ended June 30,		Six months ended June 30,	
	2016	2015	2016	2015
Numerator				
Net income attributable to partners of the Operating Partnership	$77,314	$25,794	$105,908	$62,161
Less allocation of earnings to participating securities	(725)	(308)	(1,019)	(716)
Net income available to common unitholders of the Operating Partnership	$76,589	$25,486	$104,889	$61,445
Denominator				
Basic weighted average common units	100,177	99,819	100,087	99,717
Effect of notional units	183	—	167	—
Effect of outstanding options and certain restricted common units	68	54	64	66
Diluted weighted average common units	100,428	99,873	100,318	99,783
Basic earnings per common unit:				
Net income	$0.76	$0.26	$1.05	$0.62
Diluted earnings per common unit:				
Net income	$0.76	$0.26	$1.05	$0.62

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.

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.

The computation of diluted earnings per unit excludes options to purchase common units when the exercise price is greater than the average market price of the common units for the period. The market price of a common unit is considered to be equivalent to the market price of a Company common share. For both the three and six months ended June 30, 2016, 194,900 options were excluded from the computation and for the three and six months ended June 30, 2015, 250,700 and 250,800 options were excluded from the computation, as they were anti-dilutive.

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

15. Equity Based Compensation of the Company

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

Company and the Operating Partnership together and the term "shares" is meant to also include corresponding units of the Operating Partnership.

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

	Three months ended June 30,		Six months ended June 30,	
	2016	2015	2016	2015
Restricted common shares	$2,568	$2,837	$5,507	$5,496
Notional unit performance awards	1,026	1,001	1,910	1,841
Options	61	115	238	229
Total share-based compensation	$3,655	$3,953	$7,655	$7,566

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

	Three months ended June 30,		Six months ended June 30,	
	2016	2015	2016	2015
Share-based compensation expense capitalized	$267	$215	$497	$403

Restricted Common Share Awards

During February 2016, the Company granted 286,524 restricted common shares to the Company's independent directors and the Company's senior executive officers. The grant date fair value of the awards ranged from $26.48 to $31.15 per share. The independent directors' restricted common shares vest ratably over a three year period and the senior executive officers' restricted shares vest ratably over a four or five year period. For the restricted shares issued to our chief executive officer, the restricted share agreement requires him to hold the shares for a minimum of three years following each vesting date. Compensation expense related to the amortization of the deferred compensation is being recognized in accordance with the vesting schedule of the restricted shares.

For certain shares that vest during the period, we withhold shares with value equivalent to the employees' minimum statutory obligation for the applicable income and other employment taxes, and remit cash to the appropriate taxing authorities. The total number of shares withheld upon vesting was 60,382 for the six months ended June 30, 2016, and was 30,578 for the six months ended June 30, 2015. No shares were withheld for the three months ended June 30, 2016 and June 30, 2015. The total number of shares withheld was based on the value of the restricted common shares on the vesting date as determined by our closing share price on the day prior to the vesting date. Total amounts paid for the employees' tax obligation to taxing authorities was $1.9 million and $1.1 million for the six months ended June 30, 2016 and 2015, respectively, and is reflected as a financing activity within the consolidated statements of cash flows.

2016 Outperformance Plan

In February 2016, the Compensation Committee of Tanger Factory Outlet Centers, Inc. approved the terms of the Tanger Factory Outlet Centers, Inc. 2016 Outperformance Plan (the “2016 OPP"), a long-term incentive compensation plan. Under the 2016 OPP, the Company granted to award recipients an aggregate of 321,900 performance share units with a grant date fair value of $15.10 per unit, which may convert, subject to the achievement of the goals described below, into a maximum of 321,900 restricted common shares of the Company based on the Company’s absolute share price appreciation and its share price appreciation relative to its peer group, over the three-year measurement period from February 10, 2016 through February 9, 2019.

The maximum number of shares will be earned under this plan if the Company both (a) achieves 35% or higher share price appreciation, inclusive of all dividends paid, over the three-year measurement period and (b) is in the 70th or greater percentile of its peer group for total shareholder return over the three-year measurement period. The Company expects that the value of the awards, if the Company achieves a 35% share price appreciation and is in the 70th or greater percentile of its peer group for total shareholder return over the three-year measurement period, will equal approximately $12.8 million.

Any shares earned on February 9, 2019 are also subject to a time based vesting schedule, which provides that, subject to continued employment with the Company, 50% of the shares will vest on February 15, 2019 and the remaining 50% will vest on February 15, 2020.

With respect to 50% of the performance share units (representing a right to receive up to 160,950 restricted shares), 20% of this portion of the award (representing a right to receive 32,190 restricted shares) will be earned if the Company's aggregate share price appreciation, inclusive of all dividends paid during this period, equals 18% over the three-year measurement period, 60% of this portion of the award (representing a right to receive 96,750 restricted shares) will be earned if the Company's aggregate share price appreciation, inclusive of all dividends paid during this period equals 26.5%, and 100% of this portion of the award (representing a right to receive 160,950 restricted shares) will be earned if the Company's aggregate share price appreciation, inclusive of all dividends paid during this period, equals 35% or higher.

With respect to the other 50% of the performance share units (representing a right to receive up to 160,950 restricted shares), 20% of this portion of the award (representing a right to receive up to 32,190 restricted shares) will be earned if the Company's share price appreciation inclusive of all dividends paid is in the 40th percentile of its peer group over the three-year measurement period, 60% of this portion of the award (representing a right to receive up to 96,750 restricted shares) will be earned if the Company's share price appreciation inclusive of all dividends paid is in the 55th percentile of its peer group during this period, and 100% of this portion of the award (representing a right to receive 160,950 restricted shares) will be earned if the Company's share price appreciation inclusive of all dividends paid is in the 70th percentile of its peer group or greater during this period. The peer group is based on companies included in the SNL Equity REIT index.

The number of restricted shares received in respect of the performance share units will be determined on a pro-rata basis by linear interpolation between share price appreciation thresholds, both for absolute share price appreciation and for relative share price appreciation amongst the Company's peer group. The share price targets will be reduced on a dollar-for-dollar basis with respect to any dividend payments made during the measurement period.

16. Accumulated Other Comprehensive Loss of the Company

The following table presents changes in the balances of each component of accumulated comprehensive loss for the three and six months ended June 30, 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 March 31, 2016	$(27,913)	$(1,901)	$(29,814)	$(1,519)	$(101)	$(1,620)
Unrealized gain on foreign currency translation adjustments	44	—	44	3	—	3
Change in fair value of cash flow hedges	—	(2,320)	(2,320)	—	(123)	(123)
Balance June 30, 2016	$(27,869)	$(4,221)	$(32,090)	$(1,516)	$(224)	$(1,740)

	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)
Unrealized gain on foreign currency translation adjustments	8,261	—	8,261	440	—	440
Change in fair value of cash flow hedges	—	(3,636)	(3,636)	—	(193)	(193)
Balance June 30, 2016	$(27,869)	$(4,221)	$(32,090)	$(1,516)	$(224)	$(1,740)

The following table presents changes in the balances of each component of accumulated comprehensive loss for the three and six months ended June 30, 2015 (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 March 31, 2015	$(24,624)	$(1,131)	$(25,755)	$(1,338)	$ (61)	$(1,399)
Unrealized gain on foreign currency translation adjustments	2,908	—	2,908	155	—	155
Change in fair value of cash flow hedges	—	377	377	—	21	21
Balance June 30, 2015	$(21,716)	$(754)	$(22,470)	$(1,183)	$ (40)	$(1,223)

	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, 2014	$(14,113)	$90	$(14,023)	$(773)	$ 5	$(768)
Unrealized loss on foreign currency translation adjustments	(7,603)	—	(7,603)	(410)	—	(410)
Change in fair value of cash flow hedges	—	(844)	(844)	—	(45)	(45)
Balance June 30, 2015	$(21,716)	$(754)	$(22,470)	$(1,183)	$ (40)	$(1,223)

17. Accumulated Other Comprehensive Loss of the Operating Partnership

The following table presents changes in the balances of each component of accumulated comprehensive loss for the three and six months ended June 30, 2016 (in thousands):

	Foreign Currency	Cash flow hedges	Accumulated Other Comprehensive Income (Loss)
Balance March 31, 2016	$(29,432)	$(2,002)	$ (31,434)
Unrealized gain on foreign currency translation adjustments	47	—	47
Change in fair value of cash flow hedges	—	(2,443)	(2,443)
Balance June 30, 2016	$(29,385)	$(4,445)	$ (33,830)

	Foreign Currency	Cash flow hedges	Accumulated Other Comprehensive Income (Loss)
Balance December 31, 2015	$(38,086)	$(616)	$ (38,702)
Unrealized gain on foreign currency translation adjustments	8,701	—	8,701
Change in fair value of cash flow hedges	—	(3,829)	(3,829)
Balance June 30, 2016	$(29,385)	$(4,445)	$ (33,830)

The following table presents changes in the balances of each component of accumulated comprehensive loss for the three and six months ended June 30, 2015 (in thousands):

	Foreign Currency	Cash flow hedges	Accumulated Other Comprehensive Income (Loss)
Balance March 31, 2015	$(25,962)	$(1,192)	$ (27,154)
Unrealized gain on foreign currency translation adjustments	3,063	—	3,063
Change in fair value of cash flow hedges	—	398	398
Balance June 30, 2015	$(22,899)	$(794)	$ (23,693)

	Foreign Currency	Cash flow hedges	Accumulated Other Comprehensive Income (Loss)
Balance December 31, 2014	$(14,886)	$95	$ (14,791)
Unrealized loss on foreign currency translation adjustments	(8,013)	—	(8,013)
Change in fair value of cash flow hedges	—	(889)	(889)
Balance June 30, 2015	$(22,899)	$(794)	$ (23,693)

18. Non-Cash Activities

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

	June 30, 2016	June 30, 2015
Costs relating to construction included in accounts payable and accrued expenses	$18,374	$41,952

19. New Accounting Pronouncements

In June 2016 the FASB issued ASU No. 2016-13, Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments, which requires measurement and recognition of expected versus incurred credit losses for financial assets held. This ASU will be applied on a prospective basis for fiscal years and interim periods beginning after December 15, 2019, with early adoption permitted for fiscal years beginning and interim periods beginning after December 15, 2018. We are currently evaluating the new guidance to determine the impact it may have on our consolidated financial statements.

In March 2016, the FASB issued ASU No. 2016-09, Compensation - Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting. ASU 2016-09 identifies areas for simplification involving several aspects of accounting for share-based payment transactions, including the income tax consequences, classification of awards as either equity or liabilities, an option to recognize gross stock compensation expense with actual forfeitures recognized as they occur, as well as certain classifications on the statement of cash flows. This ASU is effective for fiscal years beginning after December 15, 2016 including interim periods within that reporting period and may be applied on a modified retrospective basis as a cumulative-effect adjustment to retained earnings as of the date of adoption. Early adoption is permitted. We are currently evaluating the new guidance to determine the impact it may have on our consolidated financial statements.

In March 2016, the FASB issued ASU No. 2016-07, Investments - Equity Method and Joint Ventures (Topic 323): Simplifying the Transition to the Equity Method of Accounting, this standard eliminates the requirement that when an existing cost method investment qualifies for use of the equity method, an investor must restate its historical financial statements, as if the equity method had been used during all previous periods. Under the new guidance, at the point an investment qualifies for the equity method, any unrealized gain or loss in accumulated other comprehensive income/(loss) ("AOCI") will be recognized through earnings. The standard is effective for interim and annual reporting periods beginning after December 15, 2016, although early adoption is permitted. The adoption of the guidance will be applied prospectively to increases in the level of ownership interest or degree of influence occurring after the new standards effective date. Additional transition disclosures are not required upon adoption. We do not expect that the adoption of this standard will have a material impact on our consolidated financial statements.

In March 2016, the FASB issued ASU No. 2016-06, Derivatives and Hedging (Topic 815) – Contingent Put and Call Options in Debt Instruments (“ASU 2016-06”), which will reduce diversity of practice in identifying embedded derivatives in debt instruments. ASU 2016-06 clarifies that the nature of an exercise contingency is not subject to the “clearly and closely” criteria for purposes of assessing whether the call or put option must be separated from the debt instrument and accounted for separately as a derivative. ASU No. 2016-06 is effective for annual reporting periods, and interim periods therein, beginning after December 15, 2016. Entities are required to apply the guidance to existing debt instruments using a modified retrospective transition method as of the period of adoption. We are currently evaluating the new guidance to determine the impact it may have on our consolidated financial statements.

In February 2016, the FASB issued ASU No. 2016-02, Leases. ASU 2016-02, codified in ASC 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. ASU 2016-02 will be effective beginning in the first quarter of 2019. Early adoption of ASU 2016-02 as of its issuance is permitted. The new leases 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 transition relief. We are currently evaluating the new guidance to determine the impact it may have on our consolidated financial statements.

In May 2014, the FASB issued ASU No. 2014-09, Revenue from Contracts with Customers (Topic 606), which supersedes the revenue recognition requirements in ASC 605, Revenue Recognition. This ASU 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. We are required to adopt the new pronouncement in the first quarter of fiscal 2018 using one of two retrospective application methods. In March, April and May 2016 the FASB issued the following amendments to clarify the implementation guidance: ASU No. 2016-08, Revenue from Contracts with Customers (Topic 606): Principal versus Agent Considerations (Reporting Revenue Gross versus Net), ASU No. 2016-10, Revenue from Contracts with Customers (Topic 606): Identifying Performance Obligations and Licensing and ASU No. 2016-12, Revenue from Contracts with Customers (Topic 606)—Narrow-Scope Improvements and Practical Expedients. We are currently evaluating the new guidance to determine the impact it may have on our consolidated financial statements.

20. Subsequent Events

In July 2016, the Company's Board of Directors declared a $0.325 cash dividend per common share payable on August 15, 2016 to each shareholder of record on July 29, 2016, and caused a $0.325 cash distribution per Operating Partnership unit to the Operating Partnership's unitholders.

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

The discussion of our results of operations reported in the unaudited, consolidated statements of operations compares the three and six months ended June 30, 2016 with the three and six months ended June 30, 2015. The results of operations discussion is combined for Tanger Factory Outlet Centers, Inc. and Tanger Properties Limited Partnership because the results are virtually the same for both entities. The following discussion should be read in conjunction with the unaudited consolidated financial statements appearing elsewhere in this report. Historical results and percentage relationships set forth in the unaudited, consolidated statements of operations, including trends which might appear, are not necessarily indicative of future operations. Unless the context indicates otherwise, the term, "Company", refers to Tanger Factory Outlet Centers, Inc. and subsidiaries and the term, "Operating Partnership", refers to Tanger Properties Limited Partnership and subsidiaries. The terms "we", "our" and "us" refer to the Company or the Company and the Operating Partnership together, as the text requires.

Cautionary Statements

Certain statements made below are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. We intend for such forward-looking statements to be covered by the safe harbor provisions for forward-looking statements contained in the Private Securities Reform Act of 1995 and included this statement for purposes of complying with these safe harbor provisions. Forward-looking statements, which are based on certain assumptions and describe our future plans, strategies, beliefs and expectations, are generally identifiable by use of the words "believe", "expect", "intend", "anticipate", "estimate", "project", or similar expressions. Such forward-looking statements include, but are not limited to, statements regarding our: future issuances of equity and debt and the expected use of proceeds from such issuances; potential sales or purchases of outlet centers; anticipated results of operations, liquidity and working capital; new outlet center developments, expansions and renovations; and real estate joint ventures. You should not rely on forward-looking statements since they involve known and unknown risks, uncertainties and other important factors which are, in some cases, beyond our control and which could materially affect our actual results, performance or achievements. Important factors which may cause actual results to differ materially from current expectations include, but are not limited to; our inability to develop new outlet centers or expand existing outlet centers successfully; risks related to the economic performance and market value of our outlet centers; the relative illiquidity of real property investments; impairment charges affecting our properties; our dispositions of assets may not achieve anticipated results; competition for the acquisition and development of outlet centers, and our inability to complete outlet centers we have identified; environmental regulations affecting our business; risk associated with a possible terrorist activity or other acts or threats of violence and threats to public safety; our dependence on rental income from real property; our dependence on the results of operations of our retailers; the fact that certain of our properties are subject to ownership interests held by third parties, whose interests may conflict with ours; risks related to uninsured losses; the risk that consumer, travel, shopping and spending habits may change; risks associated with our Canadian investments; risks associated with attracting and retaining key personnel; risks associated with debt financing; risk associated with our guarantees of debt for, or other support we may provide to, joint venture properties; our potential failure to qualify as a REIT; our legal obligation to make distributions to our shareholders; 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 those factors set forth under Item 1A - "Risk Factors" in the Company's and the Operating Partnership's Annual Report on Form 10-K for the year ended December 31, 2015.

General Overview

As of June 30, 2016, we had 34 consolidated outlet centers in 21 states totaling 11.9 million square feet. We also had 9 unconsolidated outlet centers in 7 states or provinces totaling 2.8 million square feet. The table below details our new developments, expansions and dispositions of consolidated and unconsolidated outlet centers that significantly impacted our results of operations and liquidity from January 1, 2015 to June 30, 2016 (square feet in thousands):

		Consolidated Outlet Centers		Unconsolidated Joint Venture Outlet Centers	
Outlet Center	Quarter Acquired/Opened/Disposed	Square Feet	Outlet Centers	Square Feet	Outlet Centers
As of January 1, 2015		11,346	36	2,606	9
New Developments:					
Foxwoods	Second Quarter	312	1	—	—
Savannah	Second Quarter	—	—	377	1
Grand Rapids	Third Quarter	352	1	—	—
Southaven	Fourth Quarter	320	1	—	—
Expansion:					
Westgate	First Quarter	—	—	28	—
San Marcos	Fourth Quarter	24	—	—	—
Disposition:					
Wisconsin Dells	First Quarter	—	—	(265)	(1)
Kittery I	Third Quarter	(52)	(1)	—	—
Kittery II	Third Quarter	(25)	(1)	—	—
Tuscola	Third Quarter	(250)	(1)	—	—
West Branch	Third Quarter	(113)	(1)	—	—
Barstow	Fourth Quarter	(171)	(1)	—	—
Other		3	—	1	—
As of December 31, 2015		11,746	34	2,747	9
New Developments:					
Columbus	Second Quarter	—	—	355	1
Acquisition:					
Westgate	Second Quarter	411	1	(411)	(1)
Expansion:					
Ottawa	First Quarter	—	—	32	—
Savannah	Second Quarter	—	—	42	—
Dispositions:					
Fort Myers	First Quarter	(199)	(1)	—	—
Other		(16)	—	1	—
As of June 30, 2016		11,942	34	2,766	9

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The following table summarizes certain information for our existing outlet centers in which we have an ownership interest as of June 30, 2016. Except as noted, all properties are fee owned.

Consolidated Outlet Centers Location	Legal Ownership %	Square Feet	% Occupied
Deer Park, New York	100	749,074	96
Riverhead, New York (1)	100	729,734	99
Foley, Alabama	100	556,984	96
Rehoboth Beach, Delaware (1)	100	556,405	100
Atlantic City, New Jersey (1) (4)	99	489,706	92
San Marcos, Texas	100	465,697	98
Sevierville, Tennessee (1)	100	448,335	99
Myrtle Beach Hwy 501, South Carolina	100	425,247	97
Jeffersonville, Ohio	100	411,776	98
Glendale, Arizona (Westgate) (4)	100	410,673	97
Myrtle Beach Hwy 17, South Carolina (1)	100	402,797	100
Charleston, South Carolina	100	382,117	98
Pittsburgh, Pennsylvania	100	372,958	100
Commerce, Georgia	100	371,408	99
Grand Rapids, Michigan	100	357,080	94
Branson, Missouri	100	329,861	100
Locust Grove, Georgia	100	321,070	100
Southaven, Mississippi (2) (4)	50	320,337	96
Park City, Utah	100	319,661	97
Mebane, North Carolina	100	318,910	97
Gonzales, Louisiana	100	318,666	98
Howell, Michigan	100	314,459	92
Mashantucket, Connecticut (Foxwoods) (1) (2) (4)	67	311,614	96
Westbrook, Connecticut	100	289,898	87
Williamsburg, Iowa	100	276,331	97
Hershey, Pennsylvania	100	247,500	100
Lancaster, Pennsylvania	100	247,002	97
Tilton, New Hampshire	100	245,698	97
Hilton Head II, South Carolina	100	206,544	94
Ocean City, Maryland (1)	100	198,840	81
Hilton Head I, South Carolina	100	181,670	97
Terrell, Texas	100	177,800	98
Blowing Rock, North Carolina	100	104,052	99
Nags Head, North Carolina	100	82,161	100
Totals		11,942,065	97 (3)

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

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

(3) Excludes the occupancy rate at our Foxwoods, Grand Rapids and Southaven centers which opened during the second, third and fourth quarters of 2015, respectively, and have not yet stabilized.

(4) Property encumbered by mortgage. See note 7 to the consolidated financial statements for further details of our debt obligations.

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Unconsolidated joint venture properties Location	Legal Ownership %	Square Feet	% Occupied
Savannah, Georgia [(1)] [(2)]	50	419,197	99
Charlotte, North Carolina [(2)]	50	397,839	97
Columbus, Ohio	50	355,220	95
Texas City, Texas (Galveston/Houston) [(2)]	50	352,705	99
National Harbor, Maryland [(2)]	50	338,786	98
Ottawa, Ontario	50	316,494	95
Cookstown, Ontario	50	308,517	99
Bromont, Quebec	50	161,307	72
Saint-Sauveur, Quebec [(2)]	50	115,771	97
Total		2,765,836	96 [(3)]

(1) Based on capital contribution and distribution provisions in the joint venture agreement, we expect our economic interest in the venture's cash flow to be greater than indicated in the Legal Ownership column, which states our legal interest in this venture. As of June 30, 2016, based upon the liquidation proceeds we would receive from a hypothetical liquidation of our investment based on depreciated book value, our estimated economic interest in the venture was approximately 98%. Our economic interest may fluctuate based on a number of factors, including mortgage financing, partnership capital contributions and distributions, and proceeds from gains or losses of asset sales.

(2) Property encumbered by mortgage. See notes 6 and 7 to the consolidated financial statements for further details of our debt obligations.

(3) Excludes the occupancy rate at our Columbus center which opened during the second quarter of 2016 and has not yet stabilized.

Leasing Activity

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

Six months ended June 30, 2016 [1]

	# of Leases	Square Feet (in 000's)	Average Annual Straight-line Rent (psf)	Average Tenant Allowance (psf)	Average Initial Term (in years)	Net Average Annual Straight-line Rent (psf) [2]
Re-tenant	98	302	$ 31.97	$ 36.50	8.76	$ 27.80
Renewal	200	934	$ 25.96	$ 0.58	4.99	$ 25.84

Six months ended June 30, 2015 [3]

	# of Leases	Square Feet (in 000's)	Average Annual Straight-line Rent (psf)	Average Tenant Allowance (psf)	Average Initial Term (in years)	Net Average Annual Straight-line Rent (psf) [2]
Re-tenant	95	356	$ 31.86	$ 25.11	9.44	$ 29.20
Renewal	215	1,018	$ 26.72	$ 0.13	5.55	$ 26.70

(1) Excludes Fort Myers outlet center, which was sold in January 2016 and includes the Westgate outlet center, which is consolidated as of June 30, 2016 due to our acquisition of our partners' interest.

(2) 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 average annual straight-line rent disclosed in the table above includes all concessions, abatements and reimbursements of rent to tenants. The average tenant allowance disclosed in the table above includes landlord costs.

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

RESULTS OF OPERATIONS
Comparison of the three months ended June 30, 2016 to the three months ended June 30, 2015

NET INCOME
Net income increased $51.9 million in the 2016 period to $77.3 million as compared to $25.4 million for the 2015 period. The majority of this increase was due to the $49.3 million gain on the acquisition of our partners' equity interests in the Westgate joint venture in the 2016 period.

In the tables below, information set forth for new developments includes our Foxwoods, Grand Rapids, and Southaven outlet centers, which opened in May 2015, July 2015, and November 2015, respectively. Properties disposed includes the Kittery I & II, Tuscola, and West Branch outlet centers sold in September 2015, the Barstow outlet center sold in October 2015 and the Fort Myers outlet center sold in January 2016.

BASE RENTALS
Base rentals increased $2.7 million, or 4%, in the 2016 period compared to the 2015 period. The following table sets forth the changes in various components of base rentals (in thousands):

	2016	2015	Increase/(Decrease)
Base rentals from existing properties	$67,127	$65,946	$ 1,181
Base rentals from new developments	6,916	1,317	5,599
Base rentals from properties disposed	—	3,638	(3,638)
Termination fees	1,487	1,698	(211)
Amortization of above and below market rent adjustments, net	(527)	(270)	(257)
	$75,003	$72,329	$ 2,674

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

At June 30, 2016, the combined net value representing the amount of unamortized above market lease assets and below market lease liability values, recorded as a part of the purchase price of acquired properties, was a net below market lease asset which totaled approximately $11.5 million. If a tenant terminates its lease prior to the contractual termination of the lease and no rental payments are being made on the lease, any unamortized balance of the related above or below market lease value would be written off and could materially impact our net income positively or negatively.

PERCENTAGE RENTALS
Percentage rentals increased $284,000, or 14%, in the 2016 period compared to the 2015 period. Percentage rentals represents revenues based on a percentage of tenants' sales volume above predetermined levels (contractual breakpoints").

	2016	2015	Increase/(Decrease)
Percentage rentals from existing properties	$2,009	$1,725	$ 284
Percentage rentals from new development	317	—	317
Percentage rentals from properties disposed	—	317	(317)
	$2,326	$2,042	$ 284

EXPENSE REIMBURSEMENTS

Expense reimbursements increased $845,000, or 3%, in the 2016 period compared to the 2015 period. The following table sets forth the changes in various components of expense reimbursements (in thousands):

	2016	2015	Increase/(Decrease)
Expense reimbursements from existing properties	$28,836	$27,629	$ 1,207
Expense reimbursements from new development	1,918	806	1,112
Expense reimbursements from properties disposed	—	1,474	(1,474)
	$30,754	$29,909	$ 845

Expense reimbursements, which represent the contractual recovery from tenants of certain common area maintenance, insurance, property tax, promotional, advertising and management expenses, generally fluctuate consistently with the reimbursable property operating expenses to which they relate. See "Property Operating Expenses" below for a discussion of the increase in operating expenses from our existing properties.

Most, but not all, leases contain provisions requiring tenants to pay a share of our operating expenses as additional rent. However, substantially all of the leases for our new Foxwoods outlet center, which opened in May 2015, require tenants to pay a single minimum contractual gross rent and, in certain cases, percentage rent; thus, all minimum rents received for the Foxwoods outlet center are recorded as base rent and none are recorded to expense reimbursements.

MANAGEMENT, LEASING AND OTHER SERVICES

Management, leasing and other services decreased $395,000, or 23%, in the 2016 period compared to the 2015 period. The following table sets forth the changes in various components of management, leasing and other services (in thousands):

	2016	2015	Increase/(Decrease)
Development and leasing	$353	$727	$ (374)
Loan guarantee	182	187	(5)
Management and marketing	797	813	(16)
	$1,332	$1,727	$ (395)

Income from development and leasing services decreased primarily due to the 2015 period including significant development fee income for construction services provided to the Savannah joint venture. This decrease was partially offset by development and leasing fees earned from services provided to the Columbus joint venture which opened in the 2016 period.

PROPERTY OPERATING EXPENSES

Property operating expenses increased $54,000, in the 2016 period as compared to the 2015 period. The following table sets forth the changes in various components of property operating expenses (in thousands):

	2016	2015	Increase/(Decrease)
Property operating expenses from existing properties	$31,700	$31,261	$ 439
Property operating expenses from new developments	3,312	1,751	1,561
Property operating expenses from properties disposed	—	1,946	(1,946)
	$35,012	$34,958	$ 54

DEPRECIATION AND AMORTIZATION

Depreciation and amortization costs increased $2.0 million, or 8%, in the 2016 period compared to the 2015 period. The following table sets forth the changes in various components of depreciation and amortization costs from the 2016 period to the 2015 period (in thousands):

	2016	2015	Increase/(Decrease)
Depreciation and amortization from existing properties	$22,638	$23,295	$ (657)
Depreciation and amortization from new developments	3,668	638	3,030
Depreciation and amortization from properties disposed	—	339	(339)
	$26,306	$24,272	$ 2,034

Depreciation and amortization costs decreased at existing properties as certain construction and development related assets, as well as lease related intangibles recorded as part of the acquisition price of acquired properties, which are amortized over shorter lives, became fully depreciated during the reporting periods.

INTEREST EXPENSE

Interest expense increased $712,000, or 5%, in the 2016 period compared to the 2015 period, due to (1) our 2015 period included several construction projects for which interest incurred on incremental borrowings was capitalized during the construction period and was expensed during the 2016 period, (2) the April 2016 expansion of our term loan and entry into derivative transactions that effectively fixed the interest rate at higher levels than the floating rate in place during 2015, and (3) the 30-day LIBOR, which impacts the interest rate we pay on our floating rate debt, increasing relative to its level in the 2015 period.

GAIN ON PREVIOUSLY HELD INTEREST IN ACQUIRED JOINT VENTURE

On June 30, 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. 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 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 Westgate joint venture. The carrying value of our original investment in the property had been reduced over time as a result of receiving quarterly cash distributions in excess of earnings and cash on hand immediately prior to our acquisition. Accordingly, a substantial portion of the fair value of our equity interest was recognized as a gain due to the low cost basis of our equity investment balance in the property.

EQUITY IN EARNINGS OF UNCONSOLIDATED JOINT VENTURES

Equity in earnings of unconsolidated joint ventures increased approximately $1.4 million or 69% in the 2016 period compared to the 2015 period. The following table sets forth the changes in various components of equity in earnings of unconsolidated joint ventures (in thousands):

	2016	2015	Increase/(Decrease)
Equity in earnings from existing properties	$2,881	$2,537	$ 344
Equity in earnings from new developments	585	(491)	$ 1,076
	$3,466	$2,046	$ 1,420

The increase in equity in earnings of unconsolidated joint ventures from new developments is due to the incremental earnings from the Savannah outlet center, which opened in April 2015 and the Columbus outlet center, which opened in June 2016.

Comparison of the six months ended June 30, 2016 to the six months ended June 30, 2015

NET INCOME

Net income increased $44.2 million in the 2016 period to $105.9 million as compared to $61.7 million for the 2015 period. The majority of this increase was due to the $49.3 million gain on the acquisition of our partners' equity interests in the Westgate joint venture in the 2016 period. However, gains on sales of assets and interest in unconsolidated joint ventures were lower in the 2016 period compared to the 2015 period. We recognized a $13.7 million gain on the sale of our equity interest in the Wisconsin Dells joint venture in the 2015 period versus a $4.9 million gain on the sale of our outlet center in Fort Myers, Florida located near Sanibel Island in the 2016 period.

In the tables below, information set forth for new developments includes our Foxwoods, Grand Rapids, and Southaven outlet centers, which opened in May 2015, July 2015, and November 2015, respectively. Properties disposed includes the Kittery I & II, Tuscola, and West Branch outlet centers sold in September 2015, the Barstow outlet center sold in October 2015 and the Fort Myers outlet center sold in January 2016.

BASE RENTALS

Base rentals increased $7.7 million, or 5%, in the 2016 period compared to the 2015 period. The following table sets forth the changes in various components of base rentals (in thousands):

	2016	2015	Change
Base rentals from existing properties	$132,836	$129,495	$3,341
Base rentals from new developments	13,759	1,467	12,292
Base rentals from property disposed	66	7,232	(7,166)
Termination fees	2,042	2,836	(794)
Amortization of above and below market rent adjustments, net	(1,077)	(1,072)	(5)
	$147,626	$139,958	$7,668

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

Fees received from the early termination of leases, which are generally based on the lease term remaining at the time of termination, decreased as a result of fewer store closures throughout the portfolio in the 2016 period compared to the 2015 period.

At June 30, 2016, the combined net value representing the amount of unamortized above market lease assets and below market lease liability values, recorded as a part of the purchase price of acquired properties, was a net below market lease asset which totaled approximately $11.5 million. If a tenant terminates its lease prior to the contractual termination of the lease and no rental payments are being made on the lease, any unamortized balance of the related above or below market lease value would be written off and could materially impact our net income positively or negatively.

PERCENTAGE RENTALS

Percentage rentals increased $205,000, or 5%, in the 2016 period compared to the 2015 period. Percentage rentals represents revenues based on a percentage of tenants' sales volume above predetermined levels (contractual breakpoints").

	2016	2015	Increase/(Decrease)
Percentage rentals from existing properties	$4,057	$3,705	$ 352
Percentage rentals from new development	419	566	(147)
Percentage rentals from properties disposed	—	—	—

$4,476	$4,271	$ 205

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EXPENSE REIMBURSEMENTS

Expense reimbursements increased $723,000, or 1%, in the 2016 period compared to the 2015 period. The following table sets forth the changes in various components of expense reimbursements (in thousands):

	2016	2015	Change
Expense reimbursements from existing properties	$59,528	$58,903	$ 625
Expense reimbursements from new developments	4,431	1,189	3,242
Expense reimbursements from property disposed	37	3,181	(3,144)
	$63,996	$63,273	$ 723

Expense reimbursements, which represent the contractual recovery from tenants of certain common area maintenance, insurance, property tax, promotional, advertising and management expenses, generally fluctuate consistently with the reimbursable property operating expenses to which they relate. See "Property Operating Expenses" below for a discussion of the increase in operating expenses from our existing properties.

Most, but not all, leases contain provisions requiring tenants to pay a share of our operating expenses as additional rent. However, substantially all of the leases for our new Foxwoods outlet center, which opened in May 2015, require tenants to pay a single minimum contractual gross rent and, in certain cases, percentage rent; thus, all minimum rents received for the Foxwoods outlet center are recorded as base rent and none are recorded to expense reimbursements.

MANAGEMENT, LEASING AND OTHER SERVICES

Management, leasing and other services decreased $557,000, or 19%, in the 2016 period compared to the 2015 period. The following table sets forth the changes in various components of management, leasing and other services (in thousands):

	2016	2015	Change
Development and leasing	$545	$1,307	$(762)
Loan guarantee	364	383	(19)
Management and marketing	1,544	1,320	224
	$2,453	$3,010	$(557)

Management, leasing and other services decreased primarily due to the 2015 period including significant development fee income for construction services provided to the Savannah joint venture. These decreases were partially offset by higher development and leasing fees earned from services provided to the Columbus joint venture in the 2016 period.

PROPERTY OPERATING EXPENSES

The following table sets forth the changes in various components of property operating expenses (in thousands):

	2016	2015	Change
Property operating expenses from existing properties	$65,590	$66,388	$(798)
Property operating expenses from new developments	7,238	2,214	5,024
Property operating expenses from property disposed	58	4,088	(4,030)
	$72,886	$72,690	$196

Property operating expenses from existing properties decreased primarily due to a decrease in snow removal costs as a result of a relatively mild winter in the 2016 period compared to the 2015 period.

DEPRECIATION AND AMORTIZATION

Depreciation and amortization costs increased 4.6 million, or 10%, in the 2016 period compared to the 2015 period.The following table sets forth the changes in various components of depreciation and amortization costs from the 2016 period to the 2015 period (in thousands):

	2016	2015	Change
Depreciation and amortization expenses from existing properties	$45,595	$46,944	$(1,349)
Depreciation and amortization expenses from new developments	7,278	638	6,640
Depreciation and amortization from property disposed	—	679	(679)
	$52,873	$48,261	$4,612

The decrease in depreciation and amortization costs from existing properties was due to lease related intangibles recorded as part of the acquisition price of acquired properties in 2011 and 2013, which are amortized over shorter lives, and which became fully amortized during the reporting periods.

INTEREST EXPENSE

Interest expense increased $2.5 million, or 10%, in the 2016 period compared to the 2015 period, due to (1) our 2015 period included several construction projects for which interest incurred on incremental borrowings was capitalized during the construction period and was expensed during the 2016 period, (2) the April 2016 expansion of our term loan and entry into derivative transactions that effectively fixed the interest rate at higher levels than the floating interest rate in place during 2015, (3) placing mortgages on the Foxwoods and Southaven outlet centers which have a higher interest rate than our lines of credit which are generally used to fund development, and (4) the 30-day LIBOR, which impacts the interest rate we pay on our floating rate debt, increasing relative to its level in the 2015 period.

GAIN ON SALE OF ASSETS AND INTEREST IN UNCONSOLIDATED ENTITIES

The gain on sale of assets and interest in unconsolidated entities decreased approximately $8.8 million or 64% in the 2016 period compared to the 2015 period. 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. In February 2015, we sold our equity interest in the joint venture that owned the Wisconsin Dells outlet center for approximately $15.6 million, representing our share of the sales price totaling $27.7 million less our share of the outstanding debt totaling $12.1 million. As a result of this transaction, we recorded a gain of approximately $13.7 million in the first quarter of 2015, representing the difference between the carrying value of our equity method investment and the net proceeds received.

GAIN ON PREVIOUSLY HELD INTEREST IN ACQUIRED JOINT VENTURE

On June 30, 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. 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 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. The carrying value of our original investment in the property had been reduced over time as a result of receiving quarterly cash distributions in excess of earnings and cash on hand immediately prior to our acquisition. Accordingly, a substantial portion of the fair value of our equity interest was recognized as a gain due to the low cost basis of our equity investment balance in the property.

EQUITY IN EARNINGS OF UNCONSOLIDATED JOINT VENTURES

Equity in earnings of unconsolidated joint ventures increased approximately $2.4 million or 52% in the 2016 period compared to the 2015 period. The following table sets forth the changes in various components of equity in earnings of unconsolidated joint ventures (in thousands):

	2016	2015	Change
Equity in earnings from existing properties	$5,586	$4,922	$664
Equity in earnings from new developments	1,379	(491)	$1,870
Equity in earnings from property disposed	—	158	(158)
	$6,965	$4,589	$2,376

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The increase in equity in earnings of unconsolidated joint ventures from existing properties is primarily due to incremental earnings from the Westgate expansion and at our RioCan Canada properties, lower amortization related to lease intangibles recorded as part of the acquisition price of acquired properties, which are amortized over shorter lives, and which became fully amortized during the 2016 reporting period.

The increase in equity in earnings of unconsolidated joint ventures from new developments is due to the incremental earnings from the Savannah outlet center, which opened in April 2015 and the Columbus outlet center, which opened in June 2016.

The equity in earnings from properties disposed are related to our equity interest in the Wisconsin Dells joint venture, which we sold in February 2015.

LIQUIDITY AND CAPITAL RESOURCES OF THE COMPANY

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

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

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

The Company is a well-known seasoned issuer with a shelf registration that expires in June 2018 that allows the Company to register unspecified various classes of equity securities and the Operating Partnership to register unspecified, various classes of debt securities. As circumstances warrant, the Company may issue equity from time to time on an opportunistic basis, dependent upon market conditions and available pricing. The Operating Partnership may use the proceeds to repay debt, including borrowings under its lines of credit, develop new or existing properties, to make acquisitions of properties or portfolios of properties, to invest in existing or newly created joint ventures or for general corporate purposes.

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

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

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

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

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

On July 8, 2016, the Company's Board of Directors declared a $0.325 cash dividend per common share payable on August 15, 2016 to each shareholder of record on July 29, 2016, and caused a $0.325 cash distribution per Operating Partnership unit to the Operating Partnership's unitholders.

LIQUIDITY AND CAPITAL RESOURCES OF THE OPERATING PARTNERSHIP

General Overview

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

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

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

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

	Six months ended June 30, 2016	2015	Change
Net cash provided by operating activities	$105,008	$101,726	$3,282
Net cash provided by (used in) investing activities	25,859	(117,485)	143,344
Net cash (used in) provided by financing activities	(125,870)	17,190	(143,060)
Effect of foreign currency rate changes on cash and equivalents	539	(331)	870
Net increase in cash and cash equivalents	$5,536	$1,100	$4,436

Operating Activities

In 2016, our cash provided by operating activities was positively impacted by a number of factors, including an increase in operating income as a result of the net growth in leasable square feet in our portfolio of outlet centers and an increase in distributions from our unconsolidated joint ventures.

Investing Activities

The increase in net cash provided by investing activities is primarily associated with the following:

- We used restricted cash of $121.3 million in 2016 to repay 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 the Deer Park outlet center.
- Cash provided from asset sales increased in 2016 compared to 2015, as proceeds from the sale of our Fort Myers outlet center exceeded the proceeds from the sale of our equity interest in the Wisconsin Dells outlet center.
- Cash used for additions to rental property decreased due to lower new outlet center construction in 2016 as compared to 2015. The 2015 period included additions for our Foxwoods, Grand Rapids, and Southaven outlet centers, all of which opened throughout 2015, while the 2016 period primarily included construction at our Daytona Beach outlet center.
- Partially offsetting the above items was our acquisition of our partner's interest in our Westgate joint venture and fewer contributions in the 2016 period to our unconsolidated joint ventures as a result of less development activity in the 2016 period compared to the 2015 period.

Financing Activities

The increase in net cash used in financing activities is primarily associated with the following:

- Increase in cash distributions paid due to a special dividend that was paid in January 2016 and an increase in quarterly dividends paid to common shareholders in 2016.
- Increase in cash used for debt repayments, which included the repayments of our Deer Park $150.0 million floating rate mortgage loan, our $10.0 million unsecured note payable and our $7.5 million unsecured term note. The increase in debt repayments was partially offset by an increase in borrowings.
- Cash used for the payment of a deferred financing obligation to a former partner at Deer Park, which increased our legal ownership to 100%.

Capital Expenditures

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

	Six months ended June 30, 2016	2015	Change
Capital expenditures analysis:			
New center developments	$42,539	$117,898	$(75,359)
Major center renovations	5,003	879	4,124
Second generation tenant allowances	4,475	5,084	(609)
Other capital expenditures	6,274	6,290	(16)
	58,291	130,151	(71,860)
Conversion from accrual to cash basis	10,291	(18,920)	29,211
Additions to rental property-cash basis	$68,582	$111,231	$(42,649)

- New center development expenditures, which include first generation tenant allowances, relate to construction expenditures for our Daytona Beach, Southaven, and San Marcos outlet centers in the 2016 period. The 2015 period included new center development expenditures for our Grand Rapids, Southaven, and Foxwoods outlet centers.
- Major center renovations in both the 2016 and 2015 periods included construction activities at our Riverhead and our Rehoboth Beach outlet centers. The 2016 period also includes renovations at our Howell outlet center. We expect to spend approximately $25.1 million for the remainder of 2016 on the renovation of these three outlet centers.

Current Developments

We intend to continue to grow our portfolio by developing, expanding or acquiring additional outlet centers. In the section below, we describe the new developments that are either currently planned, underway or recently completed. However, you should note that any developments or expansions that we, or a joint venture that we 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.

New Development of Consolidated Outlet Centers

The following table summarizes our projects under development as of June 30, 2016:

Project	Approximate square feet (in 000's)	Projected Total Net Cost per Square Foot (in dollars)	Projected Total Net Cost (in millions)	Costs Incurred to Date (in millions)	Projected Opening
Daytona Beach	352	$ 259	$ 91.3	$ 49.8	November 2016

Daytona Beach

In November 2015, we purchased land for approximately $9.9 million and commenced construction on the development of a wholly owned outlet center in Daytona Beach, Florida.

New Development in Unconsolidated Real Estate Joint Ventures - Columbus

In June 2016, we opened an approximately 355,000 square foot outlet center in Columbus, Ohio. As of June 30, 2016, we and our partner had each contributed $35.8 million to fund development activities. The projected total net cost of the development is estimated to be approximately $94.9 million. We are providing property management, marketing and leasing services to the joint venture. During construction, our partner provided development services to the joint venture and we, along with our partner, provided joint leasing services.

See "Off-Balance Sheet Arrangements" for a discussion of unconsolidated joint venture development activities.

Other Potential Future Developments and Dispositions of Rental Property

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 projects will ultimately be developed.

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

In March 2016, we announced our newest pre-development project, located in the greater Fort Worth, Texas market within the 279-acre Champions Circle mixed-use development adjacent to Texas Motor Speedway. We plan to develop a 350,000 square foot outlet center featuring over 70 upscale brand name and designer retailers. Pre-development and pre-leasing efforts for the project are ongoing. If we achieve our pre-leasing hurdles, we plan to acquire the land and commence construction.

In July 2016, we announced that we plan to break ground on an 123,000 square foot expansion of our outlet center in Lancaster, Pennsylvania during the third quarter of 2016, with a projected opening in the third quarter of 2017.

In January 2016, we sold our outlet center in Fort Myers, Florida located near Sanibel Island for net proceeds of approximately $25.8 million for a gain of $4.9 million. The proceeds from the sale of this unencumbered asset were used to pay down balances outstanding under our unsecured lines of credit.

Financing Arrangements

As of June 30, 2016, unsecured borrowings represented 88% of our outstanding debt and 82% of the gross book value of our real estate portfolio was unencumbered. We maintain unsecured lines of credit that provide for borrowings of up to $520.0 million. The unsecured lines of credit include a $20.0 million liquidity line and a $500.0 million syndicated line. Our unsecured lines of credit bear interest at a rate of LIBOR + 0.90% and the syndicated line may be increased to $1.0 billion through an accordion feature in certain circumstances. The Company guarantees the Operating Partnership's obligations under these lines. As of June 30, 2016, we had $260.8 million available under our unsecured lines of credit.

In January 2016, we used restricted cash and unsecured lines of credit to repay 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 are related to our 749,000 square foot outlet center in Deer Park. These transactions allowed us to unencumber the Deer Park asset while simultaneously deferring a significant portion of the gains related to the assets sold in 2015 for tax purposes.

In February 2016, we repaid our $7.5 million unsecured term note, which had an original maturity date in August 2017.

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 23, 2019 to April 13, 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.

Also in April 2016, we entered into four separate interest rate swap agreements, effective April 13, 2016 that fix the base LIBOR rate at an average of 1.03% on notional amounts totaling $175.0 million through January 1, 2021. In June 2016, we entered into two separate interest rate swap agreements, effective October 3, 2016 that fixed the base LIBOR rate at an average of 1.41% on notional amounts totaling $250.0 million through October 3, 2026.

In June 2016, our $10.0 million unsecured note payable became due and was repaid on June 23, 2016.

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 with the Operating Partnership, expiring in June 2018, that allows us to register unspecified amounts of different classes of securities on Form S-3. To generate capital to reinvest into other attractive investment opportunities, we may also consider the use of additional operational and developmental joint ventures, the sale or lease of outparcels on our existing properties and the sale of certain properties that do not meet our long-term investment criteria. Based on cash provided by operations, existing lines of credit, ongoing relationships with certain financial institutions and our ability to sell debt or issue equity subject to market conditions, we believe that we have access to the necessary financing to fund the planned capital expenditures through the end of 2016.

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 2020 when our next significant debt maturities occur, assuming extension options are exercised.

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

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

Senior unsecured notes financial covenants	Required	Actual	
Total consolidated debt to adjusted total assets	<60%	50	%
Total secured debt to adjusted total assets	<40%	7	%
Total unencumbered assets to unsecured debt	>150%	178	%

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OFF-BALANCE SHEET ARRANGEMENTS

The following table details certain information as of June 30, 2016 about various unconsolidated real estate joint ventures in which we have an ownership interest:

Joint Venture	Outlet Center Location	Ownership %		Square Feet (in 000's)	Carrying Value of Investment (in millions)	
Columbus	Columbus, OH	50.0	%	355	$ 36.4	
National Harbor	National Harbor, MD	50.0	%	339	4.9	
RioCan Canada	Various	50.0	%	902	126.8	
Savannah (1)	Savannah, GA	50.0	%	419	42.4	
					$ 210.5	
Charlotte(2)	Charlotte, NC	50.0	%	398	$ (1.6	)
Galveston/Houston (2)	Texas City, TX	50.0	%	353	(2.9	)
					$ (4.5	)

(1) Based on capital contribution and distribution provisions in the joint venture agreement, we expect our economic interest in the venture's cash flow to be greater than indicated in the Ownership column, which states our legal interest in this venture. As of June 30, 2016, based upon the liquidation proceeds we would receive from a hypothetical liquidation of our investment based on depreciated book value, our estimated economic interest in the venture was approximately 98%. Our economic interest may fluctuate based on a number of factors, including mortgage financing, partnership capital contributions and distributions, and proceeds from gains or losses of asset sales.

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(2) 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.

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 don't consider this arrangement to be a mandatory redeemable obligation.

We provide guarantees to lenders for our joint ventures which include standard non-recourse carve out indemnifications for losses arising from items such as but not limited to fraud, physical waste, payment of taxes, environmental indemnities, misapplication of insurance proceeds or security deposits and failure to maintain required insurance. For construction and term loans, we may include a guaranty of completion as well as a principal guaranty ranging from 5% to 100% of principal. The principal guarantees include terms for release 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.

Columbus

In June 2016, we opened an approximately 355,000 square foot outlet center in Columbus, Ohio. As of June 30, 2016, we and our partner had each contributed $35.8 million to fund development activities. The projected total net cost of the development is estimated to be approximately $94.9 million. We are providing property management, marketing and leasing services to the joint venture. During construction, our partner provided development services to the joint venture and we, along with our partner, provided joint leasing services.

Savannah

In May 2016, we expanded our outlet center in Savannah by approximately 42,000 square feet, bringing the outlet center's total gross leasable area to approximately 419,000 square feet.

Debt of unconsolidated joint ventures

The following table details information regarding the outstanding debt of the unconsolidated joint ventures and principal guarantees of such debt provided by us as of June 30, 2016 (dollars in millions):

Joint Venture	Total Joint Venture Debt	Maturity Date	Interest Rate	Percent Guaranteed by the Company	Maximum Guaranteed Amount by the Company
Charlotte	$90.0	November 2018	LIBOR + 1.45%	5.0 %	$ 4.5
Galveston/Houston	65.0	July 2017	LIBOR + 1.50%	5.0 %	3.3
National Harbor(1)	87.0	November 2019	LIBOR + 1.65%	10.0 %	8.7
RioCan Canada (2)	11.8	May 2020	5.75%	26.3 %	3.1
Savannah (3)	96.9	May 2017	LIBOR + 1.65%	15.5 %	15.0
Debt origination costs	(2.8)				
	$347.9				$ 34.6

(1) 100% completion guaranty; 10% principal guaranty.
(2) The joint venture debt amount includes premium of approximately $574,000.
(3) 100% completion guaranty; $15.0 million principal guaranty.

Fees from unconsolidated joint ventures

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

	Three months ended June 30,		Six months ended June 30,	
	2016	2015	2016	2015
Fee:				
Development and leasing	$353	$727	$545	$1,307
Loan Guarantee	182	187	364	383
Management and marketing	797	813	1,544	1,320
Total Fees	$1,332	$1,727	$2,453	$3,010

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Refer to our 2015 Annual Report on Form 10-K of the Company and the Operating Partnership for a discussion of our critical accounting policies which include principles of consolidation, acquisition of real estate, cost capitalization, impairment of long-lived assets and revenue recognition. There have been no material changes to these policies in 2016.

NON-GAAP SUPPLEMENTAL MEASURES

Funds From Operations

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

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

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

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

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

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

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

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

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

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

Adjusted Funds From Operations

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

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

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

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

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

- Although depreciation and amortization are non-cash charges, the assets being depreciated and amortized will often have to be replaced in the future, and AFFO does not reflect any cash requirements for such replacements;
- AFFO does not reflect the impact of certain cash charges resulting from matters we consider not to be indicative of our ongoing operations; and
- Other companies in our industry may calculate AFFO differently than we do, limiting its usefulness as a comparative measure.

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

Below is a reconciliation of net income to FFO available to common shareholders and AFFO available to common shareholders [(1)]:

	Three months ended		Six months ended	
	June 30,		June 30,	
	2016	2015	2016	2015
Net income	$77,302	$25,359	$105,919	$61,745
Adjusted for:				
Depreciation and amortization of real estate assets - consolidated	25,937	23,919	52,142	47,556
Depreciation and amortization of real estate assets - unconsolidated joint ventures	5,808	5,038	11,147	9,114
Gain on sale of assets and interests in unconsolidated entities	—	—	(4,887)	(13,726)
Gain on previously held interest in acquired joint venture	(49,258)	—	(49,258)	—
FFO	59,789	54,316	115,063	104,689
FFO attributable to noncontrolling interests in other consolidated partnerships	(12)	412	(59)	370
Allocation of earnings to participating securities	(564)	(583)	(1,133)	(1,143)
FFO available to common shareholders [(1)]	$59,213	$54,145	$113,871	$103,916
As further adjusted for:				
Accelerated vesting of share-based compensation [(2)]	—	—	293	—
Demolition costs	182	—	182	—
Write-off of debt discount due to repayment of debt prior to maturity [(3)]	—	—	882	—
Impact of above adjustments to the allocation of earnings to participating securities	(1)	—	(13)	—
AFFO available to common shareholders [(1)]	$59,394	$54,145	$115,215	$103,916
FFO available to common shareholders per share - diluted [(1)]	$0.59	$0.54	$1.14	$1.04
AFFO available to common shareholders per share - diluted [(1)]	$0.59	$0.54	$1.15	$1.04
Weighted Average Shares				
Basic weighted average common shares	95,124	94,741	95,034	94,639
Effect of notional units	183	—	167	—
Effect of outstanding options and restricted common shares	68	54	64	66
Diluted weighted average common shares (for earnings per share computations)	95,375	94,795	95,265	94,705
Exchangeable operating partnership units	5,053	5,078	5,053	5,078
Diluted weighted average common shares (for FFO and AFFO per share computations) [(1)]	100,428	99,873	100,318	99,783

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

(2) Represents restricted shares that vested immediately upon the death of Director Donald Drapkin.

(3) Due to the January 28, 2016 early repayment of the $150 million mortgage secured by the Deer Park, New York 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 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, renovated or subject to a material non-recurring event, such as a natural disaster, during the comparable reporting periods.

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

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

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

	Three months ended June 30,		Six months ended June 30,	
	2016	2015	2016	2015
Net income	$77,302	$25,359	$105,919	$61,745
Adjusted to exclude:				
Equity in earnings of unconsolidated joint ventures	$(3,466)	$(2,046)	$(6,965)	$(4,589)
Interest expense	13,800	13,088	28,684	26,177
Gain on sale of assets and interests in unconsolidated entities	—	—	(4,887)	(13,726)
Gain on previously held interest in acquired joint venture	(49,258)	—	(49,258)	—
Other nonoperating income (expense)	(38)	493	(354)	187
Depreciation and amortization	26,306	24,272	52,873	48,261
Other non-property income and losses	(379)	(590)	(560)	(1,020)
Demolition Costs	182	—	182	—
Corporate general and administrative expenses	11,448	11,357	22,913	22,622
Non-cash adjustments (1)	(1,049)	(1,142)	(1,971)	(1,471)
Termination rents	(1,487)	(1,698)	(2,042)	(2,836)
Portfolio NOI	73,361	69,093	144,534	135,350
Non-same center NOI (2)	(5,721)	(3,909)	(11,261)	(7,328)
Same Center NOI	$67,640	$65,184	$133,273	$128,022

(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: Foxwoods outlet center, which opened in May of 2015; Grand Rapids outlet center, which opened in July of 2015; Southaven outlet center, which opened in November 2015; Kittery I & II, Tuscola and West Branch outlet centers, which were sold in September 2015; Barstow outlet center, which was sold in October 2015; Fort Myers outlet center, which was sold in January 2016; and Glendale outlet center (Westgate), which was acquired in June 2016.

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. Most of the leases require the tenant to pay their share of property operating expenses, including common area maintenance, real estate taxes, insurance and advertising and promotion, thereby reducing exposure to increases in costs and operating expenses resulting from inflation.

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

Due to the relatively short-term nature of our tenants' leases, a significant portion of the leases in our portfolio come up for renewal each year. As of January 1, 2016, we had approximately 1.4 million square feet, or 12% of our consolidated portfolio at that time, coming up for renewal during 2016. During the first six months of 2016, we renewed approximately 934,000 square feet of this space at a 17% increase in the average base rental rate compared to the expiring rate. We also re-tenanted approximately 302,000 square feet at a 28% increase in the average base rental rate. In addition, we continue to attract and retain additional tenants. However, there can be no assurance that we can achieve similar increases in base rental rates. In addition, if we were unable to successfully renew or release a significant amount of this space on favorable economic terms, the loss in rent could have a material adverse effect on our results of operations.

Our outlet centers typically include well-known, national, brand name companies. By maintaining a broad base of well-known tenants and a geographically diverse portfolio of properties located across the United States, we believe we reduce our operating and leasing risks. No one tenant (including affiliates) accounts for more than 8% of our square feet or 6% 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. Occupancy at our consolidated centers was 97% as of both June 30, 2016 and 2015.

Item 3. Quantitative and Qualitative Disclosures about Market Risk
Market Risk

We are exposed to various market risks, including changes in interest rates. Market risk is the potential loss arising from adverse changes in market rates and prices, such as interest rates. We may periodically enter into certain interest rate protection and interest rate swap agreements to effectively convert existing floating rate debt to a fixed rate basis. We do not enter into derivatives or other financial instruments for trading or speculative purposes. 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. When current development activities were ongoing, we typically held distributions of net cash flow from our Canadian joint ventures in Canadian Dollars in order to efficiently reinvest such amounts as needed to fund future Canadian development activities. Cash held in Canadian Dollars has not typically been held for long periods of time, nor has it been significant. We believe this strategy has mitigated some of the risk of our initial investment and our exposure to changes in foreign currencies. Presently, we do not intend to maintain a substantial amount of cash in Canadian Dollars. However, any funds we hold in Canadian Dollars which are neither reinvested in additional Canadian development or exchanged for US Dollars subject us to the risk of currency fluctuations, as we generally do not hedge currency translation exposures.

In October 2013, we entered into interest rate swap agreements with notional amounts totaling $150.0 million to reduce our floating rate debt exposure. The interest rate swap agreements fix the base LIBOR rate at an average of 1.30% and mature in August 2018. Also, in April 2016, we entered into four separate interest rate swap agreements, effective April 13, 2016, that fix the base LIBOR rate at an average of 1.03% on notional amounts totaling $175.0 million through January 1, 2021. The fair value of the interest rate swap agreements represents the estimated receipts or payments that would be made to terminate the agreement. In addition, in June 2016, we entered into two separate interest rate swap agreements, effective October 3, 2016 that fixed the base LIBOR rate at an average of 1.41% on notional amounts totaling $250.0 million through October 3, 2026.

As of June 30, 2016, the fair value of these contracts is a liability of $4.4 million. The fair value is based on dealer quotes, considering current interest rates, remaining term to maturity and our credit standing.

As of June 30, 2016, approximately 28% of our outstanding debt had variable rates, excluding variable rate debt with interest rate protection agreements in place, and therefore were subject to market fluctuations. An increase in the LIBOR rate of 100 basis points would result in an increase of approximately $4.5 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 were as follows (in thousands):

	June 30, 2016	December 31, 2015
Fair value of debt	$1,694,512	$ 1,615,833
Recorded value of debt	$1,602,847	$ 1,551,924

A 100 basis point increase from prevailing interest rates at June 30, 2016 and December 31, 2015 would result in a decrease in fair value of total debt of approximately $49.1 million and $50.3 million, respectively. With the exception of the unsecured term loan and unsecured lines of credit, that have variable rates and considered at market value, fair values of the senior notes and mortgage loans are determined using discounted cash flow analysis with an interest rate or credit spread similar to that of current market borrowing arrangements. Because the Company's senior unsecured notes are publicly traded with limited trading volume, these instruments are classified as Level 2 in the hierarchy. In contrast, mortgage loans are classified as Level 3 given the unobservable inputs utilized in the valuation. Considerable judgment is necessary to develop estimated fair values of financial instruments. Accordingly, the estimates presented herein are not necessarily indicative of the amounts the Company could realize on the disposition of the financial instruments.

Item 4. Controls and Procedures

Tanger Factory Outlet Centers, Inc. Controls and Procedures

The Company's management carried out an evaluation, with the participation of the Company's Chief Executive Officer and Chief Financial Officer, of the effectiveness of the Company's disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) as of June 30, 2016. Based on this evaluation, the Company's Chief Executive Officer and Chief Financial Officer, have concluded the Company's disclosure controls and procedures were effective as of June 30, 2016. There were no changes to the Company's internal controls over financial reporting during the quarter ended June 30, 2016, that materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Tanger Properties Limited Partnership Controls and Procedures

The management of the Operating Partnership's general partner carried out an evaluation, with the participation of the Chief Executive Officer and the Vice-President and Treasurer (Principal Financial and Accounting Officer) of the Operating Partnership's general partner, of the effectiveness of the Operating Partnership's disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) as of June 30, 2016. Based on this evaluation, the Chief Executive Officer of the Operating Partnership's general partner, and the Vice-President and Treasurer of the Operating Partnership's general partner, have concluded the Operating Partnership's disclosure controls and procedures were effective as of June 30, 2016. There were no changes to the Operating Partnership's internal controls over financial reporting during the quarter ended June 30, 2016, that materially affected, or are reasonably likely to materially affect, the Operating Partnership's internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

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

On July 14, 2016, a lawsuit was filed by a local business owner in the Superior Court of New Jersey alleging that agreements that establish the property tax liability of certain of our subsidiaries violate the New Jersey Constitution and are unauthorized by New Jersey law. We are reviewing the complaint, and have not formally responded to it, but we believe our agreements are valid and authorized. We intend to defend vigorously against these allegations. Nevertheless, we cannot assure you as to the outcome of this action, or any similar future lawsuit, including the costs associated with defending these claims or any other liabilities that may be incurred in connection with the litigation or settlement of these claims.

Item 1A. Risk Factors

There have been no material changes from the risk factors disclosed in the "Risk Factors" section of our Annual Report on Form 10-K for the year ended December 31, 2015.

Item 4.Mine Safety Disclosures

Not applicable

Item 6. Exhibits

Exhibit Number	Exhibit Descriptions
10.1***	Form of 2016 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, 2016, filed May 4, 2016.)
10.2	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).
12.1*	Company's Ratio of Earnings to Fixed Charges.
12.2*	Operating Partnership's Ratio of Earnings to Fixed Charges.
31.1*	Principal Executive Officer Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 302 of the Sarbanes - Oxley Act of 2002 for Tanger Factory Outlet Centers, Inc.
31.2*	Principal Financial Officer Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 302 of the Sarbanes - Oxley Act of 2002 for Tanger Factory Outlet Centers, Inc.
31.3*	Principal Executive Officer Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 302 of the Sarbanes - Oxley Act of 2002 for Tanger Properties Limited Partnership.
31.4*	Principal Financial Officer Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 302 of the Sarbanes - Oxley Act of 2002 for Tanger Properties Limited Partnership.
32.1**	Principal Executive Officer Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes - Oxley Act of 2002 for Tanger Factory Outlet Centers, Inc.
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32.4**	Principal Financial Officer Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes - Oxley Act of 2002 for Tanger Properties Limited Partnership.
101	The following financial statements from Tanger Factory Outlet Centers, Inc. and Tanger Properties Limited Partnership's dual Quarterly Report on Form 10-Q for the quarter ended June 30, 2016, formatted in XBRL: (i) Consolidated Balance Sheets (unaudited), (ii) Consolidated Statements of Operations (unaudited), (iii) Consolidated Statements of Other Comprehensive Income (unaudited), (iv) Consolidated Statements of Equity (unaudited), (v) Consolidated Statements of Cash Flows (unaudited), and (vi) Notes to Consolidated Financial Statements (unaudited).

* Filed herewith.
** Furnished herewith.
*** Management contract or compensatory plan or arrangement.

SIGNATURES

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

DATE: July 29, 2016

TANGER FACTORY OUTLET CENTERS, INC.

By: /s/ James F. Williams
James F. Williams
Senior Vice President and Chief Financial Officer

TANGER PROPERTIES LIMITED PARTNERSHIP

By: TANGER GP TRUST, its sole general partner

By: /s/ James F. Williams
James F. Williams
Vice President and Treasurer (Principal Financial and Accounting Officer)

Exhibit Index

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