



January 27, 2020

# MANAGEMENT PRESENTATION

**Tanger**®Outlets

**Tanger**®

**Best Brands,  
Best Price  
and Best  
Experience.®**

# SAFE HARBOR STATEMENT

This presentation contains certain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. The Company intends such forward-looking statements to be covered by the safe harbor provisions for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995 and includes this statement for purposes of complying with the safe harbor provisions. Forward-looking statements, which are based on certain assumptions and describe the Company's future plans, strategies and expectations, are generally identifiable by use of the words "believe," "expect," "intend," "anticipate," "estimate," "project," "will," "forecast" or similar expressions.

You should not rely on forward-looking statements since they involve known and unknown risks, uncertainties and other 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; the bankruptcy of one or more of the retailers in our centers; the fact certain of our lease agreements include co-tenancy and/or sales-based provisions that may allow a tenant to pay reduced rent and/or terminate a lease prior to its natural expiration; environmental regulations affecting our business; risks associated with 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; risks associated with our guarantees of debt for, or other support we may provide to, joint venture properties; the effectiveness of our interest rate hedging arrangements; uncertainty relating to the potential phasing out of LIBOR; our potential failure to qualify as a REIT; our legal obligation to make distributions to our shareholders; legislative or regulatory actions that could adversely affect our shareholders, including the recent changes in the U.S. federal income taxation of U.S. businesses; our dependence on distributions from the Operating Partnership to meet our financial obligations, including dividends; the risk of a cyber-attack or an act of cyber-terrorism and other important factors set forth under Item 1A – "Risk Factors" in the Company's and the Operating Partnership's Annual Report on Form 10-K for the year ended December 31, 2018, as may be updated or supplemented in the Company's Quarterly Reports on Form 10-Q and the Company's other filings with the SEC. Accordingly, there is no assurance that the Company's expectations will be realized. The Company disclaims any intention or obligation to update the forward-looking statements, whether as a result of new information, future events or otherwise. You are advised to refer to any further disclosures the Company makes or related subjects in the Company's Current Reports on Form 8-K that the Company files with the SEC.

We use certain non-GAAP supplemental measures in this presentation, including FFO, AFFO, same center net operating income ("Same Center NOI"), and portfolio net operating income ("Portfolio NOI"). See definitions and reconciliations beginning on page 41.



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# OUTLETS: THE VALUE PROPOSITION

**For Retailers**



## One of the most profitable channels for retailers

- Lower cost of occupancy
- Higher margins
- Lower customer acquisition and logistics costs

## Important component of the omni-channel retail strategy

- Direct touchpoint with the consumer
- Maintain integrity of brand through control of product placement and pricing



# OUTLETS: THE VALUE PROPOSITION For Consumers



**Consistent value for quality merchandise from sought-after brands**

**Social, experiential shopping**

**Tactile interaction with the products prior to making the purchase**

**Instant gratification – buy and enjoy same day**

**Tanger**Outlets



# WHO IS TANGER?

## Premier Owner of Outlet Centers

- Well-located outlet centers across the U.S. and Canada
- Superior outlet experience and deep tenant relationships
- Active center and portfolio management drive solid performance

Tanger<sup>®</sup>Outlets



## Snapshot *(as of December 31, 2019)*

NYSE: SKT

Market Value: \$1.4 Billion

Enterprise Value: \$3.0 Billion

Investment Grade

FOUNDED: 1981

14.3M Square Feet

39 Outlet Centers

20 States & Canada



# OUR MISSION

**Best Brands, Best Price  
and Best Experience.®**

**That's Tanger Outlets!®**

Tanger's mission is to provide our Shoppers the latest and most popular brands, at the best prices anywhere, with an experience so compelling, they return over and over again with their family and friends

# OUR VISION

**Be First Choice with:**

- SHOPPERS
- RETAILERS
- INVESTORS
- PARTNERS
- OUR COMMUNITIES
- EMPLOYEES



# INVESTMENT HIGHLIGHTS

**Outlet industry leader  
with expertise and skill  
set to succeed**

**Recession resiliency**

**Strong and flexible  
balance sheet**

**Proven record of value  
creation through  
disciplined capital  
allocation**







STEVEN B. TANGER



An exterior view of an Ann Taylor Factory Store building. The building has a stone facade and a large sign that reads 'ANN TAYLOR FACTORY STORE'. In the foreground, there is a large, modern sculpture made of metal and glass. The sky is clear and blue.

Tanger<sup>®</sup>Outlets

“

# RECESSION RESILIENCY

In good times, people **LOVE A BARGAIN**, and in tough times, people **NEED A BARGAIN**”

# PIONEER AND INDUSTRY LEADER

**Positioned to Create Value**

## Targeted Focus & Experience

- Only public pure-play outlet REIT
- 39+ years of experience in the industry
- Established reputation as an outlet industry leader among tenants and shoppers

## Tenant Relationships

- A trusted tenant partner
- Proven history of developing, marketing and operating successful outlet centers

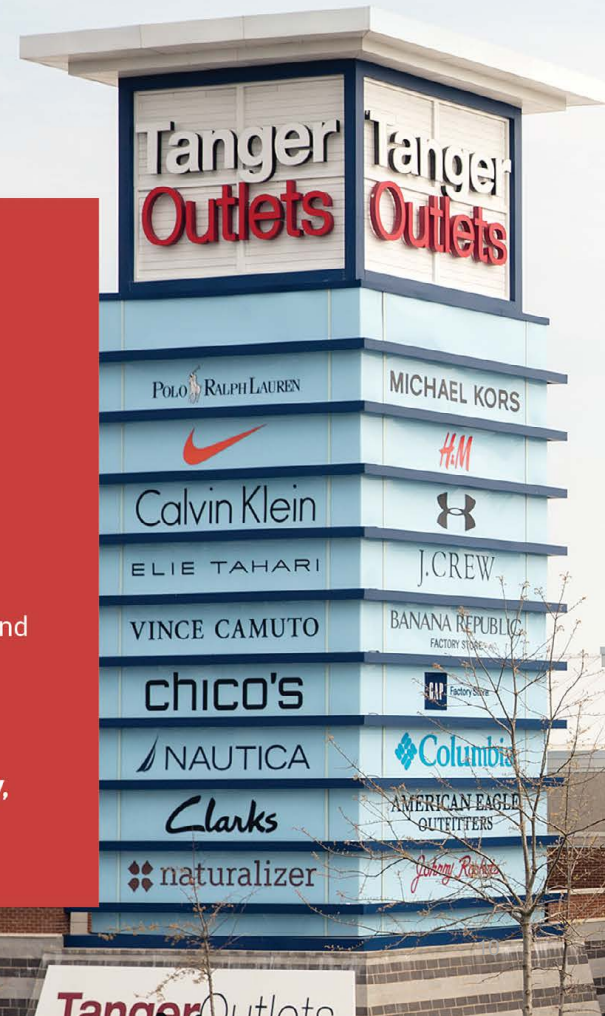
## Unique Skill Set

- Site selection – typically near or outside major metropolitan areas or in popular tourist destinations
- Leasing – experts at curating a compelling mix of tenants and maintaining strong tenancy
- Marketing – effective programs to drive traffic & loyalty for Tanger brand

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**Tanger executives average 15+ years of service to the Company, and even more in the industry**

Tanger<sup>®</sup>Outlets





# GEOGRAPHIC DIVERSIFICATION

...39

LOCATIONS

...20

STATES  
& CANADA

...14.3

MILLION  
APPROXIMATE  
TOTAL SF

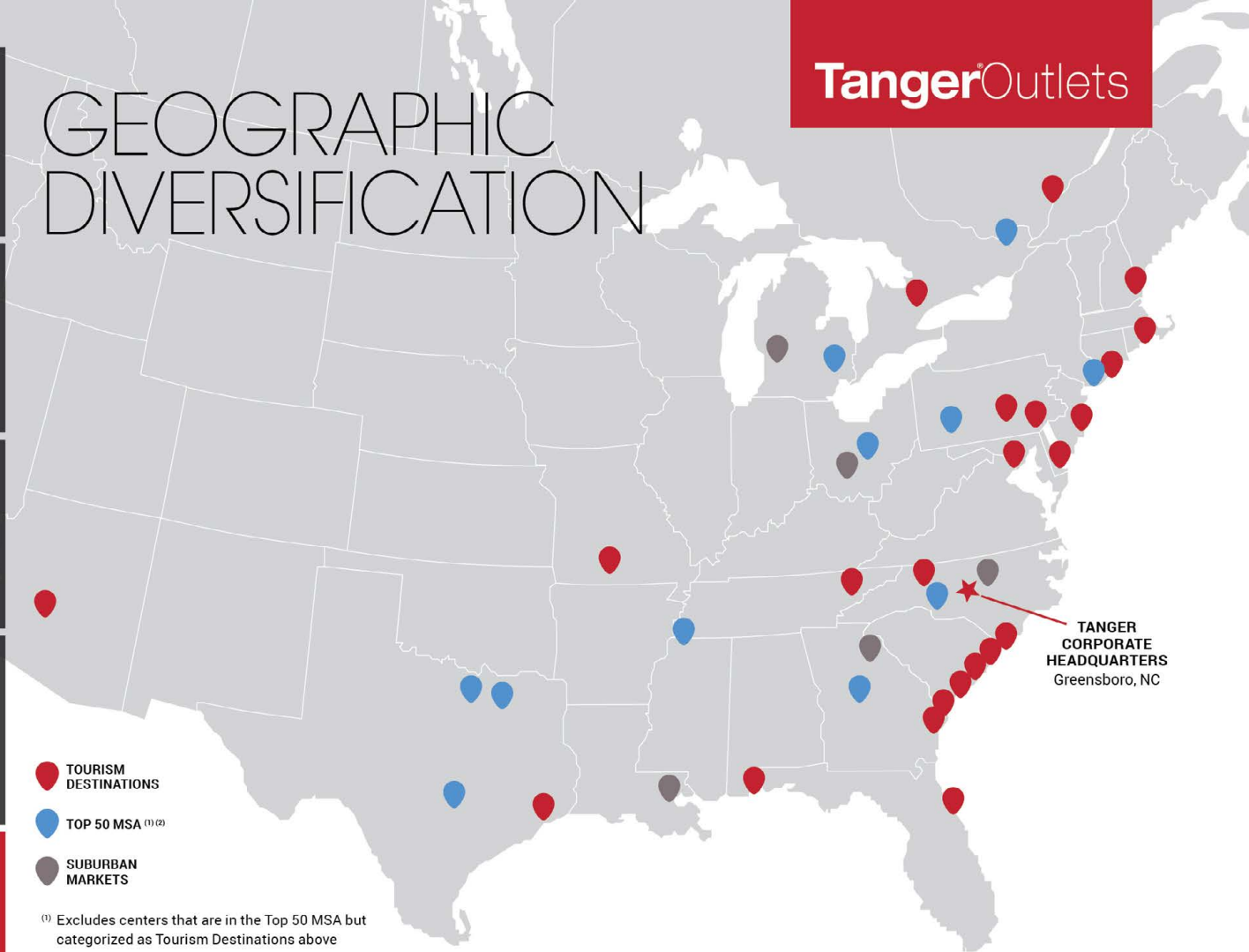
...58%

OF SF IS LOCATED  
IN TOURISM  
DESTINATIONS

...88%

OF SF IS IN A TOP 50 MSA  
OR LEADING TOURISM  
DESTINATION<sup>(2)</sup>

(Metropolitan Statistical Area as  
Defined by the U.S. Census Bureau)



TOURISM  
DESTINATIONS

TOP 50 MSA<sup>(1) (2)</sup>

SUBURBAN  
MARKETS

<sup>(1)</sup> Excludes centers that are in the Top 50 MSA but categorized as Tourism Destinations above

<sup>(2)</sup> Includes Ottawa, ON center located in a top 5 census metropolitan area as defined by Statistics Canada

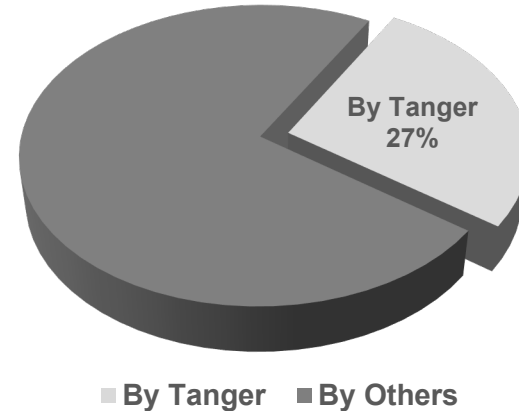
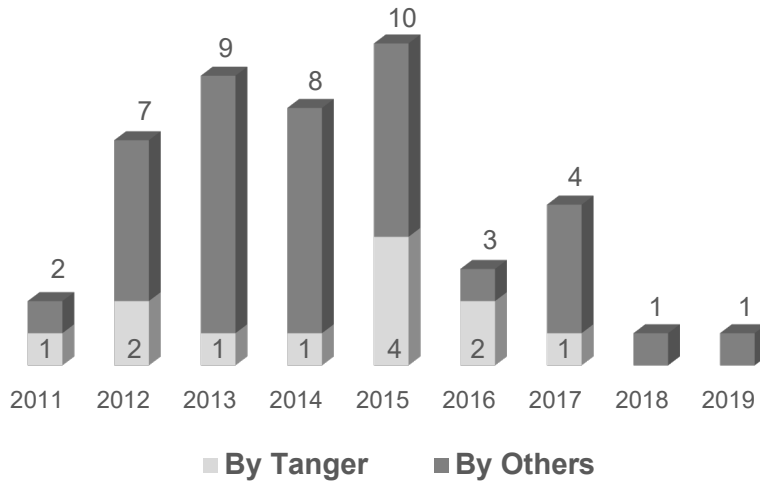
TANGER  
CORPORATE  
HEADQUARTERS  
Greensboro, NC

# CONTROLLED GROWTH

While as many as 50 new centers may be announced at any point in time, far fewer ever open for business

Tenants want a developer that can deliver, and Tanger has a proven, 39 year track record of delivering quality outlet centers

Number of New Outlet Centers Supplied by Industry, Since 2011 <sup>(1)</sup>



<sup>(1)</sup>Number of new outlet centers per Value Retail News; Tanger portion represents centers in which Tanger owns or has an ownership interest



# STRONG AND DYNAMIC TENANT MIX



Diversified tenant base

**Properties are easily reconfigured to minimize tenant turnover downtime & capex requirements**

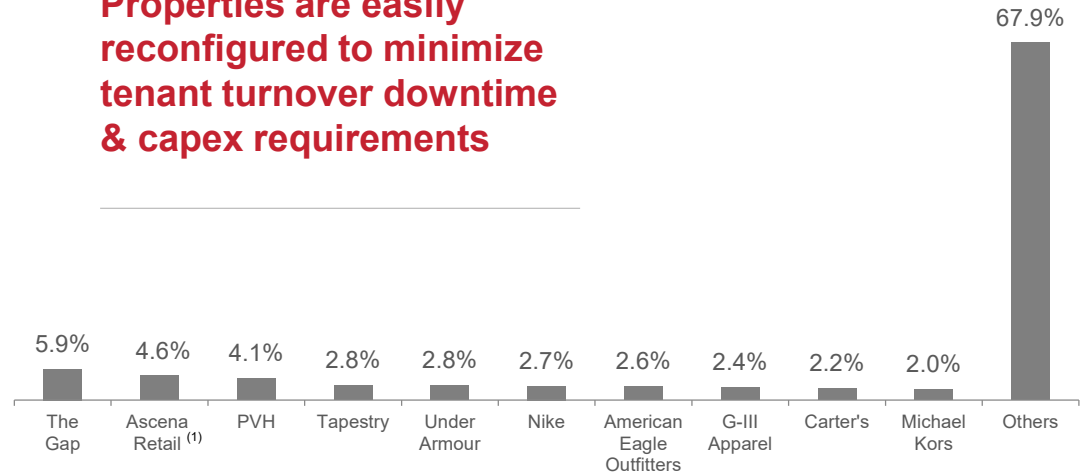


Chart is in terms of annualized base rent as of December 31, 2019 and includes all retail concepts of each tenant group for consolidated outlet centers

<sup>(1)</sup> Excludes Dressbarn, which closed all stores subsequent to December 31, 2019

Tanger<sup>®</sup>



OPERATING  
METRICS

# CONSOLIDATED PORTFOLIO OPERATING METRICS



**97.0%**<sup>(1)</sup>

Occupancy

**HIGHER THAN  
ANY MALL REIT**<sup>(2)</sup>



**10.0%**<sup>(3)</sup>

Tenant Occupancy Cost Ratio

**LOWER THAN  
ANY MALL REIT**<sup>(2)</sup>



**\$395**<sup>(3)</sup>

Tenant Sales Per Square Foot

**UP \$10 FROM  
PRIOR YEAR**



Signed 337 Leases  
Totaling Over

**1.5 MILLION SF**<sup>(3)</sup>



**+2.7%**<sup>(3)</sup>

Blended Straight-line  
Rent Spreads



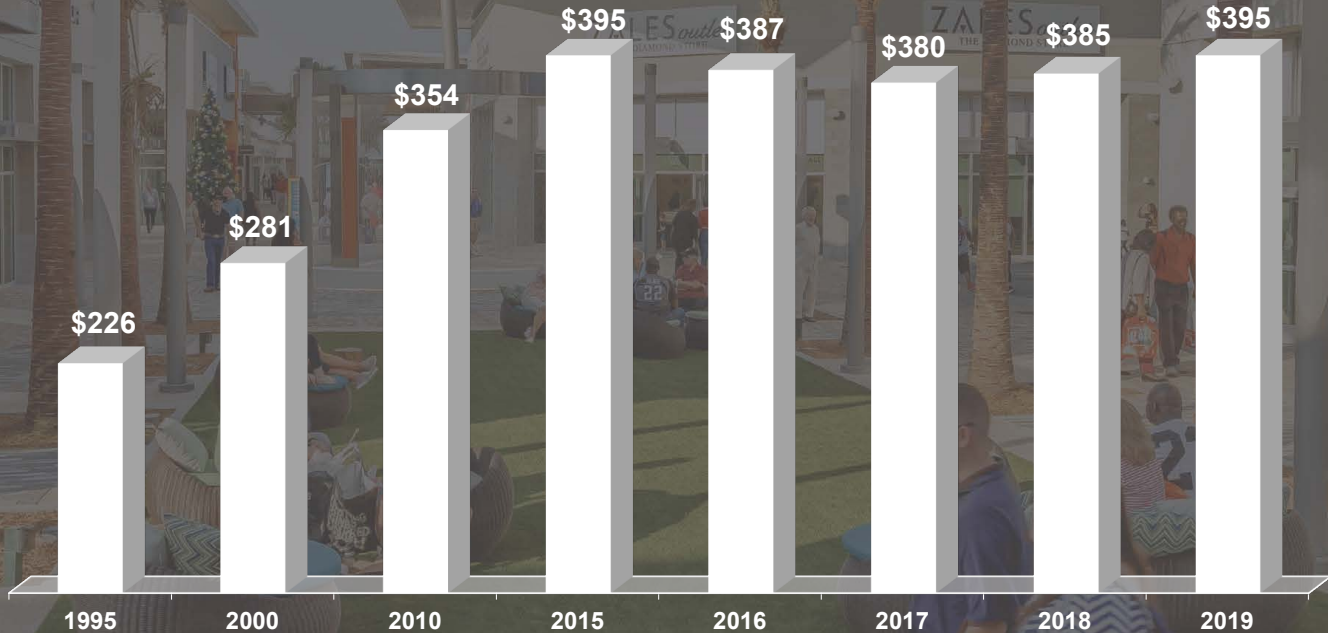
**-0.7%**<sup>(3)</sup>

Same Center  
NOI Trend

<sup>(1)</sup> AS OF DECEMBER 31, 2019 <sup>(2)</sup> REFLECTS REPORTED RESULTS AS OF JANUARY 24, 2020 <sup>(3)</sup> FOR THE YEAR ENDED DECEMBER 31, 2019



# SALES PERFORMANCE



Sales are for stabilized outlet centers in the consolidated portfolio and are based on reports by retailers leasing outlet center stores for the trailing 12 months for tenants which have occupied such stores for a minimum of 12 months. For periods subsequent to 2010, sales per square foot are based on all tenants less than 20,000 square feet in size.

# SOLID PERFORMANCE WITH SUSTAINED OCCUPANCY

## Occupancy of 95% or Greater for More Than 25 Years



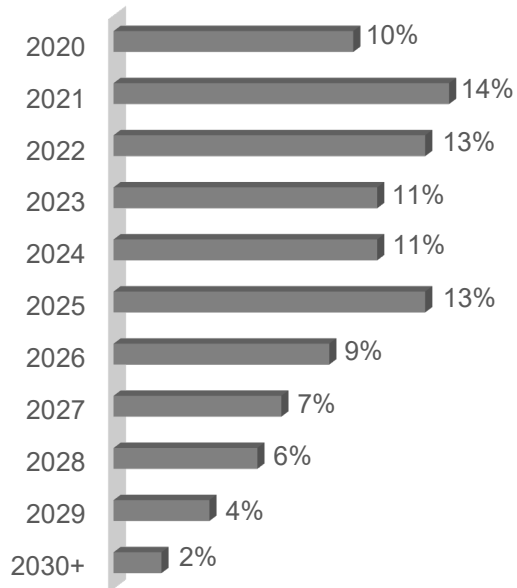
Represents period end occupancy for consolidated outlet centers



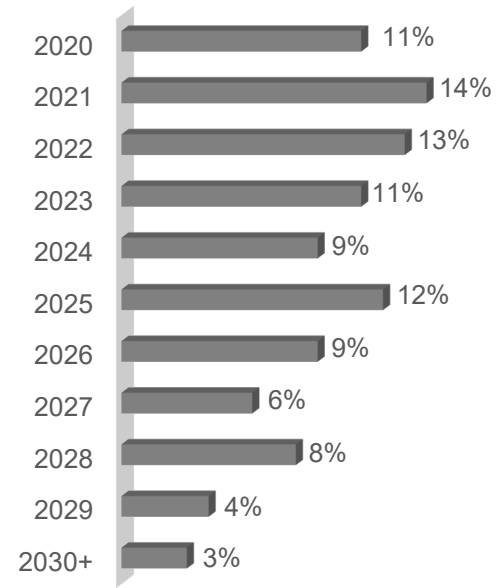
# STABLE EXPIRATIONS



**Percentage of Annual Base Rent <sup>(1)</sup>**

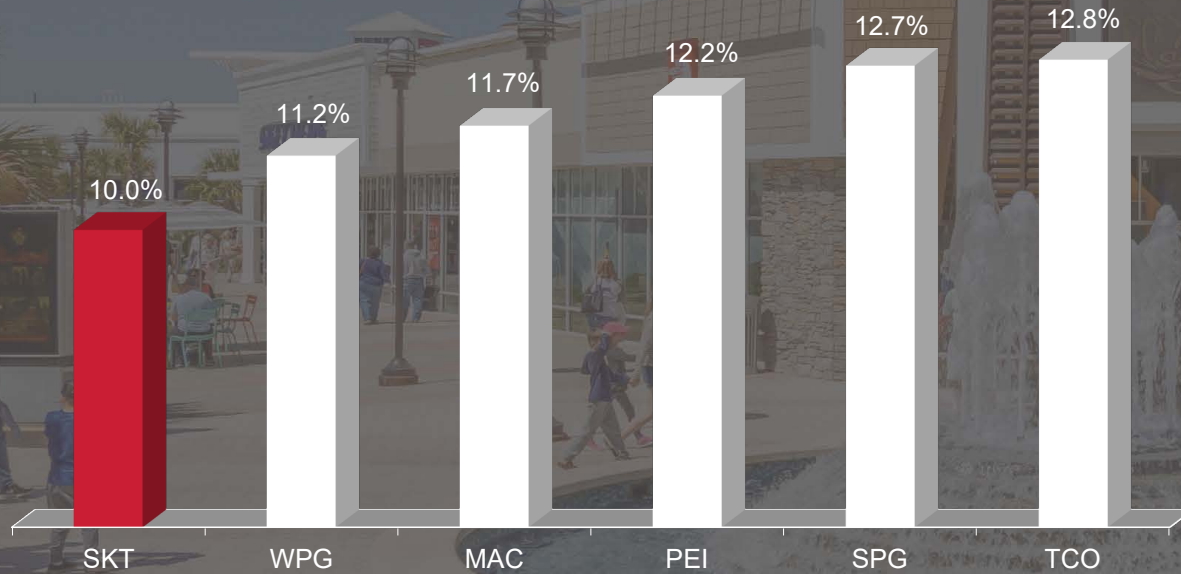


**Percentage of Total GLA <sup>(1)</sup>**



<sup>(1)</sup> As of December 31, 2019 for consolidated outlet centers, net of renewals executed

# ATTRACTIVE TENANT OCCUPANCY COST



Most recently reported as of January 24, 2020



Tanger<sup>®</sup>

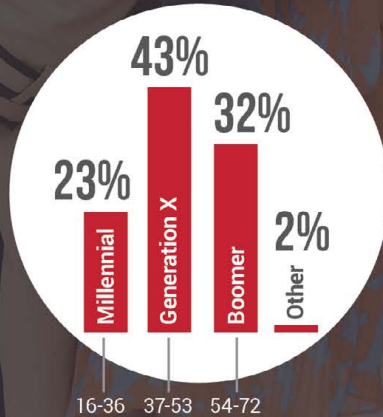


OPTIMIZING  
THE SHOPPER  
EXPERIENCE

# | A LOOK AT OUR SHOPPER



**75%**  
Females



**\$91,837**  
Average Household  
Income



**8.2**  
Shopping Frequency  
Per Year



**\$243<sup>(1)</sup>**  
Average Shopping  
Expenditure



**181  
MILLION**  
Visitors Annually

<sup>(1)</sup> SOURCE: THIRD PARTY RESEARCH FINDINGS, PER SHOPPING PARTY



# TANGERCLUB

Tanger®Outlets

An Exclusive VIP Shopper Program that rewards members for shopping with exclusive offers and gifts for spending levels, VIP parking, seasonal specials and more!



**21%**  
YTD Membership Growth



**\$104,844**  
Average Household Income



**12**  
Shopping Frequency Per Year



**\$271<sup>(1)</sup>**  
Average Shopping Expenditure



**\$3,240**  
Annual Spend By Club Member  
( $\$271 \text{ Average Spend} \times 12 \text{ Annual Visits}$ )  
**\$1,993 for Non-Club Member**



**63%**  
Higher Spend Than Non-Club Members

<sup>(1)</sup> SOURCE: THIRD PARTY RESEARCH FINDINGS, PER SHOPPING PARTY

# AN OMNICHANNEL STRATEGY IS ESSENTIAL FOR RETAILERS

KEY FINDING IN ICSC HALO EFFECT STUDY:

“The halo effect is critical and multifaceted [for retailers] – through the additional omnichannel spending that occurs within days of making a purchase in a physical store or online.”

**84%**

Percentage of consumers who have shopped in-store in markets where stores are present

**4X**

In-store conversion rates are 4 times higher than online-only conversion rates

**2.1**

Average number of in-store transactions that consumers complete within 15 days of an online transaction

**\$131**

Additional spending by a consumer who spends \$100 online and then visits the physical store within 15 days of their purchase

PHYSICAL STORES AND AN ONLINE PRESENCE ARE MUTUALLY BENEFICIAL:

“Physical locations are places where brands can make genuine connections with consumers who are considerably more informed today than they were yesterday.”

PHYSICAL STORES IMPROVE BRAND HEALTH BENEFITING BRAND:

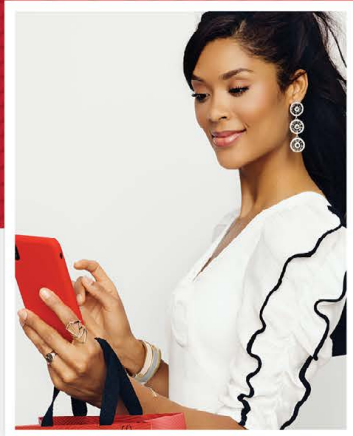
**Awareness • Impression • Consideration • Identification • Loyalty**

The halo effect is defined as the direct impact of physical stores on digital engagement and consumer awareness of a brand.

SOURCE: INTERNATIONAL COUNCIL OF SHOPPING CENTERS • THE HALO EFFECT: HOW BRICKS IMPACT CLICKS; BRICKS DRIVE CLICKS GLOBALLY: THE POSITIVE PHYSICAL-DIGITAL RELATIONSHIP; AND THE HALO EFFECT II: QUANTIFYING THE IMPACT OF MULTICHANNEL

# ONGOING INVESTMENTS IN MARKETING & TECHNOLOGY

**Tanger**Outlets



**Tanger Mobile App +  
Text Deals**



**More than 1.6 Million  
TangerClub Members and  
9.9 Million Preferred  
Customers in Our Database**



**Email Marketing  
+ Mobile Coupons**



**Customer  
Engagement Events**

Tanger Outlets is where shoppers find the best value – we promise. This concept, since 1994, is a simple promise. If you find any product you have purchased at a Tanger Outlet Center advertised for less, we gladly refund the difference. Online sales have been added to the program to make it even stronger.





# OUR APPROACH TO CORPORATE RESPONSIBILITY

**At Tanger, we recognize that corporate responsibility is essential to our success and to creating long-term value for our stakeholders, including shareholders, retail partners, employee team members, community partners, and customers, and to protecting the future of the environment.**

We continue to look for opportunities to integrate sustainability into our business practices as we address the material issues impacting Tanger and our stakeholders.

Along with Governance, the pillars of our corporate responsibility approach include:



## **PLACES**

### **Environmental Footprint**

Practices that enhance and differentiate our properties while considering the sustainability of our business and our planet.



## **PARTNERSHIPS**

### **Shareholders, Retailers and Community Engagement**

Mutually beneficial relationships with shareholders, retailers and nonprofit partners that facilitate improved quality of life for the communities we serve.



## **PEOPLE**

### **Customers and Employees**

The long-term, trusting relationships with team members and the consumers we serve.

## **OUR MATERIAL ISSUES – ESG PRIORITIES AND IMPACTS**

We begin with understanding opportunities and risks arising from the material issues that impact our business and inform our environmental, social and governance (ESG) strategy. It is critical to translate these issues into operational priorities and processes across the business as well as within specific functional areas, focusing on global economic, environmental and social impacts. The list below includes top level ESG items that have been identified through stakeholder, executive and board engagement and are priority areas for Tanger.

ESG Priorities - Material Issues include:



**COMPANY REPUTATION**



**OPERATIONAL EFFICIENCIES**



**ENVIRONMENTAL RISKS**



**CULTURE**



**DIVERSITY AND EQUAL OPPORTUNITY**



**CORPORATE GOVERNANCE**

Tanger<sup>®</sup>



DISCIPLINED  
EXTERNAL  
GROWTH



# EXTERNAL GROWTH OPPORTUNITIES

**Through Disciplined Development**



**Continue to monitor markets to identify attractive opportunities**

## **Rigorous Development Guidelines**

- At least 60% pre-leasing commitments with visibility to 75%
- Receipt of all required permits
- Acceptable return on cost hurdle

## **Underpenetrated Industry**

- Supply of outlet centers in the U.S. remains favorable
- Currently an estimated 70 million square feet of quality space, which represents less than 1% of U.S. retail space

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**Tenant demand for outlet space continues for developers with access to capital and the expertise to deliver new outlet projects**



# NASHVILLE POTENTIAL PROJECT

We are in due diligence process for a new Tanger Outlet Center in Nashville, Tennessee, one of the fastest growing MSAs in the country



# Tanger<sup>®</sup>



The area around many of our centers has been densifying, which brings more consumers to the area, without Tanger having to make the investment

## DENSIFICATION

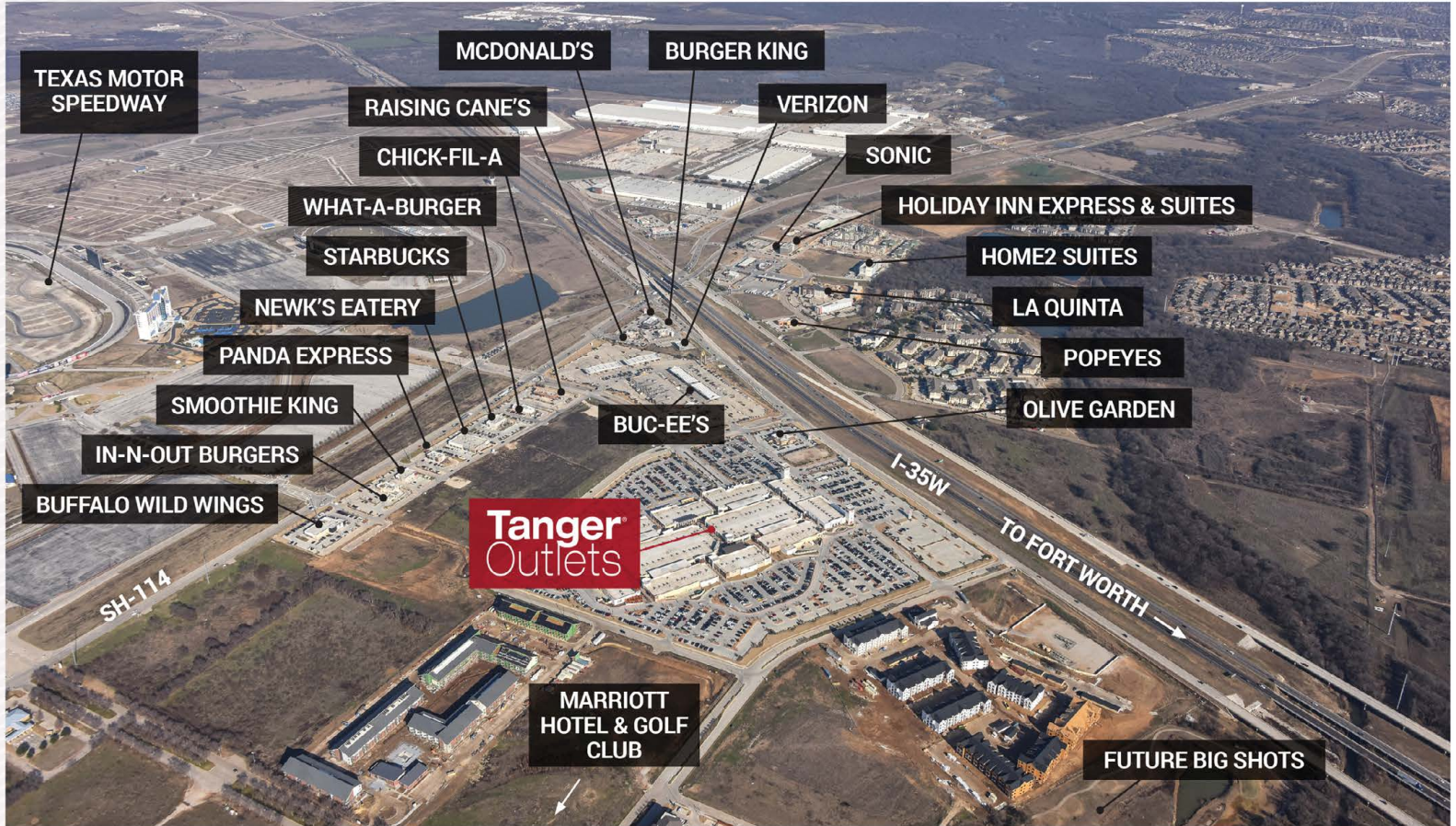


# DAYTONA BEACH





# FORT WORTH





# NATIONAL HARBOR

Tanger<sup>®</sup>Outlets





Tanger<sup>®</sup>



FINANCIAL



# FINANCIAL STRATEGIES

**Tanger**Outlets

**Maintain Manageable Schedule of Debt Maturities**

**Maintain Significant Unused Capacity Under Lines of Credit**

**Disciplined Development Approach – Will Not Build on Spec**

**Investment Grade Rated**

**Use Joint Ventures Opportunistically**

**Solid Coverage & Leverage Ratios**

**Funding Preference for Unsecured Financing – Limited Secured Financing**

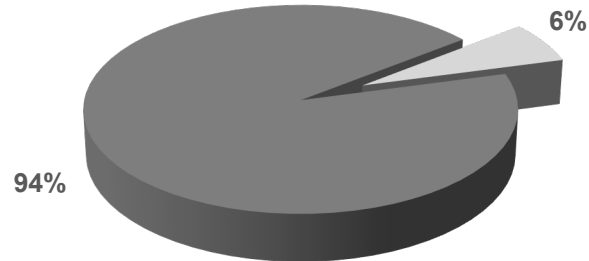
**Generate Capital Internally (Cash Flow in Excess of Dividends Paid)**

**Limit Floating Rate Exposure**

# STRONG BALANCE SHEET



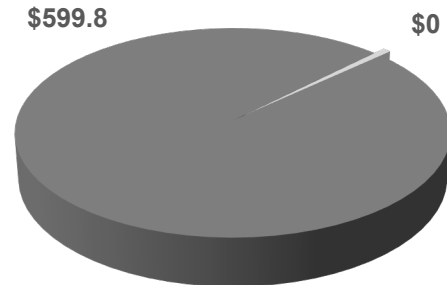
**Limited Use of Secured Financing <sup>(1)</sup>**



- Square feet encumbered
- Square feet unencumbered

<sup>(1)</sup> Consolidated outlet centers

**Line of Credit Capacity <sup>(2)</sup>**



- Outstanding
- Unused capacity

<sup>(2)</sup> In millions; excludes debt discounts, premiums, and origination costs; unused capacity reduced by \$0.2 million related to outstanding letters of credit

AS OF DECEMBER 31, 2019

# QUALITY RATIOS



KEY BOND COVENANTS AS OF DECEMBER 31, 2019	ACTUAL	LIMIT
Total debt to adjusted total assets	48%	< 60%
Secured debt to adjusted total assets	3%	< 40%
Unencumbered assets to unsecured debt	198%	> 150%
Interest coverage	5.1 x	> 1.5 x

**Agency**

**Rating**

**Latest Action**

S&P

BBB, stable outlook

Rating revised on February 15, 2019

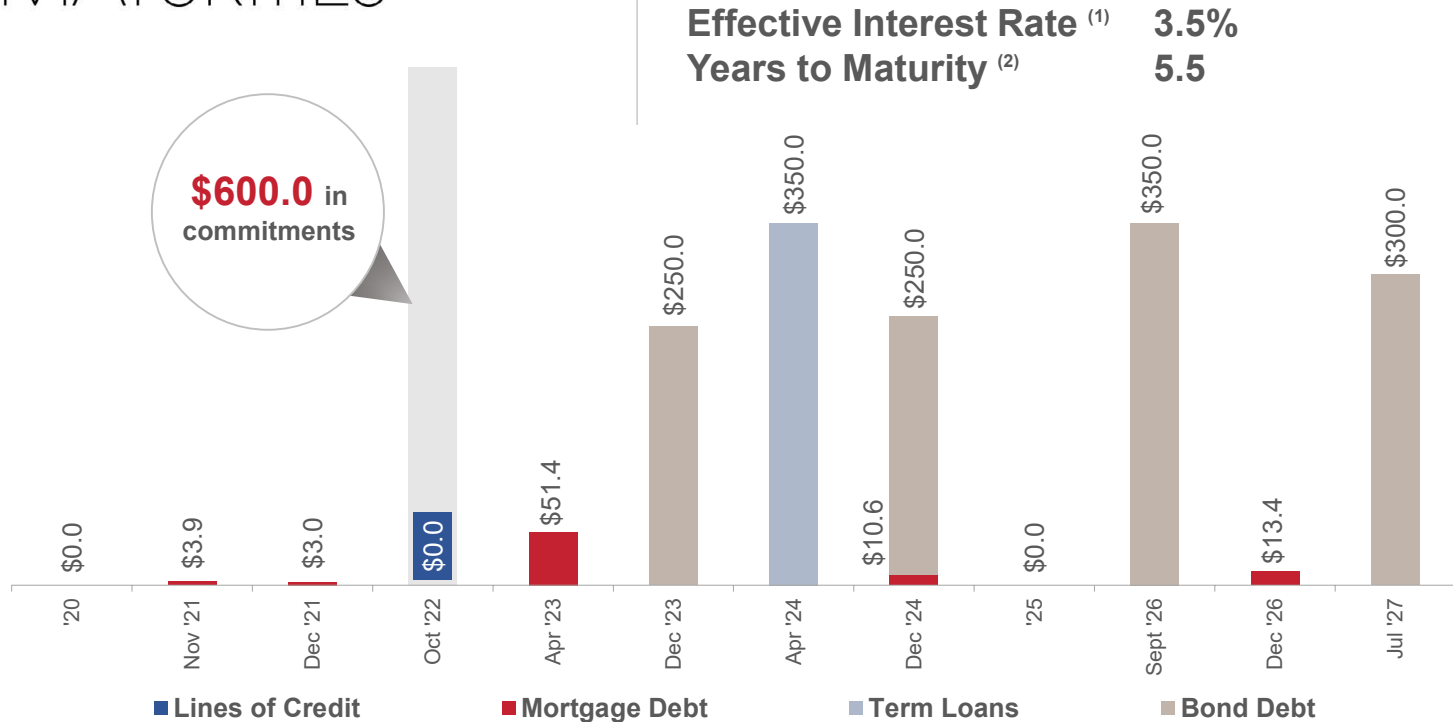
Moody's

Baa1, negative outlook

Outlook revised on March 12, 2019



# MANAGEABLE MATURITIES



- Assumes all extension options are exercised; although some mortgage debt is amortizing, outstanding balance is shown in the month of final maturity
- Excludes debt discounts, premiums, and origination costs
- Excludes pro-rata share of debt maturities related to unconsolidated joint ventures

<sup>(1)</sup> Weighted average; includes the impact of discounts and premiums and interest rate swaps, as applicable

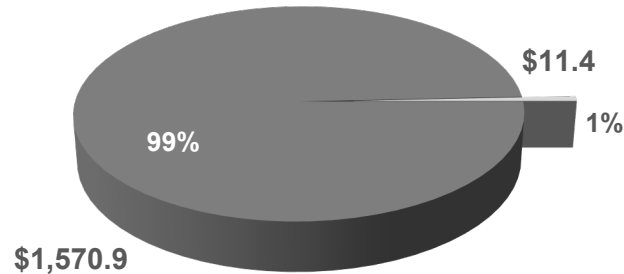
<sup>(2)</sup> Weighted average; includes applicable extensions available at the Company's option

# CONSERVATIVE STRATEGIES



## LIMITED FLOATING RATE EXPOSURE

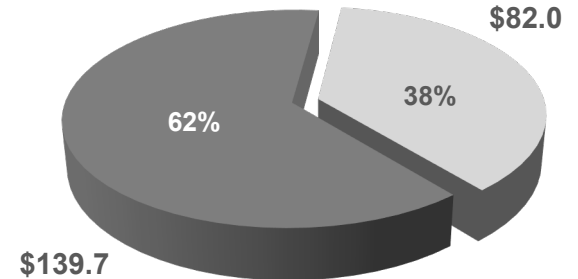
### Outstanding Debt <sup>(1)</sup>



- Fixed Rate
- Variable Rate

## REINVESTING IN THE COMPANY

### 2019 FFO Payout Ratio



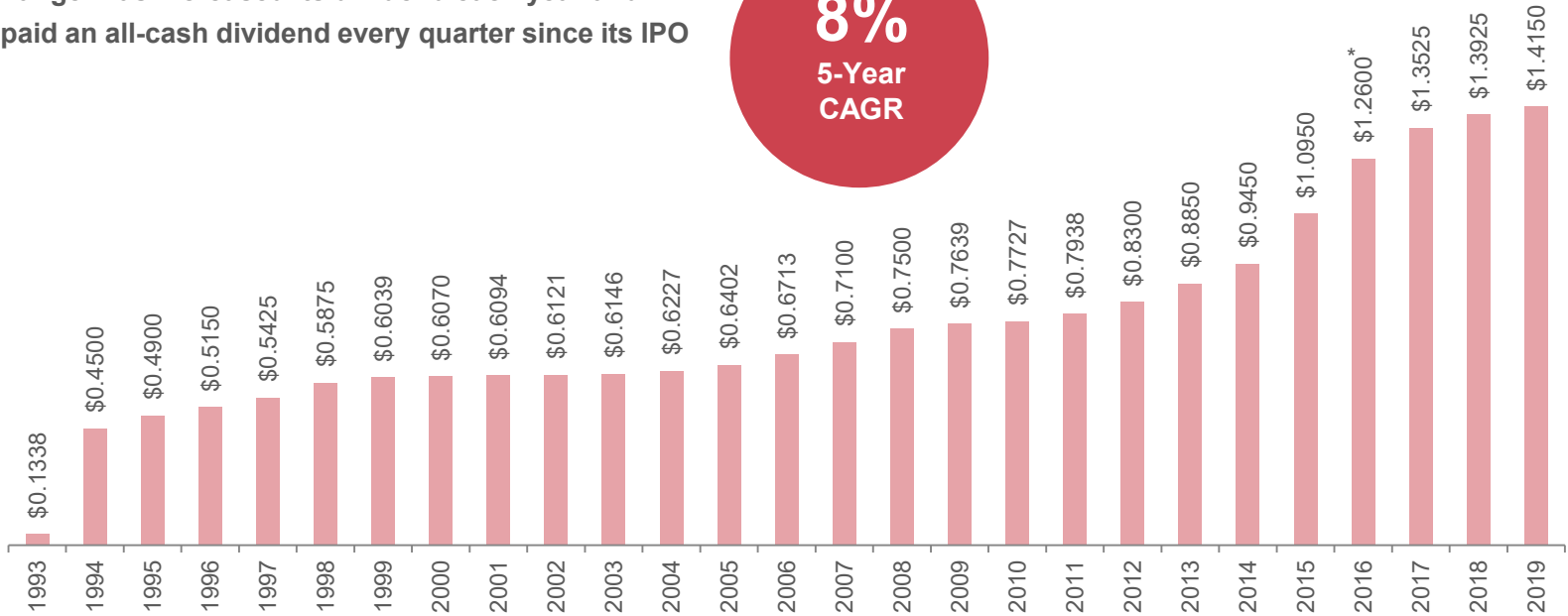
- Common Dividends
- Excess FFO

<sup>(1)</sup> As of December 31, 2019; excludes debt discounts, premiums, origination costs, letters of credit under the lines and the Company's share of unconsolidated joint venture debt

# DIVIDEND GROWTH

Tanger has increased its dividend each year and paid an all-cash dividend every quarter since its IPO

**8%**  
5-Year  
CAGR

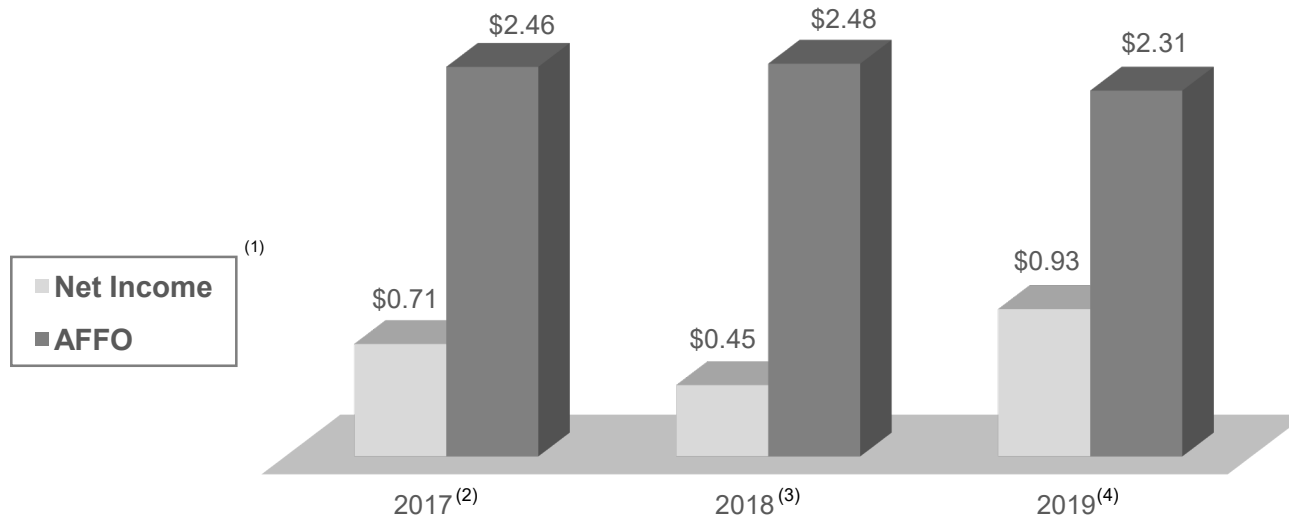


**Dividend increased 0.7% in 2020 to \$1.43 per share annually from \$1.42**

\*Excludes \$0.2100 per share special dividend paid on January 15, 2016.



## \$ Per Share



- <sup>(1)</sup> Charts are based on net income and AFFO, available to common shareholders; refer to reconciliation of net income to FFO and AFFO on pages 41-48
- <sup>(2)</sup> Net income available to common shareholders in 2017 was impacted by charges of \$44.6 million (\$0.45 per share) related to the early redemption of senior notes due 2020 and non-cash impairment charges, and a gain of \$6.9 million (\$0.07 per share) on the sale of an outlet center
- <sup>(3)</sup> Net income available to common shareholders in 2018 was impacted by non-cash impairment charges totaling \$56.9 million (\$0.58 per share)
- <sup>(4)</sup> Net income available to common shareholders in 2019 was impacted by a gain on the sale of four outlet centers totaling \$43.4 million (\$0.44 per share), a non-cash impairment charge of \$37.6 million (\$0.39 per share), \$4.4 million (\$0.04 per share) of general and administrative expense for the accelerated recognition of compensation cost related to the retirement of an executive officer, and a foreign currency loss from the sale of a joint venture property of \$3.6 million (\$0.04 per share)

Tanger<sup>®</sup>



NON-GAAP  
SUPPLEMENTAL  
MEASURES



# NON-GAAP SUPPLEMENTAL MEASURES

**Funds From Operations (“FFO”)** is a widely used measure of the operating performance for real estate companies that supplements net income (loss) determined in accordance with GAAP. We determine FFO based on the definition set forth by the National Association of Real Estate Investment Trusts (“NAREIT”), of which we are a member. In December 2018, NAREIT issued “NAREIT Funds From Operations White Paper - 2018 Restatement” which clarifies, where necessary, existing guidance and consolidates alerts and policy bulletins into a single document for ease of use. NAREIT defines FFO as net income/(loss) available to the Company’s common shareholders computed in accordance with generally accepted accounting principles in the United States (“GAAP”), excluding (i) depreciation and amortization related to real estate, (ii) gains or losses from sales of certain real estate assets, (iii) gains and losses from change in control, (iv) impairment write-downs of certain real estate assets and investments in entities when the impairment is directly attributable to decreases in the value of depreciable real estate held by the entity and (v) after adjustments for unconsolidated partnerships and joint ventures calculated to reflect FFO on the same basis.

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

We present FFO because we consider it an important supplemental measure of our operating performance. In addition, a portion of cash bonus compensation to certain members of management is based on our FFO or Adjusted Funds From Operations

(“AFFO”), which is described in the section below. We believe it is useful for investors to have enhanced transparency into how we evaluate our performance and that of our management. In addition, FFO is frequently used by securities analysts, investors and other interested parties in the evaluation of REITs, many of which present FFO when reporting their results. FFO is also widely used by us and others in our industry to evaluate and price potential acquisition candidates. We believe that FFO payout ratio, which represents regular distributions to common shareholders and unit holders of the Operating Partnership expressed as a percentage of FFO, is useful to investors because it facilitates the comparison of dividend coverage between REITs. NAREIT has encouraged its member companies to report their FFO as a supplemental, industry-wide standard measure of REIT operating performance.

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

- FFO does not reflect our cash expenditures, or future requirements, for capital expenditures or contractual commitments;
- FFO does not reflect changes in, or cash requirements for, our working capital needs;
- Although depreciation and amortization are non-cash charges, the assets being depreciated and amortized will often have to be replaced in the future, and FFO does not reflect any cash requirements for such replacements; and
- Other companies in our industry may calculate FFO differently than we do, limiting its usefulness as a comparative measure.

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

# NON-GAAP SUPPLEMENTAL MEASURES

## 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.



# NON-GAAP SUPPLEMENTAL MEASURES

## **Portfolio Net Operating Income and Same Center Net Operating Income**

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

We believe Portfolio NOI and Same Center NOI are non-GAAP metrics used by industry analysts, investors and management to measure the operating performance of our properties because they provide performance measures directly related to the revenues and expenses involved in owning and operating real estate assets and provide a perspective not immediately apparent from net income, FFO or AFFO. Because Same Center NOI excludes properties developed, redeveloped, acquired and sold; as well as

non-cash adjustments, gains or losses on the sale of outparcels and termination rents; it highlights operating trends such as occupancy levels, rental rates and operating costs on properties that were operational for both comparable periods. Other REITs may use different methodologies for calculating Portfolio NOI and Same Center NOI, and accordingly, our Portfolio NOI and Same Center NOI may not be comparable to other REITs.

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

# NON-GAAP RECONCILIATIONS

Below is a reconciliation of net income available to common shareholders to FFO available to common shareholders (in thousands, except per share information):	YEAR ENDED DECEMBER 31,		
	2019	2018	2017
<b>NET INCOME AVAILABLE TO COMMON SHAREHOLDERS</b>	\$86,519	\$42,444	\$66,793
Noncontrolling interests in Operating Partnership	4,678	2,329	3,609
Noncontrolling interests in other consolidated partnerships	195	(421)	265
Allocation of earnings to participating securities	1,336	1,211	1,209
<b>NET INCOME</b>	<b>\$92,728</b>	<b>\$45,563</b>	<b>\$71,876</b>
Adjusted for:			
Depreciation and amortization of real estate assets – consolidated	120,856	129,281	125,621
Depreciation and amortization of real estate assets – unconsolidated joint ventures	12,512	13,314	13,857
Impairment charges	37,610	49,739	—
Impairment charges – unconsolidated joint ventures	—	7,180	9,021
Foreign currency loss from sale of joint venture property	3,641	—	—
Gain on sale of assets	(43,422)	—	(6,943)
<b>FFO</b>	<b>\$223,925</b>	<b>\$245,077</b>	<b>\$213,432</b>
FFO attributable to noncontrolling interests in other consolidated partnerships	(195)	421	(265)
Allocation of earnings to participating securities	(1,991)	(2,151)	(1,943)
<b>FFO AVAILABLE TO COMMON SHAREHOLDERS <sup>(1)</sup></b>	<b>\$221,739</b>	<b>\$243,347</b>	<b>\$211,224</b>
<b>FFO AVAILABLE TO COMMON SHAREHOLDERS PER SHARE – DILUTED <sup>(1)</sup></b>	<b>\$2.27</b>	<b>\$2.48</b>	<b>\$2.12</b>
Diluted weighted average common shares (for earnings per share computations)	92,808	93,310	94,522
Diluted weighted average common shares (for FFO and AFFO per share computations) <sup>(1)</sup>	97,766	98,303	99,549



# NON-GAAP RECONCILIATIONS

Below is a reconciliation of FFO available to common shareholders to AFFO available to common shareholders (in thousands, except per share information):	YEAR ENDED DECEMBER 31,		
	2019	2018	2017
<b>FFO AVAILABLE TO COMMON SHAREHOLDERS <sup>(1)</sup></b>	<b>\$221,739</b>	<b>\$243,347</b>	<b>\$211,224</b>
As further adjusted for:			
Compensation related to executive officer retirement <sup>(2)</sup>	4,371	—	—
Impact of above adjustment to the allocation of earnings to participating securities	(35)	—	—
Abandoned pre-development costs	—	—	528
Recoveries from litigation settlement	—	—	(1,844)
Make-whole premium due to early extinguishment of debt <sup>(3)</sup>	—	—	34,143
Write-off of debt discount and debt origination costs due to repayment of debt prior to maturity <sup>(3)</sup>	—	—	1,483
Impact of above adjustments to the allocation of earnings to participating securities	—	—	(238)
<b>AFFO AVAILABLE TO COMMON SHAREHOLDERS <sup>(1)</sup></b>	<b>\$226,075</b>	<b>\$243,347</b>	<b>\$245,296</b>
<b>AFFO AVAILABLE TO COMMON SHAREHOLDERS PER SHARE – DILUTED <sup>(1)</sup></b>	<b>\$2.31</b>	<b>\$2.48</b>	<b>\$2.46</b>
Diluted weighted average common shares (for FFO and AFFO per share computations) <sup>(1)</sup>	97,766	98,303	99,549

# NON-GAAP RECONCILIATIONS

Below is a reconciliation of net income to Portfolio NOI and Same Center NOI for the consolidated portfolio (in thousands):	YEAR ENDED DECEMBER 31,	
	2019	2018
<b>NET INCOME</b>	<b>\$92,728</b>	<b>\$45,563</b>
Adjusted to exclude:		
Equity in earnings of unconsolidated joint ventures	(7,839)	(924)
Interest expense	61,672	64,821
Gain on sale of assets	(43,422)	—
Other non-operating (income) expense	2,761	(864)
Impairment charge	37,610	49,739
Depreciation and amortization	123,314	131,722
Other non-property expenses	1,049	1,001
Corporate general and administrative expenses	53,881	43,291
Non-cash adjustments <sup>(4)</sup>	(6,237)	(3,191)
Lease termination fees	(1,615)	(1,246)
<b>PORTFOLIO NOI</b>	<b>\$313,902</b>	<b>\$329,912</b>
Non-same center NOI <sup>(5)</sup>	(4,024)	(17,900)
<b>SAME CENTER NOI</b>	<b>\$309,878</b>	<b>\$312,012</b>

# NON-GAAP RECONCILIATIONS

- (1) Assumes the Class A common limited partnership units of the Operating Partnership held by the noncontrolling interests are exchanged for common shares of the Company. Each Class A common limited partnership unit is exchangeable for one of the Company's common shares, subject to certain limitations to preserve the Company's REIT status.
- (2) Represents the accelerated recognition of compensation cost entitled to be received by the Company's former President and Chief Operating Officer per the terms of a transition agreement executed in connection with his retirement.
- (3) Charges in 2017 relate to the early redemption of our \$300.0 million 6.125% senior notes due 2020.
- (4) Non-cash items include straight-line rent, above and below market rent amortization, straight-line rent expense on land leases and gains or losses on outparcel sales, as applicable.
- (5) Consolidated centers excluded from Same Center NOI:

OUTLET CENTERS SOLD:	
Nags Head, Ocean City, Park City, Williamsburg	March 2019



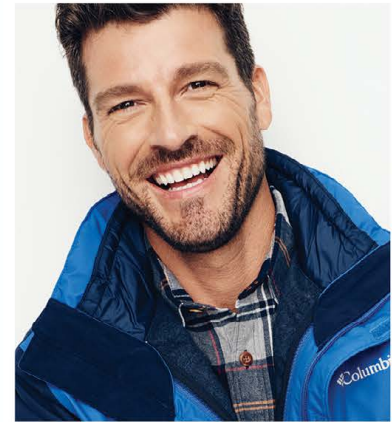
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## ABOUT TANGER FACTORY OUTLET CENTERS, INC.

Tanger Factory Outlet Centers, Inc. (NYSE: SKT), is a publicly-traded REIT headquartered in Greensboro, North Carolina that presently operates and owns, or has an ownership interest in, a portfolio of 39 upscale outlet shopping centers. Tanger's operating properties are located in 20 states and in Canada, totaling approximately 14.3 million square feet, leased to over 2,800 stores which are operated by more than 510 different brand name companies. The Company has more than 39 years of experience in the outlet industry. Tanger Outlet Centers continue to attract more than 181 million visitors annually. For more information on Tanger Outlet Centers, call 1-800-4TANGER or visit the Company's website at [www.TangerOutlets.com](http://www.TangerOutlets.com).



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# Tanger<sup>®</sup> Outlets

### CORPORATE HEADQUARTERS

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### INVESTOR RELATIONS

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