



**Tanger**Outlets

MANAGEMENT PRESENTATION  
July 26, 2016

# DISCLAIMER

This presentation includes time-sensitive information that may be accurate only as of today's date, July 26, 2016.

Estimates of future net income per share, funds from operations per share, adjusted funds from operations per share and certain other matters discussed in this presentation regarding the state of the industry; our growth expectations and prospects; our development, remerchandising and financial strategies; the renewal and re-tenanting of space; tenant demand for outlet space in the US and Canada; our reputation; the credit quality of our tenants; our plans for new developments, and expansions, including the projected grand opening dates; access to capital; our ability to acquire assets opportunistically; our intentions to reinvest excess cash flow; and coverage of the current dividend may be forward-looking statements within the meaning of the federal securities laws.

These forward-looking statements are subject to risks and uncertainties. Actual results could differ materially from those projected due to various factors including, but not limited to, the risks associated with general economic and local real estate conditions in the US and Canada, the Company's ability to meet its obligations on existing indebtedness or refinance existing indebtedness on favorable terms, the availability and cost of capital, the Company's ability to lease its properties, the Company's ability to implement its plans and strategies for joint venture properties that it does not fully control, the Company's inability to collect rent due to the bankruptcy or insolvency of tenants or otherwise, and competition.

For a more detailed discussion of the factors that may affect our operating results, interested parties should review the Tanger Factory Outlet Centers, Inc. Annual Report on Form 10-K for the fiscal year ended December 31, 2015.

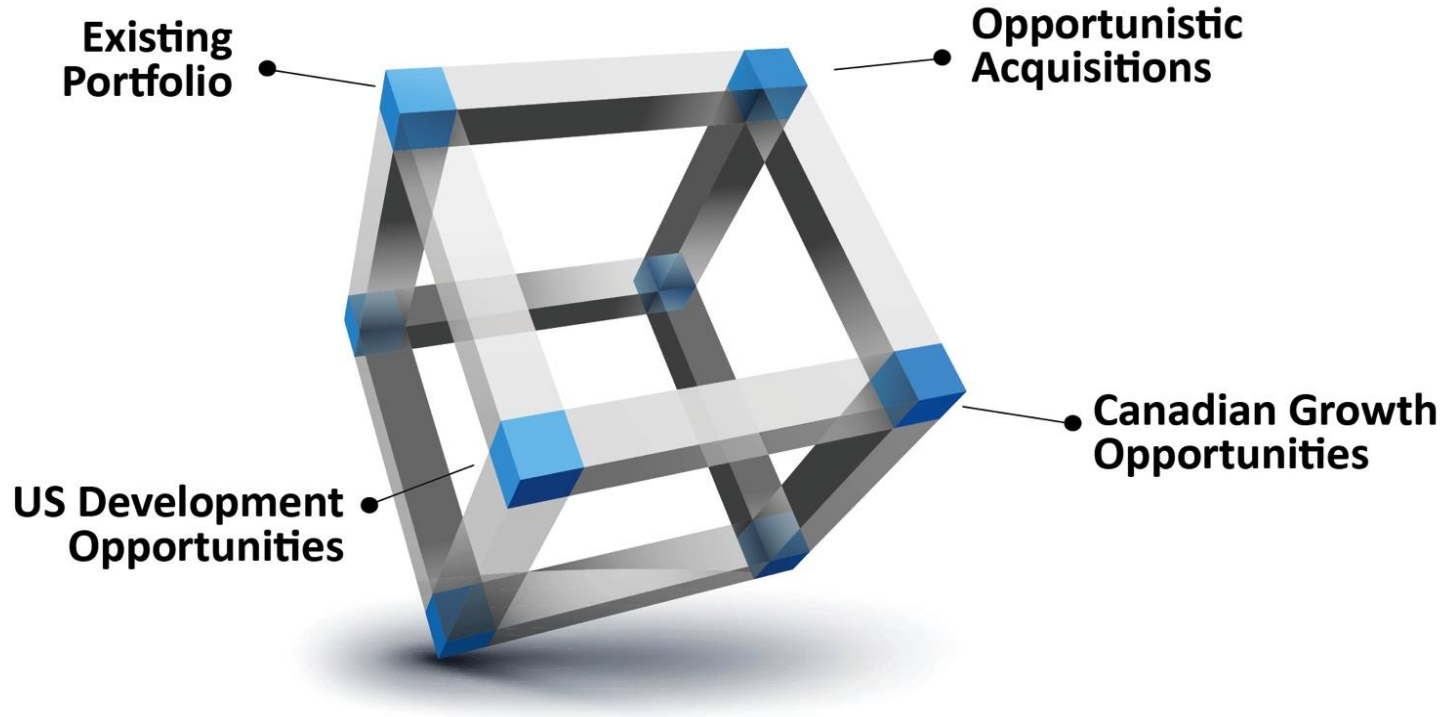
We use certain non-GAAP supplemental measures in this presentation, including funds from operations ("FFO"), adjusted funds from operations ("AFFO"), same center net operating income ("Same Center NOI"), and portfolio net operating income ("Portfolio NOI"). See page 40 for definitions.

## WHY TANGER?



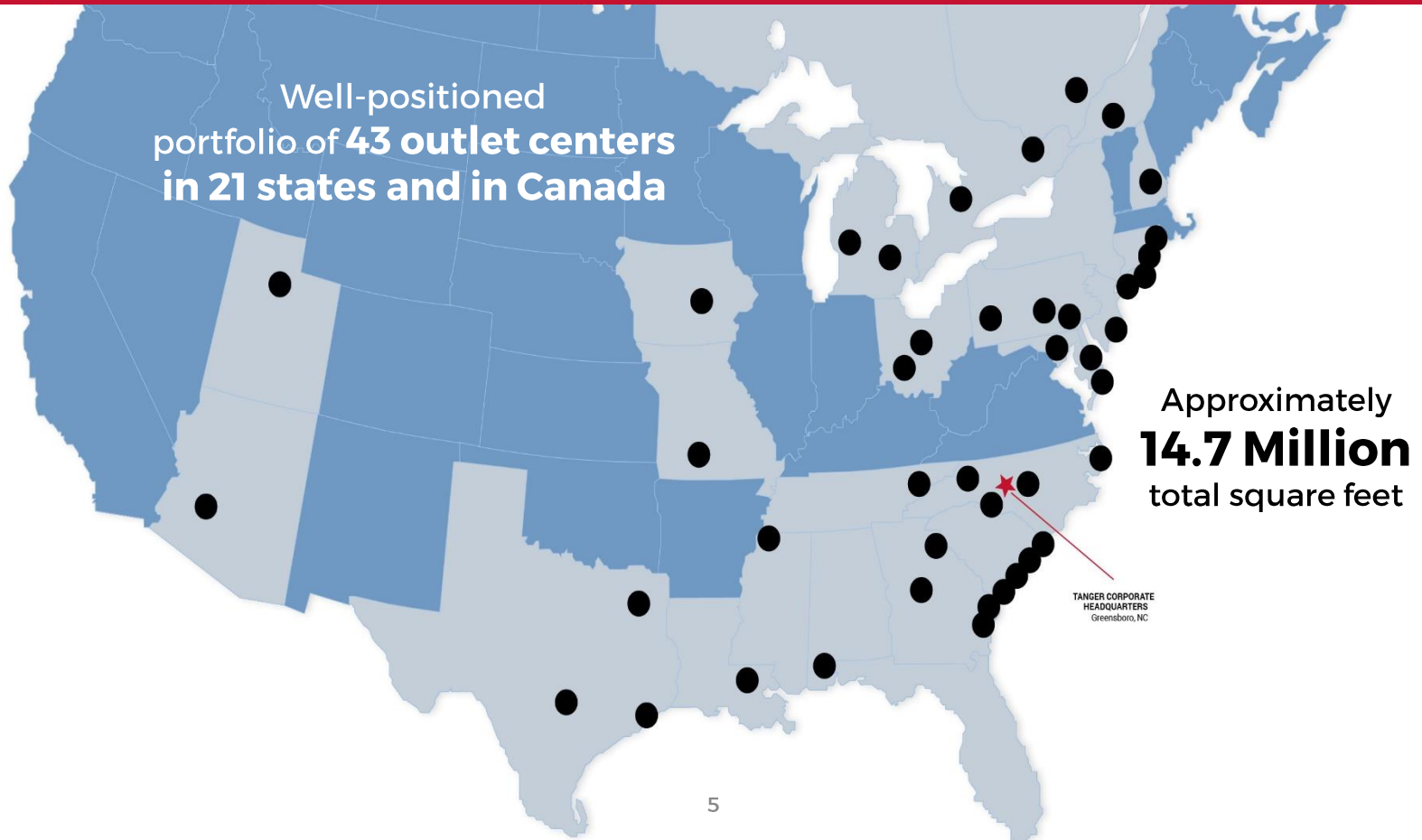
- Well-positioned for growth
- Financial stewardship
- Recession resiliency
- Outlet expertise & focus
- Proven record of value creation

# FOUR-LEGGED GROWTH



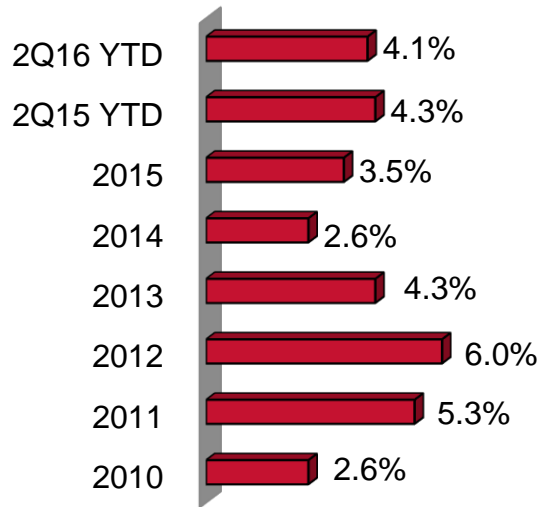


## GEOGRAPHIC DIVERSIFICATION

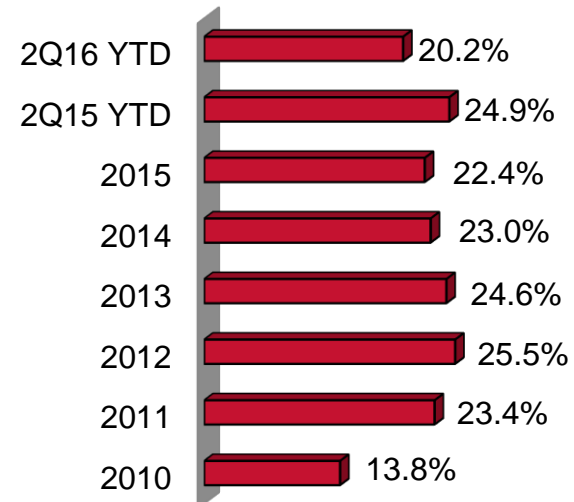


## ORGANIC GROWTH

### Same Center NOI Growth<sup>(1)</sup>



### Straight-line Blended Rental Increases<sup>(1)</sup>



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Tenant occupancy cost ratio has only increased 190 basis points to 9.3% for 2015 from 7.4% for 2006 (see page 24)

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

# DOMESTIC RUNWAY



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

**The Outlet Industry is Small** – we estimate less than 70 million square feet of quality outlet space, which is smaller than the retail space in the city of Chicago

## RECENTLY COMPLETED

- Foxwoods in Mashantucket, CT opened May 21, 2015
- Grand Rapids, MI opened July 31, 2015
- Southaven, MS (Memphis) opened November 20, 2015
- Columbus, OH opened June 24, 2016

## UNDER CONSTRUCTION

- Daytona Beach, FL

## SHADOW PIPELINE

- Pre-development and pre-leasing efforts are ongoing for Tanger's Fort Worth, TX project
- Site selection and pre-development activities continue in other identified markets that are not served or underserved by the outlet industry

# CANADIAN PLATFORM

**US style outlet shopping is under-represented in Canada, and relative to the US, Canada is under-retailed**

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- 50/50 co-ownership agreement to operate an outlet platform in Canada
- Properties branded as Tanger Outlet Centers
- Tanger is responsible for leasing & marketing
- RioCan is responsible for development & management

## CANADIAN PROPERTIES

- Kanata, ON (Ottawa market)
- Cookstown, ON (Toronto market)
- Bromont, QC (Montreal market)
- Saint-Sauveur, QC (Montreal market)





# OPPORTUNISTIC ACQUISITIONS

**Acquisition opportunities are limited, but Tanger has sufficient access to capital to acquire quality assets opportunistically**

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## **Tanger Outlets Westgate:**

On June 30, 2016, Tanger acquired its partners' ownership interests, increasing the Company's ownership interest to 100%



SHOP OUTLETS. SHOP TANGER.



# Financial

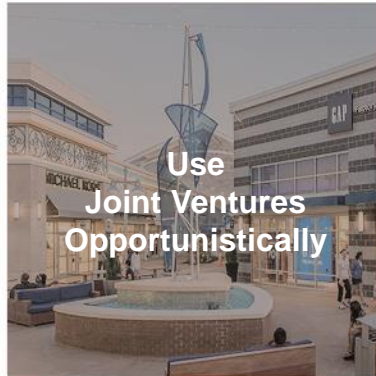
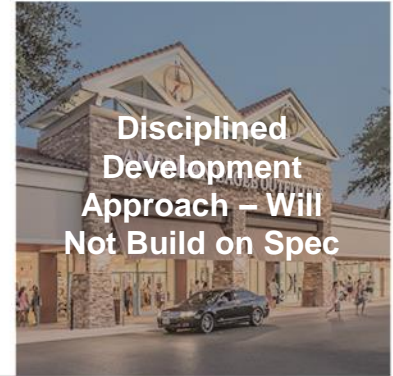
# FINANCIAL STEWARDSHIP

Investment Grade  
Rated & Focused  
on Moving Up the  
Ratings Scale

Maintain  
Significant  
Unused Capacity  
Under Lines of  
Credit

Maintain  
Manageable  
Schedule of Debt  
Maturities

Disciplined  
Development  
Approach – Will  
Not Build on Spec



Use  
Joint Ventures  
Opportunistically

Solid Coverage &  
Leverage Ratios

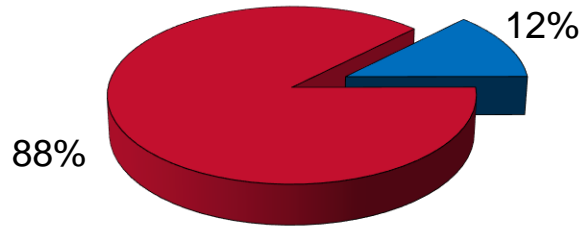
Limit Floating Rate  
Exposure

Funding Preference  
for Unsecured  
Financing – Limited  
Secured Financing

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

## STRONG BALANCE SHEET

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

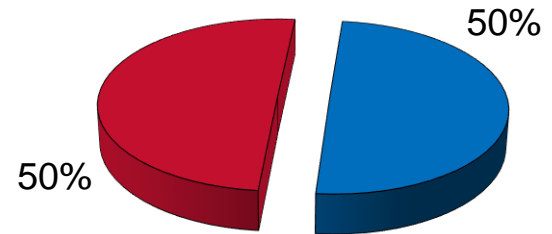


■ Square feet encumbered

■ Square feet unencumbered

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

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



■ Outstanding (\$259.2 million)

■ Unused capacity (\$260.8 million)

<sup>(2)</sup> Excludes debt discounts, premiums, and origination costs

As of June 30, 2016

## QUALITY RATIOS

<b>Key Bond Covenants As of 6/30/2016</b>	<b>Actual</b>	<b>Limit</b>
Total debt to adjusted total assets	50%	< 60%
Secured debt to adjusted total assets	7%	< 40%
Unencumbered assets to unsecured debt	178%	> 150%
Interest coverage	5.49 x	> 1.5 x

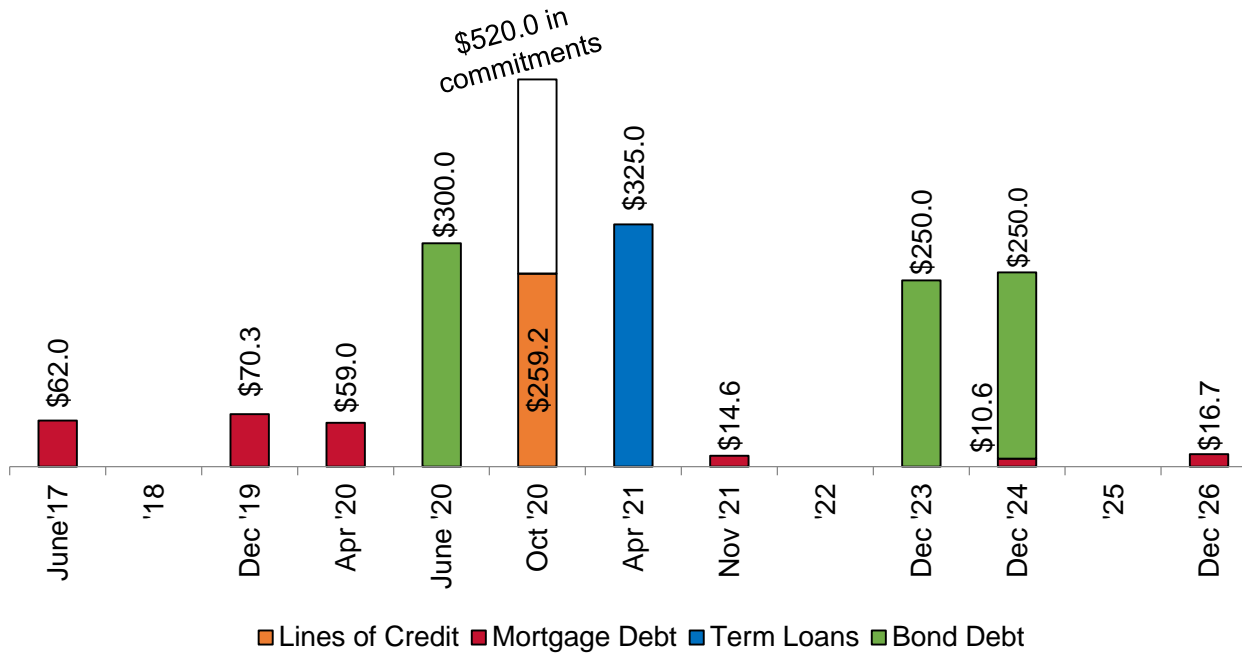
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<b>Agency</b>	<b>Rating</b>	<b>Latest Action</b>
S&P	BBB+, stable outlook	Rating upgraded on May 29, 2013
Moody's	Baa1, stable outlook	Rating upgraded on May 23, 2013

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# MANAGEABLE MATURITIES

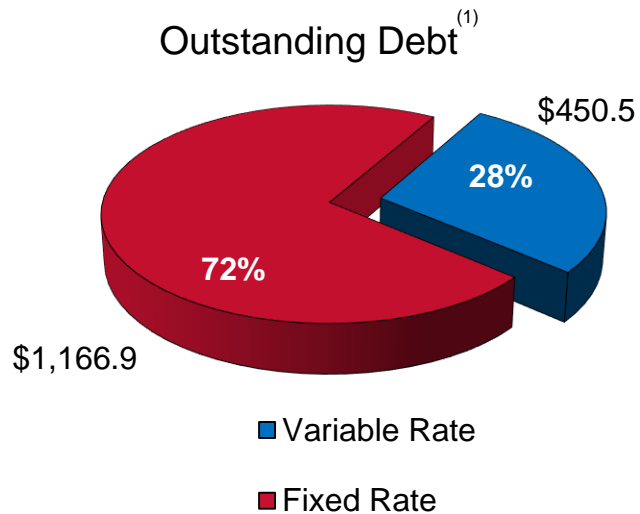


1. Assumes all extension options are exercised; although some mortgage debt is amortizing, outstanding balance is shown in the month of final maturity
2. Excludes debt discount/premium
3. Excludes pro-rata share of debt maturities related to unconsolidated joint ventures

As of June 30, 2016, in millions

# CONSERVATIVE STRATEGIES

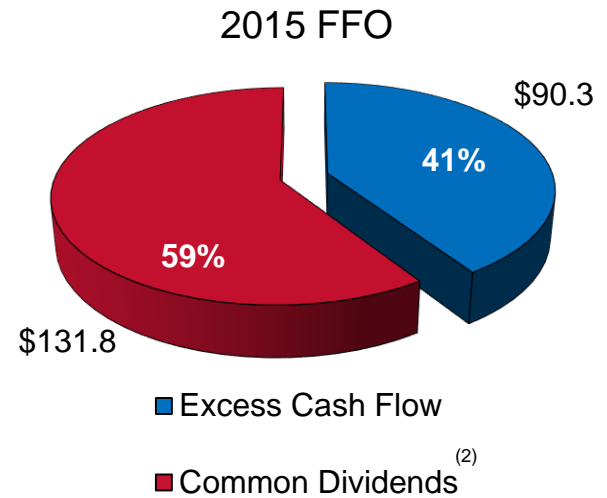
## Limited Floating Rate Exposure



As of June 30, 2016, in millions

<sup>(1)</sup> Excludes debt discounts, premiums, and origination costs

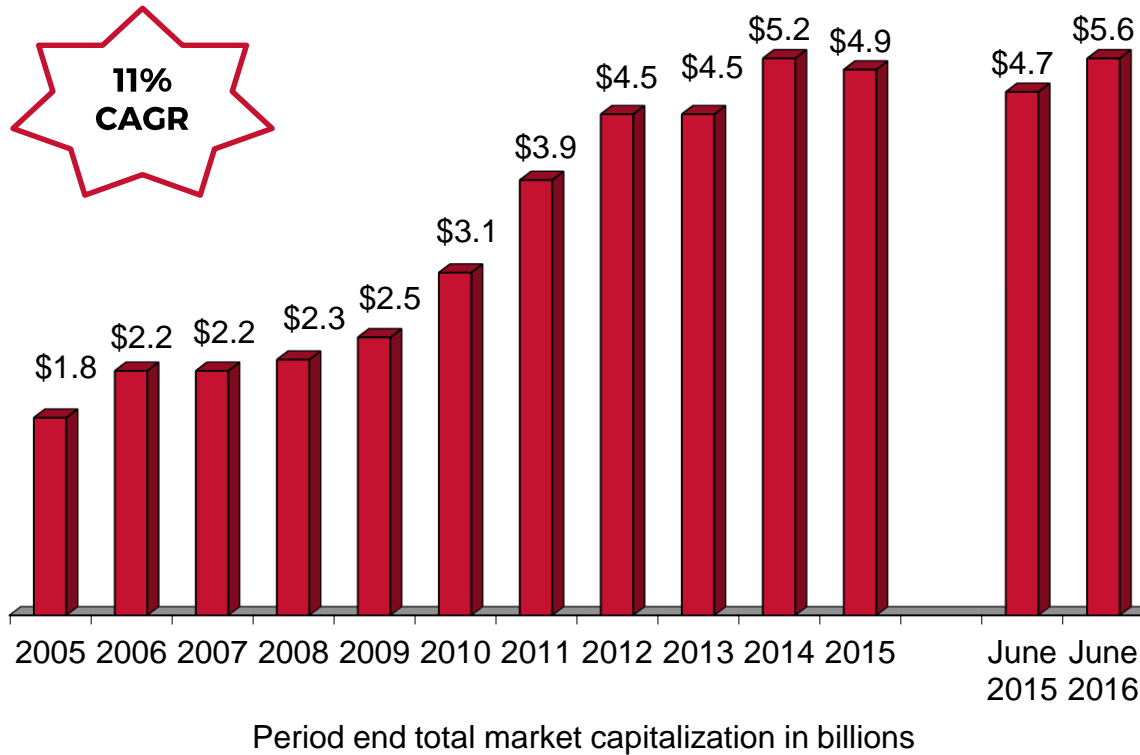
## Reinvesting in the Company



In millions

<sup>(2)</sup> Includes the special dividend of \$0.21 per share paid on January 15, 2016 to holders of record on December 31, 2015

## GROWING ENTERPRISE

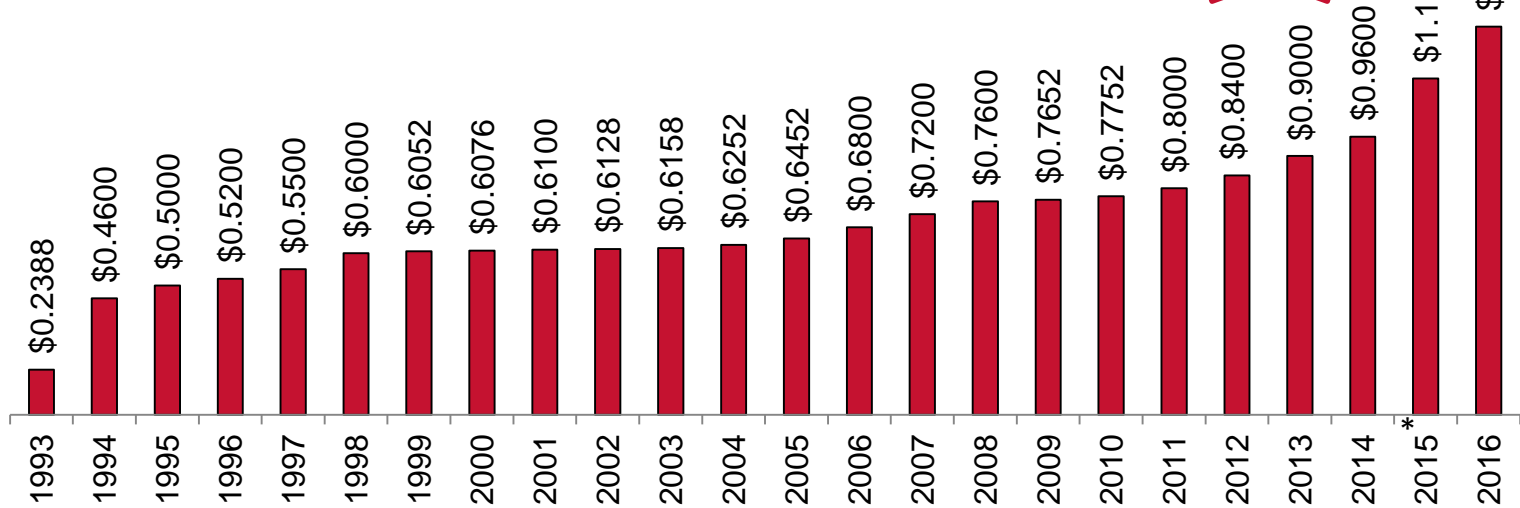


## DIVIDEND GROWTH

**SKT is a constituent of the S&P High Yield Dividend Aristocrat® Index**

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

**13%  
3-year  
CAGR**

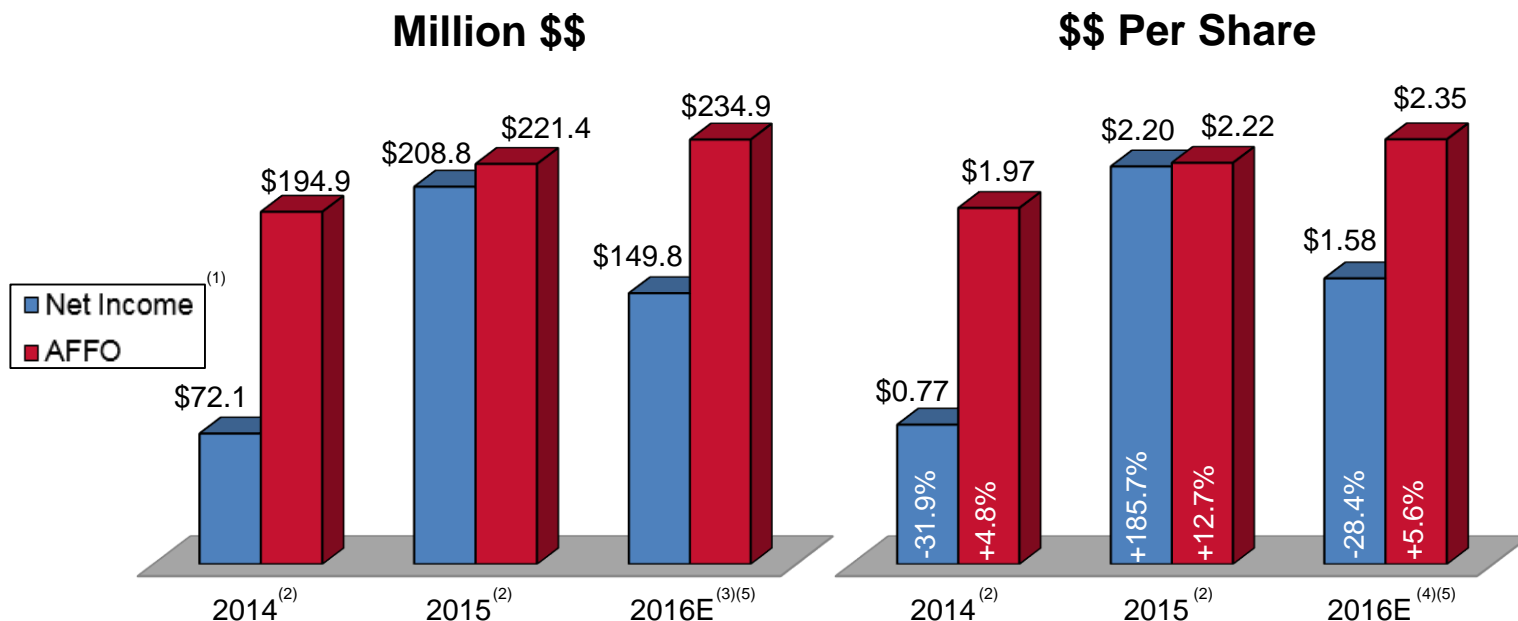


**Dividend increased 14.0% in 2016 to \$1.30 per share annually from \$1.14**

\*Excludes the special dividend of \$0.21 per share paid on January 15, 2016

Split-adjusted

# EARNINGS GROWTH



(1) Charts are based on net income and AFFO available to common shareholders

(2) Refer to reconciliation of net income to AFFO on pages 41-42

(3) Dollar amount represents per share amount available to common shareholders multiplied by the forecasted weighted average budgeted common shares outstanding for 2016; assumes all Operating Partnership units are exchanged for common shares; estimated diluted weighted average common shares equals: 95,114,000 for net income and 100,167,000 for AFFO

(4) Per share amount represents midpoint of guidance range on the following page

(5) Refer to per share guidance and reconciliation of net income to AFFO on the following page



## EARNINGS GUIDANCE

For the year ended December 31, 2016:

Estimated diluted net income per share

Noncontrolling interest, depreciation and amortization

of real estate assets including noncontrolling interest  
share and our share of unconsolidated joint ventures,  
gains on sale of real estate, and gain on previously held  
interest in acquired joint venture

Estimated diluted FFO per share

AFFO adjustments per share

Estimated diluted AFFO per share

Low Range	High Range
\$1.55	\$1.60
0.76	0.76
\$2.31	\$2.36
0.01	0.01
\$2.32	\$2.37

Guidance last revised in connection with July 26, 2016 earnings release

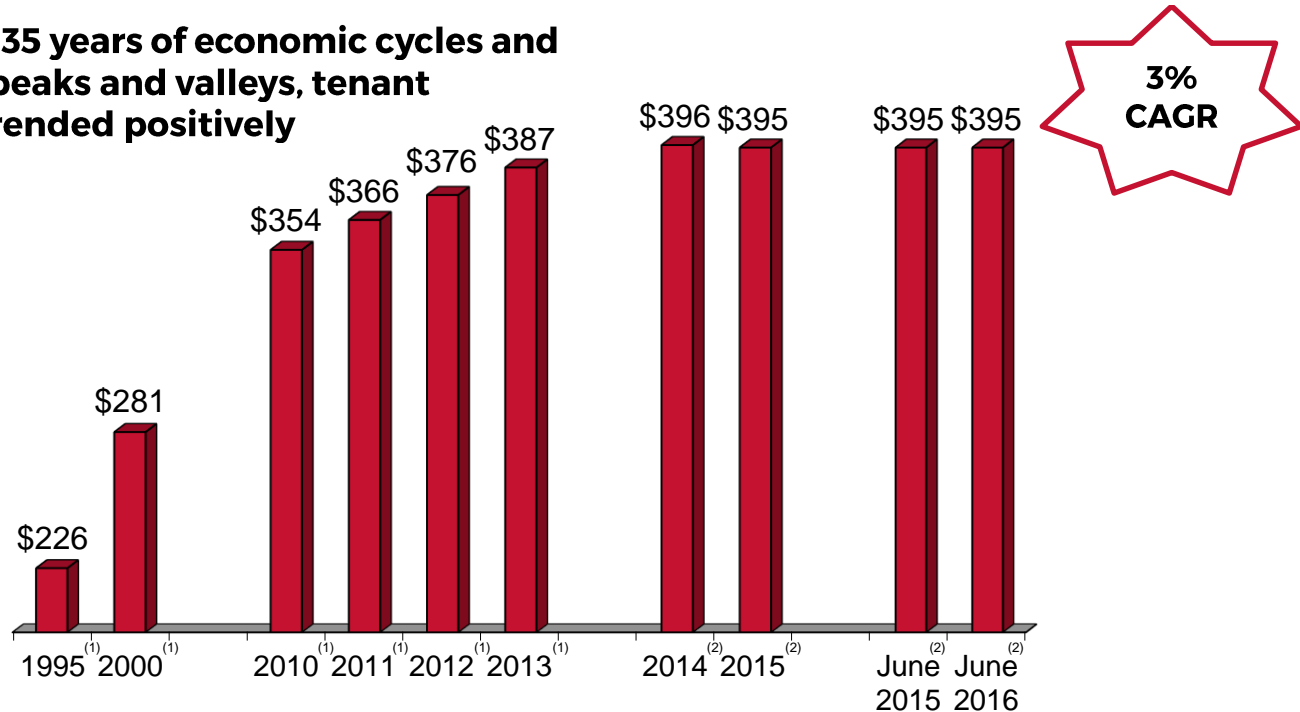
SHOP OUTLETS. SHOP TANGER.



# Operations

## STEADY SALES GROWTH

**Throughout 35 years of economic cycles and the related peaks and valleys, tenant sales have trended positively**



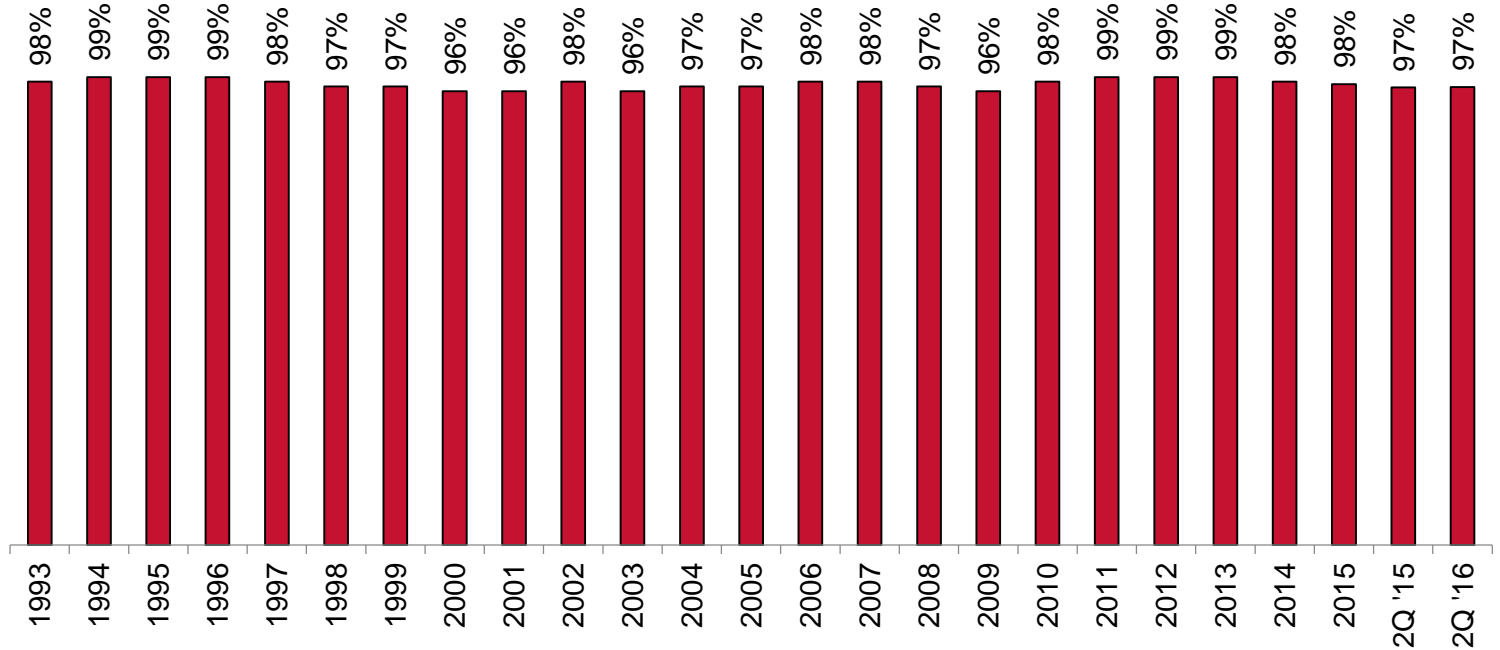
Sales are for stabilized outlet centers and are based on reports by retailers leasing outlet center stores for the trailing 12 months for tenants which have occupied such stores for a minimum of 12 months. Sales per square foot are based on all tenants,;

<sup>(1)</sup> regardless of suite size.

<sup>(2)</sup> less than 20,000 square feet in size.

## SUSTAINED OCCUPANCY

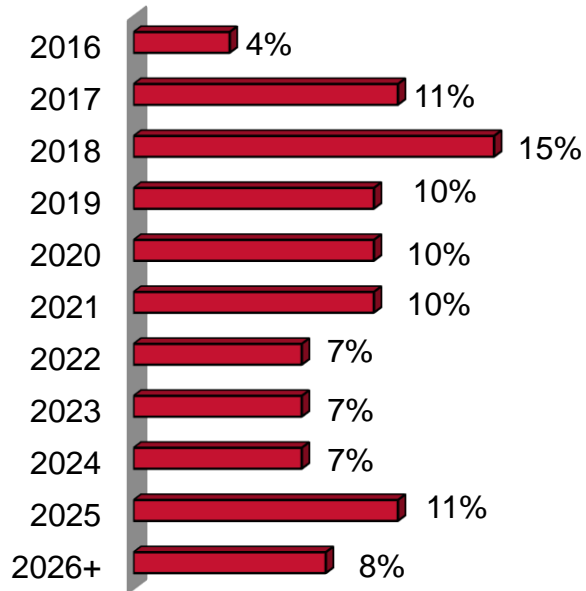
**Have Ended Each Year Since IPO With Occupancy of 95% or Greater**



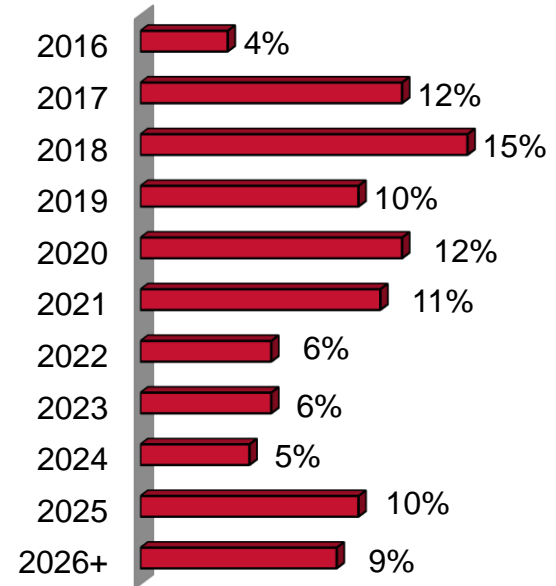
Represents period end occupancy for consolidated outlet centers

## STABLE EXPIRATIONS

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



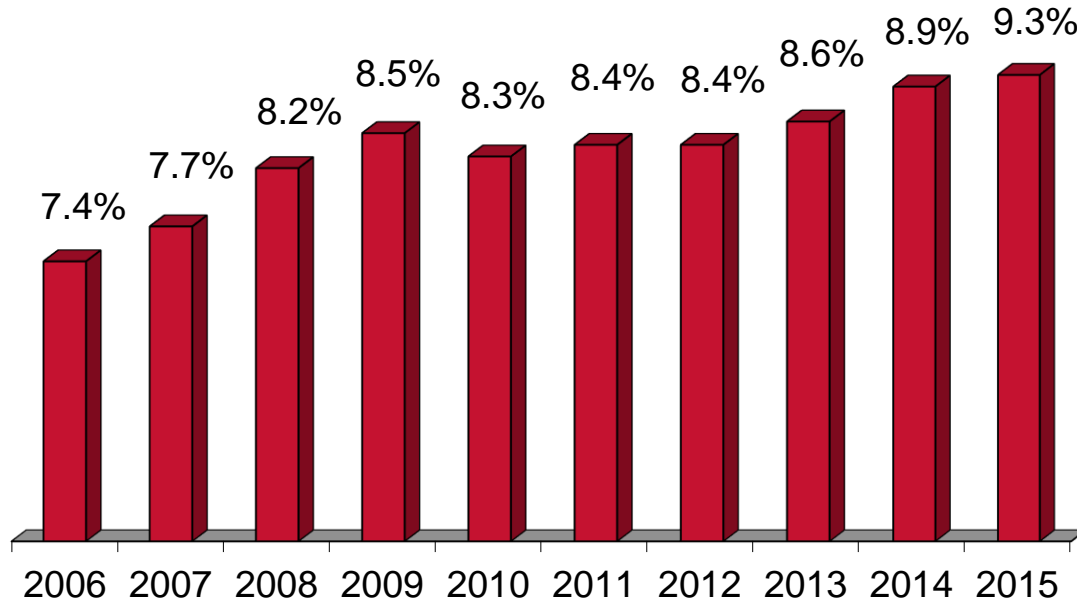
**Percentage of Total GLA<sup>(1)</sup>**



<sup>(1)</sup> As of June 30, 2016 for consolidated outlet centers, net of renewals executed



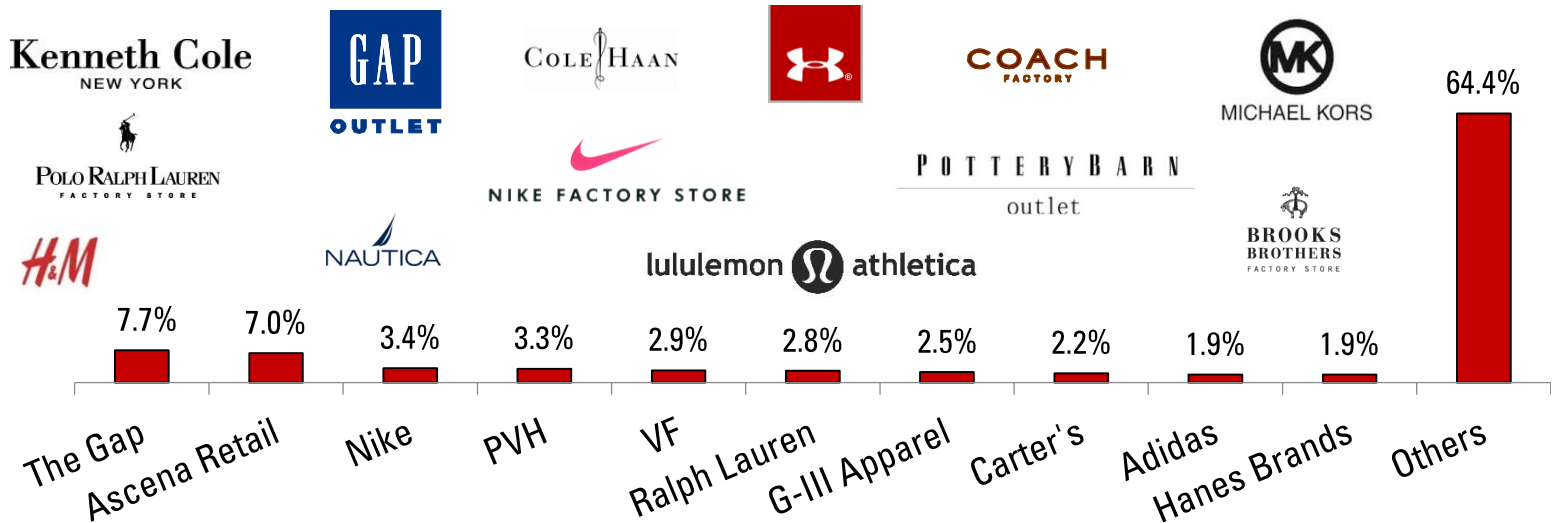
## TENANT OCCUPANCY COST



Consolidated outlet centers

## STRONG TENANT MIX

Diversified tenant base, the majority of which are publicly-held, high credit quality retailers



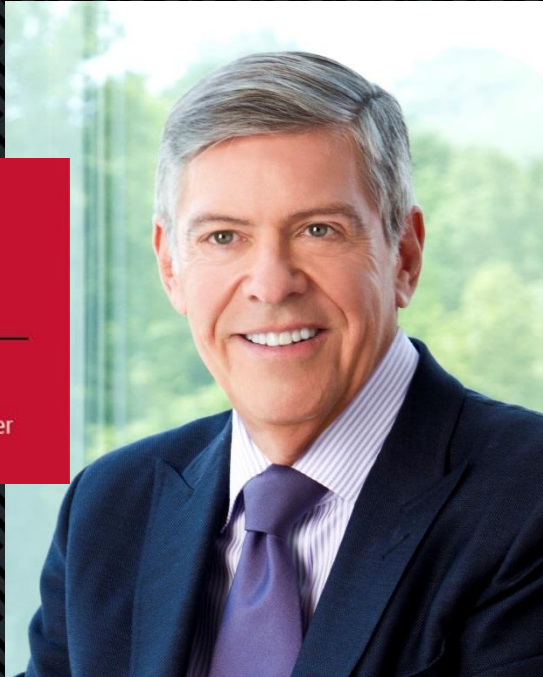
**Properties are easily reconfigured to minimize tenant turnover downtime**

Chart is in terms of square feet as of June 30, 2016 and includes all retail concepts of each tenant group for consolidated outlet centers

## RECESSION RESILIENCY

**STEVEN B.  
TANGER**

President &  
Chief Executive Officer



“

In GOOD TIMES,  
people LOVE  
a bargain, and  
in TOUGH TIMES,  
people NEED  
a bargain.

# OUTLET EXPERTISE

## 35 years of outlet industry experience and strong tenant relationships



**In this competitive environment, retailers want to work with a trusted partner that they know can:**

- Secure the best sites
- Secure financing, if needed
- Construct a quality property on time
- Complete lease-up timely and effectively
- Market and operate the center for years to come

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

### **THE OUTLET SKILL SET**

- Site selection – sites are typically outside of major metropolitan areas
- Leasing – smaller spaces and no/few anchors means many more leases per property
- Marketing – landlord must establish programs to drive traffic to outlet centers from metropolitan areas and to cultivate loyalty for its own brand

## ONLY PURE PLAY

### **Targeted Focus:** SINGLE PROPERTY TYPE

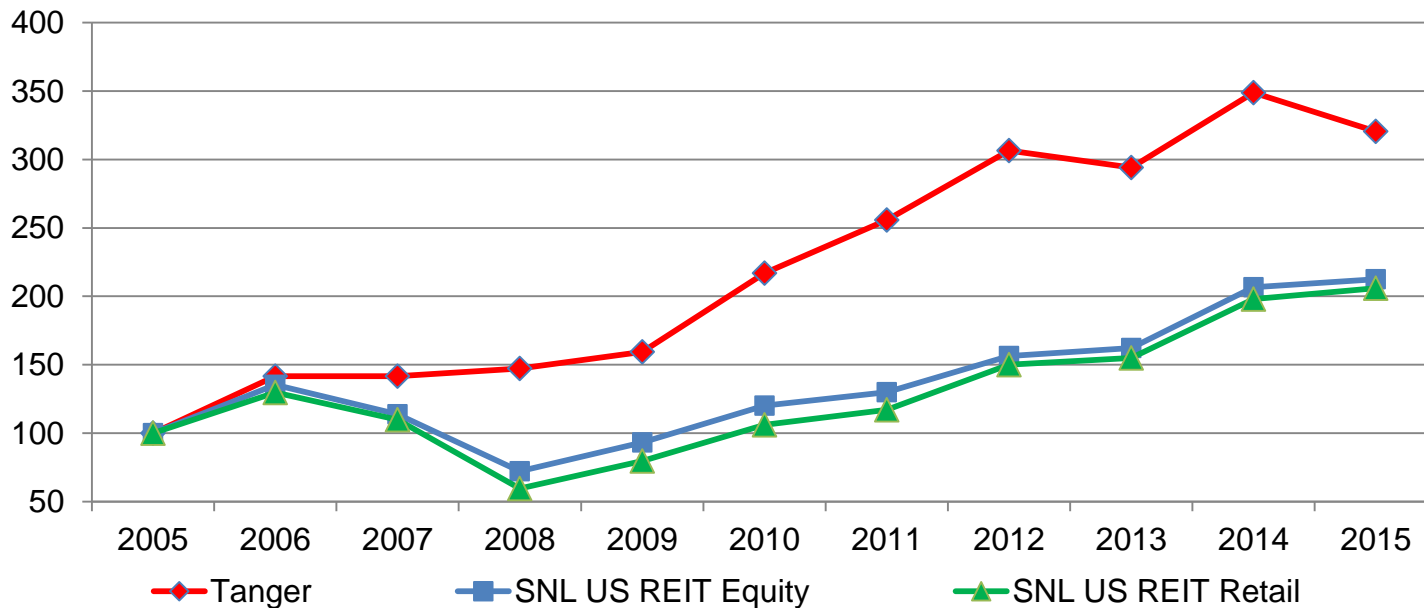
Tanger has established  
a reputation as an outlet  
industry leader

As the only public pure  
play outlet center REIT,  
SKT equity may provide  
portfolio diversification to  
investors



## PROVEN RECORD

### Total Return to Shareholders



**Ranked #2 among mall REITs for 10 year total return (250%) and 20 year total return (2,096%)**

~ KeyBanc Leaderboard Report, 7/1/2016



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NEW  
Development



# DISCIPLINED DEVELOPMENT



## INTERNAL GUIDELINES FOR BUYING LAND:

- Positive due diligence results
- 60% or greater pre-leasing commitments with acceptable tenant mix & visibility of reaching 75%
- Receipt of all non-appealable permits required to obtain building permit
- Acceptable return on cost analysis

## PREDEVELOPMENT COSTS ARE LIMITED TO:

- Costs to control the land (option contract costs)
- Pre-leasing costs
- Due diligence costs
- Capitalized overhead

## FOXWOODS (MASHANTUCKET, CONNECTICUT)



- Property branded Tanger Outlets
- 67/33 joint venture with Gordon Group Holdings
- 312,000 sf development
- Grand opening was May 21, 2015
- Tenants include:  
Ann Taylor  
Banana Republic  
Calvin Klein  
Coach  
Michael Kors  
And many more...



# GRAND RAPIDS, MICHIGAN



- Wholly-owned
- 357,000 sf development
- Located 11 miles south of downtown Grand Rapids at the interchange of US-131 and 84<sup>th</sup> Street
- Grand opening was July 31, 2015
- Tenants include:
  - Polo
  - Cole Haan
  - Vera Bradley
  - Under Armour
  - Abercrombie & Fitch
  - And many more...





## SOUTHAVEN, MISSISSIPPI (MEMPHIS)



- Property branded Tanger Outlets
- 50/50 joint venture with Poag Shopping Centers
- 320,000 sf development
- Located just 4.5 miles from Memphis, at the northeast quadrant of I-69/55 and Church Road
- Grand opening was November 20, 2015
- Tenants include:
  - Ann Taylor
  - White House Black Market
  - Under Armour
  - Pandora
  - Columbia Sportswear
  - And many more...



# COLUMBUS, OHIO



- Property branded Tanger Outlets
- 50/50 joint venture with Simon Property Group
- 355,000 sf development
- Located on Interstate 71 at the interchange with Routes 36/37
- Grand opening was June 24, 2016
- Tenants include:  
Ann Taylor  
Banana Republic  
Loft  
Nike  
American Eagle  
And many more...



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Projects  
UNDER DEVELOPMENT

# DAYTONA BEACH, FLORIDA



- Wholly-owned
- 352,000 sf development
- Approximate total investment of \$91.3 million
- Property is located at the southeast quadrant of I-95 and LPGA Blvd.; approximately 2.5 miles north of Daytona Speedway
- Construction commenced in November 2015
- November 2016 projected grand opening





# WHAT OVERBUILDING?

Strong performance relative to other retail property types has resulted in outlet project development announcements by new entrants to the outlet space

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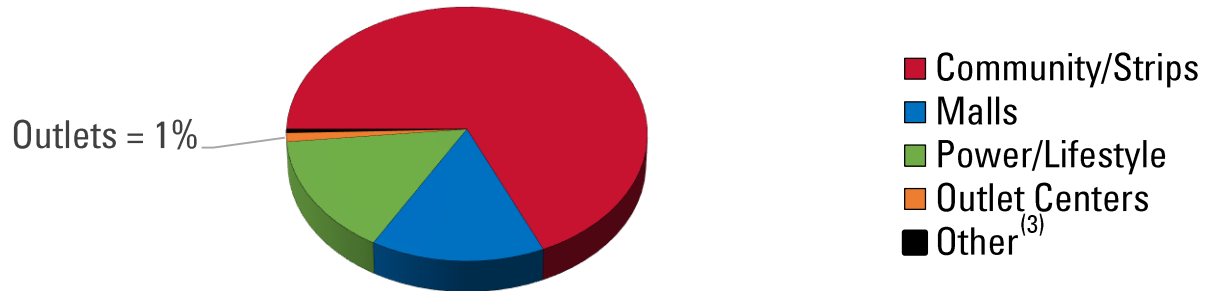
**Tenants want a developer that can deliver, and Tanger has a proven, 35 year track record of delivering quality outlet centers**

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Many projects are announced, but far fewer ever open for business<sup>(1)</sup>

- One year ago: 43 announced, 8 completed to date (includes 2 by Tanger, 3 by Simon, 1 Tanger/Simon joint venture, and 2 by others)
- Five years ago: 49 announced, 24 completed to date (includes 1 by Tanger, 6 by Simon, 1 Tanger/Simon joint venture, and 16 by others)
- Ten years ago: 21 announced, 15 completed to date (includes 4 by Tanger, 8 by Simon, and 3 by others)

## U.S. Retail Aggregate GLA<sup>(2)</sup>



<sup>(1)</sup> Announcements per Value Retail News for planned U.S. outlet projects (1 year source = May 2015, 5 year = May 2011, 10 year = May 2006); Some developments appeared on more than one of these three lists

<sup>(2)</sup> Per ICSC as of December 2015

<sup>(3)</sup> Includes airport retail and theme/festival shopping venues

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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. 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.

**Adjusted Funds From Operations ("AFFO")** is presented as FFO further adjusted to eliminate the impact of certain items that we do not consider indicative of our ongoing operating performance.

**Same Center NOI** is calculated using 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.

**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.

## 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):	Twelve months ended December 31,	
	2014	2015
<b>Net income available to common shareholders</b>	\$72,139	\$208,792
Noncontrolling interests in Operating Partnership	4,037	11,331
Noncontrolling interests in other consolidated partnerships	104	(363)
Allocation of earnings to participating securities	1,872	2,408
<b>Net income</b>	<b>\$78,152</b>	<b>\$222,168</b>
Adjusted for:		
Depreciation and amortization of real estate assets – consolidated	100,961	102,515
Depreciation and amortization of real estate assets - unconsolidated joint ventures	12,212	20,053
Gain on sale of assets and interests in unconsolidated entities	(7,513)	(120,447)
<b>FFO</b>	<b>\$183,812</b>	<b>\$224,289</b>
FFO attributable to noncontrolling interests in other consolidated partnerships	(185)	268
Allocation of earnings to participating securities	(3,653)	(2,408)
<b>FFO available to common shareholders</b>	<b>\$179,974</b>	<b>\$222,149</b>
<b>FFO available to common shareholders per share - diluted</b>	<b>\$1.82</b>	<b>\$2.23</b>
Diluted weighted average common shares (for earnings per share computations)	93,839	94,759
Diluted weighted average common shares (for FFO and AFFO per share computations)	98,954	99,838

## 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):	Twelve months ended December 31,	
	2014	2015
<b>FFO available to common shareholders</b>	<b>\$179,974</b>	<b>\$222,149</b>
As further adjusted for:		
Acquisition costs	7	
Abandoned pre-development costs	2,365	
Casualty gain	(486)	
Make-whole premium on early redemption of senior notes	13,140	
Reversal of share-based compensation expense		(731)
AFFO adjustments from unconsolidated joint ventures	237	
Impact of above adjustments to the allocation of earnings to participating securities	(302)	8
<b>AFFO available to common shareholders</b>	<b>\$194,935</b>	<b>\$221,426</b>
<b>AFFO available to common shareholders per share - diluted</b>	<b>\$1.97</b>	<b>\$2.22</b>
Diluted weighted average common shares (for FFO and AFFO per share computations)	98,954	99,838



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# Technology

# EMBRACING TECHNOLOGY



TANGER  
E-MAIL  
MARKETING

TANGER  
TEXT  
DEALS



TANGER  
MOBILE  
APP



EV  
CHARGING  
STATIONS

FREE Wi-Fi  
ON TANGER PROPERTIES

SOCIAL MEDIA  
CHANNELS

f t p i

TANGER  
Style Maker



## **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 43 upscale outlet shopping centers and one additional center currently under construction. Tanger's operating properties are located in 21 states coast to coast and in Canada, totaling approximately 14.7 million square feet, leased to over 3,100 stores which are operated by more than 490 different brand name companies. The Company has more than 35 years of experience in the outlet industry. Tanger Outlet Centers continue to attract more than 185 million shoppers annually. For more information on Tanger Outlet Centers, call 1-800-4TANGER or visit the Company's web site at [www.tangeroutlets.com](http://www.tangeroutlets.com). [www.tangeroutlets.com](http://www.tangeroutlets.com).

# **Tanger**<sup>®</sup>Outlets

### **CORPORATE HEADQUARTERS**

3200 Northline Avenue, Suite 360 Greensboro, NC 27408 336-292-3010 [TANGEROUTLETS.COM](http://TANGEROUTLETS.COM)

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**INVESTOR RELATIONS** 336-834-6892 [TangerIR@TangerOutlets.com](mailto:TangerIR@TangerOutlets.com)

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**LISTED**  
**NYSE**