

Tanger<sup>®</sup>

2000 Annual Report



Tanger Factory Outlet Centers, Inc., one of the largest developers of outlet shopping centers in the world, is headquartered in Greensboro, North Carolina. We are a self-administered, self-managed real estate investment trust that develops, acquires, owns and operates upscale outlet shopping centers. We provide all development, leasing and management services for our centers. Our shares are traded on the New York Stock Exchange under the ticker symbol SKT.

Sparked by the consumer's love of a bargain, Stanley Tanger began developing outlet centers in 1981. A leading pioneer of the outlet industry, we developed 17 centers totaling 1.5 million square feet from 1981 until May 1993 when we became the first outlet center developer to go public. Since then, we have developed 9 centers, acquired 7, disposed of 4 and together with expansions of existing centers added approximately 3.7 million square feet to our portfolio.

Currently, we own and operate 29 outlet centers, located in 20 states coast to coast. Each one is branded as a Tanger Outlet Center. The portfolio totals 5.2 million square feet consisting of over 1,100 stores operated by top brand name manufacturers and designers. Our tenants sell their products directly to the consumer at substantial savings.

During 2000, Tanger Outlet Centers hosted more than 67,000,000 shopping visits nationwide where customers found quality, selection and great values on leading designer apparel, brand-name footwear, home products, electronics and much more. Please visit our website, [www.tangeroutlet.com](http://www.tangeroutlet.com), for more information on our outlet centers and our Company.

## FINANCIAL HIGHLIGHTS

TANGER FACTORY OUTLET CENTERS, INC.

www.tangeroutlet.com

## CHAIRMAN & PRESIDENT'S LETTER

A MESSAGE FROM THE TANGERS

2000 ANNUAL REPORT

<b>For The Year</b> <i>(In thousands, except per share and percent data)</i>	<b>2000</b>	<b>1999</b>	<b>%Change</b>
Total revenues	\$ 108,821	\$ 104,016	+ 5
EBITDA <sup>(1)</sup>	\$ 67,832	\$ 66,133	+ 3
Funds from operations <sup>(2)</sup>	\$ 38,203	\$ 41,673	— 8
Dividends and distributions	\$ 28,348	\$ 28,229	—
Average shares outstanding <sup>(3)</sup>	11,706	11,698	—
Weighted average GLA <sup>(4)</sup>	5,115	4,996	+ 2
Average sales per square foot	\$ 281	\$ 261	+ 7
<b>Per Share</b>			
Funds from operations <sup>(2)</sup>	\$ 3.26	\$ 3.56	— 8
Dividends and distributions <sup>(5)</sup>	\$ 2.43	\$ 2.42	—
Dividend payout ratio <sup>(6)</sup>	71%	68%	+ 4
<b>At Year-End</b>			
Real estate assets, before depreciation	\$ 584,928	\$ 566,216	+ 3
Total assets	\$ 487,408	\$ 490,069	— 1
Common shares outstanding <sup>(3)</sup>	7,918	7,877	+ 1
GLA open at year end <sup>(4)</sup>	5,179	5,149	+ 1
Occupancy rate	96%	97%	— 1

(1) EBITDA represents earnings before gain (loss) on sale or disposal of real estate, extraordinary item, asset write-down, minority interest, interest expense, income taxes, depreciation and amortization.

(2) Funds from operations is defined as net income (loss) before extraordinary items and gains (losses) on sale of depreciable operating properties, plus depreciation and amortization uniquely significant to real estate.

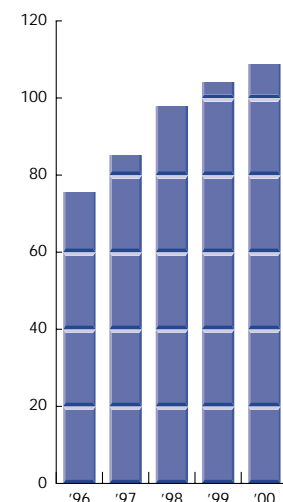
(3) Assumes all preferred shares, share and unit options and partnership units of the Operating Partnership are converted to common shares.

(4) GLA represents square feet of gross leasable area.

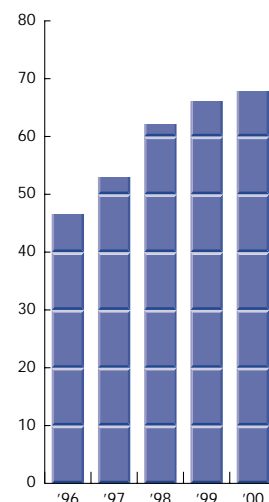
(5) Represents per share and unit amounts to common shareholders and holders of units in the Operating Partnership. Does not include per share amounts to preferred shareholders which were \$21.87 and \$21.76 for 2000 and 1999, respectively.

(6) Annual dividends and distributions as a percent of funds from operations for such year.

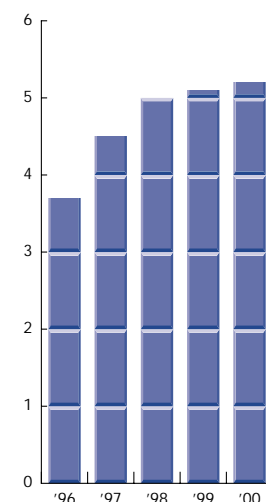
**Total Revenues**  
(in millions of dollars)



**EBITDA**  
(in millions of dollars)



**Gross Leasable Area**  
(in millions of square feet)



### Dear Fellow Shareholders, Employees and Customers:

2000 was a challenging, yet rewarding year for our Company. Over the last few years, the euphoria surrounding technology and dot.coms lifted the stock market to record levels while many industries, such as ours, reached low valuations relative to market averages. Like many "old economy" stocks, REITs, like Tanger, were out of favor for quite some time. Even so, we remained focused on our business by maintaining the superior quality of our Tanger Outlet Centers. More importantly, during 2000 we saw a shift in investors' moods and a "flight to quality" mentality return to the market. The overall market performance was negative, with the S&P 500 total return for 2000 coming in at a loss of 9%. In contrast, Tanger provided a total return to our shareholders of 22% for the year, based on the year-end closing price of \$22.8125 and including the dividend, compared to a loss of 8% for our peer group.

### The outlet industry is here to stay

For over twenty years, the basics of the outlet industry have not changed. Manufacturers cannot depend on inventory controls to satisfy the distribution requirements of department and specialty stores. They continue to have inventory overruns and returns from vendors. Outlet centers are the most profitable solution to the manufacturers' problems of distributing excess inventory. Outlet stores allow manufacturers to dispose of their surplus products at a decent profit without dumping them into off-price stores. Tanger Outlet Centers serve the manufacturers' need to dispose of excess products by providing them with locations that are far enough away from major department stores to safely sell directly to the consumer at reduced prices without affecting the relationships they have with the department stores. In outlet stores, the manufacturer directly controls the pricing, display and inventory of the merchandise they sell. Cash generated from those sales flows directly upstream to the manufacturer every day. Manufacturers design their stores with state of the art décor and fixtures to resemble a sophisticated showroom of products. The stores often serve as a testing ground for new products. In fact, some stores do so well that they have had to manufacture additional merchandise for their outlet stores. Above all, customers receive excellent service from the personnel employed by our tenants. We personally know most of the store managers in our Tanger Outlet Centers. The next time you visit one of our 29 outlet centers, stop by our mall office and tell them your friends, Stan and Steve Tanger sent you, and you will receive a complimentary discount coupon book.

## CHAIRMAN & PRESIDENT'S LETTER

### A MESSAGE FROM THE TANGERS

www.tangeroutlet.com

Business cycles come and go. Competing for the consumer's dollar is always a challenge. One year the consumer is infatuated with a new model SUV, the next year a new model of computer, the next year e-commerce, and so on. We have survived them all and will survive the next round of challenges. Regardless of economic cycles, the consumer still loves a bargain and there is no better bargain than buying directly from stores operated by the manufacturer. There is no better outlet center to shop than a Tanger Outlet Center because of our lowest price guarantee. If a customer purchases merchandise at a Tanger Outlet Center, and finds the same product advertised for less anywhere else within 30 days, we refund the difference in cash. Since we implemented this program five years ago, total tenant sales have increased to \$1.3 billion in 2000, and we have refunded less than \$1,000 a year to Tanger customers.

We have only scratched the surface – less than 5% of consumers have shopped at an outlet center. By targeting the remaining 95% of consumers, there is ample room to grow our Company and the industry. Since we often cannot advertise our tenants' names, we rely on the customers' word of mouth to spread the good news about our outlet centers. It is essential to the success of our business that customers are satisfied with the quality, brand and value of the merchandise purchased at a Tanger Outlet Center.

#### **Sales and operating performance improve**

During 2000, Tanger Outlet Centers hosted over 67 million shopping visits. Thanks to our tenants, shoppers and the Company's management, our operating portfolio of properties performed extremely well. Same-space sales increased 7% over last year to an all time high of \$281 per square foot. The increase in same-space sales reflects the successful re-merchandising of selected centers by replacing low volume tenants with high volume tenants like Gap, Old Navy, Nautica, Polo Ralph Lauren and Tommy Hilfiger. Since the implementation of our re-merchandising strategy in 1996, average sales per square foot in our shopping centers have increased 27%. The increased sales this year were even more significant since many of our centers were closed an equivalent of more than 17 shopping days between Thanksgiving and New Years Eve due to severe blizzards and extremely cold weather. Reported tenant sales in 2000 for all Tanger Outlet Centers increased 8% over last year to \$1.3 billion. The increase in our tenants' average sales per square foot, coupled with our commitment to keep expenses as low as possible, resulted in an average tenant occupancy cost of 7.4% in 2000, compared to 7.8% in 1999. A low occupancy cost results in a more profitable channel of distribution for our tenants.

## CHAIRMAN & PRESIDENT'S LETTER

### A MESSAGE FROM THE TANGERS

2000 ANNUAL REPORT

As of December 31, 2000, our portfolio consisted of 29 centers, located in 20 states, with 5.2 million square feet of gross leasable area. Tenants in our portfolio represent a highly diverse group. No one tenant occupies more than 5.8% of the total gross leasable area. Our operating properties were 96% occupied as of December 31, 2000. This is the 19th consecutive year that the Company's year-end occupancy has been 96% or greater.

Our diversified portfolio of outlet shopping centers generated a record level of EBITDA during 2000. EBITDA, which is calculated as income before minority interest, gain (loss) on sale or disposal of real estate, extraordinary items, asset write-downs, interest expense, income taxes, depreciation and amortization expense, increased by 2.6% to a total of \$67.8 million. This increase occurred despite the fact that we sold two of our operating properties at mid-year. On a weighted average per square foot basis, EBITDA for the portfolio increased by \$.03 to \$13.26 per square foot. The diversification of our portfolio is clearly evidenced by the fact that approximately 70% of our Company's EBITDA in 2000 was generated by 17 properties with weighted average sales of more than \$300 per square foot. That's good news.

Funds from Operations (FFO), before a non-cash, non-recurring charge to write off abandoned development projects, was \$3.42 per share for the year ended December 31, 2000, compared to \$3.56 per share the prior year. The year-end results were negatively impacted by higher average interest rates and dilution associated with the sale of two under performing centers. Including the non-cash, non-recurring charge for costs written off associated with abandoned development projects of \$1.8 million, FFO was \$3.26 per share for the year ended December 31, 2000.

#### **Scheduled expansions completed**

During 2000, we built and opened 216,000 square feet of new expansions in five centers, the most significant located in San Marcos, Texas where we almost doubled the size of our existing center. An additional 97,000 square feet is currently under construction with expected completion during the second half of 2001. Upon completion, our San Marcos outlet center will contain 440,000 square feet of outlet space in addition to outparcels featuring Cracker Barrel, Outback Steak House, Bennigan's Restaurant, Wendy's, Taco Bell and Cavender's Boot City.

#### **Future development proposed**

As reported last year, future development plans include a potential 250,000 square foot outlet center at the Bourne Bridge Rotary in Cape Cod, Massachusetts. Plans for this site include a mixed-use 750,000 square foot entertainment, retail, office and residential community. The local

## CHAIRMAN & PRESIDENT'S LETTER

### A MESSAGE FROM THE TANGERS

www.tangeroutlet.com

and state planning authorities are continuing to review the project and final approvals are anticipated this year. If approved this year, we anticipate stores opening mid-2003 based on an extensive amount of site work and road construction necessary for this project. We are also in the predevelopment stages of a new 400,000 square foot outlet center in Myrtle Beach, South Carolina. This center is being developed by our recently announced joint venture arrangement, Tanger-Warren Development. Based on anticipated successful permitting and pre-leasing, we expect stores to begin opening in late 2002.

We are always looking for great sites to build a new Tanger Outlet Center. Our criteria for an outlet center site requires at least 50 buildable acres with all utilities, located in either tourist destinations with at least 5 million visitors a year or on major interstate highway locations with at least 50,000 cars a day traveling on the highway. Highway sites should contain at least one mile of highway frontage with easy access. Further, the potential site must be located within an hour's drive from a minimum population of 5 million people and at least 10 miles away from upscale traditional regional malls. We continue our strategy to expand our existing centers or develop new ones based on tenant demand. We do not build on speculation.

#### **Long-term financing secured**

We took significant steps during the past year to strengthen our balance sheet by locking into additional long-term fixed rate debt and extending the maturity of our debt portfolio. On an interim basis, we closed on a two-year, \$20 million variable rate unsecured term note with Fleet National Bank and Bank of America and entered into swap agreements to fix the interest rate on this note at 8.75%. On a long-term basis, we also closed on a five-year, \$29.5 million variable rate secured loan with Wells Fargo Bank and entered into a swap agreement to fix the interest rate at 7.72% on \$25 million of this loan. In addition, we closed on a ten-year, \$16.7 million secured 8.86% fixed rate term loan with Woodmen of the World Life Insurance Society, and renewed a five-year, \$9.2 million secured 9.125% fixed rate term loan with New York Life Insurance Company. At the end of the year, 61% of our outstanding debt was unsecured. Correspondingly, 70% of the Company's assets, or \$410 million in gross book value, was unsecured.

Subsequent to year-end, we were successful in closing on a \$100 million, 7 year, 9.125% senior unsecured bond offering. The proceeds were used to repay the \$75 million, 8.75% senior unsecured bond due March 11, 2001. We also paid off the \$20 million Fleet National Bank and Bank of America interim term loan and cancelled the related swap agreements. With the issuance of the new senior unsecured notes, the average maturity date on all of our outstanding debt was

## CHAIRMAN & PRESIDENT'S LETTER

### A MESSAGE FROM THE TANGERS

2000 ANNUAL REPORT

extended to May 2008. Two additional long-term mortgage loans are scheduled to close before the end of April 2001. These loans will provide an additional \$43 million in financing and reduce our reliance on our lines of credit. The impact of accessing these longer-term, primarily fixed rate loans is a higher interest cost. We anticipate that our average interest rate, including the amortization of loan costs, may increase by approximately one half of one percent in 2001. Nevertheless, based on the long-term maturity of our debt and our ability to access a broad range of debt alternatives, we believe that our Company is well positioned for future growth.

#### **Property challenges continue**

We are very proud of the successful marketing, management and operation of our portfolio. The strategy for improving our centers is to continue the successful re-merchandising efforts where appropriate or to reposition some properties for an alternative use. In some cases, it may be in the long-term best interest of our shareholders to sell certain properties and either reinvest the capital into more profitable development or to reduce our debt. Such was the case when we sold our centers in Lawrence, Kansas and McMinnville, Oregon. When it became apparent that these centers would no longer be successful as traditional outlet centers, we decided to sell them and to reinvest the proceeds of approximately \$7.1 million back into our core business.

#### **Dividend remains strong**

One of our most important objectives is to protect the dividend. During 2000, we paid our shareholders a total of \$28.3 million in dividends, or a cumulative total of more than \$166 million since our IPO in 1993. Our strategy is to maintain a low payout ratio relative to the earnings of the Company. This preserves our ability to conservatively cover both current and future dividends, and at the same time, generate excess cash flows to reduce outstanding debt, to fund development, or to pursue acquisition opportunities that offer our shareholders an acceptable return on our investment. When we became a public company seven years ago, the annual dividend on the common shares was \$1.68 per share. We have increased the dividend every year since then to a current dividend of \$2.43 per share. At the same time, we reduced our payout ratio from 91% in 1993 to 71% at the end of 2000.

#### **Company celebrates milestone**

On January 1, 2001, our Company began its 20th year in business as a leader in the outlet industry. In addition, on May 28 of this year, we will celebrate our eighth year as a publicly traded company on the New York Stock Exchange. Our management and employees have

## CHAIRMAN & PRESIDENT'S LETTER

### A MESSAGE FROM THE TANGERS

[www.tangeroutlet.com](http://www.tangeroutlet.com)

confidence in the future. As a group, management and employees own approximately 28% of the Company. We have invested our money along with you. We are committed to providing good financial returns for our shareholders by maintaining superior quality Tanger brand name outlet shopping centers where customers trust the brand, quality and price of the merchandise they purchase directly from the manufacturers.

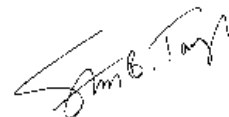
Sincere appreciation goes to all Tanger employees, our customers, and our Board of Directors for their hard work and dedication. We remain grateful to our shareholders for their continued support and look forward to 2001 with a high level of confidence.

Please join us for the 2001 annual shareholders meeting at 10:00 a.m., Friday, May 18, 2001 at the O. Henry Hotel, 624 Green Valley Road, Greensboro, North Carolina.

Sincerely,



Stanley K. Tanger,  
Founder, Chairman of the Board  
and Chief Executive Officer



Steven B. Tanger,  
President and Chief Operating Officer



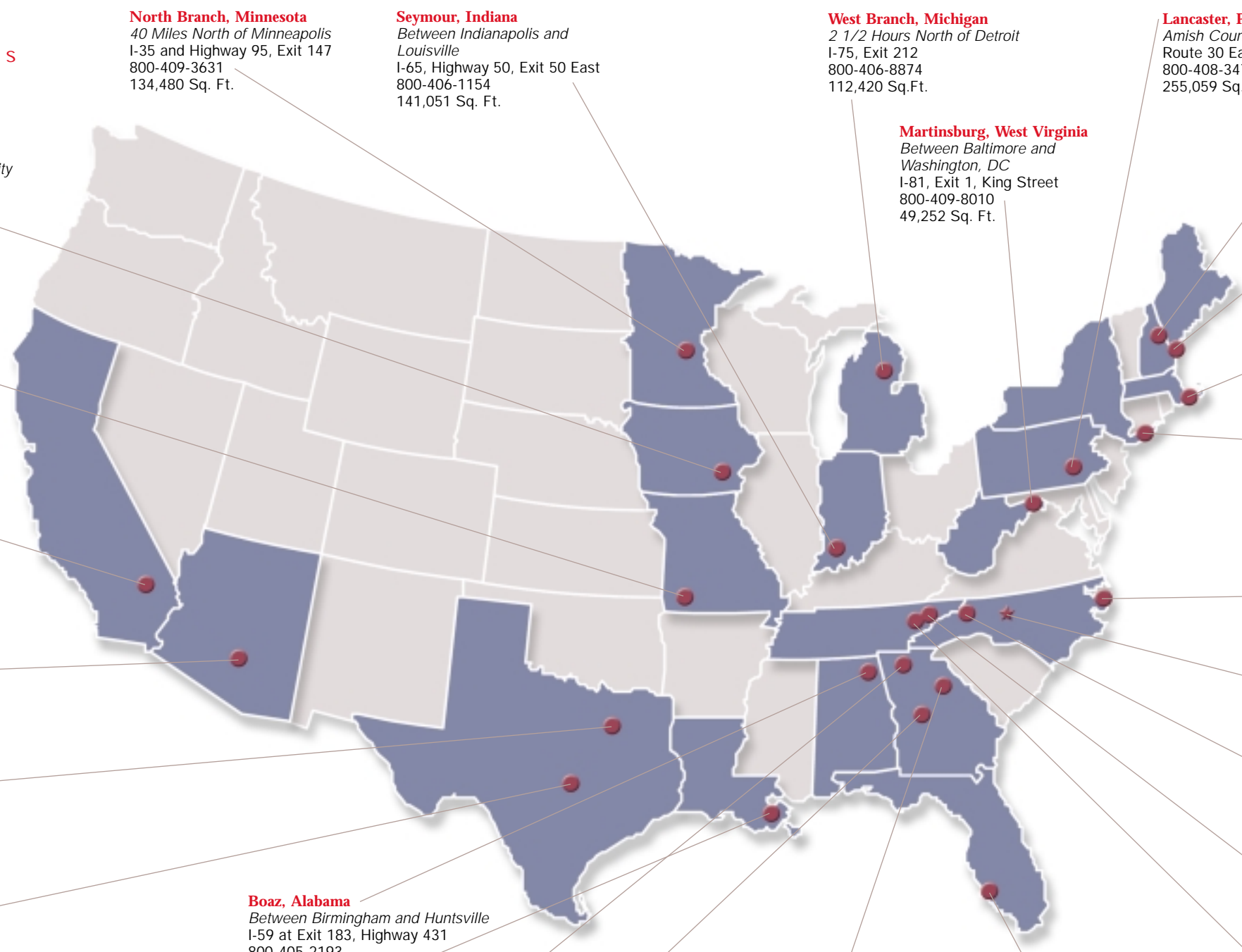
No matter where you are traveling across the country, look for the Tanger trademark sign. You can depend on the Tanger Brand for the very best savings on first-quality merchandise direct from the manufacturer to you. The nation's most popular brand name manufacturers and upscale designer outlet stores are available from our coast to coast outlet shopping centers. We strive to deliver extraordinary value to our customers by creating superior shopping environments that offer true savings on the best brand names in the nation.

**Tanger Outlets**





Outlet Center Locations



**North Branch, Minnesota**  
40 Miles North of Minneapolis  
I-35 and Highway 95, Exit 147  
800-409-3631  
134,480 Sq. Ft.

**Seymour, Indiana**  
Between Indianapolis and Louisville  
I-65, Highway 50, Exit 50 East  
800-406-1154  
141,051 Sq. Ft.

**West Branch, Michigan**  
2 1/2 Hours North of Detroit  
I-75, Exit 212  
800-406-8874  
112,420 Sq. Ft.

**Lancaster, Pennsylvania**  
Amish Country Tourist Area  
Route 30 East  
800-408-3477  
255,059 Sq. Ft.

**North Conway, New Hampshire**  
White Mountain Resort Area  
L.L. Bean Center/Clover Center  
Route 16  
800-407-4078  
61,915 Sq. Ft.

**Williamsburg, Iowa**  
Between Des Moines and Iowa City  
I-80, Exit 220  
800-406-2887  
277,230 Sq. Ft.

**Kittery, Maine**  
Coastal Route 1  
1 hour North of Boston  
2 centers Route 95, Exit 3  
800-406-490  
84,397 Sq. Ft.

**Bourne, Massachusetts**  
Cape Cod Resort Area and one hour from Boston  
Bourne Rotary  
800-406-8435  
23,417 Sq. Ft.

**Riverhead, New York**  
Long Island Resort Area  
I-495 East, Long Island Expressway, Exit 72  
800-407-4894  
729,366 Sq. Ft.

**Nags Head, North Carolina**  
Outer Banks Resort Area  
Highway 158  
800-720-6747  
82,254 Sq. Ft.

**Greensboro, North Carolina**  
Corporate Headquarters  
336-292-3010

**Blowing Rock, North Carolina**  
North Carolina Mountains Resort Area  
Highway 321 at Blue Ridge Parkway  
800-720-6728  
105,448 Sq. Ft.

**Pigeon Forge, Tennessee**  
Smoky Mountain Resort Area  
Highway 441 at Davis Road  
800-408-5775  
94,750 Sq. Ft.

**Sevierville, Tennessee**  
Smoky Mountain Resort Area  
Highway 441  
800-408-8377  
353,952 Sq. Ft.

**Branson, Missouri**  
Tourist Market  
West Highway 76  
800-707-2762  
277,494 Sq. Ft.

**Barstow, California**  
Between Los Angeles and Las Vegas  
I-15 at Lenwood Road  
800-409-3175  
105,950 Sq. Ft.

**Casa Grande, Arizona**  
Between Phoenix and Tucson  
I-10 at Highway 84, Exit 198  
800-405-5016  
184,768 Sq. Ft.

**Terrell, Texas**  
30 minutes East of Dallas  
I-20 at Highway 34, Exit 501  
800-409-0012  
177,435 Sq. Ft.

**San Marcos, Texas**  
Between San Antonio and Austin  
I-35, Exit 200 at Center Point Road  
800-408-8424  
441,343 Sq. Ft.

**Gonzales, Louisiana**  
Between New Orleans and Baton Rouge  
I-10 at Highway 30, Exit 177  
800-406-2112  
245,098 Sq. Ft.

**Boaz, Alabama**  
Between Birmingham and Huntsville  
I-59 at Exit 183, Highway 431  
800-405-2193  
80,730 Sq. Ft.

**Dalton, Georgia**  
Between Atlanta and Chattanooga  
I-75 at Walnut Avenue, Exit 136  
800-409-7029  
173,430 Sq. Ft.

**Locust Grove, Georgia**  
Between Atlanta and Macon  
I-75, Exit 68  
800-406-0833  
248,854 Sq. Ft.

**Commerce, Georgia**  
Between Atlanta and Greenville, SC  
**Tanger I**  
I-85, Exit 53 Highway 441  
800-405-9555  
185,750 Sq. Ft.

**Tanger II**  
I-85, Exit 53  
800-405-9828  
342,556 Sq. Ft.

**Fort Myers (Sanibel), Florida**  
Sanibel Island Resort area  
I-75, Exit 21 to Summerlin Road  
888-471-3939  
198,956 Sq. Ft.



Stanley K. Tanger  
Founder, CEO and Chairman

**A message from the Tangers...**

"Our goal is to increase shareholder value by creating superior shopping environments where consumers can purchase quality merchandise directly from brand name manufacturers at a true value."

Our success begins and ends with our core principles:

Understand customer needs and satisfy them

Hire good people and empower them

Focus on solutions—not problems

Do what we say we are going to do

Have fun

Above all—play to win



**Tanger Outlet Center  
San Marcos, TX**

The expansion of the Tanger center in San Marcos, Texas will nearly double its size to a total of 440,000 square feet. The San Marcos Outlets are now the 3rd largest tourist attraction in the state.



Steven B. Tanger  
President and  
Chief Operating Officer



**SELECTED FINANCIAL DATA**

TANGER FACTORY OUTLET CENTERS, INC.

www.tangeroutlet.com

(In thousands, except per share and center data)      2000      1999      1998      1997      1996

**OPERATING DATA**

Total revenues	\$108,821	\$104,016	\$ 97,766	\$ 85,271	\$ 75,500
Income before gain (loss) on sale or disposal of real estate, minority interest and extraordinary item	12,249	17,070	15,109	17,583	16,018
Income before extraordinary item	4,312	15,837	12,159	12,827	11,752
Net income	4,312	15,588	11,827	12,827	11,191

**SHARE DATA**

Basic:					
Income before extraordinary item	\$ .32	\$ 1.77	\$ 1.30	\$ 1.57	\$ 1.46
Net income	\$ .32	\$ 1.74	\$ 1.26	\$ 1.57	\$ 1.37
Weighted average common shares	7,894	7,861	7,886	7,028	6,402
Diluted:					
Income before extraordinary item	\$ .31	\$ 1.77	\$ 1.28	\$ 1.54	\$ 1.46
Net income	\$ .31	\$ 1.74	\$ 1.24	\$ 1.54	\$ 1.37
Weighted average common shares	7,922	7,872	8,009	7,140	6,408
Common dividends paid	\$ 2.43	\$ 2.42	\$ 2.35	\$ 2.17	\$ 2.06

**BALANCE SHEET DATA**

Real estate assets, before depreciation	\$584,928	\$566,216	\$529,247	\$ 454,708	\$358,361
Total assets	487,408	490,069	471,795	416,014	332,138
Long-term debt	346,843	329,647	302,485	229,050	178,004
Shareholders' equity	90,877	107,764	114,039	122,119	101,738

**OTHER DATA**

EBITDA (1)	\$ 67,832	\$ 66,133	\$ 61,991	\$ 52,857	\$ 46,474
Funds from operations (1)	\$ 38,203	\$ 41,673	\$ 37,048	\$ 35,840	\$ 32,313
Cash flows provided by (used in):					
Operating activities	\$ 38,303	\$ 43,175	\$ 35,787	\$ 39,214	\$ 38,051
Investing activities	\$ (25,698)	\$ (45,959)	\$ (79,236)	\$ (93,636)	\$ (36,401)
Financing activities	\$ (12,474)	\$ (3,043)	\$ 46,172	\$ 55,444	\$ (4,176)
Gross leasable area open at year end	5,179	5,149	5,011	4,458	3,739
Number of centers	29	31	31	30	27

(1) EBITDA and Funds from Operations ("FFO") are widely accepted financial indicators used by certain investors and analysts to analyze and compare companies on the basis of operating performance. EBITDA represents earnings before minority interest, gain (loss) on sale or disposal of real estate, extraordinary items, asset write-downs, interest expense, income taxes, depreciation and amortization. FFO is defined as net income (loss), computed in accordance with generally accepted accounting principles, before extraordinary items and gains (losses) on sale or disposal of depreciable operating properties, plus depreciation and amortization uniquely significant to real estate. We caution that the calculations of EBITDA and FFO may vary from entity to entity and as such the presentation of EBITDA and FFO by us may not be comparable to other similarly titled measures of other reporting companies. EBITDA and FFO are not intended to represent cash flows for the period. EBITDA and FFO have not been presented as an alternative to operating income or as an indicator of operating performance, and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with generally accepted accounting principles.



## MANAGEMENT'S DISCUSSION AND ANALYSIS

### OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

2000 ANNUAL REPORT

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

The discussion of our results of operations reported in the consolidated statements of operations compares the years ended December 31, 2000 and 1999, as well as December 31, 1999 and 1998. Certain comparisons between the periods are made on a percentage basis as well as on a weighted average gross leasable area ("GLA") basis, a technique which adjusts for certain increases or decreases in the number of centers and corresponding square feet related to the development, acquisition, expansion or disposition of rental properties. The computation of weighted average GLA, however, does not adjust for fluctuations in occupancy that may occur subsequent to the original opening date.

#### 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 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 and expectations, are generally identifiable by use of the words 'believe', 'expect', 'intend', 'anticipate', 'estimate', 'project', or similar expressions. You should not rely on forward-looking statements since they involve known and unknown risks, uncertainties and other factors which are, in some cases, beyond our control and which could materially affect our actual results, performance or achievements. Factors which may cause actual results to differ materially from current expectations include, but are not limited to, the following:

- general economic and local real estate conditions could change (for example, our tenant's business may change if the economy changes, which might effect (1) the amount of rent they pay us or their ability to pay rent to us, (2) their demand for new space, or (3) our ability to renew or re-lease a significant amount of available space on favorable terms);
- the laws and regulations that apply to us could change (for instance, a change in the tax laws that apply to REITs could result in unfavorable tax treatment for us);
- availability and cost of capital (for instance, financing opportunities may not be available to us, or may not be available to us on favorable terms);
- our operating costs may increase or our costs to construct or acquire new properties or expand our existing properties may increase or exceed our original expectations.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

www.tangeroutlet.com

#### General Overview

At December 31, 2000, we owned 29 centers in 20 states totaling 5,179,000 square feet of operating GLA compared to 31 centers in 22 states totaling 5,149,000 square feet of operating GLA as of December 31, 1999. The 30,000 square foot increase in GLA is comprised primarily of a net increase of 216,000 square feet due to expansions in five existing centers during the year offset by a decrease of 186,000 square feet due to the sale of our Lawrence, Kansas and McMinnville, Oregon centers in June 2000. We have approximately 97,000 square feet of expansion space under construction in our San Marcos, Texas center, which is scheduled to open during 2001.

In June 2000, we sold our centers in Lawrence, KS and McMinnville, OR for net proceeds of \$7.1 million. As a result of the two sales, we recognized a loss on sale of real estate of \$5.9 million. The combined net operating income of these two centers represented approximately 1% of the total portfolio's operating income. During 2000, we also sold four land outparcels for net proceeds of \$1.5 million and have included in Other income a gain on sale of \$908,000.

In May 1999, our center in Stroud, Oklahoma was destroyed by a tornado. We maintain full replacement cost insurance on our properties as a whole and as a result of the insurance settlement received, we recognized a gain on disposal of the Stroud center of \$4.1 million during the year ended December 31, 1999. Approximately \$1.9 million of the insurance settlement represented business interruption insurance proceeds. The business interruption proceeds were included in Other income and were amortized over a period of fourteen months ending in June 2000. Approximately \$985,200 of these proceeds were recognized in 2000.

In December 2000, we sold the remaining Stroud land and site improvements and received net proceeds of approximately \$723,500 in January 2001. As a result of this sale, we recognized a loss of \$1,046,000 on the sale of real estate in the fourth quarter of 2000.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

2000 ANNUAL REPORT

A summary of the operating results for the years ended December 31, 2000, 1999 and 1998 is presented in the following table, expressed in amounts calculated on a weighted average GLA basis.

	2000	1999	1998
GLA open at end of period (000's)	5,179	5,149	5,011
Weighted average GLA (000's) (1)	5,115	4,996	4,768
Outlet centers in operation	29	31	31
New centers acquired	-	1	2
Centers disposed of or sold	2	1	1
Centers expanded	5	5	1
States operated in at end of period	20	22	23
Occupancy percentage at end of period	96	97	97
<b>PER SQUARE FOOT</b>			
<b>Revenues</b>			
Base rentals	\$ 13.97	\$ 13.85	\$ 13.88
Percentage rentals	.64	.63	.65
Expense reimbursements	5.87	5.59	5.63
Other income	.79	.76	.34
Total revenues	21.27	20.83	20.50
<b>Expenses</b>			
Property operating	6.57	6.12	6.10
General and administrative	1.44	1.46	1.40
Interest	5.39	4.85	4.62
Depreciation and amortization	5.13	4.97	4.65
Total expenses	18.53	17.40	16.77
Income before (loss) gain on disposal or sale of real estate, minority interest and extraordinary item	\$ 2.74	\$ 3.43	\$ 3.73

(1) GLA weighted by months of operations. GLA is not adjusted for fluctuations in occupancy that may occur subsequent to the original opening date.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

www.tangeroutlet.com

#### Results of Operations

##### 2000 Compared to 1999

Base rentals increased \$2.3 million, or 3%, in the 2000 period when compared to the same period in 1999. The increase is primarily due to the effect of the expansions during 2000 and the fourth quarter of 1999 plus the acquisition of the Ft. Lauderdale, FL center in November of 1999, offset by the loss of rent from the sales of the centers in Lawrence, KS and McMinnville, OR and the full year effect of the loss of the Stroud, Oklahoma center, as mentioned in the General Overview above. Base rentals per weighted average GLA increased \$.12 per square foot due to the sale of the Lawrence and McMinnville centers and the loss of the Stroud center, all of which had lower average base rentals per square foot than the portfolio average.

Percentage rentals, which represent revenues based on a percentage of tenants' sales volume above predetermined levels, increased by \$112,000 and on a weighted average GLA basis, increased \$.01 per square foot in 2000 compared to 1999. For the year ended December 31, 2000, reported same-store sales, defined as the weighted average sales per square foot reported by tenants for stores open since January 1, 1999, were flat compared with the previous year. However, same-space sales for the year ended December 31, 2000, defined as the weighted average sales per square foot reported in space open for the full duration of each comparison period, actually increased 7% to \$281 per square foot due to our efforts to re-merchandise selected centers by replacing low volume tenants with high volume tenants.

Expense reimbursements, which represent the contractual recovery from tenants of certain common area maintenance, insurance, property tax, promotional, advertising and management expenses generally fluctuates consistently with the reimbursable property operating expenses to which it relates. Expense reimbursements, expressed as a percentage of property operating expenses, decreased to 89% in 2000 from 91% in 1999 primarily as a result of a lower average occupancy rate and higher operating expenses in the 2000 period compared to the 1999 period.

Other income increased \$280,000 in 2000 as compared to 1999. The increase is primarily due to gains on sale of outparcels of land totaling \$908,000 during 2000 as compared to \$687,000 in 1999.

Property operating expenses increased by \$3.0 million, or 10%, in 2000 as compared to 1999. On a weighted average GLA basis, property operating expenses increased from \$6.12 to \$6.57 per square foot. The increases are the result of certain real estate tax assessments and higher common area maintenance expenses.

General and administrative expenses increased \$68,000, or 1%, in 2000 as compared to 1999. As a percentage of revenues, general and administrative expenses were approximately 6.8% of revenues in 2000 and 7.0% in 1999. On a weighted average GLA basis, general and administrative expenses decreased \$.02 per square foot from \$1.46 in 1999 to \$1.44 in 2000. The decrease in general and administrative expenses per square foot reflects our efforts to control general and administrative expenditures.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

2000 ANNUAL REPORT

Interest expense increased \$3.3 million during 2000 as compared to 1999 due to additional financing necessary to fund the expansions described in the General Overview above, the acquisition in Fort Lauderdale, FL, higher average interest rates and additional amortization of deferred financing charges incurred during the year for the more than \$75 million in long-term debt obtained during 2000. Depreciation and amortization per weighted average GLA increased from \$4.97 per square foot in 1999 to \$5.13 per square foot in the 2000 period due to a higher mix of tenant finishing allowances included in buildings and improvements which are depreciated over shorter lives (i.e., over lives generally ranging from 3 to 10 years as opposed to other construction costs which are depreciated over lives ranging from 15 to 33 years).

The asset write-down recognized in 2000 represents the write off of all development costs associated with the expansion of our site in Ft. Lauderdale, FL, as well as additional costs associated with various other non-recurring development activities at other sites which were discontinued. The costs associated with the Ft. Lauderdale site were written off because we terminated our contract to purchase an additional twelve acres of land in Dania Beach/Ft. Lauderdale, FL.

The loss on sale of real estate during 2000 represents the loss recognized on the sale of our centers in Lawrence, KS, McMinnville, OR and the remaining Stroud, OK land and site improvements. Net proceeds received from the sale of the centers totaled \$7.1 million. As a result of the two center sales, we recognized a loss on sale of real estate of \$5.9 million. The combined net operating income of these two centers represented approximately 1% of the total portfolio's operating income. We sold the Stroud land and site improvements in December 2000 and received net proceeds of approximately \$723,500 for the Stroud land and site improvements in January 2001. As a result of this sale, we recognized a loss of \$1,046,000 on the sale of real estate in the fourth quarter of 2000.

#### 1999 Compared to 1998

Base rentals increased \$3.0 million, or 5%, in 1999 when compared to the same period in 1998. The increase is primarily due to the effect of a full year of rent in 1999 from the Dalton, GA center acquired on March 31, 1998 and the Sanibel, FL center acquired on July 31, 1998 as well as the expansions at five existing centers of 176,000 square feet, offset by the loss of rent from the center in Stroud, OK. Base rent per weighted average GLA decreased \$.03 per foot due to the portfolio of properties having a lower overall average occupancy rate during 1999 compared to 1998. Base rent per square foot, however, was favorably impacted during the year due to the loss of the Stroud center which had a lower average base rent per square foot than the portfolio average.

Percentage rentals increased by \$54,000 and on a weighted average GLA basis, decreased \$.02 per square foot in 1999 compared to 1998. For the year ended December 31, 1999, reported same-store sales, defined as the weighted average sales per square foot reported by tenants for stores open since January 1, 1998, were down approximately 1% with that of the previous year. However, same-space sales for the year ended December 31, 1999 actually increased 5% to \$261 per square foot due to our efforts to re-merchandise selected centers by replacing low volume tenants with high volume tenants.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

www.tangeroutlet.com

Expense reimbursements, which represent the contractual recovery from tenants of certain common area maintenance, insurance, property tax, promotional, advertising and management expenses generally fluctuates consistently with the reimbursable property operating expenses to which it relates. Expense reimbursements, expressed as a percentage of property operating expenses, decreased to 91% in 1999 from 92% in 1998 primarily as a result of a lower average occupancy rate in the 1999 period compared to the 1998 period.

Other income increased \$2.1 million in 1999 as compared to 1998. The increase is primarily due to gains on sale of out parcels of land totaling \$687,000 during 1999 as well as to the recognition of \$880,000 of business interruption insurance proceeds relating to the Stroud center.

Property operating expenses increased by \$1.5 million, or 5%, in 1999 as compared to 1998. On a weighted average GLA basis, property operating expenses increased slightly from \$6.10 to \$6.12 per square foot. Higher real estate taxes per square foot were offset by decreases in advertising and promotion expenses per square foot and lower common area maintenance expenses per square foot.

General and administrative expenses increased \$629,000, or 9%, in 1999 as compared to 1998. As a percentage of revenues, general and administrative expenses were approximately 7.0% of revenues in 1999 and 6.8% in 1998. On a weighted average GLA basis, general and administrative expenses increased \$.06 per square foot from \$1.40 in 1998 to \$1.46 in 1999. The increase in general and administrative expenses per square foot reflects the rental and related expenses for the new corporate office space to which we relocated our corporate headquarters in April 1999.

Interest expense increased \$2.2 million during 1999 as compared to 1998 due to financing the 1998 acquisitions and the 1998 and 1999 expansions. However, interest expense was favorably impacted by the insurance proceeds received from the loss of the Stroud center that were used to immediately reduce outstanding amounts under our lines of credit. Depreciation and amortization per weighted average GLA increased from \$4.65 per square foot in 1998 to \$4.97 per square foot in the 1999 period due to a higher mix of tenant finishing allowances included in buildings and improvements which are depreciated over shorter lives.

The gain on disposal of real estate during 1999 represents the amount of insurance proceeds from the loss of the Stroud center in excess of the carrying amount for the portion of the related assets destroyed by the tornado. The gain on sale of real estate during 1998 is due primarily to the sale of an 8,000 square foot, single tenant property in Manchester, VT.

The extraordinary losses recognized in each year represent the write-off of unamortized deferred financing costs related to debt that was extinguished during each period prior to its scheduled maturity.

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

2000 ANNUAL REPORT

**Liquidity and Capital Resources**

Net cash provided by operating activities was \$38.3, \$43.2 and \$35.8 million for the years ended December 31, 2000, 1999 and 1998, respectively. The decrease in cash provided by operating activities in 2000 compared to 1999 is primarily due to a decrease in net income due to higher interest rate costs and a decrease in accounts payable. Net cash provided by operating activities increased \$7.4 million in 1999 compared to 1998 due to increases in operating income from the 1998 and 1999 acquisitions and expansions and increases in accounts payable. Net cash used in investing activities amounted to \$25.7, \$46.0 and \$79.2 million during 2000, 1999 and 1998, respectively, and reflects the acquisitions, expansions and dispositions of real estate during each year. Net cash used in investing activities also decreased in 2000 and 1999 compared to 1998 due to approximately \$4.0 and \$6.5 million in net insurance proceeds received from the loss of the Stroud center in those years respectively. Cash provided by (used in) financing activities of \$(12.5), \$(3.0) and \$46.2 million in 2000, 1999 and 1998, respectively, has fluctuated consistently with the capital needed to fund the current development and acquisition activity and reflects increases in dividends paid during 2000, 1999 and 1998.

During 2000, we added a net of approximately 216,000 square feet of expansions in five existing centers. In addition, we have approximately 97,000 square feet of expansion space under construction at our San Marcos center, which is scheduled to open in 2001. Commitments for construction of this project (which represent only those costs contractually required to be paid by us) amounted to \$4.0 million at December 31, 2000.

We are involved in the pre-development stage of a new 400,000 square foot outlet center in Myrtle Beach, South Carolina. This center is being developed by Tanger-Warren Development, LLC ("Tanger-Warren") which was formed in August 2000 to identify, acquire and develop sites for us. Based on anticipated successful permitting and pre-leasing, we expect stores to begin opening in late 2002. See "Joint Ventures" for discussions of the formation of Tanger-Warren.

We have an option to purchase the retail portion of a site at the Bourne Bridge Rotary in Cape Cod, Massachusetts. Based on tenant demand, we plan to develop a new 250,000 square foot outlet center. The entire site will contain more than 750,000 square feet of mixed-use entertainment, retail, office and residential community built in the style of a Cape Cod Village. The local and state planning authorities are currently reviewing the project and final approvals are anticipated by the end of 2001. Due to the extensive amount of site work and road construction, stores are not expected to be open until mid 2003.

The developments or expansions that we have planned or anticipated may not be started or completed as scheduled, or may not result in accretive funds from operations. 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 accretive funds from operations.

In November 2000, we terminated our contract to purchase an additional twelve acres of land in Dania Beach/Ft. Lauderdale, Florida. Because of this event, we have written off all development costs associated with the expansion

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

www.tangeroutlet.com

of our site in Ft. Lauderdale, as well as additional costs associated with various other non-recurring development activities at other sites which were discontinued. The total non-cash, non-recurring charge for abandoned development costs in the fourth quarter of 2000 was \$1.8 million.

In May 2000, the demand notes receivable totaling \$3.4 million from Stanley K. Tanger, the Company's Chairman of the Board and Chief Executive Officer, were converted into two separate term notes of which \$2.5 million is due from Stanley K. Tanger and \$845,000 is due from Steven B. Tanger, the Company's President and Chief Operating Officer. The notes amortize evenly over five years with principal and interest at a rate of 8% per annum due quarterly. The balances of these notes at December 31, 2000 were \$2.1 million and \$773,000, respectively.

**Debt Financings**

On January 25, 2000, we entered into a two year unsecured loan with Fleet National Bank and Bank of America for an aggregate of \$20 million with interest payable at LIBOR plus 2.25%. At the same time, we entered into interest rate swap agreements on notional amounts totaling \$20 million with the same institutions that effectively fixed the interest rate on this loan at 8.75%. The proceeds were used to reduce amounts outstanding under the existing lines of credit.

On July 28, 2000, we entered into a five year collateralized term loan with Wells Fargo Bank for \$29.5 million with interest payable at LIBOR plus 1.75%. The proceeds were used to reduce amounts outstanding under the existing lines of credit.

On August 29, 2000, we entered into a ten year collateralized term loan with Woodmen of the World Life Insurance Society for \$16.7 million with interest payable at a fixed rate of 8.86%. The proceeds were used to reduce amounts outstanding under the existing lines of credit.

On September 8, 2000, we renewed a \$9.2 million collateralized loan with New York Life Insurance Company for five years, at a fixed interest rate of 9.125%.

At December 31, 2000, approximately 61% of the outstanding long-term debt represented unsecured borrowings and approximately 70% of our real estate portfolio was unencumbered. The average interest rate, including loan cost amortization, on average debt outstanding for the year ended December 31, 2000 was 8.6%.

We extended the maturities of our four unsecured lines of credit totaling \$100 million with Bank of America, Bank One, Fleet National Bank and SouthTrust Bank until at least June 30, 2002.

On February 9, 2001, the Operating Partnership issued \$100 million of 9.125% senior, unsecured notes, maturing on February 15, 2008. The net proceeds of \$97 million were used to repay all of the outstanding indebtedness under the \$75 million 8.75% notes which were due March 11, 2001. The net proceeds were also used to repay the \$20 million LIBOR plus 2.25% term loan due January 2002 with Fleet National Bank and Bank of America and to terminate the related interest rate swap agreements with notional amounts totalling \$20 million. The remaining proceeds were used for general operating purposes.



## MANAGEMENT'S DISCUSSION AND ANALYSIS

### OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

2000 ANNUAL REPORT

We intend to retain the ability to raise additional capital, including public debt as described above, to pursue attractive investment opportunities that may arise and to otherwise act in a manner that we believe to be in our best interest and our shareholders' interests. We maintain revolving lines of credit that provide for unsecured borrowings up to \$100 million, of which \$58.5 million was available for additional borrowings at December 31, 2000.

After giving effect to the February 2001 debt offering, the Company and the Operating Partnership under joint registration, could issue up to \$100 million in additional equity securities. We are currently in the process of restocking our shelf registration for the ability to issue up to \$200 million in debt and equity securities, respectively. We may also consider selling certain properties that do not meet our long-term investment criteria as well as outparcels on existing properties to generate capital to reinvest into other attractive investment opportunities. Based on cash provided by operations, existing credit facilities, ongoing negotiations with certain financial institutions, the February 2001 bond offering and funds available under the shelf registration, we believe that we have access to the necessary financing to fund the planned capital expenditures during 2001.

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 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 the existing lines of credit or invested in short-term money market or other suitable instruments. Certain of our debt agreements limit the payment of dividends such that dividends will not exceed funds from operations ("FFO"), as defined in the agreements, for the prior fiscal year on an annual basis or 95% of FFO on a cumulative basis from the date of the agreement.

#### Joint Ventures

Effective August 7, 2000, we announced the formation of a joint venture with C. Randy Warren Jr., former Senior Vice President of Leasing of the Company. The new entity, Tanger-Warren Development, LLC ("Tanger-Warren"), was formed to identify, acquire and develop sites for us. We agreed to be co-managing general partners, each with 50% ownership interest in the joint venture and any entities formed with respect to a specific project. The investment in Tanger-Warren is accounted for under the equity method of accounting. Equity in earnings was not significant in 2000. At December 31, 2000 our investment in Tanger-Warren was approximately \$116,000.

#### 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 do not enter into derivatives or other financial instruments for trading or speculative purposes.

We negotiate long-term fixed rate debt instruments and enter into interest rate swap agreements to manage our exposure to interest rate changes on our floating rate debt. The swaps involve the exchange of fixed and variable interest rate payments based on a contractual principal amount and time period. Payments or receipts on the agreements are recorded as adjustments to interest expense. In January 2000, we entered into interest rate swap agreements on notional amounts totaling \$20.0 million. In order to fix the interest rate at 8.75%, we paid \$162,000.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

www.tangeroutlet.com

As mentioned in "Debt Financings" above, these agreements subsequently were terminated in February 2001 at a cost of \$295,200. In addition, approximately \$77,000 of unamortized costs related to fixing the interest rate and \$103,000 of unamortized debt issuance cost were written off in February 2001. In December 2000, we entered into another interest rate swap agreement with a notional amount of \$25.0 million. This agreement fixes the 30-day LIBOR index at 5.97% through January 2003. At December 31, 2000, we would have had to pay \$152,800 to terminate this agreement. A 1% decrease in the 30-day LIBOR index would increase this amount by approximately \$475,000. The fair value is based on dealer quotes, considering current interest rates.

The fair market value of long-term fixed interest rate debt is subject to interest rate risk. Generally, the fair market value of fixed interest rate debt will increase as interest rates fall and decrease as interest rates rise. The estimated fair value of our total long-term debt at December 31, 2000 was \$346.1 million while the recorded value was \$346.8 million, respectively. A 1% increase from prevailing interest rates at December 31, 2000 would result in a decrease in fair value of total long-term debt by approximately \$5.1 million. Fair values were determined from quoted market prices, where available, using current interest rates considering credit ratings and the remaining terms to maturity.

#### Funds from Operations

We believe that for a clear understanding of our consolidated historical operating results, FFO should be considered along with net income as presented in the audited consolidated financial statements included elsewhere in this report. FFO is presented because it is a widely accepted financial indicator used by certain investors and analysts to analyze and compare one equity real estate investment trust ("REIT") with another on the basis of operating performance. FFO is generally defined as net income (loss), computed in accordance with generally accepted accounting principles, before extraordinary items and gains (losses) on sale of depreciable operating properties, plus depreciation and amortization uniquely significant to real estate. We caution that the calculation of FFO may vary from entity to entity and as such the presentation of FFO by us may not be comparable to other similarly titled measures of other reporting companies. FFO does not represent net income or cash flow from operations as defined by generally accepted accounting principles and should not be considered an alternative to net income as an indication of operating performance or to cash flows from operations as a measure of liquidity. FFO is not necessarily indicative of cash flows available to fund dividends to shareholders and other cash needs.

In October 1999, the National Association of Real Estate Investment Trusts ("NAREIT") issued interpretive guidance regarding the calculation of FFO. NAREIT's leadership determined that FFO should include both recurring and non-recurring operating results, except those results defined as extraordinary items under generally accepted accounting principles and gains and losses from sales of depreciable operating property. All REITs were encouraged to implement the recommendations of this guidance effective for fiscal periods beginning in 2000 for all periods presented in financial statements or tables. We adopted the new NAREIT clarification beginning January 1, 2000. The adoption of the new method had the impact of reducing FFO from the amount originally reported of \$39,748 in 1998 to \$37,048 as a result of an asset write down of \$2.7 million. Below is a calculation of FFO under the new method for the years ended December 31, 2000, 1999 and 1998 as well as actual cash flow and other data for those years, respectively (in thousands).

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

2000 ANNUAL REPORT

	2000	1999	1998
<b>FUNDS FROM OPERATIONS:</b>			
Net income	\$ 4,312	\$ 15,588	\$ 11,827
Adjusted for:			
Extraordinary item-loss on early extinguishment of debt	-	249	332
Minority interest	956	5,374	3,944
Depreciation and amortization uniquely significant to real estate	25,954	24,603	21,939
Loss (gain) on disposal or sale of real estate	6,981	(4,141)	(994)
<b>Funds from operations before minority interest (1)</b>	<b>\$ 38,203</b>	<b>\$ 41,673</b>	<b>\$ 37,048</b>
<b>CASH FLOW PROVIDED BY (USED IN):</b>			
Operating activities	\$ 38,303	\$ 43,175	\$ 35,787
Investing activities	\$ (25,698)	\$ (45,959)	\$ (79,236)
Financing activities	\$ (12,474)	\$ (3,043)	\$ 46,172
<b>Weighted average shares outstanding (2)</b>	<b>11,706</b>	<b>11,698</b>	<b>11,847</b>

(1) For the years ended December 31, 2000 and 1999, includes \$908 and \$687 in gains on sales of outparcels of land.

(2) Assumes our preferred shares, share and unit options and partnership units of the Operating Partnership held by the minority interest are all converted to our common shares.

#### New Accounting Pronouncements

The Financial Accounting Standards Board ("FASB") has issued Statements of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities", as amended by FAS 137 and FAS 138 (collectively, "FAS 133"). FAS 133 is effective for all fiscal quarters or all fiscal years beginning after June 15, 2000; accordingly, we adopted FAS 133 on January 1, 2001. Upon adoption on January 1, 2001, we recorded a cumulative effect adjustment of \$216,500 loss, net of minority interest, in Other comprehensive income (loss).

During 2000, the American Institute of Certified Public Accountants' Accounting Standards Executive Committee issued an exposure draft Statement of Position ("SOP") regarding the capitalization of costs associated with property, plant and equipment. Under the proposed SOP, all property, plant and equipment related costs would be expensed unless the costs are directly identifiable with specific projects and general and administrative and overhead costs which are not payroll or payroll related and not directly related to the project would be expensed as incurred. The expected effective date of the final SOP is expected in 2002 and currently we are evaluating the effects it may have on our results of operations and financial position.

In December 1999, the Securities Exchange Commission ("SEC") staff issued Staff Accounting Bulletin 101 ("SAB 101"), "Revenue Recognition in Financial Statements". SAB 101 discusses the SEC staff's views on certain revenue recognition transactions. The adoption of this SAB had no material effect on our results of operations or financial position.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

www.tangeroutlet.com

#### Economic Conditions and Outlook

The majority of our leases contain provisions designed to mitigate the impact of inflation. Such provisions include clauses for the escalation of base rent and clauses enabling us to receive percentage rentals based on tenants' gross sales (above predetermined levels, which we believe often are lower than traditional retail industry standards) which generally increase as prices rise. Most of the leases require the tenant to pay their share of property operating expenses, including common area maintenance, real estate taxes, insurance and advertising and promotion, thereby reducing exposure to increases in costs and operating expenses resulting from inflation.

While factory outlet stores continue to be a profitable and fundamental distribution channel for 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.

As part of our strategy of aggressively managing our assets, we are strengthening the tenant base in several of our centers by adding strong new anchor tenants, such as Polo Ralph Lauren, Nike, GAP, Tommy Hilfiger and Nautica. To accomplish this goal, stores may remain vacant for a longer period of time in order to recapture enough space to meet the size requirement of these upscale, high volume tenants. Consequently, we anticipate that our average occupancy level will remain strong, but may be more in line with the industry average.

Approximately 30% of our lease portfolio is scheduled to expire during the next two years. Approximately 701,000 square feet of space is up for renewal during 2001 and approximately 868,000 square feet will come up for renewal in 2002. 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.

Existing tenants' sales have remained stable and renewals by existing tenants have remained strong. The existing tenants have already renewed approximately 254,000, or 36%, of the square feet scheduled to expire in 2001. In addition, we continue to attract and retain additional tenants. Our factory outlet centers typically include well-known, national, brand name companies. By maintaining a broad base of creditworthy tenants and a geographically diverse portfolio of properties located across the United States, we reduce our operating and leasing risks. No one tenant (including affiliates) accounts for more than 6% of our combined base and percentage rental revenues. Accordingly, we do not expect any material adverse impact on our results of operation and financial condition as a result of leases to be renewed or stores to be released.

## REPORT OF INDEPENDENT ACCOUNTANTS

TANGER FACTORY OUTLET CENTERS, INC.

2000 ANNUAL REPORT

To the Board of Directors and Shareholders of  
TANGER FACTORY OUTLET CENTERS, INC. AND SUBSIDIARIES:

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of operations, shareholders' equity and cash flows present fairly, in all material respects, the financial position of Tanger Factory Outlet Centers, Inc. and its subsidiaries at December 31, 2000 and 1999, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2000, in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for the opinion expressed above.

PricewaterhouseCoopers LLP

Greensboro, NC

January 18, 2001, except for the information presented  
in Note 16 for which the date is March 12, 2001

## CONSOLIDATED BALANCE SHEETS

TANGER FACTORY OUTLET CENTERS, INC.

www.tangeroutlet.com

(In thousands, except share data)	December 31,	
	2000	1999
<b>ASSETS</b>		
Rental Property		
Land	\$ 59,858	\$ 63,045
Buildings, improvements and fixtures	505,554	484,277
Developments under construction	19,516	18,894
	584,928	566,216
Accumulated depreciation	(122,365)	(104,511)
Rental property, net	462,563	461,705
Cash and cash equivalents	634	503
Deferred charges, net	8,566	8,176
Other assets	15,645	19,685
<b>Total assets</b>	<b>\$ 487,408</b>	<b>\$ 490,069</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Liabilities</b>		
Long-term debt		
Senior, unsecured notes	\$ 150,000	\$ 150,000
Mortgages payable	135,313	90,652
Term note, unsecured	20,000	-
Lines of credit	41,530	88,995
	346,843	329,647
Construction trade payables	9,784	6,287
Accounts payable and accrued expenses	12,807	13,081
<b>Total liabilities</b>	<b>369,434</b>	<b>349,015</b>
<b>Commitments</b>		
Minority interest	27,097	33,290
<b>Shareholders' equity</b>		
Preferred shares, \$.01 par value, 1,000,000 shares authorized, 80,600 and 85,270 shares issued and outstanding at December 31, 2000 and 1999	1	1
Common shares, \$.01 par value, 50,000,000 shares authorized, 7,918,911 and 7,876,835 shares issued and outstanding at December 31, 2000 and 1999	79	79
Paid in capital	136,358	136,571
Distributions in excess of net income	(45,561)	(28,887)
<b>Total shareholders' equity</b>	<b>90,877</b>	<b>107,764</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$ 487,408</b>	<b>\$ 490,069</b>

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

## CONSOLIDATED STATEMENTS OF OPERATIONS

TANGER FACTORY OUTLET CENTERS, INC.

2000 ANNUAL REPORT

(In thousands, except per share data)	Year Ended December 31,		
	2000	1999	1998
<b>REVENUES</b>			
Base rentals	\$ 71,457	\$ 69,180	\$ 66,187
Percentage rentals	3,253	3,141	3,087
Expense reimbursements	30,046	27,910	26,852
Other income	4,065	3,785	1,640
<b>Total revenues</b>	<b>108,821</b>	<b>104,016</b>	<b>97,766</b>
<b>EXPENSES</b>			
Property operating	33,623	30,585	29,106
General and administrative	7,366	7,298	6,669
Interest	27,565	24,239	22,028
Depreciation and amortization	26,218	24,824	22,154
Asset write-down	1,800	-	2,700
<b>Total expenses</b>	<b>96,572</b>	<b>86,946</b>	<b>82,657</b>
Income before (loss) gain on sale or disposal of real estate, minority interest and extraordinary item	12,249	17,070	15,109
(Loss) gain on sale or disposal of real estate	(6,981)	4,141	994
Income before minority interest and extraordinary item	5,268	21,211	16,103
Minority interest	(956)	(5,374)	(3,944)
Income before extraordinary item	4,312	15,837	12,159
Extraordinary item - Loss on early extinguishment of debt, net of minority interest of \$96 and \$128 in 1999	-	(249)	(332)
<b>Net income</b>	<b>4,312</b>	<b>15,588</b>	<b>11,827</b>
Less applicable preferred share dividends	(1,823)	(1,917)	(1,911)
<b>Net income available to common shareholders</b>	<b>\$ 2,489</b>	<b>\$ 13,671</b>	<b>\$ 9,916</b>
<b>Basic earnings per common share:</b>			
Income before extraordinary item	\$ 0.32	\$ 1.77	\$ 1.30
Extraordinary item	-	(0.03)	(0.04)
<b>Net income</b>	<b>\$ 0.32</b>	<b>\$ 1.74</b>	<b>\$ 1.26</b>
<b>Diluted earnings per common share:</b>			
Income before extraordinary item	\$ 0.31	\$ 1.77	\$ 1.28
Extraordinary item	-	(0.03)	(0.04)
<b>Net income</b>	<b>\$ 0.31</b>	<b>\$ 1.74</b>	<b>\$ 1.24</b>

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

## CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

TANGER FACTORY OUTLET CENTERS, INC.

www.tangeroutlet.com

(In thousands, except share data)	Preferred Shares	Common Shares	Paid in Capital	Distributions in Excess of Net Income	Total Shareholders' Equity
	<b>BALANCE, DECEMBER 31, 1997</b>	\$ 1	\$ 78	\$ 137,020	\$ (14,980)
Conversion of 2,419 preferred shares into 21,790 common shares	-	1	(1)	-	-
Issuance of 31,880 common shares upon exercise of unit options	-	-	762	-	762
Repurchase and retirement of 10,000 common shares	-	-	(216)	-	(216)
Compensation under unit Option Plan	-	-	142	-	142
Adjustment for minority interest in the Operating Partnership	-	-	(177)	-	(177)
<b>Net income</b>	-	-	-	11,827	11,827
Preferred dividends (\$21.17 per share)	-	-	-	(1,894)	(1,894)
Common dividends (\$2.35 per share)	-	-	-	(18,524)	(18,524)
<b>BALANCE, DECEMBER 31, 1998</b>	<b>1</b>	<b>79</b>	<b>137,530</b>	<b>(23,571)</b>	<b>114,039</b>
Conversion of 3,000 preferred shares into 27,029 common shares	-	1	(1)	-	-
Issuance of 500 common shares upon exercise of unit options	-	-	12	-	12
Repurchase and retirement of 48,300 common shares	-	(1)	(957)	-	(958)
Adjustment for minority interest in the Operating Partnership	-	-	(13)	-	(13)
<b>Net income</b>	-	-	-	15,588	15,588
Preferred dividends (\$21.76 per share)	-	-	-	(1,918)	(1,918)
Common dividends (\$2.42 per share)	-	-	-	(18,986)	(18,986)
<b>BALANCE, DECEMBER 31, 1999</b>	<b>1</b>	<b>79</b>	<b>136,571</b>	<b>(28,887)</b>	<b>107,764</b>
Conversion of 4,670 preferred shares into 42,076 common shares	-	-	-	-	-
Adjustment for minority interest in the Operating Partnership	-	-	(213)	-	(213)
<b>Net income</b>	-	-	-	4,312	4,312
Preferred dividends (\$21.87 per share)	-	-	-	(1,840)	(1,840)
Common dividends (\$2.43 per share)	-	-	-	(19,146)	(19,146)
<b>BALANCE, DECEMBER 31, 2000</b>	<b>\$ 1</b>	<b>\$ 79</b>	<b>\$ 136,358</b>	<b>\$ (45,561)</b>	<b>\$ 90,877</b>

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



## CONSOLIDATED STATEMENTS OF CASH FLOWS

TANGER FACTORY OUTLET CENTERS, INC.

2000 ANNUAL REPORT

(In thousands)	Year Ended December 31,		
	2000	1999	1998
<b>OPERATING ACTIVITIES</b>			
Net income	\$ 4,312	\$ 15,588	\$ 11,827
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	26,218	24,824	22,154
Amortization of deferred financing costs	1,264	1,005	1,076
Minority interest	956	5,278	3,816
Loss on early extinguishment of debt	-	345	460
Asset write-down	1,800	-	2,700
Loss (gain) on disposal or sale of real estate	6,981	(4,141)	(994)
Gain on sale of outparcels of land	(908)	(687)	-
Straight-line base rent adjustment	92	(214)	(688)
Compensation under Unit Option Plan	-	-	195
Increase (decrease) due to changes in:			
Other assets	(2,138)	(1,181)	(1,956)
Accounts payable and accrued expenses	(274)	2,358	(2,803)
<b>Net cash provided by operating activities</b>	<b>38,303</b>	<b>43,175</b>	<b>35,787</b>
<b>INVESTING ACTIVITIES</b>			
Acquisition of rental properties	-	(15,500)	(44,650)
Additions to rental properties	(36,056)	(34,224)	(35,252)
Additions to deferred lease costs	(2,238)	(1,862)	(1,895)
Net proceeds from sale of real estate	8,598	1,987	2,561
Net insurance proceeds from property losses	4,046	6,451	-
Advances to officer, net of repayments	(48)	(2,811)	-
<b>Net cash used in investing activities</b>	<b>(25,698)</b>	<b>(45,959)</b>	<b>(79,236)</b>
<b>FINANCING ACTIVITIES</b>			
Repurchase of common shares	-	(958)	(216)
Cash dividends paid	(20,986)	(20,904)	(20,418)
Distributions to minority interest	(7,362)	(7,325)	(7,128)
Proceeds from mortgages payable	46,160	66,500	-
Repayments on mortgages payable	(1,499)	(48,638)	(1,260)
Proceeds from revolving lines of credit	126,435	118,555	152,760
Repayments on revolving lines of credit	(153,900)	(109,255)	(78,065)
Additions to deferred financing costs	(1,322)	(1,030)	(263)
Proceeds from exercise of unit options	-	12	762
<b>Net cash provided by (used in) financing activities</b>	<b>(12,474)</b>	<b>(3,043)</b>	<b>46,172</b>
Net increase (decrease) in cash and cash equivalents	131	(5,827)	2,723
Cash and cash equivalents, beginning of period	503	6,330	3,607
<b>Cash and cash equivalents, end of period</b>	<b>\$ 634</b>	<b>\$ 503</b>	<b>\$ 6,330</b>

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

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

TANGER FACTORY OUTLET CENTERS, INC.

www.tangeroutlet.com

### 1. Organization of the Company

Tanger Factory Outlet Centers, Inc. (the "Company"), a fully-integrated, self-administered, self-managed real estate investment trust ("REIT"), develops, owns and operates factory outlet centers. Recognized as one of the largest owners and operators of factory outlet centers in the United States, the Company owned and operated 29 factory outlet centers located in 20 states with a total gross leasable area of approximately 5.2 million square feet at the end of 2000. The Company provides all development, leasing and management services for its centers.

The factory outlet centers and other assets of the Company's business are held by, and all of its operations are conducted by, Tanger Properties Limited Partnership (the "Operating Partnership"). The Company owns the majority of the units of partnership interest issued by the Operating Partnership ("Units") through its two wholly-owned subsidiaries, the Tanger GP Trust and the Tanger LP Trust. The Tanger GP Trust controls the Operating Partnership as its sole general partner. The Tanger LP Trust holds a limited partnership interest. The Tanger family, through its ownership of the Tanger Family Limited Partnership ("TFLP"), holds the remaining units as a limited partner. Stanley K. Tanger, the Company's Chairman of the Board and Chief Executive Officer, is the sole general partner of TFLP.

As of December 31, 2000, the Company's wholly owned subsidiaries owned 7,918,911 Units, and 80,600 Preferred Units (which are convertible into approximately 726,203 limited partnership Units) and TFLP owned 3,033,305 Units. TFLP's Units are exchangeable, subject to certain limitations to preserve the Company's status as a REIT, on a one-for-one basis for common shares of the Company. Preferred Units are automatically converted into limited partnership Units to the extent of any conversion of preferred shares of the Company into common shares of the Company.

### 2. Summary of Significant Accounting Policies

**Principles of Consolidation** - The consolidated financial statements include the accounts of the Company, its wholly-owned subsidiaries and the Operating Partnership. All significant intercompany balances and transactions have been eliminated in consolidation.

**Minority Interest** - Minority interest reflects TFLP's percentage ownership of the Operating Partnership's Units. Income is allocated to TFLP based on its respective ownership interest.

**Use of Estimates** - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Operating Segments** - The Company aggregates the financial information of all its centers into one reportable operating segment because the centers all have similar economic characteristics and provide similar products and services to similar types and classes of customers.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

TANGER FACTORY OUTLET CENTERS, INC.

2000 ANNUAL REPORT

**Rental Properties** - Rental properties are recorded at cost less accumulated depreciation. Costs incurred for the acquisition, construction, and development of properties are capitalized. Depreciation is computed on the straight-line basis over the estimated useful lives of the assets. The Company generally uses estimated lives ranging from 25 to 33 years for buildings, 15 years for land improvements and seven years for equipment. Expenditures for ordinary maintenance and repairs are charged to operations as incurred while significant renovations and improvements, including tenant finishing allowances, that improve and/or extend the useful life of the asset are capitalized and depreciated over their estimated useful life.

Buildings, improvements and fixtures consist primarily of permanent buildings and improvements made to land such as landscaping and infrastructure and costs incurred in providing rental space to tenants. Interest costs capitalized during 2000, 1999 and 1998 amounted to \$1,020,000, \$1,242,000, and \$762,000, and development costs capitalized amounted to \$843,000, \$1,711,000, and \$1,903,000, respectively. Depreciation expense for each of the years ended December 31, 2000, 1999 and 1998 was \$24,239,000, \$23,095,000, and \$20,873,000, respectively.

The pre-construction stage of project development involves certain costs to secure land control and zoning and complete other initial tasks essential to the development of the project. These costs are transferred from other assets to developments under construction when the pre-construction tasks are completed. Costs of potentially unsuccessful pre-construction efforts are charged to operations when the project is abandoned.

**Cash and Cash Equivalents** - All highly liquid investments with an original maturity of three months or less at the date of purchase are considered to be cash and cash equivalents. Cash balances at a limited number of banks may periodically exceed insurable amounts. The Company believes that it mitigates its risk by investing in or through major financial institutions. Recoverability of investments is dependent upon the performance of the issuer.

**Accounting for Joint Ventures** - Effective August 7, 2000, the Company announced it entered into a joint venture with C. Randy Warren Jr., former Senior Vice President of Leasing of the Company. The new entity, Tanger-Warren Development, LLC ("Tanger-Warren"), was formed to identify, acquire and develop sites for the Company. The Company and Mr. Warren agreed to be co-managing general partners, each with 50% ownership interest in the joint venture and any entities formed with respect to a specific project. The investment in Tanger-Warren is accounted for under the equity method of accounting. Equity in earnings was insignificant in 2000. At December 31, 2000 the Company's investment in Tanger-Warren was approximately \$116,000.

**Deferred Charges** - Deferred lease costs consist of fees and costs incurred to initiate operating leases and are amortized over the average minimum lease term. Deferred financing costs include fees and costs incurred to obtain long-term financing and are being amortized over the terms of the respective loans. Unamortized deferred financing costs are charged to expense when debt is retired before the maturity date.

**Impairment of Long-Lived Assets** - Rental property held and used by an entity is reviewed for impairment in the event that facts and circumstances indicate the carrying amount of an asset may not be recoverable. In such an event, the Company compares the estimated future undiscounted cash flows associated with the asset to the asset's carrying amount, and if less, recognizes an impairment loss in an amount by which the carrying amount exceeds its fair value. The Company believes that no material impairment existed at December 31, 2000.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

TANGER FACTORY OUTLET CENTERS, INC.

www.tangeroutlet.com

**Derivatives** - The Company selectively enters into interest rate protection agreements to mitigate changes in interest rates on its variable rate borrowings. The notional amounts of such agreements are used to measure the interest to be paid or received and do not represent the amount of exposure to loss. None of these agreements are used for speculative or trading purposes. The cost of these agreements are included in deferred financing costs and are amortized on a straight-line basis over the life of the agreements.

The Financial Accounting Standards Board ("FASB") has issued Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities", as amended by FAS 137 and FAS 138 (collectively, "FAS 133"). FAS 133 is effective for all fiscal quarters of all fiscal years beginning after June 15, 2000; accordingly, the Company adopted FAS 133 on January 1, 2001. Upon adoption on January 1, 2001, the Company recorded a cumulative effect adjustment of \$216,500 loss, net of minority interest, in Other comprehensive income (loss).

**Revenue Recognition** - Base rentals are recognized on a straight line basis over the term of the lease. Substantially all leases contain provisions which provide additional rents based on tenants' sales volume ("percentage rentals") and reimbursement of the tenants' share of advertising and promotion, common area maintenance, insurance and real estate tax expenses. Percentage rentals are recognized when specified targets that trigger the contingent rent are met. Expense reimbursements are recognized in the period the applicable expenses are incurred. Payments received from the early termination of leases are recognized when the applicable space is released, or, otherwise are amortized over the remaining lease term. Business interruption insurance proceeds received are recognized as other income over the estimated period of interruption.

**Income Taxes** - The Company operates in a manner intended to enable it to qualify as a REIT under the Internal Revenue Code (the "Code"). A REIT which distributes at least 95% of its taxable income to its shareholders each year and which meets certain other conditions is not taxed on that portion of its taxable income which is distributed to its shareholders. The Company intends to continue to qualify as a REIT and to distribute substantially all of its taxable income to its shareholders. Accordingly, no provision has been made for Federal income taxes. The Company paid preferred dividends per share of \$21.87, \$21.76, and \$21.17 in 2000, 1999, and 1998, respectively, all of which are treated as ordinary income. The table below summarizes the common dividends paid per share and the amount representing estimated return of capital.

<b>Common dividends per share:</b>	<b>2000</b>	<b>1999</b>	<b>1998</b>
Ordinary income	\$ .341	\$ 1.328	\$ 1.340
Return of capital	2.087	1.039	1.010
Long-term capital gain	---	.048	---
	<b>\$ 2.428</b>	<b>\$ 2.415</b>	<b>\$ 2.350</b>

Effective January 1, 2001, the Company will distribute at least 90% of its taxable income to its shareholders each year on a go forward basis to qualify as a REIT under the Code. The minimum distribution requirements under the Code were changed through the enactment of the Tax Relief Extension Act of 1999.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

TANGER FACTORY OUTLET CENTERS, INC.

2000 ANNUAL REPORT

**Concentration of Credit Risk** - The Company's management performs ongoing credit evaluations of its tenants. Although the tenants operate principally in the retail industry, the properties are geographically diverse. No single tenant accounted for 10% or more of combined base and percentage rental income during 2000, 1999 or 1998.

**Supplemental Cash Flow Information** - The Company purchases capital equipment and incurs costs relating to construction of new facilities, including tenant finishing allowances. Expenditures included in construction trade payables as of December 31, 2000, 1999 and 1998 amounted to \$9,784,000, \$6,287,000, and \$9,224,000, respectively. Interest paid, net of interest capitalized, in 2000, 1999 and 1998 was \$25,644,000, \$23,179,000, and \$20,690,000, respectively.

Other assets include a receivable from the sale of real estate of \$723,500 as of December 31, 2000 and a property loss receivable of \$4.2 million from the Company's property insurance carrier at December 31, 1999.

### 3. Disposition of Properties

In June 2000, the Company sold its centers in Lawrence, KS and McMinnville, OR. Net proceeds received from the sales totaled \$7.1 million. As a result of the sales, the Company recognized a loss on sale of real estate of \$5.9 million. The combined net operating income of these two centers represented approximately 1% of the total portfolio's operating income.

In December 2000, the Company sold the real estate that the Stroud, OK center was located on prior to its destruction in May 1999 by a tornado. The net proceeds from the sale of the real estate of approximately \$723,500 were received in January 2001. The land and site work had a net book value of \$1.8 million and the Company recognized a loss on sale of real estate of \$1,046,000.

### 4. Deferred Charges

Deferred charges as of December 31, 2000 and 1999 consist of the following (in thousands):

	2000	1999
Deferred lease costs	\$ 12,849	\$ 11,110
Deferred financing costs	6,697	5,866
	19,546	16,976
Accumulated amortization	10,980	8,800
	\$ 8,566	\$ 8,176

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

TANGER FACTORY OUTLET CENTERS, INC.

www.tangeroutlet.com

Amortization of deferred lease costs for the years ended December 31, 2000, 1999 and 1998 was \$1,578,000, \$1,459,000, and \$1,019,000, respectively. Amortization of deferred financing costs, included in interest expense in the accompanying consolidated statements of operations, for the years ended December 31, 2000, 1999 and 1998 was \$1,264,000, \$1,005,000, and \$1,076,000 respectively. During 1999 and 1998, the Company expensed the remaining unamortized financing costs totaling \$345,000 and \$460,000 related to debt extinguished prior to its respective maturity date. Such amounts are shown as an extraordinary item in the accompanying consolidated statements of operations.

### 5. Related Party Notes Receivable

In May 2000, the demand notes receivable totaling \$3.4 million from Stanley K. Tanger, the Company's Chairman of the Board and Chief Executive Officer, were converted into two separate term notes of which \$2.5 million is due from Stanley K. Tanger and \$845,000 is due from Steven B. Tanger, the Company's President and Chief Operating Officer. The notes amortize evenly over five years with principal and interest at a rate of 8% per annum due quarterly. The balances of these notes at December 31, 2000 were \$2.1 million and \$773,000, respectively.

### 6. Asset Write-Down

During November 2000, the Company terminated its contract to purchase an additional twelve acres of land in Dania Beach/Ft. Lauderdale, Florida. Because of this event, the Company wrote off all development costs associated with the expansion of its site in Ft. Lauderdale, as well additional costs associated with various other non-recurring development activities at other sites which were discontinued. The total non-cash, non-recurring charge for abandoned development costs in the fourth quarter of 2000 was \$1.8 million.

During 1998, the Company discontinued the development of its Concord, North Carolina, Romulus, Michigan and certain other projects as the economics of these transactions did not meet an adequate return on investment for the Company. As a result, the Company recorded a \$2.7 million charge in the fourth quarter of 1998 to write-off the carrying amount of these projects, net of proceeds received from the sale of the Company's interest in the Concord project to an unrelated third party.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

TANGER FACTORY OUTLET CENTERS, INC.

2000 ANNUAL REPORT

### 7. Long-term Debt

Long-term debt at December 31, 2000 and 1999 consists of the following (in thousands):

	2000	1999
8.75% Senior, unsecured notes, maturing March 2001	\$ 75,000	\$ 75,000
7.875% Senior, unsecured notes, maturing October 2004	75,000	75,000
Mortgage notes with fixed interest:		
9.77%, maturing April 2005	15,099	15,351
9.125%, maturing September 2005	9,120	9,460
7.875%, maturing April 2009	64,980	65,841
8.86%, maturing September 2010	16,614	-
Mortgage note with variable interest:		
LIBOR plus 1.75%, maturing July 2005	29,500	-
Term note, unsecured, with variable interest:		
LIBOR plus 2.25%, maturing January 2002	20,000	-
Revolving lines of credit with variable interest rates ranging from either prime less .25% to prime or from LIBOR plus 1.60% to LIBOR plus 1.80%	41,530	88,995
	<u>\$346,843</u>	<u>\$ 329,647</u>

The Company maintains revolving lines of credit, which provide for borrowing up to \$100 million. The agreements expire at various times through the year 2002. Interest is payable based on alternative interest rate bases at the Company's option. Amounts available under these facilities at December 31, 2000 totaled \$58.5 million. Certain of the Company's properties, which had a net book value of approximately \$137.8 million at December 31, 2000, serve as collateral for the fixed and variable rate mortgages.

The credit 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% of funds from operations on a cumulative basis. All four existing fixed rate mortgage notes are with insurance companies and contain prepayment penalty clauses.

In January 2000, the Company entered into a \$20.0 million two year unsecured term loan with interest payable at LIBOR plus 2.25%. The proceeds were used to reduce amounts outstanding under the existing lines of credit.

On July 28, 2000, the Company entered into a five year collateralized term loan with Wells Fargo Bank for \$29.5 million with interest payable at LIBOR plus 1.75%. The proceeds were used to reduce amounts outstanding under the existing lines of credit.

On August 29, 2000, the Company entered into a ten year collateralized term loan with Woodmen of the World Life Insurance Society for \$16.7 million with interest payable at a fixed rate of 8.86%. The proceeds were used to reduce amounts outstanding under the existing lines of credit.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

TANGER FACTORY OUTLET CENTERS, INC.

www.tangeroutlet.com

On September 8, 2000, the Company renewed a \$9.2 million collateralized loan with New York Life Insurance Company for five years at a fixed interest rate of 9.125%.

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

Year	Amount	%
2001	\$ 76,880	22
2002	63,696	18
2003	2,596	1
2004	77,826	22
2005	51,376	15
Thereafter	74,469	22
	<u>\$ 346,843</u>	<u>100</u>

### 8. Derivatives and Fair Value of Financial Instruments

In December 2000, the Company entered an interest rate swap agreement effective through January 2003 with a notional amount of \$25 million that fixed the 30 day LIBOR index at 5.97%. At December 31, 2000, the Company would have had to pay \$152,800 to terminate the agreement.

In January 2000, the Company entered into interest rate swap agreements on notional amounts totaling \$20.0 million. These agreements mature in January 2002. In order to fix the interest rate at 8.75%, the Company paid \$162,000. At December 31, 2000, the Company would have had to pay \$146,700 to terminate these agreements.

In June 1999, the Company terminated an interest rate swap agreement made in October 1998 effective through October 2001 with a notional amount of \$20 million that fixed the 30 day LIBOR index at 5.47%.

The impact of all of the above agreements had an insignificant impact on interest expense during 2000, 1999 and 1998.

The carrying amount of cash equivalents approximates fair value due to the short-term maturities of these financial instruments. The fair value of long-term debt at December 31, 2000, which is estimated at the present value of future cash flows, discounted at interest rates available at the reporting date for new debt of similar type and remaining maturity, was approximately \$346.1 million.



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

TANGER FACTORY OUTLET CENTERS, INC.

2000 ANNUAL REPORT

### 9. Shareholders' Equity

The Series A Cumulative Convertible Redeemable Preferred Shares (the "Preferred Shares") were sold to the public during 1993 in the form of Depositary Shares, each representing 1/10 of a Preferred Share. Proceeds from this offering, net of underwriters discount and estimated offering expenses, were contributed to the Operating Partnership in return for preferred partnership Units. The Preferred Shares have a liquidation preference equivalent to \$25 per Depositary Share and dividends accumulate per Depositary Share equal to the greater of (i) \$1.575 per year or (ii) the dividends on the common shares or portion thereof, into which a depositary share is convertible. The Preferred Shares rank senior to the common shares in respect of dividend and liquidation rights.

The Preferred Shares are convertible at the option of the holder at any time into common shares at a rate equivalent to .901 common shares for each Depositary Share. At December 31, 2000, 726,203 common shares were reserved for the conversion of Depositary Shares. The Preferred Shares and Depositary Shares may be redeemed at the option of the Company, in whole or in part, at a redemption price of \$25 per Depositary Share, plus accrued and unpaid dividends.

The Company's Board of Directors has authorized the repurchase of up to \$6 million of the Company's common shares. The timing and amount of purchases will be at the discretion of management. The Company purchased no common shares during 2000. During 1999 and 1998, the Company purchased and retired 48,300 and 10,000 common shares at a price of \$958,000 and \$216,000, respectively. The amount authorized for future repurchases remaining at December 31, 2000 totaled \$4.8 million.

### 10. Shareholders' Rights Plan

On July 30, 1998, the Company's Board of Directors declared a distribution of one Preferred Share Purchase Right (a "Right") for each then outstanding common share of the Company to shareholders of record on August 27, 1998. The Rights are exercisable only if a person or group acquires 15% or more of the Company's outstanding common shares or announces a tender offer the consummation of which would result in ownership by a person or group of 15% or more of the common shares. Each Right entitles shareholders to buy one-hundredth of a share of a new series of Junior Participating Preferred Shares of the Company at an exercise price of \$120, subject to adjustment.

If an acquiring person or group acquires 15% or more of the Company's outstanding common shares, an exercisable Right will entitle its holder (other than the acquirer) to buy, at the Right's then-current exercise price, common shares of the Company having a market value of two times the exercise price of one Right. If an acquirer acquires at least 15%, but less than 50%, of the Company's common shares, the Board may exchange each Right (other than those of the acquirer) for one common share (or one-hundredth of a Class B Preferred Share) per Right. In addition, under certain circumstances, if the Company is involved in a merger or other business combination where it is not the surviving corporation, an exercisable Right will entitle its holder to buy, at the Right's then-current exercise price, common shares of the acquiring company having a market value of two times the exercise price of one Right. The Company may redeem the Rights at \$.01 per Right at any time prior to a person or group acquiring a 15% position. The Rights will expire on August 26, 2008.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

TANGER FACTORY OUTLET CENTERS, INC.

www.tangeroutlet.com

### 11. Earnings Per Share

A reconciliation of the numerators and denominators in computing earnings per share in accordance with Statement of Financial Accounting Standards No. 128, Earnings per Share, for the years ended December 31, 2000, 1999 and 1998 is set forth as follows (in thousands, except per share amounts):

	2000	1999	1998
<b>NUMERATOR:</b>			
Income before extraordinary item	\$ 4,312	\$ 15,837	\$ 12,159
Less applicable preferred share dividends	(1,823)	(1,917)	(1,911)
Income available to common shareholders - numerator for basic and diluted earnings per share	2,489	13,920	10,248
<b>DENOMINATOR:</b>			
Basic weighted average common shares	7,894	7,861	7,886
Effect of outstanding share and unit options	28	11	123
Diluted weighted average common shares	7,922	7,872	8,009
Basic earnings per share before extraordinary item	\$ 0.32	\$ 1.77	\$ 1.30
Diluted earnings per share before extraordinary item	\$ 0.31	\$ 1.77	\$ 1.28

Options to purchase common shares excluded from the computation of diluted earnings per share during 2000, 1999 and 1998 because the exercise price was greater than the average market price of the common shares totaled 1,270,078, 683,218, and 268,569 shares. The assumed conversion of the preferred shares as of the beginning of each year would have been anti-dilutive. The assumed conversion of the Units held by TFLP as of the beginning of the year, which would result in the elimination of earnings allocated to the minority interest, would have no impact on earnings per share since the allocation of earnings to an Operating Partnership Unit is equivalent to earnings allocated to a common share.

### 12. Employee Benefit Plans

The Company has a non-qualified and incentive share option plan ("The Share Option Plan") and the Operating Partnership has a non-qualified Unit option plan ("The Unit Option Plan"). Units received upon exercise of Unit options are exchangeable for common shares. The Company accounts for these plans under APB Opinion No. 25, under which no compensation cost has been recognized.

Had compensation cost for these plans been determined for options granted since January 1, 1995 consistent with Statement of Financial Accounting Standards No. 123, Accounting for Stock-Based Compensation (SFAS 123), the Company's net income and earnings per share would have been reduced to the following pro forma amounts (in thousands, except per share amounts):

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

TANGER FACTORY OUTLET CENTERS, INC.

2000 ANNUAL REPORT

	2000	1999	1998
<b>NET INCOME:</b>			
As reported	\$ 4,312	\$ 15,588	\$ 11,827
Pro forma	\$ 4,094	\$ 15,387	\$ 11,651
<b>BASIC EPS:</b>			
As reported	\$ .32	\$ 1.74	\$ 1.26
Pro forma	\$ .29	\$ 1.71	\$ 1.24
<b>DILUTED EPS:</b>			
As reported	\$ .31	\$ 1.74	\$ 1.24
Pro forma	\$ .29	\$ 1.71	\$ 1.22

Because the SFAS 123 method of accounting has not been applied to options granted prior to January 1, 1995, the resulting pro forma compensation cost may not be representative of that to be expected in future years. The fair value of each option grant is estimated on the date of grant using the Black-Scholes option pricing model with the following weighted-average assumptions used for grants in 2000, 1999 and 1998, respectively: expected dividend yields ranging from 10% to 11%; expected lives ranging from 5 years to 7 years; expected volatility ranging from 20% to 23%; and risk-free interest rates ranging from 4.72% to 6.61%.

The Company may issue up to 1,750,000 shares under The Share Option Plan and The Unit Option Plan. The Company has granted 1,537,950 options, net of options forfeited, through December 31, 2000. Under both plans, the option exercise price is determined by the Share and Unit Option Committee of the Board of Directors. Non-qualified share and Unit options granted expire 10 years from the date of grant and 20% of the options become exercisable in each of the first five years commencing one year from the date of grant.

Options outstanding at December 31, 2000 have exercise prices between \$18.625 and \$31.25, with a weighted average exercise price of \$23.68 and a weighted average remaining contractual life of 5.8 years.

Unamortized share compensation, which relates to options that were granted at an exercise price below the fair market value at the time of grant, was fully amortized in 1998. Compensation expense recognized during 1998 was \$195,000.

A summary of the status of the Company's two plans at December 31, 2000, 1999 and 1998 and changes during the years then ended is presented in the table and narrative below:

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

TANGER FACTORY OUTLET CENTERS, INC.

www.tangeroutlet.com

	2000		1999		1998	
	Shares	Wtd Avg Ex Price	Shares	Wtd Avg Ex Price	Shares	Wtd Avg Ex Price
Outstanding at beginning of year	1,280,890	\$ 24.63	1,069,060	\$ 25.27	874,230	\$ 23.76
Granted	240,200	18.63	241,800	22.13	277,600	30.15
Exercised	---	---	(500)	23.80	(31,880)	23.91
Forfeited	(45,820)	23.72	(29,470)	26.94	(50,890)	26.94
Outstanding at end of year	1,475,270	\$ 23.68	1,280,890	\$ 24.63	1,069,060	\$ 25.27
Exercisable at end of year	888,230	\$ 24.28	742,030	\$ 24.08	608,520	\$ 23.51
Weighted average fair value of options granted	\$ 1.20		\$ 1.05		\$ 1.59	

The Company has a qualified retirement plan, with a salary deferral feature designed to qualify under Section 401 of the Code (the "401(k) Plan"), which covers substantially all officers and employees of the Company. The 401(k) Plan permits employees of the Company, in accordance with the provisions of Section 401(k) of the Code, to defer up to 20% of their eligible compensation on a pre-tax basis subject to certain maximum amounts. Employee contributions are fully vested and are matched by the Company at a rate of compensation deferred to be determined annually at the Company's discretion. The matching contribution is subject to vesting under a schedule providing for 20% annual vesting starting with the third year of employment and 100% vesting after seven years of employment. The employer matching contribution expense for the years 2000, 1999 and 1998 was immaterial.

### 13. Supplementary Income Statement Information

The following amounts are included in property operating expenses for the years ended December 31, 2000, 1999 and 1998 (in thousands):

	2000	1999	1998
Advertising and promotion	\$ 9,114	\$ 8,579	\$ 9,069
Common area maintenance	13,777	12,296	11,929
Real estate taxes	7,434	7,396	6,202
Other operating expenses	3,298	2,314	1,906
	\$ 33,623	\$ 30,585	\$ 29,106

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

TANGER FACTORY OUTLET CENTERS, INC.

2000 ANNUAL REPORT

### 14. Lease Agreements

The Company is the lessor of a total of 1,165 stores in 29 factory outlet centers, under operating leases with initial terms that expire from 2001 to 2018. Most leases are renewable for five years at the lessee's option. Future minimum lease receipts under noncancellable operating leases as of December 31, 2000 are as follows (in thousands):

2001	\$ 67,633
2002	58,755
2003	44,518
2004	32,396
2005	18,855
Thereafter	42,782
	<u>\$ 264,939</u>

### 15. Commitments and Contingencies

At December 31, 2000, commitments for construction of new developments and additions to existing properties amounted to \$4.0 million. Commitments for construction represent only those costs contractually required to be paid by the Company.

The Company purchased the rights to lease land on which two of the outlet centers are situated for \$1,520,000. These leasehold rights are being amortized on a straight-line basis over 30 and 40 year periods. Accumulated amortization was \$615,000 and \$566,000 at December 31, 2000 and 1999, respectively.

The Company's noncancellable operating leases, with initial terms in excess of one year, have terms that expire from 2000 to 2085. Annual rental payments for these leases aggregated \$2,023,000, \$1,481,000, and \$1,090,000, for the years ended December 31, 2000, 1999 and 1998, respectively. Minimum lease payments for the next five years and thereafter are as follows (in thousands):

2001	\$ 2,131
2002	2,073
2003	1,877
2004	1,813
2005	1,806
Thereafter	66,210
	<u>\$ 75,910</u>

The Company is also subject to legal proceedings and claims which have arisen in the ordinary course of its business and have not been finally adjudicated. In management's opinion, the ultimate resolution of these matters will have no material effect on the Company's results of operations, financial condition or cash flows.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

TANGER FACTORY OUTLET CENTERS, INC.

www.tangeroutlet.com

### 16. Subsequent Event

On February 9, 2001, the Operating Partnership issued \$100 million of 9.125% senior, unsecured notes, maturing on February 15, 2008. The net proceeds of \$97 million were used to repay all of the outstanding indebtedness under the \$75 million 8.75% senior, unsecured notes, which were due March 11, 2001. The net proceeds were also used to repay the \$20 million LIBOR plus 2.25% term loan due January 2002. The interest rate swap agreements associated with this debt were terminated in February 2001 at a cost of \$295,200. In addition, approximately \$77,000 of unamortized costs related to fixing the interest rate and \$103,000 of unamortized debt issuance costs were written off in February 2001. The remaining proceeds were used for general operating purposes.

### 17. Quarterly Financial Information

The following table sets forth summary quarterly financial information for the years ended December 31, 2000 and 1999 (unaudited and in thousands, except per share data).

2000 by Quarter	First	Second	Third	Fourth
Total revenues	\$ 25,817	\$ 27,290	\$ 27,346	\$ 28,368
Income before minority interest and extraordinary item	3,517	(2,253)	3,344	660
Income (loss) before extraordinary item	2,669	(1,497)	2,541	599
Net income (loss)	2,669	(1,497)	2,541	599
Basic earnings per common share:				
Income (loss) before extraordinary item (1)	.28	(.25)	.26	.02
Net income (loss) (1)	.28	(.25)	.26	.02
Diluted earnings per common share:				
Income (loss) before extraordinary item (1)	.28	(.25)	.26	.02
Net income (loss) (1)	.28	(.25)	.26	.02

1999 by Quarter	First	Second	Third	Fourth
Total revenues	\$ 24,163	\$ 25,139	\$ 26,905	\$ 27,809
Income before minority interest and extraordinary item	3,452	3,757	6,188	7,814
Income before extraordinary item	2,626	2,844	4,597	5,770
Net income	2,377	2,844	4,597	5,770
Basic earnings per common share:				
Income before extraordinary item (1)	.27	.30	.52	.67
Net income (1)	.24	.30	.52	.67
Diluted earnings per common share:				
Income before extraordinary item (1)	.27	.30	.52	.67
Net income (1)	.24	.30	.52	.67

(1) Quarterly amounts do not add to annual amounts due to the effect of rounding on a quarterly basis.

## MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED SHAREHOLDER MATTERS

TANGER FACTORY OUTLET CENTERS, INC.

2000 ANNUAL REPORT

The common shares commenced trading on the New York Stock Exchange on May 28, 1993. The initial public offering price was \$22.50 per share. The following table sets forth the high and low sales prices of the common shares as reported on the New York Stock Exchange Composite Tape, during the periods indicated.

2000	High	Low	Common Dividends Paid
First Quarter	\$ 22.8750	\$ 18.5000	\$ .6050
Second Quarter	24.0000	18.8750	.6075
Third Quarter	24.8750	21.0000	.6075
Fourth Quarter	23.1250	19.5000	.6075
Year 2000	\$ 24.8750	\$ 18.5000	\$ 2.4275

1999	High	Low	Common Dividends Paid
First Quarter	\$ 22.7500	\$ 18.6875	\$ .6000
Second Quarter	26.5000	18.8750	.6050
Third Quarter	26.7500	21.9375	.6050
Fourth Quarter	23.1875	18.9375	.6050
Year 1999	\$ 26.7500	\$ 18.6875	\$ 2.4150

As of March 1, 2001, there were approximately 641 shareholders of record. Certain of the Company's debt agreements limit the payment of dividends such that dividends shall not exceed FFO, as defined in the agreements, for the prior fiscal year on an annual basis or 95% of FFO on a cumulative basis. Based on continuing favorable operations and available funds from operations, the Company intends to continue to pay regular quarterly dividends.

## COMPANY INFORMATION

TANGER FACTORY OUTLET CENTERS, INC.

2000 ANNUAL REPORT

### Executive Offices

3200 Northline Avenue, Suite 360  
Greensboro, North Carolina 27408  
Phone: (336) 292-3010  
FAX: (336) 852-2096  
Internet: www.tangeroutlet.com  
E-mail: tangermail@tangeroutlet.com

### Share Information

Tanger Factory Outlet Centers, Inc. is incorporated under the laws of the State of North Carolina. It's common shares are listed on the New York Stock Exchange as follows:

Common shares: SKT  
Preferred depositary shares: SKTPrA

### Shareholder Accounts

Questions regarding shareholder accounts should be directed to Tanger's registrar and transfer agent:

Fleet National Bank, N.A.  
Equiserve  
P.O. Box 43010  
Providence, R.I. 02940-3010  
(781) 575-3170  
Internet: www.EquiServe.com

### Dividends

Dividends are paid on or about the 15th day of February, May, August and November.

### Dividend Reinvestment and Share Purchase Plan

The Company's Dividend Reinvestment and Share Purchase Plan provides shareholders an opportunity to conveniently and economically increase their ownership in Tanger Factory Outlet Centers, Inc. Shareholders may have their dividends reinvested and/or optional cash investments automatically directed to our transfer agent to purchase additional shares at a nominal brokerage commission. For information describing the Plan, please contact Rochelle Simpson, Executive Vice-President of Administration at (336) 292-3010.

### Financial Information

The Company's Annual Report on Form 10-K, as filed with the Securities and Exchange Commission, is available upon request. For copies of these and other materials, contact Investor Relations at (336) 292-3010.

### Analyst Coverage

Legg Mason Wood Walker, Inc.  
Merrill Lynch & Co.  
Prudential Securities, Incorporated

### Annual Meeting Notice

Shareholders are cordially invited to attend the annual meeting on Friday, May 18th, 2001 at 10:00 a.m. at the O. Henry Hotel, 624 Green Valley Road, Greensboro, North Carolina

### Independent Auditors

PricewaterhouseCoopers LLP,  
Greensboro, North Carolina

### Legal Counsel

Latham & Watkins, New York, New York  
Vernon Vernon Wooten Brown Andrews & Garrett, Burlington, North Carolina.



Member  
New York Stock  
Exchange



Member National  
Association of Real Estate  
Investment Trusts, Inc.



## DIRECTORS, OFFICERS & DEPARTMENT MANAGERS

TANGER FACTORY OUTLET CENTERS, INC.

[www.tangeroutlet.com](http://www.tangeroutlet.com)

### BOARD OF DIRECTORS

---

<b>Stanley K. Tanger</b>	Founder, Chairman of the Board and Chief Executive Officer
<b>Steven B. Tanger</b>	President and Chief Operating Officer
<b>Jack Africk</b>	Director since May 1993; Director of Transmedia Networks, Inc., Crown Central Petroleum Corporation and Chairman of Evolution Consulting Group
<b>William G. Benton</b>	Director since May 1993; Chairman of the Board and Chief Executive Officer of Benton Investments and Diversified Senior Services, Inc.
<b>Thomas E. Robinson</b>	Director since January 1994; Managing Director of Legg Mason Wood Walker, Inc. and a Director of CenterPoint Property Trust

### OFFICERS

---

<b>Rochelle G. Simpson</b>	Secretary and Executive Vice President, Administration and Finance
<b>Willard A. Chafin, Jr.</b>	Executive Vice President, Leasing, Site Selection, Operations & Marketing
<b>Frank C. Marchisello, Jr.</b>	Senior Vice President and Chief Financial Officer
<b>Joseph H. Nehmen</b>	Senior Vice President of Operations
<b>Carrie A. Warren</b>	Senior Vice President of Marketing
<b>Kevin M. Dillon</b>	Vice President of Construction
<b>Virginia R. Summerell</b>	Treasurer and Assistant Secretary

### DEPARTMENT MANAGERS

---

<b>Laura M. Atwell</b>	Assistant Vice President of Marketing
<b>Elizabeth J. Marshall</b>	Assistant Vice President of Operations
<b>Mary Anne Williams</b>	Assistant Vice President of Human Resources
<b>James F. Williams</b>	Assistant Vice President and Controller
<b>Lisa J. Morrison</b>	Assistant Vice President of Leasing
<b>Becky T. Oliver</b>	Assistant Vice President of Real Estate
<b>Rick L. Farrar</b>	Assistant Vice President of Information Systems
<b>Bruce E. Fry</b>	Eastern Regional Director of Operations
<b>Vanessa L. Irons</b>	Mid-western Regional Director of Operations
<b>Virginia Ontiveros</b>	Western Regional Director of Operations

**Tanger Factory Outlet Centers, Inc.**

3200 Northline Avenue, Suite 360  
Greensboro, North Carolina 27408

Phone: (336) 292-3010

Fax: (336) 852-2096

E-mail: [tangermail@tangeroutlet.com](mailto:tangermail@tangeroutlet.com)

Website: [www.tangeroutlet.com](http://www.tangeroutlet.com)