

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

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

For the quarterly period ended June 30, 2014
OR

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

For the transition period from _____ to _____

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

TANGER FACTORY OUTLET CENTERS, INC.
TANGER PROPERTIES LIMITED PARTNERSHIP

(Exact name of Registrant as specified in its charter)

North Carolina (Tanger Factory Outlet Centers, Inc.)

56-1815473

North Carolina (Tanger Properties Limited Partnership)

56-1822494

(State or other jurisdiction of incorporation or organization)

(I.R.S. Employer Identification No.)

3200 Northline Avenue, Suite 360, Greensboro, NC 27408

(Address of principal executive offices)

(336) 292-3010

(Registrant's telephone number)

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Tanger Factory Outlet Centers, Inc.

Yes No

Tanger Properties Limited Partnership

Yes No

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

Tanger Factory Outlet Centers, Inc.

Yes No

Tanger Properties Limited Partnership

Yes No

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

Tanger Factory Outlet Centers, Inc.

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company

Tanger Properties Limited Partnership

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company

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

Tanger Factory Outlet Centers, Inc.

Yes No

Tanger Properties Limited Partnership

Yes No

As of July 31, 2014, there were 95,881,645 common shares of Tanger Factory Outlet Centers, Inc. outstanding, \$.01 par value.

EXPLANATORY NOTE

This report combines the quarterly reports on Form 10-Q for the quarter ended June 30, 2014 of Tanger Factory Outlet Centers, Inc. and Tanger Properties Limited Partnership. Unless the context indicates otherwise, the term, Company, refers to Tanger Factory Outlet Centers, Inc. and subsidiaries and the term, Operating Partnership, refers to Tanger Properties Limited Partnership and subsidiaries. The terms "we", "our" and "us" refer to the Company or the Company and the Operating Partnership together, as the text requires.

Tanger Factory Outlet Centers, Inc. and subsidiaries is one of the largest owners and operators of outlet centers in the United States. The Company is a fully-integrated, self-administered and self-managed real estate investment trust ("REIT") which, through its controlling interest in the Operating Partnership, focuses exclusively on developing, acquiring, owning, operating and managing outlet shopping centers. The outlet centers and other assets are held by, and all of the operations are conducted by, the Operating Partnership and its subsidiaries. Accordingly, the descriptions of the business, employees and properties of the Company are also descriptions of the business, employees and properties of the Operating Partnership.

The Company owns the majority of the units of partnership interest issued by the Operating Partnership through its two wholly-owned subsidiaries, Tanger GP Trust and Tanger LP Trust. Tanger GP Trust controls the Operating Partnership as its sole general partner. Tanger LP Trust holds a limited partnership interest. As of June 30, 2014, the Company, through its ownership of Tanger GP Trust and Tanger LP Trust, owned 95,881,645 units of the Operating Partnership and other limited partners (the "Non-Company LPs") collectively owned 5,101,681 Class A common limited partnership units. Each Class A common limited partnership unit held by the Non-Company LPs is exchangeable for one of the Company's common shares, subject to certain limitations to preserve the Company's REIT status. Class B common limited partnership units, which are held by Tanger LP Trust, are not exchangeable for common shares of the Company.

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

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

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

There are only a few differences between the Company and the Operating Partnership, which are reflected in the disclosure in this report. We believe it is important, however to understand these differences between the Company and the Operating Partnership in the context of how the Company and the Operating Partnership operate as an interrelated consolidated company. As stated above, the Company is a REIT, whose only material asset is its ownership of partnership interests of the Operating Partnership through its wholly-owned subsidiaries, the Tanger GP Trust and Tanger LP Trust. As a result, the Company does not conduct business itself, other than issuing public equity from time to time and incurring expenses required to operate as a public company. However, all operating expenses incurred by the Company are reimbursed by the Operating Partnership, thus the only material item on the Company's income statement is its equity in the earnings of the Operating Partnership. Therefore, the assets and liabilities and the revenues and expenses of the Company and the Operating Partnership are the same on their respective financial statements, except for immaterial differences related to cash, other assets and accrued liabilities that arise from public company expenses paid by the Company. The Company itself does not hold any indebtedness but does guarantee certain debt of the Operating Partnership, as disclosed in this report. The Operating Partnership holds all of the outlet centers and other assets, including the ownership interests in consolidated and unconsolidated joint ventures. The Operating Partnership conducts the operations of the business and is structured as a partnership with no publicly traded equity. Except for net proceeds from public equity issuances by the Company, which are contributed to the Operating Partnership in exchange for partnership units, the Operating Partnership generates the capital required through its operations, its incurrence of indebtedness or through the issuance of partnership units.

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

To help investors understand the significant differences between the Company and the Operating Partnership, this report presents the following separate sections for each of the Company and the Operating Partnership:

- Consolidated financial statements;
- The following notes to the consolidated financial statements:
 - Debt of the Company and the Operating Partnership;
 - Shareholders' Equity and Partners' Equity;
 - Earnings Per Share and Earnings Per Unit;
 - Accumulated Other Comprehensive Income of the Company and the Operating Partnership
- Liquidity and Capital Resources in the Management's Discussion and Analysis of Financial Condition and Results of Operations.

This report also includes separate Item 4. Controls and Procedures sections and separate Exhibit 31 and 32 certifications for each of the Company and the Operating Partnership in order to establish that the Chief Executive Officer and the Chief Financial Officer of each entity have made the requisite certifications and that the Company and Operating Partnership are compliant with Rule 13a-15 or Rule 15d-15 of the Securities Exchange Act of 1934 and 18 U.S.C. §1350.

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

As the 100% owner of Tanger GP Trust, the general partner with control of the Operating Partnership, the Company consolidates the Operating Partnership for financial reporting purposes. The separate discussions of the Company and the Operating Partnership in this report should be read in conjunction with each other to understand the results of the Company on a consolidated basis and how management operates the Company.

TANGER FACTORY OUTLET CENTERS, INC. AND TANGER PROPERTIES LIMITED PARTNERSHIP

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PART I. - FINANCIAL INFORMATION

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

**TANGER FACTORY OUTLET CENTERS, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS**

(In thousands, except share and per share data, unaudited)

	June 30, 2014	December 31, 2013
ASSETS		
Rental property		
Land	\$ 230,415	\$ 230,415
Buildings, improvements and fixtures	2,029,321	2,009,971
Construction in progress	37,553	9,433
	2,297,289	2,249,819
Accumulated depreciation	(691,339)	(654,631)
Total rental property, net	1,605,950	1,595,188
Cash and cash equivalents	13,240	15,241
Investments in unconsolidated joint ventures	210,131	140,214
Deferred lease costs and other intangibles, net	151,738	163,581
Deferred debt origination costs, net	9,652	10,818
Prepays and other assets	77,905	81,414
Total assets	\$ 2,068,616	\$ 2,006,456
LIABILITIES AND EQUITY		
Liabilities		
Debt		
Senior, unsecured notes (net of discount of \$5,433 and \$5,752, respectively)	\$ 794,567	\$ 794,248
Unsecured term loans (net of discount of \$320 and \$396, respectively)	267,180	267,104
Mortgages payable (including premiums of \$3,418 and \$3,799, respectively)	248,336	250,497
Unsecured lines of credit	91,200	16,200
Total debt	1,401,283	1,328,049
Construction trade payables	15,352	9,776
Accounts payable and accrued expenses	39,411	49,686
Deferred financing obligation	28,388	28,388
Other liabilities	30,024	32,962
Total liabilities	1,514,458	1,448,861
Commitments and contingencies	—	—
Equity		
Tanger Factory Outlet Centers, Inc.		
Common shares, \$.01 par value, 300,000,000 shares authorized, 95,881,645 and 94,505,685 shares issued and outstanding at June 30, 2014 and December 31, 2013, respectively	959	945
Paid in capital	797,286	788,984
Accumulated distributions in excess of net income	(276,224)	(265,242)
Accumulated other comprehensive loss	(3,265)	(2,428)
Equity attributable to Tanger Factory Outlet Centers, Inc.	518,756	522,259
Equity attributable to noncontrolling interests		
Noncontrolling interests in Operating Partnership	27,602	28,432
Noncontrolling interests in other consolidated partnerships	7,800	6,904
Total equity	554,158	557,595
Total liabilities and equity	\$ 2,068,616	\$ 2,006,456

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

TANGER FACTORY OUTLET CENTERS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS

(In thousands, except per share data, unaudited)

	Three months ended June 30,		Six months ended June 30,	
	2014	2013	2014	2013
Revenues				
Base rentals	\$ 68,160	\$ 61,046	\$ 135,136	\$ 120,290
Percentage rentals	1,915	1,855	3,998	3,872
Expense reimbursements	29,452	25,824	60,994	51,130
Other income	2,749	2,290	4,990	4,412
Total revenues	102,276	91,015	205,118	179,704
Expenses				
Property operating	33,629	28,821	69,656	56,956
General and administrative	10,761	9,914	21,483	19,486
Acquisition costs	—	252	7	431
Abandoned pre-development costs	—	—	1,596	—
Depreciation and amortization	25,197	22,172	51,260	44,460
Total expenses	69,587	61,159	144,002	121,333
Operating income	32,689	29,856	61,116	58,371
Interest expense	(14,582)	(12,583)	(29,502)	(25,459)
Income before equity in earnings of unconsolidated joint ventures	18,107	17,273	31,614	32,912
Equity in earnings of unconsolidated joint ventures	1,788	503	3,721	1,093
Net income	19,895	17,776	35,335	34,005
Noncontrolling interests in Operating Partnership	(1,028)	(859)	(1,831)	(1,648)
Noncontrolling interests in other consolidated partnerships	(17)	(29)	(38)	(30)
Net income attributable to Tanger Factory Outlet Centers, Inc.	\$ 18,850	\$ 16,888	\$ 33,466	\$ 32,327
Basic earnings per common share				
Net income	\$ 0.20	\$ 0.18	\$ 0.35	\$ 0.34
Diluted earnings per common share				
Net income	\$ 0.20	\$ 0.18	\$ 0.35	\$ 0.34
Dividends paid per common share	\$ 0.240	\$ 0.225	\$ 0.465	\$ 0.435

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

TANGER FACTORY OUTLET CENTERS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In thousands, unaudited)

	Three months ended June 30,		Six months ended June 30,	
	2014	2013	2014	2013
Net income	\$ 19,895	\$ 17,776	\$ 35,335	\$ 34,005
Other comprehensive income (loss)				
Reclassification adjustments for amounts recognized in net income	(98)	37	(194)	(53)
Foreign currency translation adjustments	3,488	135	648	203
Change in fair value of cash flow hedges	(1,018)	—	(1,338)	—
Other comprehensive income (loss)	2,372	172	(884)	150
Comprehensive income	22,267	17,948	34,451	34,155
Comprehensive income attributable to noncontrolling interests	(1,167)	(896)	(1,822)	(1,685)
Comprehensive income attributable to Tanger Factory Outlet Centers, Inc.	\$ 21,100	\$ 17,052	\$ 32,629	\$ 32,470

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

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

(In thousands, except share and per share data, unaudited)

	Common shares	Paid in capital	Accumulated distributions in excess of earnings	Accumulated other comprehensive income	Total Tanger Factory Outlet Centers, Inc. equity	Noncontrolling interests in Operating Partnership	Noncontrolling interests in other consolidated partnerships	Total equity
Balance, December 31, 2012	\$ 941	\$ 766,056	\$ (285,588)	\$ 1,200	\$ 482,609	\$ 24,432	\$ 6,834	\$ 513,875
Net income	—	—	107,557	—	107,557	5,643	121	113,321
Other comprehensive loss	—	—	—	(3,628)	(3,628)	(200)	—	(3,828)
Compensation under Incentive Award Plan	—	11,743	—	—	11,743	—	—	11,743
Issuance of 44,500 common shares upon exercise of options	—	635	—	—	635	—	—	635
Issuance of 450,676 Operating Partnership limited partner units	—	—	—	—	—	13,981	—	13,981
Issuance of 332,373 restricted shares, net of forfeitures	3	(3)	—	—	—	—	—	—
Adjustment for noncontrolling interests in Operating Partnership	—	11,130	—	—	11,130	(11,130)	—	—
Adjustment for noncontrolling interests in other consolidated partnerships	—	(576)	—	—	(576)	—	576	—
Acquisition of noncontrolling interests in other consolidated partnerships	—	—	—	—	—	—	(525)	(525)
Exchange of 67,428 Operating Partnership units for 67,428 common shares	1	(1)	—	—	—	—	—	—
Common dividends (\$0.885 per share)	—	—	(87,211)	—	(87,211)	—	—	(87,211)
Distributions to noncontrolling interests	—	—	—	—	—	(4,294)	(102)	(4,396)
Balance, December 31, 2013	\$ 945	\$ 788,984	\$ (265,242)	\$ (2,428)	\$ 522,259	\$ 28,432	\$ 6,904	\$ 557,595

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

(In thousands, except share and per share data, unaudited)

(Continued)

	Common shares	Paid in capital	Accumulated distributions in excess of earnings	Accumulated other comprehensive income	Total Tanger Factory Outlet Centers, Inc. equity	Noncontrolling interests in Operating Partnership	Noncontrolling interests in other consolidated partnerships	Total equity
Balance, December 31, 2013	\$ 945	\$ 788,984	\$ (265,242)	\$ (2,428)	\$ 522,259	\$ 28,432	\$ 6,904	\$ 557,595
Net income	—	—	33,466	—	33,466	1,831	38	35,335
Other comprehensive loss	—	—	—	(837)	(837)	(47)	—	(884)
Compensation under Incentive Award Plan	—	7,461	—	—	7,461	—	—	7,461
Issuance of 29,900 common shares upon exercise of options	—	628	—	—	628	—	—	628
Issuance of 1,302,729 restricted common shares, net of forfeitures	13	(13)	—	—	—	—	—	—
Adjustment for noncontrolling interests in Operating Partnership	—	226	—	—	226	(226)	—	—
Adjustment for noncontrolling interests in other consolidated partnerships	—	1	—	—	1	—	902	903
Exchange of 43,331 Operating Partnership units for 43,331 common shares	1	(1)	—	—	—	—	—	—
Common dividends (\$.465 per share)	—	—	(44,448)	—	(44,448)	—	—	(44,448)
Distributions to noncontrolling interests in Operating Partnership	—	—	—	—	—	(2,388)	(44)	(2,432)
Balance, June 30, 2014	\$ 959	\$ 797,286	\$ (276,224)	\$ (3,265)	\$ 518,756	\$ 27,602	\$ 7,800	\$ 554,158

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

TANGER FACTORY OUTLET CENTERS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands, unaudited)

	Six months ended June 30,	
	2014	2013
OPERATING ACTIVITIES		
Net income	\$ 35,335	\$ 34,005
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	51,260	44,460
Amortization of deferred financing costs	1,107	1,201
Abandoned pre-development costs	1,596	—
Equity in earnings of unconsolidated joint ventures	(3,721)	(1,093)
Distributions of cumulative earnings from unconsolidated joint ventures	2,699	2,129
Share-based compensation expense	7,120	5,399
Amortization of debt (premiums) and discounts, net	(181)	(513)
Net amortization (accretion) of market rent rate adjustments	1,527	154
Straight-line rent adjustments	(3,361)	(2,480)
Changes in other assets and liabilities:		
Other assets	2,258	(1,401)
Accounts payable and accrued expenses	(11,530)	(6,481)
Net cash provided by operating activities	84,109	75,380
INVESTING ACTIVITIES		
Additions to rental property	(45,750)	(26,146)
Additions to investments in unconsolidated joint ventures	(69,698)	(40,964)
Proceeds from insurance reimbursements	550	—
Additions to non-real estate assets	(803)	(6,562)
Distributions in excess of cumulative earnings from unconsolidated joint ventures	3,033	4,711
Additions to deferred lease costs	(2,541)	(1,661)
Net cash used in investing activities	(115,209)	(70,622)
FINANCING ACTIVITIES		
Cash dividends paid	(44,448)	(40,976)
Distributions to noncontrolling interests in Operating Partnership	(2,388)	(2,068)
Proceeds from debt issuances	271,600	300,203
Repayments of debt	(198,380)	(266,553)
Acquisition of noncontrolling interests in other consolidated partnerships	—	(525)
Distributions to noncontrolling interests in other consolidated partnerships	(44)	(38)
Proceeds from tax increment financing	2,047	—
Additions to deferred financing costs	(21)	(57)
Proceeds from exercise of options	628	337
Net cash provided by (used in) financing activities	28,994	(9,677)
Effect of foreign currency rate changes on cash and cash equivalents	105	34
Net decrease in cash and cash equivalents	(2,001)	(4,885)
Cash and cash equivalents, beginning of period	15,241	10,335
Cash and cash equivalents, end of period	\$ 13,240	\$ 5,450

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

Item 1 - Financial Statements of Tanger Properties Limited Partnership

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

	June 30, 2014	December 31, 2013
ASSETS		
Rental property		
Land	\$ 230,415	\$ 230,415
Buildings, improvements and fixtures	2,029,321	2,009,971
Construction in progress	37,553	9,433
	2,297,289	2,249,819
Accumulated depreciation	(691,339)	(654,631)
Total rental property, net	1,605,950	1,595,188
Cash and cash equivalents	13,194	14,984
Investments in unconsolidated joint ventures	210,131	140,214
Deferred lease costs and other intangibles, net	151,738	163,581
Deferred debt origination costs, net	9,652	10,818
Prepays and other assets	77,432	81,165
Total assets	\$ 2,068,097	\$ 2,005,950
LIABILITIES AND EQUITY		
Liabilities		
Debt		
Senior, unsecured notes (net of discount of \$5,433 and \$5,752, respectively)	\$ 794,567	\$ 794,248
Unsecured term loans (net of discount of \$320 and \$396, respectively)	267,180	267,104
Mortgages payable (including premiums of \$3,418 and \$3,799, respectively)	248,336	250,497
Unsecured lines of credit	91,200	16,200
Total debt	1,401,283	1,328,049
Construction trade payables	15,352	9,776
Accounts payable and accrued expenses	38,892	49,180
Deferred financing obligation	28,388	28,388
Other liabilities	30,024	32,962
Total liabilities	1,513,939	1,448,355
Commitments and contingencies	—	—
Equity		
Partners' Equity		
General partner, 1,000,000 units outstanding at June 30, 2014 and December 31, 2013	4,880	4,988
Limited partners, 5,101,681 and 5,145,012 Class A units and 94,881,645 and 93,505,685 Class B units outstanding at June 30, 2014 and December 31, 2013, respectively	545,083	548,424
Accumulated other comprehensive loss	(3,605)	(2,721)
Total partners' equity	546,358	550,691
Noncontrolling interests in consolidated partnerships	7,800	6,904
Total equity	554,158	557,595
Total liabilities and equity	\$ 2,068,097	\$ 2,005,950

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

TANGER PROPERTIES LIMITED PARTNERSHIP AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS

(In thousands, except per unit data, unaudited)

	Three months ended June 30,		Six months ended June 30,	
	2014	2013	2014	2013
Revenues				
Base rentals	\$ 68,160	\$ 61,046	\$ 135,136	\$ 120,290
Percentage rentals	1,915	1,855	3,998	3,872
Expense reimbursements	29,452	25,824	60,994	51,130
Other income	2,749	2,290	4,990	4,412
Total revenues	102,276	91,015	205,118	179,704
Expenses				
Property operating	33,629	28,821	69,656	56,956
General and administrative	10,761	9,914	21,483	19,486
Acquisition costs	—	252	7	431
Abandoned pre-development costs	—	—	1,596	—
Depreciation and amortization	25,197	22,172	51,260	44,460
Total expenses	69,587	61,159	144,002	121,333
Operating income	32,689	29,856	61,116	58,371
Interest expense	(14,582)	(12,583)	(29,502)	(25,459)
Income before equity in earnings of unconsolidated joint ventures	18,107	17,273	31,614	32,912
Equity in earnings of unconsolidated joint ventures	1,788	503	3,721	1,093
Net income	19,895	17,776	35,335	34,005
Noncontrolling interests in consolidated partnerships	(17)	(29)	(38)	(30)
Net income available to partners	19,878	17,747	35,297	33,975
Net income available to limited partners	19,677	17,566	34,940	33,628
Net income available to general partner	\$ 201	\$ 181	\$ 357	\$ 347
Basic earnings per common unit:				
Net income	\$ 0.20	\$ 0.18	\$ 0.35	\$ 0.34
Diluted earnings per common unit:				
Net income	\$ 0.20	\$ 0.18	\$ 0.35	\$ 0.34
Distribution paid per common unit	\$ 0.240	\$ 0.225	\$ 0.465	\$ 0.435

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

TANGER PROPERTIES LIMITED PARTNERSHIP AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In thousands, unaudited)

	Three months ended June 30,		Six months ended June 30,	
	2014	2013	2014	2013
Net income	\$ 19,895	\$ 17,776	\$ 35,335	\$ 34,005
Other comprehensive income (loss)				
Reclassification adjustments for amounts recognized in net income	(98)	37	(194)	(53)
Foreign currency translation adjustments	3,488	135	648	203
Changes in fair value of cash flow hedges	(1,018)	—	(1,338)	—
Other comprehensive income (loss)	2,372	172	(884)	150
Comprehensive income	22,267	17,948	34,451	34,155
Comprehensive income attributable to noncontrolling interests in consolidated partnerships	(17)	(29)	(38)	(30)
Comprehensive income attributable to the Operating Partnership	\$ 22,250	\$ 17,919	\$ 34,413	\$ 34,125

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

TANGER PROPERTIES LIMITED PARTNERSHIP AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF EQUITY

(In thousands, except unit and per unit data, unaudited)

	General partner	Limited partners	Accumulated other comprehensive income (loss)	Total partners' equity	Noncontrolling interests in consolidated partnerships	Total equity
Balance, December 31, 2012	\$ 4,720	\$ 501,214	\$ 1,107	\$ 507,041	\$ 6,834	\$ 513,875
Net income	1,153	112,047	—	113,200	121	113,321
Other comprehensive loss	—	—	(3,828)	(3,828)	—	(3,828)
Compensation under Incentive Award Plan	—	11,743	—	11,743	—	11,743
Issuance of 44,500 common units upon exercise of options	—	635	—	635	—	635
Issuance of 450,676 limited partner units	—	13,981	—	13,981	—	13,981
Issuance of 332,373 restricted units, net of forfeitures	—	—	—	—	—	—
Adjustments for noncontrolling interests in consolidated partnerships	—	(576)	—	(576)	576	—
Acquisition of noncontrolling interests in consolidated partnerships	—	—	—	—	(525)	(525)
Common distributions (\$.885 per common unit)	(885)	(90,620)	—	(91,505)	—	(91,505)
Distributions to noncontrolling interests in consolidated partnerships	—	—	—	—	(102)	(102)
Balance, December 31, 2013	4,988	548,424	(2,721)	550,691	6,904	557,595
Net income	357	34,940	—	35,297	38	35,335
Other comprehensive loss	—	—	(884)	(884)	—	(884)
Compensation under Incentive Award Plan	—	7,461	—	7,461	—	7,461
Issuance of 29,900 common units upon exercise of options	—	628	—	628	—	628
Issuance of 1,302,729 restricted common units, net of forfeitures	—	—	—	—	—	—
Adjustment for noncontrolling interests in other consolidated partnerships	—	1	—	1	902	903
Common distributions (\$.465 per common unit)	(465)	(46,371)	—	(46,836)	(44)	(46,880)
Balance, June 30, 2014	\$ 4,880	\$ 545,083	\$ (3,605)	\$ 546,358	\$ 7,800	\$ 554,158

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

TANGER PROPERTIES LIMITED PARTNERSHIP AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands, unaudited)

	Six months ended June 30,	
	2014	2013
OPERATING ACTIVITIES		
Net income	\$ 35,335	\$ 34,005
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	51,260	44,460
Amortization of deferred financing costs	1,107	1,201
Abandoned pre-development costs	1,596	—
Equity in earnings of unconsolidated joint ventures	(3,721)	(1,093)
Distributions of cumulative earnings from unconsolidated joint ventures	2,699	2,129
Equity-based compensation expense	7,120	5,399
Amortization of debt (premiums) and discounts, net	(181)	(513)
Net amortization (accretion) of market rent rate adjustments	1,527	154
Straight-line rent adjustments	(3,361)	(2,480)
Changes in other assets and liabilities:		
Other assets	2,482	(1,362)
Accounts payable and accrued expenses	(11,543)	(6,540)
Net cash provided by operating activities	84,320	75,360
INVESTING ACTIVITIES		
Additions to rental property	(45,750)	(26,146)
Additions to investments in unconsolidated joint ventures	(69,698)	(40,964)
Proceeds from insurance reimbursements	550	—
Additions to non-real estate assets	(803)	(6,562)
Distributions in excess of cumulative earnings from unconsolidated joint ventures	3,033	4,711
Additions to deferred lease costs	(2,541)	(1,661)
Net cash used in investing activities	(115,209)	(70,622)
FINANCING ACTIVITIES		
Cash distributions paid	(46,836)	(43,044)
Proceeds from debt issuances	271,600	300,203
Repayments of debt	(198,380)	(266,553)
Acquisition of noncontrolling interests in other consolidated partnerships	—	(525)
Distributions to noncontrolling interests in consolidated partnerships	(44)	(38)
Proceeds from tax increment financing	2,047	—
Additions to deferred financing costs	(21)	(57)
Proceeds from exercise of options	628	337
Net cash provided by (used in) financing activities	28,994	(9,677)
Effect of foreign currency on cash and cash equivalents	105	34
Net decrease in cash and cash equivalents	(1,790)	(4,905)
Cash and cash equivalents, beginning of period	14,984	10,295
Cash and cash equivalents, end of period	\$ 13,194	\$ 5,390

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

TANGER FACTORY OUTLET CENTERS INC. AND SUBSIDIARIES

TANGER PROPERTIES LIMITED PARTNERSHIP AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Business

Tanger Factory Outlet Centers, Inc. and subsidiaries is one of the largest owners and operators of outlet centers in the United States. We are a fully-integrated, self-administered and self-managed real estate investment trust ("REIT") which, through our controlling interest in the Operating Partnership, focuses exclusively on developing, acquiring, owning, operating and managing outlet shopping centers. As of June 30, 2014, we owned and operated 37 outlet centers, with a total gross leasable area of approximately 11.5 million square feet. We also had partial ownership interests in 7 outlet centers totaling approximately 1.7 million square feet, including 3 outlet centers in Canada.

Our outlet centers and other assets are held by, and all of our operations are conducted by, Tanger Properties Limited Partnership and subsidiaries. Accordingly, the descriptions of our business, employees and properties are also descriptions of the business, employees and properties of the Operating Partnership. Unless the context indicates otherwise, the term, "Company", refers to Tanger Factory Outlet Centers, Inc. and subsidiaries and the term, "Operating Partnership", refers to Tanger Properties Limited Partnership and subsidiaries. The terms "we", "our" and "us" refer to the Company or the Company and the Operating Partnership together, as the text requires.

The Company owns the majority of the units of partnership interest issued by the Operating Partnership through its two wholly-owned subsidiaries, Tanger GP Trust and Tanger LP Trust. Tanger GP Trust controls the Operating Partnership as its sole general partner. Tanger LP Trust holds a limited partnership interest. As of June 30, 2014, the Company, through its ownership of Tanger GP Trust and Tanger LP Trust, owned 95,881,645 units of the Operating Partnership and other limited partners (the "Non-Company LPs") collectively owned 5,101,681 Class A common limited partnership units. Each Class A common limited partnership unit held by the Non-Company LPs is exchangeable for one of the Company's common shares, subject to certain limitations to preserve the Company's REIT status. Class B common limited partnership units, which are held by Tanger LP Trust, are not exchangeable for common shares of the Company.

2. Basis of Presentation

The unaudited consolidated financial statements included herein have been prepared pursuant to accounting principles generally accepted in the United States of America and should be read in conjunction with the consolidated financial statements and notes thereto of the Company's and the Operating Partnership's combined Annual Report on Form 10-K for the year ended December 31, 2013. The December 31, 2013 balance sheet data in this Form 10-Q was derived from audited financial statements. Certain information and note disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been condensed or omitted pursuant to the SEC's rules and regulations, although management believes that the disclosures are adequate to make the information presented not misleading. In the opinion of management, all adjustments (consisting only of normal recurring adjustments) necessary for a fair presentation of the financial statements for the interim periods have been made. The results of interim periods are not necessarily indicative of the results for a full year.

Investments in real estate joint ventures that we do not control are accounted for using the equity method of accounting. These investments are recorded initially at cost and subsequently adjusted for our equity in the venture's net income (loss), cash contributions, distributions and other adjustments required under the equity method of accounting. These investments are evaluated for impairment when necessary. Control is determined using an evaluation based on accounting standards related to the consolidation of voting interest entities and variable interest entities. For joint ventures that are determined to be variable interest entities, we consolidate the entity where we are deemed to be the primary beneficiary.

We evaluate our real estate joint ventures in accordance with the Consolidation guidance of the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC"). As a result of our qualitative assessment, we concluded that our Westgate and Savannah joint ventures are Variable Interest Entities ("VIE") and all of our other joint ventures are not a VIE. Westgate and Savannah are each considered a VIE because the voting rights are disproportionate to the economic interests. Investments in real estate joint ventures in which we have a non-controlling ownership interest are accounted for using the equity method of accounting.

After making the determination that Westgate and Savannah are VIEs, we performed an assessment to determine if we would be considered the primary beneficiary and thus be required to consolidate the balance sheets and results of operations. This assessment was based upon whether we had the following:

- a. The power to direct the activities of the VIE that most significantly impact the entity's economic performance
- b. The obligation to absorb losses of the entity that could potentially be significant to the VIE or the right to receive benefits from the entity that could potentially be significant to the VIE

The operating, development, leasing, and management agreements of Westgate and Savannah provide that the activities that most significantly impact the economic performance of the ventures require unanimous consent. Accordingly, we determined that we do not have the power to direct the significant activities that affect the economic performance of the ventures and therefore, have applied the equity method of accounting. Our investment in Westgate was approximately \$15.7 million and in Savannah was approximately \$33.1 million as of June 30, 2014. We are unable to estimate our maximum exposure to loss at this time because our guarantees are limited and based on the future operating performance of Westgate and Savannah.

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

3. Acquisition of Rental Property

In October 2003, we and two other owners each having a 33.3% ownership interest, established a joint venture to develop and own a shopping center in Deer Park, New York ("Deer Park"). In August 2013, Deer Park successfully negotiated new financing of the debt obligations for the previous mortgage and mezzanine loans totaling approximately \$238.5 million, with a \$150.0 million mortgage loan. The new five year mortgage loan bears interest at a 150 basis point spread over LIBOR. The previous mortgage and mezzanine loans were in default, and as part of the refinancing, all default interest associated with the loans was waived. Utilizing funding from our existing unsecured lines of credit, we loaned approximately \$89.5 million at a rate of LIBOR plus 3.25% and due on August 30, 2020 to Deer Park representing the remaining amount necessary to repay the previous mortgage and mezzanine loans.

Subsequent to the debt extinguishment, we acquired an additional one-third interest in the Deer Park property from one of the other owners, bringing our total ownership to a two-thirds interest, for total consideration of approximately \$27.9 million, including \$13.9 million in cash and 450,576 in Class A common limited partnership units of Tanger Properties Limited Partnership, which are exchangeable for an equivalent number of the Company's common shares. This transaction was accounted for as a business combination resulting in the assets acquired and liabilities assumed being recorded at fair value as a result of the step acquisition. The fair value of the net assets acquired totaled \$83.8 million, consisting of \$319.4 million in rental property and lease related intangibles, \$2.3 million in other identifiable assets and liabilities, and \$237.9 million in debt. Upon acquiring an additional one-third interest, we determined, based on the acquisition agreement and other transaction documents which amended our rights with respect to the property and our obligations with respect to the additional one-third interest, that we control the property assets and direct the property's significant activities and therefore, consolidate the property's assets and liabilities as of August 30, 2013.

Following the acquisition, we and the remaining owner restructured certain aspects of our ownership of the property, whereby we receive substantially all of the economics generated by the property and have substantial control over the property's financial activities. Under the new structure, we serve as property manager and control the management, leasing, marketing and other operations of the property. In addition, we and the remaining owner have entered into an agreement whereby they may require us to acquire their ownership interest in the property on the second anniversary of the acquisition date for a price of \$28.4 million, and we have the option to acquire their ownership interest on the fourth anniversary of the acquisition date at the same price. Due to the remaining owner's ability to require us to purchase their interest, we have recorded an obligation to redeem their interest at the redemption price as a deferred financing obligation in the other liabilities section of the consolidated balance sheet.

4. New Developments of Consolidated Outlet Centers

Foxwoods, Connecticut

In September 2013, we broke ground at Foxwoods Resort Casino in Mashantucket, Connecticut on Tanger Outlets at Foxwoods. We own a two-thirds controlling interest in the joint venture, which will be consolidated for financial reporting purposes. To date, we have contributed approximately \$29.4 million to the project for construction and development activities. The approximately 314,000 square foot project will be suspended above ground to join the casino floors of the two major hotels located within the resort, which attract millions of visitors each year. We currently expect the property to open in the second quarter of 2015.

5. Investments in Unconsolidated Real Estate Joint Ventures

Our investments in unconsolidated joint ventures as of June 30, 2014 and December 31, 2013 aggregated \$210.1 million and \$140.2 million, respectively. We have concluded based on the current facts and circumstances that the equity method of accounting should be used to account for each of the individual joint ventures below. At June 30, 2014 and December 31, 2013, we were members of the following unconsolidated real estate joint ventures:

As of June 30, 2014					
Joint Venture	Center Location	Ownership %	Square Feet (in 000's)	Carrying Value of Investment (in millions)	Total Joint Venture Debt (in millions)
Charlotte	Charlotte, NC	50.0%	—	\$ 30.8	\$ —
Galveston/Houston	Texas City, TX	50.0%	353	6.7	65.0
National Harbor	National Harbor, MD	50.0%	339	19.3	62.0
RioCan Canada	Various	50.0%	432	101.4	17.5
Savannah ⁽¹⁾	Savannah, GA	50.0%	—	33.1	—
Westgate	Glendale, AZ	58.0%	332	15.7	45.8
Wisconsin Dells	Wisconsin Dells, WI	50.0%	265	2.4	24.3
Other			—	0.7	—
				\$ 210.1	\$ 214.6

(1) Based on capital contribution and distribution provisions in the joint venture agreement, we expect our economic interest in the venture's cash flow to be greater than the ownership percentage indicated above, which in this case, states our legal interest in this venture. Our economic interest may fluctuate based on a number of factors, including mortgage financing, partnership capital contributions and distributions, and proceeds from gains or losses of asset sales.

As of December 31, 2013

Joint Venture	Center Location	Ownership %	Square Feet (in 000's)	Carrying Value of Investment (in millions)	Total Joint Venture Debt (in millions)
Charlotte	Charlotte, NC	50.0%	—	\$ 11.6	\$ —
Galveston/Houston	Texas City, TX	50.0%	353	7.4	65.0
National Harbor	National Harbor, MD	50.0%	336	16.7	52.4
RioCan Canada	Various	50.0%	433	85.7	17.9
Westgate	Glendale, AZ	58.0%	332	16.1	43.1
Wisconsin Dells	Wisconsin Dells, WI	50.0%	265	2.5	24.3
Other			—	0.2	—
				\$ 140.2	\$ 202.7

These investments are recorded initially at cost and subsequently adjusted for our equity in the venture's net income (loss), cash contributions, distributions and other adjustments required by the equity method of accounting as described below.

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

	Three months ended		Six months ended	
	June 30,		June 30,	
	2014	2013	2014	2013
Fee:				
Development and leasing	\$ 70	\$ (81)	\$ 78	\$ (12)
Loan guarantee	146	40	187	80
Management	438	504	846	1,001
Marketing	104	99	213	208
Total Fees	\$ 758	\$ 562	\$ 1,324	\$ 1,277

Our investments in real estate joint ventures are reduced by the percentage of the profits earned for leasing and development services associated with our ownership interest in each joint venture. Our carrying value of investments in unconsolidated joint ventures differs from our share of the assets reported in the "Summary Balance Sheets - Unconsolidated Joint Ventures" shown below due to adjustments to the book basis, including intercompany profits on sales of services that are capitalized by the unconsolidated joint ventures. The differences in basis (totaling \$3.2 million and \$1.6 million as of June 30, 2014 and December 31, 2013) are amortized over the various useful lives of the related assets.

Charlotte, North Carolina

In May 2013, we formed a 50/50 joint venture for the development of an outlet center in the Charlotte, NC market. Subsequently, during the third quarter of 2013, the joint venture began construction on the outlet center which will be located eight miles southwest of uptown Charlotte at the interchange of I-485 and Steele Creek Road (NC Highway 160), the two major thoroughfares for the city. The approximately 400,000 square foot project, which features approximately 90 brand name and designer stores, opened on July 31, 2014.

As of June 30, 2014, we and our partner had each contributed approximately \$30.2 million in cash to the joint venture to fund development activities. We are providing development services to the project; and with our partner, are jointly providing leasing services. Our partner will provide property management and marketing services to the center once open.

RioCan Canada

We have entered into a 50/50 co-ownership agreement with RioCan Real Estate Investment Trust ("RioCan Joint Venture") to develop and acquire outlet centers in Canada. Under the agreement, any projects developed or acquired will be branded as Tanger Outlet Centers. We have agreed to provide leasing and marketing services to the venture and RioCan has agreed to provide development and property management services.

In March of 2013, the RioCan Joint Venture acquired the land adjacent to the existing Cookstown Outlet Mall for \$ 13.9 million. The land is being used for an expansion of the Cookstown Outlet Mall which began in May 2013. The expansion, which is expected to open in the fourth quarter of 2014, will add approximately 153,000 square feet and approximately 35 new brand name and designer outlet stores to the center.

Also, during the second quarter of 2013, the joint venture purchased land for \$28.7 million and broke ground on Tanger Outlets Ottawa, the first ground up development of a Tanger Outlet Center in Canada. Located in suburban Kanata off the TransCanada Highway (Highway 417) at Palladium Drive, this center will contain approximately 316,000 square feet and will feature approximately 80 brand name and designer outlet stores. The center is currently expected to open in the fourth quarter of 2014. As of June 30, 2014, we and our co-owner had each contributed \$29.9 million in cash to fund development activities on these two projects.

Savannah, Georgia

In January 2014, we announced our plans to develop Tanger Outlets Savannah through a joint venture arrangement. The center will include approximately 385,000 square feet. The site is located on I-95, just north of I-16 in Pooler, Georgia, adjacent to the City of Savannah, and near the Savannah International Airport. As of June 30, 2014, our equity contributions totaled \$33.3 million and our partner's equity contribution totaled \$7.4 million. Contributions we make in excess of \$7.4 million will earn a preferred rate of return equal to 8% from the date the contributions are made until the outlet center's grand opening date, and then 10% annually thereafter.

In May 2014, the joint venture closed on a \$97.7 million interest only mortgage loan with a rate of LIBOR + 1.65% and a maturity date of May 21, 2017, with the option for two, one year extensions.

Westgate, Glendale, Arizona

During the second quarter of 2014, Westgate began a 65,000 square foot expansion of the existing property which is expected to open in time for the 2014 holiday season. The expansion is being substantially funded by amounts available under the amended Westgate mortgage loan which had its maximum borrowing capacity increased from \$48.3 million to \$62.0 million in May 2014.

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

Condensed Combined Balance Sheets - Unconsolidated Joint Ventures	June 30, 2014	December 31, 2013
Assets		
Land	\$ 66,076	\$ 66,020
Buildings, improvements and fixtures	329,918	327,972
Construction in progress, including land	205,831	86,880
	601,825	480,872
Accumulated depreciation	(37,457)	(29,523)
Total rental property, net	564,368	451,349
Cash and cash equivalents	28,399	22,704
Deferred lease costs, net	22,533	19,281
Deferred debt origination costs, net	2,701	1,737
Prepays and other assets	9,618	9,107
Total assets	\$ 627,619	\$ 504,178
Liabilities and Owners' Equity		
Mortgages payable	\$ 214,616	\$ 202,688
Construction trade payables	24,409	19,370
Accounts payable and other liabilities	13,803	8,540
Total liabilities	252,828	230,598
Owners' equity	374,791	273,580
Total liabilities and owners' equity	\$ 627,619	\$ 504,178

Condensed Combined Statements of Operations - Unconsolidated Joint Ventures	Three months ended June 30,		Six months ended June 30,	
	2014	2013	2014	2013
Revenues	\$ 16,079	\$ 20,553	\$ 32,834	\$ 41,948
Expenses				
Property operating	6,624	8,546	13,270	17,686
General and administrative	27	166	156	314
Acquisition costs	—	53	—	474
Abandoned development costs	—	134	—	134
Depreciation and amortization	4,564	7,584	9,538	14,968
Total expenses	11,215	16,483	22,964	33,576
Operating income	4,864	4,070	9,870	8,372
Interest expense	(1,383)	(3,514)	(2,609)	(7,566)
Net income	\$ 3,481	\$ 556	\$ 7,261	\$ 806

The Company and Operating Partnership's share of:				
Net income	\$ 1,788	\$ 503	\$ 3,721	\$ 1,093
Depreciation and impairment charge (real estate related)	\$ 2,403	\$ 3,431	\$ 5,008	\$ 6,604

6. Debt of the Company

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

The Company guarantees the Operating Partnership's obligations with respect to its unsecured lines of credit which have a total borrowing capacity of \$520.0 million. As of June 30, 2014 and December 31, 2013, the Operating Partnership had amounts outstanding on these lines of credit totaling \$91.2 million and \$16.2 million, respectively.

The Company also guarantees the Operating Partnership's unsecured term loan as well as its obligation with respect to the mortgage assumed in connection with the acquisition of the outlet center in Ocean City, Maryland in July 2011. As of June 30, 2014, the amounts outstanding on the term loan and mortgage were \$250.0 million and \$18.0 million, respectively.

7. Debt of the Operating Partnership

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

	Stated Interest Rate(s)	Maturity Date	As of June 30, 2014		As of December 31, 2013		
			Principal	Premium (Discount)	Principal	Premium (Discount)	
Senior, unsecured notes:							
Senior notes	6.15%	November 2015	\$ 250,000	\$ (156)	\$ 250,000	\$ (211)	
Senior notes	6.125%	June 2020	300,000	(1,374)	300,000	(1,469)	
Senior notes	3.875%	December 2023	250,000	(3,903)	250,000	(4,072)	
Mortgages payable:							
Atlantic City ⁽¹⁾	5.14%-7.65%	November 2021- December 2026	47,284	3,893	48,535	4,091	
Deer Park	LIBOR + 1.50%	August 2018	150,000	(1,319)	150,000	(1,478)	
Hershey ⁽¹⁾	5.17%-8.00%	August 2015	29,623	698	29,970	993	
Ocean City ⁽¹⁾	5.24%	January 2016	18,011	146	18,193	193	
Note payable ⁽¹⁾	1.50%	June 2016	10,000	(320)	10,000	(396)	
Unsecured term loan ⁽²⁾	LIBOR + 1.60%	February 2019	250,000	—	250,000	—	
Unsecured term note	LIBOR + 1.30%	August 2017	7,500	—	7,500	—	
Unsecured lines of credit	LIBOR + 1.00%	November 2015	91,200	—	16,200	—	
			<u>\$ 1,403,618</u>	<u>\$ (2,335)</u>	<u>\$ 1,330,398</u>	<u>\$ (2,349)</u>	

(1) The effective interest rates assigned during the purchase price allocation to these assumed mortgages and note payable during acquisitions in 2011 were as follows: Atlantic City 5.05%, Ocean City 4.68%, Hershey 3.40% and note payable 3.15%.

(2) In July 2014, we completed an amendment to this loan which reduced the interest rate from LIBOR +1.60% to LIBOR + 1.05%.

Certain of our properties, which had a net book value of approximately \$538.3 million at June 30, 2014 and \$566.7 million at December 31, 2013, serve as collateral for mortgages payable. We maintain unsecured lines of credit that provide for borrowings of up to \$520.0 million. The unsecured lines of credit include a \$20.0 million liquidity line and a \$500.0 million syndicated line. The syndicated line may be increased to \$750.0 million through an accordion feature in certain circumstances.

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

The unsecured lines of credit and senior unsecured notes include covenants that require the maintenance of certain ratios, including debt service coverage and leverage, and limit the payment of dividends such that dividends and distributions will not exceed funds from operations, as defined in the agreements, for the prior fiscal year on an annual basis or 95% of funds from operations on a cumulative basis. As of June 30, 2014, we were in compliance with all of our debt covenants.

Debt Maturities

Maturities of the existing long-term debt as of June 30, 2014 are as follows (in thousands):

Calendar Year	Amount
2014	\$ 1,823
2015	282,343
2016	30,283
2017	101,708
2018	153,183
Thereafter	834,278
Subtotal	1,403,618
Net discount	(2,335)
Total	\$ 1,401,283

8. Derivative Financial Instruments

The following table summarizes the terms and fair values of our derivative financial instruments, as well as their classifications within the consolidated balance sheets as of June 30, 2014 and December 31, 2013 (in thousands):

Effective Date	Maturity Date	Notional Amount	Bank Pay Rate	Company Fixed Pay Rate	Fair Value	
					June 30, 2014	December 31, 2013
Assets:						
November 14, 2013	August 14, 2018	\$ 50,000	1 month LIBOR	1.3075%	\$ 4	\$ 455
November 14, 2013	August 14, 2018	50,000	1 month LIBOR	1.2970%	26	440
November 14, 2013	August 14, 2018	50,000	1 month LIBOR	1.3025%	14	487
Total		\$ 150,000			\$ 44	\$ 1,382

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

The effective portion of changes in the fair value of derivatives designated and qualifying as cash flow hedges is recorded in accumulated other comprehensive income (loss) and subsequently reclassified into earnings in the period that the hedged forecasted transaction affects earnings. The ineffective portion of the change in fair value of the derivative, if any, is recognized directly in earnings.

The following table represents the effect of the derivative financial instruments on the accompanying consolidated financial statements for the three and six months ended June 30, 2014 and 2013, respectively (in thousands):

	Location of Reclassification from Accumulated OCI Into Income	Three months ended June 30,		Six months ended June 30,	
		2014	2013	2014	2013
Interest Rate Swaps (Effective Portion):					
Amount of loss recognized in OCI on derivative		\$ (1,018)	\$ —	\$ (1,338)	\$ —
Treasury Rate Lock (Effective Portion):					
Amount of gain reclassified from accumulated OCI into income	Interest Expense	\$ 98	\$ 92	\$ 194	\$ 182

In 2005, we settled two US treasury rate lock agreements associated with a 10 year senior, unsecured bond offering and received approximately \$3.2 million. The unamortized balance of the settled agreements as of June 30, 2014 and December 31, 2013 was approximately \$546,000 and \$741,000, respectively. As of June 30, 2014, we expect approximately \$406,000 of deferred gains on derivative instruments in accumulated other comprehensive income to be reclassified into earnings during the next twelve months.

9. Fair Value Measurements

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

Tier	Description
Level 1	Observable inputs such as quoted prices in active markets
Level 2	Inputs other than quoted prices in active markets that are either directly or indirectly observable
Level 3	Unobservable inputs in which little or no market data exists, therefore requiring an entity to develop its own assumptions

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

	Total	Level 1	Level 2	Level 3
		Quoted Prices in Active Markets for Identical Assets or Liabilities	Significant Observable Inputs	Significant Unobservable Inputs
Fair value as of June 30, 2014:				
Assets:				
Interest rate swaps (prepaids and other assets)	\$ 44	\$ —	\$ 44	\$ —
Total assets	\$ 44	\$ —	\$ 44	\$ —

		Level 1	Level 2	Level 3
	Total	Quoted Prices in Active Markets for Identical Assets or Liabilities	Significant Observable Inputs	Significant Unobservable Inputs
Fair value as of December 31, 2013:				
Assets:				
Interest rate swaps (prepaids and other assets)	\$ 1,382	\$ —	\$ 1,382	\$ —
Total assets	\$ 1,382	\$ —	\$ 1,382	\$ —

The estimated fair value of our debt, consisting of senior unsecured notes, unsecured term loans, secured mortgages and unsecured lines of credit, at June 30, 2014 and December 31, 2013, was \$1.5 billion and \$1.4 billion, respectively, and its recorded value was \$1.4 billion and \$1.3 billion, respectively. With the exception of the unsecured term loan and unsecured lines of credit, that have variable rates and considered at market value, fair values of the senior notes and mortgage loans are determined using discounted cash flow analysis with an interest rate or credit spread similar to that of current market borrowing arrangements. Because the Company's senior unsecured notes are publicly traded, these instruments are classified as Level 2 in the hierarchy. In contrast, mortgage loans are classified as Level 3 given the unobservable inputs utilized in the valuation. Considerable judgment is necessary to develop estimated fair values of financial instruments. Accordingly, the estimates presented herein are not necessarily indicative of the amounts the Company could realize on the disposition of the financial instruments.

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

10. Commitments and Contingencies

During the first quarter of 2014, we incurred property damage to our West Branch, Michigan outlet center due to a severe snow storm. Our insurance policy provides us with reimbursement for the replacement cost for the damage done to this property. As a result, we wrote off the damaged assets which had a net book value of approximately \$455,000. The write off of the assets has been completely offset by the establishment of an insurance receivable and, accordingly, there is no effect on the statement of operations. Further, to the extent that the Company's insurance settlement proceeds are in excess of the amounts written off, we will record a gain on insurance settlement in the period that all releases and contingencies are resolved. Through June 30, 2014, we received approximately \$550,000 in insurance proceeds related to our property damage claim. We expect to receive total proceeds of approximately \$1.3 million to \$1.8 million, which will result in a gain of approximately \$800,000 to \$1.3 million.

11. Shareholders' Equity of the Company

Throughout the first six months of 2014, Non-Company LPs exchanged a total of 43,331 Class A common limited partnership units of the Operating Partnership for an equal number of common shares of the Company. After the above described exchanges, the Non-Company LPs owned 5,101,681 Class A common limited partnership units. Each Class A common limited partnership unit is exchangeable for one common share of the Company.

12. Partners' Equity of the Operating Partnership

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

The following table sets forth the changes in outstanding partnership units for the six months ended June 30, 2014 and for the year ended December 31, 2013:

	General Partnership Units	Limited Partnership Units		
		Class A	Class B	Total
Balance December 31, 2012	1,000,000	4,761,864	93,061,384	97,823,248
Exchange of Class A limited partnership units	—	(67,428)	67,428	—
Issuance of restricted units	—	—	332,373	332,373
Units issued upon exercise of options	—	—	44,500	44,500
Units issued as consideration for business acquisition (see Note 3)	—	450,576	—	450,576
Balance December 31, 2013	1,000,000	5,145,012	93,505,685	98,650,697
Exchange of Class A limited partnership units	—	(43,331)	43,331	—
Issuance of restricted units	—	—	1,302,729	1,302,729
Units issued upon exercise of options	—	—	29,900	29,900
Balance June 30, 2014	1,000,000	5,101,681	94,881,645	99,983,326

13. Earnings Per Share of the Company

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

	Three months ended June 30,		Six months ended June 30,	
	2014	2013	2014	2013
Numerator				
Net income attributable to Tanger Factory Outlet Centers, Inc.	\$ 18,850	\$ 16,888	\$ 33,466	\$ 32,327
Less allocation of earnings to participating securities	(481)	(231)	(910)	(425)
Net income available to common shareholders of Tanger Factory Outlet Centers, Inc.	\$ 18,369	\$ 16,657	\$ 32,556	\$ 31,902
Denominator				
Basic weighted average common shares	93,800	93,331	93,690	93,232
Effect of notional units	—	784	—	777
Effect of outstanding options and certain restricted common shares	74	92	72	99
Diluted weighted average common shares	93,874	94,207	93,762	94,108
Basic earnings per common share:				
Net income	\$ 0.20	\$ 0.18	\$ 0.35	\$ 0.34
Diluted earnings per common share:				
Net income	\$ 0.20	\$ 0.18	\$ 0.35	\$ 0.34

The notional units are considered contingently issuable common shares and are included in earnings per share if the effect is dilutive using the treasury stock method. Notional units granted in 2010 were converted into 933,769 restricted common shares in January 2014. The restricted common shares vest on December 31, 2014 and will be considered participating securities through the vesting date.

The computation of diluted earnings per share excludes options to purchase common shares when the exercise price is greater than the average market price of the common shares for the period. For the three months ended June 30, 2014, 276,500 options were excluded from the computation and for the three months ended June 30, 2013 no options were excluded from the computation. For the six months ended June 30, 2014, 276,500 options were excluded from the computation and for the six months ended June 30, 2013, no options were excluded from the computation. The assumed exchange of the partnership units held by the Non-Company LPs as of the beginning of the year, which would result in the elimination of earnings allocated to the noncontrolling interest in the Operating Partnership, would have no impact on earnings per share since the allocation of earnings to a common limited partnership unit, as if exchanged, is equivalent to earnings allocated to a common share.

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

14. Earnings Per Unit of the Operating Partnership

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

	Three months ended June 30,		Six months ended June 30,	
	2014	2013	2014	2013
Numerator				
Net income attributable to partners of the Operating Partnership	\$ 19,878	\$ 17,747	\$ 35,297	\$ 33,975
Less allocation of earnings to participating securities	(481)	(231)	(910)	(425)
Net income available to common unitholders of the Operating Partnership	\$ 19,397	\$ 17,516	\$ 34,387	\$ 33,550
Denominator				
Basic weighted average common units	98,916	98,079	98,818	97,983
Effect of notional units	—	784	—	777
Effect of outstanding options and restricted common units	74	92	72	99
Diluted weighted average common units	98,990	98,955	98,890	98,859
Basic earnings per common unit:				
Net income	\$ 0.20	\$ 0.18	\$ 0.35	\$ 0.34
Diluted earnings per common unit:				
Net income	\$ 0.20	\$ 0.18	\$ 0.35	\$ 0.34

The notional units are considered contingently issuable common units and are included in earnings per unit if the effect is dilutive using the treasury stock method. Notional units granted in 2010 were converted into 933,769 restricted common units in January 2014. The restricted common units vest on December 31, 2014 and will be considered participating securities through the vesting date.

The computation of diluted earnings per unit excludes options to purchase common units when the exercise price is greater than the average market price of the common units for the period. The market price of a common unit is considered to be equivalent to the market price of a Company common share. For the three months ended June 30, 2014, 276,500 units were excluded from the computation and for the three months ended June 30, 2013 no options were excluded from the computation. For the six months ended June 30, 2014, 276,500 units were excluded from the computation and for the six months ended June 30, 2013, no options were excluded from the computation.

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

15. Equity Based Compensation of the Company

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

During the first quarter of 2010, the Company's Compensation Committee Approved the general terms of the Tanger Factory Outlet Centers, Inc. 2010 Multi-Year Performance Plan, (the "2010 Multi Year Performance Plan"). Under the 2010 Multi-Year Performance Plan, we granted 392,000 notional units, net of notional units forfeited, to award recipients as a group, which would convert into restricted common shares on a one-for one basis, one-for two basis, or one-for-three basis depending upon the amount by which the Company's common shares appreciated above a minimum level over a four year performance period ending December 31, 2013, not to exceed a total value of approximately \$32.2 million. Based on the Company's performance over the four year measurement period, we issued 933,769 restricted common shares in January 2014 which will vest on December 31, 2014 contingent on continued employment through the vesting date. In accordance with the plan, on December 31, 2013, we paid approximately \$3.8 million which represented cumulative dividends that would have been paid to the award recipients had the number of earned common shares been issued at the beginning of the performance period.

In February 2014, the Company's Board of Directors approved the grant of 282,500 options to non-executive employees of the Company. The exercise price of the options granted during the first quarter of 2014 is \$32.02 which equaled the closing market price of the Company's common shares on the day prior to the grant date. The options expire 10 years from the date of grant and 20% of the options become exercisable in each of the first five years commencing one year from the date of grant. The fair value of each option grant is estimated on the date of grant using the Black-Scholes option pricing model with the following weighted-average assumptions: expected dividend yield 2.8%; expected life of 7 years; expected volatility of 32%; a risk-free rate of 2.46%; and forfeiture rates of 3.0% to 13.5% dependent upon the employee's position within the Company.

During February 2014, the Company's Board of Directors approved the issuance of 373,960 restricted common shares to the Company's independent directors and the Company's senior executive officers. The grant date fair value of the awards ranged from \$27.90 to \$33.82 per share. The independent directors' restricted common shares vest ratably over a three year period and the senior executive officers' restricted shares vest ratably over a five year period. For the restricted shares issued to our chief executive officer, the restricted share agreement requires him to hold the shares for a minimum of three years following each vesting date. Compensation expense related to the amortization of the deferred compensation is being recognized in accordance with the vesting schedule of the restricted shares.

In February 2014, the Compensation Committee of the Company approved the general terms of the Tanger Factory Outlet Centers, Inc. 2014 Outperformance Plan (the "2014 OPP"). The 2014 OPP is a long-term performance based incentive compensation plan pursuant to which award recipients may earn up to an aggregate of 329,700 restricted common shares of the Company based on the Company's absolute share price appreciation (or total shareholder return) and its share price appreciation relative to its peer group, over a three year measurement period from January 1, 2014 through December 31, 2016.

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

	Three months ended		Six months ended	
	June 30,		June 30,	
	2014	2013	2014	2013
Restricted common shares	\$ 2,528	\$ 2,118	\$ 4,833	\$ 4,020
Notional unit performance awards	1,113	764	2,059	1,292
Options	114	43	228	87
Total share-based compensation	\$ 3,755	\$ 2,925	\$ 7,120	\$ 5,399

Share-based compensation expense capitalized as a part of rental property and deferred lease costs for the three months ended June 30, 2014 and 2013 was \$182,000 and \$114,000, respectively, and for the six months ended June 30, 2014 and 2013 was \$341,000 and \$135,000, respectively.

16. Accumulated Other Comprehensive Income of the Company

The following table presents changes in the balances of each component of accumulated comprehensive income for the three and six months ended June 30, 2014 (in thousands):

	Three months ended					
	Tanger Factory Outlet Centers, Inc. Accumulated Other Comprehensive Income			Noncontrolling Interest in Operating Partnership Accumulated Other Comprehensive Income		
	Foreign Currency	Cash flow hedges	Total	Foreign Currency	Cash flow hedges	Total
Balance March 31, 2014	\$ (7,282)	\$ 1,767	\$ (5,515)	\$ (402)	\$ (60)	\$ (462)
Amortization of cash flow hedges	—	(93)	(93)	—	(5)	(5)
Unrealized gains on foreign currency translation adjustments	3,308	—	3,308	180	—	180
Change in fair value of cash flow hedges	—	(965)	(965)	—	(53)	(53)
Balance June 30, 2014	\$ (3,974)	\$ 709	\$ (3,265)	\$ (222)	\$ (118)	\$ (340)

	Six months ended					
	Tanger Factory Outlet Centers, Inc. Accumulated Other Comprehensive Income			Noncontrolling Interest in Operating Partnership Accumulated Other Comprehensive Income		
	Foreign Currency	Cash flow hedges	Total	Foreign Currency	Cash flow hedges	Total
Balance December 31, 2013	\$ (4,590)	\$ 2,162	\$ (2,428)	\$ (254)	\$ (39)	\$ (293)
Amortization of cash flow hedges	—	(184)	(184)	—	(10)	(10)
Unrealized gains on foreign currency translation adjustments	616	—	616	32	—	32
Change in fair value of cash flow hedges	—	(1,269)	(1,269)	—	(69)	(69)
Balance June 30, 2014	\$ (3,974)	\$ 709	\$ (3,265)	\$ (222)	\$ (118)	\$ (340)

The following table presents changes in the balances of each component of accumulated comprehensive income for the three and six months ended June 30, 2013 (in thousands):

	Three months ended					
	Tanger Factory Outlet Centers, Inc. Accumulated Other Comprehensive Income			Noncontrolling Interest in Operating Partnership Accumulated Other Comprehensive Income		
	Foreign Currency	Cash flow hedges	Total	Foreign Currency	Cash flow hedges	Total
Balance March 31, 2013	\$ 60	\$ 1,119	\$ 1,179	\$ 3	\$ (97)	\$ (94)
Amortization of cash flow hedges	—	(88)	(88)	—	(4)	(4)
Unrealized gains on foreign currency translation adjustments	129	—	129	6	—	6
Realized loss on foreign currency	123	—	123	6	—	6
Balance June 30, 2013	\$ 312	\$ 1,031	\$ 1,343	\$ 15	\$ (101)	\$ (86)

	Six months ended					
	Tanger Factory Outlet Centers, Inc. Accumulated Other Comprehensive Income			Noncontrolling Interest in Operating Partnership Accumulated Other Comprehensive Income		
	Foreign Currency	Cash flow hedges	Total	Foreign Currency	Cash flow hedges	Total
Balance December 31, 2012	\$ (5)	\$ 1,205	\$ 1,200	\$ —	\$ (93)	\$ (93)
Amortization of cash flow hedges	—	(174)	(174)	—	(8)	(8)
Unrealized gains on foreign currency translation adjustments	194	—	194	9	—	9
Realized loss on foreign currency	123	—	123	6	—	6
Balance June 30, 2013	\$ 312	\$ 1,031	\$ 1,343	\$ 15	\$ (101)	\$ (86)

The following represents amounts reclassified out of accumulated other comprehensive income into earnings during the three and six months ended June 30, 2014 and June 30, 2013, respectively (in thousands):

Details about Accumulated Other Comprehensive Income Components	Amount Reclassified from Accumulated Other Comprehensive Income				Affected Line Item in Statement of Operations
	Three months ended		Six months ended		
	June 30,		June 30,		
	2014	2013	2014	2013	
Amortization of cash flow hedges	\$ (93)	\$ (88)	\$ (184)	\$ (174)	Interest expense
Realized loss on foreign currency	\$ —	\$ 123	\$ —	\$ 123	Interest expense

17. Accumulated Other Comprehensive Income of the Operating Partnership

The following table presents changes in the balances of each component of accumulated comprehensive income for the three and six months ended June 30, 2014 (in thousands):

	Three months ended		
	Foreign Currency	Cash flow hedges	Accumulated Other Comprehensive Income (Loss)
Balance March 31, 2014	\$ (7,684)	\$ 1,707	\$ (5,977)
Amortization of cash flow hedges	—	(98)	(98)
Unrealized gains on foreign currency translation adjustments	3,488	—	3,488
Change in fair value of cash flow hedges	—	(1,018)	(1,018)
Balance June 30, 2014	\$ (4,196)	\$ 591	\$ (3,605)

	Six months ended		
	Foreign Currency	Cash flow hedges	Accumulated Other Comprehensive Income (Loss)
Balance December 31, 2013	\$ (4,844)	\$ 2,123	\$ (2,721)
Amortization of cash flow hedges	—	(194)	(194)
Unrealized gains on foreign currency translation adjustments	648	—	648
Change in fair value of cash flow hedges	—	(1,338)	(1,338)
Balance June 30, 2014	\$ (4,196)	\$ 591	\$ (3,605)

The following table presents changes in the balances of each component of accumulated comprehensive income for the three and six months ended June 30, 2013 (in thousands):

	Three months ended		
	Foreign Currency	Cash flow hedges	Accumulated Other Comprehensive Income (Loss)
Balance March 31, 2013	\$ 63	\$ 1,022	\$ 1,085
Amortization of cash flow hedges	—	(92)	(92)
Unrealized gains on foreign currency translation adjustments	135	—	135
Realized loss on foreign currency	129	—	129
Balance June 30, 2013	\$ 327	\$ 930	\$ 1,257

	Six months ended		
	Foreign Currency	Cash flow hedges	Accumulated Other Comprehensive Income (Loss)
Balance December 31, 2012	\$ (5)	\$ 1,112	\$ 1,107
Amortization of cash flow hedges	—	(182)	(182)
Unrealized gain on foreign currency translation adjustments	203	—	203
Realized loss on foreign currency	129	—	129
Balance June 30, 2013	\$ 327	\$ 930	\$ 1,257

The following represents amounts reclassified out of accumulated other comprehensive income into earnings during the three and six months ended June 30, 2014 and June 30, 2013, respectively:

Details about Accumulated Other Comprehensive Income Components	Amount Reclassified from Accumulated Other Comprehensive Income				Affected Line Item in Statement of Operations
	Three months ended		Six months ended		
	June 30,		June 30,		
	2014	2013	2014	2013	
Amortization of cash flow hedges	\$ (98)	\$ (92)	\$ (194)	\$ (182)	Interest expense
Realized loss on foreign currency	\$ —	\$ 129	\$ —	\$ 129	Interest expense

18. Non-Cash Activities

We purchase capital equipment and incur costs relating to construction of facilities, including tenant finishing allowances. Expenditures included in construction trade payables as of June 30, 2014 and 2013 amounted to \$15.4 million and \$5.6 million, respectively. Additionally, additions to rental property excludes \$903,000 in equity contributions made by our noncontrolling interest partner related to pre-development costs at our Foxwoods outlet center, which is currently under development.

19. New Accounting Standards

In April 2014, the Financial Accounting Standards Board (the "FASB") issued Accounting Standards Update ("ASU") No. 2014-08, Presentation of Financial Statements (Topic 205) and Property, Plant, and Equipment (Topic 360): Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity (the "Final Standard"). Under the Final Standard, only disposals representing a strategic shift in operations (e.g., a disposal of a major geographic area, a major line of business or a major equity method investment) will be presented as discontinued operations. Under current U.S. GAAP, companies that sell a single investment property are generally required to report the sale as a discontinued operation, which requires the companies to reclassify earnings from continuing operations for all periods presented.

The Final Standard is effective in the first quarter of 2015 for public entities with calendar year ends. The FASB will permit early adoption of the Final Standard, beginning in the first quarter of 2014, but only for disposals or classifications as held for sale that have not been reported in financial statements previously issued or available for issuance. The impact of the adoption of ASU No. 2014-08 on our consolidated financial statements will be based on any future disposal activity.

In May 2014, the FASB issued ASU No. 2014-09, Revenue from Contracts with Customers (Topic 606), which supersedes the revenue recognition requirements in ASC 605, Revenue Recognition. This ASU is based on the principle that revenue is recognized to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. We are required to adopt the new pronouncement in the first quarter of fiscal 2017 using one of two retrospective application methods. We are currently evaluating the new guidance to determine the impact it may have on our consolidated financial statements.

20. Subsequent Events

In July 2014, we entered into an amendment of our \$250.0 million unsecured term loan which matures in February 2019. The amendment reduced the interest rate on the loan from LIBOR + 1.60% to LIBOR + 1.05%, and the prepayment penalty was removed. No other material terms of the loan were amended.

Also in July 2014, we purchased land to develop an outlet center in Grand Rapids, Michigan for approximately \$8.0 million. We expect this development to be approximately 350,000 square feet with an opening during the second half of 2015.

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

The discussion of our results of operations reported in the unaudited, consolidated statements of operations compares the three and six months ended June 30, 2014 with the three and six months ended June 30, 2013. The results of operations discussion is combined for Tanger Factory Outlet Centers, Inc. and Tanger Properties Limited Partnership because the results are virtually the same for both entities. The following discussion should be read in conjunction with the unaudited consolidated financial statements appearing elsewhere in this report. Historical results and percentage relationships set forth in the unaudited, consolidated statements of operations, including trends which might appear, are not necessarily indicative of future operations. Unless the context indicates otherwise, the term, "Company", refers to Tanger Factory Outlet Centers, Inc. and subsidiaries and the term, "Operating Partnership", refers to Tanger Properties Limited Partnership and subsidiaries. The terms "we", "our" and "us" refer to the Company or the Company and the Operating Partnership together, as the text requires.

Cautionary Statements

Certain statements made below are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. We intend for such forward-looking statements to be covered by the safe harbor provisions for forward-looking statements contained in the Private Securities Reform Act of 1995 and included this statement for purposes of complying with these safe harbor provisions. Forward-looking statements, which are based on certain assumptions and describe our future plans, strategies, beliefs and expectations, are generally identifiable by use of the words "believe", "expect", "intend", "anticipate", "estimate", "project", or similar expressions. Such forward-looking statements include, but are not limited to, statements regarding our: expected receipt of insurance proceeds; future issuances of equity and debt and the expected use of proceeds from such issuances; anticipated liquidity and working capital; new outlet center developments; and real estate joint ventures. 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, our inability to develop new outlet centers or expand existing outlet centers successfully; risks related to the economic performance and market value of our outlet centers; the relative illiquidity of real property investments; impairment charges affecting our properties; competition for the acquisition and development of outlet centers, and our inability to complete outlet centers we have identified; environmental regulations affecting our business; our dependence on rental income from real property; our dependence on the results of operations of our retailers; the fact that certain of our properties are subject to ownership interests held by third parties, whose interests may conflict with ours; risks related to uninsured losses; the risk that consumer, travel, shopping and spending habits may change; risks associated with debt financing; our potential failure to qualify as a REIT; our legal obligation to make distributions to our shareholders; our dependence on distributions from the Operating Partnership to meet our financial obligations, including dividends; the risk of a cyber-attack or an act of cyber-terrorism; and those factors set forth under Item 1A - "Risk Factors" in the Company's and the Operating Partnership's Annual Report on Form 10-K for the year ended December 31, 2013.

General Overview

At June 30, 2014, we had 37 consolidated outlet centers in 24 states totaling 11.5 million square feet. The table below details our development activities at consolidated centers that significantly impacted our results of operations and liquidity from January 1, 2013 to June 30, 2014.

Center	Date Acquired/Opened/Disposed/Demolished	Square Feet (in 000's)	Centers	States
As of January 1, 2013		10,737	36	24
Expansion:				
Gonzales, LA	First and second quarters 2013	40	—	—
Sevierville, TN	Third quarter 2013	19	—	—
Acquisition:				
Deer Park, NY ⁽¹⁾	Third quarter 2013	742	1	—
Other		(1)		
As of December 31, 2013		11,537	37	24
Other		7	—	—
As of June 30, 2014		11,544	37	24

(1) The Company acquired a controlling interest in the Deer Park, NY center on August 30, 2013.

The following table summarizes certain information for our existing outlet centers in which we have an ownership interest as of June 30, 2014. Except as noted, all properties are fee owned.

Location	Consolidated Outlet Centers	Square Feet	% Occupied
Deer Park, New York		749,074	94
Riverhead, New York ⁽¹⁾		729,734	99
Rehoboth Beach, Delaware ⁽¹⁾		564,593	100
Foley, Alabama		557,014	98
Atlantic City, New Jersey ⁽¹⁾		489,762	93
San Marcos, Texas		441,821	100
Sevierville, Tennessee ⁽¹⁾		438,335	100
Myrtle Beach Hwy 501, South Carolina		425,247	98
Jeffersonville, Ohio		411,776	97
Myrtle Beach Hwy 17, South Carolina ⁽¹⁾		402,791	100
Pittsburgh, Pennsylvania		372,958	100
Commerce II, Georgia		370,512	100
Charleston, South Carolina		365,107	99
Howell, Michigan		324,652	98
Locust Grove, Georgia		321,070	99
Mebane, North Carolina		318,910	100
Gonzales, Louisiana		318,666	97
Branson, Missouri		302,922	100
Park City, Utah		298,391	99
Westbrook, Connecticut		289,898	97
Williamsburg, Iowa		277,230	100
Lincoln City, Oregon		270,212	100
Lancaster, Pennsylvania		254,002	100
Tuscola, Illinois		250,439	90
Hershey, Pennsylvania		247,500	100
Tilton, New Hampshire		245,698	96
Hilton Head II, South Carolina		206,544	100
Fort Myers, Florida		198,877	90
Ocean City, Maryland ⁽¹⁾		198,840	99
Terrell, Texas		177,800	93
Hilton Head I, South Carolina		177,199	99
Barstow, California		171,300	100
West Branch, Michigan		112,570	94
Blowing Rock, North Carolina		104,154	100
Nags Head, North Carolina		82,161	100
Kittery I, Maine		51,737	100
Kittery II, Maine		24,619	100
Totals		11,544,115	98

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

Location	Unconsolidated joint venture properties	Square Feet	%
			Occupied
Texas City, Texas (50% owned)		352,705	99
Washington D.C. (50% owned)		338,786	97
Glendale, Arizona (58% owned)		331,744	99
Wisconsin Dells, Wisconsin (50% owned)		265,086	100
Bromont, Quebec (50% owned)		161,449	81
Cookstown, Ontario (50% owned)		155,302	98
Saint-Sauveur, Quebec (50% owned)		115,697	100
Total		1,720,769	

Leasing Activity

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

Six months ended June 30, 2014

	# of Leases	Square Feet (in 000's)	Average Annual Straight-line Rent (psf)	Average Tenant Allowance (psf)	Average Initial Term (in years)	Net Average Annual Straight-line Rent (psf) ⁽¹⁾
Re-tenant	111	385	\$ 32.16	\$ 29.26	9.19	\$ 28.98
Renewal	209	1,011	\$ 22.92	\$ 0.27	4.71	\$ 22.86

Six months ended June 30, 2013

	# of Leases	Square Feet (in 000's)	Average Annual Straight-line Rent (psf)	Average Tenant Allowance (psf)	Average Initial Term (in years)	Net Average Annual Straight-line Rent (psf) ⁽¹⁾
Re-tenant	118	386	\$ 29.28	\$ 42.59	8.69	\$ 24.38
Renewal	263	1,288	\$ 23.12	\$ 0.82	4.86	\$ 22.95

(1) Net average straight-line rentals is calculated by dividing the average tenant allowance costs per square foot by the average initial term and subtracting this calculated number from the average straight-line rent per year amount. The average annual straight-line rent disclosed in the table above includes all concessions, abatements and reimbursements of rent to tenants. The average tenant allowance disclosed in the table above includes landlord costs.

RESULTS OF OPERATIONS

Comparison of the three months ended June 30, 2014 to the three months ended June 30, 2013

NET INCOME

Net income increased \$2.1 million in the 2014 period to \$19.9 million as compared to \$17.8 million for the 2013 period. The increase in net income was attributable to an increase in base rentals from internal growth within our existing portfolio and an increase in our equity in earnings from unconsolidated joint ventures primarily due to the opening of our center in National Harbor during the fourth quarter of 2013. These increases were partially offset on a net income basis by our acquisition of a controlling interest in the property in Deer Park, NY on August 30, 2013. Previously we owned a one-third interest in the property which was accounted for using the equity method of accounting. The acquisition of the controlling interest required us to consolidate the property for financial reporting purposes. As a result, our consolidated statements of operations reflect all of the revenues and expenses of Deer Park since the acquisition date including the significant depreciation and amortization associated with the property, the net effect of which was a reduction in net income.

BASE RENTALS

Base rentals increased \$7.1 million, or 12%, in the 2014 period compared to the 2013 period. The following table sets forth the changes in various components of base rentals (in thousands):

	2014	2013	Change
Base rentals from existing properties	\$ 62,952	\$ 61,045	\$ 1,907
Base rentals from 2013 acquisition	5,680	—	5,680
Termination fees	259	69	190
Amortization of above and below market rent adjustments, net	(731)	(68)	(663)
	<u>\$ 68,160</u>	<u>\$ 61,046</u>	<u>\$ 7,114</u>

Base rental income generated from existing properties in our portfolio increased due to increases in rental rates on lease renewals and incremental rents from re-tenanting vacant spaces, as well as incremental base rental income from the expansion at our Sevierville center.

At June 30, 2014, the combined net value representing the amount of unamortized above market lease assets and below market lease liability values, recorded as a part of the purchase price of acquired properties, was a net above market lease asset which totaled approximately \$9.4 million. If a tenant terminates its lease prior to the contractual termination of the lease and no rental payments are being made on the lease, any unamortized balance of the related above or below market lease value would be written off and could materially impact our net income positively or negatively. The change in the amortization of above and below market lease values was attributable to the market lease values recorded from the 2013 acquisition.

EXPENSE REIMBURSEMENTS

Expense reimbursements increased \$3.6 million, or 14%, in the 2014 period compared to the 2013 period. The following table sets forth the changes in various components of expense reimbursements (in thousands):

	2014	2013	Change
Expense reimbursements from existing properties	\$ 26,806	\$ 25,779	\$ 1,027
Expense reimbursements from 2013 acquisition	2,497	—	2,497
Termination fees allocated to expense reimbursements	149	45	104
	<u>\$ 29,452</u>	<u>\$ 25,824</u>	<u>\$ 3,628</u>

Expense reimbursements, which represent the contractual recovery from tenants of certain common area maintenance, insurance, property tax, promotional, advertising and management expenses, generally fluctuate consistently with the reimbursable property operating expenses to which they relate.

OTHER INCOME

Other income increased \$459,000, or 20%, in the 2014 period as compared to the 2013 period. The following table sets forth the changes in various components of other income (in thousands):

	2014	2013	Change
Other income from existing properties	\$ 1,854	\$ 1,728	\$ 126
Other income from 2013 acquisition	137	—	137
Fees recognized from unconsolidated joint ventures	758	562	196
	<u>\$ 2,749</u>	<u>\$ 2,290</u>	<u>\$ 459</u>

PROPERTY OPERATING EXPENSES

Property operating expenses increased \$4.8 million, or 17%, in the 2014 period as compared to the 2013 period. The following table sets forth the changes in various components of property operating expenses (in thousands):

	2014	2013	Change
Property operating expenses from existing properties	\$ 29,899	\$ 28,821	\$ 1,078
Property operating expenses from 2013 acquisition	3,730	—	3,730
	<u>\$ 33,629</u>	<u>\$ 28,821</u>	<u>\$ 4,808</u>

Property operating expenses increased at existing properties due to increases in mall office operating costs, property insurance and real estate taxes.

GENERAL AND ADMINISTRATIVE

General and administrative expenses increased \$847,000, or 9%, in the 2014 period compared to the 2013 period. This increase was mainly due to additional share-based compensation expense related to the 2014 issuance of restricted common shares to directors and certain officers of the Company, the grant of performance shares to executive officers and the grant of options to certain employees. Also, the 2014 period included higher payroll related expenses on a comparative basis to the 2013 period due to the addition of new employees since July 1, 2013.

ACQUISITION COSTS

The 2013 period included costs related to the acquisition of the additional ownership interest in the Deer Park property.

DEPRECIATION AND AMORTIZATION

Depreciation and amortization increased \$3.0 million, or 14%, in the 2014 period compared to the 2013 period. The following table sets forth the changes in various components of depreciation and amortization (in thousands):

	2014	2013	Change
Depreciation and amortization expenses from existing properties	\$ 21,290	\$ 22,172	\$ (882)
Depreciation and amortization expenses from 2013 acquisition	3,907	—	3,907
	<u>\$ 25,197</u>	<u>\$ 22,172</u>	<u>\$ 3,025</u>

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

INTEREST EXPENSE

Interest expense increased \$2.0 million or 16%, in the 2014 period compared to the 2013 period, primarily due to the acquisition of the additional ownership interest in Deer Park. With the acquisition of the additional ownership interest in Deer Park, we consolidated the property during the 2014 period with all of the property's debt being reflected on our consolidated balance sheet and the associated interest expense being reflected in interest expense on our consolidated operating statements. In addition, we issued \$250 million in aggregate principal amount of 3.875% senior, unsecured notes during the 4th quarter of 2013. The proceeds from these notes repaid amounts outstanding on our unsecured lines of credit which had an interest rate of approximately 1.2%.

EQUITY IN EARNINGS OF UNCONSOLIDATED JOINT VENTURES

Equity in earnings of unconsolidated joint ventures increased approximately \$1.3 million in the 2014 period compared to the 2013 period. The increase is primarily due to the incremental equity in earnings from the National Harbor outlet center which opened during the fourth quarter of 2013, which was partially offset by the decrease in equity in earnings recognized in the 2014 period compared to the 2013 period related to our Deer Park property. We acquired a controlling interest in Deer Park in August 2013 and have consolidated the property's financial results since the acquisition date.

Comparison of the six months ended June 30, 2014 to the six months ended June 30, 2013

NET INCOME

Net income increased \$1.3 million in the 2014 period to \$35.3 million as compared to \$34.0 million for the 2013 period. This increase was primarily due to an increase in base rentals resulting from internal growth within our existing portfolio and an increase in our equity in earnings from unconsolidated joint ventures primarily due to the opening of our center in National Harbor during the fourth quarter of 2013. These increases were partially offset on a net income basis by our acquisition of a controlling interest in the property in Deer Park, NY on August 30, 2013. Previously we owned a one-third interest in the property which was accounted for using the equity method of accounting. The acquisition of the controlling interest required us to consolidate the property for financial reporting purposes. As a result, our consolidated statements of operations reflect all of the revenues and expenses of Deer Park since the acquisition date including the significant depreciation and amortization associated with the property, the net effect of which was a reduction in net income.

BASE RENTALS

Base rentals increased \$14.8 million, or 12%, in the 2014 period compared to the 2013 period. The following table sets forth the changes in various components of base rentals (in thousands):

	2014	2013	Change
Base rentals from existing properties	\$ 124,624	\$ 120,067	\$ 4,557
Base rentals from 2013 acquisition	11,124	—	11,124
Termination fees	674	150	524
Amortization of above and below market rent adjustments, net	(1,286)	73	(1,359)
	<u>\$ 135,136</u>	<u>\$ 120,290</u>	<u>\$ 14,846</u>

Base rental income generated from existing properties in our portfolio increased due to increases in rental rates on lease renewals and incremental rents from re-tenanting vacant spaces, as well as incremental base rental income from the expansions at our Gonzales and Sevierville centers.

Termination fees increased compared to the 2014 period due to a tenant that exited the outlet industry and terminated their leases prior to the end of their contractual obligation.

At June 30, 2014, the combined net value representing the amount of unamortized above market lease assets and below market lease liability values, recorded as a part of the purchase price of acquired properties, was a net above market lease asset which totaled approximately \$9.4 million. If a tenant terminates its lease prior to the contractual termination of the lease and no rental payments are being made on the lease, any unamortized balance of the related above or below market lease value will be written off and could materially impact our net income positively or negatively. The change in the amortization of above and below market lease values was attributable to the market lease values recorded from the 2013 acquisition.

EXPENSE REIMBURSEMENTS

Expense reimbursements increased \$9.9 million, or 19%, in the 2014 period compared to the 2013 period. The following table sets forth the changes in various components of expense reimbursements (in thousands):

	2014	2013	Change
Expense reimbursements from existing properties	\$ 55,201	\$ 51,046	\$ 4,155
Expense reimbursements from 2013 acquisition	5,442	—	5,442
Termination fees allocated to expense reimbursements	351	84	267
	<u>\$ 60,994</u>	<u>\$ 51,130</u>	<u>\$ 9,864</u>

Expense reimbursements, which represent the contractual recovery from tenants of certain common area maintenance, insurance, property tax, promotional, advertising and management expenses, generally fluctuate consistently with the reimbursable property operating expenses to which they relate.

OTHER INCOME

Other income increased \$578,000, or 13%, in the 2014 period as compared to the 2013 period. The following table sets forth the changes in various components of other income (in thousands):

	2014	2013	Change
Other income from existing properties	\$ 3,410	\$ 3,135	\$ 275
Other income from 2013 acquisition	256	—	256
Fees recognized from unconsolidated joint ventures	1,324	1,277	47
	<u>\$ 4,990</u>	<u>\$ 4,412</u>	<u>\$ 578</u>

PROPERTY OPERATING EXPENSES

Property operating expenses increased \$12.7 million, or 22%, in the 2014 period as compared to the 2013 period. The following table sets forth the changes in various components of property operating expenses (in thousands):

	2014	2013	Change
Property operating expenses from existing properties	\$ 61,190	\$ 56,956	\$ 4,234
Property operating expenses from 2013 acquisition	8,466	—	8,466
	<u>\$ 69,656</u>	<u>\$ 56,956</u>	<u>\$ 12,700</u>

Property operating expenses increased at existing properties due to increases in mall office operating costs, snow removal costs, property insurance and real estate taxes.

GENERAL AND ADMINISTRATIVE

General and administrative expenses increased \$2.0 million, or 10%, in the 2014 period compared to the 2013 period. This increase was mainly due to additional share-based compensation expense related to the 2014 issuance of restricted shares to directors and certain officers of the Company, the grant of performance shares under a new long term incentive plan and the grant of options to certain employees. Also, the 2014 period included higher payroll related expenses on a comparative basis to the 2013 period due to the addition of new employees since July 1, 2013.

ACQUISITION COSTS

The 2013 period included costs related to the acquisition of the additional ownership interest in the Deer Park property as well as costs from other potential acquisitions of operating properties that were never completed.

ABANDONED PRE-DEVELOPMENT COSTS

During the 2014 period, we decided to abandon two pre-development projects and as a result, we recorded a \$1.6 million charge in the first quarter of 2014, representing the cumulative related costs.

DEPRECIATION AND AMORTIZATION

Depreciation and amortization increased \$6.8 million, or 15%, in the 2014 period compared to the 2013 period. The following table sets forth the changes in various components of depreciation and amortization (in thousands):

	2014	2013	Change
Depreciation and amortization expenses from existing properties	\$ 43,348	\$ 44,460	\$ (1,112)
Depreciation and amortization expenses from 2013 acquisition	7,912	—	7,912
	\$ 51,260	\$ 44,460	\$ 6,800

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

INTEREST EXPENSE

Interest expense increased approximately \$4.0 million, or 16%, in the 2014 period compared to the 2013 period, primarily due to the acquisition of the additional ownership interest in Deer Park. With the acquisition of the additional interest in Deer Park, we consolidated the property during the 2014 period with all of the property's debt being reflected on our consolidated balance sheet and the associated interest expense being reflected in interest expense on our consolidated operating statements. In addition, we issued \$250 million in aggregate principal amount of 3.875% senior, unsecured notes during the 4th quarter of 2013. The proceeds from these notes repaid amounts outstanding on our unsecured lines of credit which had an interest rate of approximately 1.2%.

EQUITY IN EARNINGS OF UNCONSOLIDATED JOINT VENTURES

Equity in earnings of unconsolidated joint ventures increased approximately \$2.6 million in the 2014 period compared to the 2013 period. The increase is primarily due to the incremental equity in earnings from the National Harbor outlet center which opened during the fourth quarter of 2013, which was partially offset by the decrease in equity in earnings recognized in 2014 compared to 2013 related to our Deer Park property. We acquired a controlling interest in Deer Park in August 2013 and have consolidated the property's financial results since the acquisition date.

LIQUIDITY AND CAPITAL RESOURCES OF THE COMPANY

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

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

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

The Company is a well-known seasoned issuer with a shelf registration that expires in June 2015 that allows the Company to register unspecified various classes of equity securities and the Operating Partnership to register unspecified, various classes of debt securities. As circumstances warrant, the Company may issue equity from time to time on an opportunistic basis, dependent upon market conditions and available pricing. The Operating Partnership may use the proceeds to repay debt, including borrowings under its lines of credit, develop new or existing properties, to make acquisitions of properties or portfolios of properties, to invest in existing or newly created joint ventures or for general corporate purposes.

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

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

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

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

As the sole owner of the general partner with control of the Operating Partnership, the Company consolidates the Operating Partnership for financial reporting purposes. The Company does not have significant assets other than its investment in the Operating Partnership. Therefore, the assets and liabilities and the revenues and expenses of the Company and the Operating Partnership are the same on their respective financial statements, except for immaterial differences related to cash, other assets and accrued liabilities that arise from public company expenses paid by the Company. However, all debt is held directly or indirectly at the Operating Partnership level, and the Company has guaranteed some of the Operating Partnership's unsecured debt as discussed below. Because the Company consolidates the Operating Partnership, the section entitled "Liquidity and Capital Resources of the Operating Partnership" should be read in conjunction with this section to understand the liquidity and capital resources of the Company on a consolidated basis and how the Company is operated as a whole.

On July 10, 2014, the Company's Board of Directors declared a \$.24 cash dividend per common share payable on August 15, 2014 to each shareholder of record on July 30, 2014, and caused a \$.24 cash distribution per Operating Partnership unit to the Operating Partnership's unitholders.

LIQUIDITY AND CAPITAL RESOURCES OF THE OPERATING PARTNERSHIP

General Overview

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

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

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

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

	Six months ended June 30,		
	2014	2013	Change
Net cash provided by operating activities	\$ 84,320	\$ 75,360	\$ 8,960
Net cash used in investing activities	(115,209)	(70,622)	(44,587)
Net cash provided by (used in) financing activities	28,994	(9,677)	38,671
Effect of foreign currency rate changes on cash and equivalents	105	34	71
Net decrease in cash and cash equivalents	\$ (1,790)	\$ (4,905)	\$ 3,044

Operating Activities

Cash provided by operating activities during 2014 was positively impacted by an increase in operating income throughout the consolidated portfolio and the acquisition of a controlling interest in our Deer Park property in August 2013. We have consolidated the Deer Park property's financial results since the acquisition date.

Investing Activities

Cash used in investing activities was higher in the 2014 period compared to the 2013 period due primarily due to ongoing construction of the Foxwoods, Connecticut outlet center, expansions and renovations at current centers, as well as the contributions to our unconsolidated joint ventures for new center developments in Savannah, Georgia, Charlotte, North Carolina and Ottawa, Ontario and the expansion of the outlet center in Cookstown, Ontario. Development activities were significantly lower during the 2013 period at our unconsolidated joint ventures.

Financing Activities

The change in cash provided by financing activities was primarily due to the increase in investment needs at both the consolidated and unconsolidated joint venture levels discussed in the investing activities section above.

Capital Expenditures

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

	Six months ended June 30,		
	2014	2013	Change
Capital expenditures analysis:			
New center developments	\$ 28,429	\$ 7,538	\$ 20,891
Major center renovations	7,833	2,566	5,267
Second generation tenant allowances	6,254	7,327	(1,073)
Other capital expenditures	8,810	7,226	1,584
	51,326	24,657	26,669
Conversion from accrual to cash basis	(5,576)	1,489	(7,065)
Additions to rental property-cash basis	\$ 45,750	\$ 26,146	\$ 19,604

- New center development expenditures, which includes first generation tenant allowances, included construction expenditures for our center at the Foxwoods Resort and Casino in Connecticut in the 2014 period and expansions at our Branson, Missouri and Park City, Utah centers. The 2013 period included costs for an expansion at our Gonzales, Louisiana and Sevierville, Tennessee centers.
- Major center renovations in the 2014 period included construction activities at our Riverhead, New York center and our Rehoboth Beach, Delaware center. The 2013 period included renovation activities at our Gonzales, Louisiana center.

Current Developments

We intend to continue to grow our portfolio by developing, expanding or acquiring additional outlet centers. In the section below, we describe the new developments that are either currently planned, underway or recently completed. However, you should note that any developments or expansions that we, or a joint venture that we are involved in, have planned or anticipated may not be started or completed as scheduled, or may not result in accretive net income or funds from operations ("FFO"). See the section "Supplemental Earnings Measures" - "Funds From Operations" in the Management's Discussion and Analysis section for further discussion of FFO.

In addition, we regularly evaluate acquisition or disposition proposals and engage from time to time in negotiations for acquisitions or dispositions of properties. We may also enter into letters of intent for the purchase or sale of properties. Any prospective acquisition or disposition that is being evaluated or which is subject to a letter of intent may not be consummated, or if consummated, may not result in an increase in liquidity, net income or FFO.

New Development of Consolidated Outlet Centers

The following table summarizes our development projects as of June 30, 2014:

Project	Approximate square feet (in 000's)	Projected Total Net Cost per Square Foot	Projected Total Net Cost (in millions)	Costs Incurred to Date (in millions)	Projected Opening
Foxwoods	314	\$ 375.8	\$ 118.0	\$ 35.2	2Q 2015
Grand Rapids	350	218.6	76.5	2.2	2H 2015
Expansions:					
Park City	21	319.0	6.7	0.7	4Q 2014
Branson	25	312.0	7.8	1.1	4Q 2014
Total	710	\$ 294.4	\$ 209.0	\$ 39.2	

Foxwoods, Connecticut

In September 2013, we broke ground at Foxwoods Resort Casino in Mashantucket, Connecticut on Tanger Outlets at Foxwoods. We own a controlling interest in the project, which will be consolidated for financial reporting purposes. The center will feature approximately 80 brand name and designer outlet stores. The approximately 314,000 square foot project will be suspended above ground to join the casino floors of the two major hotels located within the resort, which attract millions of visitors each year.

Grand Rapids, Michigan

We also intend to develop an approximately 350,000 square foot wholly-owned outlet center in the Grand Rapids, Michigan market. The site is located 11 miles south of downtown Grand Rapids at the southwest quadrant of US-131 and 84th Street in Byron Center, Michigan with visibility from both roads. The center will be located approximately 30 miles east of Lake Michigan and its lakeside communities that are frequented by vacationers. Currently, we estimate the property will open in the second half of 2015. During July 2014, we purchased the land for this development for approximately \$8.0 million.

New Development in Unconsolidated Real Estate Joint Ventures

We have formed joint venture arrangements to develop outlet centers that are currently in various stages of development in several markets. Also, see "Off-Balance Sheet Arrangements" for a discussion of unconsolidated joint venture development activities. The following table summarizes our development projects as of June 30, 2014:

Project	Ownership %	Approximate square feet (in 000's)	Projected Total Net Cost per Square Foot	Projected Total Net Cost (in millions)	Costs Incurred to Date (in millions)	Projected Opening
Charlotte	50%	400	\$ 227.3	\$ 90.9	65.9	July 2014
Columbus	50%	350	250.3	87.6	1.3	2H 2015
Ottawa	50%	316	371.5	117.4	64.3	4Q 2014
Savannah ⁽¹⁾	50%	385	285.7	110.0	39.8	2Q 2015
Expansions:						
Cookstown	50%	153	475.2	72.7	29.4	4Q 2014
Westgate	58%	65	309.2	20.1	1.9	4Q 2014
Total		1,669	\$ 298.8	\$ 498.7	202.6	

(1) Based on capital contribution and distribution provisions in the joint venture agreement, we expect our economic interest in the venture's cash flow to be greater than the ownership percentage indicated above, which in this case, states our legal interest in this venture. Our economic interest may fluctuate based on a number of factors, including mortgage financing, partnership capital contributions and distributions, and proceeds from gains or losses of asset sales.

Other Potential Future Developments

As of the date of this filing, we are in the initial study period for potential new developments, including a site located in the Hartford market in Cheshire, Connecticut. The Cheshire site, if developed, will be undertaken by a joint venture. We may also use joint venture arrangements to develop other potential sites. There can be no assurance, however, that these potential future developments will ultimately be developed.

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

Financing Arrangements

As of June 30, 2014, unsecured borrowings represented 82% of our outstanding debt and 77% of the gross book value of our real estate portfolio was unencumbered. We maintain unsecured lines of credit that provide for borrowings of up to \$520.0 million and bear interest at a rate of LIBOR + 1.00%. The unsecured lines of credit include a \$20.0 million liquidity line and a \$500.0 million syndicated line. The syndicated line may be increased to \$750.0 million through an accordion feature in certain circumstances. The unsecured lines of credit have an expiration date of October 24, 2017 with an option for a one year extension. The Company guarantees the Operating Partnership's obligations under these lines.

We intend to retain the ability to raise additional capital, including public debt or equity, to pursue attractive investment opportunities that may arise and to otherwise act in a manner that we believe to be in the best interests of our shareholders and unitholders. The Company is a well-known seasoned issuer with a joint shelf registration with the Operating Partnership, expiring in June 2015, that allows us to register unspecified amounts of different classes of securities on Form S-3. To generate capital to reinvest into other attractive investment opportunities, we may also consider the use of additional operational and developmental joint ventures, the sale or lease of outparcels on our existing properties and the sale of certain properties that do not meet our long-term investment criteria. Based on cash provided by operations, existing lines of credit, ongoing relationships with certain financial institutions and our ability to sell debt or issue equity subject to market conditions, we believe that we have access to the necessary financing to fund the planned capital expenditures through the end of 2014 and into 2015.

We anticipate that adequate cash will be available to fund our operating and administrative expenses, regular debt service obligations, and the payment of dividends in accordance with REIT requirements in both the short and long-term. Although we receive most of our rental payments on a monthly basis, distributions to shareholders and unitholders are made quarterly and interest payments on the senior, unsecured notes are made semi-annually. Amounts accumulated for such payments will be used in the interim to reduce the outstanding borrowings under our existing unsecured lines of credit or invested in short-term money market or other suitable instruments.

We believe our current balance sheet position is financially sound; however, due to the uncertainty and unpredictability of the capital and credit markets, we can give no assurance that affordable access to capital will exist between now and 2015 when our next significant debt maturities occur.

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

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

Senior unsecured notes financial covenants	Required	Actual
Total consolidated debt to adjusted total assets	<60%	49%
Total secured debt to adjusted total assets	<40%	9%
Total unencumbered assets to unsecured debt	>150%	179%

OFF-BALANCE SHEET ARRANGEMENTS

The following table details certain information as of June 30, 2014 about various unconsolidated real estate joint ventures in which we have an ownership interest:

Joint Venture	Center Location	Ownership %	Square Feet (in 000's)	Carrying Value of Investment (in millions)
Charlotte	Charlotte, NC	50.0%	—	\$ 30.8
Galveston/Houston	Texas City, TX	50.0%	353	6.7
National Harbor	National Harbor, MD	50.0%	339	19.3
RioCan Canada	Various	50.0%	432	101.4
Savannah ⁽¹⁾	Savannah, GA	50.0%	—	33.1
Westgate	Glendale, AZ	58.0%	332	15.7
Wisconsin Dells	Wisconsin Dells, WI	50.0%	265	2.4
Other			—	0.7
Total				\$ 210.1

(1) Based on capital contribution and distribution provisions in the joint venture agreement, we expect our economic interest in the venture's cash flow to be greater than the ownership percentage indicated above, which in this case, states our legal interest in this venture. Our economic interest may fluctuate based on a number of factors, including mortgage financing, partnership capital contributions and distributions, and proceeds from gains or losses of asset sales.

The joint venture agreements contain provisions where a venture partner can force the other partners to either buy or sell their investment in the joint venture. Should this occur, we may be required to sell the property to the venture partner or incur a significant cash outflow in order to maintain ownership of these outlet centers.

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

Charlotte, North Carolina

In May 2013, we formed a 50/50 joint venture for the development of an outlet center in the Charlotte, NC market. Subsequently, during the third quarter of 2013, the joint venture began construction on the outlet center which will be located eight miles southwest of uptown Charlotte at the interchange of I-485 and Steele Creek Road (NC Highway 160), the two major thoroughfares for the city. The approximately 400,000 square foot project, which features approximately 90 brand name and designer stores, opened on July 31, 2014.

As of June 30, 2014, we and our partner had each contributed approximately \$30.2 million in cash to the joint venture to fund development activities. We are providing development services to the project; and with our partner, are jointly providing leasing services. Our partner will provide property management and marketing services to the center once open.

RioCan Canada

We have entered into a 50/50 co-ownership agreement with RioCan Real Estate Investment Trust ("RioCan Joint Venture") to develop and acquire outlet centers in Canada. Under the agreement, any projects developed or acquired will be branded as Tanger Outlet Centers. We have agreed to provide leasing and marketing services to the venture and RioCan has agreed to provide development and property management services.

In March of 2013, the RioCan Joint Venture acquired the land adjacent to the existing Cookstown Outlet Mall for \$ 13.9 million. The land is being used for the joint venture's expansion of the Cookstown Outlet Mall which began in May 2013. The expansion, which is expected to open in the fourth quarter of 2014, will add approximately 153,000 square feet to the center and will add approximately 35 new brand name and designer outlet stores to the center.

Also, during the second quarter of 2013, the joint venture purchased land for \$28.7 million and broke ground on Tanger Outlets Ottawa, the first ground up development of a Tanger Outlet Center in Canada. Located in suburban Kanata off the TransCanada Highway (Highway 417) at Palladium Drive, this center will contain approximately 316,000 square feet and will feature approximately 80 brand name and designer outlet stores. The center is currently expected to open in the fourth quarter of 2014.

Savannah, Georgia

In January 2014, we announced our plans to develop Tanger Outlets Savannah through a joint venture arrangement. The center will include approximately 385,000 square feet. The site is located on I-95, just north of I-16 in Pooler, Georgia, adjacent to the City of Savannah, and near the Savannah International Airport. As of June 30, 2014, our equity contributions totaled \$33.3 million and our partner's equity contribution totaled \$7.4 million. Contributions we make in excess of \$7.4 million will earn a preferred rate of return equal to 8% from the date the contributions are made until the outlet center's grand opening date, and then 10% annually thereafter.

In May 2014, the joint venture closed on a \$97.7 million interest only mortgage loan with a rate of LIBOR + 1.65% and a maturity date of May 21, 2017, with the option for two, one year extensions.

Westgate, Glendale, Arizona

During the second quarter of 2014, Westgate began a 65,000 square foot expansion of the existing property which is expected to open in time for the 2014 holiday season. The expansion is being substantially funded by amounts available under the amended Westgate mortgage loan which had its maximum borrowing capacity increased from \$48.3 million to \$62.0 million in May 2014.

Debt of unconsolidated joint ventures

The following table details the debt maturities of the unconsolidated joint ventures as of June 30, 2014 (in millions):

Joint Venture	Total Joint Venture Debt (in millions)	Maturity Date	Interest Rate
Galveston/Houston	\$ 65.0	July 2017	LIBOR + 1.50%
National Harbor	\$ 62.0	May 2016	LIBOR + 1.65%
RioCan Canada	\$ 17.5	June 2015 and May 2020	5.10% to 5.75%
Savannah	\$ —	May 2017	LIBOR + 1.65%
Westgate	\$ 45.8	June 2015	LIBOR + 1.75%
Wisconsin Dells	\$ 24.3	December 2022	LIBOR + 2.25%

Fees from unconsolidated joint ventures

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

	Three months ended		Six months ended	
	June 30,		June 30,	
	2014	2013	2014	2013
Fee:				
Development and leasing	\$ 70	\$ (81)	\$ 78	\$ (12)
Loan Guarantee	146	40	187	80
Management	438	504	846	1,001
Marketing	104	99	213	208
Total Fees	\$ 758	\$ 562	\$ 1,324	\$ 1,277

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Refer to our 2013 Annual Report on Form 10-K of the Company and the Operating Partnership for a discussion of our critical accounting policies which include principles of consolidation, acquisition of real estate, cost capitalization, impairment of long-lived assets and revenue recognition. There have been no material changes to these policies in 2014.

SUPPLEMENTAL EARNINGS MEASURES

Funds From Operations

Funds From Operations ("FFO") represents income before extraordinary items and gains (losses) on sale or disposal of depreciable operating properties, plus depreciation and amortization of real estate assets, impairment losses on depreciable real estate of consolidated real estate and after adjustments for unconsolidated partnerships and joint ventures, including depreciation and amortization, and impairment losses on investments in unconsolidated joint ventures driven by a measurable decrease in the fair value of depreciable real estate held by the unconsolidated joint ventures.

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

We present FFO because we consider it an important supplemental measure of our operating performance and believe it is frequently used by securities analysts, investors and other interested parties in the evaluation of REITs, many of which present FFO when reporting their results. FFO is widely used by us and others in our industry to evaluate and price potential acquisition candidates. The National Association of Real Estate Investment Trusts, Inc., of which we are a member, has encouraged its member companies to report their FFO as a supplemental, industry-wide standard measure of REIT operating performance. In addition, a percentage of bonus compensation to certain members of management is based on our FFO performance.

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

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

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

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

Below is a reconciliation of net income to FFO (in thousands, except per share and per unit amounts):

	Three months ended June 30,		Six months ended June 30,	
	2014	2013	2014	2013
FUNDS FROM OPERATIONS				
Net income	\$ 19,895	\$ 17,776	\$ 35,335	\$ 34,005
Adjusted for:				
Depreciation and amortization of real estate assets - consolidated	24,782	21,867	50,484	43,910
Depreciation and amortization of real estate assets - unconsolidated joint ventures	2,403	3,431	5,008	6,604
Funds from operations (FFO)	47,080	43,074	90,827	84,519
FFO attributable to noncontrolling interests in other consolidated partnerships	(37)	(66)	(77)	(73)
Allocation of FFO to participating securities ⁽¹⁾	(949)	(461)	(1,813)	(887)
Funds from operations available to common shareholders and noncontrolling interests in Operating Partnership	\$ 46,094	\$ 42,547	\$ 88,937	\$ 83,559
Tanger Factory Outlet Centers, Inc.:				
Weighted average common shares outstanding ⁽²⁾⁽³⁾	98,989	98,955	98,890	98,859
Dilutive funds from operations per share	\$ 0.47	\$ 0.43	\$ 0.90	\$ 0.85
Tanger Properties Limited Partnership:				
Weighted average Operating Partnership units outstanding ⁽²⁾	98,989	98,955	98,890	98,859
Dilutive funds from operations per unit	\$ 0.47	\$ 0.43	\$ 0.90	\$ 0.85

(1) Notional units granted in 2010 were converted into 933,769 restricted common shares in January 2014 which vest on December 31, 2014. The restricted common shares will be considered participating securities through the vesting date.

(2) Includes the dilutive effect of options, restricted common shares not considered participating securities, and notional units.

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

Adjusted Funds From Operations

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

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

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

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

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

Below is a reconciliation of FFO to AFFO (in thousands, except per share and per unit amounts):

	Three months ended June 30,		Six months ended June 30,	
	2014	2013	2014	2013
ADJUSTED FUNDS FROM OPERATIONS				
Funds from operations	\$ 47,080	\$ 43,074	\$ 90,827	\$ 84,519
Adjusted for non-core items:				
Abandoned pre-development costs	—	—	1,596	—
Acquisition costs	—	252	7	431
AFFO adjustments from unconsolidated joint ventures ⁽¹⁾	—	330	—	541
Adjusted funds from operations (AFFO)	47,080	43,656	92,430	85,491
AFFO attributable to noncontrolling interests in other consolidated partnerships	(37)	(66)	(77)	(73)
Allocation of AFFO to participating securities ⁽²⁾	(949)	(468)	(1,846)	(898)
Adjusted funds from operations available to common shareholders and noncontrolling interests in Operating Partnership	\$ 46,094	\$ 43,122	\$ 90,507	\$ 84,520
Tanger Factory Outlet Centers, Inc.:				
Weighted average common shares outstanding ^{(3) (4)}	98,989	98,955	98,890	98,859
Dilutive adjusted funds from operations per share	\$ 0.47	\$ 0.44	\$ 0.92	\$ 0.85
Tanger Properties Limited Partnership:				
Weighted average Operating Partnership units outstanding ⁽³⁾	98,989	98,955	98,890	98,859
Dilutive adjusted funds from operations per unit	\$ 0.47	\$ 0.44	\$ 0.92	\$ 0.85

(1) Includes our share of acquisition costs and abandoned development costs.

(2) Notional units granted in 2010 were converted into 933,769 restricted common shares in January 2014 which vest on December 31, 2014. The restricted common shares will be considered participating securities through the vesting date.

(3) Includes the dilutive effect of options, restricted common shares not considered participating securities, and notional units.

(4) Assumes the Class A common limited partnership units of the Operating Partnership held by the noncontrolling interest are exchanged for common shares of the Company.

Same Center Net Operating Income - Cash Basis

We present Same Center Net Operating Income - Cash Basis ("Same Center NOI - Cash Basis") as a supplemental measure of our performance. We define Same Center NOI - Cash Basis as total operating revenues less property operating expenses for the properties that were operational for the entire portion of both comparable reporting periods and which were not acquired, renovated or subject to a material, non-recurring event, such as a natural disaster, during the comparable reporting periods. Same Center NOI - Cash Basis also excludes non-cash adjustments including straight-line rent, net above and below market rent amortization and gains or losses on the sale of outparcels as well as any terminations rents recognized during the periods presented.

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

Same Center NOI - Cash Basis should not be viewed as an alternative measure of our financial performance since it does not reflect the operations of our entire portfolio, nor does it reflect the impact of general and administrative expenses, acquisition-related expenses, interest expense, depreciation and amortization costs, other non-property income and losses, and the level of capital expenditures and leasing costs necessary to maintain the operating performance of our properties, or trends in development and construction activities which are significant economic costs and activities that could materially impact our results from operations.

Below is a reconciliation of income before equity in losses of unconsolidated joint ventures to Same Center NOI - Cash Basis (in thousands):

	Three months ended		Six months ended	
	June 30, 2014	2013	June 30, 2014	2013
SAME CENTER NET OPERATING INCOME - CASH BASIS				
Income before equity in earnings of unconsolidated joint ventures	\$ 18,107	\$ 17,273	\$ 31,614	\$ 32,912
Interest expense	14,582	12,583	29,502	25,459
Operating income	32,689	29,856	61,116	58,371
Adjusted to exclude:				
Depreciation and amortization	25,197	22,172	51,260	44,460
Other non-property income and losses	(1,685)	(1,004)	(3,507)	(2,360)
Acquisition costs	—	252	7	431
Abandoned pre-development costs	—	—	1,596	—
General and administrative expenses	10,761	9,914	21,483	19,486
Non-cash adjustments and termination rents ⁽¹⁾	(1,169)	(1,406)	(3,038)	(2,720)
Non-same center NOI ⁽²⁾	(2,416)	(391)	(4,096)	(419)
Same Center Net Operating Income - Cash Basis	\$ 63,377	\$ 59,393	\$ 124,821	\$ 117,249

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

(2) Excluded from same center NOI:

- a. Gonzales expansion - 40,000 square foot expansion opened during March and April 2013.
- b. Sevierville expansion - 20,000 square foot expansion opened during September 2013.
- c. Deer Park - We acquired a controlling interest in the 749,074 square foot center located in Deer Park, NY on August 30, 2013.

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

Due to the relatively short-term nature of our tenants' leases, a significant portion of the leases in our portfolio come up for renewal each year. As of January 1, 2014, we had approximately 1.6 million square feet, or 14%, of our consolidated portfolio at that time coming up for renewal during 2014. During the first six months of 2014, we renewed approximately 1.0 million square feet of this space at a 17% increase in the average base rental rate compared to the expiring rate. We also re-tenanted approximately 385,000 square feet at a 36% increase in the average base rental rate. In addition, we continue to attract and retain additional tenants. However, there can be no assurance that we can achieve similar increases in base rental rates. In addition, if we were unable to successfully renew or release a significant amount of this space on favorable economic terms, the loss in rent could have a material adverse effect on our results of operations.

Our outlet centers typically include well-known, national, brand name companies. By maintaining a broad base of well-known tenants and a geographically diverse portfolio of properties located across the United States, we reduce our operating and leasing risks. No one tenant (including affiliates) accounts for more than 8% of our square feet or 5% of our combined base and percentage rental revenues. Accordingly, we do not expect any material adverse impact on our results of operations and financial condition as a result of leases to be renewed or stores to be released. As of June 30, 2014 and 2013, respectively, occupancy at our consolidated centers was 98%.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

Market Risk

We are exposed to various market risks, including changes in interest rates. Market risk is the potential loss arising from adverse changes in market rates and prices, such as interest rates. We may periodically enter into certain interest rate protection and interest rate swap agreements to effectively convert existing floating rate debt to a fixed rate basis. We do not enter into derivatives or other financial instruments for trading or speculative purposes. We are also exposed to foreign currency risk on investments in outlet centers that are located in Canada. Our currency exposure is concentrated in the Canadian Dollar. We typically reinvest net cash flow from our Canadian joint ventures to fund future Canadian development activity. We believe this strategy mitigates some of the risk of our initial investment and our exposure to changes in foreign currencies. We generally do not hedge currency translation exposures.

In August 2013, as part of the acquisition of a controlling interest in Deer Park, we assumed a \$150.0 million interest only mortgage loan, including a fair value discount of \$1.6 million. The loan has a 5 year term and carries an interest rate of LIBOR + 1.50%. In October 2013, we entered into interest rate swap agreements to reduce our floating rate debt exposure by locking the interest rate on the \$150.0 million mortgage. The interest rate swap agreements fix the base LIBOR rate at an average of 1.30%, creating a contractual interest rate for the loan of 2.80% through August 2018. The fair value of the interest rate swap agreements represents the estimated receipts or payments that would be made to terminate the agreement. As of June 30, 2014, the fair value of these contracts was \$44,000. The fair value is based on dealer quotes, considering current interest rates, remaining term to maturity and our credit standing.

As of June 30, 2014, approximately 25% of our outstanding debt had a variable interest rate and was therefore subject to market fluctuations. An increase in the LIBOR rate of 100 basis points would result in an increase of approximately \$3.5 million in interest expense on an annual basis. The information presented herein is merely an estimate and has limited predictive value. As a result, the ultimate effect upon our operating results of interest rate fluctuations will depend on the interest rate exposures that arise during the period, our hedging strategies at that time and future changes in the level of interest rates.

The estimated fair value of our debt, consisting of senior unsecured notes, unsecured term loans, secured mortgages and unsecured lines of credit, at June 30, 2014 and December 31, 2013 was \$1.5 billion and \$1.4 billion, respectively, and its recorded value was \$1.4 billion and \$1.3 billion, respectively. A 100 basis point increase from prevailing interest rates at June 30, 2014 and December 31, 2013 would result in a decrease in fair value of total debt of approximately \$44.6 million and \$46.3 million, respectively. With the exception of the unsecured term loan and unsecured lines of credit, that have variable rates and considered at market value, fair values of the senior notes and mortgage loans are determined using discounted cash flow analysis with an interest rate or credit spread similar to that of current market borrowing arrangements. Because the Company's senior unsecured notes are publicly traded, these instruments are classified as Level 2 in the hierarchy. In contrast, mortgage loans are classified as Level 3 given the unobservable inputs utilized in the valuation. Considerable judgment is necessary to develop estimated fair values of financial instruments. Accordingly, the estimates presented herein are not necessarily indicative of the amounts the Company could realize on the disposition of the financial instruments.

Item 4. Controls and Procedures

Tanger Factory Outlet Centers, Inc. Controls and Procedures

The Company's management carried out an evaluation, with the participation of the Company's Chief Executive Officer and Chief Financial Officer, of the effectiveness of the Company's disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e)) as of June 30, 2014. Based on this evaluation, the Company's Chief Executive Officer and Chief Financial Officer, have concluded the Company's disclosure controls and procedures were effective as of June 30, 2014. There were no changes to the Company's internal controls over financial reporting during the quarter ended June 30, 2014, that materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Tanger Properties Limited Partnership Controls and Procedures

The management of the Operating Partnership's general partner carried out an evaluation, with the participation of the Chief Executive Officer and the Vice-President and Treasurer (Principal Financial Officer) of the Operating Partnership's general partner, of the effectiveness of the Operating Partnership's disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) as of June 30, 2014. Based on this evaluation, the Chief Executive Officer of the Operating Partnership's general partner, and the Vice-President and Treasurer (Principal Financial Officer) of the Operating Partnership's general partner, have concluded the Operating Partnership's disclosure controls and procedures were effective as of June 30, 2014. There were no changes to the Operating Partnership's internal controls over financial reporting during the quarter ended June 30, 2014, that materially affected, or are reasonably likely to materially affect, the Operating Partnership's internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

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

Item 1A. Risk Factors

There have been no material changes from the risk factors disclosed in the "Risk Factors" section of our Annual Report on Form 10-K for the year ended December 31, 2013.

Item 4. Mine Safety Disclosures

Not applicable

Item 6. Exhibits

Exhibit Number	Exhibit Descriptions
10.1*	Employment Agreement for Charles A. Worsham, dated July 17, 2014.
10.2*	Incentive Award Plan of Tanger Factory Outlet Centers, Inc. and Tanger Properties Limited Partnership (Amended and Restated as of April 4, 2014).
10.3*	Letter Agreements between the Company and Jack Africk dated February 6, 2014 and May 16, 2014.
12.1	Company's Ratio of Earnings to Fixed Charges.
12.2	Operating Partnership's Ratio of Earnings to Fixed Charges.
31.1	Principal Executive Officer Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 302 of the Sarbanes - Oxley Act of 2002 for Tanger Factory Outlet Centers, Inc.
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32.4	Principal Financial Officer Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes - Oxley Act of 2002 for Tanger Properties Limited Partnership.
101	The following financial statements from Tanger Factory Outlet Centers, Inc. and Tanger Properties Limited Partnership's dual Quarterly Report on Form 10-Q for the quarter ended June 30, 2014, formatted in XBRL: (i) Consolidated Balance Sheets (unaudited), (ii) Consolidated Statements of Operations (unaudited), (iii) Consolidated Statements of Other Comprehensive Income (unaudited), (iv) Consolidated Statements of Equity (unaudited), (v) Consolidated Statements of Cash Flows (unaudited), and (vi) Notes to Consolidated Financial Statements (unaudited).

* Management contract or compensatory plan or arrangement.

SIGNATURES

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

DATE: August 6, 2014

TANGER FACTORY OUTLET CENTERS, INC.

By: /s/ Frank C. Marchisello, Jr.

Frank C. Marchisello, Jr.

Executive Vice President and Chief Financial Officer

TANGER PROPERTIES LIMITED PARTNERSHIP

By: TANGER GP TRUST, its sole general partner

By: /s/ Frank C. Marchisello, Jr.

Frank C. Marchisello, Jr.

Vice President and Treasurer

Exhibit Index

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* Management contract or compensatory plan or arrangement.

EMPLOYMENT AGREEMENT

This Agreement is entered into and made effective as of July 17, 2014 (the "Effective Date") between **Tanger Properties Limited Partnership** (the "Partnership" and, together with its affiliates, the "Company") and **CHARLES A. WORSHAM** (the "Executive"). The Company and the Executive are sometimes referred to individually as a "Party" and collectively as the "Parties".

RECITALS

A. Prior to the Commencement Date, the Executive was employed as the Company's Vice President, Construction and Development.

B. The Company and the Executive have agreed upon the terms and conditions of the Executive's continued employment by the Company on and after the Commencement Date.

C. The Parties intend to set forth herein the entire agreement between them with respect to the Executive's continued employment by the Company on and after the Commencement Date.

Now therefore in consideration of the foregoing recitals and the promises contained herein the Parties agree as follows:

1. **EMPLOYMENT AND DUTIES.**

1.1 **Employment.** During the Contract Term (as defined herein), the Company will employ the Executive and the Executive shall serve the Company as a full-time employee upon and subject to the terms and conditions of this Agreement. The Executive's employment hereunder may be terminated before the end of the Contract Term only as provided in Section 5 of this Agreement.

1.2 **Position and Responsibilities.** During the Contract Term, the Executive will serve as Senior Vice President, Construction and Development with such customary responsibilities, duties and authority as may from time to time be assigned to the Executive by the Company's Chief Operating Officer and/or the Board of Directors. The Executive will work out of the Company's Greensboro, North Carolina office and will be required to maintain his permanent residence in the Greensboro, North Carolina area.

1.3 **Time and Effort.** During the Contract Term, the Executive shall be employed on a full-time basis and shall devote his best efforts and substantially all of his attention, business time and effort (excluding sick leave, vacation provided for herein and reasonable time devoted to civic and charitable activities) to the business and affairs of the Company.

2. **PERIOD OF EMPLOYMENT.**

2.1 **Initial Contract Term.** The period of employment pursuant to this Agreement shall begin on May 16, 2014 (the "Commencement Date") and shall extend through

December 31, 2014 (the "Initial Contract Term"), unless earlier terminated as provided in Section 5 or extended as provided in this Section 2. The calendar year beginning January 1, 2015 and each calendar year thereafter during the Contract Term is sometimes herein referred to as a "Contract Year."

2.2 Extended Contract Term. The Contract Term shall be automatically extended at the end of the Initial Contract Term or an Extended Term for one additional Contract Year (sometimes herein referred to as an "Extended Term") unless either the Executive or the Company shall give written notice to the other of them that the Contract Term shall not be so extended at least one hundred eighty (180) days prior to the end of the Initial Contract Term or an Extended Term. An Extended Term shall be upon the same terms and conditions as were applicable to the Initial Contract Term except that the Annual Base Salary shall be the Executive's Annual Base Salary for the Contract Year immediately preceding the Extended Term. References herein to the "Contract Term" of this Agreement shall refer to the Initial Contract Term as extended pursuant to this Section.

3. COMPENSATION.

3.1 Base Salary. As compensation for the Executive's services performed pursuant to this Agreement, Employer will pay the Executive a base salary at the annualized rate of \$210,000 during 2014 (pro-rated based on the number of days the Executive is employed as a Senior Vice President during 2014) and, with respect to each Contract Year thereafter, in an amount agreed upon by the Executive and the Company but not less than \$210,000 per year (the "Annual Base Salary"). The Annual Base Salary shall be paid in equal installments in arrears in accordance with Employer's regular pay schedule.

3.2 Bonus or Incentive Compensation. As additional compensation for services rendered, the Executive shall be eligible to receive such bonus or bonuses as the Board of Directors may from time to time approve including, without limitation, awards under the Company's Amended and Restated Incentive Award Plan; provided that, for 2014, any bonus or bonuses shall be pro-rated based on the number of days the Executive is employed as a Senior Vice President during 2014. Such bonuses may be payable in cash (a "Cash Bonus") and/or in the form of equity based compensation as allowed under the Company's Amended and Restated Incentive Award Plan, provided, however, that any such bonus shall be payable on or prior to the fifteenth (15th) day of the third (3rd) calendar month following the end of the calendar year in which such bonus is no longer subject to a substantial risk of forfeiture.

4. EMPLOYEE BENEFITS.

4.1 Executive Benefit Plans. During the Contract Term, the Executive shall participate in the employee benefit plans (which currently include group medical and dental plans, a group term life insurance plan, a disability plan and a 401(k) savings plan) generally applicable to employees of the Company, as those plans may be in effect from time to time.

4.2 Expenses. During the Contract Term, subject to Section 10.2(e), the Company shall promptly reimburse the Executive for all reasonable travel and other business expenses

incurred by the Executive in the performance of his duties to the Company hereunder. The Executive shall observe and comply with the Company's policies with respect to such reimbursements as in effect from time to time. At least monthly, the Executive will submit such records and paid bills supporting the amount of the expenses incurred and to be reimbursed as the Company shall reasonably request or as shall be required by applicable laws.

4.3 Vacation. During the Contract Term, the Executive shall have the number of days of paid vacation during each calendar year that are provided to employees of the Company with the same number of years of service as the Executive has pursuant to the Company's vacation policy described in the Company's employee handbook in effect on the first day of that calendar year.

5. TERMINATION OF EMPLOYMENT.

5.1 Termination Circumstances. The Executive's employment hereunder may be terminated prior to the end of the Contract Term by the Company or the Executive, as applicable, without any breach of this Agreement only under the following circumstances:

- (a) Death. The Executive's employment hereunder shall terminate upon his death.
- (b) Disability. The Company may terminate the Executive's employment upon his Disability.
- (c) Cause. The Company may terminate the Executive's employment hereunder for Cause.
- (d) Good Reason. The Executive may terminate his employment for Good Reason.

(e) Without Cause. The Company may terminate the Executive's employment hereunder other than for Cause for any or no reason upon 30 days' notice.

(f) Resignation without Good Reason. The Executive may resign his employment without Good Reason upon 90 days written notice to the Company.

(g) Resignation following a Change of Control. The Executive may terminate his employment during the period commencing on the date of the first Change of Control to occur following the Commencement Date and ending on the 75th day following such Change of Control (the "Cessation Date") by written notice provided to the Company on or prior to the 60th day following such Change of Control.

Except as may otherwise be expressly provided in Section 7.1 or in any written agreement between the Company and the Executive with respect to the issuance of awards under the Company's Amended and Restated Incentive Award Plan, upon termination of the Executive's employment, Executive shall be entitled to receive only the compensation accrued but unpaid for the period of employment prior to the date of such termination of employment and

shall not be entitled to additional compensation. Except as otherwise set forth in the Company's employee benefit plans, such accrued compensation shall be paid in accordance with the Company's ordinary payment practices and, in any event, on or prior to the fifteenth (15th) day of the third (3rd) calendar month following the end of the calendar year in which the date of termination occurs.

5.2 Notice of Termination. Any termination of the Executive's employment hereunder by the Company or by the Executive (other than by reason of the Executive's death) shall be communicated by a notice of termination to the other party hereto. For purposes of this Agreement, a "notice of termination" shall mean a written notice which (a) indicates the specific termination provision in the Agreement relied upon, (b) sets forth in reasonable detail any facts and circumstances claimed to provide a basis for termination of the Executive's employment under the provision indicated and (c) specifies the effective date of the termination, subject to Section 5.1.

6. AGREEMENT NOT TO COMPETE.

6.1 Covenant Against Competition. The Executive agrees that during the term of the Executive's employment hereunder and (a) if the Executive's employment is terminated by the Company for Cause, by the Executive without Good Reason or by reason of Disability, for one hundred eighty (180) days after the date of such termination or (b) if the Executive receives the severance payment described in Section 7.1(a) or Section 7.1(d) of this Agreement because of a termination of his employment by the Company without Cause or by the Executive for Good Reason or following a Change of Control, from the date of such termination through the first anniversary thereof, the Executive shall not, directly or indirectly, as an employee, employer, shareholder, proprietor, partner, principal, agent, consultant, advisor, director, officer, or in any other capacity,

(i) engage in activities involving the development or operation of a manufacturers outlet shopping center which is located within a radius of fifty (50) miles of a retail shopping facility which, within the 365 day period ending on the date of the termination of the Executive's employment hereunder, was owned (with an effective ownership interest of 50% or more), directly or indirectly, by the Company or was operated by the Company;

(ii) engage in activities involving the development or operation of a manufacturers outlet shopping center which is located within a radius of fifty (50) miles of any site which, within the 365 day period ending on the date of the termination of the Executive's employment hereunder, the Company negotiated to acquire and/or lease for the development or operation of a retail shopping facility; or

(iii) engage in activities involving the development or operation of any other type of retail shopping facility which is located within a radius of five (5) miles of, and competes directly for tenants with, a retail shopping facility which, within the 365 day period ending on the date of the termination of the Executive's employment hereunder, was (A) under development by the Company; (B) owned (with an effective

ownership interest of 50% or more), directly or indirectly, by the Company; or (C) operated by the Company.

6.2 Disclosure of Information. The Executive acknowledges that in and as a result of his employment prior to the Commencement Date and hereunder, he may have been or may be making use of, acquiring and/or adding to confidential information of a special and unique nature and value relating to such matters as financial information, terms of leases, terms of financing, financial condition of tenants and potential tenants, sales and rental income of shopping centers and other specifics about Company's development, financing, construction and operation of retail shopping facilities. The Executive covenants and agrees that he shall not, at any time during or following the term of his employment, directly or indirectly, divulge or disclose for any purpose whatsoever any such confidential information that has been obtained by, or disclosed to, him as a result of his employment by Company.

6.3 Reasonableness of Restrictions.

(a) The Executive has carefully read and considered the foregoing provision of this Section, and, having done so, agrees that the restrictions set forth in this Section, including but not limited to the time period of restriction set forth in the covenant against competition are fair and reasonable and are reasonably required for the protection of the interests of Company and its officers, directors and other employees.

(b) In the event that, notwithstanding the foregoing, any of the provisions of this Section shall be held invalid or unenforceable by a court of competent jurisdiction, the remaining provisions thereof shall nevertheless continue to be valid and enforceable as though the invalid or unenforceable parts had not been included herein. In the event that any provision of this Section relating to the time period and/or the areas of restriction shall be declared by a court of competent jurisdiction to exceed the maximum time period or areas such court deems reasonable and enforceable, the time period and/or areas of restriction deemed reasonable and enforceable by the court shall become and thereafter be the maximum time period and/or areas.

6.4 Consideration. The Executive promises in this Section not to compete with the Company and not to disclose information obtained during his employment by the Company are made in consideration of the Company's agreement to pay the compensation provided for herein for the period of employment provided herein. Such promises by the Executive constitute the material inducement to Company to employ the Executive for the Contract Term and to pay the compensation provided for in this Agreement and to make and to continue to make confidential information developed by Company available to the Executive.

6.5 Company's Remedies. The Executive covenants and agrees that if he shall violate any of his covenants or agreements contained in this Section, the Company shall, in addition to any other rights and remedies available to it at law or in equity, have the following rights and remedies against the Executive:

(a) The Company shall be relieved of any further obligation to the Executive under the terms of this agreement;

(b) The Company shall be entitled to an accounting and repayment of all profits, compensation, commissions, remunerations or other benefits that the Executive, directly or indirectly, has realized and/or may realize as a result of, growing out of or in connection with, any such violation; and

(c) The Company shall be entitled to a permanent injunction to prevent or restrain the breach or violation of the agreements contained herein by the Executive or by the Executive's partners, agents, representatives, servants, employees and/or any and all persons directly acting for or with the Executive without the requirement to post a bond.

The foregoing rights and remedies of the Company shall be cumulative and the election by the Company to exercise any one or more of them shall not preclude the Company's exercise of any other rights described above or otherwise available under applicable principles of law or equity.

7. SEVERANCE BENEFITS.

7.1 Description of Benefits.

(a) Termination without Cause or for Good Reason: Subject to Section 7.1(g), if the Executive's employment shall be terminated (i) by the Company other than for Cause or (ii) by the Executive for Good Reason, subject to the limitation in Section 7.2 and the provisions of Section 10.2 hereof, the Company shall pay the Executive an amount equal to one hundred percent (100%) of the sum of (x) his Annual Base Salary and (y) his Average Annual Cash Bonus (as defined below). Such amount shall be paid in equal consecutive installments, in accordance with the Company's regular pay schedule and subject to Section 10.2(d), over a twelve (12) month period beginning on the effective date of the termination of the Executive's employment. For these purposes, the Executive's "Average Annual Cash Bonus" shall be the average of the Cash Bonuses earned by the Executive for each of the three consecutive calendar years (or if the Executive has not been employed for three full calendar years, such fewer number of full calendar years he has been employed by the Company) immediately preceding the calendar year in which the Executive's termination of employment occurs

(b) Termination by Death or Disability. Subject to Section 7.1(g), upon the termination of the Executive's employment by reason of his death or Disability, the Company shall pay to the Executive or to the personal representatives of his estate (i) within thirty (30) days after the termination, a lump-sum amount equal to fifty percent (50%) of the Executive's Annual Base Salary for the calendar year in which the termination occurs and (ii) on or before the day on which the Executive's Cash Bonus for the calendar year in which the termination occurs would have been payable pursuant to Section 3.2 if the termination had not occurred (or, if earlier, the fifteenth (15th) day of the third (3rd) calendar month following the end of the calendar year in which the date of termination occurs), an amount equal to the Cash Bonus the Executive would have received for that calendar year if the termination had not occurred multiplied by a fraction the numerator of which is the number of days in that calendar year before the date of termination and the denominator of which is 365. This Section 7.1(b) shall not limit the entitlement of the Executive, his estate or beneficiaries to any disability or other

benefits then available to the Executive under any life, disability insurance or other benefit plan or policy which is maintained by the Company for the Executive's benefit.

(c) Termination for Cause or Without Good Reason. If the Executive's employment is terminated by the Company for Cause or by the Executive without Good Reason, the Executive shall be entitled to receive all Annual Base Salary and all benefits accrued through the date of termination, payable, unless otherwise required under the applicable employee benefit plan, in accordance with the Company's ordinary payment practices and, in any event, on or prior to the fifteenth (15th) day of the third (3rd) calendar month following the end of the calendar year in which the date of termination occurs.

(d) Resignation following a Change of Control. If the Executive elects to terminate his employment following the first Change of Control to occur during the Contract Term (pursuant to Section 5.1(g)), the Company shall pay the Executive an amount equal to one hundred percent (100%) of the sum of (x) his Annual Base Salary and (y) his Average Annual Cash Bonus. Such amount shall be paid in equal consecutive installments, in accordance with the Company's regular pay schedule and subject to Section 10.2(d), over a twelve (12) month period beginning on the effective date of the termination of the Executive's employment and, in any event, the first installment shall be paid on or prior to the Cessation Date.

(e) Survival. Neither the termination of the Executive's employment hereunder nor the expiration of the Contract Term shall impair the rights or obligations of any party hereto which shall have accrued hereunder prior to such termination or expiration.

(f) Mitigation of Damages. In the event of any termination of the Executive's employment by the Company, the Executive shall not be required to seek other employment to mitigate damages, and any income earned by the Executive from other employment or self-employment shall not be offset against any obligations of the Company to the Executive under this Agreement.

(g) Cessation of Severance Benefits. In the event of any termination of the Executive's employment following the Cessation Date, including, without limitation, a termination of employment by the Company without Cause or by the Executive for Good Reason, the Executive shall not be entitled to receive any severance payments or benefits that would otherwise have been payable to the Executive pursuant to this Agreement in connection with a termination of employment.

7.2 Limitation on Severance Benefits.

(a) Notwithstanding any other provision of this Agreement, and except as provided in Section 7.2(b) below, payments and benefits to which the Executive would otherwise be entitled under the provisions of this Agreement will be reduced (or the Executive shall make reimbursement of amounts previously paid) to the extent necessary to prevent the Executive from having any liability for the federal excise tax levied on certain "excess parachute payments" under Section 4999 of the Internal Revenue Code as it exists as of the Effective Date.

(b) The Company may determine the amount (if any) of reduction for each payment or benefit that the Executive would otherwise be entitled to receive. The extent to which the payments or benefits to the Executive are to be reduced pursuant to Section 7.2(a) will be determined by the accounting firm servicing the Company on the date that the Executive's employment is terminated. The Company shall pay the cost of such determination.

(c) If the final determination of any reduction in any benefit or payment pursuant to this Section has not been made at the time that the Executive is entitled to receive such benefit or payment, the Company shall pay or provide an estimated amount based on a recommendation by the accounting firm making the determination under Section 7.2(b). When the final determination is made, the Company shall pay the Executive any additional amounts that may be due or the Executive shall reimburse the Company for any estimated amounts paid to the Executive that were in excess of the amount payable hereunder.

8. DEFINITIONS.

"Annual Base Salary" is defined in Section 3.1.

"Average Annual Cash Bonus" is defined in Section 7.1(a).

"Board of Directors" shall mean the Board of Directors of TFOC.

"Cash Bonus" is defined in Section 3.2.

"Cause" For purposes of this Agreement, the Company shall have "Cause" to terminate the Executive's employment hereunder upon (a) the Company's determination that he has embezzled money or property, (b) the Executive's willful refusal to perform reasonable duties incident to his employment after ten (10) days' written notice to the Executive from the Company's Chief Executive Officer or Chief Operating Officer or the Board of Directors of the specific duties to be performed, or (c) commission of a felony which, in the judgment of the Board of Directors, adversely affects the business or reputation of the Company.

"Cessation Date" is defined in Section 5.1(g).

"Change of Control" shall mean (a) the sale, lease, exchange or other transfer (other than pursuant to internal reorganization) by the Partnership or TFOC of more than 50% of the total gross fair market value of its assets to a single purchaser or to a group of associated purchasers; (b) the acquisition of securities of TFOC or the Partnership in one or a related series of transactions (other than pursuant to an internal reorganization) by a single purchaser or a group of associated purchasers (other than the Executive or any of his lineal descendants, lineal ancestors or siblings) which results in their ownership of fifty (50%) percent or more of the number of Common Shares (treating any partnership units or preferred shares acquired by such purchaser or purchasers as if they had been converted to Common Shares) that would be outstanding if all of the partnership units and preferred shares were converted into Common Shares; or (c) a majority of the members of the Board of Directors are replaced during any twelve month period by directors whose appointment or election is not endorsed by a majority of the members of the Board of Directors prior to the date of the appointment or election.

“Common Shares” shall mean the common shares of TFOC, par value \$0.01 per share.

“Contract Term” is defined in Section 2.2.

“Contract Year” is defined in Section 2.1.

“Disability” shall mean the Executive’s inability, due to a physical or mental illness that is expected to result in death or can be expected to last for a continuous period of not less than twelve (12) months, to perform any of the material duties assigned to his by the Company for a period of ninety (90) days or more within any twelve consecutive calendar months.

“Good Reason” The Executive shall have “Good Reason” to terminate his employment hereunder if (a) the Company materially fails to make payment of amounts due to the Executive hereunder; (b) Company commits a material breach of its obligations under this Agreement; or (c) the principal duties of the Executive are required to be performed at a location other than the Greensboro, North Carolina metropolitan area without his consent following the occurrence of (i) a Change of Control, (ii) a merger, consolidation or similar transaction in which TFOC or the Partnership does not survive as an independent, publicly owned corporation or TFOC or an entity wholly owned by TFOC ceases to be the sole general partner of the Partnership, or (iii) a merger involving TFOC if, immediately following the merger, the holders of TFOC’s shares immediately prior to the merger own less than fifty percent (50%) of the surviving company’s outstanding shares having unlimited voting rights or less than fifty percent (50%) of the value of all of the surviving company’s outstanding shares. Notwithstanding the foregoing, the Executive shall not have Good Reason to resign his employment unless (A) he provides the Company with Notice of Termination within 90 days after the occurrence of the act purported to constitute Good Reason, (B) the Company has not remedied the alleged violation(s) on or before the date of termination specified in the Notice of Termination (which, for the avoidance of doubt, shall be a date not less than 30 days following the date such Notice of Termination is provided), and (C) such resignation occurs on or prior to the second anniversary of such act.

“Section 409A” shall mean, collectively, Section 409A of the Internal Revenue Code of 1986, as amended, and the Department of Treasury Regulations and other interpretive guidance promulgated thereunder, including without limitation any such regulations or other guidance that may be issued after the Effective Date.

“TFOC” shall mean Tanger Factory Outlet Centers, Inc., a North Carolina corporation.

9. MISCELLANEOUS.

9.1 Binding on Successors. This Agreement shall be binding upon and inure to the benefit of the Partnership, the Company, the Executive and their respective successors, assigns, personal and legal representatives, executors, administrators, heirs, distributees, devisees, and legatees, as applicable.

9.2 Governing Law. This Agreement is being made and executed in and is intended to be performed in the State of North Carolina, and shall be governed, construed, interpreted and

enforced in accordance with the substantive laws of the State of North Carolina without any reference to principles of conflicts or choice of law under which the law of any other jurisdiction would apply.

9.3 Validity. The invalidity or unenforceability of any provision or provisions of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, which shall remain in full force and effect.

9.4 Notices. All notices, demands, requests or other communications (collectively, "Notices") required to be given or which may be given hereunder shall be in writing and shall be sent by (a) certified or registered mail, return receipt requested, postage prepaid, or (b) national overnight delivery service, or (c) facsimile transmission (provided that the original shall be simultaneously delivered by national overnight delivery service or personal delivery), or (d) personal delivery, addressed as follows:

If to Company,
to: Tanger Properties Limited Partnership
3200 Northline Avenue
Suite 360
Greensboro, NC 27408
Attention: Frank C. Marchisello, Jr.

With a copy to: Latham & Watkins LLP
885 Third Avenue
New York, NY 10022
Attention: Bradd L. Williamson

If to the Executive,
to: The address set forth in the Company's records

Any Notice so sent by certified or registered mail, national overnight delivery service or personal delivery shall be deemed given on the date of receipt or refusal by the intended recipient as indicated on the return receipt, or the receipt of the national overnight delivery service or personal delivery service. Any Notice sent by facsimile transmission shall be deemed given when received by the intended recipient as confirmed by the telecopier electronic confirmation receipt. A Notice may be given either by a party or by such party's attorney. A Party may (i) change the address to which any Notice to that Party hereunder is to be delivered or (ii) designate additional or substituted parties to whom Notices hereunder to such Party should be sent with any such change or designation to be effective five (5) Business Days (as defined below) after delivery of notice thereof to the other Party in the manner herein provided. As used herein the term "Business Day" shall mean every day, other than Saturdays, Sundays and any other day on which banks in the State of North Carolina are not generally open for the conduct of banking business during normal business hours.

9.5 Entire Agreement. The terms of this Agreement are intended by the parties to be the final expression of their agreement with respect to the employment of the Executive by the Partnership and the Company and may not be contradicted by evidence of any prior or contemporaneous agreement. The parties further intend that this Agreement shall constitute the complete and exclusive statement of its terms and that no extrinsic evidence whatsoever may be introduced in any judicial, administrative, or other legal proceeding to vary the terms of this Agreement.

10. SECTION 409A.

10.1 General. The parties acknowledge and agree that, to the extent applicable, this Agreement shall be interpreted in accordance with, and incorporate the terms and conditions required by, Section 409A. Notwithstanding any provision of this Agreement to the contrary, in the event that the Company determines that any compensation or benefits payable or provided under this Agreement may be subject to Section 409A, the Company may adopt (without any obligation to do so or to indemnify the Executive for failure to do so) such limited amendments to this Agreement and appropriate policies and procedures, including amendments and policies with retroactive effect, that the Company reasonably determines are necessary or appropriate to (i) exempt the compensation and benefits payable under this Agreement from Section 409A and/or preserve the intended tax treatment of the compensation and benefits provided with respect to this Agreement or (ii) comply with the requirements of Section 409A. Notwithstanding anything herein to the contrary, in no event shall any liability for failure to comply with the requirements of Section 409A be transferred from the Executive or any other individual to the Company or any of its affiliates, employees or agents pursuant to the terms of this Agreement or otherwise.

10.2 Separation from Service under 409A. Notwithstanding any provision to the contrary in this Agreement:

(a) No amount shall be payable pursuant to Sections 7.1(a), (b) or (d) unless the termination of the Executive's employment constitutes a "separation from service" within the meaning of Section 1.409A-1(h) of the Department of Treasury Regulations; and

(b) If the Executive is deemed at the time of his separation from service to be a "specified employee" for purposes of Section 409A(a)(2)(B)(i) of the Code, to the extent delayed commencement of any portion of the termination benefits to which the Executive is entitled under this Agreement (after taking into account all exclusions applicable to such termination benefits under Section 409A), including, without limitation, any portion of the additional compensation awarded pursuant to Sections 7.1(a), (b) or (d), is required in order to avoid a prohibited distribution under Section 409A(a)(2)(B)(i) of the Code, such portion of the Executive's termination benefits shall not be provided to the Executive prior to the earlier of (i) the expiration of the six-month period measured from the date of the Executive's "separation from service" with the Company (as such term is defined in the Department of Treasury Regulations issued under Section 409A of the Code) or (ii) the date of the Executive's death. Upon the earlier of such dates, all payments deferred pursuant to this Section 10.2(b) shall be paid in a lump sum to the Executive, and any remaining payments due under the Agreement shall be paid as otherwise provided herein; and

(c) The determination of whether the Executive is a “specified employee” for purposes of Section 409A(a)(2)(B)(i) of the Code as of the time of his separation from service shall be made by the Company in accordance with the terms of Section 409A (including without limitation Section 1.409A-1(i) of the Department of Treasury Regulations and any successor provision thereto); and

(d) For purposes of Section 409A, the Executive’s right to receive installment payments pursuant to this Agreement shall be treated as a right to receive a series of separate and distinct payments; and

(e) The reimbursement of any expense under this Agreement shall be made no later than December 31 of the year following the year in which the expense was incurred. The amount of expenses reimbursed in one year shall not affect the amount eligible for reimbursement in any subsequent year.

IN WITNESS WHEREOF, the parties have executed this Agreement in duplicate originals as of the day and year first above written.

TANGER PROPERTIES LIMITED PARTNERSHIP

By: /s/ Thomas E. McDonough

Name: Thomas E. McDonough

Title: Vice President

/s/ Charles A. Worsham (SEAL)

Executive

Print Name: **CHARLES A. WORSHAM**

Signature Page to Employment Agreement for Charles A. Worsham

**INCENTIVE AWARD PLAN
OF
TANGER FACTORY OUTLET CENTERS, INC.
AND
TANGER PROPERTIES LIMITED PARTNERSHIP
(AMENDED AND RESTATED AS OF APRIL 4, 2014)**

Tanger Factory Outlet Centers, Inc., a corporation organized under the laws of the state of North Carolina (the “Company”), originally adopted the Stock Option Plan for Directors and Executive and Key Employees of Tanger Factory Outlet Centers, Inc. (the “Plan”) on May 28, 1993. The Plan was subsequently amended from time to time and was amended and restated effective as of May 14, 2004 in order to merge the Plan with the Partnership Unit Option Plan for Employees of Tanger Properties Limited Partnership (the “Unit Option Plan”). The Plan serves as the successor to the Unit Option Plan, but, as of April 4, 2014 no options granted under the Unit Option Plan remained outstanding and no additional options shall be granted under the Unit Option Plan. The Plan was further amended effective as of December 29, 2008, March 19, 2009, and May 14, 2010 and, as set forth herein, was amended and restated in its entirety, effective as of April 4, 2014. The full name of the Plan, as amended and restated herein, shall be the “Incentive Award Plan of Tanger Factory Outlet Centers, Inc. and Tanger Properties Limited Partnership (Amended and Restated as of April 4, 2014).”

The purposes of this Plan are as follows:

- (1) To further the growth, development and financial success of the Company and the Partnership by providing additional incentives to directors and employees and consultants of the Company, the Partnership and their subsidiaries, who have been or will be given responsibility for the management or administration of the Company’s business affairs, by assisting them to become owners of Common Shares and thus to benefit directly from such growth, development and financial success.
- (2) To enable the Company, the Partnership and their subsidiaries to obtain and retain the services of the types of professional, technical and managerial employees, consultants and directors considered essential to the long range success of the Company by providing and offering them an opportunity to own Common Shares and/or rights which will reflect the growth, development and financial success of the Company.

**ARTICLE I.
DEFINITIONS**

Wherever the following terms are used in this Plan they shall have the meanings specified below, unless the context clearly indicates otherwise. The masculine pronoun shall include the feminine and neuter and the singular shall include the plural, where the context so indicates.

Section 1.1 “Administrator” shall mean the entity that conducts the general administration of the Plan as provided herein. With reference to the administration of the Plan with respect to Awards granted to Independent Directors, the term “Administrator” shall refer to the Board. With reference to the administration of the Plan with respect to any other Award, the term “Administrator” shall refer to the Committee unless the Board has assumed the authority for administration of the Plan generally as provided in Section 10.2 or the Committee has delegated administration to one or more persons pursuant to Section 10.6.

Section 1.2 “Applicable Accounting Standards” shall mean Generally Accepted Accounting Principles in the United States, International Financial Reporting Standards or such other accounting principles or standards as may apply to the Company’s, the Partnership’s or any Subsidiary’s financial statements under United States federal securities laws from time to time.

Section 1.3 “Automatic Exercise Date” shall mean, with respect to an Option or Share Appreciation Right, the last business day of the applicable term of such Option or Share Appreciation Right that was initially established by the Administrator for such Option or Share Appreciation Right (e.g., the last business day prior to the tenth anniversary of the date of grant of such Option or Share Appreciation Right if the Option or Share Appreciation Right initially had a ten-year term).

Section 1.4 “Award” shall mean an Option, a Restricted Share award, a Restricted Share Unit award, a Performance Award, a Dividend Equivalent award, a Deferred Share award, Deferred Share Unit award, a Share Payment award, an LTIP Unit award, or a Share Appreciation Right which may be awarded or granted under the Plan.

Section 1.5 “Award Agreement” shall mean a written notice, agreement, terms and conditions, contract or other instrument or document executed by an authorized officer of the Company, the Partnership or a Subsidiary, as applicable, and the Holder, including through electronic medium, which shall contain such terms and conditions with respect to an Award as the Administrator shall determine, consistent with the Plan.

Section 1.6 “Award Limit” shall mean (a) with respect to Awards paid in Common Shares, 720,000 Common Shares; and (b) with respect to Awards paid in cash, \$2,000,000, in each case as adjusted pursuant to Section 11.3.

Section 1.7 “Board” shall mean the Board of Directors of the Company.

Section 1.8 “Change in Control” shall mean:

(a) The acquisition by any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Exchange Act), (a “Person”) of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of 20% or more of either (i) the then outstanding Common Shares (the “Outstanding Common Shares”) or (ii) the combined voting power of the then outstanding voting securities of the Company entitled to vote generally in the election of directors (the “Outstanding Company Voting Securities”); provided, however, that for purposes of this subsection (a), the following acquisitions shall not constitute a Change in Control: (i) any acquisition directly from the Company, (ii) any acquisition by the Company, (iii) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any corporation controlled by the Company or (iv) any acquisition by any corporation pursuant to a transaction which complies with clauses (i), (ii) and (iii) of subsection (c) of this Section 1.8; or

(b) Individuals who, as of the date hereof, constitute the Board (the “Incumbent Board”) cease for any reason to constitute at least a majority of the Board; provided, however, that any individual becoming a director subsequent to the date hereof whose election, or nomination for election by the Company’s shareholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board shall be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board; or

(c) Consummation of a reorganization, merger or consolidation or sale or other disposition of all or substantially all of the assets of the Company or the acquisition of assets of another corporation (a “Business Combination”), in each case, unless, following such Business Combination, (i) all or substantially all of the individuals and entities who were the beneficial owners, respectively, of the Outstanding Common Shares and Outstanding Company Voting Securities immediately prior to such Business Combination beneficially own, directly or indirectly, more than 50% of, respectively, the then outstanding shares of common stock and the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of the corporation resulting from such Business Combination (including, without limitation, a corporation which as a result of such transaction owns the Company or all or substantially all of the Company’s assets either directly or through one or more subsidiaries) in substantially the same proportions as their ownership, immediately prior to such Business Combination of the Outstanding Common Shares and Outstanding Company Voting Securities, as the case may be, (ii) no Person (excluding any corporation resulting from such Business Combination or any employee benefit plan (or related trust) of the Company or such corporation resulting from such Business Combination) beneficially owns, directly or indirectly, 20% or more of, respectively, the then outstanding shares of common stock of the corporation resulting from such

Business Combination or the combined voting power of the then outstanding voting securities of such corporation except to the extent that such ownership existed prior to the Business Combination and (iii) at least a majority of the members of the board of directors of the corporation resulting from such Business Combination were members of the Incumbent Board at the time of the execution of the initial agreement, or of the action of the Board, providing for such Business Combination; or

(d) Approval by the shareholders of the Company of a complete liquidation or dissolution of the Company.

Notwithstanding the foregoing, if a Change in Control constitutes a payment event with respect to an Award or any portion of an Award that provides for the deferral of compensation and is subject to Section 409A, the transaction or event described in subsection (a), (b), (c) or (d) with respect to such Award (or portion thereof) must also constitute a “change in control event,” as defined in Treasury Regulation Section 1.409A-3(i)(5) to the extent required to avoid the imposition of additional taxes under Section 409A.

The Administrator shall have full and final authority, which shall be exercised in its sole discretion, to determine conclusively whether a Change in Control of the Company has occurred pursuant to the above definition, and the date of the occurrence of such Change in Control and any incidental matters relating thereto; provided that any exercise of authority in conjunction with a determination of whether a Change in Control is a “change in control event” as defined in Treasury Regulation Section 1.409A-3(i)(5) shall be consistent with such regulation.

Section 1.9 “Code” shall mean the Internal Revenue Code of 1986, as amended, together with the regulations and official guidance promulgated thereunder.

Section 1.10 “Committee” shall mean the Compensation Committee of the Board or another committee or subcommittee of the Board or the Compensation Committee, appointed as provided in Section 10.1.

Section 1.11 “Common Shares” shall mean the common shares of the Company, par value \$0.01 per share, and, where the context so requires (including, without limitation, in Sections 1.26, 11.3, 11.9, 11.11, 11.14, 11.17 and 11.23), LTIP Units, or any successor securities thereto.

Section 1.12 “Company” shall mean Tanger Factory Outlet Centers, Inc., a North Carolina corporation, or any successor corporation thereto.

Section 1.13 “Company Consultant” shall mean any consultant or advisor of the Company or any Company Subsidiary who qualifies as a consultant or advisor under the applicable rules of Form S-8 under the Securities Act of 1933, as amended, after taking into account applicable law and (b) has provided or is expected to provide substantial or material services to the Company or any Company Subsidiary, as determined by the Administrator.

Section 1.14 “Company Employee” shall mean any employee (as defined in accordance with Section 3401(c) of the Code) of the Company or of any Company Subsidiary.

Section 1.15 “Company Subsidiary” shall mean (i) a corporation, association or other business entity of which 50% or more of the total combined voting power of all classes of capital stock is owned, directly or indirectly, by the Company or by one or more Company Subsidiaries or by the Company and one or more Company Subsidiaries, (ii) any partnership or limited liability company of which 50% or more of the capital and profits interests is owned, directly or indirectly, by the Company or by one or more Company Subsidiaries or by the Company and one or more Company Subsidiaries, and (iii) any other entity not described in clauses (i) or (ii) above of which 50% or more of the ownership and the power, pursuant to a written contract or agreement, to direct the policies and management or the financial and other affairs thereof, are owned or controlled by the Company or by one or more other Company Subsidiaries or by the Company and one or more Company Subsidiaries; provided, however, that “Company Subsidiary” shall not include the Partnership or any Partnership Subsidiary.

Section 1.16 “Consultant” shall mean any Company Consultant or Partnership Consultant.

Section 1.17 “Deferred Share Unit” shall mean a right to receive Common Shares awarded under Section 8.6.

Section 1.18 “Deferred Shares” shall mean Common Shares awarded under Article VIII of the Plan.

Section 1.19 “Director” shall mean a member of the Board.

Section 1.20 “Dividend Equivalent” shall mean a right to receive the equivalent value (in cash or Common Shares) of dividends paid on Common Shares, awarded under Section 8.3.

Section 1.21 “DRO” shall mean a domestic relations order as defined by the Code or Title I of the Employee Retirement Income Security Act of 1974, as amended from time to time, or the rules thereunder.

Section 1.22 “Eligible Individual” shall mean any person who is an Employee, Consultant or Independent Director, as determined in the sole discretion of the Administrator.

Section 1.23 “Employee” shall mean any Company Employee or Partnership Employee.

Section 1.24 “Equity Restructuring” shall mean a nonreciprocal transaction between the Company and its shareholders, such as a share dividend, share split, spin-off, rights offering or recapitalization through a large, nonrecurring cash dividend, that affects the number or kind of Common Shares (or other securities of the Company) or the share price of Common Shares (or other securities) and causes a change in the per-share value of the Common Shares underlying outstanding Awards.

Section 1.25 “Exchange Act” shall mean the Securities Exchange Act of 1934, as amended.

Section 1.26 “Fair Market Value” of a Common Share as of a given date shall be (i) the closing price of the Common Shares, on the principal exchange on which Common Shares are trading, on the trading day previous to such date, or, if Common Shares were not traded on the day previous to such date, then on the next preceding trading day during which a sale occurred; (ii) if such Common Shares are not traded on an exchange but are quoted on Nasdaq or a successor quotation system, (A) the last sales price (if the Common Shares are then listed as Global Market Issue under the Nasdaq Global Market System) or (B) the mean between the closing representative bid and asked prices for the Common Shares on the trading day previous to such date as reported by Nasdaq or such successor quotation system; or (iii) if such Common Shares are not publicly traded on an exchange and not quoted on Nasdaq or a successor quotation system, the fair market value of a Common Share as established by the Administrator acting in good faith.

Section 1.27 “Greater Than 10% Shareholder” shall mean an individual then owning (within the meaning of Section 424(d) of the Code) more than 10% of the total combined voting power of all classes of shares of the Company or any subsidiary corporation (as defined in Section 424(f) of the Code) or parent corporation thereof (as defined in Section 424(e) of the Code).

Section 1.28 “Holder” shall mean a person who has been granted or awarded an Award.

Section 1.29 “Incentive Share Option” shall mean an option which conforms to the applicable provisions of Section 422 of the Code and which is designated as an Incentive Share Option by the Administrator.

Section 1.30 “Independent Director” shall mean a member of the Board who is not an Employee.

Section 1.31 “LTIP Unit” shall mean, to the extent authorized by the Partnership Agreement, a unit of the Partnership that is granted pursuant to Section 8.7 hereof and is intended to constitute a “profits interest” within the meaning of the Code.

Section 1.32 “Non-Qualified Share Option” shall mean an Option which is not an Incentive Share Option.

Section 1.33 “Option” shall mean an option to purchase Common Shares granted under Article IV of this Plan. An Option granted under this Plan shall, as determined by the Administrator, be either a Non-Qualified Share Option or an Incentive Share Option; provided, however, that Options granted to Independent Directors and to individuals other than Company Employees shall be Non-Qualified Share Options.

Section 1.34 “Partnership” shall mean Tanger Properties Limited Partnership, a partnership organized under the laws of the state of North Carolina.

Section 1.35 “Partnership Agreement” shall mean the Amended and Restated Agreement of Limited Partnership of Tanger Properties Limited Partnership, dated as of December 30, 1999, as the same may be amended, modified or restated from time to time.

Section 1.36 “Partnership Consultant” shall mean any consultant or advisor of the Partnership or any Partnership Subsidiary who qualifies as a consultant or advisor under the applicable rules of Form S-8 under the Securities Act of 1933, as amended, after taking into account applicable law and (b) has provided or is expected to provide substantial or material services to the Partnership or any Partnership Subsidiary, as determined by the Administrator.

Section 1.37 “Partnership Employee” shall mean any employee (as defined in accordance with Section 3401(c) of the Code) of the Partnership or of any Partnership Subsidiary.

Section 1.38 “Partnership Subsidiary” shall mean (i) a corporation, association or other business entity of which 50% or more of the total combined voting power of all classes of capital stock is owned, directly or indirectly, by the Partnership or by one or more Partnership Subsidiaries or by the Partnership and one or more Partnership Subsidiaries, (ii) any partnership or limited liability company of which 50% or more of the capital and profits interests is owned, directly or indirectly, by the Partnership or by one or more Partnership Subsidiaries or by the Partnership and one or more Partnership Subsidiaries, and (iii) any other entity not described in clauses (i) or (ii) above of which 50% or more of the ownership and the power, pursuant to a written contract or agreement, to direct the policies and management or the financial and other affairs thereof, are owned or controlled by the Partnership or by one or more other Partnership Subsidiaries or by the Partnership and one or more Partnership Subsidiaries.

Section 1.39 “Partnership Unit” shall have the meaning ascribed to such term in the Partnership Agreement.

Section 1.40 “Performance Award” shall mean a cash bonus, share bonus or other performance or incentive award that is paid in cash, Common Shares or a combination of both, awarded under Article VIII of this Plan.

Section 1.41 “Performance Criteria” shall mean (a) the following business criteria with respect to the Company, the Partnership or any Subsidiary or any division or operating unit of any of them: (i) net income or adjusted net income; (ii) pre-tax income; (iii) operating income; (iv) cash flow (including, without limitation, operating cash flow and free cash flow); (v) earnings per share or adjusted earnings per share; (vi) return on equity; (vii) return on invested capital or assets; (viii) cost reductions or savings; (ix) funds from operations or adjusted funds from operations; (x) appreciation in the Fair Market Value of a Common Share or a Partnership Unit; (xi) total return performance on Common Shares as reported in the Company’s annual proxy statement; (xii) operating profit; (xiii) costs; (xiv) expenses; (xv) working capital; (xvi) price per share; (xvii) implementation or completion of critical projects; (xviii) market share; (xix) economic value; (xx) debt levels or reductions, (xxi) sales-related goals, (xxii) operating efficiency, (xxiii) employee satisfaction, (xxiv) financing or other capital raising transactions, (xxv) recruiting and maintaining personnel, (xxvi) year-end cash, and (xxvii) leasing activity, (xxviii) acquisition activity, (xxix) investment sourcing activity, (xxx) customer service, (xxxi) marketing initiatives, and (xxxii) earnings before any one or more of the following items: interest, taxes, depreciation, amortization or non-cash equity-based compensation expense, any of which may be measured either in absolute terms or as compared to any incremental increase or decrease or as compared to results of a peer group or to market performance indicators or indices; provided, that, to the extent applicable, each of the business criteria described in subsections (i) through (xxxii) shall be determined in accordance with Applicable Accounting Standards; and (b) the following objective performance criteria as applied to any Employee: (i) lease renewals; (ii) occupancy rates; (iii) average tenant sales per square foot; (iv) rental rates; and (v) implementation or completion of critical projects. For each fiscal year of the Company, the Committee may provide for objectively determinable adjustments, as determined in accordance with Applicable Accounting Standards, to any of the business criteria described in subsections (a) and (b) and such adjustments may include one or more of the following: (A) items determined to be extraordinary or unusual in nature or infrequent in occurrence; (B) items related to the sale or disposition of a business or a segment of a business; (C) items related to a change in accounting principles under Applicable Accounting Standards; (D) items related to discontinued operations that do not qualify as a segment of a business under Applicable Accounting Standards; (E) items attributable to the business operations of any entity acquired by the Company or the Partnership during the fiscal year; (F) items

reflecting adjustments to funds from operations with respect to straight-line rental income as reported in the Company's Exchange Act reports; (G) items relating to financing activities; (H) expenses for restructuring or productivity initiatives; (I) other non-operating items; (J) items attributable to any share dividend, share split, combination or exchange of shares occurring during the applicable performance period, (J) any other items of significant income or expense which are determined to be appropriate adjustments; (K) items related to amortization of acquired intangible assets; (L) items that are outside the scope of the core, on-going business activities of the Company, the Partnership and the Subsidiaries; (M) items related to acquired in-process research and development; (N) items relating to changes in tax law; (O) items relating to major licensing or partnership arrangements; (P) items relating to asset impairment charges; (Q) items relating to gains or losses for litigation, arbitration and contractual settlements; and (R) items relating to any other unusual or nonrecurring events or changes in applicable law, accounting principles or business conditions. For all Awards intended to qualify as performance-based compensation as described in Section 162(m)(4)(C) of the Code, such determinations shall be made within the time prescribed by, and otherwise in compliance with, Section 162(m) of the Code.

Section 1.42 "Permitted Transferee" shall mean, with respect to a Holder, any "family member" of the Holder, as defined in the instructions to Form S-8 under the Securities Act of 1933, as amended, after taking into account applicable law.

Section 1.43 "Plan" shall mean the Incentive Award Plan of Tanger Factory Outlet Centers, Inc. and Tanger Properties Limited Partnership (Amended and Restated as of April 4, 2014).

Section 1.44 "REIT" shall mean a real estate investment trust within the meaning of Sections 856 through 860 of the Code.

Section 1.45 "Restricted Share" shall mean a Common Share awarded under Article VII.

Section 1.46 "Restricted Share Unit" shall mean the right to receive Common Shares or cash awarded under Article VIII.

Section 1.47 "Rule 16b-3" shall mean that certain Rule 16b-3 under the Exchange Act, as such Rule may be amended from time to time.

Section 1.48 "Secretary" shall mean the Secretary of the Company.

Section 1.49 "Section 162(m) Participant" shall mean any Employee designated by the Administrator as an individual whose compensation for the fiscal year of such designation or a future fiscal year may be subject to the limit on deductible compensation imposed by Section 162(m) of the Code.

Section 1.50 "Section 409A" shall mean Section 409A of the Code and the Department of Treasury regulations and other interpretive guidance issued thereunder (including, without limitation, any such regulations or other guidance issued after the effective date of the Plan).

Section 1.51 "Share Appreciation Right" shall mean a share appreciation right granted under Article IX hereof.

Section 1.52 "Share Payment" shall mean (a) a payment in the form of Common Shares, or (b) an option or other right to purchase Common Shares, as part of a bonus, deferred compensation or other arrangement, awarded under Article VIII of the Plan.

Section 1.53 "Subsidiary" shall mean any Company Subsidiary or Partnership Subsidiary.

Section 1.54 "Substitute Award" shall mean an Award granted under the Plan upon the assumption of, or in substitution for, outstanding equity awards previously granted by a company or other entity in connection with a corporate transaction, such as a merger, combination, consolidation or acquisition of property or stock; provided, however, that in no event shall the term "Substitute Award" be construed to refer to an award made in connection with the cancellation and repricing of an Option or Share Appreciation Right.

Section 1.55 "Termination of Consultancy" shall mean the time when the engagement of a Holder as a Consultant is terminated

for any reason, with or without cause, including, without limitation, by resignation, discharge, death or retirement; provided, that, in any such case, such termination constitutes a "separation from service" within the meaning of Section 1.409A-1(h) of the Department of Treasury Regulations (to the extent required); but excluding terminations where the Holder simultaneously commences or remains in employment and/or service as an Employee and/or Director. For purposes of the Plan, a Holder's consultancy relations shall be deemed to be terminated in the event that the Subsidiary contracting with such Holder ceases to remain a Subsidiary following any merger, sale of stock or other corporate transaction or event (including, without limitation, a spin-off).

Section 1.56 "Termination of Directorship" shall mean the time when a Holder who is an Independent Director ceases to be a Director for any reason, including, but not by way of limitation, a termination by resignation, failure to be elected, death or retirement; provided, that, in any such case, such termination constitutes a "separation from service" within the meaning of Section 1.409A-1(h) of the Department of Treasury Regulations (to the extent required). The Board, in its sole discretion, shall determine the effect of all matters and questions relating to Termination of Directorship with respect to Independent Directors.

Section 1.57 "Termination of Employment" shall mean the time when the employee-employer relationship between a Holder and the Company, the Partnership or any Subsidiary of either of them is terminated for any reason, with or without cause, including, but not by way of limitation, a termination by resignation, discharge, death, disability or retirement; provided, that, in any such case, such termination constitutes a "separation from service" within the meaning of Section 1.409A-1(h) of the Department of Treasury Regulations (to the extent required); but excluding (i) a termination where there is a simultaneous reemployment or continuing employment of such Holder by the Company, the Partnership or any Subsidiary of either of them, (ii) at the discretion of the Administrator, a termination which results in a temporary severance of the employee-employer relationship, and (iii) at the discretion of the Administrator, a termination which is followed by the simultaneous establishment of a consulting relationship by the Company, the Partnership or any Subsidiary of either of them with the former employee. The Administrator, in its sole discretion, shall determine the effect of all matters and questions relating to Termination of Employment, including, but not by way of limitation, the question of whether a Termination of Employment resulted from a discharge for cause, and all questions of whether a particular leave of absence constitutes a Termination of Employment; provided, however, that, with respect to Incentive Share Options, unless otherwise determined by the Administrator in its discretion, a leave of absence, change in status from an Employee to an independent contractor or other change in the employee-employer relationship shall constitute a Termination of Employment if, and to the extent that, such leave of absence, change in status or other change interrupts employment for the purposes of Section 422(a)(2) of the Code and the then applicable regulations and revenue rulings under said Section. For purposes of the Plan, a Holder's employee-employer relationship shall be deemed to be terminated in the event that the Subsidiary employing with such Holder ceases to remain a Subsidiary following any merger, sale of stock or other corporate transaction or event (including, without limitation, a spin-off).

Section 1.58 "Termination of Service" shall mean (a) as to a Consultant, a Termination of Consultancy, (b) as to an Employee, a Termination of Employment, and (c) as to a Director, a Termination of Directorship.

ARTICLE II. SHARES SUBJECT TO PLAN

Section 2.1 Shares Subject to
 Plan

(a) Subject to Section 2.2 and adjustment pursuant to Section 11.3, the aggregate number of Common Shares which may be issued with respect to Awards under the Plan shall not exceed 15,400,000. The Common Shares issuable with respect to Awards may be either previously authorized but unissued shares, treasury shares or shares purchased on the open market. Subject to Section 11.3, each LTIP Unit issued pursuant to an Award shall count as one Common Share for purposes of (i) calculating the aggregate number of Common Shares available for issuance under the Plan as set forth in this Section 2.1(a), (ii) calculating the Award Limit and (iii) share counting as set forth in Section 2.2.

(b) The maximum number of Common Shares and the maximum amount of cash which may be paid with respect to Awards to any individual in any calendar year shall not exceed the Award Limit. Notwithstanding the foregoing, in no event may an Independent Director be granted Awards pursuant to the Plan with an aggregate value (with such value determined as of the date of grant under Applicable Accounting Standards) in excess of \$500,000 during any fiscal year

of the Company (the “Director Limit”). To the extent required by Section 162(m) of the Code, shares subject to Options or Share Appreciation Rights which are canceled continue to be counted against the Award Limit.

Section 2.2 Share
 Counting

Notwithstanding Section 2.1(a): (i) the Administrator may adopt reasonable counting procedures to ensure appropriate counting, avoid double counting (as, for example, in the case of tandem or Substitute Awards), and make adjustments if the number of Common Shares actually delivered differs from the number of shares previously counted in connection with an Award; (ii) Common Shares that are potentially deliverable under any Award that expires or is canceled, forfeited, settled in cash or otherwise terminated without a delivery of such shares to the Holder will not be counted as delivered under the Plan; (iii) Common Shares that have been issued in connection with any Award (e.g., Restricted Shares) that is canceled, forfeited, or settled in cash such that those shares are returned to the Company will again be available for Awards; (iv) Common Shares withheld in payment of the exercise price or taxes relating to any Option or Share Appreciation Right and shares equal to the number surrendered in payment of any exercise price or taxes relating to any Option or Share Appreciation Right shall be deemed to constitute shares delivered to the Holder and shall not be deemed to be again available for Awards under the Plan; (v) Common Shares purchased on the open market with the cash proceeds from the exercise of Options shall not be deemed to be available for Awards under the Plan; and (vi) Common Shares subject to a Share Appreciation Right that are not issued in connection with the share settlement of the Share Appreciation Right on exercise thereof shall be deemed to constitute shares delivered to the Holder and shall not be deemed to be again available for Awards under the Plan; *provided, however*, that no shares shall become available pursuant to this Section 2.2 to the extent that (x) the transaction resulting in the return of shares occurs more than ten years after the date of the most recent shareholder approval of the Plan, or (y) such return of shares would constitute a “material revision” of the Plan subject to shareholder approval under then applicable rules of the New York Stock Exchange (or any other applicable exchange or quotation system). In addition (A) in the case of any Award granted in substitution for an award of a company or business acquired by the Company, the Partnership or any Subsidiary, Common Shares issued or issuable in connection with such Substitute Award shall not be counted against the number of shares reserved under the Plan, but shall be available under the Plan by virtue of the Company’s assumption of the plan or arrangement of the acquired company or business and (B) the payment of Dividend Equivalents in cash in conjunction with any outstanding Awards shall not be counted against the Common Shares available for issuance under the Plan. This Section 2.2 shall apply to the share limit imposed to conform to the regulations promulgated under the Code with respect to Incentive Share Options only to the extent consistent with applicable regulations relating to Incentive Share Options under the Code. Because shares will count against the number reserved in Section 2.1 upon delivery, the Administrator may, subject to the share counting rules under this Section 2.2, determine that Awards may be outstanding that relate to a greater number of shares than the aggregate remaining available under the Plan, so long as Awards will not result in delivery and vesting of shares in excess of the number then available under the Plan.

Section 2.3 Substitute
 Awards

Substitute Awards shall not reduce the Common Shares authorized for grant under the Plan. Additionally, in the event that a company acquired by the Company, the Partnership or any Subsidiary or with which the Company, the Partnership or any Subsidiary combines has shares available under a pre-existing plan approved by shareholders and not adopted in contemplation of such acquisition or combination, the shares available for grant pursuant to the terms of such pre-existing plan (as adjusted, to the extent appropriate, using the exchange ratio or other adjustment or valuation ratio or formula used in such acquisition or combination to determine the consideration payable to the holders of common shares of the entities party to such acquisition or combination) may be used for Awards under the Plan and shall not reduce the Common Shares authorized for grant under the Plan; provided that Awards using such available Common Shares shall not be made after the date awards or grants could have been made under the terms of the pre-existing plan, absent the acquisition or combination, and shall only be made to individuals who were not employed by or providing services to the Company, the Partnership or any of the Subsidiaries immediately prior to such acquisition or combination.

**ARTICLE III.
GRANTING OF AWARDS**

Section 3.1 Participation

The Administrator may, from time to time, select from among all Eligible Individuals, those to whom an Award shall be granted and shall determine the nature and amount of each Award, which shall not be inconsistent with the requirements of the Plan. No Eligible Individual shall have any right to be granted an Award pursuant to the Plan. To the extent required by applicable law, legal consideration shall be required for each issuance of an Award.

Section 3.2 Award
 Agreement

Each Award shall be evidenced by an Award Agreement that sets forth the terms, conditions and limitations for such Award, which may include the term of the Award, the provisions applicable in the event of the Holder's Termination of Service, and the Company's authority to unilaterally or bilaterally amend, modify, suspend, cancel or rescind an Award. Award Agreements evidencing Awards intended to qualify as performance-based compensation as described in Section 162(m)(4)(C) of the Code shall contain such terms and conditions as may be necessary to meet the applicable provisions of Section 162(m) of the Code. Award Agreements evidencing Incentive Share Options shall contain such terms and conditions as may be necessary to meet the applicable provisions of Section 422 of the Code.

Section 3.3 Provisions Applicable to Section 162(m)
 Participants

(a) The Committee, in its sole discretion, may determine whether or not such Award is intended to qualify as performance-based compensation as described in Section 162(m)(4)(C) of the Code. If the Committee, in its sole discretion, decides to grant an Award to an individual that is intended to qualify as performance-based compensation as described in Section 162(m)(4)(C) of the Code (other than an Option or Share Appreciation Right), then the provisions of this Section 3.3 shall control over any contrary provision contained in the Plan. The Administrator, in its sole discretion, may grant Awards to individuals that are based on Performance Criteria or any such other criteria and goals as the Administrator shall establish, but that do not satisfy the requirements of this Section 3.3 and that are not intended to qualify as performance-based compensation as described in Section 162(m)(4)(C) of the Code. Unless otherwise specified by the Committee at the time of grant, the Performance Criteria with respect to an Award intended to be performance-based compensation as described in Section 162(m)(4)(C) of the Code payable to a Section 162(m) Participant shall be determined on the basis of Applicable Accounting Standards.

(b) Notwithstanding anything in the Plan to the contrary, the Committee may, in its sole discretion, grant any Award to a Section 162(m) Participant, including Restricted Shares the restrictions with respect to which lapse upon the attainment of performance goals which are related to one or more of the Performance Criteria, Restricted Share Units that vest and become payable upon the attainment of performance goals which are related to one or more of the Performance Criteria, and any performance or incentive award described in Article VIII that vests or becomes exercisable or payable upon the attainment of performance goals which are related to one or more of the Performance Criteria.

(c) To the extent necessary to comply with the performance-based compensation requirements of Section 162(m)(4)(C) of the Code, with respect to any Award granted under Articles VII or VIII to a Section 162(m) Participant which is intended by the Committee to qualify as performance-based compensation, no later than ninety (90) days following the commencement of any fiscal year in question or any other designated fiscal period or period of service (or such other time as may be required or permitted by Section 162(m) of the Code), the Committee shall, in writing, (i) designate one or more Section 162(m) Participants, (ii) select the Performance Criteria applicable to the fiscal year or other designated fiscal period or period of service, (iii) establish the various performance targets, in terms of an objective formula or standard, and amounts of such Awards, as applicable, which may be earned for such fiscal year or other designated fiscal period or period of service, and (iv) specify the relationship between Performance Criteria and the performance targets and the amounts of such Awards, as applicable, to be earned by each Section 162(m) Participant for such fiscal year or other designated fiscal period or period of service. Following the completion of each fiscal year or other designated fiscal period or period of service, the Committee shall certify in writing whether the applicable performance targets have been achieved for such fiscal year or other designated

fiscal period or period of service. Except as otherwise provided by any written agreement between the Company and any applicable Holder, in determining the amount earned by a Section 162(m) Participant, the Committee shall have the right to reduce (but not to increase) the amount payable at a given level of performance to take into account additional factors that the Committee may deem relevant to the assessment of individual or corporate performance for the fiscal year or other designated fiscal period or period of service.

(d) Unless otherwise provided in the applicable Award Agreement and only to the extent otherwise permitted by Section 162(m) of the Code, as to an Award that is intended to qualify as performance-based compensation requirements of Section 162(m)(4)(C) of the Code, the Holder must be employed by the Company, the Partnership or a Subsidiary throughout the applicable fiscal year or other designated fiscal period or period of service. Unless otherwise provided in the applicable performance targets or Award Agreement, a Holder shall be eligible to receive payment pursuant to such Awards for an applicable fiscal year or other designated fiscal period or period of service only if and to the extent the performance targets for such fiscal year or other designated fiscal period or period of service are achieved.

(e) Furthermore, notwithstanding any other provision of the Plan, any Award which is granted to a Section 162(m) Participant and which is intended to qualify as performance-based compensation as described in Section 162(m)(4)(C) of the Code shall be subject to any additional limitations set forth in Section 162(m) of the Code (including any amendment to Section 162(m) of the Code) or any regulations or rulings issued thereunder that are requirements for qualification as performance-based compensation as described in Section 162(m)(4)(C) of the Code, and the Plan shall be deemed amended to the extent necessary to conform to such requirements.

Section 3.4 Limitations Applicable to Section 16
Persons

Notwithstanding any other provision of the Plan, the Plan and any Award granted or awarded to any individual who is then subject to Section 16 of the Exchange Act, shall be subject to any additional limitations set forth in any applicable exemptive rule under Section 16 of the Exchange Act (including any amendment to Rule 16b-3) that are requirements for the application of such exemptive rule. To the extent permitted by applicable law, the Plan and Awards granted or awarded hereunder shall be deemed amended to the extent necessary to conform to such applicable exemptive rule.

Section 3.5 At-Will
Employment

Nothing in the Plan or in any Award Agreement hereunder shall confer upon any Holder any right to continue in the employ of the Company, the Partnership or any Subsidiary, or as a Consultant or Director of the Company, or shall interfere with or restrict in any way the rights of the Company, the Partnership or any Subsidiary, which are hereby expressly reserved, to discharge any Holder at any time for any reason whatsoever, with or without cause, except to the extent expressly provided otherwise in a written agreement between the Holder and the Company, the Partnership or any Subsidiary. Participation by each Holder in the Plan shall be voluntary and nothing in the Plan shall be construed as mandating that any Eligible Individual shall participate in the Plan.

Section 3.6 Foreign Participants

Notwithstanding any provision of the Plan to the contrary, in order to comply with the laws in other countries in which the Company, the Partnership, and the Subsidiaries operate or have Eligible Individuals, or in order to comply with the requirements of any foreign securities exchange, the Administrator, in its sole discretion, shall have the power and authority to: (a) determine which Subsidiaries shall be covered by the Plan; (b) determine which Eligible Individuals outside the United States are eligible to participate in the Plan; (c) modify the terms and conditions of any Award granted to Eligible Individuals outside the United States to comply with applicable foreign laws or listing requirements of any such foreign securities exchange; (d) establish subplans and modify exercise procedures and other terms and procedures, to the extent such actions may be necessary or advisable; provided, however, that no such subplans and/or modifications shall increase the share limit contained in Section 2.1 or the Award Limit; and (e) take any action, before or after an Award is made, that it deems advisable to obtain approval or comply with any necessary local governmental regulatory exemptions or approvals or listing requirements of any such foreign securities exchange. Notwithstanding the foregoing, the Administrator may not take any actions hereunder, and no Awards shall be granted, that would violate applicable law.

**ARTICLE IV.
GRANTING OF OPTIONS**

Section 4.1 Eligibility

Any Employee or Consultant selected by the Administrator pursuant to Section 4.3(a)(i) shall be eligible to be granted an Option. Any Independent Director selected by the Board pursuant to Section 4.3(b)(i) shall be eligible to be granted an Option.

Section 4.2 Qualification of Incentive Share
Options

No Incentive Share Option shall be granted to any person who is not a Company Employee. No person who qualifies as a Greater Than 10% Shareholder may be granted an Incentive Share Option unless such Incentive Share Option conforms to the applicable provisions of Section 422 of the Code.

Section 4.3 Granting of
Options

- (a) The Administrator shall from time to time, in its sole discretion, and subject to applicable limitations of this Plan:
- (i) Select from among the Employees and Consultants (including Employees and Consultants who have previously received Awards) such of them as in its opinion should be granted Options;
 - (ii) Subject to the Award Limit, determine the number of shares to be subject to such Options granted to the selected Employees and Consultants;
 - (iii) Subject to Section 4.2, determine whether such Options are to be Incentive Share Options or Non-Qualified Share Options and whether such Options are to qualify as performance-based compensation as described in Section 162(m)(4)(C) of the Code; and
 - (iv) Determine the terms and conditions of such Options, consistent with this Plan; provided, however, that the terms and conditions of Options intended to qualify as performance-based compensation as described in Section 162(m)(4)(C) of the Code shall include, but not be limited to, such terms and conditions as may be necessary to meet the applicable provisions of Section 162(m) of the Code.
- (b) The Board shall from time to time, in its sole discretion, and subject to applicable limitations of this Plan:
- (i) Determine which Independent Directors (including Independent Directors who have previously received Options) such of them as in its opinion should be granted Options; and
 - (ii) Subject to the Director Limit, determine the terms and conditions of such Options, consistent with this Plan.
- (c) Upon the selection of an Eligible Individual to be granted an Option, the Administrator shall instruct the Secretary to issue the Option and may impose such conditions on the grant of the Option as it deems appropriate.

**ARTICLE V.
TERMS OF OPTIONS**

Section 5.1 Exercise
Price

The exercise price per share of the shares subject to each Option shall be set by the Administrator in its discretion; provided, however, that such price shall be no less than the Fair Market Value of a Common Share on the date the Option is

granted (or, as to Incentive Share Options, on the date the Option is modified, extended or renewed for purposes of Section 424(h) of the Code), and, in the case of Incentive Share Options granted to a Greater than 10% Shareholder, such price shall not be less than 110% of the Fair Market Value of a Common Share on the date the Option is granted (or the date the Option is modified, extended or renewed for purposes of Section 424(h) of the Code).

Section 5.2 Option
 Term

The term of an Option shall be set by the Administrator in its discretion; provided, however, that (i) in the case of Incentive Share Options, the term shall not be more than ten (10) years from the date the Incentive Share Option is granted, or five (5) years from such date if the Incentive Share Option is granted to a Greater Than 10% Shareholder. The Administrator shall determine the time period, including the time period following a Termination of Service, during which the Holder has the right to exercise the vested Options, which time period may not extend beyond the last day of the Option Term. Except as limited by requirements of Section 422 of the Code and regulations and rulings thereunder applicable to Incentive Share Options and the requirements of Section 409A, the Administrator may extend the term of any outstanding Option in connection with any Termination of Service, or amend, subject to Section 11.2, any other term or condition of such Option relating to such a termination.

Section 5.3 Option
 Vesting

(a) The period during which the right to exercise an Option in whole or in part vests in the Holder shall be set by the Administrator and the Administrator may determine that an Option may not be exercised in whole or in part for a specified period after it is granted. Such vesting may be based on service with the Company, the Partnership or any Subsidiary, any of the Performance Criteria, or any other criteria selected by the Administrator and, except as may be limited by the Plan, at any time after grant of an Option, the Administrator may, in its sole discretion and subject to whatever terms and conditions it selects, accelerate the period during which an Option vests.

(b) No portion of an Option which is unexercisable at Termination of Service shall thereafter become exercisable, except as may be otherwise provided by the Administrator (other than with respect to Options granted to Independent Directors) either in the Award Agreement or by action of the Administrator at the time of or following the grant of the Option.

(c) To the extent that the aggregate Fair Market Value of shares with respect to which "incentive stock options" (within the meaning of Section 422 of the Code, but without regard to Section 422(d) of the Code) are exercisable for the first time by a Holder during any calendar year (under the Plan and all other incentive stock option plans of the Company and any subsidiary) exceeds \$100,000, such Options shall be treated as Non-Qualified Share Options to the extent required by Section 422 of the Code. The rule set forth in the preceding sentence shall be applied by taking options into account in the order in which they were granted. For purposes of this Section 5.3(c), the Fair Market Value of shares shall be determined as of the time the option with respect to such shares is granted.

(d) In the event of a Change in Control, each Option granted to an Eligible Individual shall be exercisable as to all shares covered thereby immediately prior to the consummation of such Change in Control and subject to such consummation and the Eligible Individual's continued employment or service through such consummation, notwithstanding anything to the contrary in this Section 5.3 or the vesting schedule of such Option.

Section 5.4 Substitute Awards

Notwithstanding the foregoing provisions of this Article V to the contrary, in the case of an Option that is a Substitute Award, the price per share of the Common Shares subject to such Option may be less than the Fair Market Value per share on the date of grant; provided that the excess of: (a) the aggregate Fair Market Value (as of the date such Substitute Award is granted) of the Common Shares subject to the Substitute Award, over (b) the aggregate exercise price thereof does not exceed the excess of: (x) the aggregate fair market value (as of the time immediately preceding the transaction giving rise to the Substitute Award, such fair market value to be determined by the Administrator) of the shares of the predecessor entity that were subject to the grant assumed or substituted for by the Company, over (y) the aggregate exercise price of such shares.

Section 5.5 Substitution of Share Appreciation Rights

The Administrator may, in its sole discretion, substitute an Award of Share Appreciation Rights for an outstanding Option at any time prior to or upon exercise of such Option; provided, however, that such Share Appreciation Rights shall be exercisable with respect to the same number of Shares for which such substituted Option would have been exercisable, and shall also have the same exercise price and remaining term as the substituted Option.

**ARTICLE VI.
EXERCISE OF OPTIONS**

Section 6.1 Partial
Exercise

An exercisable Option may be exercised in whole or in part. However, an Option shall not be exercisable with respect to fractional shares and the Administrator may require that, by the terms of the Option, a partial exercise be with respect to a minimum number of shares.

Section 6.2 Expiration of Option Term; Automatic Exercise of In-The-Money
Options

Unless otherwise provided by the Administrator (in an Award Agreement or otherwise) or as otherwise directed by an Option Holder in writing to the Company, each Option outstanding on the Automatic Exercise Date with an exercise price per share that is less than the Fair Market Value per Common Share as of such date shall automatically and without further action by the Option Holder, the Company, the Partnership or any Subsidiary be exercised on the Automatic Exercise Date. In the sole discretion of the Administrator, payment of the exercise price of any such Option shall be made through withholding of Common Shares otherwise issuable under such Option (or the return of Common Shares) having a Fair Market Value equal to the sums required to be withheld and the Company, the Partnership or any Subsidiary shall deduct or withhold an amount sufficient to satisfy all taxes associated with such exercise in accordance with Section 11.5. Unless otherwise determined by the Administrator, this Section 6.2 shall not apply to an Option if the Holder of such Option incurs a Termination of Service on or before the Automatic Exercise Date. For the avoidance of doubt, no Option with an exercise price per share that is equal to or greater than the Fair Market Value per Common Share on the Automatic Exercise Date shall be exercised pursuant to this Section 6.2.

Section 6.3 Manner of
Exercise

All or a portion of an exercisable Option shall be deemed exercised upon delivery of all of the following to the Secretary or his office prior to the time when such Option or such portion becomes unexercisable under the Plan or the applicable Award Agreement:

- (a) A written or electronic notice complying with the applicable rules established by the Administrator stating that the Option, or a portion thereof, is exercised. The notice shall be signed by the Holder or other person then entitled to exercise the Option or such portion of the Option;
 - (b) Such representations and documents as the Administrator, in its sole discretion, deems necessary or advisable to effect compliance with all applicable provisions of the Securities Act of 1933, as amended, and any other federal or state securities laws or regulations and any other applicable law. The Administrator may, in its sole discretion, also take whatever additional actions it deems appropriate to effect such compliance including, without limitation, placing legends on share certificates or book entries evidencing shares and issuing stop-transfer notices to agents and registrars;
 - (c) In the event that the Option shall be exercised by any person or persons other than the Holder, appropriate proof of the right of such person or persons to exercise the Option, as determined in the sole discretion of the Administrator; and
 - (d) Full cash payment of the exercise price and applicable withholding taxes to the Secretary for the shares with respect to which the Option, or portion thereof, is exercised. However, the Administrator may in its discretion allow payment,
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in whole or in part, through (i) the delivery of Common Shares owned by the Holder, duly endorsed for transfer to the Company with a Fair Market Value on the date of delivery equal to the aggregate exercise price of the Option or exercised portion thereof; (ii) the surrender of Common Shares then issuable upon exercise of the Option having a Fair Market Value on the date of Option exercise equal to the aggregate exercise price of the Option or exercised portion thereof; (iii) the delivery of property of any kind which constitutes good and valuable consideration; (iv) the delivery of a notice that the Holder has placed a market sell order with a broker with respect to Common Shares then issuable upon exercise of the Option, and that the broker has been directed to pay a sufficient portion of the net proceeds of the sale to the Company in satisfaction of the Option exercise price, provided that payment of such proceeds is then made to the Company upon settlement of such sale; or (v) any combination of the consideration provided in the foregoing subparagraphs (i), (ii), (iii) and (iv). The Option may not be exercised, however, by delivery of a promissory note or by a loan from the Company, the Partnership or any Subsidiary when or where such loan or other extension of credit is prohibited by law, and payment in the manner prescribed by the preceding sentences shall not be permitted to the extent that the Administrator determines that payment in such manner may result in an extension or maintenance of credit, an arrangement for the extension of credit, or a renewal of an extension of credit in the form of a personal loan to or for any Director or executive officer of the Company that is prohibited by Section 13(k) of the Exchange Act or other applicable law.

Section 6.4 Rights as
Shareholders

The Holders of Options shall not be, nor have any of the rights or privileges of, shareholders of the Company in respect of any shares purchasable upon the exercise of any part of an Option unless and until certificates representing such shares have been issued by the Company or the Partnership to such Holders or book entries evidencing shares have been made.

Section 6.5 Ownership and Transfer
Restrictions

The Administrator, in its sole discretion, may impose such restrictions on the ownership and transferability of the shares purchasable upon the exercise of an Option as it deems appropriate. Any such restriction shall be set forth in the respective Award Agreement or other written agreement between the Company and the Holder and may be referred to on the certificates or book entries evidencing such shares.

Section 6.6 Notification Regarding
Disposition

The Holder shall give the Company prompt written or electronic notice of any disposition of Common Shares acquired by exercise of an Incentive Share Option which occurs within (a) two years from the date of granting (including the date the Option is modified, extended or renewed for purposes of Section 424(h) of the Code) such Option to such Holder, or (b) one year after the transfer of such Common Shares to such Holder.

ARTICLE VII.
AWARD OF RESTRICTED SHARES

Section 7.1 Eligibility

Subject to the Award Limit and Director Limit, Restricted Shares may be awarded to any Eligible Individual.

Section 7.2 Award of Restricted
Shares

- (a) The Administrator may from time to time, in its sole discretion:
- (i) Select from among Eligible Individuals (including Eligible Individuals who have previously received other Awards under the Plan) such of them as in its opinion should be awarded Restricted Shares; and
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- (ii) Determine the purchase price, if any, and other terms and conditions (including, without limitation, in the case of awards to Partnership Employees and Partnership Consultants, the mechanism for the transfer of the Restricted Shares and payment therefor, and any surrender of such Restricted Shares pursuant to Section 7.4) applicable to such Restricted Shares, consistent with the Plan.

(b) The Administrator shall establish the purchase price, if any, and form of payment for Restricted Shares; provided, however, that such purchase price, if any, shall be no less than the par value of the Common Shares to be purchased, unless otherwise permitted by applicable state law.

(c) Upon the selection of an Eligible Individual to be awarded Restricted Shares, the Administrator shall instruct the Secretary to issue such Restricted Shares and may impose such conditions on the issuance of such Restricted Shares as it deems appropriate.

Section 7.3 Rights as Shareholders

Subject to Section 7.4, upon delivery of the Restricted Shares to the Holder or the escrow holder pursuant to Section 7.6, the Holder shall have, unless otherwise provided by the Administrator, all the rights of a shareholder with respect to said shares, subject to the restrictions in his or her Award Agreement, including the right to receive all dividends and other distributions paid or made with respect to the shares; provided, however, that in the discretion of the Administrator, any extraordinary distributions with respect to the Common Shares shall be subject to the restrictions set forth in Section 7.4. In addition, with respect to a Restricted Share with performance-based vesting, dividends which are paid prior to vesting shall only be paid out to the Holder to the extent that the performance-based vesting conditions are subsequently satisfied and the Restricted Share vests.

Section 7.4 Restriction

All Restricted Shares issued under the Plan (including any shares received by Holders thereof with respect to Restricted Shares as a result of share dividends, share splits or any other form of recapitalization) shall, in the terms of each individual Award Agreement, be subject to such restrictions and vesting requirements as the Administrator shall provide, which restrictions and vesting requirements may include, without limitation, restrictions concerning voting rights and transferability and restrictions based on duration of employment or directorship with the Company, the Partnership or any Subsidiary, or performance of the Company, the Partnership or a Subsidiary or individual performance or other criteria selected by the Administrator; provided, however, that, except to the extent required with respect to Restricted Shares granted to Section 162(m) Participants to qualify as performance-based compensation under Section 162(m)(4)(C), by action taken after the Restricted Shares are issued, the Administrator may, on such terms and conditions as it may determine to be appropriate, remove any or all of the restrictions imposed by the terms of the Award Agreement. Restricted Shares may not be sold or encumbered until all restrictions are terminated or expire. Except as otherwise provided by any written agreement between the Company, the Partnership or any Subsidiary, as applicable, and any applicable Holder or otherwise determined by the Administrator at the time of grant or thereafter, if no cash consideration was paid by the Holder upon issuance, a Holder's rights in unvested Restricted Shares shall lapse, and such Restricted Shares shall be surrendered to the Company, the Partnership or the Subsidiary, as applicable, without consideration, upon a Termination of Service.

Section 7.5 Repurchase of Restricted Shares

Except as otherwise provided by the individual Award Agreement, the Company, the Partnership or a Subsidiary shall have the right to repurchase from the Holder the Restricted Shares then subject to restrictions under the Award Agreement immediately upon a Termination of Service at a cash price per share equal to the lesser of (i) the Fair Market Value of a Common Share on the date of Termination of Service, and (ii) the price per share paid by the Holder for such Restricted Shares. Notwithstanding the foregoing, the Administrator, in its sole discretion, may provide that upon certain events, including a Change in Control, the Holder's death, retirement or disability or any other specified Termination of Service or any other event, the Holder's rights in invested Restricted Shares shall not lapse, such Restricted Shares shall vest and, if applicable, the Company, the Partnership and the Subsidiaries shall not have a right of repurchase.

Section 7.6 Escrow

Except as otherwise provided in any Award Agreement, the Secretary or such other escrow holder as the Administrator may appoint shall retain physical custody of each certificate representing Restricted Shares, if any, until all of the restrictions imposed under the Award Agreement with respect to the shares evidenced by such certificate expire or shall have been removed.

Section 7.7 Legend

In order to enforce the restrictions imposed upon Restricted Shares hereunder, the Administrator shall cause a legend or legends to be placed on certificates or book entries evidencing all Restricted Shares that are still subject to restrictions under Award Agreements, which legend or legends shall make appropriate reference to the conditions imposed thereby.

ARTICLE VIII.
PERFORMANCE AWARDS, DIVIDEND EQUIVALENTS, SHARE PAYMENTS, DEFERRED SHARES,
DEFERRED SHARE UNITS, RESTRICTED SHARE UNITS, LTIP UNITS

Section 8.1 Eligibility

Subject to the Award Limit and Director Limit, one or more Performance Awards, award of Dividend Equivalents, awards of Deferred Shares, awards of Deferred Share Units or Restricted Share Units, Share Payments and/or LTIP Units may be granted to any Eligible Individual whom the Administrator determines should receive such an Award.

Section 8.2 Performance
Awards

(a) Any Eligible Individual selected by the Administrator may be granted one or more Performance Awards. The value of such Performance Awards may be linked to any one or more of the Performance Criteria or other specific performance criteria determined appropriate by the Administrator, in each case on a specified date or dates or over any period or periods determined by the Administrator. In making such determinations, the Administrator shall consider (among such other factors as it deems relevant in light of the specific type of award) the contributions, responsibilities and other compensation of the particular Eligible Individual.

(b) Without limiting Section 8.1 or 8.2(a), the Administrator may grant Performance Awards to any Eligible Individual in the form of a cash bonus payable upon the attainment of objective performance goals which are established by the Administrator and relate to one or more of the Performance Criteria, or such other criteria, whether or not objective, which are established by the Administrator, in each case on a specified date or dates or over any period or periods determined by the Administrator. Any such bonuses paid to 162(m) Participants which are intended to be performance-based compensation under Section 162(m)(4)(C) shall be based upon objectively determinable bonus formulas established in accordance with the provisions of Section 3.3. The maximum amount of any Performance Award payable to a 162(m) Participant under this Section 8.2(b) shall not exceed the Award Limit with respect to any calendar year. Unless otherwise specified by the Administrator at the time of grant, the Performance Criteria with respect to a Performance Award payable to a 162(m) Participant shall be determined on the basis of Applicable Accounting Standards.

(c) Payment of the amount determined under Section 8.2 shall be in cash, in Common Shares or a combination of both, as determined by the Administrator. To the extent any payment under this Section 8.2 is effected in Common Shares, it shall be made subject to satisfaction of all provisions of Section 11.16.

Section 8.3 Dividend
Equivalents

(a) Subject to Section 8.3(b), Dividend Equivalents may be granted by the Administrator based on dividends declared on the Common Shares, to be credited as of dividend payment dates with respect to dividends with record dates that occur during the period between the date the Dividend Equivalents are granted to a Holder and the date such Dividend Equivalents terminate or expire, as determined by the Administrator. Such Dividend Equivalents shall be converted to cash or additional Common Shares by such formula and at such time and subject to such restrictions and limitations as may be determined by the Administrator. In addition, Dividend Equivalents with respect to an Award with performance-based vesting that are based on dividends paid prior to the vesting of such Award shall only be paid out to the Holder to the extent that the performance-based vesting conditions are subsequently satisfied and the Award vests.

(b) Notwithstanding the foregoing, no Dividend Equivalent shall be payable with respect to Options or Share Appreciation Rights.

Section 8.4 Share
Payments

Any Eligible Individual selected by the Administrator may receive Share Payments in the manner determined from time to time by the Administrator. The number of shares shall be determined by the Administrator and may be based upon the Performance Criteria or other specific criteria determined appropriate by the Administrator, determined on the date such Share Payment is made or on any date thereafter. Common Shares underlying a Share Payment which is subject to a vesting schedule or other conditions or criteria set by the Administrator shall not be issued until those conditions have been satisfied. Unless otherwise provided by the Administrator, a Holder of a Share Payment shall have no rights as a Company shareholder with respect to such Share Payment until such time as the Share Payment has vested and the Common Shares underlying the Award have been issued to the Holder. Share Payments may, but are not required to, be made in lieu of base salary, bonus, fees or other cash compensation otherwise payable to such Eligible Individual.

Section 8.5 Deferred
Shares

Any Eligible Individual selected by the Administrator may be granted an award of Deferred Shares in the manner determined from time to time by the Administrator. The number of Deferred Shares shall be determined by the Administrator and may (but is not required to) be linked to the Performance Criteria or other specific criteria determined to be appropriate by the Administrator, in each case on a specified date or dates or over any period or periods determined by the Administrator. Common Shares underlying a Deferred Share award will not be issued until the Deferred Share Award has vested and any other applicable conditions and/or criteria have been satisfied, pursuant to a vesting schedule or performance conditions and/or criteria set by the Administrator. Unless otherwise provided by the Administrator, a Holder of Deferred Shares shall have no rights as a Company shareholder with respect to such Deferred Shares until such time as the Award has vested and any other applicable conditions and/or criteria have been satisfied and the Common Shares underlying the Award have been issued.

Section 8.6 Deferred Share Units; Restricted Share
Units

Any Eligible Individual selected by the Administrator may be granted an award of Deferred Share Units or Restricted Share Units in the manner determined from time to time by the Administrator. The number and terms and conditions of Deferred Share Units or Restricted Share Units shall be determined by the Administrator. The Administrator shall specify the date or dates on which the Deferred Share Units or Restricted Share Units shall become fully vested and nonforfeitable, and may specify such conditions to vesting as it deems appropriate, including conditions based on one or more Performance Criteria or other specific criteria, including service to the Company, the Partnership or a Subsidiary, in each case, on a specified date or dates or over any period or periods, as determined by the Administrator. The Administrator shall specify, or permit the Participant to elect, the conditions and dates upon which the Common Shares underlying the Deferred Share Units or Restricted Share Units shall be issued, which dates shall not be earlier than the date as of which the Deferred Share Units or Restricted Share Units vest and become nonforfeitable and which conditions and dates shall be consistent with the applicable provisions of Section 409A or an exemption therefrom. On the distribution dates, the Company shall issue to the applicable Eligible Individual one unrestricted, fully transferable Common Share (or, in the sole discretion of the Administrator, the Fair Market Value of one such Common Share in cash) for each vested and nonforfeitable Deferred Share Units or Restricted Share Unit. Unless otherwise determined by the Administrator, a Holder of Deferred Share Units or Restricted Share Units shall possess no

incidents of ownership with respect to the Common Shares represented by such Deferred Share Units or Restricted Share Units, unless and until such Common Shares are transferred to the Holder pursuant to the terms of this Plan and the applicable Award Agreement.

Section 8.7 LTIP
Units

Any Eligible Individual selected by the Administrator may be granted an award of LTIP Units in the manner determined from time to time by the Administrator. The number and terms and conditions of LTIP Units shall be determined by the Administrator; provided, however, that LTIP Units may only be issued to a Holder for the performance of services to or for the benefit of the Partnership (a) in the Holder's capacity as a partner of the Partnership, (b) in anticipation of the Holder becoming a partner of the Partnership, or (c) as otherwise determined by the Administrator, provided that the LTIP Units are intended to constitute "profits interests" within the meaning of the Code, including, to the extent applicable, Revenue Procedure 93-27, 1993-2 C.B. 343 and Revenue Procedure 2001-43, 2001-2 C.B. 191. The Administrator shall specify the conditions and dates upon which the LTIP Units shall vest and become nonforfeitable. LTIP Units shall be subject to the terms and conditions of the Partnership Agreement and such other restrictions, including restrictions on transferability, as the Administrator may impose. These restrictions may lapse separately or in combination at such times, pursuant to such circumstances, in such installments, or otherwise, as the Administrator determines at the time of the grant of the Award or thereafter.

Section 8.8 Term

The term, if any, of a Performance Award, award of Dividend Equivalents, award of Deferred Share Units or Restricted Share Units, Deferred Shares, Share Payment and/or LTIP Units shall be set by the Administrator in its sole discretion.

Section 8.9 Exercise or Purchase
Price

The Administrator may establish the exercise or purchase price of a Performance Award, award of Dividend Equivalents, award of Deferred Share Units or Restricted Share Units, Deferred Share award, shares received as a Share Payment or award of LTIP Units; provided, however, that such price with respect to any Common Shares shall not be less than the par value of a Common Share, unless otherwise permitted by applicable law.

Section 8.10 Termination of
Service

A Performance Award, award of Dividend Equivalents, award of Deferred Share Units or Restricted Share Units, award of Deferred Shares, Share Payment and/or LTIP Units is exercisable, distributable or payable only while the Holder is an Eligible Individual; provided, however, that, except to the extent required with respect to Awards granted to Section 162(m) Participants to qualify as performance-based compensation under Section 162(m)(4)(C), the Administrator in its sole discretion may provide that the Performance Award, award of Dividend Equivalents, award of Deferred Share Units or Restricted Share Units, award of Deferred Shares, Share Payment and/or LTIP Unit may be exercised, distributed or paid subsequent to a Termination of Service, or following a Change in Control, or because of the Holder's retirement, death or disability, or otherwise.

**ARTICLE IX.
SHARE APPRECIATION RIGHTS**

Section 9.1 Grant of Share Appreciation
Rights

(a) The Administrator is authorized to grant Share Appreciation Rights to any Eligible Individual from time to time, in its sole discretion, on such terms and conditions as it may determine consistent with the Plan.

(b) A Share Appreciation Right shall entitle the Holder (or other person entitled to exercise the Share Appreciation Right pursuant to the Plan) to exercise all or a specified portion of the Share Appreciation Right (to the extent then-exercisable pursuant to its terms) and to receive from the Company an amount determined by multiplying the difference obtained by subtracting the exercise price per Common Share of the Share Appreciation Right from the Fair Market Value on the date of exercise of the Share Appreciation Right by the number of Common Shares with respect to which the Share Appreciation Right shall have been exercised, subject to any limitations the Administrator may impose. Except as described in Section 9.1(c) hereof, the exercise price per Common Share subject to each Share Appreciation Right shall be set by the Administrator, but shall not be less than one hundred percent (100%) of the Fair Market Value on the date the Share Appreciation Right is granted.

(c) Notwithstanding the foregoing provisions of Section 9.1(b) hereof to the contrary, in the case of a Share Appreciation Right that is a Substitute Award, the price per share of the shares subject to such Share Appreciation Right may be less than 100% of the Fair Market Value per share on the date of grant; provided, however, that the exercise price of any Substitute Award shall be determined in accordance with the applicable requirements of Sections 424 and 409A of the Code.

Section 9.2 Share Appreciation Right Vesting

(a) The Administrator shall determine the period during which the Holder shall vest in a Share Appreciation Right and have the right to exercise such Share Appreciation Rights (subject to Section 9.4 hereof) in whole or in part. Such vesting may be based on service with the Company or any Subsidiary, any of the Performance Criteria or any other criteria selected by the Administrator. At any time after grant of a Share Appreciation Right, the Administrator may, in its sole discretion and subject to whatever terms and conditions it selects, accelerate the period during which the Share Appreciation Right vests.

(b) No portion of a Share Appreciation Right which is unexercisable at Termination of Service shall thereafter become exercisable, except as may be otherwise provided by the Administrator either in an Award Agreement or by action of the Administrator at the time of or following the grant of the Share Appreciation Right.

Section 9.3 Manner of Exercise

All or a portion of an exercisable Share Appreciation Right shall be deemed exercised upon delivery of all of the following to the share administrator of the Company, or such other person or entity designated by the Administrator, or his, her or its office, as applicable:

(a) A written or electronic notice complying with the applicable rules established by the Administrator stating that the Share Appreciation Right, or a portion thereof, is exercised. The notice shall be signed by the Holder or other person then-entitled to exercise the Share Appreciation Right or such portion of the Share Appreciation Right;

(b) Such representations and documents as the Administrator, in its sole discretion, deems necessary or advisable to effect compliance with all applicable provisions of the Securities Act of 1933, as amended, and any other federal, state or foreign securities laws or regulations. The Administrator may, in its sole discretion, also take whatever additional actions it deems appropriate to effect such compliance;

(c) In the event that the Share Appreciation Right shall be exercised pursuant to this Section 9.3 by any person or persons other than the Holder, appropriate proof of the right of such person or persons to exercise the Share Appreciation Right; and

(d) Full payment of the applicable withholding taxes for the Common Shares with respect to which the Share Appreciation Rights, or portion thereof, are exercised, in a manner permitted by the Administrator in accordance with Section 11.5 hereof.

Section 9.4 Share Appreciation Right Term

The term of each Share Appreciation Right shall be set by the Administrator in its sole discretion; provided, however, that the term shall not be more than ten (10) years from the date the Share Appreciation Right is granted. The Administrator shall determine the time period, including the time period following a Termination of Service, during which the Holder has the right to exercise the vested Share Appreciation Rights, which time period may not extend beyond the expiration date of the Share Appreciation Right term. Except as limited by the requirements of Section 409A of the Code, the Administrator may extend the term of any outstanding Share Appreciation Right, and may extend the time period during which vested Share Appreciation Rights may be exercised, in connection with any Termination of Service of the Holder, and may amend any other term or condition of such Share Appreciation Right relating to such a Termination of Service.

Section 9.5 Payment

Payment of the amounts payable with respect to Share Appreciation Rights pursuant to this Article 9 shall be in cash, Common Shares (based on its Fair Market Value as of the date the Share Appreciation Right is exercised), or a combination of both, as determined by the Administrator.

Section 9.6 Expiration of Share Appreciation Right Term: Automatic Exercise of In-The-Money Share Appreciation Rights.

Unless otherwise provided by the Administrator (in an Award Agreement or otherwise) or as otherwise directed by a Share Appreciation Right Holder in writing to the Company, each Share Appreciation Right outstanding on the Automatic Exercise Date with an exercise price per share that is less than the Fair Market Value per Common Share as of such date shall automatically and without further action by the Share Appreciation Right Holder or the Company be exercised on the Automatic Exercise Date. In the sole discretion of the Administrator, the Company, the Partnership or any Subsidiary shall deduct or withhold an amount sufficient to satisfy all taxes associated with such exercise in accordance with Section 11.5. For the avoidance of doubt, no Share Appreciation Right with an exercise price per share that is equal to or greater than the Fair Market Value per Common Share on the Automatic Exercise Date shall be exercised pursuant to this Section 9.6.

ARTICLE X. ADMINISTRATION

Section 10.1 Compensation Committee

The Compensation Committee (or another committee or subcommittee of the Board or the Compensation Committee assuming the functions of the Committee under the Plan) shall administer the Plan (except as otherwise permitted herein). To the extent necessary to comply with Rule 16b-3, and with respect to Awards that are intended to be performance-based compensation as described in Section 162(m)(4)(C) of the Code, including Options and Share Appreciation Rights, then the Compensation Committee (or another committee or subcommittee of the Board or Compensation Committee assuming the functions of the Committee under the Plan) shall take all action with respect to such Awards, and the individuals taking such action shall consist solely of two or more Directors, appointed by and holding office at the pleasure of the Board, none of whom shall be an Employee and each of whom is both a “non-employee director” as defined by Rule 16b-3 and an “outside director” for purposes of Section 162(m) of the Code. Additionally, to the extent required by applicable law, each of the individuals constituting the Compensation Committee (or another committee or subcommittee of the Board or Compensation Committee assuming the functions of the Committee under the Plan) shall be an “independent director” under the rules of any securities exchange or automated quotation system on which the Common Shares are listed, quoted or traded. Notwithstanding the foregoing, any action taken by the Committee shall be valid and effective, whether or not members of the Committee at the time of such action are later determined not to have satisfied the requirements for membership set forth in this Section 10.1 or otherwise provided in any charter of the Committee. Except as may otherwise be provided in any charter of the Committee, appointment of Committee members shall be effective upon acceptance of appointment. Committee members may resign at any time by delivering written notice to the Board. Vacancies in the Committee may only be filled by the Board.

Section 10.2 Duties and Powers of Committee

It shall be the duty of the Committee to conduct the general administration of this Plan in accordance with its provisions. The Committee shall have the power to interpret this Plan, the Award Agreements and to adopt such rules for the administration, interpretation and application of this Plan as are consistent therewith and to interpret, amend or revoke any such rules. Any such interpretations and rules with respect to Incentive Share Options shall be consistent with the provisions of Section 422 of the Code. The Committee shall have the power to amend any Award Agreement provided that the rights or obligations of the Holder of the Award that is the subject of any such Award Agreement are not affected adversely unless the consent of such Holder is obtained or such amendment is otherwise permitted under Section 11.15 or 11.17; provided, however, that neither the Committee nor the Board shall, without the approval of the shareholders of the Company, authorize (a) the amendment of any outstanding Option or Share Appreciation Right to reduce its exercise price or (b) any Option or Share Appreciation Right to be canceled in exchange for cash or another Award (including other Options or Share Appreciation Rights) when the exercise price per share exceeds the Fair Market Value of the underlying Common Shares. Grants or Awards under the Plan need not be the same with respect to each Holder. In its sole discretion, the Board may at any time and from time to time exercise any and all rights and duties of the Committee under the Plan except with respect to matters which under Rule 16b-3 or Section 162(m) of the Code, or any regulations or rules issued thereunder, or the rules of any securities exchange or automated quotation system on which the Common Shares are listed, quoted or traded, are required to be determined in the sole discretion of the Committee. Notwithstanding the foregoing, (i) the full Board, acting by a majority of its members in office, shall conduct the general administration of the Plan with respect to Awards granted to Independent Directors and, with respect to such Awards, the terms "Administrator" and "Committee" as used in the Plan shall be deemed to refer to the Board and (ii) the Board and Committee may delegate its authority hereunder to the extent permitted under Section 10.6.

Section 10.3 Majority
 Rule

Unless otherwise established by the Board or in any charter of the Committee, the Committee shall act by a majority of its members in attendance at a meeting where quorum is present or by a memorandum or other written instrument signed by all members of the Committee. The Administrator's interpretation of the Plan, any Awards granted pursuant to the Plan, any Award Agreement and all decisions and determinations by the Administrator with respect to the Plan are final, binding and conclusive on all parties.

Section 10.4 Compensation; Professional Assistance; Good Faith
 Actions

Members of the Committee shall receive such compensation for their services as members as may be determined by the Board. All expenses and liabilities which members of the Committee incur in connection with the administration of this Plan shall be borne by the Company. The Committee may, with the approval of the Board, employ attorneys, consultants, accountants, appraisers, brokers or other persons. The Committee, the Company and the Company's officers and Directors shall be entitled to rely upon the advice, opinions, valuations reports and other information from any such persons and each member of the Committee shall be entitled to rely or act upon any advice, opinions, valuations, report or other information furnished to that member by any officer or other Employee. All actions taken and all interpretations and determinations made by the Committee or the Board in good faith shall be final and binding upon all Holders, the Company and all other interested persons. No members of the Committee or the Board shall be personally liable for any action, determination or interpretation made in good faith with respect to this Plan or any Award, and all members of the Committee and the Board shall be fully protected by the Company in respect of any such action, determination or interpretation.

Section 10.5 Authority of Administrator.

Subject to the Company's Bylaws, the Committee's Charter and any specific designation in the Plan, the Administrator has the exclusive power, authority and sole discretion to:

- (a) Designate Eligible Individuals to receive Awards;
 - (b) Determine the type or types of Awards to be granted to each Eligible Individual;
 - (c) Determine the number of Awards to be granted and the number of Common Shares or LTIP Units to which an Award will relate;
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(d) Determine the terms and conditions of any Award granted pursuant to the Plan, including, but not limited to, the exercise price, grant price, purchase price, legal consideration therefor, any Performance Criteria or other performance criteria, any restrictions or limitations on the Award, any schedule for vesting, lapse of forfeiture restrictions or restrictions on the exercisability of an Award, and accelerations or waivers thereof, and any provisions related to non-competition and recapture of gain on an Award, based in each case on such considerations as the Administrator in its sole discretion determines;

(e) Determine whether, to what extent, and pursuant to what circumstances an Award may be settled in, or the exercise price of an Award may be paid in cash, Common Shares, LTIP Units, other Awards, or other property, or an Award may be canceled, forfeited, or surrendered;

(f) Prescribe the form of each Award Agreement, which need not be identical for each Holder;

(g) Determine as between the Company, the Partnership and any Subsidiary which entity will make payments with respect to an Award, consistent with applicable securities laws and other applicable law;

(h) Decide all other matters that must be determined in connection with an Award;

(i) Establish, adopt, or revise any rules and regulations as it may deem necessary or advisable to administer the Plan;

(j) Interpret the terms of, and any matter arising pursuant to, the Plan or any Award Agreement;

(k) Make all other decisions and determinations that may be required pursuant to the Plan or as the Administrator deems necessary or advisable to administer the Plan; and

(l) Accelerate wholly or partially the vesting or lapse of restrictions of any Award or portion thereof at any time after the grant of an Award, subject to whatever terms and conditions it selects and Section 11.3.

Section 10.6 Delegation of Authority.

To the extent permitted by applicable law, the Board or Committee may from time to time delegate to a committee of one or more members of the Board or one or more officers of the Company the authority to grant or amend Awards or to take other administrative actions pursuant to this Article IV; provided, however, that in no event shall an officer of the Company be delegated the authority to grant awards to, or amend awards held by, the following individuals: (a) individuals who are subject to Section 16 of the Exchange Act, (b) Section 162(m) Participants with respect to Awards intended to qualify performance-based compensation under Section 162(m)(4)(C) or (c) officers of the Company (or Directors) to whom authority to grant or amend Awards has been delegated hereunder; provided, further, that any delegation of administrative authority shall only be permitted to the extent it is permissible under Section 162(m) of the Code and other applicable law. Any delegation hereunder shall be subject to the restrictions and limits that the Board or Committee specifies at the time of such delegation, and the Board may at any time rescind the authority so delegated or appoint a new delegatee. At all times, the delegatee appointed under this Section 10.6 shall serve in such capacity at the pleasure of the Board and the Committee.

ARTICLE XI. MISCELLANEOUS PROVISIONS

Section Not Transferable 11.1

(a) Awards under this Plan may not be sold, pledged, assigned, or transferred in any manner other than by will or the laws of descent and distribution or, with the consent of the Administrator, pursuant to a DRO, unless and until such Awards have been exercised (if applicable), the shares underlying such Awards have been issued, and all restrictions applicable to such shares have lapsed. No Award or interest or right therein shall be liable for the debts, contracts or engagements of the Holder or his successors in interest or shall be subject to disposition by transfer, alienation, anticipation, pledge, encumbrance, assignment or any other means whether such disposition be voluntary or involuntary or by operation of law by judgment, levy, attachment,

garnishment or any other legal or equitable proceedings (including bankruptcy), unless and until such Award has been exercised, or the Common Shares underlying such Award have been issued, and all restrictions applicable to such Common Shares have lapsed, and any attempted disposition of an Award prior to the satisfaction of these conditions shall be null and void and of no effect, except to the extent that such disposition is permitted by the preceding sentence.

(b) During the lifetime of the Holder, only he may exercise an Option or other Award (or any portion thereof) granted to him under the Plan, unless it has been disposed of pursuant to the foregoing paragraph. After the death of the Holder (or transferee), any exercisable portion of an Option or other Award may, prior to the time when such portion becomes unexercisable under the Plan or the applicable Award Agreement or other agreement, be exercised by the personal representative of, or by any person empowered to do so under, the deceased Holder's (or transferee's) will or under the then applicable laws of descent and distribution.

(c) Notwithstanding Sections 11.1(a) and 11.1(b), the Administrator, in its sole discretion, may determine to permit a Holder (or a Permitted Transferee of such Holder) to transfer an Award other than an Incentive Share Option (unless such Incentive Share Option is to become a Non-Qualified Share Option) to any one or more Permitted Transferees of such Holder, subject to the following terms and conditions: (i) an Award transferred to a Permitted Transferee shall not be assignable or transferable by the Permitted Transferee (other than to another Permitted Transferee of the applicable Holder) other than by will or the laws of descent and distribution or pursuant to a DRO; (ii) an Award transferred to a Permitted Transferee shall continue to be subject to all the terms and conditions of the Award as applicable to the original Holder (other than the ability to further transfer the Award); and (iii) the Holder (or transferring Permitted Transferee) and the receiving Permitted Transferee shall execute any and all documents requested by the Administrator including, without limitation, documents to (A) confirm the status of the transferee as a Permitted Transferee, (B) satisfy any requirements for an exemption for the transfer under applicable law and (C) evidence the transfer. In addition, and notwithstanding Sections 11.1(a), the Administrator, in its sole discretion, may determine to permit a Holder to transfer Incentive Share Options to a trust that constitutes a Permitted Transferee if, under Section 671 of the Code and applicable state law, the Holder is considered the sole beneficial owner of the Incentive Share Option while it is held in the trust.

(d) Notwithstanding Sections 11.1(a) and 11.1(b), a Holder may, in the manner determined by the Administrator, designate a beneficiary to exercise the rights of the Holder and to receive any distribution with respect to any Award upon the Holder's death. A beneficiary, legal guardian, legal representative, or other person claiming any rights pursuant to the Plan is subject to all terms and conditions of the Plan or Award Agreement applicable to the Holder, except to the extent the Plan and the Award Agreement otherwise provide, and to any additional restrictions deemed necessary or appropriate by the Administrator. If the Holder is married or a domestic partner in a domestic partnership qualified under applicable law and resides in a community property state, a designation of a person other than the Holder's spouse or domestic partner, as applicable, as the Holder's beneficiary with respect to more than 50% of the Holder's interest in the Award shall not be effective without the prior written or electronic consent of the Holder's spouse or domestic partner. If no beneficiary has been designated or survives the Holder, payment shall be made to the person entitled thereto pursuant to the Holder's will or the laws of descent and distribution. Subject to the foregoing, a beneficiary designation may be changed or revoked by a Holder at any time; provided that the change or revocation is filed with the Administrator prior to the Holder's death.

Section 11.2 Amendment, Suspension or Termination of this
Plan

Subject to Section 11.4, the Plan will expire on, and no Award may be granted pursuant to the Plan after April 4, 2024; and any Award outstanding on such date shall remain in force according to the terms of the applicable Award Agreement. This Plan may be wholly or partially amended or otherwise modified, suspended or terminated at any time or from time to time by the Board or the Committee; provided, however, that (a) to the extent necessary and desirable to comply with any applicable law, regulation, or stock exchange rule, the Company shall obtain shareholder approval of any Plan amendment in such a manner and to such a degree as required, and (b) shareholder approval is required for any amendment to the Plan that (i) increases the number of shares available under the Plan (other than any adjustment as provided by Section 11.3), (ii) permits the Administrator to grant Options or Share Appreciation Rights with an exercise price that is below Fair Market Value on the date of grant (other than Substitute Awards), (iii) permits the Administrator to extend the exercise period for an Option or Share Appreciation Right beyond ten years from the date of grant, (iv) reduces the price per share of any outstanding Options or

Share Appreciation Rights granted under the Plan, or (iv) cancel any Option or Share Appreciation Right in exchange for cash or another Award (including other Options or Share Appreciation Rights) when the exercise price per share exceeds the Fair Market Value of the underlying Common Shares. The Award Limit may be increased by the Board or the Committee at any time and from time to time, and Awards may be granted with respect to a number of shares not in excess of such increased Award Limit; provided, however, that no such increase of the Award Limit shall be effective unless and until such increase is approved by the Company's shareholders and if such approval is not obtained all Awards granted with respect to a number of shares in excess of the Award Limit in effect prior to such increase shall be canceled and shall become null and void. Except as provided in the Plan (including, without limitation, Sections 11.15 and 11.17), no amendment, suspension or termination of this Plan shall, without the consent of the Holder impair any rights or obligations under any Awards theretofore granted, unless the Award Agreement itself otherwise expressly so provides. No Award may be granted during any period of suspension or after termination of this Plan, and in no event may any Incentive Share Option be granted under this Plan after April 4, 2024.

Section 11.3 Changes in Common Shares, Partnership Units or Assets of the Company; Acquisition or Liquidation of the Company and Other Corporate Events

(a) Subject to Section 11.3(e), in the event that the Administrator determines that any dividend or other distribution (whether in the form of cash, Common Shares, Partnership Units, other securities or other property), recapitalization, reclassification, share split, reverse share split, reorganization, merger, consolidation, split-up, spin-off, combination, repurchase, liquidation, dissolution, or sale, transfer, exchange or other disposition of all or substantially all of the assets of the Company (including, but not limited to, a Change in Control), or exchange of Common Shares, Partnership Units or other securities of the Company, issuance of warrants or other rights to purchase Common Shares, Partnership Units or other securities of the Company, or other similar corporate transaction or event, in the Administrator's sole discretion, affects the Common Shares or the share price of the Common Shares (other than an Equity Restructuring), then the Administrator may, in such manner as it may deem equitable, adjust any or all of:

- (i) The number and kind of Common Shares (or other securities or property) with respect to which Awards may be granted or awarded (including, but not limited to, adjustments of the limitations in Section 2.1 on the maximum number and kind of shares which may be issued and adjustments of the Award Limit);
- (ii) The number and kind of Common Shares (or other securities or property) subject to outstanding Awards;
and
- (iii) The terms and conditions of outstanding Awards (including, without limitation, any applicable performance targets or criteria with respect thereto);
- (iv) The grant or exercise price with respect to any Award.

Any adjustment affecting an Award intended as performance-based compensation under Section 162(m)(4)(C) shall be made consistent with the requirements of Section 162(m) of the Code.

(b) Subject to Section 11.3(e), except as otherwise provided in any Award Agreement, in the event of any transaction or event described in Section 11.3(a) or any unusual or nonrecurring transactions or events affecting the Company, any affiliate of the Company, or the financial statements of the Company or any affiliate thereof (including, without limitation, any Change in Control), or of changes in applicable laws, regulations or accounting principles, the Administrator, in its sole discretion, and on such terms and conditions as it deems appropriate, either by the terms of the applicable Award Agreement or by action taken prior to the occurrence of such transaction or event, is hereby authorized to take any one or more of the following actions whenever the Administrator determines that such action is appropriate in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the Plan or with respect to any Award under the Plan, to facilitate such transactions or events or to give effect to such changes in laws, regulations or principles:

- (i) To provide for either the termination of any such Award in exchange for an amount of cash and/or other property, if any, equal to the amount that would have been attained upon the exercise of such Award or realization of the Holder's rights (and, for the avoidance of doubt, if as of the date of the
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occurrence of the transaction or event described in this Section 11.3, the Administrator determines in good faith that no amount would have been attained upon the exercise of such Award or realization of the Holder's rights, then such Award may be terminated by the Company without payment) or the replacement of such Award with other rights or property selected by the Administrator, in its sole discretion, having an aggregate value not exceeding the amount that could have been attained upon the exercise of such Award or realization of the Holder's rights had such Award been currently exercisable or payable or fully vested;

- (ii) To provide that the Award cannot vest, be exercised or become payable after such event;
 - (iii) To provide that such Award shall be exercisable or payable or fully vested as to all Common Shares or other securities covered thereby, notwithstanding anything to the contrary in the Plan or the provisions of such Award;
 - (iv) To provide that such Award be assumed by the successor or survivor corporation, or a parent or subsidiary thereof, or shall be substituted for similar options, rights or awards covering the stock of the successor or survivor corporation, or a parent or subsidiary thereof, with appropriate adjustments as to the number and kind of shares and prices;
 - (v) To make adjustments in the number and type of Common Shares (or other securities or property) subject to outstanding Awards, and in the number and kind of outstanding Restricted Shares or Deferred Shares and/or in the terms and conditions of (including the grant or exercise price), and the criteria included in, outstanding Awards and Awards which may be granted in the future; and
 - (vi) To provide that, for a specified period of time prior to such event, the restrictions imposed under an Award Agreement upon some or all Restricted Shares or Deferred Shares may be terminated, and, in the case of Restricted Shares, some or all of such Restricted Shares may cease to be subject to repurchase under Section 7.5 or forfeiture under Section 7.4 after such event.
- (c) In connection with the occurrence of any Equity Restructuring, and notwithstanding anything to the contrary in Section 11.3(a) and 11.3(b):
- (i) The number and type of securities subject to each outstanding Award and the exercise price or grant price thereof, if applicable, shall be equitably adjusted; and/or
 - (ii) The Administrator shall make such equitable adjustments, if any, as the Administrator, in its sole discretion, may deem appropriate to reflect such Equity Restructuring with respect to the aggregate number and kind of Common Shares that may be issued under the Plan (including, but not limited to, adjustments of the limitations in Section 2.1 on the maximum number and kind of Common Shares which may be issued under the Plan, and adjustments of the Award Limit). The adjustments provided under this Section 11.3(c) shall be nondiscretionary and shall be final and binding on the affected Holder and the Company.
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(d) The Administrator may, in its discretion, include such further provisions and limitations in any Award, agreement or certificate or book entry, as it may deem equitable and in the best interests of the Company that are not inconsistent with the provisions of the Plan.

(e) With respect to Awards which are granted to Section 162(m) Participants and are intended to qualify as performance-based compensation under Section 162(m)(4)(C), no adjustment or action described in this Section 11.3 or in any other provision of the Plan shall be authorized to the extent that such adjustment or action would cause such Award to fail to so qualify under Section 162(m)(4)(C), or any successor provisions thereto, unless the Administrator determines that the Award should not so qualify. No adjustment or action described in this Section 11.3 or in any other provision of the Plan shall be authorized to the extent that such adjustment or action would cause the Plan to violate Section 422(b)(1) of the Code. Furthermore, no such adjustment or action shall be authorized to the extent such adjustment or action would result in short-swing profits liability under Section 16 of the Exchange Act or violate the exemptive conditions of Rule 16b-3 unless the Administrator determines that the Award is not to comply with such exemptive conditions.

(f) The existence of the Plan, the Award Agreement and the Awards granted hereunder shall not affect or restrict in any way the right or power of the Company or the shareholders of the Company to make or authorize any adjustment, recapitalization, reorganization or other change in the Company's capital structure or its business, any merger or consolidation of the Company, any issue of shares or of options, warrants or rights to purchase shares or of bonds, debentures, preferred or prior preference shares whose rights are superior to or affect the Common Shares or the rights thereof or which are convertible into or exchangeable for Common Shares, or the dissolution or liquidation of the Company, or any sale or transfer of all or any part of its assets or business, or any other corporate act or proceeding, whether of a similar character or otherwise.

(g) No action shall be taken under this Section 11.3 which shall cause an Award to fail to be exempt from or comply with Section 409A.

(h) In the event of any pending share dividend, share split, combination or exchange of shares, merger, consolidation or other distribution (other than normal cash dividends) of Company assets to shareholders, or any other change affecting the Common Shares or the share price of a Common Share including any Equity Restructuring, for reasons of administrative convenience, the Administrator, in its sole discretion, may refuse to permit the exercise of any Award during a period of up to thirty (30) days prior to the consummation of any such transaction.

Section 11.4 Approval of Plan by
Shareholders

The Plan will be submitted for the approval of the Company's shareholders on or prior to April 4, 2015. Awards may be granted or awarded after the Board's adoption, but prior to shareholder approval, provided that, to the extent such Awards were granted after May 14, 2014, such Awards shall not be exercisable nor shall such Awards vest prior to the time when the Plan is approved by the Company's shareholders, and provided further that if shareholder approval is not obtained within twelve months after the date of the Board's adoption of this amendment and restatement, all Awards granted after May 14, 2014 shall thereupon be canceled and become null and void. If this amendment and restatement of the Plan is not approved by the Company's shareholders within twelve months after the date of the Board's adoption, (i) this amendment and restatement of the Plan will not become effective, (ii) no Awards shall be granted under this amendment and restatement of the Plan, and (iii) the Plan (as amended through May 14, 2010) will continue in full force and effect in accordance with its terms and expire on May 14, 2014 and any Award outstanding on May 14, 2014 shall remain in force according to the terms of the Plan (as amended through May 14, 2010) and the applicable Award Agreement. In addition, if the Board determines that Awards other than Options and Share Appreciation Rights which may be granted to Section 162(m) Participants should continue to be eligible to qualify as performance-based compensation under Section 162(m)(4)(C) of the Code, the Performance Criteria must be disclosed to and approved by the Company's shareholders no later than the first shareholder meeting that occurs in the fifth year following the year in which the Company's shareholders previously approved the Performance Criteria.

Section 11.5 Tax
Withholding

The Company or the Partnership, as applicable, shall be entitled to require payment in cash or deduction from other compensation payable to each Holder of any sums required by federal, state, local, or foreign tax law to be withheld with respect to the issuance, vesting, exercise, payment or other taxable event related to any Award. The Administrator may in its discretion and in satisfaction of the foregoing requirement allow such Holder to elect to have the Company or the Partnership, as applicable, withhold Common Shares otherwise issuable under such Award (or allow the surrender of Common Shares) having a fair market value equal to the sums required to be withheld. Notwithstanding any other provision of the Plan, the number of Common Shares which may be withheld or surrendered with respect to the issuance, vesting, exercise or payment of any Award in order to satisfy the Holder's federal and state income and payroll tax liabilities with respect to the issuance, vesting, exercise or payment of the Award shall be limited to the number of Common Shares which have a fair market value on the date of withholding or repurchase equal to the aggregate amount of such liabilities based on the minimum statutory withholding rates for federal, state, local and foreign income tax and payroll tax purposes that are applicable to such supplemental taxable income. The Administrator shall determine the fair market value of the Common Shares, consistent with applicable provisions of the Code, for tax withholding obligations due in connection with a broker-assisted cashless Option or Share Appreciation Right exercise involving the sale of Common Shares to pay the Option or Share Appreciation Right exercise price or any tax withholding obligation.

Section 11.6 Loans

The Administrator may, in its discretion, extend one or more loans to Employees in connection with the exercise, vesting, settlement or receipt of an Award granted or awarded under the Plan, or the issuance of Common Shares with respect to an Award under the Plan. The terms and conditions of any such loan shall be set by the Administrator. Notwithstanding the foregoing, no loan shall be made under this Section to the extent such loan shall result in a violation of Section 409A or an extension or maintenance of credit, an arrangement for the extension of credit, or a renewal of an extension of credit in the form of a personal loan to or for any Director or executive officer of the Company that is prohibited by Section 13(k) of the Exchange Act or other applicable law. In the event that the Administrator determines in its discretion that any loan under this Section may be or will become prohibited by Section 13(k) of the Exchange Act or other applicable law, the Administrator may provide that such loan shall be immediately due and payable in full and may take any other action in connection with such loan as the Administrator determines in its discretion to be necessary or appropriate for the repayment, cancellation or extinguishment of such loan.

Section 11.7 Effect of Plan Upon Options and Compensation
Plans

The adoption of this Plan shall not affect any other compensation or incentive plans in effect for the Company, the Partnership or any Subsidiary. Nothing in this Plan shall be construed to limit the right of the Company, the Partnership or any Subsidiary (i) to establish any other forms of incentives or compensation for Eligible Individuals or (ii) to grant or assume options or other rights or awards otherwise than under this Plan in connection with any proper corporate purpose including but not by way of limitation, the grant or assumption of options in connection with the acquisition by purchase, lease, merger, consolidation or otherwise, of the business, securities or assets of any corporation, partnership, limited liability company, firm or association. No payment pursuant to the Plan shall be taken into account in determining any benefits under any pension, retirement, savings, profit sharing, group insurance, welfare or other benefit plan of the Company, the Partnership or any Subsidiary except to the extent otherwise expressly provided in writing in such other plan or an agreement thereunder.

Section 11.8 Section 83(b) Election
Prohibited

No Holder may make an election under Section 83(b) of the Code, or any successor section thereto, with respect to any award or grant under the Plan without the consent of the Administrator, which the Administrator may grant or withhold at its sole discretion.

Section 11.9 Grants of Awards to Certain Eligible
Individuals

The Company, the Partnership and any Subsidiary may provide through the establishment of a formal written policy or otherwise for the method by which Common Shares and/or payment therefor may be exchanged or contributed between the Company and such other party, or may be returned to the Company upon any forfeiture of Common Shares by the Holder, for the purpose of ensuring that the relationship between the Company and the Partnership or such Subsidiary remains at arm's-length.

Section 11.10 Restrictions on
Awards

This Plan shall be interpreted and construed in a manner consistent with the Company's status as a REIT. No Award shall be granted or awarded, and with respect to an Award already granted under the Plan, such Award shall not vest, be exercisable or be settled:

(a) to the extent the grant, vesting, exercise or settlement of such Award could cause the Holder or any other person to be in violation of the Ownership Limit or the Preferred Share Ownership Limit (each as defined in the Company's Articles of Incorporation, as amended from time to time) or any other provision of Article II(B)(4), II(H)(8), II(I)(9) or II(J)(10) of the Company's Articles of Incorporation, as amended from time to time; or

(b) if, in the discretion of the Administrator, the grant, vesting, exercise or settlement of such Award could result in income to the Company which, when considered in light of the Company's other income, could cause the Company to fail to satisfy the gross income limitations set forth in Code Section 856(c) or otherwise impair the Company's status as a REIT.

Section 11.11 Compliance with
Laws

The Plan, the granting and vesting of Awards under the Plan and the issuance and delivery of Common Shares and the payment of money under the Plan or under Awards granted or awarded hereunder are subject to compliance with all applicable federal, state, and foreign laws, rules and regulations (including but not limited to state, federal and foreign securities law and margin requirements) and to such approvals by any listing, regulatory or governmental authority as may, in the opinion of counsel for the Company, be necessary or advisable in connection therewith. Any securities delivered under the Plan shall be subject to such restrictions, and the person acquiring such securities shall, if requested by the Company, provide such assurances and representations to the Company as the Company may deem necessary or desirable to assure compliance with all applicable legal requirements. To the extent permitted by applicable law, the Plan and Awards granted or awarded hereunder shall be deemed amended to the extent necessary to conform to such laws, rules and regulations.

Section 11.12 Titles and Headings; References to Sections of the Code or Exchange
Act

Titles and headings are provided herein for convenience only and are not to serve as a basis for interpretation or construction of this Plan. References to sections of the Code or the Exchange Act shall include any amendment or successor thereto.

Section 11.13 Governing Law

This Plan and any agreements hereunder shall be administered, interpreted and enforced under the internal laws of the state of North Carolina without regard to conflicts of laws thereof or of any other jurisdiction.

Section 11.14 Conflicts

Notwithstanding any other provision of the Plan, no Holder shall acquire or have any right to acquire any Common Shares, and shall not have other rights under the Plan, which are prohibited under the Company's Articles of Incorporation, as amended from time to time.

Section 11.15 Section 409A

To the extent that the Administrator determines that any Award granted under the Plan is subject to Section 409A, the Award Agreement evidencing such Award shall incorporate the terms and conditions required by Section 409A. To the extent applicable, the Plan and Award Agreements shall be interpreted in accordance with Section 409A. Notwithstanding any provision of the Plan to the contrary, in the event that the Administrator determines that any Award may be subject to Section 409A, the Administrator reserves the right (without any obligation to do so or to indemnify any Holder for failure to do so) to adopt such amendments to the Plan and the applicable Award Agreement or adopt other policies and procedures (including amendments, policies and procedures with retroactive effect), or take any other actions, that the Administrator determines are necessary or appropriate to (a) exempt the Award from Section 409A and/or preserve the intended tax treatment of the benefits provided with respect to the Award, or (b) to comply with the requirements of Section 409A and thereby avoid the application of any penalty taxes under such Section. Notwithstanding the foregoing, no provision of any Award or this Plan shall be interpreted or construed to transfer any liability for failure to comply with the requirements of Section 409A from a Holder or any other individual to the Company or any of its affiliates, employees or agents.

Section 11.16 Conditions to Issuance of Common Shares

(a) Notwithstanding anything herein to the contrary, the Company and the Partnership shall not be required to issue or deliver any certificates or make any book entries evidencing Common Shares pursuant to the exercise of any Award, unless and until the Administrator has determined, with advice of counsel, that the issuance of such Common Shares is in compliance with applicable law and the Common Shares are covered by an effective registration statement or applicable exemption from registration. In addition to the terms and conditions provided herein, the Administrator may require that a Holder make such reasonable covenants, agreements and representations as the Administrator, in its sole discretion, deems advisable in order to comply with applicable law.

(b) All share certificates delivered pursuant to the Plan and all Common Shares issued pursuant to book entry procedures are subject to any stop-transfer orders and other restrictions as the Administrator deems necessary or advisable to comply with applicable law. The Administrator may place legends on any share certificate or book entry to reference restrictions applicable to the Common Shares.

(c) The Administrator shall have the right to require any Holder to comply with any timing or other restrictions with respect to the settlement, distribution or exercise of any Award, including a window-period limitation, as may be imposed in the sole discretion of the Administrator.

(d) No fractional Common Shares shall be issued and the Administrator, in its sole discretion, shall determine whether cash shall be given in lieu of fractional Common Shares or whether such fractional Common Shares shall be eliminated by rounding down.

(e) Notwithstanding any other provision of the Plan, unless otherwise determined by the Administrator or required by applicable law, the Company shall not deliver to any Holder certificates evidencing Common Shares issued in connection with any Award and instead such Common Shares shall be recorded in the books of the Company (or, as applicable, its transfer agent or share plan administrator).

Section 11.17 Forfeiture and Clawback

Pursuant to its general authority to determine the terms and conditions applicable to Awards under the Plan, the Administrator shall have the right to provide, in an Award Agreement or otherwise, or to require a Holder to agree by separate written or electronic instrument, that:

(a) (i) Any proceeds, gains or other economic benefit actually or constructively received by the Holder upon any receipt or exercise of the Award, or upon the receipt or resale of any Common Shares underlying the Award, shall be paid to the Company or the Partnership, as applicable, and (ii) the Award shall terminate and any unexercised portion of the Award (whether or not vested) shall be forfeited, if (x) a Termination of Service occurs prior to a specified date, or within a specified time period following receipt or exercise of the Award, or (y) the Holder at any time, or during a specified time period, engages in any activity in competition with the Company, or which is inimical, contrary or harmful to the interests of the Company, as

further defined by the Administrator, or (z) the Holder incurs a Termination of Service for “cause” (as such term is defined in the sole discretion of the Administrator, or as set forth in a written agreement relating to such Award between the Company, the Partnership or any Subsidiary and the Holder); and

(b) All Awards (including any proceeds, gains or other economic benefit actually or constructively received by the Holder upon any receipt or exercise of any Award or upon the receipt or resale of any Common Shares underlying the Award) shall be subject to the provisions of any claw-back policy implemented by the Company, the Partnership or any Subsidiary, including, without limitation, any claw-back policy adopted to comply with the requirements of applicable law, including without limitation the Dodd-Frank Wall Street Reform and Consumer Protection Act and any rules or regulations promulgated thereunder, to the extent set forth in such claw-back policy and/or in the applicable Award Agreement.

Section 11.18 No Right to Awards

No person shall have any claim to be granted any Award pursuant to the Plan, and neither the Company, the Partnership, the Subsidiaries nor the Administrator is obligated to treat any Eligible Individuals, Holders or any other persons uniformly.

Section 11.19 Unfunded Status of Awards

The Plan is intended to be an “unfunded” plan for incentive compensation. With respect to any payments not yet made to a Holder pursuant to an Award, nothing contained in the Plan or any Award Agreement shall give the Holder any rights that are greater than those of a general creditor of the Company, the Partnership or any Subsidiary.

Section 11.20 Indemnification

To the extent allowable pursuant to applicable law, the Company’s Articles of Incorporation, as amended from time to time, or Bylaws, each member of the Committee or of the Board shall be indemnified and held harmless by the Company from any loss, cost, liability, or expense that may be imposed upon or reasonably incurred by such member in connection with or resulting from any claim, action, suit, or proceeding to which he or she may be a party or in which he or she may be involved by reason of any action or failure to act pursuant to the Plan and against and from any and all amounts paid by him or her in satisfaction of judgment in such action, suit, or proceeding against him or her; provided he or she gives the Company an opportunity, at its own expense, to handle and defend the same before he or she undertakes to handle and defend it on his or her own behalf. The foregoing right of indemnification shall not be exclusive of any other rights of indemnification to which such persons may be entitled pursuant to the Company’s Articles of Incorporation, as amended from time to time, or Bylaws, as a matter of law, or otherwise, or any power that the Company may have to indemnify them or hold them harmless.

Section 11.21 Expenses

The expenses of administering the Plan shall be borne by the Company, the Partnership and its Subsidiaries.

Section 11.22 Paperless Administration

In the event that the Company or the Partnership establishes, for itself or using the services of a third party, an automated system for the documentation, granting or exercise of Awards, such as a system using an internet website or interactive voice response, then the paperless documentation, granting or exercise of Awards by a Holder may be permitted through the use of such an automated system.

Section 11.23 Grant of Awards to Certain Eligible Individuals

The Company, the Partnership or any Subsidiary may provide through the establishment of a formal written policy (which shall be deemed a part of this Plan) or otherwise for the method by which Common Shares or other securities of the Company may be issued and by which such Common Shares or other securities and/or payment therefor may be exchanged or contributed among such entities, or may be returned upon any forfeiture of Common Shares or other securities by the Eligible Individual.

IN WITNESS WHEREOF, the parties below have caused the foregoing Plan to be approved by their officers duly authorized on April 4, 2014.

TANGER FACTORY OUTLET CENTERS, INC.
a North Carolina corporation

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

TANGER PROPERTIES LIMITED PARTNERSHIP
a North Carolina limited partnership

By: Tanger GP Trust
a Maryland business trust

Its General Partner

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

Tanger Factory Outlet Centers, Inc.
3200 Northline Avenue, Suite 360
Greensboro, NC 27408

February 6, 2014

Mr. Jack Africk
Evolution Partners, LLC
3300 Airport Road, Suite 301
Boca Raton, FL 33431

Re: Director Emeritus

Dear Jack:

As always, I enjoyed talking to you on Wednesday, and was glad to hear that you and Evelyn are doing well. Thank you for remaining a director until the annual meeting of shareholders on May 16, 2014.

As agreed, you will not stand for reelection at the annual meeting in May. Following the meeting, you will be named Director Emeritus through December 31, 2014. This is a high honor in recognition of your long and outstanding service to the Company during the past 20 years. You are welcome to attend, in a non-voting capacity, regular meetings of the Board or its committees as you wish during 2014. In addition, you agree to advise and assist me and the Board as reasonably requested during 2014.

Your total compensation for service during 2014 is as follows:

- \$50,000 in cash payable quarterly.
- Continued vesting of the unvested restricted shares set forth on the attached summary.
- 5,000 restricted shares to be granted in February 2014. These shares will vest ratably over three years beginning December 31, 2014.

Very truly yours,

/s/ Steven B. Tanger
Steven B. Tanger

Accepted and agreed:

/s/ Jack Africk

Date: 2/18/2014

cc: William G Benton

Tanger Factory Outlet Centers, Inc.
3200 Northline Avenue, Suite 360
Greensboro, NC 27408

May 16, 2014

Jack Africk
Evolution Partners, LLC
3300 Airport Road, Suite 301
Boca Raton, FL 33431

Dear Jack:

This letter agreement (this "Letter") memorializes the treatment of your outstanding restricted share awards in connection with your transition to "Director Emeritus" status on the Board of Directors of Tanger Factory Outlet Centers, Inc. (the "Company").

In connection with your transition to Director Emeritus, the Company and you acknowledge and agree, effective as of the date hereof, that, subject to Section 3.4 of the applicable Restricted Share Agreement (as defined below), all restrictions related to the exposure of forfeiture on the restricted shares granted under each of those certain Restricted Share Agreements, dated as of February 14, 2012, February 12, 2013, and February 11, 2014 (each, a "Restricted Share Agreement" and, collectively, the "Restricted Share Agreements"), shall lapse so that no such restricted shares shall be forfeited upon your transition to Director Emeritus. Notwithstanding the foregoing, all such restricted shares shall remain subject to the transfer restrictions set forth in Section 2.4 and 2.5 of the applicable Restricted Share Agreement until the date on which, but for this Letter, all restrictions on such restricted shares would otherwise have lapsed.

The Company shall be entitled to take (and you shall cooperate with the Company in connection with) all actions necessary or appropriate to effectuate this Letter. Except as modified by the foregoing, the terms and provisions of the Restricted Share Agreements shall remain in full force and effect following the date hereof.

* * * *

Yours Truly,

TANGER FACTORY OUTLET CENTERS, INC.

/s/ Steven B. Tanger

By: Steven B. Tanger

Its: President and Chief Executive
Officer

Acknowledged and agreed as of the first date set forth above:

JACK AFRICK

/s/ Jack Africk

Signature Page to Letter Regarding Restricted Share Agreements

TANGER FACTORY OUTLET CENTERS, INC. AND SUBSIDIARIES
Ratio of Earnings to Fixed Charges
(in thousands, except ratios)

	Six months ended June 30,	
	2014	2013
Earnings:		
Income before equity in earnings of unconsolidated joint ventures and noncontrolling interests	\$ 31,614	\$ 32,912
Add:		
Distributed income of unconsolidated joint ventures	2,699	2,129
Amortization of capitalized interest	256	256
Interest expense	29,502	25,459
Portion of rent expense - interest factor	1,051	1,018
Total earnings	65,122	61,774
Fixed charges:		
Interest expense	29,502	25,459
Capitalized interest and capitalized amortization of debt issue costs	2,125	453
Portion of rent expense - interest factor	1,051	1,018
Total fixed charges	\$ 32,678	\$ 26,930
Ratio of earnings to fixed charges	2.0	2.3

Exhibit 12.2

TANGER PROPERTIES LIMITED PARTNERSHIP AND SUBSIDIARIES
Ratio of Earnings to Fixed Charges
(in thousands, except ratios)

	Six months ended June 30,	
	2014	2013
Earnings:		
Income before equity in earnings of unconsolidated joint ventures and noncontrolling interests	\$ 31,614	\$ 32,912
Add:		
Distributed income of unconsolidated joint ventures	2,699	2,129
Amortization of capitalized interest	256	256
Interest expense	29,502	25,459
Portion of rent expense - interest factor	1,051	1,018
Total earnings	65,122	61,774
Fixed charges:		
Interest expense	29,502	25,459
Capitalized interest and capitalized amortization of debt issue costs	2,125	453
Portion of rent expense - interest factor	1,051	1,018
Total fixed charges	\$ 32,678	\$ 26,930
Ratio of earnings to fixed charges	2.0	2.3

I, Steven B. Tanger, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Tanger Factory Outlet Centers, Inc. for the period ended June 30, 2014;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 6, 2014

/s/ Steven B. Tanger

Steven B. Tanger

President and Chief Executive Officer

Tanger Factory Outlet Centers, Inc.

I, Frank C. Marchisello, Jr., certify that:

1. I have reviewed this quarterly report on Form 10-Q of Tanger Factory Outlet Centers, Inc. for the period ended June 30, 2014;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 6, 2014

/s/ Frank C. Marchisello, Jr.
Frank C. Marchisello, Jr.
Executive Vice-President and Chief Financial Officer
Tanger Factory Outlet Centers, Inc.

I, Steven B. Tanger, certify that:

- 1 I have reviewed this quarterly report on Form 10-Q of Tanger Properties Limited Partnership for the period ended June 30, 2014;
- 2 Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3 Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4 The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5 The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 6, 2014

/s/ Steven B. Tanger

Steven B. Tanger

President and Chief Executive Officer

Tanger GP Trust, sole general partner of the Operating Partnership

I, Frank C. Marchisello, Jr., certify that:

- 1 I have reviewed this quarterly report on Form 10-Q of Tanger Properties Limited Partnership for the period ended June 30, 2014;
- 2 Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3 Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4 The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
- (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5 The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
- (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 6, 2014

/s/ Frank C. Marchisello, Jr.

Frank C. Marchisello, Jr.

Vice-President and Treasurer

Tanger GP Trust, sole general partner of the Operating Partnership
(Principal Financial Officer)

Certification of Chief Executive Officer

Pursuant to 18 U.S.C. § 1350, as created by Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned officer of Tanger Factory Outlet Centers, Inc. (the "Company") hereby certifies, to such officer's knowledge, that:

- (i) the accompanying Quarterly Report on Form 10-Q of the Company for the period ended June 30, 2014 (the "Report") fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and
- (ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 6, 2014

/s/ Steven B. Tanger

Steven B. Tanger
President and Chief Executive Officer
Tanger Factory Outlet Centers, Inc.

Certification of Chief Financial Officer

Pursuant to 18 U.S.C. § 1350, as created by Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned officer of Tanger Factory Outlet Centers, Inc. (the "Company") hereby certifies, to such officer's knowledge, that:

- (i) the accompanying Quarterly Report on Form 10-Q of the Company for the period ended June 30, 2014 (the "Report") fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and
- (ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 6, 2014

/s/ Frank C. Marchisello, Jr.

Frank C. Marchisello, Jr.
Executive Vice President and Chief Financial Officer Tanger Factory Outlet Centers, Inc.

Certification of Chief Executive Officer

Pursuant to 18 U.S.C. § 1350, as created by Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned officer of Tanger Properties Limited Partnership (the "Operating Partnership") hereby certifies, to such officer's knowledge, that:

- (i) the accompanying Quarterly Report on Form 10-Q of the Operating Partnership for the period ended June 30, 2014 (the "Report") fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and
- (ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Operating Partnership.

Date: August 6, 2014

/s/ Steven B. Tanger

Steven B. Tanger

President and Chief Executive Officer

Tanger GP Trust, sole general partner of the Operating Partnership

Certification of Principal Financial Officer

Pursuant to 18 U.S.C. § 1350, as created by Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned officer of Tanger Properties Limited Partnership (the "Operating Partnership") hereby certifies, to such officer's knowledge, that:

- (i) the accompanying Quarterly Report on Form 10-Q of the Operating Partnership for the period ended June 30, 2014 (the "Report") fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and
- (ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Operating Partnership.

Date: August 6, 2014

/s/ Frank C. Marchisello, Jr.

Frank C. Marchisello, Jr.
Vice President and Treasurer
Tanger GP Trust, sole general partner of the Operating Partnership
(Principal Financial Officer)