TANGER FACTORY OUTLET CENTERS INC
Form 10-K
February 24, 2015

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

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

For the fiscal year ended December 31, 2014
OR

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

For the transition period from _________ to _________

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

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

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

3200 Northline Avenue, Suite 360	(336) 292-3010
Greensboro, NC 27408	(Registrant's telephone number)
(Address of principal executive offices)	

Securities registered pursuant to Section 12(b) of the Act:
Tanger Factory Outlet Centers, Inc.:

Title of each class	Name of exchange on which registered
Common Shares, $.01 par value	New York Stock Exchange

Tanger Properties Limited Partnership:
None

Securities registered pursuant to Section 12(g) of the Act:
Tanger Factory Outlet Centers, Inc.: None
Tanger Properties Limited Partnership: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

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

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.

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

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

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

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

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

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. o

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

Tanger Factory Outlet Centers, Inc.

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

Tanger Properties Limited Partnership

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

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

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

The aggregate market value of voting shares held by non-affiliates of Tanger Factory Outlet Centers, Inc. was approximately $3,421,910,003 based on the closing price on the New York Stock Exchange for such shares on June 30, 2014.

The number of Common Shares of Tanger Factory Outlet Centers, Inc. outstanding as of February 1, 2015 was 95,510,381.

Documents Incorporated By Reference

Part III incorporates certain information by reference from Tanger Factory Outlet Center, Inc.'s definitive proxy statement to be filed with respect to the 2015 Annual Meeting of Shareholders.

PART I

EXPLANATORY NOTE

This report combines the annual reports on Form 10-K for the year ended December 31, 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 and Canada. The Company is a fully-integrated, self-administered and self-managed real estate investment trust, ("REIT"), which, through its controlling interest in the Operating Partnership, focuses exclusively on developing, acquiring, owning, operating and managing outlet shopping centers. The outlet centers and other assets are held by, and all of the operations are conducted by, the Operating Partnership and its subsidiaries. Accordingly, the descriptions of the business, employees and properties of the Company are also descriptions of the business, employees and properties of the Operating Partnership.

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 December 31, 2014, the Company, through its ownership of Tanger GP Trust and Tanger LP Trust, owned 95,509,781 units of the Operating Partnership and other limited partners (the "Non-Company LPs") collectively owned 5,078,406 Class A common limited partnership units. Each Class A common limited partnership unit held by the Non-Company LPs is exchangeable for one of the Company's common shares, subject to certain limitations to preserve the Company's status as a REIT. Class B common limited partnership units, which are held by Tanger LP Trust, are not exchangeable for common shares of the Company.

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

We believe combining the annual reports on Form 10-K 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 9A. 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.

ITEM 1. BUSINESS

The Company and the Operating Partnership

Tanger Factory Outlet Centers, Inc. and subsidiaries is one of the largest owners and operators of outlet centers in the United States and Canada. We are a fully-integrated, self-administered and self-managed REIT, which focuses exclusively on developing, acquiring, owning, operating and managing outlet shopping centers. As of December 31, 2014, our consolidated portfolio consisted of 36 outlet centers, with a total gross leasable area of approximately 11.3 million square feet. These outlet centers were 98% occupied and contained over 2,400 stores, representing approximately 380 store brands. We also had partial ownership interests in 9 outlet centers totaling approximately 2.6 million square feet, including 4 outlet centers in Canada.

Our outlet centers and other assets are held by, and all of our operations are conducted by, Tanger Properties Limited Partnership and subsidiaries. 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 December 31, 2014, the Company, through its ownership of the Tanger GP and Tanger LP Trusts, owned 95,509,781 units of the Operating Partnership and the Non-Company LPs collectively owned 5,078,406 Class A common limited partnership units. Each Class A common limited partnership unit held by the Non-Company LPs is exchangeable for one of the Company's common shares, subject to certain limitations to preserve the Company's status as a REIT. Class B common limited partnership units, which are held by Tanger LP Trust, are not exchangeable for common shares of the Company.

Ownership of the Company's common shares is restricted to preserve the Company's status as a REIT for federal income tax purposes. Subject to certain exceptions, a person may not actually or constructively own more than 4% of our common shares. We also operate in a manner intended to enable us to preserve our status as a REIT, including, among other things, making distributions with respect to our then outstanding common shares and preferred shares, if applicable, equal to at least 90% of our taxable income each year.

The Company is a North Carolina corporation that was incorporated in March 1993 and the Operating Partnership is a North Carolina partnership that was formed in May 1993. Our executive offices are currently located at 3200 Northline Avenue, Suite 360, Greensboro, North Carolina, 27408 and our telephone number is (336) 292-3010. Our website can be accessed at www.tangeroutlet.com. A copy of our 10-Ks, 10-Qs, 8-Ks and any amendments thereto can be obtained, free of charge, on our website as soon as reasonably practicable after we file such material with, or furnish it to, the Securities and Exchange Commission (the "SEC"). The information found on, or otherwise accessible through, our website is not incorporated into, and does not form a part of, this annual report on Form 10-K or any other report or document we file with or furnish to the SEC.

Recent Developments

New Development of Consolidated Outlet Centers

Foxwoods, Connecticut

At the Foxwoods Resort Casino in Mashantucket, Connecticut, construction continued throughout 2014 on Tanger Outlets at Foxwoods. We own a controlling interest in the joint venture which is consolidated for financial reporting purposes. The outlet center will contain approximately 313,000 square feet and will be suspended above ground to join the casino floors of the two major hotels located within the resort. Along with other various on-site entertainment venues, the casinos attract millions of visitors each year. Construction originally commenced in September 2013 and currently we anticipate the outlet center will open during the second quarter of 2015. As of December 31, 2014, our partner's equity contributions totaled approximately $1.0 million and our equity contributions totaled approximately $45.8 million. Our contributions have been funded with borrowings under our lines of credit and cash flow from operations.

In addition, the joint venture has a mortgage loan with the ability to borrow up to $70.3 million at an interest rate of LIBOR + 1.65%. The loan initially matures in December 2017, with two one-year extension options. The balance of this loan as of December 31, 2014 was $25.2 million.

Based on capital contribution and distribution provisions in the joint venture agreement, we expect our economic interest in the venture's cash flow to be greater than our legal ownership percentage of 67%. 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.

Grand Rapids, Michigan

In July 2014, we purchased land for approximately $8.0 million and commenced construction on the development of an approximately 350,000 square foot wholly-owned outlet center near Grand Rapids, Michigan. The site is located 11 miles south of downtown Grand Rapids at the southwest quadrant of US-131 and 84th Street in Byron Township, Michigan, with visibility from both roads. The outlet center will be located approximately 30 miles east of Lake Michigan and its lakeside communities that are frequented by vacationers. Currently, we anticipate the outlet center will open in the second half of 2015. Costs incurred as of December 31, 2014, which have been funded with borrowings under our lines of credit and cash flow from operations, totaled approximately $19.7 million.

Southaven, Mississippi (Memphis)

In January 2015, we purchased land for approximately $14.8 million and commenced construction on the development of an approximately 310,000 square foot outlet center. The outlet center will be located less than five miles south of Memphis in Southaven, Mississippi at the northeast quadrant of I-69/55 and Church Road, with visibility on I-69/55. The outlet center is being developed through a joint venture in which we own a controlling interest and is consolidated for financial reporting purposes.

Current Portfolio Expansion

During 2014, we completed three expansions at existing properties within our wholly-owned portfolio. In May, we expanded our outlet center in Charleston, South Carolina by approximately 17,000 square feet, bringing the outlet center's total gross leasable area to approximately 382,000 square feet. In November, we expanded our outlet centers in Park City, Utah and Branson, Missouri by a combined 48,000 square feet, bringing the outlet center's total gross leasable area to approximately 320,000 and 330,000 square feet, respectively.

Unconsolidated Real Estate Joint Ventures

Charlotte, North Carolina

In July 2014, we opened a 398,000 square foot outlet center in Charlotte, NC that was developed through, and is owned by, a joint venture formed in May 2013. The outlet center is located eight miles southwest of uptown Charlotte at the interchange of I-485 and Steele Creek Road (North Carolina Highway 160). Construction of the outlet center, which commenced during the third quarter of 2013, was initially funded with equal equity contributions by the partners. In November 2014, the joint venture closed on an interest only mortgage loan for $90.0 million at an interest rate of LIBOR + 1.45%. The loan initially matures in November 2018, with the option to extend the maturity for one additional year. The joint venture received net loan proceeds of $89.4 million and distributed them equally to the partners. The loan balance as of December 31, 2014 was approximately $90.0 million.

National Harbor, Maryland

In November 2014, the joint venture amended the initial construction loan to increase the amount available to borrow from $62.0 million to $87.0 million and extended the maturity date until November 2019. The loan still carries an interest rate of LIBOR + 1.65%. At the closing of the amendment, the joint venture distributed approximately $19.0 million equally between the partners. The loan balance as of December 31, 2014 was approximately $83.7 million.

RioCan Canada

We have entered into a 50/50 co-ownership agreement with RioCan Real Estate Investment Trust to develop and acquire outlet centers in Canada.

In October 2014, the co-owners opened 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, the outlet center currently contains approximately 288,000 square feet, with additional square footage totaling approximately 28,000 square feet related to an anchor tenant expected to be completed and opened in early 2016. During the second quarter of 2013, the co-owners purchased the land for $28.7 million and broke ground on construction. As of December 31, 2014, our share of the costs incurred to date for the development of the outlet center, which was funded with equity, totaled approximately $45.3 million.

In November 2014, the co-owners opened an approximately 149,000 square foot expansion to the existing Cookstown Outlet Mall, bringing the total square feet of the outlet center to approximately 305,000 square feet. The co-owners acquired land adjacent to the existing Cookstown Outlet Mall in March 2013 for $13.8 million and commenced construction of the expansion in May 2013. As of December 31, 2014, our share of the incurred costs related to the expansion and renovation of the existing outlet center, which was funded with equity, totaled approximately $27.1 million.

Savannah, Georgia

In January 2014, we announced a joint venture arrangement to develop Tanger Outlets Savannah. The outlet center will include approximately 377,000 square feet, and 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 December 31, 2014, our equity contributions totaled $45.2 million and our partner’s equity contributions totaled $7.4 million. Contributions we make in excess of our partners' equity contributions 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.

The joint venture has an interest only mortgage loan with the ability to borrow up to $93.0 million at an interest rate of LIBOR + 1.65%. The loan initially matures on May 21, 2017, with two, one -year extension options. As of December 31, 2014, the balance on the loan was $25.5 million.

Westgate, Glendale, Arizona

In November 2014, the joint venture completed approximately 50,000 square feet of a 78,000 square foot expansion of the existing property which upon completion will bring the total square feet of the outlet center to approximately 409,000 square feet. The remaining square footage is expected to be completed and opened in the first quarter of 2015. Construction commenced on the expansion during the second quarter of 2014 and was funded with borrowings under the amended Westgate mortgage loan. In May 2014, the joint venture amended and restated the initial construction loan to increase the amount available to borrow from $48.3 million to $62.0 million. The amended and restated loan matures in June 2015 with the option to extend the maturity date for two additional years. As of December 31, 2014, the balance on the loan was $54.0 million.

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 Columbus, Ohio, as well as the planned expansion of our outlet center in National Harbor, Maryland. These two projects, if developed, will be undertaken by joint ventures. We may also use joint venture arrangements to develop other potential sites. There can be no assurance, however, that these potential future projects will ultimately be developed.

In the case of projects to be wholly-owned by us, we expect to fund these projects with borrowings under our unsecured lines of credit and cash flow from operations, 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.

Dispositions and Rental Property Held for Sale

Lincoln City, Oregon

In the fourth quarter of 2014, we entered into an agreement with a private buyer to sell our outlet center in Lincoln City, Oregon along with an option agreement for the buyer to purchase an additional four properties. Subsequently, the buyer purchased the Lincoln City outlet center in December 2014 and we received net proceeds of approximately $39.0 million. The buyer now has the option to purchase three properties during the first quarter of 2015 and, should it acquire those properties, one additional property during the first quarter of 2016. The four additional properties subject to the option agreement have been classified as Rental Property Held for Sale in our Consolidated Balance Sheets as of December 31, 2014.

Wisconsin Dells, Wisconsin

In February 2015, we closed on the sale of our equity interest in the joint venture that owned an outlet center in Wisconsin Dells, Wisconsin for approximately $15.6 million. As a result of this transaction, we expect to record a gain of approximately $13.9 million in the first quarter of 2015, which represents the difference between the carrying value of equity method investment and the purchase price.

From time to time, we may sell one or more outlet centers or joint venture interests that do not meet our long-term investment criteria. We have not entered into a binding contract and have not obtained approval from our Board of Directors to sell any additional outlet centers or joint venture interests, thus we can give no assurance that any additional sales will be completed.

8

Financing Transactions

$250.0 Million Unsecured Senior Notes

In November 2014, Tanger Properties Limited Partnership completed a public offering of $250.0 million in senior notes in an underwritten public offering. The notes were priced at 99.429% of the principal amount to yield 3.819% to maturity. The notes will pay interest semi-annually at a rate of 3.750% per annum and mature on December 1, 2024. The net proceeds from the offering, after deducting the underwriting discount and offering expenses, were approximately $246.2 million. On December 15, 2014, we redeemed our $250.0 million 6.15% senior notes due November 2015 primarily with funds from this offering.

$250.0 Million Unsecured Term Loan Amendment

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 eliminated the prepayment penalty. No other material terms of the loan were amended.

The Outlet Concept

Outlets are stores operated by manufacturers and brand name retailers that sell primarily first quality, branded products, some of which are made specifically for the outlet distribution channel, to consumers at significant discounts from regular retail prices charged by department stores and specialty stores. Outlet centers offer advantages to manufacturers and brand name retailers as they are often able to charge customers lower prices for brand name and designer products by eliminating the third party retailer. Outlet centers also typically have lower operating costs than other retailing formats, enhancing their profit potential. Outlet centers enable them to optimize the size of production runs while continuing to maintain control of their distribution channels.

We believe that outlet centers will continue to present attractive opportunities for capital investment in the long-term. We further believe, based upon our contacts with present and prospective tenants that many companies will continue to utilize the outlet concept as a profitable distribution vehicle. However, due to present economic conditions and the potential for increased competition from other developers announcing plans to develop outlet centers, new developments or expansions may not provide an initial return on investment as high as has been historically achieved.

Our Outlet Centers

Each of our outlet centers, except one joint venture property, carries the Tanger brand name. We believe that our tenants and consumers recognize the Tanger brand as one that provides outlet shopping centers where consumers can trust the brand, quality and price of the merchandise they purchase directly from the manufacturers and brand name retailers.

As one of the original participants in this industry, we have developed long-standing relationships with many of our tenants. Because of our established relationships, we believe we are well positioned for the long-term.

Our consolidated outlet centers range in size from 24,619 to 749,074 square feet and are typically located at least 10 miles from major department stores and manufacturer-owned, full-price retail stores. Historically, manufacturers prefer these locations so that they do not compete directly with their major customers and their own stores. Many of our outlet centers are located near tourist destinations to attract tourists who consider shopping to be a recreational activity. Additionally, our centers are often situated in close proximity to interstate highways that provide accessibility and visibility to potential customers.

We have a diverse tenant base throughout our consolidated portfolio, comprised of approximately 380 different well-known, upscale, national designer or brand name concepts, such as American Eagle, Ann Taylor, Banana Republic, Brooks Brothers, Calvin Klein, Carters, Coach Leatherware, Eddie Bauer, GAP, J. Crew, Kate Spade, Michael Kors, Nike, Old Navy, Polo Ralph Lauren, Saks Fifth Avenue - Off Fifth, Tommy Hilfiger, Under Armour and others.

No single tenant, including all of its store concepts, accounted for 10% or more of our combined base and percentage rental revenues during 2014, 2013 or 2012. As of December 31, 2014, no single tenant accounted for more than 7.7% of our leasable square feet or 4.7% of our combined base and percentage rental revenues. Because many of our tenants are large, multinational manufacturers or retailers, we generally do not experience material losses with respect to rent collections or lease defaults.

Only small portions of our revenues are dependent on contingent revenue sources. Revenues from fixed rents and operating expense reimbursements accounted for approximately 91% of our total revenues in 2014. Revenues from contingent sources, such as percentage rents, vending income and miscellaneous income, accounted for approximately 9% of our total revenues in 2014.

Business History

Stanley K. Tanger, the Company's founder, entered the outlet center business in 1981. Prior to founding our company, Stanley K. Tanger and his son, Steven B. Tanger, our President and Chief Executive Officer, built and managed a successful family owned apparel manufacturing business, Tanger/Creighton, Inc., which included the operation of five outlet stores. Based on their knowledge of the apparel and retail industries, as well as their experience operating Tanger/Creighton, Inc.'s outlet stores, they recognized that there would be a demand for outlet centers where a number of manufacturers could operate in a single location and attract a large number of shoppers.

Steven B. Tanger joined the Company in 1986, and by June 1993, the Tangers had developed 17 outlet centers totaling approximately 1.5 million square feet. In June 1993, we completed our initial public offering, making Tanger Factory Outlet Centers, Inc. the first publicly traded outlet center company. Since our initial public offering, we have grown our portfolio through the strategic development, expansion and acquisition of outlet centers and are now one of the largest owner operators of outlet centers in the United States and Canada.

Business Strategy

Our company has been built on a firm foundation of strong and enduring business relationships coupled with conservative business practices. We partner with many of the world's best known and most respected retailers and manufacturers. By fostering and maintaining strong tenant relationships with these successful, high volume companies, we have been able to solidify our position as a leader in the outlet industry for well over a quarter century. The confidence and trust that we have developed with our retail partners from the very beginning has allowed us to forge the impressive retail alliances that we enjoy today with our brand name retailers and manufacturers.

We have had a solid track record of success in the outlet industry for the past 34 years. In 1993, Tanger led the way by becoming the industry's first outlet center company to be publicly traded. Our seasoned team of real estate professionals utilize the knowledge and experience that we have gained to give us a competitive advantage in the outlet business.

As of December 31, 2014, our consolidated outlet centers were 98% occupied with average tenant sales of $393 per square foot. Our portfolio of properties has had an average occupancy rate of 95% or greater on December 31st of each year since 1981. We believe our ability to achieve this level of performance is a testament to our long-standing tenant relationships, industry experience and our expertise in the development, leasing and operation of outlet centers.

Growth Strategy

Our goal is to build shareholder value through a comprehensive, conservative plan for sustained, long-term growth. We focus our efforts on increasing rents in our existing outlet centers, renovating and expanding selected outlet centers and reaching new markets through ground-up developments or acquisitions of existing outlet centers. We expect new development to continue to be important to the growth of our portfolio in the long-term. Future outlet centers may be wholly-owned by us or developed through joint venture arrangements.

Increasing rents at existing outlet centers

Our leasing team focuses on the marketing of available space to maintain our standard for high occupancy levels. Leases are negotiated to provide for inflation-based contractual rent increases or periodic fixed contractual rent increases and percentage rents. Due to the overall high performance of our outlet shopping centers, we have historically been able to renew leases at higher base rents per square-foot and attract stronger, more popular brands to replace underperforming tenants.

Developing new outlet centers

We believe that there continue to be opportunities to introduce the Tanger brand in untapped or under-served markets across the United States and Canada in the long-term. We believe our 34 years of outlet industry experience, extensive development expertise and strong retail relationships give us a distinct competitive advantage.

In order to identify new markets across North America, we follow a general set of guidelines when evaluating opportunities for the development of new outlet centers. This typically includes seeking locations within markets that have at least 1 million people residing within a 30 to 40 mile radius with an average household income of at least $65,000 per year, frontage on a major interstate or roadway that has excellent visibility and a traffic count of at least 55,000 cars per day. Leading tourist, vacation and resort markets that receive at least 5 million visitors annually are also closely evaluated. Although our current goal is to target sites that are large enough to support outlet centers with approximately 90 stores totaling at least 350,000 square feet, we maintain the flexibility to vary our minimum requirements based on the unique characteristics of a site, tenant demand and our prospects for future growth and success.

In order to help ensure the viability of proceeding with a project, we gauge the interest of our retail partners first. We typically prefer to have signed leases or leases out for negotiation with tenants for at least 50% of the space in each outlet center prior to acquiring the site and beginning construction; however, we may choose to proceed with construction with less than 50% of the space pre-leased under certain circumstances. Construction of a new outlet center has typically taken us nine to twelve months from groundbreaking to grand opening of the outlet center.

Expanding and renovating existing outlet centers

Keeping our outlet shopping centers vibrant and growing is a key part of our formula for success. In order to maintain our reputation as the premiere outlet shopping destination in the markets that we serve, we have an ongoing program of renovations and expansions taking place at our outlet centers. Construction for expansion and renovation to existing properties typically takes less time, usually between six to nine months depending on the scope of the project.

Acquiring Outlet Centers

As a means of creating a presence in key markets and to create shareholder value, we may selectively choose to acquire individual properties or portfolios of properties that meet our strategic investment criteria. We believe that our extensive experience in the outlet center business, access to capital markets, familiarity with real estate markets and our management experience will allow us to evaluate and execute our acquisition strategy successfully over time. Through our tenant relationships, our leasing professionals have the ability to implement a re-merchandising strategy when needed to increase occupancy rates and value. We believe that our managerial skills, marketing expertise and overall outlet industry experience will also allow us to add long-term value and viability to these outlet centers.

Operating Strategy

Increasing cash flow to enhance the value of our properties and operations remains a primary business objective. Through targeted marketing and operational efficiencies, we strive to improve sales and profitability of our tenants and our outlet centers as a whole. Achieving higher base and percentage rents and generating additional income from temporary leasing, vending and other sources also remains an important focus and goal.

Leasing

Our long-standing retailer relationships and our focus on identifying emerging retailers allow us the ability to provide our shoppers with a collection of the world's most popular outlet stores. Tanger customers shop and save on their favorite brand name merchandise including men's, women's and children's ready-to-wear, lifestyle apparel, footwear, jewelry and accessories, tableware, housewares, luggage and domestic goods. In order for our outlet centers to perform at a high level, our leasing professionals continually monitor and evaluate tenant mix, store size, store location and sales performance. They also work to assist our tenants through re-sizing and re-location of retail space within each of our outlet centers for maximum sales of each retail unit across our portfolio.

Marketing

Our marketing plans deliver compelling, well-crafted messages and enticing promotions and events to targeted audiences for tangible, meaningful and measurable results. Our plans are based on a basic measure of success - increase sales and traffic for our retail partners and we will create successful outlet centers. Utilizing a strategic mix of print, radio, television, direct mail, our consumer website, Internet advertising, social networks, mobile applications and public relations, we consistently reinforce the Tanger brand. Our marketing efforts are also designed to build loyalty with current Tanger shoppers and create awareness with potential customers. The majority of consumer-marketing expenses incurred by us are reimbursable by our tenants.

Capital Strategy

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 lines of credit in a conservative manner and (5) preserve internally generated sources of capital by strategically divesting of our non-core 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.

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 unit holders. The Company is a well-known seasoned issuer with a shelf registration 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 our planned capital expenditures during 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 lines of credit or invested in short-term money market or other suitable instruments adhering to our investment policies.

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 August 2018 when our next significant debt maturity occurs. As a result, our current primary focus is to continually strengthen our capital and liquidity position by controlling and reducing construction and overhead costs, generating positive cash flows from operations to cover our distributions and reducing outstanding debt.

Competition

We carefully consider the degree of existing and planned competition in a proposed area before deciding to develop, acquire or expand a new outlet center. Our outlet centers compete for customers primarily with outlet centers built and operated by different developers, traditional shopping malls and full- and off-price retailers. However, we believe that the majority of our customers visit outlet centers because they are intent on buying name-brand products at discounted prices. Traditional full- and off-price retailers are often unable to provide such a variety of name-brand products at attractive prices.

Tenants of outlet centers typically avoid direct competition with major retailers and their own specialty stores, and, therefore, generally insist that the outlet centers not be within a close proximity of a major department store or the tenants' own specialty stores. For this reason, our outlet centers generally compete only to a limited extent with traditional malls in or near metropolitan areas.

We compete with institutional pension funds, private equity investors, other REITs, small owners of outlet centers, specialty stores and others who are engaged in the acquisition, development or ownership of outlet centers and stores. In addition, the number of entities competing to acquire or develop outlet centers has increased and may continue to increase in the future, which could increase demand for these outlet centers and the prices we must pay to acquire or develop them. Nevertheless, we believe the high barriers to entry in the outlet industry, including the need for extensive relationships with premier manufacturers and brand name retailers, will continue to minimize the number of new outlet centers developed each year.

Financial Information

As of December 31, 2014, and 2013, we had one reportable operating segment. For financial information regarding our segment, see our Consolidated Financial Statements.

Corporate and Regional Headquarters

We rent space in an office building in Greensboro, North Carolina where our corporate headquarters is located as well as a regional office in Miami, Florida.

As of February 1, 2015, we maintain offices and employ on-site managers at 37 consolidated and unconsolidated outlet centers. The managers closely monitor the operation, marketing and local relationships at each of their outlet centers.

Insurance

We believe that as a whole our properties are covered by adequate comprehensive liability, fire, flood, earthquake and extended loss insurance provided by reputable companies with commercially reasonable and customary deductibles and limits. Northline Indemnity, LLC, ("Northline"), a wholly-owned captive insurance subsidiary of the Operating Partnership, is responsible for losses up to certain levels for property damage (including wind damage from hurricanes) prior to third-party insurance coverage. Specified types and amounts of insurance are required to be carried by each tenant under their lease. There are however, types of losses, like those resulting from wars or nuclear radiation, which may either be uninsurable or not economically insurable in some or all of our locations. An uninsured loss could result in a loss to us of both our capital investment and anticipated profits from the affected property.

Employees

As of February 1, 2015, we had 289 full-time employees, located at our corporate headquarters in North Carolina, our regional office in Miami and 37 business offices. At that date, we also employed 336 part-time employees at various locations.

ITEM 1A. RISK FACTORS

Risks Related to Real Estate Investments

We may be unable to develop new outlet centers or expand existing outlet centers successfully.

We continue to develop new outlet centers and expand existing outlet centers as opportunities arise. However, there are significant risks associated with our development activities in addition to those generally associated with the ownership and operation of established retail properties. While we have policies in place designed to limit the risks associated with development, these policies do not mitigate all development risks associated with a project. These risks include the following:

- significant expenditure of money and time on projects that may be delayed or never be completed;
- higher than projected construction costs;
- shortage of construction materials and supplies;
- failure to obtain zoning, occupancy or other governmental approvals or to the extent required, tenant approvals; and
- late completion because of construction delays, delays in the receipt of zoning, occupancy and other approvals or other factors outside of our control.

Any or all of these factors may impede our development strategy and adversely affect our overall business.

The economic performance and the market value of our outlet centers are dependent on risks associated with real property investments.

Real property investments are subject to varying degrees of risk. The economic performance and values of real estate may be affected by many factors, including changes in the national, regional and local economic climate, inflation, unemployment rates, consumer confidence, local conditions such as an oversupply of space or a reduction in demand for real estate in the area, the attractiveness of the properties to tenants, competition from other available space, our ability to provide adequate maintenance and insurance and increased operating costs.

Real property investments are relatively illiquid.

Our outlet centers represent a substantial portion of our total consolidated assets. These assets are relatively illiquid. As a result, our ability to sell one or more of our outlet centers in response to any changes in economic or other conditions is limited. If we want to sell an outlet center, there can be no assurance that we will be able to dispose of it in the desired time period or that the sales price will exceed the cost of our investment.

Properties may be subject to impairment charges which can adversely affect our financial results.

We periodically evaluate long-lived assets to determine if there has been any impairment in their carrying values and record impairment losses if the undiscounted cash flows estimated to be generated by those assets are less than their carrying amounts or if there are other indicators of impairment. If it is determined that an impairment has occurred, we would be required to record an impairment charge equal to the excess of the asset's carrying value over its estimated fair value, which could have a material adverse effect on our financial results in the accounting period in which the adjustment is made. Our estimates of undiscounted cash flows expected to be generated by each property are based on a number of assumptions that are subject to economic and market uncertainties including, but not limited to, demand for space, competition for tenants, changes in market rental rates and costs to operate each property. As these factors are difficult to predict and are subject to future events that may alter our assumptions, the future cash flows estimated in our impairment analysis may not be achieved.

We face competition for the acquisition and development of outlet centers, and we may not be able to complete acquisitions or developments that we have identified.

We intend to grow our business in part through acquisitions and new developments. We compete with institutional pension funds, private equity investors, other REITs, small owners of outlet centers, specialty stores and others who are engaged in the acquisition, development or ownership of outlet centers and stores. These competitors may succeed in acquiring or developing outlet centers themselves. Also, our potential acquisition targets may find our competitors to be more attractive acquirers because they may have greater marketing and financial resources, may be willing to pay more, or may have a more compatible operating philosophy. In addition, the number of entities competing to acquire or develop outlet centers has increased and may continue to increase in the future, which could increase demand for these outlet centers and the prices we must pay to acquire or develop them. If we pay higher prices for outlet centers, our profitability may be reduced. Also, once we have identified potential acquisitions, such acquisitions are subject to the successful completion of due diligence, the negotiation of definitive agreements and the satisfaction of customary closing conditions. We cannot assure you that we will be able to reach acceptable terms with the sellers or that these conditions will be satisfied.

We may be subject to environmental regulation.

Under various federal, state and local laws, ordinances and regulations, we may be considered an owner or operator of real property and may be responsible for paying for the disposal or treatment of hazardous or toxic substances released on or in our property or disposed of by us, as well as certain other potential costs which could relate to hazardous or toxic substances (including governmental fines and injuries to persons and property). This liability may be imposed whether or not we knew about, or were responsible for, the presence of hazardous or toxic substances.

Risks Related to our Business

Our earnings and therefore our profitability are entirely dependent on rental income from real property.

Substantially all of our income is derived from rental income from real property. Our income and funds for distribution would be adversely affected if a significant number of our tenants were unable to meet their obligations to us or if we were unable to lease a significant amount of space in our outlet centers on economically favorable lease terms. In addition, the terms of outlet store tenant leases traditionally have been significantly shorter than in other retail segments. There can be no assurance that any tenant whose lease expires in the future will renew such lease or that we will be able to re-lease space on economically favorable terms.

We are substantially dependent on the results of operations of our retailers.

Our operations are subject to the results of operations of our retail tenants. A portion of our rental revenues are derived from percentage rents that directly depend on the sales volume of certain tenants. Accordingly, declines in these tenants' results of operations would reduce the income produced by our properties. If the sales of our retail tenants decline sufficiently, such tenants may be unable to pay their existing rents as such rents would represent a higher percentage of their sales. Any resulting leasing delays, failures to make payments or tenant bankruptcies could result in the termination of such tenants' leases.

A number of companies in the retail industry, including some of our tenants, have declared bankruptcy or have voluntarily closed certain of their stores in recent years. The bankruptcy of a major tenant or number of tenants may result in the closing of certain affected stores, and we may not be able to re-lease the resulting vacant space for some time or for equal or greater rent. Such bankruptcy, or the voluntary closings of a significant amount of stores, could have a material adverse effect on our results of operations and could result in a lower level of funds for distribution.

15

Certain of our properties are subject to ownership interests held by third parties, whose interests may conflict with ours and thereby constrain us from taking actions concerning these properties which otherwise would be in our best interests and our shareholders' interests.

We own partial interests in outlet centers with various joint venture partners. The approval or consent of the other members of these joint ventures is required before we may sell, finance, expand or make other significant changes in the operations of these properties. We also may not have control over certain major decisions, including approval of the annual operating budgets, selection or termination of the property management company, leasing and the timing and amount of distributions, which could result in decisions that do not fully reflect our interests. To the extent such approvals or consents are required, we may experience difficulty in, or may be prevented from, implementing our plans and strategies with respect to expansion, development, property management, on-going operations, financing (for example, decisions as to whether to refinance or obtain financing, when and whether to pay down principal of any loan and whether and how to cure any defaults under loan documents) or other similar transactions with respect to such properties.

An uninsured loss or a loss that exceeds our insurance policies on our outlet centers or the insurance policies of our tenants could subject us to lost capital and revenue on those outlet centers.

Some of the risks to which our outlet centers are subject, including risks of terrorist attacks, war, earthquakes, hurricanes and other natural disasters, are not insurable or may not be insurable in the future. Should a loss occur that is uninsured or in an amount exceeding the combined aggregate limits for the insurance policies noted above or in the event of a loss that is subject to a substantial deductible under an insurance policy, we could lose all or part of our capital invested in and anticipated revenue from one or more of our outlet centers, which could adversely affect our results of operations and financial condition, as well as our ability to make distributions to our shareholders.

Under the terms and conditions of our leases, tenants generally are required to indemnify and hold us harmless from liabilities resulting from injury to persons and contamination of air, water, land or property, on or off the premises, due to activities conducted in the leased space, except for claims arising from negligence or intentional misconduct by us or our agents. Additionally, tenants generally are required, at the tenant's expense, to obtain and keep in full force during the term of the lease, liability and property damage insurance policies issued by companies acceptable to us. These policies include liability coverage for bodily injury and property damage arising out of the ownership, use, occupancy or maintenance of the leased space. All of these policies may involve substantial deductibles and certain exclusions. Therefore, an uninsured loss or loss that exceeds the insurance policies of our tenants could also subject us to lost capital and revenue.

Consumer travel, shopping and spending habits may change.

Most shoppers use private automobile transportation to travel to our outlet centers and many of our outlet centers are not easily accessible by public transportation. Should fuel costs increase significantly, it may reduce the number of trips to our outlet centers thus reducing the amount spent at our outlet centers. Such reductions in traffic could adversely impact our percentage rents and ability to renew and release space at favorable rental rates.

Shoppers may also choose to spend a greater percentage of their disposable income to purchase goods through e-commerce channels, which could also reduce the number of trips to our outlet centers and the average amount spent per visit. Such a change in consumer spending habits could adversely affect the results of operations of our retail tenants and adversely impact our percentage rents and ability to renew and release space at favorable rental rates.

Our Canadian expansion may subject us to different or greater risk from those associated with our domestic operations.

As of December 31, 2014, through a co-ownership arrangement with a Canadian REIT, we have an ownership interest in four properties in Canada. Our operating results and the value of our Canadian operations may be impacted by any unhedged movements in the Canadian dollar. Canadian ownership activities carry risks that are different from those we face with our domestic properties. These risks include:

- adverse effects of changes in the exchange rates between the US and Canadian dollar;

- changes in Canadian political and economic environments, regionally, nationally, and locally;

- challenges of complying with a wide variety of foreign laws;
- changes in applicable laws and regulations in the United States that affect foreign operations;
- property management services being provided directly by our 50/50 co-owner, not by us; and
- obstacles to the repatriation of earnings and cash.

Risks Related to our Indebtedness and Financial Markets

We are subject to the risks associated with debt financing.

We are subject to the risks associated with debt financing, including the risk that the cash provided by our operating activities will be insufficient to meet required payments of principal and interest. Disruptions in the capital and credit markets may adversely affect our operations, including the ability to fund the planned capital expenditures and potential new developments or acquisitions. Further, there is the risk that we will not be able to repay or refinance existing indebtedness or that the terms of any refinancing will not be as favorable as the terms of existing indebtedness. If we are unable to access capital markets to refinance our indebtedness on acceptable terms, we might be forced to dispose of properties on disadvantageous terms, which might result in losses.

Risks Related to Federal Income Tax Laws

The Company's failure to qualify as a REIT could subject our earnings to corporate level taxation.

We believe that we have operated and intend to operate in a manner that permits the Company to qualify as a REIT under the Internal Revenue Code of 1986, as amended. However, we cannot assure you that the Company has qualified or will remain qualified as a REIT. If in any taxable year the Company were to fail to qualify as a REIT and certain statutory relief provisions were not applicable, the Company would not be allowed a deduction for distributions to shareholders in computing taxable income and would be subject to U.S. federal income tax (including any applicable alternative minimum tax) on our taxable income at regular corporate rates. The Company's failure to qualify for taxation as a REIT would have a material adverse effect on the market price and marketability of our securities.

The Company is required by law to make distributions to our shareholders.

To obtain the favorable tax treatment associated with the Company's qualification as a REIT, generally, the Company is required to distribute to its shareholders at least 90% of its net taxable income (excluding capital gains) each year. The Company depends upon distributions or other payments from the Operating Partnership to make distributions to the Company's common shareholders. A recent IRS revenue procedure allows the Company to satisfy the REIT income distribution requirement by distributing up to 90% of the dividends on its common shares in the form of additional common shares in lieu of paying dividends entirely in cash. Although we reserve the right to utilize this procedure in the future, we currently have no intent to do so. In the event that the Company pays a portion of a dividend in shares, certain U.S. shareholders would be required to pay income tax on the entire amount of the dividend, including the portion paid in shares, in which case such shareholders might have to pay the income tax using cash from other sources. If a U.S. shareholder sells the shares it receives as a dividend in order to pay this income tax, the sales proceeds may be less than the amount included in income with respect to the dividend, depending on the market price of our shares at the time of the sale.

17

Risks Related to our Organizational Structure

The Company depends on distributions from the Operating Partnership to meet its financial obligations, including dividends.

The Company's operations are conducted by the Operating Partnership, and the Company's only significant asset is its interest in the Operating Partnership. As a result, the Company depends upon distributions or other payments from the Operating Partnership in order to meet its financial obligations, including its obligations under any guarantees or to pay dividends or liquidation payments to its common shareholders. As a result, these obligations are effectively subordinated to existing and future liabilities of the Operating Partnership. The Operating Partnership is a party to loan agreements with various bank lenders that require the Operating Partnership to comply with various financial and other covenants before it may make distributions to the Company. Although the Operating Partnership presently is in compliance with these covenants, there is no assurance that the Operating Partnership will continue to be in compliance and that it will be able to make distributions to the Company.

Risks Related to Cyber Security

Cyber-attacks or acts of cyber-terrorism could disrupt our business operations and information technology systems or result in the loss or exposure of confidential or sensitive customer, employee or Company information.

Our business operations and information technology systems may be attacked by individuals or organizations intending to disrupt our business operations and information technology systems, whether through cyber-attacks or cyber-intrusions over the Internet, malware, computer viruses, attachments to e-mails, persons inside our organization, or persons with access to systems inside our organization. The risk of a security breach or disruption, particularly through cyber-attacks or cyber-intrusion, including by computer hackers, foreign governments, and cyber terrorists, has generally increased as the number, intensity and sophistication attempted attacks and intrusions from around the world have increased. We use information technology systems to manage our outlet centers and other business processes. Disruption of those systems could adversely impact our ability to operate our business to provide timely service to our customers and maintain our relationships with our tenants. Accordingly, if such an attack or act of terrorism were to occur, our operations and financial results could be adversely affected. In addition, we use our information technology systems to protect confidential or sensitive customer, employee and Company information developed and maintained in the normal course of our business. Any attack on such systems that would result in the unauthorized release or loss of customer, employee or other confidential or sensitive data could have a material adverse effect on our business reputation, increase our costs and expose us to additional material legal claims and liability. As a result, if such an attack or act of terrorism were to occur, our operations and financial results and our share price could be adversely affected.

ITEM 1B. UNRESOLVED STAFF COMMENTS

There are no unresolved staff comments from the Commission for either the Company or the Operating Partnership.

ITEM 2. PROPERTIES

As of February 1, 2015, our consolidated portfolio consisted of 36 outlet centers totaling 11.3 million square feet located in 23 states. We own interests in nine other outlet centers totaling approximately 2.6 million square feet through unconsolidated joint ventures, including four outlet centers in Canada. Our consolidated outlet centers range in size from 24,619 to 749,074 square feet. The outlet centers are generally located near tourist destinations or along major interstate highways to provide visibility and accessibility to potential customers.

We believe that the outlet centers are well diversified geographically and by tenant and that we are not dependent upon any single property or tenant. Our Deer Park, New York, outlet center is the only property that represents 10% or more of our consolidated total assets for the year ended December 31, 2014. See "Properties - Significant Property" for further details.

We have an ongoing strategy of acquiring outlet centers, developing new outlet centers and expanding existing outlet centers. See “Management's Discussion and Analysis of Financial Condition and Results of Operations - Liquidity and Capital Resources” for a discussion of the cost of such programs and the sources of financing thereof.

Of the 36 outlet centers in our consolidated portfolio, we own the land underlying 30 and have ground leases on six. The following table sets forth information about the land leases on which all or a portion of the six outlet centers are located:

Outlet Center	Acres	Expiration	Expiration including renewal terms
Myrtle Beach Hwy 17, SC	40.0	2027	2096
Atlantic City, NJ	21.3	2101	2101
Ocean City, MD	18.5	2084	2084
Sevierville, TN	43.6	2086	2086
Riverhead, NY	47.0	2019	2039
Rehoboth Beach, DE	2.7	2044	[1]

(1) Lease may be renewed at our option for additional terms of twenty years each.

Generally, our leases with our outlet center tenants typically have an initial term that ranges from 5 to 10 years and provide for the payment of fixed monthly rent in advance. There are often contractual base rent increases during the initial term of the lease. In addition, the rental payments are customarily subject to upward adjustments based upon tenant sales volume. Most leases provide for payment by the tenant of real estate taxes, insurance, common area maintenance, advertising and promotion expenses incurred by the applicable outlet center. As a result, the majority of our operating expenses for the outlet centers are borne by the tenants.

The following table summarizes certain information with respect to our consolidated outlet centers as of February 1, 2015:

State	Number of Outlet Centers	Square Feet	% of Square Feet
South Carolina	5	1,593,898	14
New York	2	1,478,808	13
Pennsylvania	3	874,460	8
Georgia	2	692,478	6
Texas	2	619,621	5
Delaware	1	565,707	5
Alabama	1	557,014	5
North Carolina	3	505,225	4
New Jersey	1	489,706	4
Tennessee	1	448,335	4
Michigan	2	432,459	4
Ohio	1	411,776	4
Missouri	1	329,861	3
Utah	1	319,661	3
Louisiana	1	318,666	3
Connecticut	1	289,898	3
Iowa	1	277,230	2
Illinois	1	250,439	2
New Hampshire	1	245,698	2
Florida	1	198,877	2
Maryland	1	198,840	2
California	1	171,300	1
Maine	2	76,356	1
Total	36	11,346,313	100

The following table summarizes certain information with respect to our existing outlet centers in which we have an ownership interest as of February 1, 2015. Except as noted, all properties are fee owned:

Location	Square Feet	% Occupied
Consolidated Outlet Centers		
Deer Park, New York	749,074	95
Riverhead, New York [(1)]	729,734	97
Rehoboth Beach, Delaware [(1)]	565,707	98
Foley, Alabama	557,014	94
Atlantic City, New Jersey [(1)]	489,706	93
Sevierville, Tennessee [(1)]	448,335	100
San Marcos, Texas	441,821	99
Myrtle Beach Hwy 501, South Carolina	425,247	95
Jeffersonville, Ohio	411,776	98
Myrtle Beach Hwy 17, South Carolina [(1)]	402,791	100
Charleston, South Carolina	382,117	99
Pittsburgh, Pennsylvania	372,958	99
Commerce II, Georgia	371,408	93
Branson, Missouri	329,861	100
Locust Grove, Georgia	321,070	99
Howell, Michigan	319,889	96
Park City, Utah	319,661	99
Mebane, North Carolina	318,910	97
Gonzales, Louisiana	318,666	98
Westbrook, Connecticut	289,898	94
Williamsburg, Iowa	277,230	96
Lancaster, Pennsylvania	254,002	98
Tuscola, Illinois	250,439	87
Hershey, Pennsylvania	247,500	97
Tilton, New Hampshire	245,698	97
Hilton Head II, South Carolina	206,544	97
Fort Myers, Florida	198,877	93
Ocean City, Maryland [(1)]	198,840	96
Terrell, Texas	177,800	94
Hilton Head I, South Carolina	177,199	100
Barstow, California	171,300	100
West Branch, Michigan	112,570	94
Blowing Rock, North Carolina	104,154	93
Nags Head, North Carolina	82,161	94
Kittery I, Maine	51,737	93
Kittery II, Maine	24,619	100
Total	11,346,313	97

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

Location	Square Feet	% Occupied
Unconsolidated joint venture properties		
Charlotte, NC (50% owned)	397,837	99
Glendale, AZ (58% owned) (1)	381,309	96
Texas City, TX (50% owned)	352,705	99
National Harbor, MD (50% owned)	338,786	99
Cookstown, ON (50% owned)	305,134	96
Ottawa, ON (50% owned) (1)	287,709	95
Wisconsin Dells, WI (50% owned)	265,086	99
Bromont, QC (50% owned)	161,449	81
Saint-Sauveur, QC (50% owned)	115,717	97
Total	2,605,732	97

(1) Excludes square feet to be completed and turned over to an anchor tenant at a later date.

Lease Expirations

The following table sets forth, as of February 1, 2015, scheduled lease expirations for our consolidated outlet centers, assuming none of the tenants exercise renewal options:

Year	No. of Leases Expiring	Approx. Square Feet (in 000's)(1)	Average Annualized Base Rent per sq. ft	Annualized Base Rent (in 000's)(2)	% of Gross Annualized Base Rent Represented by Expiring Leases
2015	198	769	$21.25	$16,341	7
2016	340	1,484	21.46	31,852	14
2017	323	1,513	21.67	32,785	14
2018	327	1,594	24.58	39,178	15
2019	226	1,008	26.55	26,760	10
2020	163	1,007	18.62	18,749	10
2021	151	819	21.54	17,639	8
2022	138	524	30.24	15,845	5
2023	147	660	25.54	16,857	6
2024	137	550	31.70	17,437	5
2025 & thereafter	77	595	22.30	13,270	6
	2,227	10,523	$23.45	$246,713	100

(1) Excludes leases that have been entered into but which tenant has not yet taken possession, vacant suites, space under construction, temporary leases and month-to-month leases totaling in the aggregate approximately 823,000 square feet.

(2) Annualized base rent is defined as the minimum monthly payments due as of February 1, 2015 annualized, excluding periodic contractual fixed increases and rents calculated based on a percentage of tenants' sales. The annualized base rent disclosed in the table above includes all concessions, abatements and reimbursements of rent to tenants.

Based on current market base rental rates, we believe we will achieve overall positive increases in our average base rental income for leases expiring in 2015. However, changes in base rental income associated with individual signed leases on comparable spaces may be positive or negative, and we can provide no assurance that the base rents on new leases will continue to increase from current levels, if at all.

22

Base Rents and Occupancy Rates

The following table sets forth our occupancy and average annual base rent per square foot for our consolidated properties.

	2014	2013	2012	2011	2010
Occupancy	98 %	99 %	99 %	99 %	98 %
Average annual base rent per square foot (1)	$23.78	$22.98	$21.94	$21.05	$20.03

(1) Average annual base rent per square foot is calculated on a straight-line basis including the effects of inducements and rent concessions.

The following table sets forth information regarding the expiring leases for our consolidated outlet centers during each of the last five calendar years:

	Total Expiring		Renewed by Existing Tenants	
Year	Square Feet (in 000's)	% of Total Outlet Center Square Feet (1)	Square Feet (in 000's)	% of Expiring Square Feet
2014(2)	1,613	14	1,241	77
2013	1,950	18	1,574	81
2012	1,814	17	1,536	85
2011	1,771	18	1,459	82
2010	1,460	16	1,217	83

(1) Represents the percentage of total square footage at the beginning of each year that is scheduled to expire during the respective year.

(2) Excludes the Lincoln City outlet center, which was sold in December 2014.

The following table sets forth the weighted average base rental rate increases per square foot on a straight-line basis (includes periodic, contractual fixed rent increases) for our consolidated outlet centers upon re-leasing stores that were turned over or renewed during each of the last five calendar years:

	Renewals of Existing Leases				Stores Re-leased to New Tenants (1)			
		Average Annualized Base Rent ($ per sq. ft.)				Average Annualized Base Rent ($ per sq. ft.)		
Year	Square Feet (in 000's)	Expiring	New	% Increase	Square Feet (in 000's)	Expiring	New	% Increase
2014(2)	1,241	$19.97	$23.38	17	470	$24.20	$32.93	36
2013	1,574	20.09	23.96	19	510	22.19	30.57	38
2012	1,536	18.70	21.75	16	450	20.60	31.72	54
2011	1,459	18.16	20.54	13	548	18.82	28.24	50
2010	1,217	18.00	19.65	9	432	19.21	24.18	26

(1) The square footage released to new tenants for 2014, 2013, 2012, 2011 and 2010 contains 207,000, 224,000, 137,000, 172,000 and 91,000, respectively, that was released to new tenants upon expiration of an existing lease during the respective year.

(2) Excludes the Lincoln City outlet center, which was sold in December 2014.

23

Occupancy Costs

We believe that our ratio of average tenant occupancy cost (which includes base rent, common area maintenance, real estate taxes, insurance, advertising and promotions) to average sales per square foot is low relative to other forms of retail distribution. The following table sets forth for tenants that report sales, for each of the last five years, tenant occupancy costs per square foot as a percentage of reported tenant sales per square foot for our consolidated outlet centers:

Year	Occupancy Costs as a % of Tenant Sales
2014	8.9
2013	8.6
2012	8.4
2011	8.4
2010	8.3

Tenants

The following table sets forth certain information for our consolidated outlet centers with respect to our ten largest tenants and their store concepts as of February 1, 2015:

Tenant	Number of Stores	Square Feet	% of Total Square Feet
The Gap, Inc.:			
Old Navy	23	351,732	3.1
GAP	31	292,131	2.6
Banana Republic	27	225,437	2.0
Gap Kids	1	7,887	*
	82	877,187	7.7
Ascena Retail Group, Inc.:			
Dress Barn	27	226,408	2.0
Lane Bryant	23	121,526	1.1
Justice	26	109,644	1.0
Maurice's	9	41,631	0.3
Dress Barn Woman	1	3,600	*
	86	502,809	4.4
PVH Corp.:			
Tommy Hilfiger	28	201,824	1.8
Van Heusen	28	114,862	1.0
Calvin Klein, Inc.	11	71,738	0.6
Izod	20	53,492	0.5
	87	441,916	3.9
V. F. Corporation:			
VF Outlet	11	218,057	1.9
Nautica	15	73,880	0.7
Timberland	11	55,330	0.5
The North Face	2	16,219	0.1
Vans	4	13,000	0.1
Kipling	1	1,000	*
	44	377,486	3.3
Nike, Inc.:			
Nike	25	346,285	3.1
Converse	8	25,590	0.2
Hurley	1	2,133	*
	34	374,008	3.3
Ralph Lauren Corporation:			
Polo Ralph Lauren	27	292,599	2.6
Chaps	6	31,683	0.3
Polo Ralph Lauren Children	3	13,700	0.1
Polo Women	1	6,250	*
	37	344,232	3.0
ANN Inc.:			
Loft	29	199,546	1.8
Ann Taylor	19	124,683	1.1
	48	324,229	2.9
G-III Apparel Group, Ltd.:			

Bass	32	199,199	1.8	
Wilson's Leather	31	115,864	1.0	
Andrew Marc	2	6,589	0.1	
	65	321,652	2.9	
Adidas AG:				
Reebok	24	180,775	1.6	
Adidas	15	97,984	0.9	
Rockport	4	10,960	0.1	
	43	289,719	2.6	
Carter's Inc.:				
OshKosh B'Gosh	29	134,969	1.2	
Carter's	30	139,667	1.2	
	59	274,636	2.4	
Total of all tenants listed in table	585	4,127,874	36.4	%

* Less than 0.1%.

Significant Properties

The Deer Park, New York outlet center is the only property that comprises 10% or more of our consolidated total assets. In August 2013, we acquired an additional one-third ownership interest in the property, bringing our total ownership to a two-thirds interest, and then restructured certain aspects of the remaining one-third ownership of the property, the effects of which gave us a controlling ownership interest. With the acquisition of a controlling ownership interest, we have consolidated Deer Park in our balance sheet and statements of operations since the acquisition date. Previously, Deer Park was reported within our unconsolidated portfolio of properties.

Tenants at the Deer Park outlet center principally conduct retail sales operations. The following table shows occupancy and certain base rental information related to this property as of December 31, 2014, and 2013:

Deer Park	Square Feet	2014		2013	
Outlet Center Occupancy	749,074	95	%	95	%
Average base rental rates per weighted average square foot (1)		$29.45		$29.73	

(1) Note that outlet center was acquired during August 2013. Represents average base rental rates per weighted average square foot since the acquisition date.

Depreciation on the outlet centers is computed on the straight-line basis over the estimated useful lives of the assets. We generally use estimated lives ranging from 33 years for buildings, 15 years for land improvements and 7 years for equipment. Expenditures for ordinary repairs and maintenance are charged to operations as incurred while significant renovations and improvements, including tenant finishing allowances, which improve and/or extend the useful life of the asset are capitalized and depreciated over their estimated useful life. Real estate taxes assessed on this outlet center during 2014 amounted to $4.2 million. Real estate taxes for 2015 are estimated to be approximately $4.3 million.

The following table sets forth, as of February 1, 2015, scheduled lease expirations for the Deer Park outlet center assuming that none of the tenants exercise renewal options:

Year	No. of Leases Expiring (1)	Square Feet (in 000's) (1)	Annualized Base Rent per Square Foot	Annualized Base Rent (in 000's) (2)	% of Gross Annualized Base Rent Represented by Expiring Leases	
2015	6	16	$29.63	$489	2	
2016	11	55	31.84	1,741	9	
2017	4	13	27.62	348	2	
2018	26	144	33.63	4,850	23	
2019	24	136	37.83	5,138	25	
2020	2	8	17.53	146	1	
2021	1	3	53.43	185	1	
2022	3	13	37.75	475	2	
2023	7	54	21.08	1,135	5	
2024	8	32	36.37	1,161	6	
2025 and thereafter	7	207	24.17	4,998	24	
Total	99	681	$30.36	$20,666	100	%

(1) Excludes leases that have been entered into but which tenant has not taken possession, vacant suites, temporary leases and month-to-month leases totaling in the aggregate approximately 68,000 square feet.

(2) Annualized base rent is defined as the minimum monthly payments due as of February 1, 2014, excluding periodic contractual fixed increases and rents calculated based on a percentage of tenants' sales. The annualized base rent

disclosed in the table above includes all concessions, abatements and reimbursements of rent to tenants.

ITEM 3. 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 4. MINE SAFETY DISCLOSURES

Not applicable

Executive Officers of Tanger Factory Outlet Centers, Inc.

The following table sets forth certain information concerning the Company's executive officers. The Operating Partnership does not have executive officers:

NAME	AGE	POSITION
Steven B. Tanger	66	Director, President and Chief Executive Officer
Frank C. Marchisello, Jr.	56	Executive Vice President - Chief Financial Officer
Thomas E. McDonough	57	Executive Vice President - Chief Operating Officer
Chad D. Perry	43	Executive Vice President - General Counsel and Secretary
Carrie A. Geldner	52	Senior Vice President - Chief Marketing Officer
Manuel O. Jessup	59	Senior Vice President - Human Resources
Lisa J. Morrison	55	Senior Vice President - Leasing
Virginia R. Summerell	56	Senior Vice President of Finance - Treasurer and Assistant Secretary
James F. Williams	50	Senior Vice President - Chief Accounting Officer and Controller
Charles A. Worsham	43	Senior Vice President - Construction and Development

The following is a biographical summary of the experience of our executive officers:

Steven B. Tanger. Mr. Tanger is a director of the Company and was named President and Chief Executive Officer effective January 1, 2009. Mr. Tanger served as President and Chief Operating Officer from January 1, 1995 to December 2008. Previously, Mr. Tanger served as Executive Vice President from 1986 to December 1994. He has been with Tanger related companies for most of his professional career, having served as Executive Vice President of Tanger/Creighton for 10 years. Mr. Tanger is a graduate of the University of North Carolina at Chapel Hill and the Stanford University School of Business Executive Program. Mr. Tanger provides an insider's perspective in Board discussions about the business and strategic direction of the Company and has experience in all aspects of the Company's business.

Frank C. Marchisello, Jr. Mr. Marchisello was named Executive Vice President - Chief Financial Officer in April 2003. Previously he was named Senior Vice President and Chief Financial Officer in January 1999 after being named Vice President and Chief Financial Officer in November 1994. He served as Chief Accounting Officer from January 1993 to November 1994. He was employed by Gilliam, Coble & Moser, certified public accountants, from 1981 to 1992, the last six years of which he was a partner of the firm in charge of various real estate clients. Mr. Marchisello is responsible for the Company's financial reporting processes, as well as supervisory responsibility over the senior officers that oversee the Company's accounting, finance, investor relations and information systems functions. Mr. Marchisello is a graduate of the University of North Carolina at Chapel Hill and is a certified public accountant.

27

Thomas E. McDonough. Mr. McDonough was named Executive Vice President - Chief Operating Officer in August 2011. He joined the Company in August 2010 as Executive Vice President of Operations. Previously, he was the Co-Founder and Principal of MHF Real Estate Group, a real estate asset management firm, from September 2009 to August 2010. He served as Chief Investment Officer and was a member of the Investment Committee at Equity One, Inc. from July 2007 to April 2009. From April 2006 to July 2007, Mr. McDonough was a partner at Kahl & Goveia, and from February 1997 to April 2006, he was employed by Regency Centers Corp., and its predecessor, Pacific Retail Trust, as the national director of acquisitions and dispositions. Previously, from July 1984 to January 1997, Mr. McDonough served in various capacities, including partner and principal, with Trammell Crow Company. Mr. McDonough has supervisory responsibility over the senior officers that oversee the Company's operations, construction and development, leasing and marketing functions. Mr. McDonough is a graduate of Stanford University and holds an MBA degree from Harvard Business School.

Chad D. Perry. Mr. Perry joined the Company in December 2011 as Executive Vice President - General Counsel and was additionally named Secretary in May 2012. Previously, he was Executive Vice President and Deputy General Counsel of LPL Financial Corporation from May 2006 to December 2011. From January 2005 to April 2006, he served as Senior Corporate Counsel of EMC Corporation. Previously, Mr. Perry was a Senior Associate of international law firm Ropes & Gray from September 1997 to January 2005. His responsibilities include corporate governance, compliance, and other legal matters, as well as management of outside counsel relationships and the Company’s in house legal department. Mr. Perry is a graduate of Princeton University, and earned a J.D. from Columbia University, where he was a Harlan Fiske Stone Scholar. He is a member of both the Massachusetts and California bar associations.

Carrie A. Geldner. Ms. Geldner was named Senior Vice President - Chief Marketing Officer in January 2012. Previously, she held the positions of Senior Vice President - Marketing from May 2000 to January 2012, Vice President - Marketing from September 1996 to May 2000 and Assistant Vice President - Marketing from December 1995 to September 1996. Prior to joining Tanger, Ms. Geldner was with Prime Retail, L.P. for 4 years where she served as Regional Marketing Director responsible for coordinating and directing marketing for five outlet centers in the southeast region. Previously, Ms. Geldner was Marketing Manager for North Hills, Inc. for five years and also served in the same role for the Edward J. DeBartolo Corp. for two years. Her major responsibilities include managing the Company's marketing department and developing and overseeing implementation of all corporate and field marketing programs. Ms. Geldner is a graduate of East Carolina University.

Manuel O. Jessup. Mr. Jessup joined the Company as Senior Vice President of Human Resources in September 2012. Previously, Mr. Jessup worked with Fine Mark National Bank & Trust as the Executive Vice President of Human Resources from October 2010 to July 2012. From September 2006 to August 2010, he served as Senior Vice President of Human Resources and later Executive Vice President and Chief Human Resources Officer at Chico's FAS, Inc. Previously, Mr. Jessup was employed by Sara Lee Branded Apparel from September 1985 through August 2006. While at Sara Lee Branded Apparel, Mr. Jessup held numerous leadership roles in human resources, including Vice President of Human Resources, with responsibility for domestic and international operations in Asia and Latin America. His responsibilities include oversight and supervision of the Company's Human Resources function. Mr. Jessup is a graduate of the University of South Carolina and holds an MBA from Wake Forest University Babcock School of Business.

Lisa J. Morrison. Ms. Morrison was named Senior Vice President - Leasing in August 2004. Previously, she held the positions of Vice President - Leasing from May 2001 to August 2004, Assistant Vice President of Leasing from August 2000 to May 2001 and Director of Leasing from April 1999 until August 2000. Prior to joining the Company, Ms. Morrison was employed by the Taubman Company and Trizec Properties, Inc. where she served as a leasing agent. Previously, she was a marketing coordinator for Nelson Ross Properties. Her major responsibilities include managing the leasing strategies for our operating properties, as well as expansions and new developments. She also oversees the leasing personnel and the merchandising and occupancy for Tanger properties. Ms. Morrison is a graduate of the University of Detroit and holds an MA degree from Michigan State University.

Virginia R. Summerell. Ms. Summerell was named Senior Vice President of Finance - Treasurer and Assistant Secretary of the Company in May 2011. Since joining the Company in August 1992, she has held various positions including Vice President, Treasurer, Assistant Secretary and Director of Finance. Her major responsibilities include oversight of corporate and project finance transactions, developing and maintaining banking relationships, management of treasury systems and the supervision of the Company's Credit Department and Investor Relations Department. Prior to joining the Company, she served as a Vice President and in other capacities at Bank of America and its predecessors in Real Estate and Corporate Lending for nine years. Ms. Summerell is a graduate of Davidson College and holds an MBA from Wake Forest University Babcock School of Business.

James F. Williams. Mr. Williams was named Senior Vice President - Chief Accounting Officer and Controller in March 2013. Mr. Williams joined the Company in September 1993, was named Controller in January 1995 and was also named Assistant Vice President in January 1997, Vice President in April 2004, and Senior Vice President in February 2006. Prior to joining the Company, Mr. Williams was the Financial Reporting Manager of Guilford Mills, Inc. from April 1991 to September 1993 and was employed by Arthur Andersen LLP from 1987 to 1991. His major responsibilities include oversight and supervision of the Company's accounting and financial reporting functions. Mr. Williams is a graduate of the University of North Carolina at Chapel Hill and is a certified public accountant.

Charles A. Worsham. Mr. Worsham was named Senior Vice President - Construction and Development in May 2014 and previously held the position of Vice President - Development since April 2011. Prior to joining the Company, Mr. Worsham was employed by DDR, Corp., an owner and manager of shopping centers, for 8 years where he served as Vice President of Development from 2006 to 2010 and Development Director from 2003 to 2006 with a focus on executing the redevelopment and expansion program. From 1999 to 2003, Mr. Worsham served as Real Estate and Development Manager for Intown Suites where he managed the development of hotel properties in various geographic regions. His major responsibilities include implementing the Company’s real estate development program and oversight of construction personnel. Mr. Worsham is a graduate of Tennessee Technological University and holds an MBA degree in Real Estate from Georgia State University.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED SHAREHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Tanger Factory Outlet Centers, Inc. Market Information

The common shares commenced trading on the New York Stock Exchange on May 28, 1993. The following table sets forth the high and low sales prices of the common shares as reported on the New York Stock Exchange Composite Tape, during the periods indicated:

2014	High	Low	Common Dividends Paid
First Quarter	$35.38	$31.86	$0.2250
Second Quarter	36.77	34.73	0.2400
Third Quarter	35.94	32.39	0.2400
Fourth Quarter	37.96	32.53	0.2400
Year 2014	$37.96	$31.86	$0.9450

2013	High	Low	Common Dividends Paid
First Quarter	$36.48	$33.43	$0.2100

Second Quarter	39.45	31.54	0.2250
Third Quarter	35.85	30.06	0.2250
Fourth Quarter	35.71	31.40	0.2250
Year 2013	$39.45	$30.06	$0.8850

Holders

As of February 1, 2015, there were approximately 442 common shareholders of record.

Share Repurchases

For certain restricted common shares that vested during December 2014, we withheld shares with value equivalent to the employees' minimum statutory obligation for the applicable income and other employment taxes, and remitted the cash to the appropriate taxing authorities. The total shares withheld were 412,239 for 2014, and were based on the value of the restricted common shares on the vesting date as determined by our closing share price on the day prior to the vesting date.

Dividends

The Company operates in a manner intended to enable it to qualify as a REIT under the Internal Revenue Code, or the Code. A REIT is required to distribute at least 90% of its taxable income to its shareholders each year. We intend to continue to qualify as a REIT and to distribute substantially all of our taxable income to our shareholders through the payment of regular quarterly dividends. Certain of our debt agreements limit the payment of dividends such that dividends shall not exceed funds from operations ("FFO"), as defined in the agreements, for the prior fiscal year on an annual basis or 95% of FFO on a cumulative basis.

Securities Authorized for Issuance under Equity Compensation Plans

The information required by this Item is set forth in Part III Item 12 of this document.

Performance Graph

The following Performance Graph and related information shall not be deemed “soliciting material” or to be “filed” with the Commission, nor shall such information be incorporated by reference into any future filing under the Securities Act of 1933, as amended, or the Securities Act, or the Securities Exchange Act of 1934, as amended, or the Exchange Act, except to the extent that the Company specifically incorporates it by reference into such filing.

The following share price performance chart compares our performance to the index of US equity REITs and US retail REITs, both prepared by SNL Financial. We have used these two indices instead of the two comparative indices presented in our Form 10-K for the year ended December 31, 2013, as we believe the new indices more closely represent how management assesses our performance against other companies in our industry and in our peer group. For comparative purposes, we have included the indices used in our prior year report, the index of equity REITs prepared by the National Association of Real Estate Investment Trusts ("NAREIT") and the SNL Shopping Center REIT index prepared by SNL Financial.

Equity REITs are defined as those that derive more than 75% of their income from equity investments in real estate assets. The SNL equity index includes all publicly traded retail REITs (including malls, shopping centers and other retail REITs) listed on the New York Stock Exchange, NYSE MKT (formerly know as the American Stock Exchange), NASDAQ National Market System or the OTC Market Group. The NAREIT equity index includes all tax qualified real estate investment trusts listed on the New York Stock Exchange, American Stock Exchange or the NASDAQ National Market System.

All share price performance assumes an initial investment of $100 at the beginning of the period and assumes the reinvestment of dividends. Share price performance, presented for the five years ended December 31, 2014, is not necessarily indicative of future results.

30

		Period Ended				
Index	12/31/2009	12/31/2010	12/31/2011	12/31/2012	12/31/2013	12/31/2014
Tanger Factory Outlet Centers, Inc.	100.00	136.04	160.47	192.24	184.53	218.83
New Indices:						
SNL US REIT Equity	100.00	128.87	139.61	167.86	174.11	221.98
SNL US REIT Retail	100.00	133.41	147.03	188.69	194.63	248.77
Old Indices:						
NAREIT All Equity REIT Index	100.00	127.95	138.55	165.84	170.58	218.38
SNL REIT Retail Shopping Ctr Index	100.00	129.81	126.10	159.21	170.11	220.42

Tanger Properties Limited Partnership Market Information

There is no established public trading market for the Operating Partnership's common units. As of December 31, 2014, the Company's wholly-owned subsidiaries, Tanger GP Trust and Tanger LP Trust, owned 95,509,781 units of the Operating Partnership and the Non-Company LPs owned 5,078,406 units. We made distributions per common unit during 2014 and 2013 as follows:

	2014	2013
First Quarter	$0.225	$0.210
Second Quarter	0.240	0.225
Third Quarter	0.240	0.225
Fourth Quarter	0.240	0.225
	$0.945	$0.885

ITEM 6. SELECTED FINANCIAL DATA (TANGER FACTORY OUTLET CENTERS, INC.)

The following data should be read in conjunction with our consolidated financial statements and notes thereto and Management's Discussion and Analysis of Financial Condition and Results of Operations included elsewhere in this Form 10-K:

	2014	2013	2012	2011	2010
	(in thousands, except per share and outlet center data)				
OPERATING DATA					
Total revenues	$418,558	$384,819	$357,002	$315,203	$276,512
Operating income	131,863	127,705	109,590	97,915	79,354
Income from continuing operations(1)(2)(3)	78,152	113,321	56,476	50,989	38,342
Net income(1)(2)(3)	78,152	113,321	56,476	50,989	38,244
SHARE DATA					
Basic:					
Income from continuing operations	$0.77	$1.14	$0.57	$0.53	$0.32
Net income available to common shareholders	$0.77	$1.14	$0.57	$0.53	$0.32
Weighted average common shares	93,769	93,311	91,733	83,000	80,187
Diluted:					
Income from continuing operations	$0.77	$1.13	$0.57	$0.52	$0.32
Net income available to common shareholders	$0.77	$1.13	$0.57	$0.52	$0.32
Weighted average common shares	93,839	94,247	92,661	84,129	80,390
Common dividends paid	$0.9450	$0.8850	$0.8300	$0.7938	$0.7725
BALANCE SHEET DATA					
Real estate assets, before depreciation	$2,263,603	$2,249,819	$1,947,352	$1,916,045	$1,576,214
Total assets	2,097,660	2,006,456	1,678,800	1,633,273	1,220,359
Debt	1,443,194	1,328,049	1,093,537	1,025,542	714,616
Total equity	523,886	557,595	513,875	528,432	421,895
CASH FLOW DATA					
Cash flows provided by (used in):					
Operating activities	$188,771	$187,486	$165,750	$135,994	$118,500
Investing activities	(190,668)	(174,226)	(147,909)	(361,076)	(86,853)
Financing activities	4,057	(7,072)	(15,415)	227,218	(29,156)
OTHER DATA					
Square feet open:					
Consolidated	11,346	11,537	10,737	10,724	9,190
Partially-owned (unconsolidated)	2,606	1,719	2,156	1,110	948
Number of outlet centers:					
Consolidated	36	37	36	36	31
Partially-owned (unconsolidated)	9	7	7	3	2

(1) For the year ended December 31, 2014, income from continuing operations and net income include a $7.5 million gain on the sale of our Lincoln City outlet center and a $13.1 million loss on early extinguishment of debt related to the early redemption of senior notes due November 2015.

(2) For the year ended December 31, 2013, income from continuing operations and net income include a $26.0 million gain on our previously held interest in Deer Park upon the acquisition of an additional one-third interest in August 2013, and the consolidation of Deer Park into our financial statements.

(3) For the year ended December 31, 2010, income from continuing operations and net income include a $6.1 million loss on termination of derivatives.

ITEM 6. SELECTED FINANCIAL DATA (TANGER PROPERTIES LIMITED PARTNERSHIP)

The following data should be read in conjunction with our consolidated financial statements and notes thereto and Management's Discussion and Analysis of Financial Condition and Results of Operations included elsewhere in this Form 10-K:

	2014	2013	2012	2011	2010
	(in thousands, except per unit and outlet center data)				
OPERATING DATA					
Total revenues	$418,558	$384,819	$357,002	$315,203	$276,512
Operating income	131,863	127,705	109,590	97,915	79,354
Income from continuing operations(1)(2)(3)	78,152	113,321	56,476	50,989	38,342
Net income(1)(2)(3)	78,152	113,321	56,476	50,989	38,244
UNIT DATA					
Basic:					
Income from continuing operations	$0.77	$1.14	$0.57	$0.53	$0.32
Net income available to common unitholders	$0.77	$1.14	$0.57	$0.53	$0.32
Weighted average common units	98,883	98,193	97,677	94,892	92,321
Diluted:					
Income from continuing operations	$0.77	$1.13	$0.57	$0.52	$0.32
Net income available to common unitholders	$0.77	$1.13	$0.57	$0.52	$0.32
Weighted average common units	98,953	99,129	98,605	96,021	92,523
Common distributions paid	$0.9450	$0.8850	$0.8300	$0.7938	$0.7725
BALANCE SHEET DATA					
Real estate assets, before depreciation	$2,263,603	$2,249,819	$1,947,352	$1,916,045	$1,576,214
Total assets	2,096,085	2,005,950	1,678,326	1,632,921	1,219,901
Debt	1,443,194	1,328,049	1,093,537	1,025,542	714,616
Total equity	523,886	557,595	513,875	528,432	421,895
CASH FLOW DATA					
Cash flows provided by (used in):					
Operating activities	$187,959	$187,269	$165,738	$136,053	$118,466
Investing activities	(190,668)	(174,226)	(147,909)	(361,076)	(86,853)
Financing activities	4,057	(7,072)	(15,415)	227,218	(29,156)
OTHER DATA					
Consolidated	11,346	11,537	10,737	10,724	9,190
Partially-owned (unconsolidated)	2,606	1,719	2,156	1,110	948
Number of outlet centers:					
Consolidated	36	37	36	36	31
Partially-owned (unconsolidated)	9	7	7	3	2

(1) For the year ended December 31, 2014, income from continuing operations and net income include a $7.5 million gain on the sale of our Lincoln City outlet center and a $13.1 million loss on early extinguishment of debt related to the early redemption of senior notes due November 2015.

(2) For the year ended December 31, 2013, income from continuing operations and net income include a $26.0 million gain on our previously held interest in Deer Park upon the acquisition of an additional one-third interest in August 2013, and the consolidation of Deer Park into our financial statements.

(3) For the year ended December 31, 2010, income from continuing operations and net income include a $6.1 million loss on termination of derivatives.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Cautionary Statements

Certain statements made in Item 1 - Business and this Management's Discussion and Analysis of Financial Condition and Results of Operations below are forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act. We intend such forward-looking statements to be covered by the safe harbor provisions for forward-looking statements contained in the Private Securities Reform Act of 1995 and included this statement for purposes of complying with these safe harbor provisions. Forward-looking statements, which are based on certain assumptions and describe our future plans, strategies, beliefs and expectations, are generally identifiable by use of the words "believe", "expect", "intend", "anticipate", "estimate", "project", or similar expressions. You should not rely on forward-looking statements since they involve known and unknown risks, uncertainties and other factors which are, in some cases, beyond our control and which could materially affect our actual results, performance or achievements. Important factors which may cause actual results to differ materially from current expectations include, but are not limited to, those set forth under Item 1A - Risk Factors.

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

General Overview

At December 31, 2014 , we had 36 consolidated outlet centers in 23 states totaling 11.3 million square feet. We also had 9 unconsolidated outlet centers in 7 states or provinces totaling 2.6 million square feet. The table below details our acquisitions, new developments, expansions and dispositions of consolidated and unconsolidated outlet centers that significantly impacted our results of operations and liquidity from January 1, 2012 to December 31, 2014:

Outlet Center	Quarter Acquired/Open/Disposed/Demolished	Consolidated Outlet Center Square Feet (in thousands)	Unconsolidated Joint Venture Outlet Center Square Feet (in thousands)	Number of Consolidated Outlet Centers	Number of Unconsolidated Outlet Centers
As of December 31, 2011		10,724	1,110	36	3
Acquisition:					
Bromont, QC	Fourth Quarter	—	163	—	1
Saint-Sauveur, QC	Fourth Quarter	—	116	—	1
New Developments:					
Glendale, AZ	Fourth Quarter	—	332	—	1
Texas City, TX	Fourth Quarter	—	353	—	1
Expansion:					
Deer Park, NY	First Quarter	—	85	—	—
Locust Grove, GA	Second Quarter	26	—	—	—
Other		(13)	(3)	—	—
As of December 31, 2012		10,737	2,156	36	7
New Developments:					
National Harbor, MD	Fourth Quarter	—	336	—	1
Expansion:					
Gonzales, LA	First and Second Quarter	40	—	—	—
Sevierville, TN	Third Quarter	19	—	—	—
Acquisition/(Disposition):					
Deer Park, NY (1)	Third Quarter	742	(742)	1	(1)
Deer Park Warehouse, NY			(29)		
Other		(1)	(2)	—	—
As of December 31, 2013		11,537	1,719	37	7
New Developments:					
Charlotte, NC	Third Quarter	—	398	—	1
Ottawa, ON	Fourth Quarter	—	288	—	1
Expansion:					
Charleston, SC	Second Quarter	17	—	—	—
Cookstown, ON	Fourth Quarter	—	149	—	—
Branson, MO	Fourth Quarter	27	—	—	—
Glendale, AZ	Fourth Quarter	—	50	—	—
Park City, UT	Fourth Quarter	21	—	—	—
Sevierville, TN	Fourth Quarter	10	—	—	—
Disposition:					
Lincoln City	Fourth Quarter	(270)	—	(1)	—
Other		4	2	—	—

As of December 31, 2014	11,346	2,606	36	9

(1) On August 30, 2013, we acquired an additional one-third interest in Deer Park, bringing our total ownership to a two-thirds interest, for total consideration of approximately $27.9 million. As a result of acquiring a controlling ownership interest, Deer Park has been consolidated in our balance sheet and statements of operations since the acquisition date. The fair value of the net assets acquired, on a consolidated basis, 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. Previously Deer Park was reported within our unconsolidated portfolio of properties.

36

Leasing Activity

The following table provides information for our consolidated outlet centers regarding space re-leased or renewed during the years ended December 31, 2014 and 2013, respectively:

2014[1]	# of Leases	Square Feet (in 000's)	Average Annual Straight-line Base Rent (psf)	Average Tenant Allowance (psf)	Average Initial Term (in years)	Net Average Annual Straight-line Base Rent (psf) [2]
Re-tenant	134	470	$32.93	$39.39	9.02	$28.56
Renewal	275	1,241	23.38	0.21	4.47	23.33

2013	# of Leases	Square Feet (in 000's)	Average Annual Straight-line Base Rent (psf)	Average Tenant Allowance (psf)	Average Initial Term (in years)	Net Average Annual Straight-line Base Rent (psf) [2]
Re-tenant	154	510	$30.57	$40.69	8.68	$25.88
Renewal	341	1,574	23.96	0.86	4.71	23.78

(1) Excludes Lincoln City outlet center, which was sold in December 2014.

(2) Net average straight-line base rent is calculated by dividing the average tenant allowance costs per square foot by the average initial term and subtracting this calculated number from the average straight-line base rent per year amount. The average annual straight-line base 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

2014 Compared to 2013

Net Income

Net income decreased approximately $35.2 million in the 2014 period to $78.2 million compared to $113.3 million for the 2013 period. The decrease in net income was due in part to the loss from the early redemption of our $250 million, 6.15% senior notes. In November 2014, we completed a $250 million, 3.75% senior notes offering. The net proceeds were used to redeem our $250 million, 6.15% senior notes due November 2015. We recorded a charge of approximately $13.1 million for the early extinguishment of debt. This charge was partially offset by the gain on the sale of our outlet center in Lincoln City, Oregon. The net proceeds received from the sale of the property were approximately $39.0 million. We recorded a gain on sale of real estate of approximately $7.5 million.

The decrease in net income was also due to a $26.0 million gain on a previously held interest in an acquired joint venture, which owned the property in Deer Park, New York, recorded in the third quarter of fiscal 2013, as well as $7.8 million recorded as our equity earnings of unconsolidated joint ventures related to certain transactions that occurred at Deer Park just prior to the acquisition. Previously we owned a one-third interest in the Deer Park, New York property which was accounted for using the equity method of accounting. The acquisition of our controlling interest on August 30, 2013 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 $21.1 million, or 8%, 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	Increase/ (Decrease)
Base rentals from existing properties	$252,814	$245,985	$6,829
Base rentals from 2013 acquisitions	23,111	7,494	15,617
Termination fees	1,310	609	701
Amortization of net above and below market lease values	(2,755)	(686)	(2,069)
	$274,480	$253,402	$21,078

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 Branson, Charleston, Park City and Sevierville outlet centers in 2014.

Termination fees, which are generally based on the lease term remaining at the time of termination, increased compared to the 2013 period as the average remaining term on leases terminating early in 2014 was longer than the average remaining term of the leases terminating early in 2013.

At December 31, 2014, the combined net amount of 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 totaling approximately $7.9 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 primarily attributable to the amortization of the above market lease values recorded from the 2013 acquisition of the Deer Park, New York property.

Percentage Rentals

Percentage rentals decreased $944,000, or 8%, 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	Increase/(Decrease)
Percentage rentals from existing properties	$9,726	$11,147	$ (1,421)
Percentage rentals from 2013 acquisition	581	104	477
	$10,307	$11,251	$ (944)

Percentage rentals represents revenues based on a percentage of tenants' sales volume above their contractual breakpoints. The decrease in percentage rentals is primarily a function of tenants renewing leases with higher base rental rates, and accordingly, higher contractual breakpoints. Reported tenant comparable sales for our consolidated properties for the rolling twelve months ended December 31, 2014 increased approximately 2% to $393 per square foot. Reported tenant comparable sales is defined as the weighted average sales per square foot reported in space open for the full duration of each comparison period.

Expense Reimbursements

Expense reimbursements increased $12.9 million, or 12%, 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	Increase/ (Decrease)
Expense reimbursements from existing properties	$110,970	$106,061	$4,909
Expense reimbursements from 2013 acquisitions	11,019	3,317	7,702
Termination fees allocated to expense reimbursements	543	276	267
	$122,532	$109,654	$12,878

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

Management, Leasing and Other Services

Management, leasing and other services increased $511,000, or 17%, in the 2014 period compared to the 2013 period. The following table sets forth the changes in various components of management, leasing and other services (in thousands):

	2014	2013	Increase/ (Decrease)
Development and leasing	$725	$595	$130
Loan guarantee	463	161	302
Management	1,897	1,831	66
Marketing	506	493	13
	$3,591	$3,080	$511

The increase in fees recognized from unconsolidated joint ventures was due to incremental increases from our Ottawa and Charlotte outlet centers, which opened in 2014, and loan guarantee fees earned from our Westgate and Savannah joint ventures.

Other Income

Other income increased $216,000, or 3%, in the 2014 period compared to the 2013 period. The following table sets forth the changes in various components of other income (in thousands):

	2014	2013	Increase/ (Decrease)
Other income from existing properties	$7,056	$7,223	$(167)
Other income from 2013 acquisitions	592	209	383
	$7,648	$7,432	$216

39

Property Operating Expenses

Property operating expenses increased $16.4 million, or 14%, in the 2014 period compared to the 2013 period. The following table sets forth the changes in various components of property operating expenses (in thousands):

	2014	2013	Increase/ (Decrease)
Property operating expenses from existing properties	$120,987	$115,979	$5,008
Property operating expenses from 2013 acquisitions	16,435	5,067	11,368
	$137,422	$121,046	$16,376

Property operating expenses increased at existing properties due to increases in mall office operating costs and real estate taxes, as well as significantly higher snow removal costs.

General and Administrative Expenses

General and administrative expenses increased $5.4 million, or 14%, 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 due to the addition of new employees during 2013 and 2014.

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 we chose not to pursue.

Abandoned Pre-Development Costs

During the 2014 period, we decided to abandon two pre-development projects and as a result, we recorded a $2.4 million charge, representing the cumulative related costs.

Depreciation and Amortization

Depreciation and amortization increased $6.7 million, or 7%, 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	Increase/ (Decrease)
Depreciation and amortization from existing properties	$87,071	$88,920	$(1,849)
Depreciation and amortization from 2013 acquisitions	15,361	6,826	8,535
	$102,432	$95,746	$6,686

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 $6.3 million, or 12%, in the 2014 period compared to the 2013 period, primarily due to the acquisition of the additional ownership interest in Deer Park in August 2013. With the acquisition of the additional interest in Deer Park, we consolidated the property 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 since the acquisition date. 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%.

Loss on Early Extinguishment of Debt
In November 2014, we completed a $250 million, 3.75% senior notes offering. The net proceeds were used to redeem our $250 million, 6.15% senior notes due November 2015. We recorded a charge of approximately $13.1 million for the make-whole premium related to the early redemption, which was completed in December 2014.

Gain on Sale of Real Estate
In December 2014, we completed the sale of our outlet center in Lincoln City, Oregon. The net proceeds received from the sale of the property were approximately $39.0 million. We recorded a gain on sale of real estate of approximately $7.5 million. We were not retained to provide any services to this outlet center after the sale was completed.

Gain on Previously Held Interest in Acquired Joint Venture
In August 2013, we acquired an additional one-third ownership interest in the Deer Park property, bringing our total ownership to a two-thirds interest. With the acquisition of a controlling interest, we have consolidated the property for financial reporting purposes since the acquisition date. Using the step acquisition approach, we recorded a gain of approximately $26.0 million, representing the difference between the carrying value and the fair market value of our original equity interest. The carrying value of our original investment in the property had been reduced over time as a result of recognizing our share of the losses generated by the property under the equity method of accounting. The losses were generally the result of depreciation and amortization expense exceeding earnings before depreciation. In addition, a significant portion of our original investment was returned during the period in which we held the investment due to distributions made to the owners from (1) proceeds received when permanent financing was put in place, (2) proceeds received from the settlement of a lawsuit, and (3) cash on hand immediately prior to our acquisition. Accordingly, a substantial portion of the fair value of our equity interest was recognized as a gain due to the low cost basis of our equity investment balance in the property.

Interest and Other Income (Expense)
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. During fiscal 2014, we recorded a casualty gain of $486,000 reflecting our expected total replacement insurance proceeds in excess of the total of the net book value written off and demolition costs incurred.

Equity in Earnings (Losses) of Unconsolidated Joint Ventures
Equity in earnings of unconsolidated joint ventures decreased approximately $2.0 million in the 2014 period compared to the 2013 period. The decrease is primarily due to transactions at the Deer Park property in 2013 prior to our acquisition of an additional one-third interest in the property and its subsequent consolidation for financial reporting purposes. As a part of the refinancing of the debt at Deer Park in August 2013, a gain on early extinguishment of debt of $13.8 million was recorded. In addition a lawsuit was settled which resulted in income to Deer Park of approximately $9.5 million after expenses. Our one-third share of these transactions, recorded through equity in earnings prior to the acquisition, was approximately $7.8 million. This decrease is partially offset by the incremental equity in earnings from the National Harbor outlet center and Charlotte outlet center which opened during the fourth quarter of 2013 and the third quarter of 2014, respectively.

2013 Compared to 2012

Net Income
Net income increased approximately $56.8 million in the 2013 period to $113.3 million compared to $56.5 million for the 2012 period. The increase in net income was a result of a $28.0 million increase in operating revenues, a $26.0 million increase from a gain on a previously held interest in an acquired joint venture and a $14.3 million increase in equity in earnings from unconsolidated joint ventures. Subsequent to the third quarter of 2012, five additional outlet

centers were developed or acquired by our unconsolidated joint ventures. These increases in income were partially offset by an increase in property operating expenses of $9.9 million, increase in general and administrative expenses of $1.7 million and an increase in interest expense of $1.8 million.

Base Rental

Base rentals increased $18.2 million, or 8%, in the 2013 period compared to the 2012 period. The following table sets forth the changes in various components of base rentals (in thousands):

	2013	2012	Increase/ (Decrease)
Base rentals from existing properties	$245,985	$233,553	$12,432
Base rentals from 2013 acquisitions	7,494	—	7,494
Termination fees	609	877	(268)
Amortization of net above and below market lease values	(686)	803	(1,489)
	$253,402	$235,233	$18,169

Base rental income generated from existing properties in our portfolio increased due to increases in rental rates on lease renewals, incremental rents from re-tenanting vacant spaces, as well as incremental rental revenue from the expansion of one outlet center in 2012 and two outlet centers in 2013.

In August 2013, we acquired an additional one-third interest in the Deer Park property from one of the partners, bringing our total ownership to a two-thirds interest. As a result of acquiring a controlling ownership interest. we have consolidated the results of the property since the acquisition date for financial reporting purposes.

At December 31, 2013, 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 $10.7 million. If a tenant terminates its lease prior to the original contractual termination date 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 decrease in base rent recognized from the amortization of above and below market lease values related primarily to the amortization of net above market lease assets recorded from the Deer Park acquisition. In addition, several below market leases from previous acquisitions became fully amortized at the end of 2012 thus causing a decrease in base rent in the 2013 period compared to the 2012 period.

Expense Reimbursements

Expense reimbursements increased $8.5 million, or 8%, in the 2013 period compared to the 2012 period. The following table sets forth the changes in various components of expense reimbursements (in thousands):

	2013	2012	Increase/ (Decrease)
Expense reimbursements from existing properties	$106,061	$100,832	$5,229
Expense reimbursements from 2013 acquisitions	3,317	—	3,317
Termination fees allocated to expense reimbursements	276	278	(2)
	$109,654	$101,110	$8,544

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. Existing property expense reimbursements increased in the 2013 period compared to the 2012 period as a result of an increase in recoverable property operating expenses, a modest increase in the portfolio's overall average occupancy rate, and due to a number of leases recently executed which require a higher reimbursement amount of our operating expenses.

Management, Leasing and Other Services

Management, leasing and other services increased $1.1 million, or 53%, in the 2013 period compared to the 2012 period. The following table sets forth the changes in various components of other income (in thousands):

	2013	2012	Increase/ (Decrease)
Development and leasing	595	193	402
Loan guarantee	161	80	81
Management	1,831	1,301	530
Marketing	493	433	