

# Tanger Outlets<sup>®</sup>



## **Tanger Factory Outlet Centers, Inc.**

### **Supplemental Operating and Financial Data**

September 30, 2002

## Notice

*This Supplemental Operating and Financial Data may contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, which reflect management's current views with respect to future events and financial performance relating to our re-merchandising strategy, the renewal and re-tenanting of space, tenant sales and sales trends, interest rates, fund from operations, the development of new centers, the opening of ongoing expansions, coverage of the current dividend and the impact of sales of land parcels. These forward-looking statements are subject to risks and uncertainties. Actual results could differ materially from those projected due to various factors including, but not limited to, the risks associated with general economic and local real estate conditions, the availability and cost of capital, our ability to lease our properties, our inability to collect rent due to the bankruptcy or insolvency of tenants or otherwise, and competition. For a more detailed discussion of the factors that affect our operating results, interested parties should review the Tanger Factory Outlet Centers, Inc. Annual Report on Form 10-K for the fiscal year ended December 31, 2001.*

*This Supplemental Operating and Financial Data is not an offer to sell or a solicitation to buy any securities of the Company. Any offers to sell or solicitations to buy any securities of the Company shall be made only by means of a prospectus.*

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## Quarterly Highlights from Press Release dated October 29, 2002

Greensboro, NC, October 29, 2002, Tanger Factory Outlet Centers, Inc. (NYSE:SKT) today reported funds from operations (FFO) for the third quarter of 2002 increased 10% to \$10.3 million compared to \$9.4 million in the same quarter of 2001. On a per share basis, FFO increased by 5% in the third quarter of 2002 to \$.84, compared to \$.80 in the same quarter of 2001. For the nine months ended September 30, 2002, FFO increased 9% to \$28.6 million, compared to \$26.3 million in the same period of 2001. On a per share basis, FFO increased by 6% for the nine months ended September 30, 2002 to \$2.38, compared to \$2.24 in the same period of 2001. Net income for the third quarter of 2002 increased 29% to \$.22 per share compared to net income of \$.17 per share in the same quarter of 2001. Net income for the first nine months of 2002 increased 67% to \$.55 per share compared to \$.33 per share for the same period of 2001. All FFO and net income calculations are on a fully diluted basis and assume full conversion of the minority interest in the operating partnership.

Based on current market conditions, we currently expect our 2003 FFO to range between \$3.41 and \$3.49 per share for the year. On a quarterly basis, we expect FFO for 2003 to range between \$.78 and \$.80 per share in the first quarter, \$.79 to \$.81 per share in the second quarter, \$.85 to \$.87 per share in the third quarter and \$.99 to \$1.01 per share in the fourth quarter of the year.

Reported same-space sales per square foot for the rolling twelve months ended September 30, 2002 were \$297 per square foot. This represents a 6% increase compared to the same period in 2001. Same-space sales is defined as the weighted average sales per square foot reported in space open for the full duration of each comparison period. Our ability to attract high volume tenants to many of our outlet centers continues to improve the average sales per square foot throughout our portfolio. During 2002, we have added 26 new tenants to our portfolio, 18 of which were added in the third quarter, including Baby Gap, Dooney and Bourke, Puma, Chic o's, Escada and Versace.

Reported tenant sales for the first nine months of 2002 for all Tanger Outlet Centers increased 2% to \$985 million compared to \$968 million in 2001. Reported same-store sales for the nine months ended September 30, 2002, defined as the weighted average sales per square foot reported by tenants for stores open since January 1, 2001 were flat. Sales in the third quarter were adversely affected by several hurricanes and unseasonably warm weather during the important Back to School season.

Through September 30, 2002, we renewed approximately 744,000 square feet, or 80%, of the 935,000 square feet coming up for renewal during the current year at an average base rental rate 1% higher than the expiring rate. We anticipate that most of the remaining leases up for renewal will either be renewed with the existing tenants during 2002 or re-tenanted during the next twelve months. We also re-tenanted approximately 191,000 square feet of vacant space during the first nine months of 2002 at a 3% increase in the average base rental rate from that which was charged previously.

In September 2002, we completed a 1,000,000 common share offering that generated net proceeds of approximately \$28,000,000. No current shareholders, including the Tanger family, sold any shares through this public offering. As a result of the offering, on a fully diluted basis, there are 12,785,719 shares outstanding, of which the Tanger family continues to own 3,190,651 shares, representing approximately 25% of the company's fully diluted shares. The average shares traded each day have increased substantially during the past year.

Immediately following this capital transaction, we completed the acquisition of Kensington Valley Factory Shops located in Howell, Michigan, within the greater Detroit metropolitan region. The established center contains approximately 325,000 square feet, is 100% occupied, and has been renamed the Tanger Outlet

Center at Kensington Valley. The purchase price of \$37.5 million represents an approximate 12% capitalization rate on the existing net operating income. The accretive acquisition was funded with proceeds from the sale of our Fort Lauderdale property in June of this year and a portion of the net proceeds from the one million common share offering.

We also announced during the third quarter that John Hancock Life Insurance Company has retained us for a fee as the exclusive manager of an existing 329,000 square foot factory outlet shopping center located in Vero Beach, Florida. The property is in the process of being renamed Tanger Outlet Center at Vero Beach. We will manage the day-to-day operations, marketing and leasing of the established outlet center.

Stanley K. Tanger, Chairman of the Board and Chief Executive Officer, said, "Our third quarter was full of activity and our results came in as expected. We completed a very successful common share offering and immediately put those funds to work with the acquisition of the center in Howell, Michigan. We were also pleased that John Hancock has selected the Tanger management team to oversee their outlet center in Vero Beach, Florida. We believe we can add value to the center through capitalizing on the Tanger brand name, increasing consumer traffic and improving the tenant mix at the center. We are proud that our company has paid out over \$226,000,000 in cumulative dividends to shareholders during the past 37 consecutive quarters. Historically a portion of the dividend is classified as return of capital and may have advantageous tax benefits to investors.

Tanger Factory Outlet Centers, Inc., a fully integrated, self-administered and self-managed publicly-traded REIT, presently has ownership interests in or management responsibilities for 34 shopping centers in 21 states coast-to-coast, totaling approximately 6,200,000 million square feet, leased to over 1,500 stores that are operated by over 250 different brand name companies. As of September 30, 2002, our existing wholly and partially owned centers were 96% occupied. We are filing a Form 8-K with the Securities and Exchange Commission that includes a supplemental information package for the quarter ended September 30, 2002. For more information on Tanger Outlet Centers, visit our web site at [www.tangeroutlet.com](http://www.tangeroutlet.com).

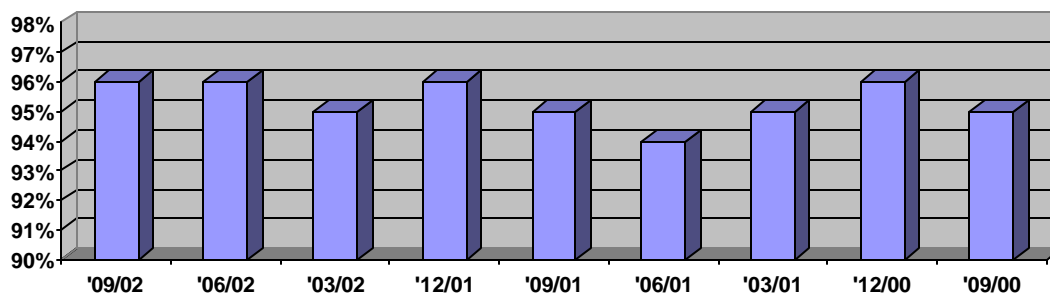
## Geographic Diversification

| As of September 30, 2002 |              |                  |             |
|--------------------------|--------------|------------------|-------------|
| State                    | # of Centers | GLA              | % of GLA    |
| Georgia                  | 4            | 950,590          | 17%         |
| New York                 | 1            | 729,238          | 13%         |
| Texas                    | 2            | 619,426          | 11%         |
| Tennessee                | 2            | 448,535          | 8%          |
| Michigan                 | 2            | 437,651          | 8%          |
| Missouri                 | 1            | 277,494          | 5%          |
| Iowa                     | 1            | 277,230          | 5%          |
| South Carolina (1)       | 1            | 260,006          | 5%          |
| Pennsylvania             | 1            | 255,059          | 4%          |
| Louisiana                | 1            | 245,199          | 4%          |
| Florida                  | 1            | 198,789          | 3%          |
| North Carolina           | 2            | 187,702          | 3%          |
| Arizona                  | 1            | 184,768          | 3%          |
| Indiana                  | 1            | 141,051          | 3%          |
| Minnesota                | 1            | 134,480          | 2%          |
| California               | 1            | 105,950          | 2%          |
| Maine                    | 2            | 84,397           | 1%          |
| Alabama                  | 1            | 80,775           | 1%          |
| New Hampshire            | 2            | 61,745           | 1%          |
| West Virginia            | 1            | 49,252           | 1%          |
| Massachusetts            | 1            | 23,417           | --%         |
| <b>Total</b>             | <b>30</b>    | <b>5,752,754</b> | <b>100%</b> |

(1) Includes one center totaling 260,006 sq. ft. of which Tanger owns a 50% interest through a joint venture arrangement.

## Property Summary – Occupancy

| Location             | Total GLA<br>09/30/02 | %<br>Occupied<br>09/30/02 | %<br>Occupied<br>06/30/02 | %<br>Occupied<br>03/31/02 | %<br>Occupied<br>12/31/01 | %<br>Occupied<br>09/30/01 |
|----------------------|-----------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| Riverhead, NY        | 729,238               | 99%                       | 99%                       | 98%                       | 100%                      | 96%                       |
| San Marcos, TX       | 441,936               | 98%                       | 98%                       | 98%                       | 98%                       | 97%                       |
| Sevierville, TN      | 353,977               | 100%                      | 100%                      | 100%                      | 100%                      | 100%                      |
| Commerce II, GA      | 342,556               | 96%                       | 97%                       | 95%                       | 99%                       | 97%                       |
| Howell, MI           | 325,231               | 100%                      | n/a                       | n/a                       | n/a                       | n/a                       |
| Branson, MO          | 277,494               | 100%                      | 98%                       | 94%                       | 100%                      | 99%                       |
| Williamsburg, IA     | 277,230               | 99%                       | 98%                       | 97%                       | 96%                       | 97%                       |
| Myrtle Beach, SC (1) | 260,006               | 100%                      | 100%                      | n/a                       | n/a                       | n/a                       |
| Lancaster, PA        | 255,059               | 96%                       | 96%                       | 94%                       | 100%                      | 100%                      |
| Locust Grove, GA     | 248,854               | 100%                      | 98%                       | 100%                      | 98%                       | 97%                       |
| Gonzales, LA         | 245,199               | 98%                       | 96%                       | 97%                       | 97%                       | 99%                       |
| Sanibel, FL          | 198,789               | 97%                       | 93%                       | 96%                       | 97%                       | 94%                       |
| Commerce I, GA       | 185,750               | 87%                       | 90%                       | 84%                       | 79%                       | 81%                       |
| Casa Grande, AZ      | 184,768               | 90%                       | 89%                       | 89%                       | 94%                       | 84%                       |
| Terrell, TX          | 177,490               | 100%                      | 95%                       | 96%                       | 94%                       | 92%                       |
| Dalton, GA           | 173,430               | 98%                       | 96%                       | 90%                       | 94%                       | 95%                       |
| Seymour, IN          | 141,051               | 80%                       | 76%                       | 73%                       | 76%                       | 74%                       |
| North Branch, MN     | 134,480               | 100%                      | 100%                      | 100%                      | 100%                      | 99%                       |
| West Branch, MI      | 112,420               | 100%                      | 98%                       | 100%                      | 95%                       | 95%                       |
| Barstow, CA          | 105,950               | 57%                       | 57%                       | 59%                       | 76%                       | 76%                       |
| Blowing Rock, NC     | 105,448               | 100%                      | 100%                      | 100%                      | 100%                      | 100%                      |
| Pigeon Forge, TN     | 94,558                | 94%                       | 100%                      | 100%                      | 96%                       | 94%                       |
| Nags Head, NC        | 82,254                | 100%                      | 100%                      | 100%                      | 100%                      | 100%                      |
| Boaz, AL             | 80,775                | 91%                       | 93%                       | 93%                       | 93%                       | 93%                       |
| Kittery I, ME        | 59,694                | 100%                      | 100%                      | 100%                      | 100%                      | 100%                      |
| LL Bean, NH          | 50,745                | 100%                      | 100%                      | 100%                      | 100%                      | 100%                      |
| Martinsburg, WV      | 49,252                | 51%                       | 57%                       | 73%                       | 93%                       | 100%                      |
| Kittery II, ME       | 24,703                | 94%                       | 94%                       | 94%                       | 100%                      | 100%                      |
| Bourne, MA           | 23,417                | 100%                      | 100%                      | 100%                      | 100%                      | 100%                      |
| Clover, NH           | 11,000                | 100%                      | 100%                      | 100%                      | 100%                      | 100%                      |
| Ft Lauderdale, FL    | n/a                   | n/a                       | n/a                       | 100%                      | 100%                      | 100%                      |
| <b>Total</b>         | <b>5,752,754</b>      | <b>96%</b>                | <b>96%</b>                | <b>95%</b>                | <b>96%</b>                | <b>95%</b>                |



Portfolio Weighted Average Occupancy at the End of Each Period

(1) Includes one center totaling 260,006 sq. ft. of which Tanger owns a 50% interest through a joint venture arrangement.

## Major Tenants

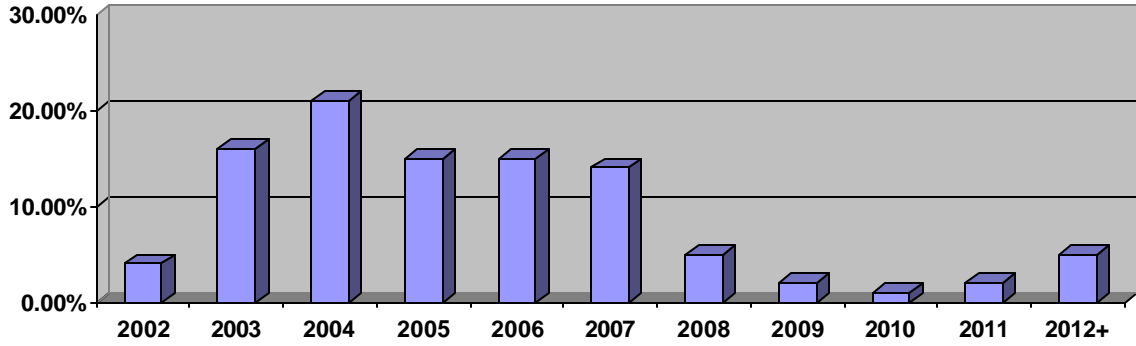
| <b>Ten Largest Tenants As of September 30, 2002</b> |                    |            |                       |
|---|--------------------|------------|-----------------------|
| <b>Tenant</b>                                       | <b># of Stores</b> | <b>GLA</b> | <b>% of Total GLA</b> |
| <b>The Gap, Inc.</b>                                | 37                 | 386,111    | 6.7%                  |
| <b>Phillips -Van Heusen</b>                         | 73                 | 324,881    | 5.6%                  |
| <b>Liz Claiborne</b>                                | 40                 | 324,155    | 5.6%                  |
| <b>Reebok International</b>                         | 25                 | 178,361    | 3.1%                  |
| <b>Dress Barn, Inc.</b>                             | 20                 | 143,512    | 2.5%                  |
| <b>Sara Lee Corporation</b>                         | 32                 | 123,040    | 2.1%                  |
| <b>Mikasa</b>                                       | 15                 | 120,086    | 2.1%                  |
| <b>Brown Group Retail</b>                           | 24                 | 118,246    | 2.1%                  |
| <b>Polo Ralph Lauren</b>                            | 16                 | 110,451    | 1.9%                  |
| <b>VF Factory Outlet</b>                            | 4                  | 105,697    | 1.8%                  |
| <b>Total of All Listed Above</b>                    | 286                | 1,934,540  | 33.6%                 |

(1) Includes one center totaling 260,006 sq. ft. of which Tanger owns a 50% interest through a joint venture arrangement.

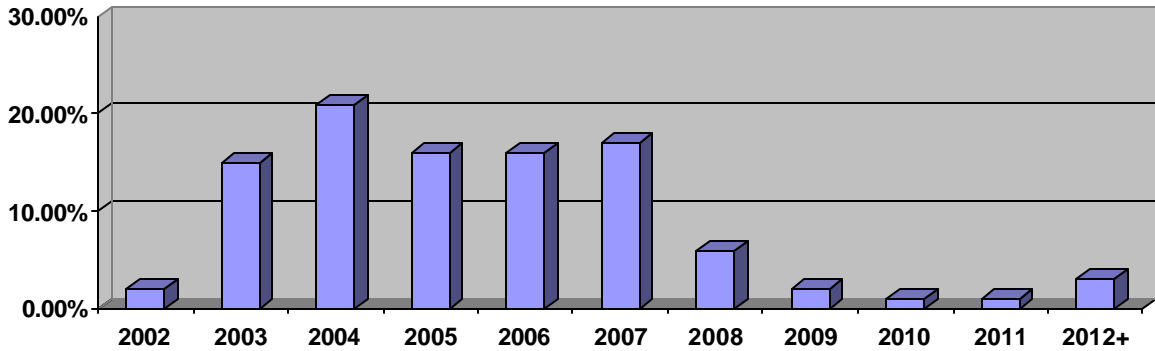


## Lease Expirations as of September 30, 2002

### Percentage of Total Gross Leasable Area (1)



### Percentage of Total Annualized Base Rent (1)



(1) Includes one center totaling 260,006 sq. ft. of which Tanger owns a 50% interest through a joint venture arrangement.

## Leasing Activity

|   | 03/31/02 | 06/30/02 | 09/30/02 | 12/31/02 | Year to Date |
|---|----------|----------|----------|----------|--------------|
| <b>Re-tenanted Space:</b>                   |          |          |          |          |              |
| Number of leases                            | 24       | 10       | 18       |          | 52           |
| Gross leasable area                         | 93,943   | 37,653   | 59,821   |          | 191,417      |
| New base rent per square foot               | \$13.93  | \$18.20  | \$16.62  |          | \$15.61      |
| Prior base rent per square foot             | \$12.75  | \$18.34  | \$16.79  |          | \$15.11      |
| Percent increase in rent per square foot    | 9.2%     | (0.8%)   | (1.0%)   |          | 3.3%         |
| <b>Renewed Space:</b>                       |          |          |          |          |              |
| Number of leases                            | 115      | 33       | 52       |          | 200          |
| Gross leasable area                         | 403,956  | 129,040  | 211,221  |          | 744,217      |
| New base rent per square foot               | \$16.24  | \$18.22  | \$12.09  |          | \$15.41      |
| Prior base rent per square foot             | \$15.49  | \$17.44  | \$13.34  |          | \$15.22      |
| Percent increase in rent per square foot    | 4.8%     | 4.5%     | (9.4%)   |          | 1.2%         |
| <b>Total Re-tenanted and Renewed Space:</b> |          |          |          |          |              |
| Number of leases                            | 139      | 43       | 70       |          | 252          |
| Gross leasable area                         | 497,899  | 166,693  | 271,042  |          | 935,634      |
| New base rent per square foot               | \$15.81  | \$18.22  | \$13.09  |          | \$15.45      |
| Prior base rent per square foot             | \$14.97  | \$17.64  | \$14.08  |          | \$15.20      |
| Percent increase in rent per square foot    | 5.6%     | 3.3%     | (7.0%)   |          | 1.6%         |

**Consolidated Balance Sheets (dollars in thousands)**

|   | 09/30/02  | 06/30/02  | 03/31/02  | 12/31/01  | 09/30/01  |
|---|-----------|-----------|-----------|-----------|-----------|
| <b>Assets</b>                                       |           |           |           |           |           |
| <b>Rental Property</b>                              |           |           |           |           |           |
| <b>Land</b>   | \$52,345  | \$50,176  | \$60,196  | \$60,158  | \$59,858  |
| <b>Buildings</b>                                    | 571,826   | 535,438   | 541,010   | 539,108   | 538,342   |
| <b>Total rental property</b>                        | 624,171   | 585,614   | 601,206   | 599,266   | 598,200   |
| <b>Accumulated depreciation</b>                     | (168,327) | (161,612) | (155,614) | (148,950) | (142,182) |
| <b>Total rental property – net</b>                  | 455,844   | 424,002   | 445,592   | 450,316   | 456,018   |
| <b>Cash</b>   | 209       | 204       | 210       | 515       | 198       |
| <b>Deferred charges – net</b>                       | 10,494    | 10,465    | 11,084    | 11,413    | 11,666    |
| <b>Other assets</b>                                 | 13,543    | 30,783    | 12,183    | 14,028    | 16,406    |
| <b>Total assets</b>                                 | \$480,090 | \$465,454 | \$469,069 | \$476,272 | \$484,288 |
| <b>Liabilities &amp; Shareholders' Equity</b>       |           |           |           |           |           |
| <b>Liabilities</b>                                  |           |           |           |           |           |
| <b>Debt</b>   |           |           |           |           |           |
| <b>Senior, unsecured notes</b>                      | \$155,609 | \$155,609 | \$155,609 | \$160,509 | \$175,000 |
| <b>Mortgages payable</b>                            | 175,018   | 175,603   | 176,176   | 176,736   | 177,285   |
| <b>Lines of credit</b>                              | 16,269    | 26,625    | 27,786    | 20,950    | 10,628    |
| <b>Total debt</b>                                   | 346,896   | 357,837   | 359,571   | 358,195   | 362,913   |
| <b>Construction trade payables</b>                  | 4,041     | 4,141     | 3,934     | 3,722     | 6,431     |
| <b>Accounts payable &amp; accruals</b>              | 14,743    | 12,943    | 11,278    | 16,478    | 14,191    |
| <b>Total liabilities</b>                            | 365,680   | 374,921   | 374,783   | 378,395   | 383,535   |
| <b>Minority interest</b>                            | 23,727    | 19,326    | 20,386    | 21,506    | 22,302    |
| <b>Shareholders' equity</b>                         |           |           |           |           |           |
| <b>Preferred shares</b>                             | 1         | 1         | 1         | 1         | 1         |
| <b>Common shares</b>                                | 90        | 80        | 80        | 79        | 79        |
| <b>Paid in capital</b>                              | 160,589   | 138,177   | 137,684   | 136,529   | 136,529   |
| <b>Distributions in excess of net income</b>        | (69,672)  | (66,619)  | (63,370)  | (59,534)  | (57,403)  |
| <b>Accum. other comprehensive income</b>            | (325)     | (432)     | (495)     | (704)     | (755)     |
| <b>Total shareholders' equity</b>                   | 90,683    | 71,207    | 73,900    | 76,371    | 78,451    |
| <b>Total liabilities &amp; shareholders' equity</b> | \$480,090 | \$465,454 | \$469,069 | \$476,272 | \$484,288 |

**Consolidated Statements of Operations (dollars and shares in thousands)**

|   | Three Months Ended |                |                |                |                | YTD            |                |
|---|--------------------|----------------|----------------|----------------|----------------|----------------|----------------|
|   | 09/02              | 06/02          | 03/02          | 12/01          | 09/01          | 09/02          | 09/01          |
| <b>Revenues</b>   |                    |                |                |                |                |                |                |
| Base rentals  | \$18,839           | \$18,532       | \$18,181       | \$19,303       | \$18,393       | \$55,552       | \$54,419       |
| Percentage rentals  | 778                | 581            | 597            | 1,287          | 598            | 1,956          | 1,448          |
| Expense reimbursements  | 7,411              | 7,333          | 7,301          | 7,548          | 7,126          | 22,046         | 22,171         |
| Other income  | 1,045              | 508            | 573            | 849            | 846            | 2,193          | 1,923          |
| <b>Total revenues</b>   | <b>28,073</b>      | <b>26,954</b>  | <b>26,652</b>  | <b>28,987</b>  | <b>26,963</b>  | <b>81,747</b>  | <b>79,961</b>  |
| <b>Expenses</b>   |                    |                |                |                |                |                |                |
| Property operating  | 8,654              | 8,677          | 8,656          | 8,390          | 8,334          | 25,988         | 25,761         |
| General & administrative  | 2,623              | 2,092          | 2,275          | 2,134          | 2,012          | 6,990          | 6,097          |
| Interest  | 7,171              | 7,118          | 7,129          | 7,297          | 7,546          | 21,418         | 22,837         |
| Depreciation & amortization   | 7,201              | 7,116          | 7,083          | 7,143          | 7,112          | 21,400         | 21,070         |
| <b>Total expenses</b>   | <b>25,649</b>      | <b>25,003</b>  | <b>25,143</b>  | <b>24,964</b>  | <b>25,004</b>  | <b>75,796</b>  | <b>75,765</b>  |
| <b>Income before income from unconsolidated joint ventures, minority interest, discontinued operations and extraordinary item</b> | <b>2,424</b>       | <b>1,951</b>   | <b>1,509</b>   | <b>4,023</b>   | <b>1,959</b>   | <b>5,951</b>   | <b>4,196</b>   |
| <b>Income from unconsolidated joint ventures</b>  | <b>317</b>         | <b>--</b>      | <b>--</b>      | <b>--</b>      | <b>--</b>      | <b>250</b>     | <b>--</b>      |
| <b>Minority interest</b>  | <b>(617)</b>       | <b>(414)</b>   | <b>(294)</b>   | <b>(991)</b>   | <b>(419)</b>   | <b>(1,326)</b> | <b>(793)</b>   |
| <b>Income from continuing operations</b>  | <b>2,124</b>       | <b>1,537</b>   | <b>1,215</b>   | <b>3,032</b>   | <b>1,540</b>   | <b>4,875</b>   | <b>3,403</b>   |
| <b>Discontinued operations (1)</b>  | <b>184</b>         | <b>557</b>     | <b>230</b>     | <b>231</b>     | <b>230</b>     | <b>972</b>     | <b>690</b>     |
| <b>Income before extraordinary item</b>   | <b>2,308</b>       | <b>2,094</b>   | <b>1,445</b>   | <b>3,263</b>   | <b>1,770</b>   | <b>5,847</b>   | <b>4,093</b>   |
| <b>Extraordinary item – loss on early extinguishments of debt</b>   | <b>--</b>          | <b>--</b>      | <b>--</b>      | <b>(114)</b>   | <b>--</b>      | <b>--</b>      | <b>(130)</b>   |
| <b>Net Income</b>   | <b>2,308</b>       | <b>2,094</b>   | <b>1,445</b>   | <b>3,149</b>   | <b>1,770</b>   | <b>5,847</b>   | <b>3,963</b>   |
| <b>Less applicable preferred share dividends</b>  | <b>(443)</b>       | <b>(442)</b>   | <b>(444)</b>   | <b>(443)</b>   | <b>(443)</b>   | <b>(1,329)</b> | <b>(1,328)</b> |
| <b>Net income available to common shareholders</b>  | <b>\$1,865</b>     | <b>\$1,652</b> | <b>\$1,001</b> | <b>\$2,706</b> | <b>\$1,327</b> | <b>\$4,518</b> | <b>\$2,635</b> |
| <b>Basic earnings per common share:</b>   |                    |                |                |                |                |                |                |
| Income from continuing operations   | \$ .20             | \$ .14         | \$ .10         | \$ .33         | \$ .14         | \$ .44         | \$ .26         |
| Net income  | \$ .22             | \$ .21         | \$ .13         | \$ .34         | \$ .17         | \$ .56         | \$ .33         |
| <b>Diluted earnings per common share:</b>   |                    |                |                |                |                |                |                |
| Income from continuing operations   | \$ .20             | \$ .13         | \$ .10         | \$ .33         | \$ .14         | \$ .43         | \$ .26         |
| Net income  | \$ .22             | \$ .20         | \$ .12         | \$ .34         | \$ .17         | \$ .55         | \$ .33         |
| <b>Weighted average common shares:</b>  |                    |                |                |                |                |                |                |
| Basic   | 8,269              | 8,015          | 7,948          | 7,930          | 7,930          | 8,078          | 7,925          |
| Diluted   | 8,490              | 8,229          | 8,028          | 7,946          | 7,954          | 8,254          | 7,949          |

(1) In accordance with SFAS No. 144 "Accounting for the Impairment or Disposal of Long Lived Assets", the results of operations for property disposed of during the year have been reported above as discontinued operations for both the current and prior periods presented. Includes a gain on the sale of a previously leased outparcel of land of \$243 for the three and nine months ended September 30, 2002 and a gain on the sale of real estate of \$460 for the nine months ended September 30, 2002.

FFO and FAD Analysis (dollars and shares in thousands)

|  | Three Months Ended |                |                |                 |                | YTD             |                 |
|--|--------------------|----------------|----------------|-----------------|----------------|-----------------|-----------------|
|  | 09/02              | 06/02          | 03/02          | 12/01           | 09/01          | 09/02           | 09/01           |
| <b>Funds from operations:</b>  |                    |                |                |                 |                |                 |                 |
| Net income   | \$2,308            | \$2,094        | \$1,445        | \$3,149         | \$1,770        | \$5,847         | \$3,963         |
| Adjusted for -   |                    |                |                |                 |                |                 |                 |
| Extraordinary item   | --                 | --             | --             | 114             | --             | --              | 130             |
| Minority interest  | 617                | 414            | 294            | 991             | 419            | 1,326           | 793             |
| Minority interest, depreciation and amortization in discontinued operations        | 67                 | 293            | 178            | 178             | 178            | 537             | 533             |
| Depreciation and amortization uniquely significant to Real estate - wholly owned   | 7,124              | 7,042          | 7,010          | 7,071           | 7,043          | 21,176          | 20,846          |
| Depreciation and amortization uniquely significant to Real estate – joint ventures | 168                | --             | --             | --              | --             | 168             | --              |
| Gain on sale of real estate  | --                 | (460)          | --             | --              | --             | (460)           | --              |
| <b>Funds from operation</b>  | <b>\$10,284</b>    | <b>\$9,383</b> | <b>\$8,927</b> | <b>\$11,503</b> | <b>\$9,410</b> | <b>\$28,594</b> | <b>\$26,265</b> |
|  |                    |                |                |                 |                |                 |                 |
| <b>Funds from operations per share</b>   | <b>\$.84</b>       | <b>\$.78</b>   | <b>\$.76</b>   | <b>\$.98</b>    | <b>\$.80</b>   | <b>\$2.38</b>   | <b>\$2.24</b>   |
| <b>Funds available for distribution:</b>   |                    |                |                |                 |                |                 |                 |
| Funds from operations  | \$10,284           | \$9,383        | \$8,927        | \$11,503        | \$9,410        | \$28,594        | \$26,265        |
| Plus -   |                    |                |                |                 |                |                 |                 |
| Corporate depreciation excluded above  | 77                 | 75             | 73             | 72              | 69             | 225             | 224             |
| Amortization of finance costs  | 313                | 289            | 303            | 330             | 326            | 905             | 1,330           |
| Straight line rent adjustment  | 91                 | 60             | 41             | 73              | 96             | 192             | 269             |
| Less -   |                    |                |                |                 |                |                 |                 |
| 2 <sup>nd</sup> generation tenant allowances                                       | (136)              | (429)          | (1,206)        | (1,337)         | (1,567)        | (1,771)         | (4,668)         |
| Capital improvements   | (899)              | (578)          | (370)          | (803)           | (1,708)        | (1,847)         | (2,598)         |
| <b>Funds available for distribution</b>  | <b>\$9,730</b>     | <b>\$8,800</b> | <b>\$7,768</b> | <b>\$9,838</b>  | <b>\$6,626</b> | <b>\$26,298</b> | <b>\$20,822</b> |
|  |                    |                |                |                 |                |                 |                 |
| <b>Funds available for distribution per share</b>                                  | <b>\$.79</b>       | <b>\$.73</b>   | <b>\$.66</b>   | <b>\$.84</b>    | <b>\$.57</b>   | <b>\$2.19</b>   | <b>\$1.78</b>   |
|  |                    |                |                |                 |                |                 |                 |
| <b>Dividends paid per share</b>  | <b>\$.6125</b>     | <b>\$.6125</b> | <b>\$.61</b>   | <b>\$.61</b>    | <b>\$.61</b>   | <b>\$1.8350</b> | <b>\$1.8275</b> |
|  |                    |                |                |                 |                |                 |                 |
| <b>FFO payout ratio</b>  | <b>73%</b>         | <b>79%</b>     | <b>80%</b>     | <b>62%</b>      | <b>76%</b>     | <b>77%</b>      | <b>82%</b>      |
|  |                    |                |                |                 |                |                 |                 |
| <b>FAD payout ratio</b>  | <b>78%</b>         | <b>84%</b>     | <b>92%</b>     | <b>73%</b>      | <b>107%</b>    | <b>84%</b>      | <b>103%</b>     |
| <b>Diluted weighted average common shares</b>                                      | <b>12,245</b>      | <b>11,985</b>  | <b>11,787</b>  | <b>11,705</b>   | <b>11,713</b>  | <b>12,011</b>   | <b>11,708</b>   |

## Per Weighted Average Gross Leasable Area (GLA) Analysis

|  | Three Months Ended |        |        |        |        | YTD     |         |
|--|--------------------|--------|--------|--------|--------|---------|---------|
|  | 09/02              | 06/02  | 03/02  | 12/01  | 09/01  | 09/02   | 09/01   |
| <b>GLA open at end of period -</b>   |                    |        |        |        |        |         |         |
| <b>Wholly owned (000's)</b>  | 5,493              | 5,167  | 5,332  | 5,332  | 5,326  | 5,493   | 5,326   |
| <b>Partially owned (000's) (1)</b>   | 260                | 260    | --     | --     | --     | 260     | --      |
| <b>Managed properties (000's)</b>  | 434                | 105    | 105    | 105    | 105    | 434     | 105     |
| <b>Total GLA open at end of period</b>   | 6,187              | 5,532  | 5,437  | 5,437  | 5,431  | 6,187   | 5,431   |
| <b>Weighted average GLA (000's) (2)</b>  | 5,245              | 5,167  | 5,167  | 5,165  | 5,152  | 5,193   | 5,124   |
| <b>End of period occupancy (1)</b>   | 96%                | 96%    | 95%    | 96%    | 95%    | 96%     | 94%     |
| <b><u>PER SQUARE FOOT</u></b>  |                    |        |        |        |        |         |         |
| <b>Revenues</b>  |                    |        |        |        |        |         |         |
| <b>Base rentals</b>  | \$3.59             | \$3.59 | \$3.52 | \$3.74 | \$3.57 | \$10.70 | \$10.62 |
| <b>Percentage rentals</b>  | .15                | .11    | .12    | .25    | .12    | .38     | .28     |
| <b>Expense reimbursements</b>  | 1.41               | 1.42   | 1.41   | 1.46   | 1.38   | 4.25    | 4.33    |
| <b>Other income</b>  | .20                | .10    | .11    | .16    | .16    | .42     | .38     |
| <b>Total revenues</b>  | 5.35               | 5.22   | 5.16   | 5.61   | 5.23   | 15.75   | 15.61   |
| <b>Expenses</b>  |                    |        |        |        |        |         |         |
| <b>Property operating</b>  | 1.65               | 1.68   | 1.68   | 1.62   | 1.62   | 5.00    | 5.03    |
| <b>General &amp; administrative</b>  | .50                | .40    | .44    | .41    | .39    | 1.35    | 1.19    |
| <b>Interest</b>  | 1.37               | 1.38   | 1.38   | 1.41   | 1.46   | 4.12    | 4.46    |
| <b>Depreciation &amp; amortization</b>   | 1.37               | 1.38   | 1.37   | 1.38   | 1.38   | 4.12    | 4.11    |
| <b>Total expenses</b>  | 4.89               | 4.84   | 4.87   | 4.82   | 4.85   | 14.59   | 14.79   |
| <b>Income before minority interest, discontinued operations and extraordinary item</b> | \$ .46             | \$ .38 | \$ .29 | \$ .79 | \$ .38 | \$ 1.16 | \$ .82  |
| <b>Net operating income</b>  | \$3.20             | \$3.14 | \$3.04 | \$3.58 | \$3.22 | \$9.39  | \$9.39  |
| <b>Funds from operations</b>   | \$1.96             | \$1.82 | \$1.73 | \$2.23 | \$1.83 | \$5.51  | \$5.13  |

(1) Includes one center totaling 260,006 sq. ft. of which Tanger owns a 50% interest through a joint venture arrangement.

(2) Represents GLA of wholly owned properties weighted by months of operation. GLA is not adjusted for fluctuations in occupancy that may occur subsequent to the original opening date.

**Debt Outstanding Summary (dollars in thousands)**

| <b>As of September 30, 2002</b> |                              |                          |                          |
|---------------------------------|------------------------------|--------------------------|--------------------------|
|                                 | <b>Principal<br/>Balance</b> | <b>Interest<br/>Rate</b> | <b>Maturity<br/>Date</b> |
| <b>Mortgage debt</b>            |                              |                          |                          |
| Lancaster, PA                   | \$14,595                     | 9.770%                   | 04/10/05                 |
| Commerce I, GA                  | 8,401                        | 9.125%                   | 09/10/05                 |
| Branson, MO                     | 24,000                       | Libor + 1.75%            | 03/26/06                 |
| Commerce II, GA (1)             | 29,500                       | Libor + 1.75%            | 03/26/06                 |
| Dalton, GA                      | 11,183                       | 7.875%                   | 04/01/09                 |
| Kittery I, ME                   | 6,363                        | 7.875%                   | 04/01/09                 |
| San Marcos I, TX                | 18,994                       | 7.875%                   | 04/01/09                 |
| San Marcos II, TX               | 19,105                       | 7.980%                   | 04/01/09                 |
| West Branch, MI                 | 7,099                        | 7.875%                   | 04/01/09                 |
| Williamsburg, IA                | 19,516                       | 7.875%                   | 04/01/09                 |
| Blowing Rock, NC                | 9,688                        | 8.860%                   | 09/01/10                 |
| Nags Head, NC                   | 6,574                        | 8.860%                   | 09/01/10                 |
| <b>Total mortgage debt</b>      | <b>175,018</b>               |                          |                          |
| <b>Corporate debt</b>           |                              |                          |                          |
| Unsecured credit facilities     | 6,000                        | Libor + (1.60% to 1.75%) | 06/30/03                 |
| Unsecured credit facilities     | 10,269                       | Libor + (1.60% to 1.75%) | 06/30/04                 |
| 1997 Senior unsecured notes     | 55,609                       | 7.875%                   | 10/24/04                 |
| 2001 Senior unsecured notes     | 100,000                      | 9.125%                   | 02/15/08                 |
| <b>Total corporate debt</b>     | <b>171,878</b>               |                          |                          |
| <b>Total debt</b>               | <b>\$346,896</b>             |                          |                          |

(1) \$25 million of this loan has been fixed until 01/27/03 at 7.72% through the use of an interest rate swap agreement.

## Future Scheduled Principal Payments (dollars in thousands)

| As of September 30, 2002 |                                 |                  |                          |
|--------------------------|---------------------------------|------------------|--------------------------|
| Year                     | Scheduled Amortization Payments | Balloon Payments | Total Scheduled Payments |
| 2002                     | \$570                           | \$ -----         | \$570                    |
| 2003 (1)                 | 2,516                           | 6,000            | 8,516                    |
| 2004 (1)                 | 2,737                           | 65,878           | 68,615                   |
| 2005                     | 2,556                           | 20,577           | 23,133                   |
| 2006                     | 2,168                           | 53,500           | 55,668                   |
| 2007                     | 2,349                           | --               | 2,349                    |
| 2008                     | 2,545                           | 100,000          | 102,545                  |
| 2009                     | 967                             | 70,474           | 71,441                   |
| 2010                     | 181                             | 13,878           | 14,059                   |
| 2011                     | --                              | --               | --                       |
| 2012 & thereafter        | --                              | --               | --                       |
|                          | \$16,589                        | \$330,307        | \$346,896                |

- (1) Balloon payments in 2003 and 2004 include \$6,000 and \$10,269, respectively relating to amounts outstanding under the unsecured credit facilities.



## Investor Information

Tanger Outlet Centers welcomes any questions or comments from shareholders, analysts, investment managers, media and prospective investors. Please address all inquiries to our Investor Relations Department.

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