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Investment Thesis

- **Company**
  - Strong earnings despite a general downturn in the retail market
  - Continuing to expand into other markets
  - 97% occupancy in brick and mortar stores (Tanger Only)

- **Macro Perspective**
  - Overall downturn in brick and mortar retail
  - All retail companies have seen a drop in share price regardless of their financials
  - Ultimately, prices must reflect earnings potential
Overview & Company History
Tanger Factory Outlet Center operates as a REIT and began trading on the NYSE as of June 1993

- One of the largest owners and operators of outlet centers in the U.S. and Canada
- Headquartered in Greensboro, NC
- Their portfolio of outlet centers has continued to expand and they currently have 43 outlet centers in 22 states across the U.S. and Canada
  - approximately 14.9 million square feet
  - property leased to over 3,100 stores operated by over 500 brand name companies
- 36 years of experience in the outlet industry
- 188 million loyal customers, annually
  - Nearly 70% of shoppers are women
History of the Firm

1981 
First authentic outlet shopping center built in Burlington, NC under Stanley K. Tanger

1986 
Stanley’s son Steven Tanger, joins the company as 4th employee

1993 
Tanger became the first outlet center developer listed on the NYSE

1995 
Tanger came out with its “Best Price Promise” reimbursing customers if they find a Tanger item advertised for less

2010 
Stanley K. Tanger dies at the age of 87

2011 
Tanger announced a $1 Billion partnership with Canadian-based RioCan REIT to open up 15 outlet locations in Canada
Leadership

**Steven B. Tanger**
Director & CEO
- Director since May 1993
- CEO since January 2009

Compensation (2016)
- Salary: $824,000
- Stock Award: 4,499,176
- Non-equity & Other: 1,978,975
- Total: $7,302,151

**Thomas E. McDonough**
President & COO
- Since May 2017
- Joined Company in 2010

Compensation
- Salary: $382,439
- Stock Award: 2,226,927
- Non-equity & Other: 742,002
- Total: $3,351,368

**James F. Williams**
Senior VP & CFO
- Since May 2016
- Joined Company in 1993

Compensation
- Salary: $350,000
- Stock Award: 358,546
- Non-equity & Other: 139,812
- Total: $848,358
Tenant Mix

- Coach
- Cole Haan
- Pottery Barn
- Michael Kors
- Polo Ralph Lauren
- H&M
- Gap Outlet
- Nike
- Lululemon
- Athleta
- Brooks Brothers
- Under Armour
- Carter's
- VF
- H&M Group
- G-III Apparel
- The Gap
- Ascena Retail
- Ralph Lauren
- Others

Percentage: 64.0%
Fundamentals

**Organic Growth**

<table>
<thead>
<tr>
<th>Year</th>
<th>NOI Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>3.3%</td>
</tr>
<tr>
<td>2015</td>
<td>3.5%</td>
</tr>
<tr>
<td>2014</td>
<td>2.6%</td>
</tr>
<tr>
<td>2013</td>
<td>4.3%</td>
</tr>
<tr>
<td>2012</td>
<td>6.0%</td>
</tr>
<tr>
<td>2011</td>
<td>5.3%</td>
</tr>
<tr>
<td>2010</td>
<td>2.6%</td>
</tr>
</tbody>
</table>

**Conservative Strategies**

- **Limited Floating Rate Exposure**
  - 11% Variable Rate
    - $190.5 Million
- **Reinvesting in the Company**
  - 46% Excess Cash Flow
    - $109.6 Million

**Outstanding Debt**

- 89% Fixed Rate
  - $1,515.5 Million

(As of December 31, 2016. Excludes debt discounts, premiums and origination costs)

**2016 FFO**

- 54% Common Dividends
  - $127.3 Million

(Assumes the Class A common limited partnership units are exchanged for common shares)
SKT is a constituent of the S&P High Yield Dividend Aristocrat® Index. The company has increased its dividend each year and paid an all-cash dividend every quarter since its IPO.

DIVIDEND GROWTH

COMPANY REVENUE

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Revenue (in millions of dollars)</th>
<th>Adjusted Funds from Operations (dollars per share)</th>
<th>Square Feet (in millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>'12</td>
<td>$357</td>
<td>$1.05</td>
<td>12.9</td>
</tr>
<tr>
<td>'13</td>
<td>$365</td>
<td>$1.38</td>
<td>13.3</td>
</tr>
<tr>
<td>'14</td>
<td>$419</td>
<td>$1.67</td>
<td>14.0</td>
</tr>
<tr>
<td>'15</td>
<td>$439</td>
<td>$1.72</td>
<td>14.3</td>
</tr>
<tr>
<td>'16</td>
<td>$466</td>
<td>$1.75</td>
<td>15.0</td>
</tr>
</tbody>
</table>

SCHOOL OF BUSINESS INVESTMENT PROGRAM
## Tanger Factory - Capitalization

<table>
<thead>
<tr>
<th></th>
<th>Current Year</th>
<th>Prior Year</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Mortgages payable</strong></td>
<td>$171,458</td>
<td>$172,145</td>
</tr>
<tr>
<td><strong>Senior unsecured</strong></td>
<td>$1,135,806</td>
<td>$1,135,309</td>
</tr>
<tr>
<td><strong>Unsecured term loans</strong></td>
<td>$322,575</td>
<td>$322,410</td>
</tr>
<tr>
<td><strong>Unsecured lines of credit</strong></td>
<td>$69,622</td>
<td>$58,002</td>
</tr>
<tr>
<td><strong>Total Debt</strong></td>
<td>$1,699,461</td>
<td>$1,687,866</td>
</tr>
<tr>
<td><strong>Equity</strong></td>
<td>$698,003</td>
<td>$705,441</td>
</tr>
<tr>
<td><strong>Total Capitalization</strong></td>
<td>$2,397,464</td>
<td>$2,393,307</td>
</tr>
</tbody>
</table>

## Tanger - Debt Distribution

![Debt Distribution Graph]

- **2017**
- **2018**
- **2019**
- **2020**
- **2021**
- **Thereafter**
## Metrics for Competitors

<table>
<thead>
<tr>
<th>Metric</th>
<th>Current Price</th>
<th>Market Cap</th>
<th>P/E TTM</th>
<th>EPS TTM</th>
<th>Div. Yield</th>
<th>Debt/Equity</th>
<th>ROE TTM</th>
</tr>
</thead>
<tbody>
<tr>
<td>SKT</td>
<td>$25.20</td>
<td>$2.5B</td>
<td>16.5</td>
<td>$1.51</td>
<td>%5.5</td>
<td>2.7</td>
<td>%22</td>
</tr>
<tr>
<td>BRX</td>
<td>$19.08</td>
<td>$5.83B</td>
<td>19.55</td>
<td>$.98</td>
<td>%5.45</td>
<td>1.99</td>
<td>%10.25</td>
</tr>
<tr>
<td>KIM</td>
<td>$19.46</td>
<td>$8.283B</td>
<td>39.6</td>
<td>$.49</td>
<td>%5.6</td>
<td>1.0</td>
<td>%3.94</td>
</tr>
<tr>
<td>AKR</td>
<td>$30.46</td>
<td>$2.65B</td>
<td>47.15</td>
<td>$.65</td>
<td>%3.56</td>
<td>.98</td>
<td>%3.58</td>
</tr>
</tbody>
</table>
Strengths:
- Brand Recognition
- Network
- Scale benefit

Opportunities:
- Inorganic growth - acquisitions
- Expanding into untapped or underserved markets
- To increase dividends

Weaknesses:
- Face competition for acquisitions
- High D/E
- Real estate is relatively illiquid

Threats:
- E-commerce
- Amazon
- Consumer confidence
Fundamental Analysis
News & Outlook
Recent News/Outlook

- To deliver a new outlet center on October 27 of this year
  - It will be 350,000 square feet and located right next to the Texas motor speedway
  - Total cost of $90 million and took 1 year to deliver

- Long-term threat of e-commerce
  - However, outlet stores are often just as profitable, or even more profitable than traditional stores
  - Outlet Items are typically manufactured using cheaper material/less detailing
The Amazon Effect

There is fear, but the numbers don’t lie.
Investment Proposal
Proposal

Buy 358 shares at 25.14 = $9000.12
Sell The total of NEE
Revised Model in February

<table>
<thead>
<tr>
<th>WACC</th>
<th>3.95%</th>
<th>4.45%</th>
<th>4.95%</th>
<th>5.45%</th>
<th>5.95%</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.50%</td>
<td>$196.09</td>
<td>$152.04</td>
<td>$120.77</td>
<td>$97.44</td>
<td>$79.36</td>
</tr>
<tr>
<td>Terminal</td>
<td>1.75%</td>
<td>$223.35</td>
<td>$170.19</td>
<td>$133.66</td>
<td>$107.02</td>
</tr>
<tr>
<td>Growth</td>
<td>2.00%</td>
<td>$257.61</td>
<td>$192.04</td>
<td>$148.72</td>
<td>$117.98</td>
</tr>
<tr>
<td>Rate</td>
<td>2.25%</td>
<td>$301.94</td>
<td>$218.86</td>
<td>$166.58</td>
<td>$130.65</td>
</tr>
<tr>
<td>2.50%</td>
<td>$361.55</td>
<td>$252.56</td>
<td>$188.08</td>
<td>$145.48</td>
<td>$115.24</td>
</tr>
</tbody>
</table>
Questions?