

TANGER PROPERTIES LTD PARTNERSHIP /NC/
 Form 424B5
 August 10, 2006
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CALCULATION OF REGISTRATION FEE

Title of each class of securities to be registered	Amount to be registered/Proposed maximum offering price per unit/Proposed maximum offering price	Amount of registration fee
Exchangeable Senior Notes	\$115,000,000	\$12,305 (1)
Common Shares	(2)	(2)
Guarantee of Exchangeable Senior Notes	(3)	(3)

(1) This filing fee is calculated in accordance with Rule 457(r) and relates to the Registration Statement on Form S-3 (No. 333-136448) filed by Tanger Factory Outlet Centers, Inc. and Tanger Properties Limited Partnership on August 9, 2006.

(2) There are also registered an indeterminate number of Common Shares into which the Exchangeable Senior Notes may be converted. Pursuant to Rule 457(i), no separate registration fee is payable where securities and securities into which conversion is offered are registered at the same time and no additional consideration is payable upon conversion.

(3) Pursuant to Rule 457(n), no separate registration fee is payable in respect of the registration of the guarantee.

The information in this preliminary prospectus supplement is incomplete and may be changed. This preliminary prospectus supplement and the accompanying prospectus are not an offer to sell these securities and are not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED AUGUST 9, 2006

PROSPECTUS SUPPLEMENT
 (To Prospectus Dated August 9, 2006)

\$100,000,000

Tanger Properties Limited Partnership
 % Exchangeable Senior Notes due 2026
 guaranteed on a senior unsecured basis by
 Tanger Factory Outlet Centers, Inc.

The notes will bear interest at a rate of % per year. Interest on the notes is payable on February 15 and August 15 of each year, beginning on February 15, 2007.

On and after August 18, 2011 to (and including) the close of business on the trading day immediately preceding the maturity date of the notes, holders may at their option exchange their notes for the consideration described herein, subject to prior repurchase or redemption of the notes.

Prior to August 18, 2011, holders may at their option exchange their notes on any day prior to the close of business on the trading day immediately preceding August 18, 2011 only under the following circumstances: (1) during the five business day period after any ten consecutive trading day period (the “measurement period”) in which the trading price per note for each day of that measurement period was less than 98% of the product of the last reported sale price of the common shares of Tanger Factory Outlet Centers, Inc., which we refer to as Company common shares, and the exchange rate on each such day; (2) during any calendar quarter beginning after September 30, 2006 if the closing sale price of Company common shares for at least 20 trading days in the 30 consecutive trading days ending on the last day of the preceding calendar quarter is more than 130% of the exchange price per share of Company common shares on the last day of such preceding calendar quarter; (3) if we have called such notes for redemption, at any time prior to the close of business on the day that is two business days prior to the redemption date; (4) upon the occurrence of specified corporate events; or (5) if the Company common shares are not listed. On exchange, we will deliver cash in an amount equal to not less than the lower of the exchange value (as described herein) and the aggregate principal amount of the notes to be exchanged, and, at our option, Company common shares, cash or a combination thereof for any excess.

The initial exchange rate will be _____ Company common shares per \$1,000 principal amount of notes (equivalent to an initial exchange price of approximately \$ _____ per Company common share). The exchange price will be subject to adjustment in some events but will not be adjusted for accrued interest. In addition, if a “fundamental change” (as defined herein) occurs on or prior to August 18, 2011, we will increase the exchange rate for a holder that elects to exchange its notes in connection with such fundamental change.

On or after August 18, 2011, we may at our option redeem all or part of the notes for cash. We may also redeem the notes at any time prior to maturity to the extent necessary to preserve the Company’s qualification as a real estate investment trust. Holders may require us to repurchase for cash the notes on August 18, 2011, August 15, 2016, or August 15, 2021 and at any time prior to their maturity upon a fundamental change, in each case at a price equal to 100% of the principal amount of the notes being repurchased plus any accrued and unpaid interest up to, but excluding, the repurchase date.

The notes will be our senior unsecured obligations, will be guaranteed by our Tanger Factory Outlet Centers, Inc., which is the parent of our general partner and which we refer to as the Company. The notes and the guarantee will rank equally in right of payment to all of our and the Company’s existing and future senior unsecured indebtedness and senior to any of our or the Company’s future subordinated indebtedness. The notes and the guarantee will effectively rank junior in right of payment to all of our and the Company’s existing and future secured indebtedness. The notes and the guarantee will be structurally subordinated to all liabilities of our subsidiaries. For a more detailed description of the notes, see “Description of Notes” beginning on page S-16.

We have granted the underwriters the right to purchase up to an additional \$15,000,000 principal amount of notes, solely to cover overallotments, if any.

The Company common shares are listed on the New York Stock Exchange under the symbol “SKT.” On August 8, 2006 the last reported sale price of Company common shares on the New York Stock Exchange was \$32.19 per share.

Investing in the notes involves risks. See “Risk Factors” beginning on page S-6 and beginning on page 9 of our Annual Report on Form 10-K for the fiscal year ended December 31, 2005, which is incorporated herein by reference, for risks relating to an investment in our notes.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

	Per Note	Total
Public Offering Price	%	\$
Underwriting Discount	%	\$
Proceeds to us (before expenses)	%	\$

(1) Plus accrued interest, if any, from (and including) the date of the original issuance.

We expect that delivery of the notes will be made to investors in book-entry form through The Depository Trust Company on or about _____, 2006.

Joint Book-Running Managers

Citigroup

Banc of America Securities LLC

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ABOUT THIS PROSPECTUS SUPPLEMENT

You should rely only on the information contained in or incorporated by reference into this prospectus supplement, the accompanying prospectus and any “free writing prospectus” we may authorize to be delivered to you. We have not authorized anyone to provide you with different or additional information. We are offering to sell, and seeking offers to buy, the notes only in jurisdictions where offers and sales are permitted. You should not assume that the information appearing in this prospectus supplement, the accompanying prospectus, any free writing prospectus or the documents incorporated by reference is accurate as of any date other than their respective dates. Our business, financial condition, results of operations and prospects may have changed since those dates.

This document consists of two parts. The first part is this prospectus supplement, which adds to and updates information contained in the accompanying prospectus and the documents incorporated by reference into the accompanying prospectus. The second part is the accompanying prospectus, which gives more general information about us and the notes offered hereby. To the extent the information contained in this prospectus supplement differs or varies from the information contained in the accompanying prospectus or any document incorporated by reference, the information in this prospectus supplement shall control.

When used in this prospectus supplement, unless the context indicates otherwise, the term “Operating Partnership” refers to Tanger Properties Limited Partnership and subsidiaries and the term “Company” refers to Tanger Factory Outlet Centers, Inc. and subsidiaries. The terms “we,” “our” and “us” refer to the Operating Partnership or the Operating Partnership and the Company together with their consolidated subsidiaries, as the context requires.

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FORWARD LOOKING STATEMENTS

This prospectus supplement and the accompanying prospectus include forward-looking statements. We have based these forward-looking statements on our current expectations and projections about future events. These forward-looking statements are subject to risks, uncertainties, and assumptions about the Company and the Operating Partnership, including, among other things:

- national and local general economic and market conditions;
- demographic changes; our ability to sustain, manage or forecast our growth; existing governmental regulations and changes in or the failure to comply with government regulations;
- adverse publicity; liability and other claims asserted against us;
- competition;
- the risk that we may not be able to finance our planned development activities;
- risks related to the retail real estate industry in which we compete, including the potential adverse impact of external factors such as inflation, tenant demand for space, consumer confidence, unemployment rates and consumer tastes and preferences;
- the risk that historically high fuel prices may impact consumer travel and spending habits;
- risks associated with our development activities, such as the potential for cost overruns, delays and lack of predictability with respect to the financial returns associated with these development activities;
- risks associated with real estate ownership, such as the potential adverse impact of changes in the local economic climate on the revenues and the value of our properties;
- risks that we incur a material, uninsurable loss of our capital investment and anticipated profits from one of our properties, such as those that result from wars, earthquakes or hurricanes;
- risks that a significant number of tenants may become unable to meet their lease obligations, including as a result of tenant bankruptcies, or that we may be unable to renew existing leases or re-lease a significant amount of available space on economically favorable terms;
- fluctuations and difficulty in forecasting operating results; changes in business strategy or development plans;
- business disruptions;
- the ability to attract and retain qualified personnel;
- the ability to realize planned costs savings in acquisitions; and
- retention of earnings.

Additional factors that may cause risks, uncertainties and assumptions include those discussed in the section entitled “Business” in our Annual Report on Form 10-K for the fiscal year ended December 31, 2005, or annual report, including the subheadings entitled “Recent Developments,” “The Factory Outlet Concept,” “Our Factory Outlet Centers,” “Business, Growth and Operating Strategy,” “Capital Strategy,” “Competition,” the section entitled “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in the annual report and the section titled “Risk Factors” in this prospectus supplement.

We disclaim any obligation to publicly update or revise any forward-looking statements to reflect changes in underlying assumptions or factors, new information, future events or other changes.

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PROSPECTUS SUPPLEMENT SUMMARY

This summary highlights the information contained in this prospectus supplement and the accompanying prospectus. This summary is not complete and does not contain all of the information that you should consider before investing in the securities being offered. You should read the prospectus supplement and the prospectus, as well as the documents incorporated herein and therein by reference. Unless otherwise indicated, property and financial information in this prospectus supplement is presented as of, or for the period ended, June 30, 2006.

Tanger Properties Limited Partnership

Tanger Properties Limited Partnership, a North Carolina limited partnership, and its subsidiaries focus exclusively on developing, acquiring, owning, operating and managing factory outlet shopping centers. We are one of the largest owners and operators of factory outlet centers in the United States. As of June 30, 2006, we owned 29 centers with a total gross leasable area, or GLA, of approximately 8.0 million square feet. These factory outlet centers were 96% occupied at that date. Also, we own a 50% interest in one center with a GLA of approximately 402,000 square feet and manage for a fee three centers with a GLA of approximately 293,000 square feet.

We are controlled by Tanger Factory Outlet Centers, Inc., a fully-integrated, self-administrated and self-managed real estate investment trust, or REIT.

Tanger GP Trust, the Company's wholly owned subsidiary, serves as our general partner. The factory outlet centers and other assets of our business are owned by, and all of the Company's operations are conducted through, us. Accordingly, the descriptions of our business, employees and properties are also descriptions of the business, employees and properties of the Company.

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THE OFFERING

The following summary of the offering is provided solely for your convenience. This summary is not intended to be complete. You should read the full text and more specific details contained elsewhere in this prospectus supplement and the accompanying prospectus. For a more detailed description of the notes, see "Description of Notes." For purposes of this summary and the "Description of Notes," references to "we," "us," and "our" refer only to Tanger Properties Limited Partnership and not to its subsidiaries or Tanger Factory Outlet Centers, Inc.

Issuer of Notes	Tanger Properties Limited Partnership, a North Carolina partnership.
Issuer of Common Shares	Tanger Factory Outlet Centers, Inc., a North Carolina corporation, which we refer to as the "Company."
Securities Offered	\$100,000,000 principal amount of % exchangeable senior notes due 2026 (not including up to an additional \$15,000,000 subject to the underwriters' overallotment

	option).
Maturity Date	August 15, 2026, unless earlier repurchased, exchanged or redeemed.
Interest	% per year. Interest will be payable semiannually in arrears in cash on February 15 and August 15 of each year, beginning February 15, 2007.
Guarantee	The notes will be guaranteed on a senior unsecured basis by the Company.
Optional Redemption	<p>Prior to August 18, 2011, we may not redeem the notes except to preserve the Company's status as a real estate investment trust, or REIT, as described below. On or after August 18, 2011, we may at our option redeem all or part of the notes for cash at a price equal to 100% of the principal amount of the notes being redeemed, plus accrued and unpaid interest, if any, to the date of redemption; provided that we must have paid in full the aggregate amount of all interest payments due on or before August 18, 2011.</p> <p>If at any time we determine it is necessary to redeem the notes in order to preserve the Company's status as a real estate investment trust, we may redeem all, but not less than all, of the notes then outstanding for cash at a price equal to 100% of the principal amount of the notes being redeemed, plus accrued and unpaid interest, if any, to the redemption date.</p>
Exchange Rights	On and after August 18, 2011 to (and including) the close of business on the scheduled trading day immediately preceding the maturity date of the notes, holders may exchange their notes for cash in an amount equal to the

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lesser of the exchange value (as described herein) and the aggregate principal amount of the notes to be exchanged, and, at our option, Company common shares, cash, or a combination thereof for any excess, at the applicable exchange rate, in multiples of \$1,000 principal amount, subject to prior repurchase or redemption of the notes. Holders may exchange their notes prior to the close of business on the scheduled trading day immediately preceding August 18, 2011, in multiples of \$1,000 principal amount, at the option of the holder under the following circumstances:

- during the five business day period after any ten consecutive trading day period (the "measurement period") in which the trading price per note for each day of such measurement period was less than 98% of

the product of the last reported sale price of Company common shares and the exchange rate on each such day;

- during any calendar quarter beginning after September 30, 2006 if the closing sale price of Company common shares for at least 20 trading days in the 30 consecutive trading days ending on the last day of the preceding calendar quarter is more than 130% of the exchange price per Company common shares on the last day of such preceding calendar quarter;
- if we have called such notes for redemption at any time prior to the close of business on the day that is two business days prior to the redemption date;
- upon the occurrence of specified corporate transactions described under “Description of Notes — Exchange Rights;” or
- if Company common shares are not listed on either a U.S. national securities exchange or the Nasdaq Global Market.

The initial exchange rate will be _____ Company common shares per \$1,000 principal amount of notes (equivalent to an initial exchange price of approximately \$ _____ per share of Company common shares), subject to adjustment.

Upon a valid tender of notes for exchange, we will pay, on the third trading day following the last day of the related observation period (as described herein), cash in an amount equal to not less than the lower of the exchange value and the aggregate principal amount of the notes to be exchanged, and, at our option, Company common shares, cash or a combination thereof for any excess. See

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“Description of Notes — Exchange Rights — Payment upon Exchange.”

You will not receive any additional cash payment or additional shares representing accrued and unpaid interest upon exchange of a note, except in limited circumstances. Instead, interest will be deemed paid by the cash, shares or combination thereof, issued to you upon exchange.

Repurchase at Holders’ Option

Holder may require us to repurchase the notes on August 18, 2011, August 15, 2016, or August 15, 2021 at a price equal to 100% of the principal amount of the notes being repurchased plus any accrued and unpaid interest up to, but excluding, the repurchase date. We will pay cash for

Fundamental Change	<p>all notes so repurchased.</p> <p>If we undergo a “fundamental change” (as defined in this prospectus supplement under “Description of Notes — Fundamental Change Permits Holders to Require Us to Repurchase Notes”), you will have the option to require us to purchase all or any portion of your notes. The fundamental change purchase price will be 100% of the principal amount of the notes to be purchased plus any accrued and unpaid interest to, but excluding, the fundamental change purchase date. We will pay cash for all notes so purchased.</p> <p>In addition, if a “fundamental change” occurs prior to August 18, 2011, we will increase the exchange rate for a holder who elects to exchange its notes in connection with such a fundamental change upon exchange in certain circumstances as described under “Description of Notes — Exchange Rights — Exchange Rate Adjustments — Adjustment to Shares Delivered upon Exchange upon Fundamental Change.”</p>
Ranking	<p>The notes will be our senior unsecured obligations, will be guaranteed on a senior unsecured basis by Tanger Factory Outlet Centers, Inc., the parent of our general partner, and will rank equally in right of payment to all of our and the Company’s existing and future senior unsecured indebtedness and senior to any of our or the Company’s future subordinated indebtedness. The notes will effectively rank junior in right of payment to all of our and the Company’s existing and future secured indebtedness. The notes and the guarantee will be structurally subordinated to all liabilities of our subsidiaries. Our subsidiaries will not guarantee any of our obligations under the notes.</p>
Use of Proceeds	<p>The net proceeds from the sale of the notes are estimated to be approximately \$97.5 million (or approximately \$112.2 if the underwriters exercise in full their overallotment</p>

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U.S. Federal Income Taxation	<p>option), after deducting underwriting discounts and commission and estimated offering expenses.</p> <p>We intend to use the net proceeds to repay the outstanding balances under our revolving credit facilities and certain other indebtedness, to make additional investments and for general corporate purposes.</p> <p>The notes and the Company common shares into which the notes are exchangeable are subject to special and</p>
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complex U.S. federal income tax rules. Holders are urged to consult their respective tax advisors with respect to the application of the U.S. federal income tax laws to their own particular situation as well as any tax consequences of the ownership and disposition of the notes and Company common shares arising under the federal estate or gift tax rules or under the laws of any state, local, foreign or other taxing jurisdiction or under any applicable treaty. See “Certain U.S. Federal Income Tax Considerations.”

New York Stock Exchange Symbol for
Company Common Shares
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SKT

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RISK FACTORS

An investment in our Exchangeable Senior Notes or the Company common shares involves risks. Before you decide to invest in the notes or the Company common shares, you should consider the factors set forth below as well as the risk factors discussed in our Annual Report on Form 10-K for the year ended December 31, 2005, which is incorporated by reference into the accompanying prospectus. See “Where You Can Find More Information” in this prospectus supplement.

The market price of the notes may be volatile.

Historically, the market for convertible or exchangeable debt has been subject to disruptions that have caused volatility in the prices of securities similar to the notes. Such a market, if any, for the notes may suffer from similar disruptions, and disruptions may materially adversely affect the prices at which you may sell your notes. The market price of the notes will depend on many factors that may vary over time, some of which are beyond our control, including:

- prevailing market interest rates;
- the market for similar securities;
- general economic and financial market conditions;
- competition;
- the amount of indebtedness we have outstanding;
- our financial condition, performance and prospects; and
- the value of the common shares into which the notes are exchangeable, and the financial condition, performance and prospects of Tanger Factory Outlet Centers, Inc.

As a result of these factors, you may only be able to sell your notes at prices below those you believe to be appropriate, including prices below the offering price.

An increase in interest rates could result in a decrease in the relative value of the notes.

In general, as market interest rates rise, notes bearing interest at a fixed rate generally decline in value because the premium, if any, over market interest rates declines. Consequently, if market interest rates increase after you purchase

these notes, the market value of your notes may decline. We cannot predict the future level of market interest rates.

Ratings of the notes may not reflect all risks of an investment in the notes.

We expect that the notes will be rated by at least one nationally recognized statistical rating organization. The ratings of the notes will primarily reflect our financial strength and will change in accordance with the rating of our financial strength. Any rating is not a recommendation to purchase, sell or hold the notes. These ratings do not correspond to the notes' market price or suitability for a particular investor. In addition, ratings at any time may be lowered or withdrawn in their entirety. As a result, the ratings of the notes may not reflect the potential impact of all risks on any trading market for, or trading value of, your notes.

Despite our substantial indebtedness, we may still incur significantly more debt, which could exacerbate any or all of the risks described above.

We and our subsidiaries may be able to incur substantial additional indebtedness in the future. The terms of the Notes do not limit our ability to incur additional debt. Although the credit agreements governing our unsecured lines of credit limit our ability to incur additional indebtedness and other outstanding debt securities limit our ability to incur additional indebtedness or prohibit us from taking other action that could negatively impact holders of such other debt securities as set forth under "Description of Debt Securities And Guarantees — Certain Covenants — Limitations on Incurrence of Indebtedness" in the accompanying prospectus, these restrictions are subject to a

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number of qualifications and exceptions and, under certain circumstances, debt incurred in compliance with these restrictions could be substantial. To the extent that we incur additional indebtedness or other such obligations, the risks associated with our indebtedness, including our possible inability to service our debt, would increase.

To service our indebtedness, we will require a significant amount of cash. Our ability to generate cash depends on many factors beyond our control.

Our ability to make payments on and to refinance our indebtedness, including these notes, and to fund planned capital expenditures will depend on our ability to generate cash in the future. This, to a certain extent, is subject to general economic, financial, competitive, legislative, regulatory and other factors that are beyond our control.

The notes and guarantee are effectively subordinated to our existing secured debt and any secured debt we or the Company may incur in the future.

The notes are not secured by any of our assets. The guarantee is not secured by any assets of the Company. As a result, the notes and guarantee are effectively subordinated to our existing secured debt and any secured debt we or the Company may incur in the future. In any liquidation, dissolution, bankruptcy or other similar proceeding, holders secured debt may assert rights against any assets securing such debt in order to receive full payment of their debt before those assets may be used to pay the holders of the notes or the guarantee. As of June 30, 2006, our total secured indebtedness was approximately \$198.2 million. We may incur additional secured indebtedness in the future to finance potential acquisitions or the development of new properties.

Federal and state statutes allow courts, under specific circumstances, to void guarantees and require note holders to return payments received from guarantors.

Under the federal bankruptcy law and comparable provisions of state fraudulent transfer laws, a guarantee could be voided, or claims in respect of a guarantee could be subordinated to all other debts of that guarantor if, among other things, the guarantor, at the time it incurred the indebtedness evidenced by its guarantee:

- received less than reasonably equivalent value or fair consideration for the incurrence of such guarantee; and
- was insolvent or rendered insolvent by reason of such incurrence; or
- was engaged in a business or transaction for which the guarantor's remaining assets constituted unreasonably small capital; or
- intended to incur, or believed that it would incur, debts beyond its ability to pay such debts as they mature.

In addition, any payment by that guarantor pursuant to its guarantee could be voided and required to be returned to the guarantor, or to a fund for the benefit of the creditors of the guarantor.

The measures of insolvency for purposes of these fraudulent transfer laws will vary depending upon the law applied in any proceeding to determine whether a fraudulent transfer has occurred. Generally, however, a guarantor would be considered insolvent if:

- the sum of its debts, including contingent liabilities, was greater than the fair saleable value of all of its assets; or
- if the present fair saleable value of its assets was less than the amount that would be required to pay its probable liability on its existing debts, including contingent liabilities, as they become absolute and mature; or
- it could not pay its debts as they become due.

On the basis of historical financial information, recent operating history and other factors, we believe that the Company, after giving effect to its guarantee of these notes, will not be insolvent, will

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not have unreasonably small capital for the business in which it is engaged and will not have incurred debts beyond its ability to pay such debts as they mature. We cannot assure you, however, as to what standard a court would apply in making these determinations or that a court would agree with our conclusions in this regard.

Tanger Factory Outlet Centers, Inc. has no material assets other than its investment in us.

The notes will be fully and unconditionally guaranteed by Tanger Factory Outlet Centers, Inc. However, Tanger Factory Outlet Centers, Inc. has no material assets other than its investment in us. Furthermore, Tanger Factory Outlet Centers, Inc.'s guarantee of notes will be effectively subordinated to all unsecured and secured liabilities (exclusive of trade payables, distributions payable and accrued expenses) and preferred equity of its subsidiaries, which as of June 30, 2006, totaled approximately \$705.6 million in the aggregate.

The notes and the guarantee will effectively be junior to the liabilities of our subsidiaries and any indebtedness that is guaranteed by our subsidiaries.

The notes and the guarantee will be structurally subordinated to all existing and future liabilities of our subsidiaries and any indebtedness that is guaranteed by our subsidiaries. These liabilities may include indebtedness, trade payables, guarantees, lease obligations and letter of credit obligations. Holders of the notes will not be creditors of our subsidiaries. Our rights and the rights of our creditors, including the holders of the notes, to participate in the assets of any subsidiary upon that subsidiary's liquidation or reorganization will be subject to the prior claims of the subsidiary's creditors and of the holders of any indebtedness or other obligations guaranteed by that subsidiary, except to the extent that we may ourselves be a creditor with recognized claims against the subsidiary. However, even if we are a creditor of one of our subsidiaries, our claims would still be effectively subordinated to any security interests in, or mortgages or other liens on, the assets of that subsidiary and would be subordinate to any indebtedness of the subsidiary senior to that held by us.

The conditional exchange feature of the notes could result in your receiving less than the value in cash or the combination of cash and Company common shares for which a note would otherwise be exchangeable.

The notes are exchangeable into cash in an amount equal to not less than the lower of the exchange value and the aggregate principal amount of the notes to be exchanged, and at our option, Company common shares, cash or a combination thereof for any excess, only if specified conditions are met. If the specific conditions for exchange are not met, you will not be able to exchange your notes, and you may receive less than the value of the cash or the combination of cash and Company common shares for which the notes would otherwise be exchangeable.

We may not have the cash necessary to pay the principal return and any net amount upon an exchange of notes or to repurchase the notes on specified dates or following certain change in control transactions.

Upon an exchange of the notes in accordance with their terms, we will be required to pay the lesser of the principal amount or the exchange value of such notes in cash. Furthermore, there may be circumstances that prevent us from issuing Company common shares for all or any portion of any net amount deliverable upon an exchange of notes, thereby requiring us to satisfy our net amount obligation in cash. As described under "Description of Notes — Repurchase of Notes at Your Option on Specified Dates" and "Description of Notes — Fundamental Change Permits Holders to Require Us to Repurchase Notes," holders of notes also have the right to require us to repurchase the notes for cash on specified dates or upon the occurrence of certain change in control transactions. Any of our future debt agreements or securities may contain similar provisions. We may not have sufficient funds to pay the principal return and any such net cash amount or make the required repurchase of notes, as the case may be, in cash at the applicable time and, in such circumstances, may not be able to arrange the necessary financing on favorable terms. In addition, our ability to pay the required cash amount in respect of the lesser of the principal amount or the exchange value (and any applicable

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excess cash amount) or to make the required repurchase, as the case may be, may be limited by law or the terms of other debt agreements or securities. However, our failure to pay the required cash amount (including any cash amount) or make the required repurchase, as the case may be, would constitute an event of default under the indenture governing the notes which, in turn, could constitute an event of default under other debt agreements or securities, thereby resulting in their acceleration and required prepayment and further restrict our ability to make such payments

and repurchases. Moreover, if you or other investors in our notes exercise the repurchase right on the specified dates or for a fundamental change, it may cause a default under that debt, even if the fundamental change itself does not cause a default, owing to the financial effect of such a repurchase on us.

There is no public market for the notes, which could limit their market price or the ability to, sell them for an amount equal to, or higher than, the offering price.

The notes are a new issue of securities for which there is presently no market. The underwriter has advised us that it presently intends to make a market in the notes as permitted by applicable laws and regulations. The underwriter is not obligated, however, to make a market in the notes and any such market making may be discontinued at any time at the discretion of the underwriter. Accordingly, no assurance can be given as to the liquidity of, or trading market for, the notes. We do not intend to apply for listing of the notes on any securities exchange or for quotation of the notes on any automated dealer quotation system. A market may not develop for the notes, and you may not be able to sell your notes. Accordingly, you may be required to bear the financial risk of an investment in the notes for an indefinite period of time. In addition, if any of the notes are traded after their initial issuance, they may trade at a discount from the offering price.

If the market price of Company common shares decreases, the market price of our notes may similarly decrease.

We expect that the market price of our notes will be significantly affected by the market price of Company common shares. This may result in greater volatility in the market price of the notes than would be expected for non-convertible or non-exchangeable debt securities. The market price of Company common shares will likely continue to fluctuate in response to factors including the factors discussed elsewhere in this prospectus supplement, the accompanying prospectus and our and Tanger Factory Outlet Centers, Inc.'s Annual Report on Form 10-K for the year ended December 31, 2005 and Quarterly Report on Form 10-Q for the quarter ended June 30, 2006, many of which are beyond our control. For instance, the price of Company common shares could be affected by possible sales of Company common shares by investors who view the notes as a more attractive means of equity participation in our company and by hedging or arbitrage trading activity that may develop involving Company common shares. The hedging or arbitrage could, in turn, affect the trading prices of the notes. In addition, anticipated exchanges of the notes into Company common shares could depress the price of Company common shares to the extent that any such exchange would result in the issuance by Tanger Factory Outlet Centers, Inc. of a significant number of additional Company common shares.

A change in control or a fundamental change may adversely affect us or the notes.

A fundamental change or change in control transaction involving us could have a negative effect on us and the trading price of Company common shares and could negatively impact the trading price of the notes. Furthermore, the fundamental change provisions, including the provisions requiring the increase to the exchange rate for exchanges in connection with a fundamental change prior to August 18, 2011, may in certain circumstances make it more difficult or discourage a takeover of our company and the removal of incumbent management.

The adjustment to the exchange rate for notes exchanged in connection with a fundamental change may not adequately compensate you for any lost value of your notes as a result of such transaction.

If a fundamental change occurs prior to August 18, 2011, we will increase the exchange rate by a number of additional Company common shares for notes exchanged in connection with such

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fundamental change. The increase in the exchange rate will be determined based on the date on which the fundamental change becomes effective and the price paid per common share of Tanger Factory Outlet Centers, Inc. in such transaction, as described below under “Description of Notes — Exchange Rights — Exchange Rate Adjustments — Adjustment to Shares Delivered upon Exchange upon Fundamental Change.” The adjustment to the exchange rate for notes exchanged in connection with a fundamental change may not adequately compensate you for any lost value of your notes as a result of such transaction. In addition, if the price of Company common shares in the transaction is greater than \$ per share or less than \$ per share (in each case, subject to adjustment), no adjustment will be made to the exchange rate. Moreover, in no event will the total number of Company common shares issuable upon exchange as a result of this adjustment exceed per \$1,000 principal amount of notes, subject to adjustments in the same manner as the exchange rate as set forth under “Description of Notes — Exchange Rights — Exchange Rate Adjustments.” Our obligation to increase the exchange rate in connection with a fundamental change could be considered a penalty, in which case the enforceability thereof would be subject to general principles of reasonableness of economic remedies.

A change in control involving us may not constitute a “fundamental change” for purposes of the notes.

The indenture contains no covenants or other provisions to afford protection to holders of the notes in the event of a change in control involving us except to the extent described under “Description of Notes — Fundamental Change Permits Holders to Require Us to Repurchase Notes,” and “Description of Notes — Exchange Rights — Exchange Rate Adjustments — Adjustment to Shares Delivered upon Exchange upon Fundamental Change.” However, the term “fundamental change” is limited and may not include every change in control event that might cause the market price of the notes to decline. As a result, your rights under the notes upon the occurrence of a fundamental change may not preserve the value of the notes in the event of a change in control involving us. In addition, any change in control involving us may negatively affect the liquidity, value or volatility of Company common shares, negatively impacting the value of the notes.

If you hold notes, you will not be entitled to any rights with respect to Company common shares, but you will be subject to all changes made with respect to Company common shares.

If you hold notes, you will not be entitled to any rights with respect to Company common shares (including, without limitation, voting rights and rights to receive any dividends or other distributions on Company common shares), but if you subsequently exchange your notes for Company common shares, you will be subject to all changes affecting the Company common shares. You will have rights with respect to Company common shares only if and when we deliver Company common shares to you upon exchange of your notes and, to a limited extent, under the exchange rate adjustments applicable to the notes. For example, in the event that an amendment is proposed to Tanger Factory Outlet Centers, Inc.’s articles of incorporation or bylaws requiring shareholder approval and the record date for determining the shareholders of record entitled to vote on the amendment occurs prior to delivery of Company common shares to you, you will not be entitled to vote on the amendment, although you will nevertheless be subject to any changes in the powers or rights of Company common shares.

Ownership limitations in the charter of the Company may impair the ability of holders to exchange notes for Company common shares.

Subject to certain exceptions specified in the Company’s charter, no shareholder (other than Stanley K. Tanger, Steven B. Tanger, members of their families, affiliated entities and their transferees) may own, actually or constructively, more than 4% of the Company’s outstanding common shares. The Company’s board of directors may exempt a proposed transferee from the ownership limit if evidence satisfactory to the board of directors and the Company’s tax counsel is presented that such ownership will not then or in the future jeopardize the Company’s status as a REIT. As a

condition of such waiver, the board of directors may require opinions of counsel satisfactory to it and/or an undertaking from the applicant with respect to preserving the Company's REIT status.

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Notwithstanding any other provision of the notes, no holder of notes will be entitled to exchange such notes for Company common shares to the extent that receipt of such Company common shares would cause such holder actually or constructively to exceed the ownership limit. See "Description of Tanger Factory Outlet Centers, Inc. Common Shares."

Certain of the possible adjustments to the exchange rate (or the failure to make certain adjustments to the exchange rate) of the notes may result in a constructive distribution or a deemed payment of interest to holders of notes.

The exchange rate of the notes is subject to adjustment under certain circumstances. If certain of the possible adjustments to the exchange rate of the notes are made (or there is a failure to make certain adjustments to the exchange rate), a holder generally will be deemed to have received a constructive distribution or possibly a deemed payment of interest. Because such deemed distribution or payment would not give rise to any cash from which any applicable U.S. federal withholding tax can be satisfied, we intend to set-off any withholding tax that we are required to pay with respect to any such distribution or payment against cash payments of interest. See "Certain U.S. Federal Income Tax Considerations — Taxation of Holders of Notes — U.S. Holders — Adjustments to Exchange Rate" and "Certain U.S. Federal Income Tax Considerations — Taxation of Holders of Notes — Non-U.S. Holders — Adjustments to Exchange Rate."

The exchange of notes for cash or a combination of Company common shares and cash will be taxable for holders of notes.

The exchange of notes for cash or a combination of Company common shares and cash will be a taxable transaction for U.S. federal income tax purposes. See "Certain U.S. Federal Income Tax Considerations — Taxation of Holders of Notes — U.S. Holders — Sale, Exchange, Redemption and other Disposition of Notes."

We will withhold U.S. federal income tax from any amount paid to non-U.S. holders of notes upon a redemption of notes or an exchange of notes for cash or a combination of Company common shares and cash.

We intend to withhold U.S. federal income tax from any amount paid to non-U.S. holders of notes upon a redemption of notes or an exchange of notes for cash or a combination of Company common shares and cash. See "Certain U.S. Federal Income Tax Considerations — Taxation of Holders of Notes — Non-U.S. Holders — Sale, Exchange, Redemption and other Disposition of Notes."

The exchange rate of the notes may not be adjusted for all dilutive events, which may adversely affect the trading price of the notes.

The exchange rate of the notes is subject to adjustment for certain events, including, but not limited to, the issuance of share dividends on Company common shares, the issuance of certain rights or warrants, subdivisions, combinations, distributions of common shares of beneficial interest, indebtedness, or assets, cash dividends and certain issuer tender or exchange offers as described under "Description of Notes — Exchange Rights — Exchange Rate Adjustments." However, the exchange rate will not be adjusted for other events, such as certain exchange offers or an issuance of Company

common shares for cash, that may adversely affect the market price of the notes or the Company common shares. An event that adversely affects the value of the notes may occur, and that event may not result in an adjustment to the exchange rate.

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

One component of our business strategy is expansion through acquisitions, and we may not be successful in completing acquisitions that are consistent with our strategy. We compete with institutional pension funds, private equity investors, other REITs, small owners of factory outlet centers, specialty stores and others who are engaged in the acquisition, development or ownership of

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factory outlet centers and stores. These competitors may affect the supply/demand dynamics and, accordingly, increase the price we must pay for factory outlet centers we seek to acquire, and these competitors may succeed in acquiring those factory outlet centers themselves. Also, our potential acquisition targets may find our competitors to be more attractive acquirors 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 for these factory outlet centers may increase in the future, which would increase demand for factory outlet centers and the prices we must pay to acquire them. If we pay higher prices for factory 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, and we cannot assure you that we will be able to reach acceptable terms with the sellers or that these conditions will be satisfied.

The economic performance and the market value of our factory 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.

Our earnings and therefore our profitability is 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 centers on economically favorable lease terms. In addition, the terms of factory 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 necessarily 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 could have a material adverse effect on our results of operations and could result in a lower level of funds for distribution.

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.

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We generally make distributions to Tanger Factory Outlet Centers, Inc. because it is required by law to make distributions to its shareholders.

To obtain the favorable tax treatment associated with its qualification as a REIT, generally, Tanger Factory Outlet Centers, Inc. is required to distribute to its common and preferred shareholders at least 90.0% of its net taxable income (excluding capital gains) each year. As a result, we make distributions to Tanger Factory Outlet Centers, Inc. to enable it to make distributions to its common and preferred shareholders.

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

We continue to develop new factory outlet centers and expand factory 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.

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

Some of the risks to which our factory outlet centers are subject, including risks of war and 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 factory outlet centers, which could adversely affect our results of operations and financial condition, as well as our ability to make payments on the notes.

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.

Historically high fuel prices may impact consumer travel and spending habits.

Our markets are currently experiencing record high fuel prices. Most shoppers use private automobile transportation to travel to our factory outlet centers, and many of our centers are not

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easily accessible by public transportation. Increasing fuel costs may reduce the number of trips to our centers, thus reducing the amount spent at our centers. Many of our factory outlet center locations near tourist destinations may experience an even more acute reduction of shoppers if there were a reduction of people opting to drive to vacation destinations. Such reductions in traffic could adversely impact our percentage rents and ability to renew existing leases and re-lease space at current rental rates.

Increasing fuel costs may also reduce disposable income and decrease demand for retail products. Such a decrease could adversely affect the results of operations of our retail tenants and adversely impact our percentage rents and ability to renew existing leases and re-lease space at current rental rates.

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USE OF PROCEEDS

We estimate the net proceeds of this offering to be approximately \$97.5 million or \$112.2 million if the underwriters exercise their over-allotment option in full, after deducting underwriting discounts and commissions and our estimated offering expenses. The net proceeds will be used to repay the following:

- 8.86%, mortgage debt outstanding with Woodman of the World Life Insurance Society with an original maturity of September 2010, a principal amount outstanding of \$15.3 million and a prepayment charge of \$613,000; and
- amounts outstanding under our unsecured revolving lines of credit and other variable rate debt with a weighted average interest rate as of August 1, 2006 of 6.3%.

Any remaining proceeds will be to make investments in additional properties or development of existing properties and for general corporate purposes.

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DESCRIPTION OF NOTES

We will issue the notes under an indenture dated as of March 1, 1996, as supplemented by the First Supplemental Indenture dated as of March 1, 1996, the Second Supplemental Indenture dated as of October 24, 1997, the Third Supplemental Indenture dated as of February 15, 2001, the Fourth Supplemental Indenture dated as of November 4, 2005, between us, the Company, as guarantor, and U.S. Bank National Association (as successor in interest to State Street Bank and Trust Company), as trustee, and the Fifth Supplemental Indenture to be entered into between us, the Company, as guarantor, and U.S. Bank National Association, as trustee, concurrently with the delivery of the notes. We refer to this document as supplemented as the indenture. The terms of the notes include those expressly set forth in the indenture and those made part of the indenture by reference to the Trust Indenture Act of 1939, as amended, or the Trust Indenture Act. You may request a copy of the indenture from us.

The following description is a summary of the material provisions of the notes and the indenture and does not purport to be complete. This summary is subject to and is qualified by reference to all the provisions of the notes and the indenture, including the definitions of certain terms used in the indenture. We urge you to read the indenture because it, and not this description, defines your rights as a holder of the notes.

For purposes of this description, references to “we,” “our” and “us” refer only to Tanger Properties Limited Partnership and not to its subsidiaries or to Tanger Factory Outlet Centers, Inc.; references to the “Company” refer only to Tanger Factory Outlet Centers, Inc. and not to its subsidiaries and references to “Company common shares” refer to common shares of Tanger Factory Outlet Centers, Inc., par value \$0.01 per share.

General

The notes:

- will be our senior unsecured obligations and will rank equally in right of payment to all of our

existing and future senior unsecured indebtedness and senior to any future subordinated indebtedness;

- will be guaranteed on a senior unsecured basis by the Company; the guarantee will be the Company's senior unsecured obligation and will rank equally in right of payment to all of the Company's existing and future senior unsecured indebtedness and senior to any future subordinated indebtedness;
- will effectively rank junior in right of payment to all of our or the Company's existing and future secured indebtedness and will be structurally subordinated to all liabilities of our subsidiaries;
- will initially be limited to an aggregate principal amount of \$100,000,000 (or \$115,000,000 if the underwriters exercise in full their overallotment option) subject to our right to issue additional notes under the indenture in the future;
- mature on August 15, 2026, unless earlier exchanged, repurchased or redeemed;
- may be redeemed for cash at our option in whole or in part on or after August 18, 2011;
- may be redeemed at any time prior to maturity to the extent necessary to preserve the Company's status as a real estate investment trust, or REIT;
- are subject to repurchase by us at the option of the holder on each of August 18, 2011, August 15, 2016, August 15, 2021, at a purchase price in cash equal to 100% of the principal amount of the notes to be purchased, plus accrued and unpaid interest to, but excluding, the repurchase date; and
- will be represented by one or more registered notes in global form, but in certain limited circumstances may be represented by notes in definitive form (see "— Book-Entry Procedures").

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Subject to fulfillment of certain conditions, the notes are exchangeable for Company common shares at the applicable exchange rate, initially of _____ Company common shares per \$1,000 principal amount of notes (equivalent to an initial exchange price of approximately \$ _____ per Company common share). The exchange rate is subject to adjustment if certain events occur. On exchange, we will deliver cash in an amount equal to not less than the lower of the exchange value and the aggregate principal amount of the notes to be exchanged, and, at our option, Company common shares, cash or a combination thereof for any excess. You will not receive any separate cash payment for any interest accrued and unpaid to the exchange date except under the limited circumstances described below.

The notes will be issued only in denominations of \$1,000 and integral multiples of \$1,000. We use the term "note" in this prospectus supplement to refer to each \$1,000 principal amount of notes.

We may, without the consent of the holders, reopen the notes and issue additional notes under the indenture with the same terms and with the same CUSIP numbers as the notes offered hereby in an unlimited aggregate principal amount, provided that no such additional notes may be issued unless fungible with the notes offered hereby for U.S. federal income tax purposes. We may also from time to time repurchase the notes in open market purchases or negotiated transactions without prior notice to holders.

The registered holder of a note will be treated as the owner of it for all purposes.

Reference is made to the section entitled "Description of Debt Securities and Guarantees — Certain Covenants," beginning on page 10 of the accompanying prospectus, for a description of the covenants applicable to us. The restrictions

described under “Description of Debt Securities and Guarantees — Certain Covenants — Limitations on Incurrence of Indebtedness” in the accompanying prospectus are not applicable to the notes of this series; however, debt securities issued under the indenture prior to the issuance of the notes, as well as other debt securities we may issue subsequent to the issuance of the notes, restrict our ability to incur additional debt or prohibit us from taking other action that could negatively impact holders of such other debt securities as described in that section.

Other than the restrictions described under “Description of Debt Securities and Guarantees — Certain Covenants — Limitations on Incurrence of Indebtedness” with respect to the debt securities outstanding under the indenture (other than the notes of this series) in the accompanying prospectus and the restrictions described under “— Fundamental Change Permits Holders to Require Us to Repurchase Notes” and “— Consolidation, Merger and Sale of Assets” below, and except for the provisions set forth under “— Exchange Rights — Exchange Rate Adjustments — Adjustment to Shares Delivered upon Exchange upon Fundamental Change,” the indenture contains no other provisions that would limit our ability to incur indebtedness or that would afford holders of debt securities protection in the event of a highly leveraged or similar transaction involving us or in the event of a change of control or a decline in our credit rating as the result of a takeover, recapitalization, highly leveraged transaction or similar restructuring involving us that could adversely affect such holders.

Interest

The notes will bear interest at a rate of _____ % per year from the date of initial issuance of the notes, or from the most recent date to which interest has been paid or duly provided for. Interest will be payable semiannually in arrears on February 15 and August 15 of each year, beginning February 15, 2007.

Interest will be paid to the person in whose name a note is registered at the close of business on February 1 or August 1, as the case may be, immediately preceding the relevant interest payment date. Interest on the notes will be computed on the basis of a 360-day year composed of twelve 30-day months.

Ranking

The notes will be our direct, senior unsecured obligations and will rank equally with all of our other unsecured and unsubordinated indebtedness from time to time outstanding. However, the notes

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will be effectively subordinated to our secured indebtedness, which encumbers some of our assets and our consolidated subsidiaries’ assets, including mortgages encumbering some of our or our subsidiaries’ properties and our consolidated subsidiaries’ properties. The notes also are effectively subordinated to all indebtedness of our subsidiaries. As of June 30, 2006, we had approximately \$452.4 million of unsecured long-term indebtedness outstanding. At June 30, 2006, our total outstanding indebtedness, including indebtedness of our consolidated subsidiaries, was approximately \$650.6 million (of which approximately \$198.2 million was secured indebtedness).

Exchange Rights

General

On and after August 18, 2011, holders may exchange each of their notes at an initial exchange rate of

Company common shares per \$1,000 principal amount of notes (equivalent to an initial exchange price of approximately \$ per share of Company common shares) until the close of business on the scheduled trading day immediately preceding the maturity date of August 15, 2026.

Upon the occurrence of any of the conditions described under the headings “— Exchange upon Satisfaction of Trading Price Condition,” “— Exchange Based upon Company Common Share Price,” “— Exchange upon Notice of Redemption,” “Exchange upon Specified Corporate Transactions” and “— Exchange If Company Common Shares Are Not Listed,” holders may exchange each of their notes at an initial exchange rate of Company common shares per \$1,000 principal amount of notes (equivalent to an exchange price of approximately \$ per Company common share) at any time prior to the close of business on the scheduled trading day immediately preceding August 18, 2011. On exchange, we will deliver cash in an amount equal to not less than the lower of the exchange value and the aggregate principal amount of the notes to be exchanged, and, at our option, Company common shares, cash or a combination thereof for any excess.

The exchange rate and the equivalent exchange price in effect at any given time are referred to as the “applicable exchange rate” and the “applicable exchange price,” respectively, and will be subject to adjustment as described below. The exchange price at any given time will be computed by dividing \$1,000 by the applicable exchange rate at such time. A holder may exchange fewer than all of such holder’s notes so long as the notes exchanged are an integral multiple of \$1,000 principal amount.

Upon exchange, you will not receive any separate cash payment for accrued and unpaid interest unless such exchange occurs between a regular record date and the interest payment date to which it relates. Our settlement of exchanges as described below under “— Payment upon Exchange” will be deemed to satisfy our obligation to pay:

- the principal amount of the note; and
- accrued and unpaid interest to, but not including, the exchange date.

As a result, accrued and unpaid interest to, but not including, the exchange date will be deemed to be paid in full rather than cancelled, extinguished or forfeited.

Notwithstanding the preceding paragraph, if notes are exchanged after 5:00 p.m., New York City time, on a record date, holders of such notes at 5:00 p.m., New York City time, on the record date will receive the interest payable on such notes on the corresponding interest payment date notwithstanding the exchange. Notes, upon surrender for exchange during the period from 5:00 p.m., New York City time, on any regular record date to 9:00 a.m., New York City time, on the immediately following interest payment date, must be accompanied by funds equal to the amount of interest payable on the notes so exchanged; provided that no such payment need be made:

- if we have called the notes for redemption; or
- to the extent of any overdue interest, if any overdue interest exists at the time of exchange of such notes.

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If a holder exchanges notes, we will pay any documentary, stamp or similar issue or transfer tax due on the issue of any Company common shares upon the exchange, unless the tax is due because the holder requests any shares to be issued in a name other than the holder’s name, in which case the holder will pay that tax.

Notes in respect of which a holder has delivered a repurchase notice or a notice of exercise of its option to require us to repurchase its notes upon the occurrence of a fundamental change (defined below) may not be surrendered for exchange until the holder has withdrawn the notice in accordance with the indenture.

Exchange upon Satisfaction of Trading Price Condition

A holder may surrender notes for exchange during the five business day period after any ten consecutive trading day period (the “measurement period”) in which the “trading price” per \$1,000 principal amount of notes was less than 98% of the product of the last reported sale price of Company common shares and the exchange rate for such date, subject to compliance with the procedures and conditions described below concerning the trustee’s obligation to make a trading price determination.

The “trading price” of the notes on any date of determination means the average of the secondary market bid quotations obtained by the trustee for \$2.0 million principal amount of the notes at approximately 3:30 p.m., New York City time, on such determination date from three independent nationally recognized securities dealers we select; provided that if three such bids cannot reasonably be obtained by the trustee, but two such bids are obtained, then the average of the two bids shall be used, and if only one such bid can reasonably be obtained by the trustee, that one bid shall be used. If the trustee cannot reasonably obtain at least one bid for \$2.0 million principal amount of the notes from a nationally recognized securities dealer, then the trading price per \$1,000 principal amount of notes will be deemed to be less than 98% of the product of the “last reported sale price” of Company common shares and the exchange rate.

In connection with any exchange upon satisfaction of the above trading pricing condition, the trustee shall have no obligation to determine the trading price of the notes unless we have requested such determination. Further, we shall have no obligation to make such request unless a holder or holders of at least \$1.0 million aggregate principal amount of notes provides us with reasonable evidence that the trading price per \$1,000 principal amount of notes would be less than 98% of the product of the last reported sale price of Company common shares and the exchange rate. At such time, we shall instruct the trustee to determine the trading price of the notes beginning on the next trading day and on each successive trading day until the trading price per \$1,000 principal amount of notes is greater than or equal to 98% of the product of the last reported sale price of Company common shares and the exchange rate.

If the trading price condition has been met, we shall so notify the holders of the notes. If, at any time after the trading price condition has been met, the trading price per \$1,000 principal amount of notes is greater than or equal to 98% of the product of the last reported sale price of Company common shares and the exchange rate for such date, we shall so notify the holders of notes.

The “last reported sale price” of Company common shares on any date means the closing sale price per share (or if no closing sale price is reported, the average of the bid and ask prices or, if more than one in either case, the average of the average bid and the average ask prices) on that date as reported in composite transactions for the principal U.S. securities exchange on which Company common shares are traded or, if Company common shares are not listed on a U.S. national or regional securities exchange, as reported by the Nasdaq Global Market. If Company common shares are not listed for trading on a United States national or regional securities exchange and not reported by the Nasdaq Global Market on the relevant date, the “last reported sale price” will be the last quoted bid price for Company common shares in the over-the-counter market on the relevant date as reported by the National Quotation Bureau or similar organization. If Company common shares are not so quoted, the last reported sale price will be the average of the mid-point of the last bid and ask prices for Company common shares on the relevant date from each of at least three nationally recognized independent investment banking firms selected by us for this purpose. The last reported sale price will be determined without reference to extended or after hours trading.

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“Trading day” means a day during which (i) trading in Company common shares generally occurs, (ii) there is no market disruption event (as defined below) and (iii) a last reported sale price for Company common shares (other than a last reported sale price referred to in the next to last sentence of such definition) is available for such day; provided that if Company common shares are not admitted for trading or quotation on or by any exchange, bureau or other organization referred to in the preceding paragraph (excluding the next to last sentence of that paragraph), “trading day” will mean any business day.

“Market disruption event” means the occurrence or existence for more than a one-half hour period in the aggregate on any scheduled trading day for Company common shares of any suspension or limitation imposed on trading (by reason of movements in price exceeding limits permitted by the stock exchange or otherwise) in Company common shares or in any options, contracts or future contracts relating to Company common shares, and such suspension or limitation occurs or exists at any time before 1:00 p.m. (New York City time) on such day.

Exchange Based upon Company Common Share Price

Holders may surrender notes for exchange in any calendar quarter commencing at any time after September 30, 2006, and only during such calendar quarter, if the closing price of the Company common shares at least 20 trading days in a period of 30 consecutive trading days ending on the last trading day of the preceding calendar quarter is more than 130% of the exchange price per Company common share on the last day of such preceding calendar quarter, which we refer to as the “exchange trigger price.”

The exchange trigger price immediately following issuance of the notes is \$ _____, which is 130% of the initial exchange price per Company common share. The foregoing exchange trigger price assumes that no events have occurred that would require an adjustment to the exchange rate.

We will instruct the exchange agent to determine at the beginning of each calendar quarter whether the notes are exchangeable as a result of the price of Company common shares and to notify us and the trustee.

Exchange upon Notice of Redemption

A holder may surrender for exchange any note called for redemption at any time prior to the close of business on the day that is two business days prior to the redemption date, even if the notes are not otherwise exchangeable at such time. However, if a holder has already delivered a fundamental change repurchase notice with respect to a note, the holder may not surrender that note for exchange until the holder has withdrawn the notice in accordance with the terms of the note.

Exchange upon Specified Corporate Transactions

If we or the Company elect to:

- distribute to all or substantially all holders of Company common shares certain rights entitling them to purchase, for a period expiring within 60 days after the record date of the distribution, Company common shares at less than the last reported sale price of a share of Company common share on the trading day immediately preceding the declaration date of the distribution; or
- distribute to all or substantially all holders of Company common shares our or the Company’s

assets, debt securities or certain rights to purchase our or the Company's securities, which distribution has a per share value as determined by our board of directors exceeding 15% of the last reported sale price of Company common shares on the day preceding the declaration date for such distribution, we must notify the holders of the notes at least 10 business days prior to the ex-dividend date for such distribution. Once we have given such notice, holders may surrender their notes for exchange at any time until the earlier of 5:00 p.m., New York City time, on the business day immediately prior to the ex-dividend date or our

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announcement that such distribution will not take place, even if the notes are not otherwise exchangeable at such time. The ex-dividend date is the first date upon which a sale of Company common shares does not automatically transfer the right to receive the relevant dividend from the seller of the common shares to its buyer.

In addition, if we are party to any transaction or event that constitutes a fundamental change (as defined below), a holder may surrender notes for exchange at any time from and after the 30th scheduled trading day prior to the anticipated effective date of such transaction or event until the fundamental change repurchase date (as defined below). Holders who exchange notes in connection with any such fundamental change occurring prior to August 18, 2011, will also be entitled to an increase (if any) in the exchange rate to the extent described below under “— Exchange Rate Adjustments — Adjustment to Shares Delivered Upon Exchange Upon Fundamental Change.” Upon the occurrence of a fundamental change, holders will also have the right to require us to repurchase their notes as set forth below under “— Fundamental Change Permits Holders to Require Us to Repurchase Notes.” We will notify holders of the occurrence of a fundamental change no later than 30 scheduled trading days prior to the anticipated effective date of such transaction and issue a press release no later than 45 scheduled trading days prior to the anticipated effective date of such transaction.

A holder will also have the right to exchange notes if the Company is a party to a consolidation, merger, binding share exchange or sale or conveyance of all or substantially all of its property and assets, in each case pursuant to which Company common shares would be exchanged into cash, securities and/or other property, even if such transaction does not also constitute a fundamental change. A holder may exercise this exchange right at any time beginning on the 15th calendar day prior to the anticipated effective date of such transaction and ending on the 15th calendar day following the effective date of such transaction. We will notify holders of any such transaction at least 20 calendar days prior to the anticipated effective date of such transaction.

Exchange If Company Common Shares Are Not Listed

A holder may surrender notes for exchange at any time beginning on the first business day after any 30 consecutive trading day period during which Company common shares are not listed on either a U.S. national securities exchange or the Nasdaq Global Market.

Exchange Procedures

Because you will hold a beneficial interest in a global note, to exchange notes you must comply with The Depository Trust Company's procedures for exchanging a beneficial interest in a global note and, if required, pay funds equal to interest payable on the next interest payment date and, if required, pay all taxes or duties, if any.

The date you comply with these requirements is the “exchange date” under the indenture.

If a holder has already delivered a repurchase notice as described under “— Fundamental Change Permits Holders to Require us to Repurchase Notes” with respect to a note, the holder may not surrender that note for exchange until the holder has withdrawn the notice in accordance with the indenture.

Payment upon Exchange

We will settle exchange of all notes validly tendered for exchange for consideration having a value equal to the exchange value of the notes being exchanged. We will pay the exchange value in cash in an amount equal to the lesser of the exchange value and the aggregate principal amount of the notes to be exchanged, and, at our option, Company common shares, cash or a combination thereof for any excess. We will settle each \$1,000 principal amount of notes being exchanged by delivering, on the third trading day immediately following the last day of the related observation period (as defined below), cash, Company common shares or a combination thereof, equal to the sum of the daily settlement amounts (as defined below) for each of the 20 trading days during the related observation period. We refer to such sum as the “exchange value.”

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The “observation period” with respect to any note means the 20 consecutive trading-day period beginning on and including the second trading day after you deliver your exchange notice to the exchange agent.

The “daily settlement amount,” for each of the 20 trading days during the observation period, shall consist of:

- cash in an amount equal to the lesser of \$50 and the daily exchange value relating to such day; and
- to the extent the daily settlement amount exceeds \$50, a number of whole Company common shares equal to the daily share amount (as defined below) for such trading day, subject to our right to deliver cash in lieu of all or a portion of such shares, as described below.

The “daily exchange value” means, for each of the 20 consecutive trading days during the observation period, one-twentieth (1/20) of the product of (1) the applicable exchange rate and (2) the last reported sale price of Company common shares (or the consideration into which Company common shares have been exchanged in connection with certain corporate transactions) on such day.

The “daily share amount” on a given trading day means:

- the excess of the daily exchange value over \$50, divided by
- the last reported sale price of Company common shares (or the consideration into which Company common shares have been exchanged in connection with certain corporate transactions) on that trading day.

By the close of business on the business day prior to the first scheduled trading day of the applicable observation period, we may specify a percentage of the daily share amount that will be settled in cash (the “cash percentage”) and we will notify holders of such cash percentage by notifying the trustee (the “cash percentage notice”). If we elect to specify a cash percentage, the amount of cash that we will deliver in respect of each trading day in the applicable observation period will equal the product of: (i) the cash percentage, (ii) the daily share amount for such trading day and (iii) the closing sale price of Company common shares for such trading day (provided that after the consummation of a fundamental change in which the consideration is comprised entirely of cash, the amount used in this clause (iii) shall

be the cash price per share received by holders of Company common shares in such fundamental change). The number of shares deliverable in respect of each trading day in the applicable cash settlement averaging period will be a percentage of the daily share amount equal to 100% minus the cash percentage. If we do not specify a cash percentage by the close of business on the trading day prior to the scheduled first trading day of the applicable observation period, we must settle 100% of the daily share amount for each trading day in the applicable observation period with Company common shares. We may, at our option, revoke any cash percentage notice by notifying the trustee; provided that we revoke such notice by the close of business on the trading day prior to the scheduled first trading day of the applicable observation period.

We will deliver cash in lieu of any fractional Company common shares based on the closing sale price per share of Company common shares on the on the last day of the applicable observation period. We may be unable to pay the cash portion of the exchange value upon exchange of any notes by holders. Our ability to settle our exchange obligation with respect to the notes in cash may be limited by law or by our debt agreements in existence at the time of such exchange. Accordingly, we cannot assure you that we would have the financial resources, or would be able to arrange financing, to pay any portion of the exchange value in cash. See “Risk Factors — We may not have the cash necessary to pay the principal return and any net amount upon an exchange of notes or to repurchase the notes on specified dates or following certain change in control transactions.”

Notwithstanding any other provision of the notes, no holder of notes shall be entitled to exchange such notes for Company common shares, to the extent applicable, if and to the extent that we have not received such shares from the Company. The Company has agreed with us to issue to us the number of its common shares that we are required to deliver to all holders of notes that elect to exchange notes for such shares. If the Company breaches this obligation and we are unable to deliver

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shares to any holder of notes as described above, we will pay cash to such holder in lieu of the Company common shares otherwise deliverable or issue to such holder a number of our Class A common limited partnership units exchangeable for the shortfall in the number of shares otherwise deliverable, with such Class A common limited partnership units having all the rights and privileges provided in our Amended and Restated Agreement of Limited Partnership.

We will deliver cash in lieu of any fractional Company common shares or common units issuable in connection with payment of the amounts above (based on the last reported sale price of Company common shares on the last day of the applicable observation period).

Exchange Rate Adjustments

The exchange rate will be adjusted as described below, except that we will not make any adjustments to the exchange rate if holders of the notes participate, as a result of holding the notes, in any of the transactions described below without having to exchange their notes.

Adjustment Events

(1) If the Company issues Company common shares as a dividend or distribution on Company common shares, or if the Company effects a share split or share combination, the exchange rate will be adjusted based on the following

formula:

$$ER' = ER_0 \times \frac{OS'}{OS_0}$$

where,

ER_0 = the exchange rate in effect immediately prior to such event;

ER' = the exchange rate in effect immediately after such event;

OS_0 = the number of Company common shares outstanding immediately prior to such event; and

OS' = the number of Company common shares outstanding immediately after such event.

(2) If the Company issues to all or substantially all holders of Company common shares any rights, warrants or convertible securities entitling them for a period of not more than 60 calendar days to subscribe for or purchase Company common shares at a price per share less than the last reported sale price of Company common shares on the business day immediately preceding the date of announcement of such issuance, the exchange rate will be adjusted based on the following formula (provided that the exchange rate will be readjusted to the extent that such rights, warrants or exchangeable securities are not exercised prior to their expiration):

$$ER' = ER_0 \times \frac{OS_0 + X}{OS_0 + Y}$$

where,

ER_0 = the exchange rate in effect immediately prior to such event;

ER' = the exchange rate in effect immediately after such event;

OS_0 = the number of Company common shares outstanding immediately prior to such event;

X = the total number of Company common shares issuable pursuant to such rights; and

Y = the number of Company common shares equal to the aggregate price payable to exercise such rights, warrants or convertible securities divided by the average of the last reported sale prices of Company common shares over the ten consecutive trading-day period ending on the business day immediately preceding the record date (or, if later, the "ex-date" relating such distribution) for the issuance of such rights, warrants or convertible securities.

(3) If the Company distributes shares of beneficial interest, evidences of indebtedness or other assets or property of the Company to all or substantially all holders of Company common shares, excluding:

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- dividends or distributions and rights or warrants referred to in clause (1) or (2) above;
- dividends or distributions paid exclusively in cash; and
- spin-offs to which the provisions set forth below in this paragraph (3) shall apply;
- then the exchange rate will be adjusted based on the following formula:

$$ER' = ER_0 \times \frac{SP_0}{SP_0 - FMV}$$

where,

ER_0 = the exchange rate in effect immediately prior to such distribution;

ER' = the exchange rate in effect immediately after such distribution;

SP_0 = the average of the last reported sale prices of Company common shares over the ten consecutive trading day period ending on the business day immediately preceding the record date for such distribution (or, if earlier, the “ex-date” relating to such distribution); and

FMV = the fair market value (as determined by the board of directors of the Company) of the shares of beneficial interest, evidences of indebtedness, assets or property distributed with respect to each outstanding Company common share on the record date for such distribution (or, if earlier, the “ex-date” relating to such distribution).

With respect to an adjustment pursuant to this clause (3) where there has been a payment of a dividend or other distribution on Company common shares of any class or series, or similar equity interest, of or relating to a subsidiary or other business unit, which we refer to as a “spin-off,” the exchange rate in effect immediately before 5:00 p.m., New York City time, on the record date fixed for determination of shareholders entitled to receive the distribution will be increased based on the following formula:

$$ER' = ER_0 \times \frac{FMV_0 + MP_0}{MP_0}$$

where,

ER_0 = the exchange rate in effect immediately prior to such distribution;

ER' = the exchange rate in effect immediately after such distribution;

FMV_0 = the average of the last reported sale prices of the capital stock or similar equity interest distributed to holders of Company common shares with respect to one share of Company common shares over the first ten consecutive trading-day period after the effective date of the spin-off; and

MP_0 = the average of the last reported sale prices of Company common shares over the first ten consecutive trading-day period after the effective date of the spin-off.

The adjustment to the exchange rate under the preceding paragraph will occur on the tenth trading day from, and including, the effective date of the spin-off; provided that in respect of any exchange within the ten trading days following any spin-off, references within this paragraph (3) to ten days shall be deemed replaced with such lesser number of trading days as have elapsed between such spin-off and the exchange date in determining the applicable exchange rate.

(4) If the Company pays any cash dividend or distribution to all or substantially all holders of Company common shares to the extent that the aggregate of all such cash dividends or distributions paid in any quarter exceeds the dividend threshold amount (as defined below) for such quarter, the exchange rate will be adjusted based on the following formula:

$$ER' = ER_0 \times \frac{SP_0 - T}{SP_0 - C}$$

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where,

ER_0 = the exchange rate in effect immediately prior to the record date for such distribution;

ER' = the exchange rate in effect immediately after the record date for such distribution;

SP_0 = the average of the last reported sale prices of Company common shares over the ten consecutive trading day period ending on the business day immediately preceding the record date for such distribution (or, if earlier, the “ex-date” relating to such distribution);

T = the dividend threshold amount, which shall initially be \$0.34 per quarter and which amount shall be appropriately adjusted from time to time for any share dividends on, or subdivisions or combinations of, Company common shares; provided, that if an exchange rate adjustment is required to be made as a result of a distribution that is not a quarterly dividend either in whole or in part, the dividend threshold amount shall be deemed to be zero; and

C = the amount in cash per share that the Company distributes to holders of Company common shares.

(5) If the Company or any of its subsidiaries makes a payment in respect of a tender offer or exchange offer for Company common shares, if the cash and value of any other consideration included in the payment per share of Company common shares exceeds the last reported sale price of Company common shares on the trading day next succeeding the last date on which tenders or exchanges may be made pursuant to such tender or exchange offer, the exchange rate will be increased based on the following formula:

$$ER' = ER_0 \times \frac{AC + (SP' \times OS')}{SP' \times OS'}$$

where,

ER_0 = the exchange rate in effect on the date such tender or exchange offer expires;

ER' = the exchange rate in effect on the day next succeeding the date such tender or exchange offer expires;

AC = the aggregate value of all cash and any other consideration (as determined by the board of trustees of the Company) paid or payable for shares purchased in such tender or exchange offer;

OS_0 = the number of Company common shares outstanding immediately prior to the date such tender or exchange offer expires;

OS' = the number of Company common shares outstanding immediately after the date such tender or exchange offer expires; and

SP' = the average of the last reported sale prices of Company common shares over the ten consecutive trading-day period commencing on the trading day next succeeding the date such tender or exchange offer expires.

If, however, the application of the foregoing formula would result in a decrease in the exchange rate, no adjustment to the exchange rate will be made.

As used in this section, “ex-date” means the first date on which Company common shares trade on the applicable exchange or in the applicable market, regular way, without the right to receive the issuance or distribution in question.

Except as stated herein, we will not adjust the exchange rate for the issuance of Company common shares or any securities convertible into or exchangeable for Company common shares or the right to purchase Company common shares or such convertible or exchangeable securities.

Events That Will Not Result in Adjustments.

The applicable exchange rate will not be adjusted:

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- upon the issuance of any Company common shares pursuant to any present or future plan providing for the reinvestment of dividends or interest payable on the Company’s securities and the investment of additional optional amounts in Company common shares under any plan;
- upon the issuance of any Company common shares or options or rights to purchase those shares pursuant to any present or future employee, director or consultant benefit plan or program of or assumed by us or any of our subsidiaries;
- upon the issuance of any Company common shares pursuant to any option, warrant, right or exercisable, exchangeable or convertible security outstanding as of the date the notes were first issued;
- for a change in the par value of Company common shares;
- for accrued and unpaid interest; or
- for the avoidance of doubt, for (i) the issuance of common units by us (other than to all or substantially all holders of Company common shares), (ii) the payment of cash or the issuance of Company common shares by the Company upon redemption of any common units or (iii) the payment of cash or the issuance of Company common shares by the Company upon exchange, redemption or repurchase of notes.

Adjustments to the applicable exchange rate will be calculated to the nearest 1/10,000th of a share. We will not be required to make an adjustment in the exchange rate unless the adjustment would require a change of at least 1% in the exchange rate. However, we will carry forward any adjustments that are less than 1% of the exchange rate and make such carried forward adjustments, regardless of whether the aggregate adjustment is less than 1% within one year of the first such adjustment carried forward, upon a fundamental change, upon any call of the notes for

redemption or upon maturity. Except as described in this section, we will not adjust the exchange rate.

Treatment of Reference Property.

In the event of:

- any reclassification of Company common shares;
- a consolidation, merger or combination involving the Company; or
- a sale or conveyance to another person of all or substantially all of the property and assets of the Company, in which holders of the outstanding Company common shares would be entitled to receive cash, securities or other property for their Company common shares, you will be entitled thereafter to exchange your notes into:
 - cash; and
 - in lieu of Company common shares otherwise deliverable, the same type (in the same proportions) of consideration received by holders of Company common shares in the relevant event (“reference property”).

The amount of cash and any reference property you receive will be based on the daily exchange values of reference property and the applicable exchange rate, as described above.

For purposes of the foregoing, the type and amount of consideration that a holder of Company common shares would have been entitled to in the case of reclassifications, consolidations, mergers, sales or transfers of assets or other transactions that cause Company common shares to be exchanged into the right to receive more than a single type of consideration (determined based in part upon any form of shareholder election) will be deemed to be the weighted average of the types and amounts of consideration received by the holders of Company common shares that affirmatively make such an election.

Treatment of Rights. To the extent that we have a rights plan in effect upon exchange of the notes into Company common shares, you will receive, in addition to Company common shares, the

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rights under the rights plan, unless prior to any exchange, the rights have separated from Company common shares, in which case the exchange rate will be adjusted at the time of separation as if we distributed to all holders of Company common shares, our shares of beneficial interest, evidences of indebtedness or assets as described in clause (3) under “— Adjustment Events” above, subject to readjustment in the event of the expiration, termination or redemption of such rights.

Voluntary Increases of Exchange Rate. We are permitted, to the extent permitted by law and subject to the applicable rules of the New York Stock Exchange, to increase the exchange rate of the notes by any amount for a period of at least 20 days if our board of trustees determines that such increase would be in our best interest. We may also (but are not required to) increase the exchange rate to avoid or diminish income tax to holders of Company common shares or rights to purchase Company common shares in connection with a dividend or distribution of shares (or rights to acquire shares) or similar event.

Tax Effect. A holder may, in some circumstances (generally including the distribution of cash dividends to holders of Company common shares that triggers an exchange rate adjustment), be deemed to have received a constructive dividend or payment of additional interest subject to U.S. federal income tax as a result of an adjustment or the nonoccurrence of an adjustment to the exchange rate. Because such deemed dividend or payment would not give rise to any cash from which any applicable U.S. federal withholding tax can be satisfied, we intend to, and the Indenture provides that, we may, set-off any withholding tax that we are required to pay with respect to any such constructive distribution or payment against cash payments of interest on the notes. For a discussion of the U.S. federal income tax treatment of an adjustment to the exchange rate, see “Certain U.S. Federal Income Tax Considerations.”

Adjustment to Shares Delivered upon Exchange upon Fundamental Change

If a fundamental change (as defined below) occurs prior to August 18, 2011, and if you elect to exchange your notes at any time on or after the 30th scheduled trading day prior to the anticipated effective date of such fundamental change until the related fundamental change repurchase date, the exchange rate will be increased by an additional number of Company common shares (the “additional shares”) as described below. We will issue a press release no later than the 45th day prior to the anticipated effective date of such transaction. We will settle exchanges of notes as described below under “— Settlement of Exchanges in a Fundamental Change.”

A “fundamental change” shall be deemed to occur upon the consummation of any transaction or event (whether by means of an exchange offer, liquidation, tender offer, consolidation, merger, combination, reclassification, recapitalization or otherwise) in connection with which more than 50% of Company common shares are exchanged for, converted into, acquired for or constitutes solely the right to receive, consideration which is not at least 90% common shares (or American Depositary Shares representing shares of common shares) that are:

- listed on, or immediately after consummation of such transaction or event will be listed on, a United States national securities exchange; or
- approved, or immediately after the transaction or event will be approved, for quotation on the Nasdaq Global Market or any similar United States system of automated dissemination of quotations of securities prices.

The number of additional shares by which the exchange rate will be increased will be determined by reference to the table below, based on the date on which the fundamental change occurs or becomes effective (the “effective date”) and the price (the “share price”) paid per share of Company common shares in the fundamental change. If holders of Company common shares receive only cash in the fundamental change, the share price will be the cash amount paid per share. Otherwise, the share price will be the average of the last reported sale prices of Company common shares over the five trading-day period ending on the trading day preceding the effective date of the fundamental change.

The share prices set forth in the first row of the table below (i.e., column headers) will be adjusted as of any date on which the exchange rate of the notes is otherwise adjusted. The adjusted

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share prices will equal the share prices applicable immediately prior to such adjustment, multiplied by a fraction, the numerator of which is the exchange rate immediately prior to the adjustment giving rise to the share price adjustment and the denominator of which is the exchange rate as so adjusted. The number of additional shares will be adjusted in the same manner as the exchange rate as set forth under “— Exchange Rate Adjustments.”

The following table sets forth the share price paid per share of Company common shares in the fundamental change and the number of additional shares per \$1,000 principal amount of notes by which the exchange rate will be increased:

Effective Date	Share Price
August 16, 2006	
August 18, 2007	
August 18, 2008	
August 18, 2009	
August 18, 2010	
August 18, 2011	

The exact share prices and effective dates may not be set forth in the table above, in which case:

- If the share price is between two share price amounts in the table or the effective date is between two effective dates in the table, the number of additional shares will be determined by a straight-line interpolation between the number of additional shares set forth for the higher and lower share price amounts and the two dates, as applicable, based on a 365-day year.
- If the share price is greater than \$ _____ per share (subject to adjustment), the exchange rate will not be adjusted.
- If the share price is less than \$ _____ per share (subject to adjustment), the exchange rate will not be adjusted.

Notwithstanding the foregoing, in no event will the total number of Company common shares issuable upon exchange exceed _____ per \$1,000 principal amount of notes, subject to adjustments in the same manner as the exchange rate as set forth above under “— Exchange Rate Adjustments.”

Settlement of Exchanges in a Fundamental Change

As described above under “— Exchange Rate Adjustments — Treatment of Reference Property,” upon effectiveness of any fundamental change, the notes will be exchangeable into reference property or cash and reference property, as applicable. If, as described above, we are required to increase the exchange rate by the additional shares as a result of the fundamental change, notes surrendered for exchange will be settled as follows:

- If the last day of the applicable 20-trading day observation period related to notes surrendered for exchange is prior to the third trading day preceding the effective date of the fundamental change, we will settle such exchange as described above under “— Payment upon Exchange” by delivering the amount of cash, Company common shares (based on the exchange rate without regard to the number of additional shares to be added to the exchange rate as described above) or combination thereof, on the third trading day immediately following the last day of the applicable observation period. In addition, as soon as practicable following the effective date of the fundamental change, we will deliver the increase in such amount of cash and reference property deliverable in lieu of Company common shares, if any, as if the exchange rate had been increased by such number of additional shares during the related observation period (and based upon the related last reported sale prices during such observation period). If such increased amount results in an increase to the amount of cash to be paid to holders, we will pay such increase in cash, and if such increased settlement amount results in an increase to the number of Company common shares, we will deliver such increase by delivering reference

property based on such increased number of shares.

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- If the last day of the applicable observation period related to notes surrendered for exchange is on or following the third scheduled trading day preceding the effective date of the fundamental change, we will settle such exchange as described above under “— Payment upon Exchange” (based on the exchange rate as increased by the additional shares described above) on the later to occur of (1) the effective date of the transaction and (2) third trading day immediately following the last day of the applicable observation period.

Ownership Limit

Notwithstanding any other provision of the notes, no holder of notes shall be entitled to exchange such notes for Company common shares to the extent that receipt of such shares would cause such holder (together with such holder’s affiliates) to exceed the ownership limit contained in the articles of incorporation of the Company. See “Description of Common Shares — Restrictions on Ownership and Transfer” beginning on page 22 of the accompanying prospectus.

Optional Redemption by Us

Prior to August 18, 2011, we may not redeem the notes except to preserve the Company’s qualification as a REIT as described below. On or after August 18, 2011, we may at our option redeem all or part of the notes for cash at a price equal to 100% of the principal amount of the notes being redeemed, plus accrued and unpaid interest, if any, to the date of redemption, on at least 30 days’ and no more than 60 days’ notice. Prior to redeeming any notes at our option, we shall have paid in full the aggregate amount of all interest due on interest payment dates occurring before August 18, 2011.

You may exchange notes or portions of notes called for redemption, even if the notes are not otherwise exchangeable at that time, until the close of business on the day that is two business days prior to the redemption date.

If we decide to redeem fewer than all of the notes, the trustee will select the notes to be redeemed by lot, or in its discretion, on a pro rata basis. If any note is to be redeemed in part only, a new note in principal amount equal to the unredeemed principal portion will be issued. If a portion of your notes is selected for partial redemption and you exchange a portion of your notes, the exchanged portion will be deemed to be part of the portion selected for redemption.

If at any time we determine it is necessary to redeem the notes in order to preserve the Company’s qualification as a REIT, we may redeem all, but not less than all, of the notes then outstanding for cash at a price equal to 100% of the principal amount of the notes being redeemed, plus accrued and unpaid interest, if any, to the redemption date.

We or a third party may, to the extent permitted by applicable law, at any time purchase notes in the open market, by tender at any price or by private agreement. Any notes so purchased may, to the extent permitted by applicable law and subject to restrictions contained in the underwriting agreement with the underwriter, be reissued or resold or may, at our or such third party’s option, be surrendered to the trustee for cancellation. Any notes surrendered for cancellation may not be reissued or resold and will be canceled promptly.

We may deduct and withhold, from the amount payable upon redemption, any amounts required to be deducted and withheld under applicable law.

No sinking fund is provided for the notes.

Repurchase of Notes at Your Option on Specified Dates

On August 18, 2011, August 15, 2016 or August 15, 2021, you may require us to repurchase any outstanding notes for which you have properly delivered and not withdrawn a written repurchase notice, subject to certain additional conditions. You may submit your notes for repurchase to the paying agent at any time from the opening of business on the date that is 25 business days prior to the repurchase date until the close of business on the fifth business day prior to the repurchase date.

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We will repurchase each outstanding note for which you have properly delivered and not withdrawn a written repurchase notice at a repurchase price equal to 100% of the principal amount of the notes being redeemed, plus accrued and unpaid interest up to, but excluding, the repurchase date.

We will pay the repurchase price in cash. For a discussion of the tax treatment of a holder receiving cash, see “Certain U.S. Federal Income Tax Considerations.”

Fundamental Change Permits Holders to Require Us to Repurchase Notes

If a fundamental change occurs at any time, you will have the right, at your option, to require us to repurchase any or all of your notes, or any portion of the principal amount thereof that is equal to \$1,000 or an integral multiple of \$1,000, on a date (the “fundamental change repurchase date”) of our choosing that is not less than 20 nor more than 35 business days after the date of our notice of the fundamental change. The price we are required to pay is equal to 100% of the principal amount of the notes to be purchased plus accrued and unpaid interest to but excluding the fundamental change repurchase date. Any notes purchased by us will be paid for in cash.

On or before the 20th day after the occurrence of a fundamental change, we will provide to all holders of the notes and the trustee and paying agent a notice of the occurrence of the fundamental change and of the resulting repurchase right. Such notice shall state, among other things:

- the events causing the fundamental change;
- the date of the fundamental change;
- the last date on which a holder may exercise the repurchase right;
- the fundamental change repurchase price;
- the fundamental change repurchase date;
- the name and address of the paying agent and the exchange agent, if applicable;
- the applicable exchange rate and any adjustments to the applicable exchange rate;
- that the notes with respect to which a fundamental change repurchase notice has been delivered by a holder may be exchanged only if the holder withdraws the fundamental change repurchase notice in accordance with the terms of the indenture; and
- the procedures that holders must follow to require us to repurchase their notes.

Simultaneously with providing such notice, we will publish a notice containing this information in a newspaper of general circulation in The City of New York or publish the information on our website or through such other public

medium as we may use at that time.

To exercise the repurchase right, you must deliver, on or before the fundamental change repurchase date, the notes to be purchased, duly endorsed for transfer, together with a written repurchase notice and the form entitled “Form of Fundamental Change Repurchase Notice” on the reverse side of the notes duly completed, to the paying agent. Your repurchase notice must state:

- the portion of the principal amount of notes to be purchased, which must be \$1,000 or an integral multiple thereof; and
- that the notes are to be purchased by us pursuant to the applicable provisions of the notes and the indenture.

You may withdraw any repurchase notice (in whole or in part) by a written notice of withdrawal delivered to the paying agent prior to the close of business on the business day prior to the fundamental change repurchase date. The notice of withdrawal shall state:

- the principal amount of the withdrawn notes; and
- the principal amount, if any, which remains subject to the repurchase notice.

We will be required to repurchase the notes on the fundamental change repurchase date. You will receive payment of the fundamental change repurchase price promptly following the later of the

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fundamental change repurchase date or the time of book-entry transfer or the delivery of the notes. If the paying agent holds money or securities sufficient to pay the fundamental change repurchase price of the notes on the second business day following the fundamental change repurchase date, then:

- the notes will cease to be outstanding and interest will cease to accrue (whether or not book-entry transfer of the notes is made or whether or not the note is delivered to the paying agent); and
- all other rights of the holder will terminate (other than the right to receive the fundamental change repurchase price and previously accrued and unpaid interest upon delivery or transfer of the notes).

The repurchase rights of the holders could discourage a potential acquirer of us. The fundamental change repurchase feature, however, is not the result of management’s knowledge of any specific effort to obtain control of us by any means or part of a plan by management to adopt a series of anti-takeover provisions.

The term fundamental change is limited to specified transactions and may not include other events that might adversely affect our financial condition. In addition, the requirement that we offer to repurchase the notes upon a fundamental change may not protect holders in the event of a highly leveraged transaction, reorganization, merger or similar transaction involving us.

If a fundamental change were to occur, we may not have enough funds to pay the fundamental change repurchase price. See “Risk Factors” under the caption “We may not have the cash necessary to pay the principal return and any net amount upon an exchange of notes or to repurchase the notes on specified dates or following certain change in control transactions.” If we fail to repurchase the notes when required following a fundamental change, we will be in default

under the indenture. In addition, we have incurred, and may in the future incur, other indebtedness with change in control provisions permitting the holders thereof to accelerate or to require us to repurchase such indebtedness upon the occurrence of specified change in control events or on some specific dates.

Certain of our debt agreements may limit our ability to repurchase notes.

No notes may be purchased at the option of holders upon a fundamental change if there has occurred and is continuing an event of default other than an event of default that is cured by the payment of the fundamental change repurchase price.

Consolidation, Merger and Sale of Assets

The indenture provides that we or the Company may consolidate with, or sell, lease or convey all or substantially all of its assets to, or merge with or into, any other entity provided that:

- (1) either we or the Company, as the case may be, shall be the continuing entity, or the successor entity (if other than us or the Company, as the case may be) formed by or resulting from any such consolidation or merger or which shall have received the transfer of such assets shall expressly assume payment of the principal of (and premium, if any) and interest on all of the debt securities issued under the indenture, in the case of any successor to us, or the applicable guarantee, in the case of any successor to the Company and the due and punctual performance and observance of all of the covenants and conditions contained in such indenture and, as applicable, such debt securities or guarantees;
- (2) immediately after giving effect to such transaction no event of default, and no event which, after notice or the lapse of time, or both, would become such an event of default, under such indenture shall have occurred and be continuing; and
- (3) an officer's certificate and legal opinion covering such conditions shall be delivered to the applicable trustee.

Although these types of transactions are permitted under the indenture, certain of the foregoing transactions could constitute a fundamental change permitting each holder to require us to repurchase the notes of such holder or allowing the holder to exchange the notes, in each case, as described above.

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Events of Default

Each of the following is an Event of Default:

- (1) default in any payment of interest on any note when due and payable and the default continues for a period of 30 days;
- (2) default in the payment of principal of any note when due and payable at its stated maturity, upon redemption, repurchase, declaration or otherwise;
- (3) failure by us to comply with our obligation to exchange the notes into cash, Company common shares or combination thereof, as applicable, upon exercise of a holder's exchange right, and such failure continues for a period

of 10 days;

- (4) failure by us to issue a fundamental change notice when due, and such failure continues for a period of five days;
- (5) failure by us for 60 days after written notice from the trustee or the holders of at least 25% in principal amount of the notes then outstanding has been received to comply with any of its other agreements contained in the notes or indenture;
- (6) default in the payment of an aggregate principal amount exceeding \$15,000,000 of any evidence of recourse indebtedness of us or the Company or any mortgage, indenture or other instrument under which such indebtedness is issued or by which such indebtedness is secured, such default having occurred after the expiration of any applicable grace period and having resulted in the acceleration of the maturity of such indebtedness, but only if such indebtedness is not discharged or such acceleration is not rescinded or annulled;
- (7) failure of us or the Company within 60 days to pay, bond or otherwise discharge any uninsured judgment or court order in excess of \$15,000,000 which is not stayed on appeal or contested in good faith; and
- (8) certain events of bankruptcy, insolvency or reorganization, or court appointment of a receiver, liquidator or trustee of the Company, us or any significant subsidiary (as defined in Regulation S-X promulgated under the Securities Act) or either of its property.

Modification and Amendment

Reference is made to the section entitled “Description of Debt Securities and Guarantees — Modification of the Indenture,” beginning on page 16 of the accompanying prospectus, for a description of the modification and amendment provisions applicable to the notes. In addition to such provisions, subject to certain exceptions, the indenture or the notes may be amended with the consent of the holders of at least a majority in principal amount of the notes then outstanding (including without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for, notes) and, subject to certain exceptions, any past default or compliance with any provisions may be waived with the consent of the holders of a majority in principal amount of the notes then outstanding (including, without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for, notes). However, without the consent of each holder of an outstanding note affected, no amendment may make any change that adversely affects the exchange rights of any notes, or reduce the fundamental change repurchase price, redemption price or repurchase price of any note or amend or modify in any manner adverse to the holders of notes our obligation to make such payments or the provisions relating to redemption of the notes, whether through an amendment or waiver of provisions in the covenants, definitions or otherwise.

Discharge

We may satisfy and discharge our obligations under the indenture by delivering to the securities registrar for cancellation all outstanding notes or by depositing with the trustee or delivering to the holders, as applicable, after the notes have become due and payable, whether at stated maturity, or any repurchase date, or upon exchange or otherwise, cash or Company common shares sufficient to

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pay all of the outstanding notes and paying all other sums payable under the indenture by us. Such discharge is subject to terms contained in the indenture. See “Description of Debt Securities and Guarantees — Discharge, Defeasance and Covenant Defeasance” in the accompanying prospectus. The notes will not be subject to defeasance or covenant defeasance.

Calculations in Respect of Notes

Except as otherwise provided above, we will be responsible for making all calculations called for under the notes. These calculations include, but are not limited to, determinations of the last reported sale prices of Company common shares, accrued interest payable on the notes and the exchange rate of the notes. We will make all these calculations in good faith and, absent manifest error, our calculations will be final and binding on holders of notes. We will provide a schedule of our calculations to each of the trustee and the exchange agent, and each of the trustee and exchange agent is entitled to rely conclusively upon the accuracy of our calculations without independent verification. The trustee will forward our calculations to any holder of notes upon the request of that holder.

Trustee

U.S. Bank National Association is the trustee, security registrar, paying agent and exchange agent for the notes.

Governing Law

The indenture provides that it and the notes will be governed by, and construed in accordance with, the laws of the State of New York.

Book-Entry Procedures

The Depository Trust Company, New York, New York, or DTC, will act as securities depository for the notes. The notes will be issued as fully-registered securities registered in the name of Cede & Co., which is DTC’s nominee. One fully-registered global note will be issued with respect to the notes. DTC is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, or the Exchange Act. DTC holds securities that its participants deposit with DTC. DTC also facilitates the settlement among participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in participants’ accounts, thereby eliminating the need for physical movement of securities certificates. Direct participants include securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is owned by a number of its direct participants and by The New York Stock Exchange, Inc., the American Stock Exchange, Inc., and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others (called “indirect participants”) such as securities brokers and dealers, banks, and trust companies that clear through or maintain a custodial relationship with a direct participant, either directly or indirectly. The rules applicable to DTC and its participants are on file with the Securities and Exchange Commission, or SEC.

Purchases of notes under the DTC system must be made by or through direct participants, which will receive a credit for the notes on DTC’s records. The ownership interest of each actual purchaser of each note, a “beneficial owner,” will in turn be recorded on the direct and indirect participants’ records. Beneficial owners will not receive written confirmation from DTC of their purchase, but beneficial owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the direct or indirect participant through which the beneficial owner entered into the transaction. Transfers of ownership interests in the notes are to be accomplished by entries made on the books of participants acting on behalf of beneficial owners. Beneficial owners will not receive certificates representing their ownership interests in notes, except in the event that

use of the book-entry system for the notes is discontinued.

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The deposit of notes with DTC and their registration in the name of Cede & Co. effect no change in beneficial ownership. DTC has no knowledge of the actual beneficial owners of the notes; DTC's record reflects only the identity of the direct participants to whose accounts the notes are credited, which may or may not be the beneficial owners. Participants are responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to direct participants, by direct participants to indirect participants, and by direct and indirect participants to beneficial owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices will be sent to DTC. If less than all of the notes within a series are being redeemed, DTC's practice is to determine by lot the amount of the interest of each direct participant in the series to be redeemed. Neither DTC nor Cede & Co. will consent or vote with respect to the notes. Under its usual procedures, DTC will mail an omnibus proxy to us as soon as possible after the record date. The omnibus proxy assigns Cede & Co.'s consenting or voting rights to those direct participants to whose accounts the notes are credited on the record date, which are identified in a listing attached to the omnibus proxy.

Principal and interest payments on the notes will be made to Cede & Co., as nominee of DTC. DTC's practice is to credit direct participants' accounts, upon DTC's receipt of funds and corresponding detail information from us, on the applicable payment date in accordance with their respective holdings shown on DTC's records. Payments by participants to beneficial owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of the participant and not of DTC or us, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. is our responsibility, disbursement of the payments to direct participants is the responsibility of DTC, and disbursement of the payments to the beneficial owners shall be the responsibility of direct and indirect participants.

DTC may discontinue providing its services as securities depository with respect to the notes at any time by giving reasonable notice to us. Under these circumstances, in the event that a successor securities depository is not obtained, certificates representing the notes will be printed and delivered. We may, at any time, decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, certificates representing the notes will be printed and delivered. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that we believe to be reliable, but we take no responsibility for the accuracy thereof.

Same-Day Settlement and Payment

Settlement for the notes will be made by the underwriters in immediately available funds. All payments of principal and interest will be made by us in immediately available funds or the equivalent, so long as DTC continues to make its Same-Day Funds Settlement System available to us.

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DESCRIPTION OF TANGER FACTORY OUTLET CENTERS, INC. COMMON SHARES

The Tanger Factory Outlet Centers, Inc. has authority to issue 50,000,000 common shares, \$0.01 par value per share. In this section, the terms “we,” “our” and “us” refer to the Tanger Factory Outlet Centers, Inc. and not the Tanger Properties Limited Partnership. As of June 30, 2006, we had outstanding 31,000,536 common shares.

General

The following description of our common shares sets forth certain general terms and provisions of our common shares and is in all respects subject to and qualified in its entirety by reference to the applicable provisions of our charter and bylaws.

Terms

Each of our outstanding common shares is entitled to one vote on all matters presented to shareholders for a vote. Holders of our common shares do not have and are not subject to, any preemptive or similar rights.

Except for the election of a director to fill a vacancy on the board of directors and the election of directors by holders of one or more class or series of our preferred shares, directors will be elected by the holders of our common shares at each annual meeting of shareholders by a plurality of the votes cast. Holders of our common shares will not have cumulative voting rights for the election of directors. Consequently, at each annual meeting of shareholders, the holders of a plurality of the our common shares cast for the election of directors at that meeting will be able to elect all of the directors, other than any directors to be elected by the holders of one or more series of our preferred shares. A director may be removed by a majority of votes cast. If a director is elected by a voting group of shareholders, only the shareholders of that voting group may participate in a vote to remove him.

Our common shares will, when issued, be fully paid and non-assessable. Dividends and other distributions may be paid to the holders of our common shares if and when declared by the board of directors of the Company out of funds legally available therefor.

Under North Carolina law, shareholders are generally not liable for our debts or obligations. Payment and declaration of dividends on our common shares and purchases of our shares are subject to certain limitations under North Carolina law and will be subject to certain restrictions if we fail to pay dividends on one or more series of our preferred shares. See “Description of Preferred Shares” in the accompanying prospectus. If we were to experience a liquidation, dissolution or winding up, each of our common shares would, subject to the rights of any holders of our preferred shares to receive preferential distributions, be entitled to participate equally in the assets available for distribution to them after payment of, or adequate provision for, all our known debts and liabilities.

Restrictions on Ownership and Transfer

For us to qualify as a REIT under the Internal Revenue Code of 1986, as amended (the “Code”), not more than 50% in value of our outstanding capital stock may be owned, actually or constructively, by five or fewer individuals during the last half of our taxable year. This requirement is referred to as the “five or fewer” requirement. For purposes of this five or fewer requirement, individuals include the entities that are set forth in Section 542(a)(2) of the Code. Attribution rules in the Code determine if any individual or entity constructively owns our shares under the “five or fewer” requirement. Our capital stock also must be beneficially owned by 100 or more persons during at least 335 days

of a taxable year of 12 months, or during a proportionate part of a shorter taxable year. In addition, rent from a related party tenant is not qualifying income for purposes of the gross income tests under the Code. A related party tenant is generally a tenant in which the REIT or an owner of 10% or more of the REIT owns, actually or constructively, 10% or more of such tenant. To assist us in meeting these requirements, we may take certain actions to limit the actual, beneficial or constructive ownership by a single person or entity of our outstanding equity securities.

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Subject to certain exceptions specified in our charter, no shareholder (other than Stanley K. Tanger, Steven B. Tanger, members of their families, affiliated entities and their transferees) may own, or be deemed to own by virtue of the constructive ownership provisions of the Code, more than 4% of our outstanding common shares. Our charter provides that Stanley K. Tanger, Steven B. Tanger, members of their families, affiliated entities and their transferees may acquire additional common shares, but may not acquire additional shares, such that the five largest beneficial owners of our common shares, taking into account the 4% limit and certain exemptions from such limit that the board of directors has granted to other shareholders, could hold more than 49% of our outstanding common shares. The constructive ownership rules are complex and may cause common shares owned actually or constructively by a group of related individuals and/or entities to be constructively owned by one individual or entity. As a result, the acquisition of less than 4% of our outstanding common shares (or the acquisition of an interest in an entity which owns our common shares) by an individual or entity could cause that individual or entity (or another individual or entity) to constructively own in excess of 4% of our outstanding common shares, and thus subject those common shares to the ownership limit in our charter.

If the board of directors shall at any time determine in good faith that a person intends to acquire or own, has attempted to acquire or own or may acquire or own common shares in the Company in violation of the above limit, the board of directors shall take such action as it deems advisable to refuse to give effect to, or to prevent such ownership or acquisition, including, but not limited to, the redemption of our common shares, refusal to give effect to the ownership or acquisition on our books or instituting proceedings to enjoin such ownership or acquisition.

The board of directors may waive the limit with respect to a particular shareholder if evidence satisfactory to the board of directors and our tax counsel is presented that such ownership will not then or in the future jeopardize our qualification as a REIT. As a condition of such waiver, the board of directors may require opinions of counsel satisfactory to it and/or an undertaking from the applicant with respect to preserving our REIT status. If our common shares are issued in excess of the ownership limit in our charter, or if our shares are transferred in a way that would cause our shares to be beneficially owned by fewer than 100 persons, then the issuance or transfer shall be void, and the intended transferee will acquire no rights to our shares.

The ownership limits described above will be automatically removed if our board of directors determines that it is no longer in our best interest to attempt to qualify, or to continue to qualify, as a REIT. Except as otherwise described above, any change in our ownership limits would require an amendment to our charter. Amendments to our charter require the affirmative vote of holders owning a majority of our outstanding common shares. In addition to preserving our status as a REIT, the ownership limit may have the effect of precluding an acquisition of control of the REIT without the approval of the board of directors.

All certificates representing our common shares will bear a legend referring to the restrictions described above.

All persons who own a specified percentage (or more) of our outstanding capital shares must file an affidavit with us containing information regarding their ownership of our capital shares, as set forth in the applicable Treasury Regulations promulgated under the Code. Under these Treasury Regulations, the percentage will be set between 0.5% and 5%, depending on the number of record holders of our capital shares. In addition, each shareholder shall upon demand be required to disclose to us in writing the information with respect to the direct, indirect and constructive ownership of shares as the board of directors deems necessary to comply with the provisions of the Code applicable to a REIT or to comply with the requirements of any taxing authority or governmental agency.

Transfer Agent

The registrar and transfer agent for our common shares is Computershare Trust Company, NA.

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CERTAIN U.S. FEDERAL INCOME TAX CONSIDERATIONS

The following summary discusses certain material U.S. federal income tax consequences relating to the purchase, ownership, and disposition of the notes and the common shares into which the notes are exchangeable, but does not purport to be a complete analysis of all the potential tax considerations relating thereto. This summary is based upon the provisions of the Code, Treasury Regulations promulgated thereunder, administrative rulings and judicial decisions, all as of the date hereof. These authorities may be changed, possibly retroactively, so as to result in U.S. federal income tax consequences different from those set forth below. We have not sought any ruling from the Internal Revenue Service (“IRS”) with respect to the statements made and the conclusions reached in the following summary, and there can be no assurance that the IRS will agree with such statements and conclusions or that such statements and conclusions, if challenged by the IRS, would be upheld by a court.

This summary is limited to holders who purchase notes for cash upon their initial issuance at their initial price (set forth on the cover of this prospectus supplement), who hold the notes and any common shares issued upon the exchange of the notes as capital assets, and who receive cash or a combination of cash and Company common shares upon an exchange of such notes. This summary also does not address the tax considerations arising under the U.S. federal estate and gift tax laws or the laws of any foreign, state or local jurisdiction. In addition, this discussion does not address tax considerations applicable to an investor’s particular circumstances or to investors that may be subject to special tax rules, including, without limitation:

- banks, insurance companies or other financial institutions;
- persons subject to the U.S. federal alternative minimum tax;
- tax-exempt organizations (except to the extent specifically set forth below under “— Taxation of Holders of Common Shares — Tax-Exempt Holders”);
- dealers in securities or currencies;
- traders in securities that elect to use a mark-to-market method of accounting for their securities holdings;
- foreign persons or entities (except to the extent specifically set forth below);
- regulated investment companies and REITs;
- certain former citizens or long-term residents of the United States;
- U.S. holders (as defined below) whose functional currency is not the U.S. dollar;

- persons who hold the notes or common shares as a position in a hedging transaction, “straddle,” “conversion transaction” or other risk reduction transaction; or
- persons deemed to sell the notes or common shares under the constructive sale provisions of the Code.

If you are considering purchasing the notes, you should consult your tax advisors concerning the application of U.S. federal tax laws to your particular situation as well as any consequences of the purchase, ownership and disposition of the notes and common shares arising under the laws of any state, local or foreign taxing jurisdiction.

For purposes of this summary, a “U.S. holder” means a beneficial owner of a note or common shares received upon the exchange of a note that is:

- a citizen or resident alien individual of the United States;
- a corporation or partnership (or any entity treated as a corporation or partnership for U.S. federal income tax purposes) created or organized in or under the laws of the United States or any political subdivision of the United States;
- an estate the income of which is subject to U.S. federal income taxation regardless of its source; or

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- a trust if it (1) is subject to the primary supervision of a court within the United States and one or more U.S. persons have the authority to control all substantial decisions of the trust or (2) has a valid election in effect under applicable Treasury Regulations to be treated as a U.S. person.

A “non-U.S. holder” means a beneficial owner of a note or common shares received upon the exchange of a note that is not a U.S. holder. Special rules may apply to certain non-U.S. holders such as “controlled foreign corporations,” “passive foreign investment companies,” persons eligible for benefits under income tax conventions to which the United States is a party and certain U.S. expatriates. Non-U.S. holders should consult their own tax advisers to determine the U.S. federal, state, local and other tax consequences that may be relevant to them.

If a holder is an entity treated as a partnership for U.S. federal income tax purposes, the tax treatment of each partner of such partnership will generally depend upon the status of the partner and upon the activities of the partnership. A holder that is treated as a partnership for U.S. federal income tax purposes, and partners in such partnerships, should consult their own tax advisors regarding the tax consequences of the purchase, ownership and disposition of the notes and common shares.

This discussion does not address any aspects of U.S. federal income taxation relating to Tanger Factory Outlet Centers, Inc. or its election to be taxed as a REIT. A summary of certain U.S. federal income tax considerations relating to Tanger Factory Outlet Centers, Inc. is set forth in the accompanying prospectus under the heading “Material Federal Income Tax Considerations to Tanger Factory Outlet Centers, Inc. of its REIT Election.” You are urged to consult your tax advisor regarding the tax consequences to you of:

- the acquisition, ownership and sale of the notes and common shares, including the federal, state, local, foreign and other tax consequences and any reporting requirements ;
- Tanger Factory Outlet Centers, Inc.’s election to be taxed as a REIT for U.S. federal income tax purposes; and
- potential changes in the tax laws.

Taxation of Holders of Notes

U.S. Holders

Interest

Stated interest on the notes will be includable in income by a U.S. holder when received or accrued in accordance with such holder's method of accounting for U.S. federal income tax purposes.

Sale, Exchange, Redemption and other Disposition of Notes

Upon the sale, exchange (including an exchange for cash or a combination of cash and Company, common shares), redemption or other disposition of a note, you generally will recognize capital gain or loss equal to the difference between (i) the amount of cash proceeds and the fair market value of any property received on the sale, exchange, redemption or other disposition (excluding any portion attributable to accrued and unpaid interest, which will be taxable as ordinary income if not previously included in such holder's income) and (ii) your adjusted tax basis in the note. Such capital gain or loss will be long-term capital gain or loss if you have held the note for more than one year at the time of sale, exchange, redemption or other disposition. Long-term capital gains recognized by certain noncorporate U.S. holders, including individuals, generally will be subject to a reduced tax rate. The deductibility of capital losses is subject to limitations.

Adjustments to Exchange Rate

The exchange rate is subject to adjustment under specified circumstances. Pursuant to Section 305 of the Code and the applicable Treasury Regulations thereunder, a holder of notes would, in certain

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circumstances, be deemed to have received a distribution of or with respect to Company common shares if and to the extent that the exchange rate is adjusted (or, in certain circumstances, there is a failure to make an adjustment to the exchange rate), resulting in ordinary income to the extent of Tanger Factory Outlet Centers, Inc.'s current and accumulated earnings and profits. Adjustments to the exchange rate made pursuant to a bona fide reasonable adjustment formula which has the effect of preventing the dilution of the interest of the holders of the notes generally will not be deemed to result in a constructive distribution of Company common shares. Certain of the possible adjustments provided in the notes (including, without limitation, adjustments in respect of taxable dividends to Tanger Factory Outlet Centers, Inc.'s stockholders) do not qualify as being made pursuant to a bona fide reasonable adjustment formula. If such adjustments are made, we intend to take the position that you will be deemed to have received constructive distributions from Tanger Factory Outlet Centers, Inc., even though you have not received any cash or property as a result of such adjustments. The tax consequences of the receipt of a distribution from Tanger Factory Outlet Centers, Inc. are described below under "Taxation of Holders of Common Shares — Taxable U.S. Holders — Distributions Generally" and "Taxation of Holders of Common Shares — Tax-Exempt Holders."

Even if an adjustment to the exchange rate were not to result in a taxable constructive distribution to a holder of notes under Section 305 of the Code because the notes are issued by Tanger Properties Limited Partnership rather than by Tanger Factory Outlet Centers, Inc., it is possible that the IRS could assert that, under principles similar to those of Section 305 of the Code, a holder should recognize taxable income, which might be considered interest or other

ordinary income, and that a holder should include such interest or other income prior to the adjustment. If the IRS successfully asserted that an adjustment to the exchange rate is treated as interest income, then unless such interest is considered to be payable on account of a contingency that is, as of the issue date, either remote or incidental, the notes could be treated as “contingent payment debt instruments.” If the notes were treated as contingent payment debt instruments, you could be required to accrue interest income at a rate higher than the stated interest rate on the debentures and to treat as ordinary income, rather than capital gain, any gain recognized on a sale, exchange or redemption of a note. You are urged to consult you tax advisor regarding the potential application to the notes of the contingent payment debt instrument rules and the consequences thereof.

Non-U.S. Holders

Interest

You will not be subject to the 30% U.S. federal withholding tax with respect to payments of interest on the notes, provided that:

- you do not actually or constructively own 10% or more of the capital or profits interest in us, within the meaning of Section 871(h)(3) of the Code;
- you are not a “controlled foreign corporation” that is related to us within the meaning of Section 864(d)(4) of the Code;
- you are not a bank whose receipt of interest on a note is described in Section 881(c)(3)(A) of the Code; and
- (a) you provide your name and address, and certify, under penalties of perjury, that you are not a U.S. person (which certification may be made on an IRS Form W-8BEN (or applicable successor form)) or (b) you hold your notes through certain foreign intermediaries, and you and the foreign intermediary satisfy the certification requirements of applicable Treasury Regulations.

Special certification rules apply to non-U.S. holders that are pass-through entities rather than corporations or individuals.

If you cannot satisfy the requirements described above, you will be subject to the 30% U.S. federal withholding tax with respect to payments of interest on the notes, unless you provide us with a

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properly executed (1) IRS Form W-8BEN (or applicable successor form) claiming an exemption from or reduction in withholding under the benefit of an applicable tax treaty or (2) IRS Form W-8ECI (or applicable successor form) stating that interest paid on the note is not subject to withholding tax because it is effectively connected with your conduct of a trade or business in the United States. If you are engaged in a trade or business in the United States and interest on a note is effectively connected with the conduct of that trade or business, you will be subject to U.S. federal income tax on that interest on a net income basis (although you will be exempt from the 30% withholding tax, provided you satisfy the certification requirements described above) generally in the same manner as if you were a U.S. person. In addition, if you are a foreign corporation, you may be subject to a branch profits tax equal to 30% (or lower applicable treaty rate) of your earnings and profits for the taxable year, subject to adjustments, that are effectively connected with your conduct of a trade or business in the United States.

Sale, Exchange, Redemption and other Disposition of Notes

Any gain realized upon the sale, exchange (including an exchange of a note for cash or a combination of cash and Company common shares), redemption or other disposition of a note (except with respect to accrued and unpaid interest, which would be taxable as described above) generally will not be subject to U.S. federal income tax unless:

- that gain is effectively connected with your conduct of a trade or business in the United States;
- you are an individual who is present in the United States for 183 days or more in the taxable year of that disposition, and certain other conditions are met; or
- the note constitutes a U.S. real property interest within the meaning of the Foreign Investment in Real Property Tax Act (“FIRPTA”).

If your gain is described in the first bullet point, you will be subject to U.S. tax at graduated rates, in generally the same manner as if you were a U.S. person, and in the case of a non-U.S. holder that is a corporation, the gain may also be subject to the 30% branch profits tax or such lower rate as may be specified in an applicable income tax treaty. If your gain is described in the second bullet point above, you will be subject to a flat tax 30% U.S. federal income tax on the gain, which gain generally may be offset by U.S. source capital losses. If your gain is described in the third bullet point, you would be subject to regular U.S. income tax with respect to such gain in the same manner as a U.S. holder (subject to any applicable alternative minimum tax and a special alternative minimum tax in the case of nonresident alien individuals).

Although the applicable rules are not entirely clear, we intend to take the position that the notes constitute U.S. real property interests and, accordingly, that U.S. federal withholding tax applies under FIRPTA to any redemption by us or Tanger Factory Outlet Centers, Inc. (including an exchange of a note for cash or a combination of cash and Company common shares). Therefore, we intend to withhold 10% of the gross proceeds of any redemption by us or Tanger Factory Outlet Centers, Inc. (including an exchange of a note for cash or a combination of cash and Company common shares). Further, a third party purchaser of a note may withhold on the gross proceeds of the sale based on the position that the notes constitute U.S. real property interests.

You are urged to consult your tax advisor as to whether gain you realize upon the sale, exchange, redemption, or other disposition of a note is exempt from U.S. federal income tax under FIRPTA. If a sale, exchange, redemption, or other disposition of a note is exempt from U.S. federal income tax under FIRPTA and is not otherwise subject to U.S. federal income tax, any amounts withheld from such payments to you may be refunded or credited against your U.S. federal income tax liability, if any, if you file with the IRS, on a timely basis, the required IRS forms.

Adjustments to Exchange Rate

The exchange rate is subject to adjustment in certain circumstances. Any such adjustment would, in certain circumstances, give rise to a deemed distribution or additional interest payment to non-U.S.

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holders of notes. See “U.S. Holders — Adjustments to Exchange Rate” above. In such case, the deemed distribution or additional interest payment would be subject to the rules described under, respectively, “Taxation of Holders of Common Shares — Taxable Non-U.S. Holders — Distributions Generally” below, or “— Interest” above. In addition, if any such adjustment were treated as interest income, then all or a portion of such interest could be treated as “contingent

interest” that is generally subject to U.S. federal withholding tax at a 30% rate, unless reduced or eliminated by an applicable tax treaty. Reductions in withholding tax rates on interest otherwise available under certain income tax treaties may not apply, or may not apply as favorably, to contingent interest.

In the case of a deemed distribution or additional interest payment, because such deemed distributions or payments will not give rise to any cash from which any applicable U.S. federal withholding tax can be satisfied, the indenture provides that we may set-off any withholding tax that we are required to pay with respect to any such distribution against cash payments of interest.

Taxation of Holders of Common Shares

Taxable U.S. Holders

Distributions Generally

Distributions out of Tanger Factory Outlet Centers, Inc.’s current or accumulated earnings and profits will be treated as dividends and, other than with respect to capital gain dividends, and certain amounts that have previously been subject to corporate level tax, discussed below, will be taxable to U.S. holders as ordinary income. See “— Tax Rates” below. As long as Tanger Factory Outlet Centers, Inc. qualifies as a REIT, these distributions will not be eligible for the dividends-received deduction in the case of U.S. holders that are corporations. For purposes of determining whether distributions to holders of common shares are out of Tanger Factory Outlet Centers, Inc.’s current or accumulated earnings and profits, Tanger Factory Outlet Centers, Inc.’s earnings and profits will be allocated first to its outstanding preferred shares and then to its outstanding common shares.

To the extent that Tanger Factory Outlet Centers, Inc. makes distributions in excess of its current and accumulated earnings and profits, these distributions will be treated first as a tax-free return of capital to each U.S. holder. This treatment will reduce your adjusted tax basis in your common shares by the amount of the distribution, but not below zero. Distributions in excess of Tanger Factory Outlet Centers, Inc.’s current and accumulated earnings and profits and in excess of your adjusted tax basis in your common shares will be taxable as capital gains. Such gain will be taxable as long-term capital gain if your holding period for the common shares is greater than one year. Dividends Tanger Factory Outlet Centers, Inc. declares in October, November, or December of any year and which are payable to a holder of record on a specified date in any of these months will be treated as both paid by Tanger Factory Outlet Centers, Inc. and received by the holder on December 31 of that year, provided Tanger Factory Outlet Centers, Inc. actually pays the dividend on or before January 31 of the following year. U.S. holders may not include in their own income tax returns any of Tanger Factory Outlet Centers, Inc.’s net operating losses or capital losses.

Capital Gain Dividends

Distributions that Tanger Factory Outlet Centers, Inc. properly designates as capital gain dividends will be taxable to U.S. holders as gain from the sale or disposition of a capital asset, to the extent that such gain does not exceed Tanger Factory Outlet Centers, Inc.’s actual net capital gain for the taxable year. As described in “— Tax Rates” below, these gains may be taxable to non-corporate U.S. holders at a 15% or 25% rate. If you are a corporation, however, you may be required to treat up to 20% of some capital gain dividends as ordinary income. If Tanger Factory Outlet Centers, Inc. properly designates any portion of a distribution as a capital gain dividend then, except as otherwise required by law, Tanger Factory Outlet Centers, Inc. presently intends to allocate a portion of total capital gain dividends paid or made available to holders of all classes of its shares for the year to the holders of its common shares and preferred shares in proportion to the amount that its total

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dividends, as determined for U.S. federal income tax purposes, paid or made available to holders of such shares for the year bears to the total dividends, as determined for U.S. federal income tax purposes, paid or made available to holders of all classes of its shares for the year.

Passive Activity Losses and Investment Interest Limitations

Distributions by Tanger Factory Outlet Centers, Inc. and gain arising from the sale, exchange or other disposition of the common shares by a U.S. holder will not be treated as passive activity income. As a result, you generally will not be able to apply any “passive losses” against this income or gain. A U.S. holder may elect to treat capital gain dividends, capital gains from the disposition of common shares and qualified dividend income as investment income for purposes of computing the investment interest limitation, but in such case, the holder will be taxed at ordinary income rates on such amount. Other distributions made by Tanger Factory Outlet Centers, Inc., to the extent they do not constitute a return of capital, generally will be treated as investment income for purposes of computing the investment interest limitation.

Retention of Net Capital Gains

Tanger Factory Outlet Centers, Inc. may elect to retain, rather than distribute as a capital gain dividend, all or a portion of its net capital gains. If Tanger Factory Outlet Centers, Inc. makes this election, it would pay tax on its retained net capital gains. In addition, to the extent Tanger Factory Outlet Centers, Inc. so elects, you generally would:

- include your pro rata share of Tanger Factory Outlet Centers, Inc.’s undistributed net capital gains in computing your long-term capital gains in your return for your taxable year in which the last day of Tanger Factory Outlet Centers, Inc.’s taxable year falls, subject to certain limitations as to the amount that is includable,
- be deemed to have paid the capital gains tax imposed on Tanger Factory Outlet Centers, Inc. on the designated amounts included in your capital gains,
- receive a credit or refund for the amount of tax deemed paid by you,
- increase the adjusted basis of your common shares by the difference between the amount of includable gains and the tax deemed to have been paid by you, and
- if you are a corporation, appropriately adjust your earnings and profits for the retained capital gains in accordance with Treasury Regulations to be promulgated by the IRS.

Sale, Exchange, Redemption and other Disposition of Common Shares

Upon the sale, exchange redemption or other disposition of common shares, you generally will recognize capital gain or loss in an amount equal to the difference between (i) the amount of cash proceeds and the fair market value of any property received on the sale, exchange, redemption or other disposition and (ii) your adjusted tax basis in the common shares. Such gain or loss will be long-term capital gain or loss if your holding period in the common shares is more than one year at the time of such disposition. In general, if a U.S. holder recognizes loss upon the sale or other disposition of common shares that it has held for six months or less, after applying certain holding period rules, the loss recognized will be treated as a long-term capital loss to the extent the U.S. holder received distributions from Tanger Factory Outlet Centers, Inc. which were required to be treated as long-term capital gains.

Tax Rates

The maximum tax rate for non-corporate taxpayers for (i) capital gains, including “capital gain dividends,” has generally been reduced to 15% (although, depending on the characteristics of the assets which produced these gains and on designations which Tanger Factory Outlet Centers, Inc. may make, certain capital gain dividends may be taxed at a 25% rate) and (ii) “qualified dividend income”

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has generally been reduced to 15%. In general, dividends payable by a REIT are not eligible for the reduced tax rate on corporate dividends, except to the extent certain holding requirements have been met and the REIT’s dividends are attributable to dividends received from taxable corporations (such as a taxable REIT subsidiary) or to income that was subject to tax at the corporate/REIT level (for example, if Tanger Factory Outlet Centers, Inc. distributes taxable income that it retained and paid tax on in the prior taxable year). Dividends properly designated by Tanger Factory Outlet Centers, Inc. as “capital gain dividends” may be taxable to non-corporate taxpayers at a 15% or 25% tax rate. The applicable provisions of the U.S. federal income tax laws relating to the 15% tax rate are currently scheduled to “sunset” or revert back to the provisions of prior law effective for taxable years beginning after December 31, 2010, at which time the capital gains tax rate will be increased to 20% and the rate applicable to dividends will be increased to the tax rate then applicable to ordinary income.

Taxable Non-U.S. Holders

Distributions Generally

Distributions that are neither attributable to gain from sales or exchanges by Tanger Factory Outlet Centers, Inc. of U.S. real property interests nor designated by Tanger Factory Outlet Centers, Inc. as capital gain dividends will be treated as dividends of ordinary income to the extent they are made out of Tanger Factory Outlet Centers, Inc.’s current or accumulated earnings and profits. Such distributions ordinarily will be subject to U.S. federal withholding tax at the rate of 30% or such lower rate as may be specified by an applicable income tax treaty, unless the distributions are treated as effectively connected with your conduct of a trade or business in the United States. Under certain treaties, lower withholding rates generally applicable to dividends do not apply to dividends from a REIT.

In cases where the dividend income from a non-U.S. holder’s investment in the common shares is, or is treated as, effectively connected with the non-U.S. holder’s conduct of a trade or business in the United States, the non-U.S. holder generally will be subject to U.S. tax at graduated rates, in the same manner as if it were a U.S. person, and, in the case of a non-U.S. holder that is a corporation, the income may also be subject to the 30% branch profits tax or such lower rate as may be specified in an applicable income tax treaty.

Tanger Factory Outlet Centers, Inc. expects to withhold U.S. income tax at the rate of 30% on any distributions made to a non-U.S. holder unless:

- (1) a lower treaty rate applies and the non-U.S. holder provides Tanger Factory Outlet Centers, Inc. with an IRS Form W-8BEN (or applicable successor form) evidencing eligibility for that reduced treaty rate; or
- (2) the non-U.S. holder provides Tanger Factory Outlet Centers, Inc. with an IRS Form W-8 ECI (or applicable successor form) claiming that the distribution is income effectively connected with the non-U.S. holder’s conduct of a trade or business in the United States.

Distributions in excess of Tanger Factory Outlet Centers, Inc.'s current and accumulated earnings and profits will not be taxable to you to the extent that such distributions do not exceed your adjusted tax basis in your common shares, but rather will reduce the adjusted tax basis of such shares. To the extent that such distributions exceed the adjusted tax basis of your common shares, they will give rise to gain from the sale or exchange of such shares, the tax treatment of which is described below. For withholding purposes, Tanger Factory Outlet Centers, Inc. expects to treat all distributions as if made out of its current or accumulated earnings and profits. However, amounts withheld should generally be refundable if it is subsequently determined that the distribution was, in fact, in excess of Tanger Factory Outlet Centers, Inc.'s current and accumulated earnings and profits.

Capital Gain Dividends and Distributions Attributable to a Sale or Exchange of U.S. Real Property Interests

Distributions to a non-U.S. holder that Tanger Factory Outlet Centers, Inc. properly designates as capital gain dividends, other than those arising from the disposition of a U.S. real property interest, generally should not be subject to U.S. federal income taxation, unless:

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- (1) the investment in the common shares is treated as effectively connected with the non-U.S. holder's conduct of a trade or business in the United States, in which case the non-U.S. holder generally will be subject to tax on such gain in the same manner as if it were a U.S. person, except that a non-U.S. holder that is a foreign corporation may also be subject to the 30% branch profits tax, as discussed above; or
- (2) the non-U.S. holder is a nonresident alien individual who is present in the United States for 183 days or more during the taxable year and certain other conditions are met, in which case the nonresident alien individual will be subject to a flat 30% tax on the individual's capital gains (which may generally be offset by U.S. source capital losses).

Pursuant to FIRPTA, distributions to a non-U.S. holder that are attributable to gain from sales or exchanges by Tanger Factory Outlet Centers, Inc. of U.S. real property interests, whether or not designated as capital gain dividends, will cause the non-U.S. holder to be treated as recognizing such gain as income effectively connected with a such non-U.S. holder's conduct of a trade or business in the United States. A non-U.S. holder generally will be subject to tax on such gain in the same manner as if it were a U.S. person, subject to a special alternative minimum tax in the case of nonresident alien individuals. Tanger Factory Outlet Centers, Inc. also will be required to withhold and to remit to the IRS 35% of any distribution to a non-U.S. holder that is designated as a capital gain dividend or, if greater, 35% of a distribution to a non-U.S. holder that could have been designated as a capital gain dividend. The amount withheld is creditable against the non-U.S. holder's U.S. federal income tax liability. However, any distribution with respect to any class of shares which is regularly traded on an established securities market located in the United States is not subject to FIRPTA, and therefore, not subject to the 35% U.S. withholding tax described above, if the non-U.S. holder did not own more than 5% of such class of shares at any time during the one-year period ending on the date of the distribution. Instead, such distributions will be treated as ordinary dividend distributions.

Retention of Net Capital Gains

Although the law is not clear on the matter, it appears that amounts designated by Tanger Factory Outlet Centers, Inc. as retained capital gains in respect of common shares held by U.S. holders generally should be treated with respect to non-U.S. holders in the same manner as actual distributions of capital gain dividends. Under that approach, you would be able to offset as a credit against your U.S. federal income tax liability your proportionate share of the tax paid by

Tanger Factory Outlet Centers, Inc. on such retained capital gains and to receive from the IRS a refund to the extent your proportionate share of such tax paid by us were to exceed your actual U.S. federal income tax liability.

Sale, Exchange, Redemption and other Disposition of Common Shares

Any gain realized upon the sale, exchange, redemption or other disposition of common shares generally will not be subject to U.S. federal income tax unless:

- that gain is effectively connected with your conduct of a trade or business in the United States;
- you are an individual who is present in the United States for 183 days or more in the taxable year of that disposition, and certain other conditions are met; or
- the common shares constitute a U.S. real property interest within the meaning of the Foreign Investment in Real Property Tax Act (“FIRPTA”).

If your gain is described in the first bullet point, you will be subject to U.S. tax at graduated rates, in generally the same manner as if you were a U.S. person, and in the case of a non-U.S. holder that is a corporation, the gain may also be subject to the 30% branch profits tax or such lower rate as may be specified in an applicable income tax treaty. If your gain is described in the second bullet point above, you will be subject to a flat tax 30% U.S. federal income tax on the gain, which gain generally may be offset by U.S. source capital losses. If your gain is described in the third bullet point, you will

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be subject to U.S. tax at graduated rates, in generally the same manner as if you were a U.S. person (subject to any applicable alternative minimum tax and a special alternative minimum tax in the case of nonresident alien individuals) and the purchaser of the common shares would be required to withhold and remit to the IRS 10% of the purchase price.

The common shares will not constitute a “U.S. real property interest” if and for so long as Tanger Factory Outlet Centers, Inc. is a “domestically controlled REIT.” A “domestically controlled REIT” is a REIT in which at all times during a specified testing period less than 50% in value of its shares is held directly or indirectly by non-U.S. persons. However, even if Tanger Factory Outlet Centers, Inc. is a domestically controlled REIT, upon disposition of common shares (subject to the 5% exception applicable to “regularly traded” shares described below), a non-U.S. holder may be treated as having gain from the sale or exchange of a U.S. real property interest if the non-U.S. holder (1) disposes of common shares within a 30-day period preceding the ex-dividend date of a distribution, any portion of which, but for the disposition, would have been treated as gain from the sale or exchange of a U.S. real property interest and (2) acquires, or enters into a contract or option to acquire, other common shares of Tanger Factory Outlet Centers, Inc. shares within 30 days after such ex-dividend date.

If Tanger Factory Outlet Centers, Inc. does not qualify as a domestically controlled REIT at the time a non-U.S. holder sells or otherwise disposes of the common shares, gain arising from the sale or exchange by a non-U.S. holder of the common shares would not be subject to U.S. federal income tax under FIRPTA as a sale of a “U.S. real property interest” if:

- (1) the common shares are “regularly traded,” as defined by applicable Treasury Regulations, on an established securities market such as the NYSE; and

- (2) such non-U.S. holder owned, actually and constructively, 5% or less of Tanger Factory Outlet Centers, Inc.'s common shares throughout the five-year period ending on the date of the sale or disposition.

Tax-Exempt Holders

Dividends on the common shares and gain arising from a sale of common shares will not be unrelated business taxable income to a tax-exempt holder, except as described below. This income or gain will be unrelated business taxable income, however, if a tax-exempt holder holds its common shares as “debt financed property” within the meaning of the Code or if the common shares are used in a trade or business of the tax-exempt holder. Generally, “debt financed property” is property, the acquisition or holding of which was financed through a borrowing by the tax-exempt holder.

For tax-exempt holders which are social clubs, voluntary employee benefit associations, supplemental unemployment benefit trusts, or qualified group legal services plans exempt from federal income taxation under Sections 501(c)(7), (c)(9), (c)(17) or (c)(20) of the Code, respectively, income from an investment in the common shares will constitute unrelated business taxable income unless the organization is able to properly claim a deduction for amounts set aside or placed in reserve for certain purposes so as to offset the income generated by its investment in the common shares. These prospective investors should consult their tax advisors concerning these set aside and reserve requirements.

Notwithstanding the above, a portion of the dividends paid by a “pension-held REIT” may be treated as unrelated business taxable income as to certain trusts that hold more than 10%, by value, of the interests in the REIT. A REIT will not be a “pension-held REIT” if it is able to satisfy the “not closely held” requirement without relying on the look-through exception with respect to certain trusts.

Backup Withholding and Information Reporting

U.S. Holders

We or Tanger Factory Outlet Centers, Inc., as applicable, are required to furnish to the record U.S. holders of the notes and common shares, other than corporations and other exempt U.S. holders, and to the IRS, information with respect to interest paid on the notes and dividends paid on the common shares.

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You may be subject to backup withholding with respect to interest paid on the notes, and dividends paid on Company common shares or with respect to proceeds received from a disposition of the notes or common shares. Certain U.S. holders (including, among others, corporations and certain tax-exempt organizations) are generally not subject to backup withholding. You will be subject to backup withholding if you are not otherwise exempt and you

- fail to furnish your taxpayer identification number (“TIN”), which, for an individual, is ordinarily his or her social security number;
- furnish an incorrect TIN;
- are notified by the IRS that you have failed to properly report payments of interest or dividends; or
- fail to certify, under penalties of perjury, that you have furnished a correct TIN and that the IRS has not notified you that you are subject to backup withholding.

Backup withholding is not an additional tax but, rather, is a method of tax collection. You generally will be entitled to credit any amounts withheld under the backup withholding rules against your U.S. federal income tax liability provided that the required information is furnished to the IRS in a timely manner.

Non-U.S. Holders

If you are a non-U.S. holder, in general, you will not be subject to backup withholding with respect to payments that we or Tanger Factory Outlet Centers, Inc. make to you provided that we or Tanger Factory Outlet Centers, Inc., as applicable, do not have actual knowledge or reason to know that you are a U.S. person and you have given us the statement described above under “— Taxation of Holders of Notes — Non-U.S. Holders — Interest.” In addition, you will not be subject to backup withholding or information reporting with respect to the proceeds of the sale of a note or common shares within the United States or conducted through certain U.S.-related financial intermediaries, if the payor receives the statement described above and does not have actual knowledge or reason to know that you are a U.S. person, as defined under the Code, or you otherwise establish an exemption. However, we or Tanger Factory Outlet Centers, Inc., as applicable, generally will be required to report annually to the IRS and to you the amount of, and the tax withheld with respect to, any interest or dividends paid to you, regardless of whether any tax was actually withheld. Copies of these information returns may also be made available under the provisions of a specific treaty or agreement to the tax authorities of the country in which you reside.

Backup withholding is not an additional tax but, rather, is a method of tax collection. You generally will be entitled to credit any amounts withheld under the backup withholding rules against your U.S. federal income tax liability, if any, and may be entitled to a refund, provided that the required information is furnished to the IRS in a timely manner.

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UNDERWRITING

Citigroup Global Markets Inc. and Banc of America Securities LLC are acting as joint bookrunning managers of the offering.

Subject to the terms and conditions stated in the underwriting agreement dated the date of this prospectus supplement, each underwriter named below has agreed to purchase, and we have agreed to sell to that underwriter, the principal amount of notes set forth opposite the underwriter's name.

Underwriter	Principal Amount of Notes
Citigroup Global Markets Inc.	\$
Banc of America Securities LLC	
Total	\$ 100,000,000

The underwriting agreement provides that the obligations of the underwriters to purchase the notes included in this offering are subject to approval of legal matters by counsel and to other conditions. The underwriters are obligated to purchase all the notes if they purchase any of the notes.

The underwriters propose to offer some of the notes directly to the public at the public offering price set forth on the cover page of this prospectus supplement and some of the notes to dealers at the public offering price less a concession not to exceed % of the principal amount of the notes. The underwriters may allow, and dealers may realow a concession not to exceed % of the principal amount of the notes on sales to other dealers. After the initial offering of the notes to the public, the representatives may change the public offering price and concessions.

We have granted to the underwriters an option, exercisable for 30 days from the date of this prospectus supplement to purchase up to \$ additional principal amount of notes at the public offering price less the underwriting discount. The underwriters may exercise the option solely for the purpose of covering over-allotments, if any, in connection with this offering. To the extent the option is exercised, each underwriter must purchase a principal amount of additional notes approximately proportionate to that underwriter's initial purchase commitment.

We, and certain of our officers and directors, have agreed that, for a period of 60 days from the date of this prospectus supplement, we and they will not, without the prior written consent of the representatives, dispose of or hedge any shares of our common shares or any securities convertible into or exchangeable for our common shares. The representatives in their sole discretion may release any of the securities subject to these lock-up agreements at any time without notice.

The following table shows the underwriting discounts and commissions that we are to pay to the underwriters in connection with this offering. These amounts are shown assuming both no exercise and full exercise of the underwriters' option to purchase additional notes.

	Paid by Tanger Properties Limited Partnership	
	No Exercise	Full Exercise
Per note		
Total		

In connection with the offering, the underwriters may purchase and sell notes in the open market. These transactions may include over-allotment, syndicate covering transactions and stabilizing transactions. Over-allotment involves syndicate sales of notes in excess of the principal amount of notes to be purchased by the underwriters in the offering, which creates a syndicate short position. "Covered" short sales are sales of notes made in an amount up to the principal amount represented by the underwriters' over-allotment option. In determining the source of notes to close out the covered syndicate short position, the underwriters will consider, among other things, the price of notes available for purchase in the open market as compared to the price at which they may purchase notes through the over-allotment option. Transactions to close out the covered syndicate short involve either purchases of the notes in the open market after the distribution has been completed or the exercise of

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the over-allotment option. The underwriters may also make "naked" short sales of notes in excess of the over-allotment option. The underwriters must close out any naked short position by purchasing notes in the open market. A naked

short position is more likely to be created if the underwriters are concerned that there may be downward pressure on the price of the notes in the open market after pricing that could adversely affect investors who purchase in the offering. Stabilizing transactions consist of bids for or purchases of notes in the open market while the offering is in progress.

The underwriters also may impose a penalty bid. Penalty bids permit the underwriters to reclaim a selling concession from a syndicate member when the underwriters, in covering syndicate short positions or making stabilizing purchases, repurchases notes originally sold by that syndicate member in order to cover syndicate short positions or make stabilizing purchases.

Any of these activities may have the effect of preventing or retarding a decline in the market price of the notes. They may also cause the price of the notes to be higher than the price that otherwise would exist in the open market in the absence of these transactions. The underwriters may conduct these transactions in the over-the-counter market or otherwise. If the underwriters commence any of these transactions, they may discontinue them at any time.

We estimate that our total expenses for this offering will be approximately \$2.5 million.

We expect to deliver the notes against payment for the notes on or about the date specified in the last paragraph of the cover page of this prospectus supplement, which will be the fourth business day following the date of the pricing of the notes. Under Rule 15c6-1 of the Exchange Act, trades in the secondary market generally are required to settle in three business days, unless the parties to a trade expressly agree otherwise. Accordingly, purchasers who wish to trade notes on the date of pricing or the next succeeding business day will be required, by virtue of the fact that the notes initially will settle in T+4, to specify alternative settlement arrangements to prevent a failed settlement.

The underwriters have performed investment banking and advisory services for us from time to time for which they have received customary fees and expenses. The underwriters may, from time to time, engage in transactions with and perform services for us in the ordinary course of their business. In addition, we have a \$50 million unsecured revolving line of credit facility originally dated June 30, 2004 and a \$100 million US Treasury Index Lock originally dated November 22, 2005, each with an affiliate of Banc of America Securities LLC.

The base prospectus and the prospectus supplement, together the prospectus, in electronic format may be made available on the websites maintained by one or more of the underwriters.

We have agreed to indemnify the underwriters against certain liabilities, including liabilities under the Securities Act of 1933, or to contribute to payments the underwriters may be required to make because of any of those liabilities.

Selling Restrictions

Each underwriter intends to comply with all applicable laws and regulations in each jurisdiction in which it acquires, offers, sells or delivers notes or has in its possession or distributes the prospectus or any other material with respect to this offering.

Each underwriter has represented, warranted and agreed that:

- it has not offered or sold and, prior to the expiry of a period of six months from the closing date, will not offer or sell any notes included in this offering to persons in the United Kingdom except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or otherwise in circumstances which have not resulted and will not result in an offer to the public in the United Kingdom within the meaning of the Public Offers of Securities Regulations 1995;

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it has only communicated and caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 (“FSMA”)) received by it in connection with the issue or sale of any notes included in this offering in circumstances in which section 21(1) of the FSMA does not apply to us; and

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- it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the notes included in this offering in, from or otherwise involving the United Kingdom.
- it has not offered or sold and will not offer or sell notes in Hong Kong SAR by means of this prospectus or any other document, other than to persons whose ordinary business involves buying or selling shares or debentures, whether as principal or agent or in circumstances which do not constitute an offer to the public within the meaning of the Companies Ordinance (Cap. 32 of the Laws of Hong Kong SAR), and (2) unless it is a person who is permitted to do so under the securities laws of Hong Kong SAR, it has not issued or held for the purpose of issue in Hong Kong and will not issue or hold for the purpose of issue in Hong Kong SAR this prospectus, any other offering material or any advertisement, invitation or document relating to the notes, otherwise than with respect to notes intended to be disposed of to persons outside Hong Kong SAR or only to persons whose business involves the acquisition, disposal, or holding of securities, whether as principal or as agent;
- the notes offered in this prospectus have not been registered under the Securities and Exchange Law of Japan, and it has not offered or sold and will not offer or sell, directly or indirectly, the notes in Japan or to or for the account of any resident of Japan, except (1) pursuant to an exemption from the registration requirements of the Securities and Exchange Law and (2) in compliance with any other applicable requirements of Japanese law; and
- this prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this prospectus or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the notes, may not be circulated or distributed, nor may the notes be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to the public or any member of the public in Singapore other than (1) to an institutional investor or other person specified in Section 274 of the Securities and Futures Act, Chapter 289 of Singapore, or the SFA, (2) to a sophisticated investor, and in accordance with the conditions, specified in Section 275 of the SFA or (3) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Any investor purchasing the notes in the offering is solely responsible for ensuring that any offer or resale of the notes it purchased in the offering occurs in compliance with applicable laws and regulations.

Notice to Prospective Investors in the European Economic Area

In relation to each member state of the European Economic Area that has implemented the Prospectus Directive, each, a relevant member state, with effect from and including the date on which the Prospectus Directive is implemented in that relevant member state, or the relevant implementation date, an offer of the notes described in this prospectus to the public may not be made in that relevant member state prior to the publication of a prospectus in relation to the notes that has been approved by the competent authority in that relevant member state or, where appropriate, approved

in another relevant member state and notified to the competent authority in that relevant member state, all in accordance with the Prospectus Directive, except that it may, with effect from and including the relevant implementation date, make an offer of notes to the public in that relevant member state at any time:

- To any legal entity that is authorized or regulated to operate in the financial markets or, if not so authorized or regulated, whose corporate purpose is solely to invest in securities; or
- to any legal entity that has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than €43,000,000 and (3) an annual net turnover of more than €50,000,000, as shown in its last annual or consolidated accounts; or
- in any other circumstances that do not require the publication by the issuer of a prospectus pursuant to Article 3 of the Prospectus Directive.

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Each purchaser of the notes described in this prospectus located within a relevant member state will be deemed to have represented, acknowledged and agreed that it is a “qualified investor” within the meaning of Article 2(1)(e) of the Prospectus Directive.

For the purposes of this provision, the expression an “offer to the public” in relation to any relevant member state means the communication in any form and by any means of sufficient information on the terms of the offer and the notes to be offered so as to enable an investor to decide to purchase or subscribe the notes, as the expression may be varied in that member state by any measure implementing the Prospectus Directive in that Member State and the expression “Prospectus Directive” means Directive 2003/71/EC and includes any relevant implementing measure in each relevant member state.

The sellers of the notes have not authorized and do not authorize the making of any offer of the notes through any financial intermediary on their behalf, other than offers made by the underwriters with a view to the final placement of the notes as contemplated in this prospectus. Accordingly, no purchaser of the notes, other than the underwriters, is authorized to make any further offer of the notes on behalf of the sellers or the underwriters.

Notice to Prospective Investors in the United Kingdom

This prospectus is only being distributed to and is only directed at persons in the United Kingdom that are qualified investors within the meaning of Article 2(1)(e) of the Prospectus Directive, or Qualified Investors, that are also (i) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the “Order”) or (ii) high net worth entities, and other persons to whom it may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as “relevant persons”). This prospectus and its contents are confidential and should not be distributed, published or reproduced (in whole or in part) or disclosed by recipients to any other persons in the United Kingdom. Any person in the United Kingdom that is not a relevant person should not act or rely on this document or any of its contents.

Notice to Prospective Investors in France

No prospectus (including any amendment, supplement or replacement thereto) nor any offering material relating to the notes described in this prospectus has been submitted to the clearance procedures of the Autorité des Marchés Financiers or by the competent authority of another member state of the European Economic Area and notified to the

Autorité des Marchés Financiers. The notes have not been offered or sold and will not be offered or sold, directly or indirectly, to the public in France. None of this prospectus or any other materials related to the offering or information contained therein relating to the notes has been or will be released, issued, distributed or caused to be released, issued or distributed to the public in France or used in connection with any offer for subscription or sale of the notes to the public in France. Such offers, sales and distributions will be made in France only

- to qualified investors (investisseurs qualifiés) and/or to a restricted circle of investors (cercle restreint d'investisseurs), in each case investing for their own account, as defined in, and in accordance with, Articles L. 411-2, D. 411-1, D. 411-2, D. 734-1, D. 744-1, D. 754-1 and D. 764-1 of the French Code Monétaire et Financier and applicable regulations thereunder; or
- to investment services providers authorized to engage in portfolio management on behalf of third parties; or
- in a transaction that, in accordance with article L.411-2-II-1°-or-2°-or 3° of the French Code monétaire et Financier and Article 211-2 of the General Regulations (Règlement Général) of the Autorité des Marchés Financiers, does not constitute a public offer (appel public à l'épargne).

The notes may be resold directly or indirectly, only in compliance with Articles L.411-1, L.411-2, L.412-1 and L.621-8 through L.621-8-3 of the French Code Monétaire et Financier.

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Notice to Prospective Investors in Italy

The offering of the notes has not been cleared by the Italian Securities Exchange Commission (Commissione Nazionale per le Società e la Borsa, or the CONSOB) pursuant to Italian securities legislation and, accordingly, has represented and agreed that the notes may not and will not be offered, sold or delivered, nor may or will copies of this prospectus or any other documents relating to the notes be distributed in Italy, except (i) to professional investors (operatori qualificati), as defined in Article 31, second paragraph, of CONSOB Regulation No. 11522 of July 1, 1998, as amended, or Regulation No. 11522, or (ii) in other circumstances which are exempted from the rules on solicitation of investments pursuant to Article 100 of Legislative Decree No. 58 of February 24, 1998, or the Financial Service Act, and Article 33, first paragraph, of CONSOB Regulation No. 11971 of May 14, 1999, as amended.

Any offer, sale or delivery of the notes or distribution of copies of this prospectus or any other document relating to the notes in Italy may and will be effected in accordance with all Italian securities, tax, exchange control and other applicable laws and regulations, and, in particular, will be: (i) made by an investment firm, bank or financial intermediary permitted to conduct such activities in Italy in accordance with the Financial Services Act, Legislative Decree No. 385 of September 1, 1993, as amended, or the Italian Banking Law, Regulation No. 11522, and any other applicable laws and regulations; (ii) in compliance with Article 129 of the Italian Banking Law and the implementing guidelines of the Bank of Italy; and (iii) in compliance with any other applicable notification requirement or limitation which may be imposed by CONSOB or the Bank of Italy.

This prospectus and the information contained therein are intended only for the use of its recipient and, unless in circumstances which are exempted from the rules on solicitation of investments pursuant to Article 100 of the "Financial Service Act" and Article 33, first paragraph, of CONSOB Regulation No. 11971 of May 14, 1999, as amended, is not to be distributed, for any reason, to any third party resident or located in Italy. No person resident or located in Italy other than the original recipients of this document may rely on it or its content.

Italy has only partially implemented the Prospectus Directive, the provisions under the heading “European Economic Area” above shall apply with respect to Italy only to the extent that the relevant provisions of the Prospectus Directive have already been implemented in Italy.

Insofar as the requirements above are based on laws which are superseded at any time pursuant to the implementation of the Prospectus Directive, such requirements shall be replaced by the applicable requirements under the Prospectus Directive.

Notice to Prospective Investors in the Netherlands

The offer in The Netherlands of the notes included in this offering is exclusively limited to persons who trade or invest in securities in the conduct of a profession or business (which include banks, stockbrokers, insurance companies, pension funds, other institutional investors and finance companies and treasury departments of large enterprises).

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VALIDITY OF SECURITIES

The validity of the Operating Partnership's Exchangeable Senior Notes will be passed upon for us by Latham & Watkins, LLP, New York, New York. The validity of the Company common shares issuable upon exchange of the Exchangeable Senior Notes will be passed upon for us by Vernon, Vernon, Wooten, Brown, Andrews & Garrett, P.A., Burlington, North Carolina. Certain legal matters will be passed upon for the underwriters by Clifford Chance US LLP, New York, New York.

EXPERTS

The financial statements and management's assessment of the effectiveness of internal control over financial reporting (which is included in Management's Report on Internal Control Over Financial Reporting) incorporated in this Prospectus by reference to the Current Report on Form 8-K dated August 9, 2006 of Tanger Factory Outlet Centers, Inc. have been so incorporated in reliance on the report of PricewaterhouseCoopers LLP, an independent registered public accounting firm, given on the authority of said firm as experts in auditing and accounting.

The financial statements and management's assessment of the effectiveness of internal control over financial reporting (which is included in Management's Report on Internal Control over Financial Reporting) incorporated in this Prospectus by reference to the Current Report on Form 8-K dated August 9, 2006 of Tanger Properties Limited Partnership have been so incorporated in reliance on the report of PricewaterhouseCoopers LLP, an independent registered public accounting firm, given on the authority of said firm as experts in auditing and accounting.

WHERE YOU CAN FIND MORE INFORMATION

We and Tanger Factory Outlet Centers, Inc. have filed with the Commission a registration statement on Form S-3 (Reg. No. 333-136448) with respect to this offering. This prospectus supplement does not contain all the information contained in the registration statement, including its exhibits and schedules. You should refer to the registration statement, including the exhibits and schedules, for further information about us and the securities we are offering. Statements we make in this prospectus supplement about certain contracts or other documents are not necessarily

complete. When we make such statements, we refer you to the copies of the contracts or documents that are filed as exhibits to the registration statement, because those statements are qualified in all respects by reference to those exhibits. The registration statement, including exhibits and schedules, is on file at the offices of the Commission and may be inspected without charge. We and Tanger Factory Outlet Centers, Inc. file annual, quarterly and special reports, proxy statements and other information with the Commission. These filings with the Commission, including the registration statement, are available to the public over the Internet at the Commission's web site at <http://www.sec.gov>. You also may read and copy documents we filed with the Commission at the Commission's public reference room at 100 F Street, N.E., Room 1580, Washington, D.C. 20549. Please call the Commission at 1-800-SEC-0330 for further information about their public reference room. You may also obtain copies of our filings with the Commission at prescribed rates by writing to the Public Reference Section of the Commission at 100 F Street, N.E., Room 1580, Washington, D.C. 20549. Our and Tanger Factory Outlet Centers, Inc.'s filings with the Commission are also available at the offices of the New York Stock Exchange, 20 Broad Street, New York, New York 10005. Commission rules allow us to include some of the information required to be in the registration statement by incorporating that information by reference to documents we file with them. That means we can disclose important information to you by referring you to those documents. The information incorporated by reference is an important part of this prospectus, and information that we file later with the Commission will automatically update and supersede this information. We incorporate by reference the documents we have filed with the Commission listed below and any future filings we make with the Commission under Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act (other than information in such documents that is deemed not to be filed) until we sell all of the securities covered by this prospectus:

Tanger Properties Limited Partnership:

- Annual Report on Form 10-K for the year ended December 31, 2005;

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- Quarterly Reports on Form 10-Q for the quarter ended March 31, 2006 and June 30, 2006; and
- Current Report on Form 8-K filed on August 9, 2006.

Tanger Factory Outlet Centers, Inc.:

- Annual Report on Form 10-K for the year ended December 31, 2005;
- Quarterly Reports on Form 10-Q for the quarters ended March 31, 2006 and June 30, 2006;
- Current Reports on Form 8-K filed on February 9, 2006, February 10, 2006, March 2, 2006, March 29, 2006, August 9, 2006; and
- Definitive proxy statement filed on April 10, 2006.

You may also find these filings on our website at www.tangeroutlet.com or you may request a copy of any filings referred to above (excluding exhibits), at no cost, by contacting us at the following address:

Tanger Properties Limited Partnership
c/o Tanger Factory Outlet Centers, Inc.
Attention: Investor Relations
3200 Northline Avenue, Suite 360
Greensboro, NC 27408
(336) 292-3010

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Tanger Factory Outlet Centers, Inc.

Preferred Shares
Depositary Shares
Common Shares
Common Share Warrants

and

Tanger Properties Limited Partnership

Debt Securities

Tanger Factory Outlet Centers, Inc. may from time to time offer:

- (1) preferred shares;
- (2) preferred shares represented by depositary shares;
- (3) common shares; or
- (4) warrants to purchase our common shares; and

Tanger Properties Limited Partnership may from time to time offer in one of more series its debt securities, which may either be senior or subordinated.

Tanger Factory Outlet Centers, Inc. and its subsidiaries is referred to in this prospectus as the Company and Tanger Properties Limited Partnership and its subsidiaries is referred to in this prospectus as the Operating Partnership. The terms “we”, “our” and “us” refer to the Company and the Operating Partnership together, as the context requires.

The preferred shares, depositary shares, common shares, warrants to purchase our common shares and debt securities (collectively, the “Offered Securities”) may be offered, separately or together, in separate series, in amounts, at prices and on terms that will be set forth in one or more prospectus supplements to this prospectus; provided that the Company will unconditionally guarantee the payment of principal and a premium, if any, and interest on the debt securities, to the extent and on the terms described herein and in any accompanying prospectus supplement to this prospectus. Under this Registration Statement, the Company can issue equity securities and debt guarantees, but not debt securities, and the Operating Partnership can issue only debt securities.

This prospectus describes some of the general terms that may apply to these securities. The specific terms of any securities to be offered will be described in a supplement to this prospectus. The specific terms may include limitations on direct or beneficial ownership and restrictions on transfer, in each case as may be appropriate to preserve our status as a real estate investment trust (“REIT”) for federal income tax purposes.

See “Risk Factors” beginning on page 2 of this Prospectus for a description of certain factors that should be considered by purchasers of our securities.

Our common shares are traded on the New York Stock Exchange under the symbol “SKT.” On August 8, 2006 the last reported sale price of our common shares was \$32.19 per share.

Our securities may be offered directly, through agents designated from time to time by us, or to or through underwriters or dealers. If any agents or underwriters are involved in the sale of any of our securities, their names, and any applicable purchase price, fee, commission or discount arrangement between or among them, will be set forth, or will be calculable from the information set forth, in the applicable prospectus supplement. None of our securities may be sold without delivery of the applicable prospectus supplement describing the method and terms of the offering of those securities.

This prospectus describes some of the general terms that may apply to these securities. The specific terms of any securities to be offered will be described in a supplement to this prospectus.

Neither the Securities and Exchange Commission nor any other state securities commission has approved or disapproved of these securities or passed upon the accuracy or adequacy of this prospectus. Any representation to the contrary is a criminal offense.

Prospectus dated August 9, 2006

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WHERE YOU CAN FIND MORE INFORMATION

We file annual, quarterly and special reports, proxy statements and other information with the Securities and Exchange Commission, or the SEC. You can inspect and copy these reports, proxy statements and other information at the Public Reference Room of the SEC, 100 F Street, N.E., Washington, D.C. 20549. You can obtain copies of these materials from the Public Reference Section of the SEC, 100 F Street, N.E., Washington, D.C. 20549, at prescribed rates. Please call the SEC at 1-800-SEC-0330 for further information on the operation of the public reference room. Our SEC filings will also be available to you on the SEC's website at <http://www.sec.gov> and through the New York Stock Exchange, 20 Broad Street, New York, New York 10005, on which our common stock is listed.

We have filed with the SEC a registration statement on Form S-3 relating to the securities covered by this prospectus. This prospectus, which forms a part of the registration statement, does not contain all the information that is included in the registration statement. You will find additional information about us in the registration statement. Any statements made in this prospectus concerning the provisions of legal documents are not necessarily complete and you should read the documents that are filed as exhibits to the registration statement or otherwise filed with the SEC for a more complete understanding of the document or matter.

INCORPORATION OF CERTAIN INFORMATION BY REFERENCE

The SEC allows the "incorporation by reference" of the information filed by us with the SEC into this prospectus, which means that important information can be disclosed to you by referring you to those documents and those documents will be considered part of this prospectus. Information that we file later with the SEC will automatically update and supersede the previously filed information. The documents listed below and any future filings we make with the SEC under Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act") are incorporated by reference herein.

Tanger Factory Outlet Centers, Inc.:

- Annual Report on Form 10-K for the year ended December 31, 2005;
- Quarterly Reports on Form 10-Q for the quarters ended March 31, 2006 and June 30, 2006;
- Current Reports on Form 8-K filed on February 9, 2006, February 10, 2006, March 2, 2006, March 29, 2006, August 9, 2006; and
- Definitive proxy statement filed on April 10, 2006.

Tanger Properties Limited Partnership:

- Annual Report on Form 10-K for the year ended December 31, 2005;
- Quarterly Reports on Form 10-Q for the quarters ended March 31, 2006 and June 30, 2006;
- and
- Current Report on Form 8-K filed on August 9, 2006.

You may also find these filings on our website at www.tangeroutlet.com. If you make a request for such information in writing or by telephone, we will provide you, without charge, a copy of any or all of the information incorporated by reference into this prospectus. Any such request should be directed to:

Tanger Factory Outlet Centers, Inc.
Attention: Investor Relations
3200 Northline Avenue, Suite 360
Greensboro, NC 27408
(336) 292-3010
www.tangeroutlet.com

You should rely only on the information contained in, or incorporated by reference in, this prospectus. We have not authorized anyone else to provide you with different or additional

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information. This prospectus does not offer to sell or solicit any offer to buy any notes in any jurisdiction where the offer or sale is unlawful. You should not assume that the information in this prospectus or in any document incorporated by reference is accurate as of any date other than the date on the front cover of the applicable document.

DISCLOSURE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus, any accompanying prospectus supplement and the documents incorporated by reference herein and therein may contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Such forward-looking statements are subject to certain risks, uncertainties, and typically can be identified by the use of words such as “will,” “expect,” “estimate,” “anticipate,” “forecast,” “plan,” “believe” and similar terms. Although we believe that our expectations are reasonable, we can give no assurance that these expectations will prove to have been correct, and actual results may vary materially. Factors that could cause actual results to differ materially from those contemplated above include, among others:

- national and local general economic and market conditions;
- demographic changes; our ability to sustain, manage or forecast our growth; existing governmental regulations and changes in or the failure to comply with, government regulations;
- adverse publicity; liability and other claims asserted against us;
- competition;
- the risk that we may not be able to finance our planned development activities;
- risks related to the retail real estate industry in which we compete, including the potential adverse impact of external factors such as inflation, tenant demand for space, consumer confidence, unemployment rates and consumer tastes and preferences;
- the risk that historically high fuel prices may impact consumer travel and spending habits;
- risks associated with our development activities, such as the potential for cost overruns, delays and lack of predictability with respect to the financial returns associated with these development activities;
- risks associated with real estate ownership, such as the potential adverse impact of changes in the local economic climate on the revenues and the value of our properties;
- risks that we incur a material, uninsurable loss of our capital investment and anticipated profits from one of our properties, such as those that result from wars, earthquakes or hurricanes;
- risks that a significant number of tenants may become unable to meet their lease obligations, including as a result of tenant bankruptcies, or that we may be unable to renew or re-lease a significant amount of available space on economically favorable terms;
- fluctuations and difficulty in forecasting operating results; changes in business strategy or development plans;
- business disruptions;
- the ability to attract and retain qualified personnel;
- the ability to realize planned costs savings in acquisitions; and

- retention of earnings.

Additional factors that may cause risks, uncertainties and assumptions include those discussed in the section entitled “Business” in our Annual Reports on Form 10-K for the fiscal year ended December 31, 2005 (the “Annual Report”), including the subheadings entitled “Recent

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Developments,” “The Factory Outlet Concept,” “Our Factory Outlet Centers,” “Business, Growth and Operating Strategy,” “Capital Strategy,” “Competition,” and the section entitled “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in the Current Report on Form 8-K dated August 9, 2006.

You should rely only on the information contained or incorporated by reference in this prospectus and in any accompanying prospectus supplement. We have not authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. We are not making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should assume that the information appearing in this prospectus, as well as information we previously filed with the SEC and incorporated by reference, is accurate as of its date only. Our business, financial condition, results of operations and prospects may have changed since those dates.

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THE COMPANY AND THE OPERATING PARTNERSHIP

We are one of the largest owners and operators of factory outlet centers in the United States. We are organized to operate as an equity real estate investment trust, or REIT. We are a fully-integrated, self-administered and self-managed real estate company that focuses exclusively on developing, acquiring, owning and operating factory outlet centers. We provide all development, leasing and management services for our centers. As of June 30, 2006, we owned 29 centers in 21 states coast to coast, totaling approximately 8.0 million square feet of gross leasable area. These centers were 96% occupied at that date. We also manage for a fee and own a 50% interest in one center containing approximately 402,000 square feet and manage for a fee three centers totaling approximately 293,000 square feet.

The Company’s wholly owned subsidiary, Tanger GP Trust, serves as the general partner of the Operating Partnership. The factory outlet centers and other assets of the Company’s business are owned by, and all of its operations are conducted by, the Operating Partnership. 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.

Organizational Chart

In order to maintain our qualification as a REIT for federal income tax purposes, we are required to distribute at least

90% of our taxable income each year.

The Company and the Operating Partnership are organized under the laws of the state of North Carolina and maintain their principal executive offices at 3200 Northline Avenue, Suite 360, Greensboro, North Carolina 27408 and the telephone number at that address is (336) 292-3010.

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RISK FACTORS

You should carefully consider the following risk factors and other information in this prospectus and the related prospectus supplement before deciding to buy our securities:

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

One component of our business strategy is expansion through acquisitions, and we may not be successful in completing acquisitions that are consistent with our strategy. We compete with institutional pension funds, private equity investors, other REITs, small owners of factory outlet centers, specialty stores and others who are engaged in the acquisition, development or ownership of factory outlet centers and stores. These competitors may affect the supply/demand dynamics and, accordingly, increase the price we must pay for factory outlet centers we seek to acquire, and these competitors may succeed in acquiring those factory 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 for factory outlet centers may increase in the future, which would increase demand for these factory outlet centers and the prices we must pay to acquire them. If we pay higher prices for factory 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, and we cannot assure you that we will be able to reach acceptable terms with the sellers or that these conditions will be satisfied.

The economic performance and the market value of our factory 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.

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 centers on economically favorable lease terms. In addition, the terms of factory 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 necessarily 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.

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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 could have a material adverse effect on our results of operations and could result in a lower level of funds for distribution.

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.

We are required by law to make distributions to our shareholders.

To obtain the favorable tax treatment associated with our qualification as a REIT, generally, we are required to distribute to our common and preferred shareholders at least 90.0% of our net taxable income (excluding capital gains) each year. We depend upon distributions or other payments from our Operating Partnership to make distributions to our common and preferred shareholders.

Our 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 us to qualify as a REIT under the Internal Revenue Code of 1986, as amended (the "Internal Revenue Code"). However, we cannot assure you that we have qualified or will remain qualified as a REIT. If in any taxable year we were to fail to qualify as a REIT and certain statutory relief provisions were not applicable, we 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. In addition, unless we were entitled to relief under statutory provisions, we could not elect to be subject to tax as a REIT for four taxable years following the year during which we were disqualified. Our failure to qualify for taxation as a REIT would have an adverse effect on the market price and marketability of our securities.

We depend on distributions from our Operating Partnership to meet our financial obligations, including dividends.

Our operations are conducted by our Operating Partnership, and our only significant asset is our interest in our Operating Partnership. As a result, we depend upon distributions or other payments from our Operating Partnership in order to meet our financial obligations, including our obligations under any guarantees or to pay dividends or liquidation payments to our common and preferred shareholders. As a result, these obligations are effectively subordinated to existing and future liabilities of the Operating Partnership. Our Operating Partnership is a party to loan agreements with various bank lenders that require our Operating Partnership to comply with various financial and other covenants before it may make distributions to us. Although our Operating Partnership presently is in compliance with these covenants, we cannot assure you that it will continue to be in compliance and that it will be able to make distributions to us.

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

We continue to develop new factory outlet centers and expand factory 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

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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.

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

Some of the risks to which our factory outlet centers are subject, including risks of war and 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 factory outlet centers, which could adversely affect our results of operations and financial condition, as well as our ability to make distributions to our stockholders.

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.

Historically high fuel prices may impact consumer travel and spending habits.

Our markets are currently experiencing historically high fuel prices. Most shoppers use private automobile transportation to travel to our factory outlet centers and many of our centers are not easily accessible by public transportation. Increasing fuel costs may reduce the number of trips to our centers thus reducing the amount spent at our centers. Many of our factory outlet center locations near tourist destinations may experience an even more acute reduction of shoppers if there were a reduction of people opting to drive to vacation destinations. Such reductions in traffic could adversely impact our percentage rents and ability to renew and release space at current rental rates.

Increasing fuel costs may also reduce disposable income and decrease demand for retail products. Such a decrease 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 current rental rates.

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RATIOS OF EARNINGS TO FIXED CHARGES AND EARNINGS TO COMBINED FIXED CHARGES AND PREFERRED SHARE DIVIDENDS

The following table sets for ratios of earnings to fixed charges and earnings to combined fixed charges and preferred share dividends for the periods shown. The ratios of earnings to fixed charges were computed by dividing earnings by fixed charges. For this purpose, earnings have been calculated by adding fixed charges (excluding capitalized interest), amortization of capitalized interest and distributed income of unconsolidated joint ventures to income from continuing operations before adjustment for equity in earnings of unconsolidated joint ventures and minority interests. Fixed charges consist of interest costs, whether expensed or capitalized, the amortization of debt issue costs, whether expensed or capitalized and the interest factor of rental expense.

Ratio of Earnings to Fixed Charges

Six Months Ended June 30,	
2006	2005
1.4	1.8

Years Ended December 31,				
2005	2004	2003	2002	2001