TANGER FACTORY OUTLET CENTERS INC
Form 424B5
December 12, 2003

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As Filed Pursuant to Rule 424(b)(5)
Registration No. 333-061394

PROSPECTUS SUPPLEMENT
(To Prospectus Dated August 28, 2002)

2,300,000 Shares
Tanger Factory Outlet Centers, Inc.
Common Shares
$40.50 per share

We are selling 2,300,000 of our common shares. We have granted the underwriters an option to purchase up to 345,000 additional common shares to cover over-allotments.

Our common shares are listed on the New York Stock Exchange under the symbol "SKT." The last reported sale price on the New York Stock Exchange on December 10, 2003 was $40.92 per share.

Investing in our common shares involves risks. See "Risk Factors" on page S-10 of this prospectus supplement and page 4 in the accompanying prospectus.

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 to which it relates are truthful or complete. Any representation to the contrary is a criminal offense.

	Per Share	Total
Public Offering Price	$ 40.50	$ 93,150,000
Underwriting Discount	$ 2.025	$ 4,657,500
Proceeds to us (before expenses)	$ 38.475	$ 88,492,500

The underwriters expect to deliver the shares to purchasers on or about December 16, 2003.

Citigroup
Sole Book-Running Manager

Goldman, Sachs & Co.
Co-Lead Manager

Banc of America Securities LLC

UBS Investment Bank

December 10, 2003.

You should rely only on the information contained in or incorporated by reference in this prospectus supplement. We have not authorized anyone to provide you with different information. We are not making an offer of these securities in any state where the offer is not permitted. You should not assume that the information contained in this prospectus is accurate as of any date other than the date on the front of this prospectus supplement.

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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 shares. You should read the prospectus supplement and the prospectus, as well as the documents incorporated herein and therein by reference. Unless the context indicates otherwise, *the term the "Company" refers to Tanger Factory Outlet Centers, Inc. and its consolidated subsidiaries and the term "Operating Partnership" refers to Tanger Properties Limited Partnership. The terms "we", "our" and "us" refer to the Company or the Company and the Operating Partnership together, as the context requires. Unless otherwise indicated, information in this prospectus supplement is provided assuming that (i) financial information is presented as of, or for the period ended, September 30, 2003, (ii) property information presented as of December 1, 2003 includes our Myrtle Beach Center held through an unconsolidated joint venture in which we own a 50% interest and (iii) the underwriters' over-allotment option is not exercised.*

Tanger Factory Outlet Centers, Inc.

The Company

We are a fully-integrated, self-administered and self-managed real estate investment trust, or REIT, focusing exclusively on developing, acquiring, owning and operating factory outlet shopping centers. Since entering the factory outlet center business 22 years ago, we have become one of the largest owners and operators of factory outlet centers in the country. As of December 1, 2003, we owned interests in 27 shopping centers, with a total gross leasable area, or GLA, of approximately 5.6 million square feet, which were 97% occupied. In addition as of December 1, 2003, we managed for a fee four shopping centers, with a total GLA of approximately 434,000 square feet, bringing the total number of centers we operated to 31 with a total GLA of approximately 6.1 million square feet containing over 1,300 stores and representing over 300 store brands.

In 1981 Stanley K. Tanger, our Chairman and Chief Executive Officer, began developing successful factory outlet centers. Steven B. Tanger joined the company in 1986 and by June 1993, the Tangers had developed 17 centers with a total GLA of approximately 1.5 million square feet. In June 1993, we completed our initial public offering, making Tanger Factory Outlet Centers, Inc. the first publicly traded outlet center company. Since our initial public offering, we have grown our portfolio through strategic developments and acquisitions.

As of December 1, 2003, our management beneficially owned approximately 23.9% (20.5% after giving effect to this offering) of all our outstanding common shares (assuming the partnership units are exchanged for our common shares but without giving effect to the exercise of any outstanding share and partnership unit options).

We are organized under the laws of the state of North Carolina. We maintain our principal executive offices at 3200 Northline Avenue, Suite 360, Greensboro, North Carolina 27408, and our telephone number is (336) 292-3010. Our website address is www.tangeroutlet.com. Information on our website does not constitute part of this prospectus supplement or the accompanying prospectus.

Competitive Strengths

We believe that our key competitive strengths are:

Industry Consolidation and Barriers to Entry. During the last several years, the factory outlet industry has been consolidating with smaller, less capitalized operators struggling to compete with, or being acquired by, larger, national factory outlet operators. Since 1997 the number of factory outlet centers in the United States has decreased while the average size factory outlet center has increased. During this period of consolidation, the high barriers to entry in the

factory outlet industry, including the need for extensive relationships with premier brand name manufacturers, has minimized the number of new factory outlet centers. Since January 2000 only 11 new factory outlet centers have opened. This consolidation trend and the high barriers to entry, along with our national presence, access to capital and extensive tenant relationships, have allowed us to grow our business and improve our market position.

Diverse Tenant Base and Geographic Distribution. Our portfolio is well diversified both geographically and by tenant. We have a diverse tenant base comprised of over 300 different well-known, upscale, national designer or brand name store concepts, such as Liz Claiborne, Reebok, Tommy Hilfiger, Polo Ralph Lauren, GAP, Nautica, Coach Leatherware, Brooks Brothers, Zales and Nike. As of December 1, 2003, no tenant, including all of its store concepts, accounted for more than 6.5% of either our total GLA or our combined base and percentage rental revenues. Our centers are located coast-to-coast throughout 18 states.

Experienced and Incentivized Management Team. Our management team, led by Stanley K. Tanger and Steven B. Tanger, has extensive experience developing and managing factory outlet centers, with an average of over 20 years of experience in the retail real estate industry and 14 years of experience with our company. As of December 1, 2003, our management beneficially owned approximately 23.9% (20.5% after giving effect to this offering) of all our outstanding common shares (assuming the partnership units are exchanged for our common shares but without giving effect to the exercise of any outstanding share and partnership unit options).

Brand Name Recognition of Tanger Name. Each of our factory outlet centers carries the Tanger brand name. We believe that both national manufacturers and consumers identify the Tanger name with outlet shopping centers that offer recognized high-quality brands at lower prices than department stores and retail malls in a convenient and appealing setting.

Successful Development and Expansion Experience. Since our initial public offering in June 1993, we have added approximately 4.1 million square feet of GLA to our portfolio through strategic new development, expansions of existing centers, acquisitions and dispositions. We have pursued a balanced investment program since our initial public offering, developing ten centers totaling approximately 1.7 million square feet, acquiring eight centers totaling approximately 1.3 million square feet, expanding 20 centers totaling approximately 1.9 million square feet and disposing of eight properties totaling approximately 800,000 square feet.

Long-Standing, Loyal Tenant Relationships. As one of the original participants in the outlet industry, we have developed long-standing relationships with many national and regional manufacturers. Our relationship with Polo Ralph Lauren began in 1984 with one of their first outlet stores. Our relationship with Liz Claiborne began in 1986 with their first outlet store. Our relationship with Phillips Van-Heusen Corporation began in 1982. Our relationship with The GAP, Inc. began in 1997 with their first outlet store. Each of these relationships has expanded over time and continues today.

Business Objective and Strategies

We seek to enhance our operating performance and financial position by pursuing the following business objectives and strategies:

Develop and Acquire New Properties. We typically seek opportunities to develop or acquire new centers in locations that have at least 3.5 million people residing within an hour's drive, an average household income within a 50-mile radius of at least $35,000 per year and access to frontage on a major or interstate highway with a traffic count of at least 35,000 cars per day. We will vary our minimum conditions based on the particular characteristics of a site, especially if the site is located near or at a tourist destination. Our current goal is to target sites that are

large enough to support centers with approximately 75 stores totaling at least 300,000 square feet of GLA.

Increase Cash Flow and the Long-Term Value of the Real Estate Portfolio. Our existing strategy is to increase revenues through new development and selective acquisitions and expansions of factory outlet centers while minimizing our operating expenses by designing low maintenance properties and achieving economies of scale. We continue to focus on strengthening our tenant base in our centers by replacing low volume tenants with high volume premier brand name manufacturers, such as Liz Claiborne, Reebok, Tommy Hilfiger, Polo Ralph Lauren, GAP, Nautica, Coach Leatherware, Brooks Brothers, Zales and Nike.

Maintain a Strong and Flexible Financial Position. We intend to maintain a strong and flexible financial position by: (i) managing our leverage position when pursuing new development and expansion opportunities, (ii) extending and sequencing debt maturities, (iii) managing our interest rate risk through a proper mix of fixed and variable rate debt, (iv) maintaining our liquidity by having available lines of credit, and (v) preserving internally generated sources of capital by strategically divesting underperforming assets, maintaining a conservative distribution payout ratio and reinvesting a significant portion of our cash flow into our portfolio.

From time to time, we evaluate and consider opportunities for acquiring portfolios of properties and new business developments in the factory outlet industry, and we are currently evaluating proposals for such transactions. We cannot, however, assure you that we will complete any such transaction on terms acceptable to us or that we will complete any such transaction.

Charter Oak Acquisition

On October 3, 2003, we entered into a definitive agreement for the acquisition of the Charter Oak Partners' portfolio of nine factory outlet centers totaling approximately 3.3 million square feet of GLA. The closing is expected to take place in December 2003. We have formed a limited liability company with an affiliate of Blackstone Real Estate Advisors to acquire the portfolio as a joint venture. We own one-third and Blackstone owns two-thirds of the joint venture, subject to a preferred return to Blackstone. We will provide operating, management, leasing and marketing services to the properties for a fee. The purchase price for this transaction is $491.0 million, including the assumption of approximately $187.1 million of cross-collateralized debt which has a fixed interest rate of 6.59%.

We believe the addition of the Charter Oak properties is an excellent geographic fit for us and is in line with our strategy of creating an increased presence in high-end resort locations. We will work to add value to these centers through our proven managerial skills, marketing expertise and Tanger brand name recognition. To attain that objective, we will formulate an extensive remerchandising strategy that leverages our extensive retail relationships and work to enhance the centers and occupancy rates by adding additional upscale tenants to the existing high-quality roster. See "Charter Oak Acquisition" on page S-27 for further details on the transaction.

Property Summary

The table set forth below summarizes certain information with respect to our existing centers in which we have ownership interests as of December 1, 2003 and the properties in the Charter Oak portfolio as of December 1, 2003, which is expected to be acquired in December 2003. Except as noted, all properties are fee owned.

City	State	GLA (square feet)	Occupancy Rate	Major Tenants as of December 1, 2003
Existing Centers				
Riverhead(1)	NY	729,238	100%	Barney's, Brooks Brothers, Coach, GAP, Old Navy, Polo Ralph Lauren, Pottery Barn, Saks Off Fifth, Timberland
San Marcos	TX	442,486	100	Banana Republic, Fossil, Liz Claiborne, Nautica, Old Navy, Polo Ralph Lauren, Tommy Hilfiger
Sevierville(2)	TN	419,023	100	Banana Republic, Coach, GAP, Liz Claiborne, Old Navy, Polo Ralph Lauren, Tommy Hilfiger
Commerce II	GA	342,556	96	Banana Republic, GAP, Jockey, Kasper, Nike, Polo Jeans, Timberland, Zales
Howell	MI	325,231	100	Bose, Carter's Childrenswear, GAP, Liz Claiborne, Nike, Polo Ralph Lauren, Tommy Hilfiger
Myrtle Beach(3)(4)	SC	324,333	100	Carter's Childrenswear, Coach, Liz Claiborne, Old Navy, Polo Ralph Lauren, Tommy Hilfiger, VF Factory Outlet
Branson	MO	277,883	100	Coach, GAP, Liz Claiborne, Old Navy, Polo Ralph Lauren, Tommy Hilfiger, Zales
Williamsburg	IA	277,230	96	Brooks Brothers, Coach, GAP, Nike, Old Navy, Polo Ralph Lauren, Tommy Hilfiger
Lancaster	PA	255,059	100	Banana Republic, Coach, GAP, Movado, Nike, Polo Ralph Lauren, Timberland
Locust Grove	GA	247,454	100	Carter's Childrenswear, GAP, L'eggs Hanes Bali, Liz Claiborne, Old Navy, Tommy Hilfiger, Zales
Gonzales	LA	245,199	99	

City	State	GLA (square feet)	Occupancy Rate	Major Tenants as of December 1, 2003
				GAP, Liz Claiborne, Nine West, Old Navy, Oshkosh B'Gosh, Reebok, Zales
Fort Meyers	FL	198,789	89	Coach, GAP, Izod, Jones New York, Liz Claiborne, Oshkosh B'Gosh
Commerce I	GA	185,750	76	Aeropostale, Bass Shoe, Elisabeth, L'eggs Hanes Bali, Liz Claiborne, Old Navy, Reebok
Terrell	TX	177,490	100	GAP, L'eggs Hanes Bali, Liz Claiborne, Old Navy, Oshkosh B'Gosh, Reebok
Dalton	GA	173,430	99	Carter's Childrenswear, Izod, L'eggs Hanes Bali, Nautica
Seymour	IN	141,051	100	Bass Shoe, GAP, J. Crew, L'eggs Hanes Bali, Liz Claiborne, Polo Ralph Lauren, Reebok
North Branch	MN	134,480	100	GAP, L'eggs Hanes Bali, Liz Claiborne, Old Navy, Reebok, Wilsons Leather, Zales
West Branch	MI	112,420	100	Carter's Childrenswear, Coach, GAP, Liz Claiborne, Polo Ralph Lauren, Zales
Barstow	CA	105,950	87	Bass Shoe, Coach, Liz Claiborne, Nautica, Nine West, Mikasa, Polo Ralph Lauren, Reebok
Blowing Rock	NC	105,448	100	Carter's Childrenswear, Coach, GAP, Izod, L'eggs Hanes Bali, Liz Claiborne, Polo Ralph Lauren
Pigeon Forge(5)	TN	94,558	93	Coach, L'eggs Hanes Bali, Liz Claiborne, Oshkosh B'Gosh, Reebok, Rockport, Tommy Hilfiger
Nags Head	NC	82,254	100	Coach, GAP, L'eggs Hanes Bali, Nautica, Polo Ralph Lauren, Wilsons Leather

Boaz	AL	79,575	97	Eddie Bauer, GAP, L'eggs Hanes Bali, Lenox, Liz Claiborne, Nautica, Oshkosh B'Gosh, Reebok
Kittery I	ME	59,694	100	Carter's Childrenswear, Coldwater Creek, Dana Buchman, Jones New York, L'eggs Hanes Bali, Liz Claiborne, Oshkosh B'Gosh
LL Bean, North Conway	NH	50,745	100	Geoffrey Bean, LL Bean, L'eggs Hanes Bali, Nautica
Kittery II	ME	24,619	100	Brooks Brothers, Nautica, Samsonite, Skechers, Villeroy & Boch
Clover, North Conway	NH	11,000	100	Brooks Brothers, Liz Claiborne
Total Existing Centers		**5,622,945**	**97%**	
Charter Oak Portfolio				
Rehoboth(6)	DE	568,787	99%	Aeropostale, Bose, Coach, Liz Claiborne, Nike, Old Navy, Polo Ralph Lauren
Foley	AL	535,199	98	Banana Republic, Brooks Brothers, Chico's, Coach, GAP, Nike, Polo Ralph Lauren
Myrtle Beach	SC	427,472	93	Aeropostale, Banana Republic, Bose, Coach, GAP, Nike, Polo Ralph Lauren
Hilton Head	SC	393,094	86	Banana Republic, Coach, GAP, Escada, Movado, Nike, Timberland
Park City	UT	300,591	98	Coach, GAP, Liz Claiborne, Nike, Old Navy, Polo Ralph Lauren, Tommy Hilfiger
Westbrook	CT	291,051	96	Carter's Childrenswear, J. Crew, L'eggs Hanes Bali, Old Navy, Oshkosh B'Gosh, Reebok,

				Timberland
Lincoln City	OR	270,280	95	Coach, Columbia Sportswear, GAP, GAP Kids, Old Navy, Pacific Sunwear, Zales
Tuscola	IL	258,114	80	Coach, GAP, Nautica, Polo Ralph Lauren, Tommy Hilfiger, Wilsons Leather, Zales
Tilton	NH	227,966	96	Carter's Childrenswear, Coach, Factory Brand Shoes, GAP, J. Jill, Liz Claiborne, Polo Ralph Lauren
Total		**3,272,554**	**94%**	
Total Existing Centers and Charter Oak Portfolio		**8,895,499**	**96%**	

(1) A portion of our Riverhead center (containing approximately 298,000 square feet of GLA) is subject to a ground lease through May 31, 2004 which will be automatically renewed for up to seven additional terms of five years each unless we give notice. We intend to renew the ground lease in May 2004.

(2) Our Sevierville center is subject to a ground lease which expires in 2046.

(3) Our Myrtle Beach center is subject to a ground lease with an initial term through 2026, with renewal options for up to seven additional terms of ten years each at our option.

(4) Represents property that is currently held through an unconsolidated joint venture in which we own a 50% interest.

(5) Our Pigeon Forge center is subject to a ground lease which expires in 2086.

(6) A portion of the Rehoboth Beach center (containing approximately 186,000 square feet of GLA) is subject to a ground lease which expires in 2044.

Other Recent Developments

Deer Park (Long Island), New York Site Development

During the third quarter of 2003, we established a wholly owned subsidiary, Tanger Deer Park, LLC ("Tanger Deer Park"). On July 29, 2003, Tanger Deer Park entered into a joint venture agreement with two other members to create Deer Park Enterprise, LLC ("Deer Park"). Each member in the joint venture has a one-third ownership interest. Deer Park was formed for the purpose of, but not limited to, developing a site located in Deer Park, New York with approximately 790,000 square feet of GLA planned at total buildout. We expect the site will contain both outlet and big box retail tenants with delivery of the initial phase expected to occur in the summer of 2006. During the third quarter, each member made an equity contribution to Deer Park of $433,000.

On October 10, 2003, Deer Park closed a sale-leaseback transaction for the above mentioned development site. The agreement consists of the sale of the property to Deer Park for $29.0 million which is being leased back to the seller under a 24-month operating lease agreement. Each member made an additional equity contribution of $1.2 million at the time of purchase. In conjunction with the purchase, Deer Park closed on a loan in the amount of $19.0 million with Fleet Bank due in October 2005 and a purchase money mortgage in the amount of $7.0 million. The

Fleet Bank loan has a floating interest rate equal to LIBOR plus 2.00%. The debt incurred by Deer Park is collateralized by the property as well as joint and several guarantees by all three members.

Sale of Casa Grande, Arizona Property

On October 31, 2003, we completed the sale of our 185,000 square foot property located in Casa Grande, Arizona. Net proceeds received from the sale of this property were approximately $6.6 million. As a result of the sale, we expect to recognize a gain in the fourth quarter of 2003 on sale of real estate of approximately $588,000.

Expansion of Myrtle Beach, South Carolina Property

We are currently underway with a 79,000 square foot, third expansion at our existing outlet center in Myrtle Beach, South Carolina. The estimated cost of the expansion is $9.7 million, and we currently expect to complete the expansion with stores commencing operations during the summer of 2004. The center, which has been developed and is managed and leased by us, is owned through a joint venture of which we own a 50% interest. After debt proceeds of $6.3 million, our portion of the equity investment for the third phase will be approximately $1.7 million. Upon completion of the expansion, the Myrtle Beach center will total approximately 403,000 square feet.

Option to Purchase Land Near Pittsburgh, Pennsylvania

On March 19, 2003, we acquired an option to purchase land and have begun the early development and leasing of a site located approximately 25 miles southwest of Pittsburgh, Pennsylvania. We currently expect the center to be approximately 420,000 square feet upon total build out with the initial phase scheduled to open in the summer of 2005.

Increase in Unsecured Lines of Credit

In October 2003, we received a commitment from Wells Fargo Bank to increase our existing line of credit from $10.0 million to $25.0 million. This increase will bring our committed unsecured, revolving lines of credit up to $100.0 million. All of our lines of credit have maturity dates of June 30, 2005.

The Offering

Shares offered	2,300,000 common shares.
Shares to be outstanding after the offering	12,921,643 common shares.(1)
Use of proceeds	We expect the net proceeds of the offering, after underwriting discounts and payment of our offering expenses, to be approximately $88.0 million. The net proceeds will be used, together with other available funds, to fund our portion of the equity required to acquire the Charter Oak portfolio of outlet shopping centers and for general corporate purposes. Pending such use, we may temporarily repay borrowings under our revolving lines of credit, or invest the funds in short-term money market or other suitable instruments. As of December 1, 2003, the weighted average interest rate on our lines of credit was 2.70%. These lines of credit are scheduled to mature June 30, 2005.
New York Stock Exchange symbol	SKT.

(1) Information as of December 4, 2003 after giving effect to the offering but without giving effect to the underwriters' over-allotment option. On a fully diluted basis, after giving effect to the conversion or exchange of outstanding units, but without giving effect to the exercise of outstanding share or partnership unit options, there would be 15,954,948 shares outstanding.

Summary Financial Data

The following summary financial and other operating data should be read in conjunction with all of the financial statements and notes thereto and "Management's Discussion and Analysis of Financial Condition and Results of Operations" incorporated herein by reference from our Annual Report on Form 10-K for the year ended December 31, 2002 and Quarterly Report on Form 10-Q for the nine months ended September 30, 2003. The accompanying unaudited pro forma data as of and for the nine months ended September 30, 2003 and for the year ended December 31, 2002 are based on our historical statements after giving effect to the acquisition of the Charter Oak portfolio, which is expected to close in December 2003. The unaudited pro forma data for the nine months ended September 30, 2003 and the year ended December 31, 2002 assume the acquisition had occurred as of January 1, 2002.

The pro forma consolidating financial statements have been prepared by our management. These pro forma statements may not be indicative of the results that would have actually occurred if the acquisition had been in effect on the date indicated, nor does it purport to represent the results of operations for future periods. The summary pro forma data should be read in conjunction with the unaudited Pro Forma Consolidating Financial Statements, (which are contained in our Current Report on Form 8-K/A dated December 12, 2003), the unaudited Combined Statement of Revenues and Certain Operating Expenses of the Charter Oak portfolio for the nine months ended September 30, 2003 and the audited Combined Statement of Revenues and Certain Operating Expenses of the Charter Oak portfolio for the year ended December 31, 2002 and notes thereto (both of which are contained in our Current Report on Form 8-K dated December 8, 2003), our unaudited financial statements and notes thereto as of September 30, 2003 and for the nine months then ended (which are contained in our Form 10-Q for the period ended September 30, 2003), and the audited financial statements and notes thereto as of December 31, 2002 and for the year then ended (which are contained in our Annual Report on Form 10-K for the year ended December 31, 2002).

	Nine Months Ended September 30,			Year Ended December 31,			
	(Amounts in thousands, except per share and real property data)						
	Pro Forma	Historical		Pro Forma	Historical		
	2003	2003	2002	2002	2002	2001	2000
Statements of Operations Data:							
Total revenues	$ 140,121	$ 89,093	$ 81,248	$ 182,347	$ 112,898	$ 107,832	$ 105,584
Interest expense	27,266	19,707	21,418	38,791	28,460	30,472	27,565
Income from continuing operations	2,861	8,637	4,727	1,430	8,716	5,850	8,052
Net income	n/a	8,018	5,847	n/a	11,007	7,112	4,312
Share Data per Common Share (after preferred dividends):							
Basic:							
Income (loss) from continuing operations	$ .17	$ .80	$ .42	$ (.03)	$ .83	$ .51	$ .79
Net income	n/a	$ .74	$ .56	n/a	$ 1.11	$ .67	$ .32
Diluted:							
Income (loss) from continuing operations	$ .17	$ .79	$ .41	$ (.03)	$ .81	$ .51	$ .79
Net income	n/a	$ .72	$ .55	n/a	$ 1.08	$ .67	$ .31
Balance Sheet Data:							
Total assets	$ 988,733	$ 465,388	$ 480,090	n/a	$ 477,675	$ 476,272	$ 487,408
Total debt	546,866	327,333	346,896	n/a	345,005	358,195	346,843
Total shareholders' equity	178,709	90,716	90,683	n/a	90,635	76,371	90,877
Other Data:							
Funds from operations(1)	$ 42,194	$ 33,121	$ 28,594	$ 54,201	$ 41,695	$ 37,430	$ 38,203
Funds from operations per share(1)	$ 2.68	$ 2.47	$ 2.38	$ 3.72	$ 3.40	$ 3.20	$ 3.26
Weighted average shares outstanding(2)	15,724	13,424	12,011	14,571	12,271	11,707	11,706
Gross Leaseable Area Open:							
Wholly-owned	5,483	5,483	5,493	5,469	5,469	5,332	5,179
Partially-owned	3,591	318	260	3,533	260		

	Nine Months Ended September 30,			Year Ended December 31,			
Managed	457	457	434	457	457	105	105
Total GLA open at end of period	9,531	6,258	6,187	9,459	6,186	5,437	5,284
Wholly-owned	27	27	29	28	28	29	29
Partially-owned	10	1	1	10	1		
Managed	5	5	4	5	5	3	3
Total outlet centers in operation	42	33	34	43	34	32	32
Occupancy Rate (at the end of period)(3)	n/a	95%	96%	n/a	98%	96%	96%

(1) Funds from operations, or "FFO," represents income before extraordinary items and gains (losses) on sale or disposal of depreciable operating properties, plus depreciation and amortization uniquely significant to real estate and after adjustments for unconsolidated partnerships and joint ventures. The following table is a reconciliation of FFO to income from continuing operations for the periods indicated:

	Nine Months Ended September 30,			Year Ended December 31,			
	(Dollars in thousands)						
	Pro Forma	Historical		Pro Forma	Historical		
	2003	2003	2002	2002	2002	2001	2000
Income from continuing operations	$ 2,861	$ 8,637	$ 4,727	$ 1,430	$ 8,716	$ 5,850	$ 8,052
Discontinued operations (including (loss) or gain on sale of real estate), net of minority interest(4)	(651)	(619)	1,120	2,431	2,291	1,262	1,307
Minority interest in operating partnership	518	2,415	1,270	(98)	2,438	1,559	2,390
Minority interest, depreciation and amortization attributable to discontinued operations	(75)	(107)	796	1,133	1,273	1,111	1,112
Depreciation and amortization uniquely significant to real estate consolidated	37,998	21,252	20,973	50,585	28,257	27,648	25,342
Depreciation and amortization uniquely significant to real estate unconsolidated joint ventures	808	808	168	422	422		
Loss (gain) on sale of real estate	735	735	(460)	(1,702)	(1,702)		
Funds from operations	**$ 42,194**	**$ 33,121**	**$ 28,594**	**$ 54,201**	**$ 41,695**	**$ 37,430**	**$ 38,203**

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

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

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

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

Because of these limitations, FFO should not be considered as a measure of discretionary cash available to us to invest in the growth of our business or our dividend paying capacity. We compensate for these limitations by relying primarily on our GAAP results and using FFO only supplementally. See the Statements of Cash Flow included in our financial statements, incorporated by reference into this prospectus supplement.

(2) Assumes the partnership units of the operating partnership held by the minority interest, preferred shares and unit options are converted into common shares.

(3) Includes only centers in which we have an ownership interest and not the centers we only manage.

(4) Represents the results of operations and gains or losses from the sales of properties in 2003 and 2002 which are required by FAS 144 to be reported as discontinued operations for all periods presented. The amounts shown are net of minority interest of $196 and $421, respectively, for the nine-month periods ended September 30, 2003 and 2002 and $835, $483 and $501 for the years ended 2002, 2001 and 2000 respectively. Included in the nine-month period ended September 30, 2003 is a loss on sale of real estate of $735. Included in the year ended December 31, 2002 are gains on sales of real estate of $2,263.

RISK FACTORS

In addition to the section titled "Risk Factors" in the accompanying prospectus and other information in this prospectus supplement, the accompanying prospectus and other documents that are incorporated by reference into this prospectus supplement, you should consider carefully the following risk factors before deciding to invest in our common shares.

Our pending acquisition of the Charter Oak portfolio may not occur and our shareholders may not realize any benefits from the proposed transaction.

The purchase agreement relating to the proposed Charter Oak acquisition contains closing conditions that need to be satisfied before the acquisition can be consummated. The satisfaction of some of these conditions is outside of our control, and we therefore cannot assure you that the acquisition will be consummated. If the acquisition is not consummated, our shareholders will not realize the benefits of the proposed transaction as described in this prospectus supplement.

We cannot assure you that the unaudited financial information provided by the seller of the Charter Oak portfolio is accurate and we do not know with certainty the impact of this acquisition on our operating results.

Certain financial information contained in this prospectus supplement relating to the acquisition of the Charter Oak portfolio, including, but not limited to, the impact of the proposed acquisitions on our net income and funds from operations, is based on the unaudited financial information we received from the current owner of the portfolio. We cannot assure you that the unaudited financial information provided by the seller is accurate, or that the information contained in this prospectus supplement that is based on such information is accurate. Therefore, we are not able to determine with certainty the impact of the proposed acquisitions on our operating results, net income and funds from operations.

We may not be able to integrate successfully the new properties into our operations, which would adversely affect our results of operations and financial conditions.

The success of the Charter Oak acquisition will depend, in part, on our ability to:

- efficiently integrate the acquired properties and employees into our organization; and
- apply our business, operating, administrative, financial and accounting strategies and controls to the acquired properties.

If we are unable to successfully integrate the acquired properties into our operations, the actual performance of the properties we are proposing to acquire may differ materially from our anticipated results, which would negatively affect our operating results and financial condition.

In addition, if Blackstone, our Charter Oak joint venture partner, does not receive an annual minimum cash return of 6% on their invested capital during any of the first three years of our joint venture and 7% in any year thereafter, Blackstone shall gain the right to become the sole managing member of the joint venture with complete authority to act for the joint venture, including the ability to dispose of one or more of the joint venture properties to a third party.

We may be responsible for unknown material liabilities associated with the Charter Oak portfolio which would adversely affect our business.

We may be exposed to liabilities relating to the Charter Oak portfolio that we may have failed to discover prior to entering into the purchase agreement or that may arise after the acquisition is completed. These liabilities may include liabilities that arise from non-compliance with environmental laws by prior owners for which we, as a successor owner, may be responsible. While the seller of this portfolio has agreed to indemnify us for breaches of certain representations and warranties, such indemnification may not be sufficient or available to cover our liabilities in which case our results of operations may be adversely affected.

FORWARD-LOOKING STATEMENTS

Certain statements contained or incorporated by reference in this prospectus supplement and the accompanying prospectus, including, without limitation, statements containing the words "believes," "anticipates," "expects" and words of similar import, constitute "forward-looking statements" within the meaning of the Private Securities Reform Act of 1995. Such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements by us, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such factors include, among others, the following:

- national and local general economic and market conditions;
- demographic changes;
- our ability to sustain, manage or forecast our growth and operating results;
- existing government 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 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;

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 a significant number of tenants may become unable to meet their lease obligations or that we may be unable to renew or re-lease a significant amount of available space on economically favorable terms;

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;

retention of earnings; and

our ability to close the Charter Oak acquisition.

Certain of these factors are discussed in more detail elsewhere in, or incorporated by reference in, this prospectus supplement and the accompanying prospectus, including, without limitation, under the captions "The Company", "Risk Factors" and "Selected Consolidated Financial Data" in this prospectus supplement and under the caption "Risk Factors" in the accompanying prospectus. Given these uncertainties, prospective investors are cautioned not to place undue reliance on such forward-looking statements. We disclaim any obligation to update any such factors or to publicly announce the results of any revisions to any of the forward-looking statements contained or incorporated by reference in this prospectus supplement and the accompanying prospectus to reflect future events or developments.

CAPITALIZATION

The following table sets forth our capitalization as of September 30, 2003, and as adjusted to give effect to the sale on such date by us of the common shares offered in the offering and the anticipated use of proceeds from the offering as described under "Use of Proceeds."

	As of September 30, 2003 Unaudited	
	Historical	As Adjusted
	(In thousands)	
Debt:		
Senior, unsecured notes	$ 147,509	$ 147,509
Mortgages payable	172,552	372,169(1)
Lines of credit	7,272	27,188
Total debt	327,333	546,866
Minority interest:		
Minority interest in consolidated joint venture		215,819
Minority interest in operating partnership	26,202	26,202
Total minority interest	26,202	242,021
Shareholders' equity:		
Common shares, $.01 par value, 50,000,000 shares authorized, 10,501,643 shares issued and outstanding, Historical, and 12,801,643 shares issued and outstanding, As Adjusted(2)(3)	105	128
Paid in capital	171,747	259,717
Distributions in excess of net income	(81,063)	(81,063)
Accumulated other comprehensive loss	(73)	(73)
Total shareholders' equity	90,716	178,709
Total capitalization	$ 444,251	$ 967,596

(1) As adjusted to reflect the assumption of debt with a face value of $187.1 million and a fair value of $199.6 million.

(2) Does not include 3,033,305 common shares reserved for issuance upon exchange of issued and outstanding partnership units, 524,700 common shares issuable upon exchange of general partnership units issuable upon the exercise of outstanding unit options, and 61,800 common shares issuable upon the exercise of outstanding share options.

(3) Does not include 345,000 common shares that may be issued upon the exercise of the underwriters' over-allotment option.

USE OF PROCEEDS

We estimate the net proceeds of the offering to be approximately $88.0 million after deducting the underwriting discount and our offering expenses. We anticipate using the proceeds, together with other available funds, to fund our portion of the equity required to acquire the Charter Oak portfolio of outlet shopping centers and for general corporate purposes. Pending such use, we may temporarily repay borrowings under our revolving lines of credit, or invest the funds in short-term money market or other suitable instruments. As of December 1, 2003, the weighted average interest rate on our lines of credit was 2.70%. These lines of credit are scheduled to mature June 30, 2005. An affiliate of one of the underwriters in this offering is a lender under one of our lines of credit.

PRICE RANGE OF COMMON SHARES AND DIVIDENDS

The common shares have been traded on the New York Stock Exchange under the symbol "SKT" since May 28, 1993. On December 10, 2003, the last reported sale price of the common shares was $40.92 per share. The following table sets forth the high and low closing sale prices for the common shares for the fiscal periods indicated as reported on the NYSE and the dividends paid by us on our common shares during each such period.

Calendar Period	High	Low	Dividends
2003			
Fourth Quarter (through December 10, 2003)	$ 43.00	$ 36.29	$ .6150
Third Quarter	36.82	32.94	.6150
Second Quarter	33.63	30.59	.6150
First Quarter	31.15	28.80	.6125
2002			
Fourth Quarter	$ 31.20	$ 24.34	$ .6125
Third Quarter	29.90	23.00	.6125
Second Quarter	30.00	25.40	.6125
First Quarter	27.50	20.75	.6100
2001			
Fourth Quarter	$ 21.40	$ 19.90	$ .6100
Third Quarter	23.00	19.10	.6100
Second Quarter	23.00	20.34	.6100
First Quarter	23.63	19.75	.6075

SELECTED FINANCIAL DATA

The following selected financial and other operating data should be read in conjunction with all of the financial statements and notes thereto and "Management's Discussion and Analysis of Financial Condition and Results of Operations" incorporated herein by reference from our Annual Report on Form 10-K for the year ended December 31, 2002 and Quarterly Report on Form 10-Q for the nine months ended September 30, 2003. The historical data as of and for the years ended December 31, 2002, 2001 and 2000 have been derived from historical financial statements audited by PricewaterhouseCoopers LLP, independent auditors. The historical data for the nine months ended September 30, 2003 and September 30, 2002 have been derived from our unaudited historical financial statements. In the opinion of management, this historical data includes all adjustments (consisting only of normal recurring adjustments) necessary to present fairly the information set forth. However, operating results for the nine months ended September 30, 2003 are not necessarily indicative of results that may be expected for the year ended December 31, 2003.

Certain information in the 2002 and prior year financials shown below have been reclassified to reflect the requirements of Statement of Financial Accounting Standards No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets" ("FAS 144") and No. 145 "Rescission of FASB Statements No. 4, 44, and 64, Amendment of FASB Statement No. 13, and Technical Corrections" ("FAS 145"). See notes 1, 2 and 3 to the following table.

The accompanying unaudited pro forma data as of and for the nine months ended September 30, 2003 and for the year ended December 31, 2002 are based on our historical statements after giving effect to the acquisition of the Charter Oak portfolio, which is expected to close in December 2003. The unaudited pro forma data for the nine months ended September 30, 2003 and the year ended December 31, 2002 assume the acquisition had occurred as of January 1, 2002. The unaudited Pro Forma Consolidating Balance Sheet assumes the Charter Oak acquisition had occurred on September 30, 2003.

The accompanying unaudited Pro Forma Consolidating Financial Statements reflect a preliminary allocation of the purchase price under Statement of Financial Accounting Standards No. 141, "Business Combinations" ("FAS 141"). This allocation is subject to final adjustment following the Charter Oak acquisition. Included in the allocation is $76.8 million allocated to lease related intangible assets. The ultimate allocation and estimated useful lives could change upon final valuation of these lease related intangibles. We expect to finalize the valuation following the consummation of the transaction. Changes in the allocation of the purchase price and/or estimated useful lives from those used in the Pro Forma Consolidating Financial Statements would result in an increase or decrease in pro forma net income and related pro forma earnings per share. Further, the Pro Forma Consolidating Financial Statements reflect the consolidation of the Charter Oak portfolio as if it is a Variable Interest Entity and we are the Primary Beneficiary under FASB Interpretation No. 46, "Consolidation of Variable Interest Entities" ("FIN 46"). Currently, there are proposed amendments to FIN 46 that may ultimately lead us to conclude that we should account for our investment in the joint venture under the equity method of accounting in accordance with Accounting Principles Board Opinion No. 18, "The Equity Method of Accounting for Investments in Common Stock".

The pro forma consolidating financial statements have been prepared by our management. These pro forma statements may not be indicative of the results that would have actually occurred if the acquisition had been in effect on the date indicated, nor does it purport to represent the results of operations for future periods. The Selected Financial Data should be read in conjunction with the unaudited Pro Forma Consolidating Financial Statements (which are contained in our Current Report on Form 8-K/A dated December 12, 2003), the unaudited Combined Statement of Revenues and Certain Operating Expenses of the Charter Oak portfolio for the nine months ended September 30, 2003 and the audited Combined Statement of Revenues and Certain Operating expenses of the Charter

Oak portfolio for the year ended December 31, 2002 and notes thereto (both of which are contained in our Current Report on Form 8-K dated December 8, 2003), our unaudited financial statements and notes thereto as of September 30, 2003 and for the nine months then ended (which are contained in our Form 10-Q for the period ended September 30, 2003), and the audited financial statements and notes thereto as of December 31, 2002 and for the year then ended (which are contained in our Annual Report on Form 10-K for the year ended December 31, 2002).

The information presented in this prospectus supplement includes financial information prepared in accordance with GAAP, as well as FFO, a financial measure that is not required by or presented in accordance with GAAP.

	Nine months Ended September 30,			Year Ended December 31,			
	(Dollars in thousands, except per share and real property data)						
	Pro Forma	Actual		Pro Forma	Actual		
	2003	2003	2002	2002	2002	2001	2000
Statement of Operations Data:							
Revenues:							
Base rentals	$ 95,703	$ 59,498	$ 55,058	$ 123,948	$ 75,560	$ 72,935	$ 68,946
Percentage rentals	2,828	1,743	1,956	5,396	3,558	2,735	3,253
Expense reimbursements	38,856	25,305	21,876	49,186	30,477	29,394	29,338
Other income	2,734	2,547	2,358	3,817	3,303	2,768	4,047
Total revenues	140,121	89,093	81,248	182,347	112,898	107,832	105,584
Expenses:							
Property operating	43,746	30,135	25,729	54,625	35,898	33,782	32,809
General and administrative	8,736	7,375	6,989	11,214	9,227	8,225	7,362
Interest	27,266	19,707	21,418	38,791	28,460	30,472	27,565

	Nine months Ended September 30,			Year Ended December 31,			
Depreciation and amortization	38,209	21,463	21,365	50,879	28,551	27,944	25,606
Asset write-down							1,800
Total expenses	117,957	78,680	75,501	155,509	102,136	100,423	95,142
Income before equity in earnings of unconsolidated joint ventures, minority interest, discontinued operations and (loss) or gain on sale or disposal of real estate	22,164	10,413	5,747	26,838	10,762	7,409	10,442
Equity in earnings of unconsolidated joint ventures	639	639	250	392	392		
Minority interests:							
Consolidated joint venture	(19,424)			(25,898)			
Operating partnership	(518)	(2,415)	(1,270)	98	(2,438)	(1,559)	(2,390)
Income from continuing operations(1)	$ 2,861	8,637	4,727	$ 1,430	8,716	5,850	8,052
Discontinued operations (including (loss) or gain on sale of real estate), net of minority interest(2)		(619)	1,120		2,291	1,262	1,307
Income before (loss) or gain on sale or disposal of real estate		8,018	5,847		11,007	7,112	9,359
(Loss) or gain on sale or disposal of real estate, net of minority interest(3)							(5,047)
Net income		8,018	5,847		11,007	7,112	4,312
Less applicable preferred share dividends		(806)	(1,329)		(1,771)	(1,771)	(1,823)
Income available to common shareholders		$ 7,212	$ 4,518		$ 9,236	$ 5,341	$ 2,489
Share Data per Common Share (after preferred dividends):							
Basic:							
Income (loss) from continuing operations	$ .17	$ .80	$ .42	$ (.03)	$ .83	$ .51	$ .79
Net income	n/a	$ .74	$ .56	n/a	$ 1.11	$ .67	$ .32
Weighted average common shares	12,209	9,729	8,078	10,622	8,322	7,926	7,894
Diluted:							
Income (loss) from continuing operations	$ .17	$ .79	$ .41	$ (.03)	$ .81	$ .51	$ .79
Net income	n/a	$ .72	$ .55	n/a	$ 1.08	$ .67	$ .31
Weighted average common shares	12,258	9,956	8,254	10,814	8,514	7,948	7,922
Dividends paid per share	n/a	$ 1.84	$ 1.84	n/a	$ 2.45	$ 2.44	$ 2.43
Balance Sheet Data (at period end):							
Undepreciated real estate assets	$ 1,071,635	$ 633,743	$ 624,171	n/a	$ 622,399	$ 599,266	$ 584,928
Total assets	988,733	465,388	480,090	n/a	477,675	476,272	487,408
Long-term debt	546,866	327,333	346,896	n/a	345,005	358,195	346,843
Total shareholders' equity	178,709	90,716	90,683	n/a	90,635	76,371	90,877

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Other Data:							
Funds from operations(4)	$ 42,194	$ 33,121	$ 28,594	$ 54,201	$ 41,695	$ 37,430	$ 38,203
Funds from operations per share(4)	$ 2.68	$ 2.47	$ 2.38	$ 3.72	$ 3.40	$ 3.20	$ 3.26

Weighted average shares outstanding	15,724	13,424	12,011	14,571	12,271	11,707	11,706
Cash flows provided by (used in):							
Operating activities	n/a	$ 32,712	$ 27,600	n/a	$ 39,167	$ 44,626	$ 38,420
Investing activities	n/a	(7,603)	(24,694)	n/a	(26,363)	(23,269)	(25,815)
Financing activities	n/a	(25,972)	(3,212)	n/a	(12,247)	(21,476)	(12,474)
Gross leasable area open (thousands of square feet) (at period end):							
Wholly owned	5,483	5,483	5,493	5,469	5,469	5,332	5,179
Partially owned	3,591	318	260	3,533	260		
Managed	457	457	434	457	457	105	105
Total gross leasable area open (thousands of square feet) (at period end)	9,531	6,258	6,187	9,459	6,186	5,437	5,284
Number of centers (at period end):							
Wholly owned	27	27	29	28	28	29	29
Partially owned	10	1	1	10	1		
Managed	5	5	4	5	5	3	3
Total number of centers (at period end)	42	33	34	43	34	32	32
Occupancy rate (at period end)(5)	n/a	95%	96%	n/a	98%	96%	96%

	As of September 30, 2003		
	(Dollars in thousands)		
	Historical		
	The Company	**Charter Oak**	**Pro Forma Consolidated**
Pro Forma Consolidating Balance Sheets:			
Assets:			
Rental property			
Land	$ 50,474	$ 70,100(6)	$ 120,574
Buildings, improvements and fixtures	583,269	367,792(6)	951,061
Total rental property	633,743	437,892	1,071,635
Accumulated depreciation	(191,628)		(191,628)

	As of September 30, 2003		
Rental property, net	442,115	437,892	880,007
Cash and cash equivalents	209		209
Deferred charges, net	9,398	76,817(6)	86,215
Other assets	13,666	8,636(7)	22,302
Total assets	$ 465,388	$ 523,345	$ 988,733
Liabilities and Shareholders' Equity:			
Liabilities:			
Debt			
Senior, unsecured notes	$ 147,509	$	$ 147,509
Mortgages payable	172,552	199,617(8)	372,169
Lines of credit	7,272	19,916(9)	27,188
Total debt	327,333	219,533	546,866
Construction trade payables	7,188		7,188
Accounts payable and accrued expenses	13,949		13,949
Total liabilities	348,470	219,533	568,003

Commitments			
Minority interests:			
Consolidated joint venture		215,819(10)	215,819
Operating partnership	26,202		26,202
Total minority interest	26,202	215,819	242,021
Shareholders' equity:			
Common shares	105	23(11)	128
Paid in capital	171,747	87,970(11)	259,717
Distributions in excess of net income	(81,063)		(81,063)
Accumulated other comprehensive loss	(73)		(73)
Total shareholders' equity	90,716	87,993	178,709
Total liabilities and shareholders' equity	$ 465,388	$ 523,345	$ 988,733

(1) In April 2002, the Financial Accounting Standards Board (FASB or the "Board") issued FAS 145. In rescinding FASB Statements No. 4, 44 and 64, FAS 145 eliminates the requirement that gains and losses from the extinguishment of debt be aggregated and, if material, classified as an extraordinary item, net of the related income tax effect. FAS 145 was effective for transactions occurring after December 31, 2002. We adopted this statement effective January 1, 2003, the effects of which are the reclassification of a loss on early extinguishments of debt for the year ended 2001 from an extraordinary item to a component of interest expense, thereby decreasing income from continuing operations for the year ended December 31, 2001 by $244.

(2)

Represents the results of operations and gains or losses from the sales of properties in 2003 and 2002 which are required by FAS 144 to be reported as discontinued operations for all periods presented. The amounts shown are net of minority interest of $196 and $421, respectively, for the nine-month periods ended September 30, 2003 and 2002 and $835, $483 and $501 for the years ended 2002, 2001 and 2000 respectively. Included in the nine-month period ended September 30, 2003 is a loss on sale of real estate of $735. Included in the year ended December 31, 2002 are gains on sales of real estate of $2,263.

(3) Represents (loss) or gain on sales or disposals of real estate prior to January 1, 2002 which are not subject to accounting treatment under FAS 144. Accordingly, the results of operations of the properties sold are shown above within continuing operations. This loss in 2000 is shown net of minority interest of $1,934.

(4) Funds from operations, or "FFO," represents income before extraordinary items and gains (losses) on sale or disposal of depreciable operating properties, plus depreciation and amortization uniquely significant to real estate and after adjustments for unconsolidated partnerships and joint ventures. The following table is a reconciliation of FFO to income from continuing operations for the periods indicated:

	Nine months Ended September 30,			Year Ended December 31,			
	(Dollars in thousands)						
	Pro Forma	Historical		Pro Forma	Historical		
	2003	2003	2002	2002	2002	2001	2000
Income from continuing operations	$ 2,861	$ 8,637	$ 4,727	$ 1,430	$ 8,716	$ 5,850	$ 8,052
Discontinued operations (including (loss) or gain on sale of real estate), net of minority interest(2)	(651)	(619)	1,120	2,431	2,291	1,262	1,307
Minority interest in operating partnership	518	2,415	1,270	(98)	2,438	1,559	2,390
Minority interest, depreciation and amortization attributable to discontinued operations	(75)	(107)	796	1,133	1,273	1,111	1,112
Depreciation and amortization uniquely significant to real estate consolidated	37,998	21,252	20,973	50,585	28,257	27,648	25,342
Depreciation and amortization uniquely significant to real estate unconsolidated joint ventures	808	808	168	422	422		
Loss (gain) on sale of real estate	735	735	(460)	(1,702)	(1,702)		
Funds from operations	**$ 42,194**	**$ 33,121**	**$ 28,594**	**$ 54,201**	**$ 41,695**	**$ 37,430**	**$ 38,203**

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

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

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

FFO does not reflect our cash expenditures, or future requirements, for capital expenditures or contractual commitments;

FFO does not reflect changes in, or cash requirements for, our working capital needs;

Although depreciation and amortization are non-cash charges, the assets being depreciated and amortized will often have to be replaced in the future, and FFO does not reflect any cash requirements for such replacements;

FFO may reflect the impact of earnings or charges resulting from matters which may not be indicative of our ongoing operations; and

Other companies in our industry may calculate FFO differently than we do, limiting its usefulness as a comparative measure.

Because of these limitations, FFO should not be considered as a measure of discretionary cash available to us to invest in the growth of our business or our dividend paying capacity. We compensate for these limitations by relying primarily on our GAAP results and using FFO only supplementally. See the Statements of Cash Flow included in our financial statements, incorporated by reference into this prospectus supplement.

(5) Includes only centers in which we have an ownership interest and not the centers we only manage.

(6) To reflect total acquisition price of $514.7 million, including a purchase price of $491.0 million (including debt assumption of $187.1 million and cash paid to seller of $303.9 million) plus estimated closing costs of $11.2 million and market value of debt premium of $12.5 million. In accordance with FAS 141, a portion of the acquisition costs have been allocated to deferred charges to reflect the fair value of in-place leases and other related intangibles.

(7) To reflect initial escrows for insurance and real estate taxes and other working capital reserves expected to be funded at the closing of the acquisition.

(8) To reflect the assumption of debt with a face value of $187.1 million and fair value of $199.6 million.

(9) Represents additional borrowings under existing lines of credit to be used with the proceeds from the common share offering to fund the acquisition.

(10) To reflect the minority interest in the consolidated joint venture which will own the Charter Oak properties.

(11) To reflect the issuance of 2.3 million common shares from this offering, not including the underwriters' over-allotment option.

THE COMPANY

History

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

In 1981 Stanley K. Tanger began developing successful factory outlet centers. Steven B. Tanger joined the company in 1986 and by June 1993, the Tangers had developed 17 centers with a total GLA of approximately 1.5 million square feet. In June 1993, we completed our initial public offering, making Tanger Factory Outlet Centers, Inc. the first publicly traded outlet center company. Since our initial public offering, we have grown our portfolio through strategic developments and acquisitions.

Since entering the factory outlet center business 22 years ago, we have become one of the largest owners and operators of factory outlet centers in the country. As of December 1, 2003, we owned interests in 27 shopping centers, with a total GLA, of approximately 5.6 million square feet, which were 97% occupied. In addition as of December 1, 2003, we managed for a fee four shopping centers, with a total GLA of approximately 434,000 square feet, bringing the total number of centers we operated to 31 with a total GLA of approximately 6.1 million square feet containing over 1,300 stores and representing over 300 store brands.

We are a fully-integrated, self-administered and self-managed REIT focusing exclusively on developing, acquiring, owning and operating factory outlet shopping centers. As of December 1, 2003, we had 148 full-time employees, located at our corporate headquarters in North Carolina, our regional office in New York and our 24 business offices. At that date, we also employed 200 part-time employees at various locations.

The Factory Outlet Concept

Factory outlets are manufacturer-operated retail stores that sell primarily first quality, branded products at significant discounts from regular retail prices charged by department stores and specialty stores. Factory outlet centers offer numerous advantages to both consumers and manufacturers. Manufacturers selling in factory outlet stores are often able to charge customers lower prices for brand name and designer products by eliminating the third party retailer. Factory outlet centers also typically have lower operating costs than other retailing formats, which enhances the manufacturer's profit potential. Factory outlet centers enable manufacturers to optimize the size of production runs while continuing to maintain control of their distribution channels. In addition, factory outlet centers benefit manufacturers by permitting them to sell out-of-season, overstocked or discontinued merchandise without alienating department stores or hampering the manufacturer's brand name, as is often the case when merchandise is distributed via discount chains.

We believe that factory outlet centers continue to present attractive opportunities for capital investment, particularly with respect to strategic re-merchandising plans and expansions of existing centers. We believe that under present conditions such development or expansion costs, coupled with current market lease rates, permit attractive investment returns. We further believe, based upon our contacts with present and prospective tenants, that many companies, including prospective new entrants into the factory outlet business, desire to open a number of new factory outlet stores in the next several

years, particularly in areas where there are successful factory outlet centers in which such companies do not have a significant presence or where there are few factory outlet centers.

Our Factory Outlet Centers

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

As one of the original participants in this industry, we have developed long-standing relationships with many national and regional manufacturers. Because of our established relationships with many manufacturers, we believe we are well positioned to capitalize on industry growth.

We typically seek opportunities to develop or acquire new centers in demographically strong regions with a large, stable population base with at least five million people residing within an hour's drive, an average household income within a 50-mile radius of at least $35,000 per year and access to frontage on a major or interstate highway with a traffic count of at least 50,000 cars per day. We also seek to enhance our customer base by developing centers near or at established tourist destinations. Our current goal is to target sites that are large enough to support centers with approximately 75 stores totaling at least 300,000 square feet of GLA.

Our factory outlet centers range in size from 11,000 to 729,238 square feet of GLA and are typically located at least 10 miles from major department stores and manufacturer-owned full-price retail stores are usually located. Manufacturers prefer these locations so that they do not compete directly with their major customers and their own stores. Many of our factory outlet centers are located near tourist destinations to attract tourists who consider shopping to be a recreational activity. Our centers are typically situated in close proximity to interstate highways that provide accessibility and visibility to potential customers.

As of December 1, 2003, we had a diverse tenant base comprised of over 300 well-known, upscale, national designer or brand name concepts, such as Liz Claiborne, Reebok, Tommy Hilfiger, Polo Ralph Lauren, GAP, Nautica, Coach Leatherware, Brooks Brothers, Zales and

Nike. Most of the factory outlet stores are directly operated by the respective manufacturer. No single tenant, including affiliates, accounted for 10% or more of combined base and percentage rental revenues during 2002, 2001 and 2000. As of December 1, 2003, our largest tenant, including all of its store concepts, accounted for approximately 6.5% of our GLA.

Property Summary

The table set forth below summarizes certain information with respect to our existing centers in which we have ownership interests as of December 1, 2003. Except as noted, all properties are fee owned.

City	State	GLA (square feet)	Occupancy Rate	Major Tenants as of December 1, 2003
Riverhead(1)	NY	729,238	100%	Brooks Brothers, Coach, GAP, Old Navy, Polo Ralph Lauren, Pottery Barn, Timberland
San Marcos	TX	442,486	100	Banana Republic, Liz Claiborne, Nautica, Old Navy, Polo Ralph Lauren, Tommy Hilfiger, Tommy Kids

City	State	GLA (square feet)	Occupancy Rate	Major Tenants as of December 1, 2003
Sevierville(2)	TN	419,023	100	Banana Republic, Coach, GAP, Liz Claiborne, Old Navy, Polo Ralph Lauren, Tommy Hilfiger
Commerce II	GA	342,556	96	Banana Republic, GAP, Jockey, Kasper, Nike, Polo Jeans, Timberland, Zales
Howell	MI	325,231	100	Bose, Carter's Childrenswear, GAP, Liz Claiborne, Nike, Polo Ralph Lauren, Tommy Hilfiger
Myrtle Beach(3)(4)	SC	324,333	100	Carter's Childrenswear, Coach, Liz Claiborne, Old Navy, Polo Ralph Lauren, Tommy Hilfiger, VF Factory Outlet
Branson	MO	277,883	100	Coach, GAP, Liz Claiborne, Old Navy, Polo Ralph Lauren, Tommy Hilfiger, Zales
Williamsburg	IA	277,230	96	Brooks Brothers, Coach, GAP, Nike, Old Navy, Polo Ralph Lauren, Tommy Hilfiger
Lancaster	PA	255,059	100	Banana Republic, Coach, GAP, Movado, Nike, Polo Ralph Lauren, Timberland
Locust Grove	GA	247,454	100	Carter's Childrenswear, GAP, L'eggs Hanes Bali, Liz Claiborne, Old Navy, Tommy Hilfiger, Zales
Gonzales	LA	245,199	99	GAP, Liz Claiborne, Nine West, Old Navy, Oshkosh B'Gosh, Reebok, Zales
Fort Meyers	FL	198,789	89	Coach, GAP, Izod, Jones New York, Liz Claiborne, Oshkosh B'Gosh
Commerce I	GA	185,750	76	Aeropostale, Bass Shoe, Elisabeth, L'eggs Hanes Bali, Liz Claiborne, Old Navy, Reebok

Terrell	TX	177,490	100	GAP, L'eggs Hanes Bali, Liz Claiborne, Old Navy, Oshkosh B'Gosh, Reebok
Dalton	GA	173,430	99	Carter's Childrenswear, Izod, L'eggs Hanes Bali, Nautica
Seymour	IN	141,051	100	Bass Shoe, GAP, J. Crew, L'eggs Hanes Bali, Liz Claiborne, Polo Ralph Lauren, Reebok
North Branch	MN	134,480	100	GAP, L'eggs Hanes Bali, Liz Claiborne, Old Navy, Reebok, Wilsons Leather, Zales
West Branch	MI	112,420	100	Carter's Childrenswear, Coach, GAP, Liz Claiborne, Polo Ralph Lauren, Zales
Barstow	CA	105,950	87	Bass Shoe, Coach, Liz Claiborne, Nautica, Nine West, Mikasa, Polo Ralph Lauren, Reebok
Blowing Rock	NC	105,448	100	Carter's Childrenswear, Coach, GAP, Izod, L'eggs Hanes Bali, Liz Claiborne, Polo Ralph Lauren
Pigeon Forge(5)	TN	94,558	93	Coach, L'eggs Hanes Bali, Liz Claiborne, Oshkosh B'Gosh, Reebok, Rockport, Tommy Hilfiger

Nags Head	NC	82,254	100	Coach, GAP, L'eggs Hanes Bali, Nautica, Polo Ralph Lauren, Wilsons Leather
Boaz	AL	79,575	97	Eddie Bauer, GAP, L'eggs Hanes Bali, Lenox, Liz Claiborne, Nautica, Oshkosh B'Gosh, Reebok
Kittery I	ME	59,694	100	Carter's Childrenswear, Coldwater Creek, Dana Buchman, Jones New York, L'eggs Hanes Bali, Liz Claiborne, Oshkosh B'Gosh
LL Bean, North Conway	NH	50,745	100	Geoffrey Bean, LL Bean, L'eggs Hanes Bali, Nautica
Kittery II	ME	24,619	100	Brooks Brothers, Nautica, Samsonite, Skechers, Villeroy & Boch
Clover, North Conway	NH	11,000	100	Brooks Brothers, Liz Claiborne
Total		**5,622,945**	**97%**	

(1) A portion of our Riverhead center (containing approximately 298,000 square feet of GLA) is subject to a ground lease through May 31, 2004 which will be automatically renewed for up to seven additional terms of five years each unless we give notice. We intend to renew the ground lease in May 2004.

(2)
Our Sevierville center is subject to a ground lease which expires in 2046.

(3)
Our Myrtle Beach center is subject to a ground lease with an initial term through 2026, with renewal options for up to seven additional terms of ten years each at our option.

(4)
Represents property that is currently held through an unconsolidated joint venture in which we own a 50% interest.

(5)
Our Pigeon Forge center is subject to a ground lease which expires in 2086.

Historical Occupancy

The following table sets forth certain information regarding our portfolio occupancy rate for centers in which we have an ownership interest for each of the twelve month periods ending December 31, 2000 through December 31, 2002.

Year	Number of Centers	GLA (square foot)	Occupancy Rate
2002	29	5,729,000	98%
2001	29	5,332,000	96
2000	29	5,179,000	96

Historical Leasing Activity

The following table sets forth certain information regarding our leasing activity for the twelve month periods ended December 31, 2000 through December 31, 2002.

	Total Expiring		Renewed by Existing Tenants		Re-leased to New Tenants	
	GLA (square feet)	Percentage of Expiring GLA	GLA (square feet)	Percentage of Expiring GLA	GLA (square feet)	Percentage of Expiring GLA
2002	935,000	16%	819,000	88%	56,000	6%
2001	684,000	13	560,000	82	55,000	8
2000	690,000	13	520,000	75	68,000	10

	Renewals of Existing Leases				New Leases(1)			
		Weighted Average Annual Base per Square Foot				Weighted Average Annual Base per Square Foot		
Year	GLA (square feet)	At Expiration	Upon Renewal	Percentage Change	GLA (square feet)	At Expiration	Upon Re-lease	Percentage Change
2002	819,000	$ 14.86	$ 15.02	1%	229,000	$ 15.14	$ 15.74	4%
2001	560,000	14.08	14.89	6	269,000	14.90	16.43	10
2000	520,000	13.66	14.18	4	303,000	14.68	15.64	7

(1)
The square footage released to new tenants for 2002, 2001 and 2000 contains 56,000, 55,000 and 68,000 square feet, respectively, that was released to new tenants upon expiration of an existing lease during the current year.

Historical Occupancy Costs

The following table sets forth certain information regarding, for each of the twelve month periods ended December 31, 2000 through December 31, 2002, tenant occupancy costs per square foot as a percentage of reported tenant sales per square foot.

Year	Occupancy Costs as a Percentage of Tenant Sales(1)
2002	7.2%
2001	7.1
2000	7.4

(1) This calculation includes base rent, common area maintenance, real estate taxes, insurance, advertising and promotions as a percentage of reported tenant sales per square foot.

Major Tenants

The following table sets forth certain information with respect to our ten largest tenants and their store concepts as of December 1, 2003.

Tenant	Number of Stores	GLA (square feet)	Percentage of Total GLA
The Gap, Inc.:			
GAP	17	149,702	2.7%
Old Navy	12	170,785	3.0
Banana Republic	5	38,824	0.7
Baby Gap	1	3,885	0.1
Banana Republic Shoe	1	3,220	*
	36	366,396	6.5%
Phillips-Van Heusen Corporation:			
Bass Shoe	21	143,166	2.5%
Van Heusen	21	89,397	1.6
Geoffrey Beene Co. Store	12	46,001	0.8
Izod	13	31,100	0.6
	67	309,664	5.5%
Liz Claiborne:			
Liz Claiborne	22	252,198	4.5%
Elizabeth	6	21,484	0.4
DKNY Jeans	4	11,820	0.2
Claiborne Mens	2	6,100	0.1
Special Brands By Liz Claiborne	2	5,880	0.1
Dana Buchman	2	4,500	0.1
	38	301,982	5.4%
VF Factory Outlet, Inc.:			
VF Factory Outlet, Inc.	4	105,697	1.9%

Tenant	Number of Stores	GLA (square feet)	Percentage of Total GLA
Nautica Factory Stores	17	73,072	1.3
Nautica Jeans Co. Outlet	1	4,500	0.1
	22	183,269	3.3%
Reebok International, Ltd.:			
Reebok	19	160,861	2.9%
Rockport	4	11,900	0.2
Greg Norman	1	3,000	*
	24	175,761	3.1%
Dress Barn, Inc.	19	136,012	2.4%
Polo Ralph Lauren:			
Polo Ralph Lauren	12	101,716	1.8%
Polo Jeans	4	15,000	0.3
	16	116,716	2.1%
Sara Lee Corporation:			
L'eggs, Hanes, Bali	25	109,310	2.0%
Socks Galore	5	6,230	0.1
	30	115,540	2.1%
Brown Group Retail, Inc:			
Factory Brand Shoe	15	91,102	1.6%
Naturalizer	8	20,844	0.4
	23	111,946	2.0%
American Commercial, Inc:			
Mikasa Factory Store	14	109,912	1.9%
Total of all tenants listed in table	**289**	**1,927,198**	**34.3%**

* Represents less than one-tenth of one percent.

Lease Expirations

The following table sets forth, as of December 1, 2003, scheduled lease expirations, assuming none of the tenants exercise renewal options. Most of our leases are renewable for five year terms at the tenant's option.

Year	Number of Leases Expiring(1)	GLA (square feet)	Average Annualized Base Rent per square foot	Annualized Base Rent(2)	Percentage of Gross Annualized Base Rent Represented by Expiring Leases