

TANGER FACTORY OUTLET CENTERS INC  
Form 10-Q  
November 06, 2009

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended September 30, 2009

OR

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File No. 1-11986

TANGER FACTORY OUTLET CENTERS, INC.  
(Exact name of Registrant as specified in its Charter)

NORTH CAROLINA  
(State or other jurisdiction  
of incorporation or organization)

56-1815473  
(I.R.S. Employer  
Identification No.)

3200 Northline Avenue, Suite 360, Greensboro, North Carolina 27408  
(Address of principal executive offices)  
(Zip code)

(336) 292-3010  
(Registrant's telephone number, including area code)

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

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

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

Indicated by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).  
Yes  No

40,278,284 shares of Common Stock,  
\$.01 par value, outstanding as of November 1, 2009

1

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TANGER FACTORY OUTLET CENTERS, INC.

Index

	Page Number
	Part I. Financial Information
Item 1.	Financial Statements (Unaudited)
	Consolidated Balance Sheets - as of September 30, 2009 and December 31, 2008
	3
	Consolidated Statements of Operations - for the three and nine months ended September 30, 2009 and 2008
	4
	Consolidated Statements of Cash Flows - for the nine months ended September 30, 2009 and 2008
	5
	Notes to Consolidated Financial Statements
	6
Item 2.	Management's Discussion and Analysis of Financial Condition and Results of Operations
	19
Item 3.	Quantitative and Qualitative Disclosures about Market Risk
	30
Item 4.	Controls and Procedures
	31
	Part II. Other Information
Item 1.	Legal Proceedings
	31
Item 1A.	Risk Factors
	31
Item 6.	Exhibits
	32
Signatures	32

## PART I. – FINANCIAL INFORMATION

## Item 1 – Financial Statements

TANGER FACTORY OUTLET CENTERS, INC. AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS  
(In thousands, except share and per share data)  
(Unaudited)

	September 30, 2009	December 31, 2008 (as adjusted)
<b>ASSETS:</b>		
Rental property		
Land	\$ 135,605	\$ 135,689
Buildings, improvements and fixtures	1,349,310	1,260,243
Construction in progress	---	3,823
	1,484,915	1,399,755
Accumulated depreciation	(396,508)	(359,301)
Rental property, net	1,088,407	1,040,454
Cash and cash equivalents	4,401	4,977
Investments in unconsolidated joint ventures	9,569	9,496
Deferred charges, net	41,572	37,750
Other assets	32,646	29,248
Total assets	\$ 1,176,595	\$ 1,121,925
<b>LIABILITIES AND EQUITY</b>		
<b>Liabilities</b>		
<b>Debt</b>		
Senior, unsecured notes (net of discount of \$917 and \$9,137, respectively)	\$ 256,293	\$ 390,363
Mortgage payable (including a debt discount of \$554 and \$0, respectively)	35,246	---
Unsecured term loan	235,000	235,000
Unsecured lines of credit	54,000	161,500
	580,539	786,863
Construction trade payables	7,957	11,968
Accounts payable and accrued expenses	34,235	26,277
Other liabilities	28,864	30,914
Total liabilities	651,595	856,022
<b>Commitments</b>		
<b>Equity</b>		
Tanger Factory Outlet Centers, Inc. equity		
Preferred shares, 7.5% Class C, liquidation preference		
\$25 per share, 8,000,000 shares authorized, 3,000,000 shares issued and outstanding at September 30, 2009 and		
December 31, 2008	75,000	75,000

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Common shares, \$.01 par value, 150,000,000 shares authorized, 40,278,284 and 31,667,501 shares issued and outstanding at September 30, 2009 and December 31, 2008, respectively	403	317
Paid in capital	595,240	371,190
Distributions in excess of net income	(197,725)	(201,679)
Accumulated other comprehensive loss	(6,824)	(9,617)
Equity attributable to Tanger Factory Outlet Centers, Inc.	466,094	235,211
Equity attributable to noncontrolling interest in Operating Partnership	58,906	30,692
Total equity	525,000	265,903
Total liabilities and equity	\$ 1,176,595	\$ 1,121,925

The accompanying notes are an integral part of these consolidated financial statements.

TANGER FACTORY OUTLET CENTERS, INC. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF OPERATIONS

(In thousands, except per share data)

(Unaudited)

	2009	Three months ended September 30, 2008	2009	Nine months ended September 30, 2008
Revenues		(as adjusted)		(as adjusted)
Base rentals	\$ 44,160	\$ 40,519	\$ 130,512	\$ 116,374
Percentage rentals	1,442	1,811	3,690	4,109
Expense reimbursements	19,069	18,277	56,662	51,447
Other income	5,646	2,166	9,278	5,124
Total revenues	70,317	62,773	200,142	177,054
Expenses				
Property operating	21,353	20,678	63,895	57,422
General and administrative	15,763	6,217	27,518	17,165
Depreciation and amortization	20,213	15,320	60,262	45,593
Impairment charge	---	---	5,200	---
Total expenses	57,329	42,215	156,875	120,180
Operating income	12,988	20,558	43,267	56,874
Interest expense	(8,692)	(9,811)	(29,466)	(30,153)
Gain on early extinguishment of debt	---	---	10,467	---
Gain on fair value measurement of previously held interest in acquired joint venture	---	---	31,497	---
Loss on settlement of US treasury rate locks	---	---	---	(8,910)
Income before equity in earnings (losses) of unconsolidated joint ventures	4,296	10,747	55,765	17,811
Equity in earnings (losses) of unconsolidated joint ventures	68	596	(1,346)	1,548
Net income	4,364	11,343	54,419	19,359
Noncontrolling interest	(407)	(1,621)	(7,938)	(2,473)
Net income attributable to Tanger Factory Outlet Centers, Inc.	\$ 3,957	\$ 9,722	\$ 46,481	\$ 16,886
Basic earnings per common share				
Income from continuing operations	\$ .06	\$ .26	\$ 1.20	\$ .39
Net income	\$ .06	\$ .26	\$ 1.20	\$ .39
Diluted earnings per common share				

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Income from continuing operations	\$			
	.06	\$ .26	\$ 1.20	\$ .38
Net income	\$			
	.06	\$ .26	\$ 1.20	\$ .38
Dividends paid per common share	\$			
	.3825	\$ .38	\$ 1.145	\$ 1.12

The accompanying notes are an integral part of these consolidated financial statements.

TANGER FACTORY OUTLET CENTERS, INC. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)

(Unaudited)

	Nine Months Ended September 30,	
	2009	2008 (as adjusted)
<b>OPERATING ACTIVITIES</b>		
Net income	\$ 54,419	\$ 19,359
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	60,262	45,620
Impairment charge	5,200	---
Amortization of deferred financing costs	1,169	1,158
Gain on sale of land outparcel	(3,293)	---
Gain on early extinguishment of convertible debt	(10,467)	---
Gain on fair value measurement of previous interest held in acquired joint venture	(31,497)	---
Loss on settlement of US treasury rate locks	---	8,910
Equity in (earnings) losses of unconsolidated joint ventures	1,346	(1,548)
Compensation expense related to restricted shares and options granted	10,969	4,024
Amortization of debt premiums and discount, net	972	