FORM 10-Q

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

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

For the quarterly period ended March 31, 2001

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	56-1815473
(State or other jurisdiction of incorporation or organization)	(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 X No

7,918,911 shares of Common Stock,
$.01 par value, outstanding as of May 1, 2001

TANGER FACTORY OUTLET CENTERS, INC.

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TANGER FACTORY OUTLET CENTERS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except per share data)

<S>	Three Months Ended March 31, 2001 <C>	2000 <C>
	(Unaudited)	
REVENUES		
Base rentals	$18,278	$17,458
Percentage rentals	351	453
Expense reimbursements	7,571	6,963
Other income	520	943
Total revenues	26,720	25,817
EXPENSES		
Property operating	8,697	7,439
General and administrative	2,069	1,761
Interest	7,633	6,662
Depreciation and amortization	7,211	6,438
Total expenses	25,610	22,300
Income before minority interest and extraordinary item	1,110	3,517
Minority interest	(185)	(848)
Income before extraordinary item	925	2,669
Extraordinary item - Loss on early extinguishment of debt, net of minority interest of $50	(130)	---
Net income	795	2,669
Less applicable preferred share dividends	(442)	(466)
Net income available to common shareholders	$353	$2,203
Basic earnings per common share:		
Income before extraordinary item	$.06	$.28
Extraordinary item	(.02)	---
Net income	$.04	$.28
Diluted earnings per common share:		
Income before extraordinary item	$.06	$.28
Extraordinary item	(.02)	---
Net income	$.04	$.28
Dividends paid per common share	$.61	$.61

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

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

March 31,

December 31,

2001

2000

	(Unaudited)	
ASSETS		
Rental Property		
<S>	<C>	<C>
Land	$59,858	$59,858
Buildings, improvements and fixtures	529,244	505,554
Developments under construction	---	19,516
	589,102	584,928
Accumulated depreciation	(128,976)	(122,365)
Rental property, net	460,126	462,563
Cash and cash equivalents	214	634
Deferred charges, net	11,549	8,566
Other assets	12,813	15,645
Total assets	$484,702	$487,408
LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilites		
Long-term debt		
Senior, unsecured notes	$175,000	$150,000
Mortgages payable	158,858	135,313
Term note, unsecured	---	20,000
Lines of credit	21,427	41,530
	355,285	346,843
Construction trade payables	6,853	9,784
Accounts payable and accrued expenses	11,343	12,807
Total liabilities	373,481	369,434
Commitments		
Minority interest	25,223	27,097
Shareholders' equity		
Preferred shares, $.01 par value, 1,000,000 shares authorized, 80,600 shares issued and outstanding at March 31, 2001 and December 31, 2000	1	1
Common shares, $.01 par value, 50,000,000 shares authorized, 7,918,911 shares issued and outstanding at March 31, 2001 and December 31, 2000	79	79
Paid in capital	136,361	136,358
Distributions in excess of net income	(50,018)	(45,561)
Accumulated other comprehensive loss	(425)	---
Total shareholders' equity	85,998	

		90,877
Total liabilities and shareholders' equity	$484,702	$487,408

The accompanying notes are an integral part of these consolidated financial statements.
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TANGER FACTORY OUTLET CENTERS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)

	Three Months Ended March 31,	
	2001	2000
	(Unaudited)	
OPERATING ACTIVITIES		
<S>	<C>	<C>
Net income	$795	$2,669
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	7,211	6,438
Amortization of deferred financing costs	633	288
Minority interest	(28)	848
Loss on early extinguishment of debt, net of minority interest	130	---
Straight-line base rent adjustment	104	9
Increase (decrease) due to changes in:		
Other assets	1,576	428
Accounts payable and accrued expenses	(1,889)	(1,059)
Net cash provided by operating activites	8,532	9,621
INVESTING ACTIVITIES		
Additions to rental properties	(7,071)	(5,417)
Additions to deferred lease costs	(700)	(609)
Insurance proceeds from casualty losses	---	4,046
Proceeds from sale of real estate	723	---
Repayments from (advances to) officers	318	(411)
Net cash used in investing activities	(6,730)	(2,391)
FINANCING ACTIVITIES		
Cash dividends paid	(5,252)	(5,230)
Distributions to minority interest	(1,843)	(1,835)
Proceeds from issuance of debt	169,804	31,578
Repayments of debt	(161,362)	(31,608)
Additions to deferred financing costs	(3,569)	(438)
Net cash used in financing activities	(2,222)	(7,533)

Net decrease in cash and cash equivalents	(420)	(303)
Cash and cash equivalents, beginning of period	634	503
Cash and cash equivalents, end of period	$214	$200

Supplemental schedule of non-cash investing activities:
The Company purchases capital equipment and incurs costs relating to construction of new facilities, including tenant finishing allowances. Expenditures included in construction trade payables as of March 31, 2001 and 2000 amounted to $6,853 and $6,372, respectively.
</TABLE>

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

TANGER FACTORY OUTLET CENTERS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2001
(Unaudited)

1. Business

Tanger Factory Outlet Centers, Inc., a fully-integrated, self-administered, self-managed real estate investment trust ("REIT"), develops, owns and operates factory outlet centers. The factory outlet centers and other assets of the Company's business are held by, and all of its operations are conducted by, Tanger Properties Limited Partnership. Unless the context indicates otherwise, the term the "Company" refers to Tanger Factory Outlet Centers, Inc. 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.

2. Basis of Presentation

Our unaudited Consolidated Financial Statements have been prepared pursuant to accounting principles generally accepted in the United States of America and should be read in conjunction with the Consolidated Financial Statements and Notes thereto of our Annual Report on Form 10-K for the year ended December 31, 2000. Certain information and note disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been condensed or omitted pursuant to the Securities and Exchange Commission's ("SEC") rules and regulations, although management believes that the disclosures are adequate to make the information presented not misleading.

The accompanying unaudited Consolidated Financial Statements reflect, in the opinion of management, all adjustments necessary for a fair presentation of the interim financial statements. All such adjustments are of a normal and recurring nature.

3. Development of Rental Properties

During the first quarter of 2001, we opened 47,000 square feet of expansion space in our center in San Marcos, Texas. Currently, we have an additional 50,000 square feet under construction in San Marcos, which is scheduled to open during the third quarter of 2001.

Commitments to complete construction of the expansions to the existing properties and other capital expenditure requirements amounted to approximately $1.3 million at March 31, 2001. Commitments for construction represent only those costs contractually required to be paid by us.

Interest costs capitalized during the three months ended March 31, 2001 and 2000 amounted to $371,000 and $238,000, respectively.

4. Long-Term Debt

On February 9, 2001, the Operating Partnership issued $100 million of 9.125% senior, unsecured notes, maturing on February 15, 2008. The net proceeds of $97 million were used to repay all of the outstanding indebtedness under our $75 million 8.75% notes which were due March 11, 2001. The net proceeds were also used to repay the $20 million LIBOR plus 2.25% term loan due January 2002 with

Fleet National Bank and Bank of America. The interest rate swap agreements associated with this loan were terminated at a cost of $295,200 which has been included in interest expense. In addition, approximately $180,000 of unamortized costs were written off as an extraordinary item. The remaining proceeds were used for general operating purposes.

On March 26, 2001, we entered into a five year collateralized loan with Wells Fargo Bank for $24.0 million at a variable rate of LIBOR plus 1.75%. The proceeds were used to reduce amounts outstanding under existing lines of credit. Additionally on March 26, 2001, we extended the maturity date of our existing $29.5 million term loan with Wells Fargo Bank from July 2005 to March 2006.

On May 1, 2001, we entered into an eight year collateralized loan with John Hancock Insurance Company for $19.45 million at a fixed rate of 7.98%. The proceeds were used to reduce amounts outstanding under existing lines of credit.

At March 31, 2001, we had revolving lines of credit with an unsecured borrowing capacity of $100 million, of which $78.6 million was available for additional borrowings.

5. Accounting Change - Derivative Financial Instruments

Effective January 1, 2001, we adopted Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities", as amended by FAS 137 and FAS 138 (collectively, "FAS 133"). The cumulative effect of the change in accounting principle related to the adoption of FAS 133 resulted in the recognition of a $216,500 loss, net of minority interest of $83,000, to accumulated other comprehensive income on the date of adoption. As discussed in Note 4, certain interest rate swap agreements were terminated during the quarter and the other comprehensive loss totaling $106,000, net of minority interest of $41,000, recognized at adoption relating to these agreements was reclassified to earnings. In accordance with the provisions of FAS 133, our sole remaining interest rate swap agreement has been designated as a cash flow hedge and is carried on the balance sheet at fair value. At March 31, 2001, the fair value of the hedge is recorded as a liability of $588,000. For the three months ended March 31, 2001, the change in the fair value of the remaining derivative instrument was recorded as a $314,000 loss, net of minority interest of $121,000, to accumulated other comprehensive income.

Total comprehensive income for the three months ended March 31, 2001 is as follows (in thousands):

<TABLE>

<S>	<C>	<C>
Net income		$ 795
Other comprehensvie income (loss):		
Cumulative effect adjustment of FAS 133 adoption, net of minority interest of $83	(217)	
Reclassification to earnings on termination of cash flow hedge, net of minority interest of $41	106	
Change in fair value of cash flow hedge, net of minority interest of $121	(314)	
Other comprehensive (loss)	(425)	
Total comprehensive income		$ 370

</TABLE>

6. Earnings Per Share

The following table sets forth a reconciliation of the numerators and denominators in computing earnings per share in accordance with Statement of Financial Accounting Standards No. 128, Earnings Per Share (in thousands, except per share amounts):

<TABLE>
<CAPTION>

	Three Months Ended March 31, 2001	Three Months Ended March 31, 2000
Numerator:		
<S>	<C>	<C>
Income before extraordinary item	$925	$2,669
Less applicable preferred share dividends	(442)	(466)
Income available to common shareholders - numerator for basic and diluted earnings per share	483	2,203
Denominator:		
Basic weighted average common shares	7,919	7,877
Effect of outstanding share and unit options	35	6
Diluted weighted average common shares	7,954	7,883

Basic earnings per share before extraordinary item	$.06	$.28
Diluted earnings per share before extaordinary item	$.06	$.28

</TABLE>

The computation of diluted earnings per share excludes options to purchase common shares when the exercise price is greater than the average market price of the common shares for the period. Options excluded for the three months ended March 31, 2001 and 2000 totaled 1,246,870 and 1,280,840, respectively. The assumed conversion of preferred shares to common shares as of the beginning of the year would have been anti-dilutive. The assumed conversion of the partnership units held by the minority interest limited partner as of the beginning of the year, which would result in the elimination of earnings allocated to the minority interest, would have no impact on earnings per share since the allocation of earnings to a partnership unit is equivalent to earnings allocated to a common share.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

The following discussion should be read in conjunction with the unaudited, consolidated financial statements appearing elsewhere in this report. Historical results and percentage relationships set forth in the unaudited, consolidated statements of operations, including trends which might appear, are not necessarily indicative of future operations.

The discussion of our results of operations reported in the unaudited consolidated statements of operations compares the three months ended March 31, 2001 with the three months ended March 31, 2000. Certain comparisons between the periods are made on a percentage basis as well as on a weighted average gross leasable area ("GLA") basis, a technique which adjusts for certain increases or decreases in the number of centers and corresponding square feet related to the development, acquisition, expansion or disposition of rental properties. The computation of weighted average GLA, however, does not adjust for fluctuations in occupancy which may occur subsequent to the original opening date.

Cautionary Statements

Certain statements made below are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. We intend for such forward-looking statements to be covered by the safe harbor provisions for forward-looking statements contained in the Private Securities Reform Act of 1995 and included this statement for purposes of complying with these safe harbor provisions. Forward-looking statements, which are based on certain assumptions and describe our future plans, strategies and expectations, are generally identifiable by use of the words "believe", "expect", "intend", "anticipate", "estimate", "project", or similar expressions. You should not rely on forward-looking statements since they involve known and unknown risks, uncertainties and other factors which are, in some cases, beyond our control and which could materially affect our actual results, performance or achievements. Factors which may cause actual results to differ materially from current expectations include, but are not limited to, the following:

- general economic and local real estate conditions could change (for example, our tenant's business may change if the economy changes, which might effect (1) the amount of rent they pay us or their ability to pay rent to us, (2) their demand for new space, or (3) our ability to renew or re-lease a significant amount of available space on favorable terms;

- the laws and regulations that apply to us could change (for instance, a change in the tax laws that apply to REITs could result in unfavorable tax treatment for us);

- availability and cost of capital (for instance, financing opportunities may not be available to us, or may not be available to us on favorable terms);

- our operating costs may increase or our costs to construct or acquire new properties or expand our existing properties may increase or exceed our original expectations.

General Overview

At March 31, 2001, we owned 29 centers in 20 states totaling 5.3 million square feet compared to 31 centers in 22 states totaling 5.2 million square feet at March 31, 2000. Since March 31, 2000, we have expanded five centers, increasing GLA by approximately 277,000 square feet. In addition, we sold two centers totaling 186,000 square feet during June 2000.

During the first quarter of 2001, we opened 47,000 square feet of expansion space in our center in San Marcos, Texas. Currently, we have an additional 50,000 square feet under construction in San Marcos, which is scheduled to open during the third quarter of 2001.

A summary of the operating results for the three months ended March 31, 2001 and 2000 is presented in the following table, expressed in amounts calculated on a weighted average GLA basis.

<TABLE>
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	Three Months Ended March 31, 2001	2000
<S> <C>	<C>	<C>
GLA open at end of period (000's)	5,282	5,191
Weighted average GLA (000's) (1)	5,255	5,168
Outlet centers in operation	29	31
Centers disposed of or sold	---	---
Centers expanded	1	---
States operated in at end of period	20	22
Occupancy percentage at end of period	95%	95%
Per square foot		
Revenues		
Base rentals	$3.48	$3.38
Percentage rentals	.07	.09
Expense reimbursements	1.44	1.35
Other income	.10	.18
Total revenues	5.09	5.00
Expenses		
Property operating	1.66	1.44
General and administrative	.39	.34
Interest	1.45	1.29
Depreciation and amortization	1.37	1.25
Total expenses	4.87	4.32
Income before minority interest and extraordinary item	$.22	$.68

(1) GLA weighted by months of operations. GLA is not adjusted for fluctuations in occupancy which may occur subsequent to the original opening date.
</TABLE>

RESULTS OF OPERATIONS

Comparison of the three months ended March 31, 2001 to the three months ended March 31, 2000

Base rentals increased $820,000, or 5%, in the 2001 period when compared to the same period in 2000. The increase is primarily due to the effect of the expansions completed since March 31, 2000 in the five centers mentioned above in the General Overview. Base rent per weighted average GLA increased by $.10 per square foot from $3.38 per square foot in the first three months of 2000 compared to $3.48 per square foot in the first three months of 2001. The increase is the result of the expansions and the sale of the Lawrence, Kansas and McMinnville, Oregon centers in June 2000 which had a lower average base rent per square foot compared to the portfolio average.

Percentage rentals, which represent revenues based on a percentage of tenants' sales volume above predetermined levels (the "breakpoint"), decreased $102,000, and on a weighted average GLA basis, decreased $.02 per square foot in 2001 compared to 2000. For the three months ended March 31, 2001, reported same-store sales, defined as the weighted average sales per square foot reported by tenants for stores open since January 1, 2000, decreased by 3% when compared to the first three months of 2000. This decrease is due in part to the negative impact of severe winter weather on tenant sales, particularly at our centers located in the northeast and the effect of the San Marcos, TX expansion on that center's existing-store sales. Reported same-space sales for the rolling twelve months ended March 31, 2001, defined as the weighted average sales per square foot reported in space open for the full duration of each comparison period, increased to $284, or 5%, reflecting the continued success of the our strategy to re-merchandise selected centers by replacing low volume tenants with high volume tenants.

Expense reimbursements, which represent the contractual recovery from tenants of certain common area maintenance, insurance, property tax, promotional, advertising and management expenses generally fluctuates consistently with the

reimbursable property operating expenses to which it relates. Expense reimbursements, expressed as a percentage of property operating expenses, decreased from 94% in 2000 to 87% in 2001 primarily as a result of increases in certain non-reimbursable expenses.

Other income decreased $423,000 in 2001 compared to 2000 primarily due to the recognition of $493,000 in business interruption insurance proceeds relating to the Stroud, Oklahoma center in 2000. The business interruption insurance proceeds were received when the Stroud center was destroyed by a tornado in May 1999 and were fully amortized by June 2000.

Property operating expenses increased by $1,258,000, or 17%, in the 2001 period as compared to the 2000 period and, on a weighted average GLA basis, increased $.22 per square foot from $1.44 to $1.66. The increases are the result of certain increases in real estate tax assessments, property insurance premiums and higher common area maintenance expenses.

General and administrative expenses increased $308,000, or 17%, in the 2001 period as compared to the 2000 period. Also, as a percentage of total revenues, general and administrative expenses increased from 7% to 8% in the 2000 period compared to the 2001 period and, on a weighted average GLA basis, increased $.05 per square foot from $.34 in 2000 to $.39 in 2001.

Interest expense increased $971,000 during 2001 as compared to 2000 due primarily to our long-term strategy to replace short-term, variable rate debt with long-term collateralized, fixed rate debt and extend our average debt maturities. Also, $295,200 paid to terminate certain interest rate swap agreements during 2001 contributed to the increase in interest expense. Depreciation and amortization per weighted average GLA increased from $1.25 per square foot in the 2000 period to $1.37 per square foot in the 2001 period due to a higher mix of tenant finishing allowances included in buildings and improvements which are depreciated over shorter lives (i.e., over lives generally ranging from 3 to 10 years as opposed to other construction costs which are depreciated over lives ranging from 15 to 33 years).

The extraordinary loss recognized in the 2001 period represents the write-off of unamortized deferred financing costs related to debt that was extinguished with a portion of the February 2001 bond offering proceeds prior to its scheduled maturity.

LIQUIDITY AND CAPITAL RESOURCES

Net cash provided by operating activities was $8.5 million and $9.6 million for the three months ended March 31, 2001 and 2000, respectively. The decrease in cash provided by operating activities is due primarily to an increase in interest expense in 2001 when compared to 2000. Net cash used in investing activities was $6.7 and $2.4 million during 2001 and 2000, respectively. Cash used was higher in 2001 primarily due to the increase in cash paid for expansion activities and due to $4.0 million received in insurance proceeds relating to the Stroud center in 2000. Net cash used in financing activities amounted to $2.2 million and $7.5 million during the first three months of 2001 and 2000, respectively.

During the quarter, we added 47,000 square feet to the portfolio in San Marcos, TX. In addition, we currently have approximately 50,000 square feet of expansion space under construction in San Marcos that is scheduled to open during the third quarter of 2001. Commitments to complete construction of the expansions to the existing properties and other capital expenditure requirements amounted to approximately $1.3 million at March 31, 2001. Commitments for construction represent only those costs contractually required to be paid by us.

We are in the early permitting and leasing stages for the development of up to 400,000 square foot outlet center in Myrtle Beach, South Carolina. This center is being developed by Tanger-Warren Development, LLC ("Tanger-Warren"), a joint venture that was formed in August 2000 to identify, acquire and develop sites for us. Based on anticipated successful permitting and pre-leasing, we expect stores to begin opening in late 2002.

We have an option to purchase the retail portion of a site at the Bourne Bridge Rotary in Cape Cod, Massachusetts. Based on tenant demand, we plan to develop a new 250,000 square foot outlet center. The entire site will contain more than 750,000 square feet of mixed-use entertainment, retail, office and residential community built in the style of a Cape Cod Village. The local and state planning authorities are currently reviewing the project and final approvals are anticipated by the end of 2001. Due to the extensive amount of site work and road construction, stores are not expected to open until mid 2003.

The developments or expansions that we have planned or anticipated may not be started or completed as scheduled, or may not result in accretive funds from operations. In addition, we regularly evaluate acquisition or disposition proposals and engage from time to time in negotiations for acquisitions or dispositions. We may also enter into letters of intent for the purchase or sale of properties. Any prospective acquisition or disposition that is being

evaluated or which is subject to a letter of intent may not be consummated, or if consummated, may not result in accretive funds from operations.

On February 9, 2001, the Operating Partnership issued $100 million of 9.125% senior, unsecured notes, maturing on February 15, 2008. The net proceeds of $97 million were used to repay all of the outstanding indebtedness under our $75 million 8.75% notes which were due March 11, 2001. The net proceeds were also used to repay the $20 million LIBOR plus 2.25% term loan due January 2002 with Fleet National Bank and Bank of America. The interest rate swap agreements associated with this loan were terminated at a cost of $295,200 which has been included in interest expense. In addition, approximately $180,000 of unamortized costs were written off as an extraordinary item. The remaining proceeds were used for general operating purposes.

On March 26, 2001, we entered into a five year collateralized loan with Wells Fargo Bank for $24.0 million at a variable rate of LIBOR plus 1.75%. The proceeds were used to reduce amounts outstanding under existing lines of credit. Additionally on March 26, 2001, we extended the maturity date of our existing $29.5 million term loan with Wells Fargo Bank from July 2005 to March 2006.

On May 1, 2001, we entered into an eight year collateralized loan with John Hancock Insurance Company for $19.45 million at a fixed rate of 7.98%. The proceeds were used to reduce amounts outstanding under existing lines of credit.

We intend to retain the ability to raise additional capital, including public debt as described above, to pursue attractive investment opportunities that may arise and to otherwise act in a manner that we believe to be in our best interest and our shareholders' interests. We maintain revolving lines of credit that provide for unsecured borrowings up to $100 million, of which $78.6 million was available for additional borrowings at March 31, 2001.

After giving effect to the February 2001 debt offering, the Operating Partnership and the Company under joint registration, could issue up to $100 million in additional equity securities. We are currently in the process of amending our shelf registration for the ability to issue up to $200 million in debt and equity securities, respectively. This process will be completed during the second quarter of 2001. We may also consider selling certain properties that do not meet our long-term investment criteria as well as outparcels on existing properties to generate capital to reinvest into other attractive investment opportunities. Based on cash provided by operations, existing credit facilities, ongoing negotiations with certain financial institutions, the February 2001 bond offering and funds available under the shelf registration, we believe that we have access to the necessary financing to fund the planned capital expenditures during 2001.

At March 31, 2001, approximately 55% of our outstanding long-term debt represented unsecured borrowings and approximately 63% of our real estate portfolio was unencumbered. The average interest rate, including loan cost amortization, on average debt outstanding for the three months ended March 31, 2001 was 8.9%.

We anticipate that adequate cash will be available to fund our operating and administrative expenses, regular debt service obligations, and the payment of dividends in accordance with REIT requirements in both the short and long term. Although we receive most of our rental payments on a monthly basis, distributions to shareholders are made quarterly and interest payments on the senior, unsecured notes are made semi-annually. Amounts accumulated for such payments will be used in the interim to reduce the outstanding borrowings under the existing lines of credit or invested in short-term money market or other suitable instruments. Certain of our debt agreements limit the payment of dividends such that dividends will not exceed funds from operations ("FFO"), as defined in the agreements, for the prior fiscal year on an annual basis or 95% of FFO on a cumulative basis from the date of the agreement.

On April 12, 2001, our Board of Directors declared a $.61 cash dividend per common share payable on May 15, 2001 to each shareholder of record on April 30, 2001, and caused a $.61 per Operating Partnership unit cash distribution to be paid to the minority interests. The Board of Directors also declared a cash dividend of $.5496 per preferred depositary share payable on May 15, 2001 to each shareholder of record on April 30, 2001.

Market Risk

We are exposed to various market risks, including changes in interest rates. Market risk is the potential loss arising from adverse changes in market rates and prices, such as interest rates. We do not enter into derivatives or other financial instruments for trading or speculative purposes.

We negotiate long-term fixed rate debt instruments and enter into interest rate swap agreements to manage our exposure to interest rate changes. The swaps involve the exchange of fixed and variable interest rate payments based on a

contractual principal amount and time period. Payments or receipts on the agreements are recorded as adjustments to interest expense. At March 31, 2001, we had an interest rate swap agreement effective through January 2003 with a notional amount of $25 million. Under this agreement, we receive a floating interest rate based on the 30 day LIBOR index and pay a fixed interest rate of 5.97%. This swap effectively changes our payment of interest on $25 million of variable rate debt to fixed rate debt for the contract period at a rate of 7.72%.

The fair value of the interest rate swap agreement represents the estimated receipts or payments that would be made to terminate the agreement. At March 31, 2001, we would have paid approximately $588,000 to terminate the agreement. A 1% decrease in the 30 day LIBOR index would increase the amount to be paid by us $426,000 to approximately $1,014,000. The fair value is based on dealer quotes, considering current interest rates.

The fair value of long-term fixed interest rate debt is subject to market risk. Generally, the fair value of fixed interest rate debt will increase as interest rates fall and decrease as interest rates rise. The estimated fair value of our total long-term debt at March 31, 2001 was $358.9 million and its recorded value was $355.3 million. A 1% increase from prevailing interest rates at March 31, 2001 would result in a decrease in fair value of total long-term debt by approximately $7.9 million. Fair values were determined from quoted market prices, where available, using current interest rates considering credit ratings and the remaining terms to maturity.

New Accounting Pronouncements

The Financial Accounting Standards Board ("FASB") has issued Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities", as amended by FAS 137 and FAS 138, (collectively, "FAS 133"). FAS 133 was effective for all fiscal quarters of all fiscal years beginning after June 15, 2000; accordingly, we adopted FAS 133 on January 1, 2001. Upon adoption on January 1, 2001, we recorded a cumulative effect adjustment of $216,500, net of minority interest of $83,000, in other comprehensive income (loss). At March 31, 2001 in accordance with the provisions of FAS 133, our sole interest rate swap agreement has been designated as a cash flow hedge and is carried on the balance sheet at fair value. At March 31, 2001, the fair value of the hedge is recorded as a liability of $588,000.

During 2000, the American Institute of Certified Public Accountants' Accounting Standards Executive Committee issued an exposure draft Statement of Position ("SOP") regarding the capitalization of costs associated with property, plant and equipment. Under the proposed SOP, all property, plant and equipment related costs would be expensed unless the costs are directly identifiable with specific projects and general and administrative and overhead costs which are not payroll or payroll related and not directly related to the project would be expensed as incurred. The expected effective date of the final SOP is expected in 2002 and currently we are evaluating the effects it may have on our results of operations and financial position.

Funds from Operations

We believe that for a clear understanding of our consolidated historical operating results, FFO should be considered along with net income as presented in the unaudited consolidated financial statements included elsewhere in this report. FFO is presented because it is a widely accepted financial indicator used by certain investors and analysts to analyze and compare one equity real estate investment trust ("REIT") with another on the basis of operating performance. FFO is generally defined as net income (loss), computed in accordance with generally accepted accounting principles, before extraordinary items and gains (losses) on sale of depreciable operating properties, plus depreciation and amortization uniquely significant to real estate. We caution that the calculation of FFO may vary from entity to entity and as such our presentation of FFO may not be comparable to other similarly titled measures of other reporting companies. FFO does not represent net income or cash flow from operations as defined by generally accepted accounting principles and should not be considered an alternative to net income as an indication of operating performance or to cash from operations as a measure of liquidity. FFO is not necessarily indicative of cash flows available to fund dividends to shareholders and other cash needs.

Below is a calculation of funds from operations for the three months ended March 31, 2001 and 2000 as well as actual cash flow and other data for those respective periods (in thousands):
<TABLE>
<CAPTION>

	Three Months Ended March 31,	
	2001	2000
Funds from Operations:		

<S>	<C>	<C>
Net income	$795	$2,669
Adjusted for:		
Extraordinary item - loss on early extinguishment of debt	130	---
Minority interest	185	848
Depreciation and amortization uniquely significant to real estate	7,122	6,378
Funds from operations before minority interest	$8,232	$9,895
Cash flows provided by (used in):		
Operating activites	$8,532	$9,621
Investing activities	$(6,730)	$(2,391)
Financing activities	$(2,222)	$(7,533)
Weighted average shares outstanding (1)	11,713	11,684

(1) Assumes the partnership units of the Operating Partnership held by the minority interest, prefered shares of the Company and share and unit options are all converted to common shares of the Company.

</TABLE>

Economic Conditions and Outlook

The majority of our leases contain provisions designed to mitigate the impact of inflation. Such provisions include clauses for the escalation of base rent and clauses enabling us to receive percentage rentals based on tenants' gross sales (above predetermined levels, which we believe often are lower than traditional retail industry standards) that generally increase as prices rise. Most of the leases require the tenant to pay their share of property operating expenses, including common area maintenance, real estate taxes, insurance and advertising and promotion, thereby reducing exposure to increases in costs and operating expenses resulting from inflation.

While factory outlet stores continue to be a profitable and fundamental distribution channel for brand name manufacturers, some retail formats are more successful than others. As typical in the retail industry, certain tenants have closed, or will close, certain stores by terminating their lease prior to its natural expiration or as a result of filing for protection under bankruptcy laws.

As part of our strategy of aggressively managing our assets, we are strengthening the tenant base in several of our centers by adding strong new anchor tenants, such as Polo, Nike, GAP, Tommy Hilfiger and Nautica. To accomplish this goal, stores may remain vacant for a longer period of time in order to recapture enough space to meet the size requirement of these upscale, high volume tenants. As of March 31, 2001, our centers were 95% occupied.

Approximately 29% of our lease portfolio is scheduled to expire during the next two years. Approximately, 675,000 square feet of space is up for renewal during 2001 and approximately 868,000 square feet will come up for renewal in 2002. If we were unable to successfully renew or release a significant amount of this space on favorable economic terms, the loss in rent could have a material, adverse effect on our results of operations.

As of March 31, 2001, we have renewed approximately 325,000 square feet, or 48% of the square feet scheduled to expire in 2001. The existing tenants have renewed at an average base rental rate approximately 7% higher than the expiring rate. We also re-tenanted 101,000 square feet of vacant space during the first three months of 2001 at an 8% increase in the average base rental rate from that which was previously charged. Consistent with our long-term strategy of remerchandising centers, we will continue to hold space off the market until an appropriate tenant is identified. While we believe this strategy will add value to our centers in the long-term, it may reduce our average occupancy rate in the near term.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

Neither the Company nor the Operating Partnership is presently involved in any material litigation nor, to their knowledge, is any material litigation threatened against the Company or the Operating Partnership or its properties, other than routine litigation arising in the ordinary course of business and which is expected to be covered by liability insurance.

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

Exhibit 10.1 The senior indenture, dated as of March 1, 1996, among Tanger Properties Limited Partnership, as Issuer, Tanger Factory Outlet Centers, Inc., a Guarantor, and State Street Bank and Trust Company, as Trustee incorporated by reference to Tanger Properties Limited Partnership Form 8-K dated January 31, 2001.

(b) Reports on Form 8-K

The Company filed the following reports on Form 8-K during the three months ended March 31, 2001:

Current Report on Form 8-K dated January 29, 2001 to file the press release of the year ending December 31, 2000 financial results.

Current Report on Form 8-K dated February 16, 2001 to report the completion of a 9.125% $100 million senior, unsecured bond offering due February 2008 by Tanger Properties Limited Partnership unconditionally guaranteed by Tanger Factory Outlet Centers, Inc.

SIGNATURES

Pursuant to the requirements of the Securities and Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the undersigned thereunto duly authorized.

TANGER FACTORY OUTLET CENTERS, INC.

By: /s/ FRANK C. MARCHISELLO, JR.

Frank C. Marchisello, Jr.
Senior Vice President, Chief Financial Officer

DATE: May 14, 2001