FORM 10-Q

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 JUNE 30, 1997

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.)

1400 WEST NORTHWOOD STREET, GREENSBORO, NORTH CAROLINA 27408
(Address of principal executive offices)
(Zip code)

910-274-1666
(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 ____

6,742,885 shares of Common Stock,
$.01 par value, outstanding as of July 31, 1997

TANGER FACTORY OUTLET CENTERS, INC.

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

	THREE MONTHS ENDED JUNE 30, 1997	THREE MONTHS ENDED JUNE 30, 1996	SIX MONTHS ENDED JUNE 30, 1997	SIX MONTHS ENDED JUNE 30, 1996
REVENUES				
Base rentals	$13,710	$12,423	$26,958	$24,718
Percentage rentals	305	331	703	598
Expense reimbursements	6,202	5,210	11,599	10,545
Other income	239	225	421	451
Total revenues	20,456	18,189	39,681	36,312
EXPENSES				
Property operating	6,523	5,561	12,148	11,365
General and administrative	1,504	1,268	3,028	2,671
Interest	3,957	3,605	7,779	6,668
Depreciation and amortization	4,615	4,164	8,904	8,107
Total expenses	16,599	14,598	31,859	28,811
INCOME BEFORE MINORITY INTEREST AND EXTRAORDINARY ITEM	3,857	3,591	7,822	7,501
Minority interest	(1,043)	(957)	(2,150)	(2,018)
INCOME BEFORE EXTRAORDINARY ITEM	2,814	2,634	5,672	5,483
Extraordinary item - Loss on early extinguishment of debt, net of minority interest of $270	---	---	---	(561)
NET INCOME	$2,814	$2,634	$5,672	$4,922
PER COMMON SHARE OUTSTANDING:				
Income before extraordinary item	$.34	$.32	$.71	$.67
Net income	.34	.32	.71	.58
DIVIDENDS PAID PER COMMON SHARE	$.55	$.52	$1.07	$1.02

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS.

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

	JUNE 30, 1997	DECEMBER 31, 1996
ASSETS		
Rental property, net	$348,548	$311,454
Cash and cash equivalents	2,603	2,585
Deferred charges, net	7,560	7,846
Other assets	11,690	10,253
TOTAL ASSETS	$370,401	$332,138
LIABILITIES AND SHAREHOLDERS' EQUITY		
LIABILITIES		
Long-term debt	$214,890	$178,004
Construction trade payables	13,226	8,320
Accounts payable and accrued expenses	9,374	9,558
TOTAL LIABILITIES	237,490	195,882
Commitments		
Minority interest	24,556	25,599
SHAREHOLDERS' EQUITY		
Preferred shares, $.01 par value, 1,000,000 shares authorized, 90,839 and 106,419 shares issued and outstanding at June 30, 1997 and December 31, 1996	1	1
Common shares, $.01 par value, 50,000,000 shares authorized, 6,742,885 and 6,602,510 shares issued and outstanding at June 30, 1997 and December 31, 1996	67	66
Paid in capital	121,500	121,384
Distributions in excess of net income	(13,213)	(10,794)
TOTAL SHAREHOLDERS' EQUITY	108,355	110,657
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$370,401	$332,138

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS.

TANGER FACTORY OUTLET CENTERS, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)
(In thousands)

<TABLE>
<CAPTION>

	SIX MONTHS ENDED JUNE 30, 1997	1996
OPERATING ACTIVITIES		
<S>	<C>	<C>
Net income	$5,672	$4,922
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	8,904	8,107
Amortization of deferred financing costs	504	474
Minority interest	2,150	1,748
Loss on early extinguishment of debt	---	831
Straight-line base rent adjustment	(207)	(707)
Compensation under Unit Option Plan	169	169
Increase (decrease) due to changes in:		
Other assets	(469)	2,120
Accounts payable and accrued expenses	(184)	1,748
NET CASH PROVIDED BY OPERATING ACTIVITIES	16,539	19,412
INVESTING ACTIVITIES		
Acquisition of rental properties	(18,000)	---
Additions to rental properties	(23,010)	(15,845)
Additions to deferred lease costs	(1,015)	(903)
NET CASH USED IN INVESTING ACTIVITIES	(42,025)	(16,748)
FINANCING ACTIVITIES		
Cash dividends paid	(8,091)	(7,712)
Distributions to minority interest	(3,245)	(3,095)
Proceeds from notes payable	---	75,000
Repayments on notes payable	(564)	(480)
Proceeds from revolving lines of credit	61,875	32,201
Repayments on revolving lines of credit	(24,425)	(97,727)
Additions to deferred financing costs	(46)	(3,205)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	25,504	(5,018)
Net increase (decrease) in cash and cash equivalents	18	(2,354)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	2,585	5,111
CASH AND CASH EQUIVALENTS, END OF PERIOD	$2,603	$2,757

</TABLE>

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 June 30, 1997 and 1996 amounted to $13,226 and $7,363, respectively.

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS.

TANGER FACTORY OUTLET CENTERS, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 1997
(Unaudited)

1. INTERIM FINANCIAL STATEMENTS

The unaudited consolidated financial statements of Tanger Factory Outlet Centers, Inc., (the "Company"), have been prepared pursuant to the Securities and Exchange Commissions' ("SEC") rules and regulations and should be read in conjunction with the financial statements and notes thereto of the Company's Annual Report on Form 10-K for the year ended December 31, 1996. Certain information and note disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations, although management believes that the disclosures are adequate to make the information presented not misleading.

The accompanying 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.

2. ACQUISITION AND DEVELOPMENT OF RENTAL PROPERTIES

On February 28, 1997, the Company completed the acquisition of Five Oaks Factory Stores, a factory outlet center in Sevierville, TN, containing approximately 123,000 square feet, for an aggregate purchase price of $18 million. The acquisition was accounted for using the purchase method whereby the purchase price was allocated to assets acquired based on their fair values. The results of operations of the acquired property have been included in the consolidated results of operations since the acquisition date.

During the quarter, construction continued on a 241,620 square foot expansion in Riverhead, NY, and stores began opening in late April 1997. Construction has also begun on properties in Lancaster, PA (26,000 square feet); Commerce, GA (61,000 square feet); Sevierville, TN (50,000 square feet) and San Marcos, TX (23,000 square feet). In addition, the Board of Directors approved construction of another expansion in Riverhead, NY (59,000 square feet).

Construction in progress amounted to $41.6 million and commitments to complete construction of new developments and additions to existing properties amounted to approximately $7.7 million at June 30, 1997. Commitments for construction represent only those costs contractually required to be paid by the Company.

Interest costs capitalized during the three months ended June 30, 1997 and 1996 amounted to $651,000 and $166,000, respectively, and during the six months ended June 30, 1997 and 1996 amounted to $1,052,000 and $456,000, respectively.

3. ACCUMULATED DEPRECIATION

Accumulated depreciation at June 30, 1997 and December 31, 1996 was approximately $55,233,000 and $46,907,000 respectively.

4. INCOME PER SHARE

Income per share is computed by dividing income, less applicable preferred dividends, by the weighted average number of common shares outstanding. Options outstanding are not included since their inclusion would not be materially dilutive. 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 limited partner as of the beginning of the year, which would result in the elimination of earnings allocated to minority interest, would have no impact on earnings per share since the allocation of earnings to an Operating Partnership Unit is equivalent to earnings allocated to a common share.

<TABLE>
<CAPTION>

	Three Months Ended June 30,		Six Months Ended June 30,	
	1997	1996	1997	1996
<S>	<C>	<C>	<C>	<C>
Applicable preferred dividends	$496,000	$636,000	$908,000	$1,283,000
Weighted average shares	6,742,885	6,335,111	6,724,528	6,313,197

</TABLE>

In February 1997, the Financial Accounting Standards Board issued SFAS #128, EARNINGS PER SHARE, effective for fiscal periods ending after December 15, 1997. The new standard simplifies the computation of income per share by replacing primary income per share with basic income per share. Basic income per share will not include the effect of any potentially dilutive securities, as under the current accounting standard, and will be computed by dividing reported income available to common shareholders by the weighted average common shares outstanding during the period. Fully diluted income per share will now be called diluted income per share and will reflect the dilution of all potentially dilutive securities. Companies will be required to restate all prior period income per share data. The adoption of this standard by the Company will have no impact on the historical reported income per share amounts since the effect of potentially dilutive securities have been immaterial and, therefore, have been excluded from the historical income per share computations.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

CAUTIONARY STATEMENTS

Certain statements contained in the discussion below, 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 of the Company, or industry results, to be materially different from any future results, performance or achievements of the Company, 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: the effects of future events on the Company's financial performance; the risk that the Company may not be able to finance its planned development activities; risks related to the retail industry in which the Company's outlet centers 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 the Company's 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; the risk of potential increase in market interest rates from current rates; 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 the Company's properties; and the risks that a significant number of tenants may become unable to meet their lease obligations or that the Company may be unable to renew or re-lease a significant amount of available space on economically favorable terms. Given these uncertainties, current and prospective investors are cautioned not to place undue reliance on such forward-looking statements. The Company disclaims any obligation to update any such factors or to publicly announce the result of any revisions to any of the forward-looking statements contained herein to reflect future events or developments.

OVERVIEW

The following discussion and analysis of the consolidated financial condition and results of operations should be read in conjunction with the Consolidated Financial Statements and Notes thereto. Historical results and percentage relationships set forth in the Consolidated Statements of Operations, including trends which might appear, are not necessarily indicative of future operations.

The discussion of the Company's results of operations reported in the Consolidated Statements of Operations compares the three and six months ended June 30, 1997 with the three and six months ended June 30, 1996. Certain comparisons between the periods are also 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 and expansion or disposition of rental properties. The computation of weighted average GLA, however, does not adjust for fluctuations in occupancy during each period shown since GLA is not reduced when original occupied space subsequently becomes vacant.

The Company continues to grow principally through acquisitions, new development and expansions of factory outlet centers. On February 28, 1997, the Company completed the acquisition of the Five Oaks Factory Stores center located in Sevierville, TN, containing approximately 123,000 square feet, for an aggregate purchase price of $18 million. During the quarter, construction continued on a 241,620 square foot expansion in Riverhead, NY, and stores began opening in late April 1997. Construction has also begun on expansions in Lancaster, PA (26,000 square feet); Commerce, GA (61,000 square feet); Sevierville, TN (50,000 square feet) and San Marcos, TX (23,000 square feet). In addition, the Board of Directors approved construction of another expansion in Riverhead, NY (59,000 square feet).

A summary of the operating results for three and six months ended June 30, 1997 and 1996, calculated on a weighted average GLA basis, is presented in the following table.

<TABLE>
<CAPTION>

	Three Months Ended June 30,		Six Months Ended June 30,	
	1997	1996	1997	1996
<S>	<C>	<C>	<C>	<C>
GLA at end of period (000's)	3,993	3,652	3,993	3,652
Weighted Average GLA(a) (000's)	3,917	3,612	3,850	3,577
Outlet centers in operation	28	27	28	27
New centers opened	---	---	---	---
New centers acquired	---	---	1	---
Centers expanded	1	3	1	4
States operated in at end of period	22	22	22	22
Per square foot				
Revenues				
Base rent	$3.50	$3.44	$7.00	$6.91
Percentage rentals	.08	.09	.18	.17
Expense reimbursements	1.58	1.44	3.01	2.95
Other income	.06	.06	.11	.13
Total revenues	5.22	5.03	10.30	10.16
Expenses				
Property operating	1.67	1.54	3.16	3.18
General and administrative	.38	.35	.79	.75
Interest	1.01	1.00	2.02	1.86
Depreciation and amortization	1.18	1.15	2.31	2.27
Total expenses	4.24	4.04	8.28	8.06
Income before minority interest and extraordinary item	$0.98	$0.99	$2.02	$2.10

</TABLE>
(A) GLA WEIGHTED BY MONTHS OF OPERATIONS

RESULTS OF OPERATIONS

COMPARISON OF THE THREE MONTHS ENDED JUNE 30, 1997 TO THE THREE MONTHS ENDED JUNE 30, 1996

Base rentals increased $1.3 million, or 10%, in the 1997 period when compared to the same period in 1996 primarily as a result of the 8% increase in weighted average GLA. Base rentals increased approximately $500,000 due to the effect of a full year's operation of expansions completed in 1996 and approximately $800,000 for new or acquired leases added during 1997.

Expense reimbursements, which represent the contractual recovery from tenants of certain common area maintenance, operating, property tax, promotional 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, increased from 94% in the 1996 period to 95% in the 1997 period due primarily to a reduction in nonreimbursable property operating expenses.

Property operating expenses increased by $962,000, or 17%, in the 1997 period as compared to the 1996 period and, on a weighted average GLA basis, increased 8% to $1.67 from $1.54 per square foot. The increases are due primarily to higher advertising and promotional expenses incurred during the 1997 period compared to the 1996 period.

Interest expense increased $352,000 during the 1997 period as compared to the 1996 period due to higher average borrowings outstanding during the period. Average borrowings have increased principally to finance the acquisition (see "Overview" above) and expansions to existing centers. Depreciation and amortization per weighted average GLA increased from $1.15 per square foot to $1.18 per square foot. The increase reflects the effect of accelerating the recognition of depreciation expense on certain tenant finishing allowances related to vacant space.

COMPARISON OF THE SIX MONTHS ENDED JUNE 30, 1997 TO THE SIX MONTHS ENDED JUNE 30, 1996

Base rentals increased $2.2 million, or 9%, in the 1997 period when compared to the same period in 1996 primarily as a result of the 8% increase in weighted average GLA. Base rent increased approximately $1.1 million due to the effect of a full year's operation of expansions completed in 1996 and approximately $950,000 for new or acquired leases added during 1997.

Expense reimbursements, which represent the contractual recovery from tenants of certain common area maintenance, operating, property tax, promotional 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, increased from 93% in the 1996 period to 95% in the 1997 period due primarily to a reduction in nonreimbursable property operating expenses.

Property operating expenses increased by $783,000, or 7%, in the 1997 period as compared to the 1996 period. However, on a weighted average GLA basis, property operating expenses decreased to $3.16 from $3.18 per square foot. The decrease is primarily due to lower common area maintenance expenses as a result of a milder winter season in the 1997 period compared to the 1996 period.

Interest expense increased $1,111,000 during the 1997 period as compared to the 1996 period due to higher average borrowings outstanding during the period. Average borrowings have increased principally to finance the acquisition (see "Overview" above) and expansions to existing centers. Depreciation and amortization per weighted average GLA increased from $2.27 per square foot to $2.31 per square foot. The increase reflects the effect of accelerating the recognition of depreciation expense on certain tenant finishing allowances related to vacant space.

The extraordinary item in the 1996 period represents a write-off of the unamortized deferred financing costs related to the lines of credit which were extinguished using the proceeds from the Company's $75 million senior unsecured notes issued in March 1996.

LIQUIDITY AND CAPITAL RESOURCES

Net cash provided by operating activities was $16.5 and $19.4 million for the six months ended June 30, 1997 and 1996, respectively. The decrease of $2.9 million was primarily due to the timing of the Company's semiannual interest payment on the senior unsecured notes issued in March 1996 with payments due in March and September of each year. Net cash used in investing activities increased $25.3 million the first six months of 1997 compared to the first six months of 1996 due primarily to the acquisition of the outlet center in Sevierville, Tennessee and continued construction of the Riverhead expansion. Net cash from financing activities increased $30.5 million as a result of the incremental financing used for the acquisition in addition to an increase in construction activity during the 1997 period compared to the 1996 period primarily for the continued construction of the Riverhead expansion.

Management believes, based upon its discussions with present and prospective tenants, that many tenants, including prospective tenants new to the factory outlet business, desire to open a number of new factory outlet stores in the next several years, particularly where there are successful factory outlet centers in which such tenants do not have a significant presence or where there are few factory outlet centers. Currently, five expansions totaling approximately 400,000 square feet are currently under construction (See "General Overview"). Commitments for construction of these projects (which represent only those costs contractually required to be paid by the Company) amounted to $7.7 million at June 30, 1997.

The Company also is in the process of developing plans for additional expansions for completion in 1997 and beyond and new centers for completion in 1998 and beyond. For example, the Company is in the preleasing stages for future centers at three potential sites located in Concord, North Carolina (Charlotte), Romulus, Michigan (Detroit), and Ashburn, Virginia (Washington, D.C.) However, there can be no assurance that any of these anticipated or planned developments or expansions will be started or completed as scheduled, or that any development or expansion will result in accretive funds from operations. In addition, the Company regularly evaluates acquisition proposals, engages from time to time in negotiations for acquisitions and may from time to time enter into letters of intent for the purchase of properties. No assurance can be given that any of the prospective acquisitions that are being evaluated or which are subject to a letter of intent will be consummated, or if consummated, will result in accretive funds from operations.

Management intends to continually have access to the capital resources necessary to expand and develop its business and, accordingly, may seek to obtain additional funds through equity offerings or debt financing. The Company has an active shelf registration with the SEC providing for the issuance of up to $100 million in additional equity securities and $100 million in additional debt securities. In addition, the Company maintains revolving lines of credit which provide for borrowings of up to $95.0 million, of which $29.7 million was available for additional borrowings as of June 30, 1997. Based on existing credit facilities, ongoing negotiations with certain financial institutions and funds available under the shelf registration, management believes that the Company has access to the necessary financing to fund the planned capital expenditures during 1997.

The Company anticipates that adequate cash will be available to fund its 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 the Company receives most of its rental payments on a monthly basis, distributions are made quarterly. Amounts accumulated for distribution are invested in short-term money market or other suitable instruments. Certain of the Company's debt agreements limit the payment of dividends such that dividends will not exceed funds from operations ("FFO"), as defined in the agreements, on an annual basis or 95% of FFO on a cumulative basis from the date of the agreement.

On July 10, 1997, the Board of Directors of the Company declared a $.55 cash dividend per common share payable on August 15, 1997 to each shareholder of record on July 25, 1997, and caused a $.55 per Operating Partnership unit cash distribution to be paid to the minority interests. The Board of Directors of the Company also declared a cash dividend of $.4955 per preferred depositary share payable on August 15, 1997 to each shareholder of record on July 25, 1997.

NEW ACCOUNTING PRONOUNCEMENTS

In February 1997, the Financial Accounting Standards Board issued SFAS #128, EARNINGS PER SHARE, effective for fiscal periods ending after December 15, 1997. The new standard simplifies the computation of income per share by replacing primary income per share with basic income per share. Basic income per share will not include the effect of any potentially dilutive securities, as under the current accounting standard, and will be computed by dividing reported income available to common shareholders by the weighted average common shares outstanding during the period. Fully diluted income per share will now be called diluted income per share and will reflect the

dilution of all potentially dilutive securities. Companies will be required to restate all prior period income per share data. The adoption of this standard by the Company will have no impact on the historical reported income per share amounts since the effect of potentially dilutive securities have been immaterial and, therefore, have been excluded from the historical income per share computations.

FUNDS FROM OPERATIONS

Management believes that to facilitate a clear understanding of the consolidated historical operating results of the Company, FFO should be considered in conjunction with net income as presented in the unaudited consolidated financial statements included elsewhere in this report. Management generally considers FFO to be an appropriate measure of the performance of an equity real estate investment trust ("REIT"). 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 properties, plus depreciation and amortization uniquely significant to real estate. The Company cautions that the calculation of FFO may vary from entity to entity and as such the presentation of FFO by the Company 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 computation of FFO for the three and six months ended June 30, 1997 and 1996.

<TABLE>
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	THREE MONTHS ENDED JUNE 30		SIX MONTHS ENDED JUNE 30	
	1997	1996	1997	1996
	(In thousands)			
<S>	<C>	<C>	<C>	<C>
Income before minority interest and extraordinary item	$3,857	$3,591	$7,822	$7,501
Adjusted for:				
Depreciation and amortization uniquely significant to real estate	4,574	4,129	8,811	8,039
Funds from operations before minority interest	$8,431	$7,720	$16,633	$15,540
Weighted average shares outstanding(1)	10,688	10,602	10,688	10,605

</TABLE>

(1) ASSUMES CONVERSION OF ALL PARTNERSHIP UNITS HELD BY THE MINORITY INTEREST AND PREFERRED SHARES TO COMMON SHARES.

ECONOMIC CONDITIONS AND OUTLOOK

Substantially all of the Company's leases contain provisions designed to mitigate the impact of inflation. Such provisions include clauses for the escalation of base rent and clauses enabling the Company to receive percentage rentals based on tenants' gross sales (above predetermined levels, which the Company believes often are lower than traditional retail industry standards) which 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 promotion, thereby reducing exposure to increases in costs and operating expenses resulting from inflation. In addition, the Company has an interest rate protection agreement which limits the effect of changes in interest rates on approximately $10 million of its floating rate debt through October 1998. This agreement, combined with the existing fixed rate mortgages, mitigate the Company's exposure to interest rate risk on approximately 74% of total debt outstanding as of June 30, 1997.

Approximately 164,000 square feet of space is currently up for renewal during the remainder of 1997 and approximately 436,000 square feet will come up for renewal in 1998. The Company's portfolio is currently 97% leased, but down approximately 2% since December 1996 primarily as a result of certain tenants closing stores from the early termination of their lease or after filing for protection under bankruptcy laws. However, existing tenants' sales have remained stable and renewals by existing tenants have remained strong. In addition, the

Company has continued to attract and retain additional tenants. Although there can be no assurance that any tenant whose lease expires will renew such lease or that terminated leases will be re-leased on economically favorable terms, management currently does not expect any material adverse impact as a result of these leases up for renewal, bankruptcy filings or notices of store closings. The Company's factory outlet centers typically include well known, national, brand name companies. By maintaining a broad base of credit tenants and a geographically diverse portfolio of properties located across the United States, the Company reduces its operating and leasing risks. No one tenant (including affiliates) accounts for more than 10% of the Company's combined base and percentage rental revenues.

CONTINGENCIES

There are no recorded amounts resulting from environmental liabilities as there are no known material loss contingencies with respect thereto. Future claims for environmental liabilities are not measurable given the uncertainties surrounding whether there exists a basis for any such claims to be asserted and, if so, whether any claims will, in fact, be asserted. Furthermore, no condition is known to exist that would give rise to a material environmental liability for site restoration, post-closure and monitoring commitments, or other costs that may be incurred upon the sale or disposal of a property. Management has no plans to abandon any of the properties and is unaware of any other material loss contingencies.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

Neither the Company nor the Company's majority owned subsidiary, Tanger Properties Limited Partnership, (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 the liability insurance.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

On May 9, 1997, the Company held its Annual Meeting of Shareholders. The matters on which common shareholders voted were the election of five directors to serve until the next Annual Meeting of Shareholders and the ratification of an amendment to the 1993 Stock Option Plan and the 1993 Unit Option Plan to increase the number of shares of the Company's Common Shares which may be issued under the Stock Option Plan and the number of units of the Operating Partnership which may be issued under the Unit Option Plan from 1,000,000 in the aggregate to 1,500,000 in the aggregate. The results of the voting are shown below:

ELECTION OF DIRECTORS

Nominees	Votes For	Votes Withheld
Stanley K. Tanger	6,009,833	244,376
Steven B. Tanger	6,011,381	242,828
Jack Africk	6,008,133	246,076
William G. Benton	6,011,084	243,125
Thomas E. Robinson	6,010,884	243,325

AMENDMENT TO STOCK AND UNIT OPTION PLANS

Votes cast for amendment	3,413,524
Votes cast against amendment	1,069,910
Votes abstained	71,179
No vote	1,699,595

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits

None

(b) Reports on Form 8-K

The Company filed a current report on Form 8-K dated April 28, 1997 to file its press release announcing the financial results for the quarter ended March 31, 1997.

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.
Vice President, Chief Financial Officer

DATE: July 31, 1997

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