

TANGER FACTORY OUTLET CENTERS INC

Form 424B3

May 06, 2009

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As Filed Pursuant to Rule 424(b)(3)
Registration No. 333-158503
Registration No. 333-158503-01

Offer To Exchange

Common Shares of

Tanger Factory Outlet Centers, Inc.

for

Any and All Outstanding 3.75% Exchangeable Senior Notes Due 2026 of

Tanger Properties Limited Partnership

Subject to the terms and conditions described in this prospectus

Tanger Properties Limited Partnership, or the Operating Partnership, hereby offers, upon the terms and subject to the conditions described in this prospectus and the accompanying letter of transmittal, to exchange common shares, \$0.01 par value per share, or Company Common Shares, of Tanger Factory Outlet Centers, Inc., or the Company, for any and all of its outstanding 3.75% exchangeable senior notes due 2026, or the Notes. An aggregate principal amount of \$149.5 million of Notes is currently outstanding. Holders who validly tender and do not validly withdraw their Notes prior to 5:00 p.m., New York City time, on Thursday, May 7, 2009 will receive, for each \$1,000 principal amount of Notes, the following:

a number of Company Common Shares equal to (i) 27.7434 (the exchange rate of the Notes for a holder exchanging as of April 9, 2009) plus (ii) the quotient of (A) \$215.00 divided by (B) the Collared Average VWAP (as defined below); and

accrued and unpaid interest from February 15, 2009 up to, but not including, the settlement date payable in cash.

The Collared Average VWAP means the arithmetic average of the Daily VWAPs (as defined below) on each day of the Averaging Period (as defined below); *provided, however*, that (1) if such arithmetic average is less than \$24.00, or the Minimum VWAP, then the Collared Average VWAP will be deemed to be the Minimum VWAP, and (2) if such arithmetic average is greater than \$40.00, or the Maximum VWAP, then the Collared Average VWAP will be deemed to be the Maximum VWAP.

The Averaging Period means the eight trading days beginning on Friday, April 24, 2009 and ending on Tuesday, May 5, 2009.

The Daily VWAP for any trading day means the per share volume-weighted average price as displayed under the heading Bloomberg VWAP on Bloomberg page SKT.N <equity> AQR (or its equivalent successor if such page is not available) in respect of the period from scheduled open of trading until the scheduled close of trading of the primary trading session on such trading day (or if such volume-weighted average price is unavailable, the market value of one Company Common Share on such trading day determined, using a volume-weighted average method, by a nationally recognized independent investment banking firm retained for this purpose by us). The Daily VWAP will be determined without regard to after hours trading or any other trading outside of the regular trading session trading hours.

The Collared Average VWAP and the total amount of Company Common Shares to be received for each \$1,000 principal amount of Notes tendered will be fixed after 5:00 p.m., New York City time, on Tuesday, May 5, 2009 and announced by means of a press release prior to the opening of trading on Wednesday, May 6, 2009.

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The Collared Average VWAP is \$33.2584. For each \$1,000 principal amount of Notes that is validly tendered and not validly withdrawn in the exchange offer, 34.2079 Company Common Shares will be issued.

Company Common Shares are listed on the New York Stock Exchange, or NYSE, under the symbol SKT . The closing price of Company Common Shares on May 5, 2009 was \$30.84 per share. The Company Common Shares offered by this prospectus have been approved, upon notice of issuance, for listing on the NYSE.

The exchange offer will expire at 5:00 p.m., New York City time, on Thursday, May 7, 2009, unless the exchange offer is extended or earlier terminated by the Operating Partnership.

Consummation of the exchange offer is subject to the conditions described in The Exchange Offer Conditions of the Exchange Offer . The exchange offer is not conditioned on any minimum principal amount of Notes being tendered.

See Risk Factors beginning on page 10 for a discussion of factors you should consider in evaluating this exchange offer.

None of the Company, the Operating Partnership, the exchange agent, the information agent, the dealer managers or any other person is making any recommendation as to whether you should choose to tender your Notes in the exchange offer. Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

Goldman, Sachs & Co.

Merrill Lynch & Co.

Dealer Managers

Prospectus dated April 9, 2009 (as amended on May 5, 2009).

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

You should rely only on the information contained or incorporated by reference in this prospectus. None of the Company, the Operating Partnership or the dealer managers has authorized any other person to provide you with different or additional information. If anyone provides you with different or additional information, you should not rely on it. Neither the Company nor the Operating Partnership is making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should assume that the information in this prospectus is accurate as of May 5, 2009 only. Our business, financial condition, results of operations and prospects may have changed since that date.

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WHERE YOU CAN FIND ADDITIONAL INFORMATION

We have filed with the Securities and Exchange Commission, or the SEC, a registration statement on Form S-4 under the Securities Act of 1933, as amended, or the Securities Act, to register the Company Common Shares offered by this prospectus. This prospectus does not contain all of the information included in the registration statement and the exhibits to the registration statement. We strongly encourage you to read carefully the registration statement and the exhibits to the registration statement.

Any statement made in this prospectus concerning the contents of any contract, agreement or other document is only a summary of the actual contract, agreement or other document. If we have filed any contract, agreement or other document as an exhibit to the registration statement, you should read the exhibit for a more complete understanding of the document or matter involved. Each statement regarding a contract, agreement or other document is qualified in its entirety by reference to the actual document.

The Company and the Operating Partnership file annual, quarterly and current reports, proxy statements and other information with the SEC. You may read and copy any document the Company or the Operating Partnership files with the SEC at its Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the Public Reference Room. You may also obtain these materials from us at no cost by directing a written or oral request to us at Tanger Factory Outlet Centers, Inc., 3200 Northline Avenue, Suite 360, Greensboro, North Carolina 27408, Attn: Corporate Secretary., or by calling our Investor Relations Department at (336) 834-6863, or at our website at www.tangeroutlet.com. Except for the documents described below, information on our website is not otherwise incorporated by reference into this prospectus. In addition, the SEC maintains a web site, <http://www.sec.gov>, which contains reports, proxy and information statements and other information regarding registrants, including the Company and the Operating Partnership, that file electronically with the SEC.

The Operating Partnership's Annual Report on Form 10-K for year ended December 31, 2008 was previously filed with the SEC and is annexed to, and included in this prospectus as Annex A. This document contains important information about the Operating Partnership and the Operating Partnership's financial condition.

DOCUMENTS INCORPORATED BY REFERENCE

This prospectus incorporates important business and financial information about the Company from documents filed with the SEC that are not included in or delivered with this prospectus. The SEC permits us to incorporate by reference important information by referring you to another document filed separately with the SEC. This means that the information incorporated by reference is deemed to be part of this prospectus, unless superseded by information included in this prospectus or by information in subsequently filed documents that we incorporate by reference in this prospectus.

Specifically, we incorporate herein by reference the documents set forth below:

Tanger Factory Outlet Centers, Inc.:

Annual Report on Form 10-K for the year ended December 31, 2008;

Current Reports on Form 8-K filed on January 5, 2009, April 9, 2009 and April 24, 2009;

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Amendment to Current Report on Form 8-K/A filed on March 20, 2009;

Definitive proxy statement filed on March 27, 2009; and

Definitive additional proxy materials filed on March 27, 2009.

In addition, we also incorporate by reference into this prospectus all documents that the Company files with the SEC under Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, as amended, or the Exchange Act, from May 5, 2009 to the date that the exchange offer is completed (or the date that the exchange offer is terminated). These documents include Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K, as well as proxy statements.

Notwithstanding the foregoing, unless specifically stated to the contrary, none of the information that we disclose under Items 2.02, 7.01 or 9.01 of any Current Report on Form 8-K that we may from time to time furnish to the SEC will be incorporated by reference into, or otherwise included in, this prospectus.

You may request any of the documents incorporated by reference herein (excluding exhibits) as described above under [Where You Can Find Additional Information](#).

You should rely only on the information in this prospectus or incorporated by reference into this prospectus. No one has been authorized to provide you with different information. You should not assume that the information contained in this prospectus is accurate as of any date other than May 5, 2009 or the date of any document incorporated by reference in this prospectus, as applicable. The business, financial condition, results of operations and prospects of the Company and the Operating Partnership may have changed since that date. We are not making any offer to sell (or soliciting any offer to buy) any securities in any state where it is unlawful to do so.

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SUMMARY

The following summary is qualified in its entirety by, and should be read in conjunction with, the more detailed information included elsewhere or incorporated by reference in this prospectus. Because this is a summary, it may not contain all the information you should consider before deciding whether to participate in the exchange offer. You should read this entire prospectus carefully, including the section titled Risk Factors, before making an investment decision.

The Company and the Operating Partnership

Our Business

We are one of the largest owners and operators of factory outlet centers in the United States. We are a fully-integrated, self-administered and self-managed real estate investment trust, or REIT, which focuses exclusively on developing, acquiring, owning, operating and managing factory outlet shopping centers. As of March 31, 2009, we owned and operated 31 outlet centers, with a total gross leasable area of approximately 9.2 million square feet. These factory outlet centers were 94% occupied and contained over 1,900 stores, representing approximately 350 store brands. We also operate and have partial ownership interests in two outlet centers totaling approximately 950,000 square feet.

Our factory outlet centers and other assets are held by, and all of our operations are conducted by, the Operating Partnership. Accordingly, the descriptions of our business, employees and properties are also descriptions of the business, employees and properties of the Operating Partnership.

Ownership of Company Common Shares is restricted to preserve our status as a REIT for federal income tax purposes. Subject to certain exceptions, a person may not actually or constructively own more than 4% of the outstanding Company Common Shares or 9.8% of the Company's outstanding 7.5% Class C Cumulative Preferred Shares, or Class C Preferred Shares. We also operate in a manner intended to enable us to preserve our status as a REIT, including, among other things, making distributions with respect to the outstanding Company Common Shares equal to at least 90% of our taxable income each year.

The Company is a North Carolina corporation that was incorporated in March 1993, and the Operating Partnership is a North Carolina limited partnership that was formed in May 1993. Our executive offices are currently located at 3200 Northline Avenue, Suite 360, Greensboro, North Carolina, 27408 and our telephone number is (336) 292-3010. Our website can be accessed at www.tangeroutlet.com. The contents of our website are not part of this prospectus.

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The Exchange Offer

We have summarized the terms of this exchange offer in this section. Before you decide whether to tender your Notes in this exchange offer, you should read the detailed description of the exchange offer in the section entitled The Exchange Offer.

The Exchange Offer

The Operating Partnership is offering, upon the terms and subject to the conditions described in this prospectus and the accompanying letter of transmittal, to exchange Company Common Shares for any and all of its outstanding Notes. Holders who validly tender and do not validly withdraw their Notes prior to 5:00 p.m., New York City time, on the expiration date (as defined below) will receive for each \$1,000 principal amount of Notes the following:

a number of Company Common Shares equal to (i) 27.7434 (the exchange rate of the Notes for a holder exchanging as of April 9, 2009), or the Fixed Shares, plus (ii) the quotient of (A) \$215.00 divided by (B) the Collared Average VWAP (as defined below), or the Variable Shares, and together with the Fixed Shares, the Offer Consideration; and

accrued and unpaid interest from February 15, 2009 up to, but not including, the settlement date payable in cash.

The Collared Average VWAP means the arithmetic average of the Daily VWAPs (as defined below) on each day of the Averaging Period (as defined below); *provided, however*, that (1) if such arithmetic average is less than \$24.00, or the Minimum VWAP, then the Collared Average VWAP will be deemed to be the Minimum VWAP, and (2) if such arithmetic average is greater than \$40.00, or the Maximum VWAP, then the Collared Average VWAP will be deemed to be the Maximum VWAP.

The Averaging Period means the eight trading days beginning on Friday, April 24, 2009 and ending on Tuesday, May 5, 2009.

The Daily VWAP for any trading day means the per share volume-weighted average price as displayed under the heading Bloomberg VWAP on Bloomberg page SKT.N <equity> AQR (or its equivalent successor if such page is not available) in respect of the period from scheduled open of trading until the scheduled close of trading of the primary trading session on such trading day (or if such volume-weighted average price is unavailable, the market value of one Company Common Share on such trading day determined, using a volume-weighted average method, by a nationally recognized independent investment banking firm retained for this purpose by us). The Daily VWAP will be determined without regard to after hours trading or any other trading outside of the regular trading session trading hours.

The Collared Average VWAP and the total amount of Company Common Shares to be received for each \$1,000 principal

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amount of Notes tendered will be fixed after 5:00 p.m., New York City time, on Tuesday, May 5, 2009 and announced by means of a press release prior to the opening of trading on Wednesday, May 6, 2009.

The Collared Average VWAP is \$33.2584. For each \$1,000 principal amount of Notes that is validly tendered and not validly withdrawn in the exchange offer, 34.2079 Company Common Shares will be issued.

For sample calculations of the number of Company Common Shares to be delivered in respect of each \$1,000 principal amount of Notes, see The Exchange Offer Sample Calculations of Company Common Shares to be Delivered.

The amount of Fixed Shares is equal to the current exchange rate of the Notes, which is 27.7434 Company Common Shares for each \$1,000 principal amount of Notes. This amount is equal to the initial exchange rate of the Notes of 27.6856 Company Common Shares for each \$1,000 principal amount of Notes, adjusted in accordance with the terms of the indenture governing the Notes to reflect those cash dividends paid on the Company Common Shares between the date of issuance of the Notes and April 9, 2009 for which an adjustment is required. As previously announced on April 9, 2009, the Company has declared a cash dividend of \$0.3825 per Company Common Share payable on May 15, 2009. This dividend will have a record date of April 30, 2009, and an ex dividend date of April 28, 2009. We will not adjust the number of Fixed Shares as a result of the dividend (although we will take the related dividend adjustment into account, in accordance with the terms of the indenture governing the Notes, in making future adjustments to the exchange rate of Notes not exchanged in this offer). However, the number and value of Variable Shares may be affected given that the ex dividend date for our dividend is April 28, 2009.

The Operating Partnership will accept for exchange all Notes validly tendered and not validly withdrawn prior to 5:00 p.m., New York City time, on the expiration date, upon the terms and subject to the conditions described in this prospectus and the accompanying letter of transmittal. The Operating Partnership will pay cash in lieu of delivering fractional shares.

The Company and the Operating Partnership have agreed that the Company will issue to holders of Notes the number of Company Common Shares that the Operating Partnership will be required to deliver to holders of Notes who validly tender and do not validly withdraw prior to 5:00 p.m., New York City time, on the expiration date.

As of May 5, 2009, \$149.5 million in aggregate principal amount of Notes is outstanding. As of May 5, 2009, all of the

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Notes are registered in the name of Cede & Co., Inc., which holds the Notes for its participants. See [The Exchange Offer](#) [Terms of the Exchange Offer](#).

The Company Lock-Up

The Company has agreed with the dealer managers not to dispose of or hedge any of its Company Common Shares or securities convertible into or exchangeable for Company Common Shares during the period from the expiration date continuing through the date 30 days after the expiration date, except with the prior written consent of Goldman, Sachs & Co. This agreement does not apply to any existing employee share option and benefit plans or the conversion or exchange of convertible or exchangeable securities outstanding as of April 9, 2009.

Conditions of the Exchange Offer

This exchange offer is not conditioned on any minimum principal amount of Notes being tendered. Consummation of the exchange offer is subject to certain conditions, including, that the registration statement, of which this prospectus is a part, shall have been declared effective by the SEC and other customary conditions. The Operating Partnership may waive all of the conditions to the exchange offer in its sole and absolute discretion, except for the registration statement effectiveness condition. See [The Exchange Offer](#) [Conditions of the Exchange Offer](#).

Purpose of the Exchange Offer

The purpose of the exchange offer is to exchange any and all outstanding Notes for the Offer Consideration. We believe that the exchange of the Notes will improve our capitalization on a consolidated basis by increasing our outstanding equity base and reducing our indebtedness. We believe that improving our capitalization may provide us with enhanced access to the capital markets and expand our opportunities for future growth. In particular, improvements to our capitalization may enhance our ability to issue debt and to enter into, refinance or extend lending arrangements at attractive rates and terms, which would lower our long-term capital costs.

Accrued and Unpaid Interest

As described under [The Exchange Offer](#) above, tendering noteholders will receive payment of accrued and unpaid interest from February 15, 2009 up to, but not including, the settlement date payable in cash in accordance with the terms of the Notes.

Expiration Date

5:00 p.m., New York City time, on Thursday, May 7, 2009, or the expiration date, unless extended or earlier terminated by the Operating Partnership. The Operating Partnership may extend the expiration date for any reason in its sole and absolute discretion. If the Operating Partnership decides to extend the expiration date, it will announce any extensions by press release or other public announcement no later than 9:00 a.m., New York City time, on the business day after the scheduled expiration of the exchange offer. See [The Exchange Offer](#) [Expiration Date](#); [Extensions](#); [Amendments](#).

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Termination of the Exchange Offer	The Operating Partnership reserves the right to terminate the exchange offer at any time prior to the completion of the exchange offer if any of the conditions under The Exchange Offer Conditions of the exchange offer have not been satisfied, in its sole and absolute discretion. See The Exchange Offer Termination of the Exchange Offer.
Procedures for Tendering Notes	Holders of Notes desiring to accept the exchange offer must tender their notes either through DTC's Automated Tender Offer Program, or ATOP, and follow the procedures for book-entry transfer described under The Exchange Offer Procedures for Tendering Notes, or by signing and returning the letter of transmittal, including all other documents required by the letter of transmittal. We do not intend to permit tenders of Notes by guaranteed delivery procedures. See The Exchange Offer Procedures for Tendering Notes.
Acceptance of Notes and Delivery of Offer Consideration and Cash	If the registration statement of which this prospectus is a part is declared effective by the SEC and the exchange offer is completed, the Operating Partnership will, subject to the terms and conditions described in this prospectus, accept all Notes that are validly tendered and not validly withdrawn prior to the expiration date. The Company Common Shares issued as part of the exchange offer and the cash payment for any accrued interest will be delivered promptly after the Operating Partnership accepts the Notes. See The Exchange Offer Acceptance of Notes for Exchange; Delivery of Offer Consideration and Cash.
Withdrawal Rights	Holders may withdraw the Notes they have tendered at any time prior to 5:00 p.m., New York City time, on Thursday, May 7, 2009. See The Exchange Offer Withdrawal Rights.
Use of Proceeds	Neither the Company nor the Operating Partnership will receive any proceeds from the exchange offer.
Federal Income Tax Consequences	The exchange of notes for Company Common Shares and cash pursuant to the exchange offer will be a taxable transaction for U.S. federal income tax purposes. In addition, the Company Common Shares are subject to special and complex U.S. federal income tax rules. Holders are urged to consult their own tax advisors with respect to the application of the U.S. federal income tax laws to their own particular situation as well as any tax consequences of the exchange of the notes pursuant to the exchange offer and the ownership and disposition of Company Common Shares arising under the federal estate or gift tax rules or under the laws of any state, local, foreign or other taxing jurisdiction or under any applicable treaty. See Certain U.S. Federal Income Tax Considerations.

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Market Price and Trading	On May 5, 2009, the closing price for Company Common Shares on the NYSE was \$30.84 per share. The Notes are not currently traded on any national securities exchange. The Company Common Shares offered by this prospectus have been approved, upon notice of issuance, for listing on the NYSE.
Dealer Managers	Goldman, Sachs & Co. is the lead dealer manager for the exchange offer. The dealer managers are not making any recommendation or issuing a report as to the fairness of the exchange offer.
Exchange Agent	U.S. Bank N.A. is the exchange agent for the exchange offer.
Information Agent	Global Bondholder Services Corporation is the information agent for the exchange offer.
Fees and Expenses	The Operating Partnership will pay all fees and expenses it incurs in connection with the exchange offer. See The Exchange Offer Fees and Expenses.
Regulatory Approvals	We are not aware of any material regulatory approvals necessary to complete this offer. However the Operating Partnership may not complete this exchange offer until the registration statement, of which this prospectus is a part, is declared effective by the SEC.
Rights of Non-Tendering Holders	Holders who do not tender their Notes pursuant to this offer will have no appraisal rights under applicable state law or otherwise. They will continue to have the same rights under the Notes as they are entitled to today.
Questions	If you have any questions regarding the terms of the exchange offer, please contact the lead dealer manager. If you have questions regarding the procedures for tendering Notes in the exchange offer, please contact the information agent. The contact information for the lead dealer manager and the information agent is located on the back cover of this prospectus. For certain risks you should consider in evaluating this exchange offer, including the share ownership limit imposed by the Company's Amended and Restated Articles of Incorporation, as amended, or the charter, see Risk Factors beginning on page 10.

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SPECIAL NOTE ABOUT FORWARD-LOOKING STATEMENTS

This prospectus and the documents incorporated by reference herein include forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act. 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, those set forth in the section entitled "Business" in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2008 which is incorporated by reference in this prospectus and the Operating Partnership's Annual Report on Form 10-K for the fiscal year ended December 31, 2008 which is annexed to, and included in this prospectus as Annex A, together the Annual Reports, including the subheadings entitled "Recent Developments", "The Factory Outlet Concept", "Our Factory Outlet Centers", "Business Strategy", "Growth Strategy", "Operating Strategy", "Capital Strategy", "Competition", and the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations" in the Annual Reports and the section titled "Risk Factors" in this prospectus and the Annual Reports. Please consider our forward-looking statements in light of those risks as you read this prospectus.

We have no duty to, and do not intend to, update or revise the forward-looking statements in this prospectus after the date of this prospectus, even if subsequent events cause us to become aware of new risks or cause our expectations to change regarding the forward-looking matters discussed in this prospectus.

This prospectus incorporates by reference market data, industry statistics and other data that have been obtained from, or compiled from, information made available by third parties. We have not independently verified their data.

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RISK FACTORS

You should carefully consider the risks described below, in the section titled "Risk Factors" in our Annual Reports and elsewhere in our reports filed with the SEC before making an investment decision. Our results of operations, financial condition and business prospects could be harmed by any of these risks. This prospectus and the documents incorporated herein by reference also contain forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the risks faced by us described below and elsewhere in this prospectus and in the documents incorporated by reference into this prospectus.

Risks Related to the Exchange Offer

Upon consummation of the exchange offer, holders who tender their Notes for Company Common Shares will lose their rights under the Notes, including, without limitation, their rights to future interest and principal payments with respect to their Notes and their rights as a creditor of the Operating Partnership and the Company.

If you tender your Notes pursuant to the exchange offer, you will be giving up all of your rights as a noteholder, including, without limitation, rights to future payment of principal and interest on the Notes, and you will cease to be a creditor of the Operating Partnership or the Company. The Company Common Shares that you may receive in the exchange offer will not provide you with any seniority on claims or any degree of protection to which holders of debt claims, such as the Notes, are entitled. If the Operating Partnership were to file for bankruptcy, noteholders would generally be entitled to be paid prior to holders of Company Common Shares. As a holder of Company Common Shares, however, your investment will be subject to debt claims against the Company and to all of the risks and liabilities affecting the Company's and its operating subsidiaries' operations, including those affecting the Operating Partnership's operations. The trading price of Company Common Shares could decline as a result of various factors, including the results of operations, financial condition and business prospects of the Company.

The exchange of Notes pursuant to the exchange offer will be taxable for holders of Notes.

The exchange of Notes pursuant to the exchange offer will be a taxable transaction for U.S. federal income tax purposes. See "Certain U.S. Federal Income Tax Considerations—Exchange of Notes—U.S. Holders."

We will withhold U.S. federal income tax from any amount paid to non-U.S. holders of Notes upon an exchange of Notes pursuant to the exchange offer.

We intend to withhold U.S. federal income tax from any amount paid to non-U.S. holders of Notes upon an exchange of Notes pursuant to the exchange offer. See "Certain U.S. Federal Income Tax Considerations—Exchange of Notes—Non-U.S. Holders."

The liquidity of any trading market that currently exists for the Notes may be adversely affected by the exchange offer and holders of the Notes who fail to tender their Notes may find it more difficult to sell their Notes.

If a significant percentage of the Notes are exchanged in the exchange offer, the liquidity of the trading market for the Notes, if any, after the completion of the exchange offer may be substantially reduced. Any Notes exchanged will reduce the aggregate principal amount of Notes outstanding. As a

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result, the Notes may trade at a discount to the price at which they would trade if the exchange offer were not consummated, subject to prevailing interest rates, the market for similar securities and other factors. The smaller outstanding aggregate principal amount of the Notes may also make the trading prices of the Notes more volatile. We cannot assure you that an active market in the Notes will exist or be maintained and we cannot assure you as to the prices at which the Notes may be traded if the exchange offer is consummated.

Neither the board of directors of the Company nor the board of trustees of the general partner of the Operating Partnership have made a recommendation with regard to whether or not you should tender your Notes in the exchange offer and neither the Company nor the Operating Partnership have obtained a third-party determination that the exchange offer is fair to the holders of the Notes.

Neither the board of directors of the Company nor the board of trustees of the general partner of the Operating Partnership is making a recommendation as to whether holders of the Notes should exchange their Notes pursuant to the exchange offer. Neither the Company nor the Operating Partnership has retained and neither intends to retain any unaffiliated representative to act solely on behalf of the holders of the Notes for purposes of negotiating the terms of this offer and/or preparing a report concerning the fairness of this offer.

Future sales of Company Common Shares may depress the price of Company Common Shares.

Any sales of a substantial number of Company Common Shares by us or our shareholders in the public market following the exchange offer, or the perception that such sales might occur, may cause the market price of Company Common Shares to decline. We will issue up to 5,114,086 Company Common Shares in the exchange offer if all of the outstanding Notes are tendered, all of which shares will be issued to non-affiliates and will be freely tradable immediately following consummation of the exchange offer. If the market price of the Company Common Shares declines following the exchange offer, the value of the Company Common Shares you would receive upon exchange of your Notes will decline.

In addition, sales of a substantial number of Company Common Shares during the exchange offer, or the perception that such sales may occur, may reduce the value of the exchange consideration to tendering noteholders. The number of Company Common Shares to be issued for each \$1,000 principal amount of Notes tendered, which is set in part based on the Collared Average VWAP as described under *The Exchange Offer Terms of the Exchange Offer*, will decrease along with any decline in the market price of the Company Common Shares during the Averaging Period.

Risks Related to Company Common Shares

The market price and trading volume of Company Common Shares may be volatile, which could result in substantial losses for shareholders.

The market price of Company Common Shares may be highly volatile and be subject to wide fluctuations. In addition, the trading volume in Company Common Shares may fluctuate and cause significant price variations to occur. Some of the factors that could negatively affect the market price of Company Common Shares or result in fluctuations in the market price or trading volume of Company Common Shares include:

general market and economic conditions;

actual or anticipated changes in our future financial performance;

changes in market interest rates;

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competitive developments, including announcements by us or our competitors of new significant factory outlet centers and stores, contracts, acquisitions, strategic partnerships or capital commitments;

changes in consumer buying habits;

the operations and stock performance of our competitors;

developments in the real property investments industry generally;

additions or departures of senior management and key personnel; and

actions by institutional shareholders.

We cannot assure you that the market price of Company Common Shares will not fluctuate or decline significantly in the future. In addition, the stock market in general can experience considerable price and volume fluctuations that may be unrelated to our performance.

The Company may issue additional shares that may cause dilution and may depress the market price of Company Common Shares. In addition, the exchange offer will be dilutive to funds from operations per share.

The Company may issue additional common or preferred shares in connection with future equity offerings, acquisitions of securities or other assets of companies. In addition, we may issue preferred shares that have preference rights over the Company Common Shares with respect to dividends, liquidation, voting and other matters or common shares that have preference rights over your common shares with respect to voting. The issuance of additional Company Common Shares could be substantially dilutive to your shares and may depress the market price of Company Common Shares. The issuance of preferred shares that have preference rights over the Company Common Shares may depress the price of Company Common Shares.

The exchange offer will be dilutive to funds from operations, or FFO, when measured on a per common share outstanding basis. This could reduce our ability to pay dividends. See Certain Pro Forma Selected Financial Data Funds from Operations.

Future offerings of debt securities, which would be senior to Company Common Shares in liquidation, or equity securities, which would dilute our existing shareholders' interests and may be senior to Company Common Shares for the purposes of distributions, may depress the market price of Company Common Shares.

In the future, we may seek to access the capital markets from time to time by making additional offerings of debt and/or equity securities, including commercial paper, medium-term notes, senior or subordinated notes, preferred shares or common shares. We are not precluded by the terms of our organizational documents or the terms of our existing indebtedness from issuing additional debt or equity securities. Accordingly, we could become more highly leveraged, resulting in an increase in debt service that could harm our ability to make expected distributions to shareholders and in an increased risk of default on our obligations. If we were to liquidate, holders of our debt and lenders with respect to other borrowings will receive a distribution of our available assets before the holders of Company Common Shares. Additional equity offerings by us may dilute your interest in us or reduce the market price of your Company Common Shares, or both. Our outstanding Class C Preferred Shares, which rank senior to Company Common Shares as to rights to dividends and upon liquidation, could limit our ability to make a distribution to you. Because our decision to issue securities in any future offering will depend on market conditions and other factors beyond our control, we cannot predict or estimate the amount, timing or nature of our future offerings. Further, market conditions could require us to accept

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less favorable terms for the issuance of our securities in the future. Thus, you will bear the risk of our future offerings reducing the market price of your Company Common Shares and diluting your interest in us.

The share ownership limit imposed by the Company's charter may inhibit market activity in Company Common Shares and may restrict our business combination opportunities.

In order for us to maintain our qualification as a REIT under the Internal Revenue Code, or the Code, not more than 50% in value of the outstanding Company Common Shares may be owned, directly or indirectly, by five or fewer individuals (as defined in the Code to include certain entities) at any time during the last half of each taxable year after our first REIT taxable year. The Company's charter, with certain exceptions, authorizes our directors to take such actions as are necessary and desirable to preserve our qualification as a REIT and provides that, with certain exceptions, no person may beneficially own more than 4% of Company Common Shares. Our directors also have authority under our charter to impose a similar ownership limitation as to any separate class or series of preferred shares we may issue in the future.

No holder of Notes will be entitled to exchange in the exchange offer Notes for Company Common Shares to the extent that receipt of such Company Common Shares would cause such holder actually or constructively to exceed the 4% ownership limit contained in the Company's charter. The Company's board of directors may grant an exemption from the ownership limit in its sole discretion, subject to certain conditions, representations and undertakings as it may determine that are consistent with ensuring compliance with the REIT provisions of the Code. See Description of Common Shares Restrictions on Ownership and Transfer.

This ownership limit could delay or prevent a transaction or a change in our control that might involve a premium price for Company Common Shares or otherwise be in your best interest and may result in the entrenchment of our board of directors and management regardless of performance.

Certain provisions of our charter documents may make it difficult for a third party to acquire our company and could depress the price of Company Common Shares.

The Company's charter and Restated By-laws, or the bylaws, contain provisions that could delay, defer, or prevent a change in control of the Company or management. These provisions could also discourage a proxy contest and make it more difficult for shareholders to elect directors and take other corporate actions. As a result, these provisions could limit the price that investors are willing to pay in the future for the Company Common Shares. Such provisions include, but are not limited to, the following:

Authorizing the board of directors to issue preferred shares;

Prohibiting cumulative voting in the election of directors;

Limiting the persons who may call special meetings of shareholders; and

Establishing advance notice requirements for nominations for election to the board of directors for proposing matters that can be acted on by shareholders at shareholder meetings.

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

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

We may change the dividend policy for Company Common Shares in the future.

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On April 9, 2009, the Company announced an increase in our quarterly dividend from \$0.38 to \$0.3825 per Company Common Share. There is no assurance that our dividends will not be reduced in the future.

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The Company has historically paid dividends in cash and intends to continue to pay dividends in cash in the future. In the event that cash flow is not sufficient or we choose to conserve cash for other corporate purposes, we may make distributions partially in cash and partially in shares. Distributions that are partially paid in shares and partially paid in cash must comply with the requirements of Revenue Procedure 2009-15. Any such distribution of Company Common Shares and cash will be fully taxable to U.S. holders of Company Common Shares. See Certain U.S. Federal Income Tax Considerations Taxation of Holders of Common Shares Taxable U. S. Holders Distributions Generally.

The decision to declare and pay dividends on Company Common Shares in the future, as well as the timing, amount and composition of any such future dividends, will be at the sole discretion of the Company's board of directors and will depend on our earnings, FFO, liquidity, financial condition, capital requirements, contractual prohibitions or other limitations under our indebtedness and preferred stock, the annual distribution requirements under the REIT provisions of the Code, state law and such other factors as the Company's Board of Directors deems relevant. Any change in our dividend policy could have a material adverse effect on the market price of Company Common Shares.

Our failure to qualify as a REIT could subject our earnings to corporate level taxation.

We believe that we have operated and intend to operate in a manner that permits us to qualify as a REIT under the Code. However, we cannot assure you that we have qualified or will remain qualified as a REIT. If in any taxable year we were to fail to qualify as a REIT and certain statutory relief provisions were not applicable, we would not be allowed a deduction for distributions to shareholders in computing taxable income and would be subject to U.S. federal income tax (including any applicable alternative minimum tax) on our taxable income at regular corporate rates. In addition, unless we were entitled to relief under statutory provisions, we could not elect to be subject to tax as a REIT for four taxable years following the year during which we were disqualified. Our failure to qualify for taxation as a REIT would have an adverse effect on the market price and marketability of our securities.

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USE OF PROCEEDS

We will not receive any cash proceeds from the exchange offer. We will pay all of the fees and expenses related to the exchange offer, other than any commissions or concessions of any broker dealer. Any Notes that are properly tendered pursuant to the exchange offer will be retired and cancelled.

Table of Contents**RATIO OF EARNINGS TO FIXED CHARGES AND RATIO OF EARNINGS TO COMBINED FIXED CHARGES AND PREFERRED SHARE DIVIDENDS**

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

Ratio of Earnings to Fixed Charges

Year Ended December 31,				
2008	2007	2006	2005	2004
1.7	1.7	1.6	1.6	2.0

Ratio of Earnings to Combined Fixed Charges and Preferred Share Dividends

Year Ended December 31,				
2008	2007	2006	2005	2004
1.5	1.5	1.4	1.6	2.0

Table of Contents**MARKET PRICES OF COMMON SHARES****Market Information**

The Company Common Shares commenced trading on the NYSE on May 28, 1993. The following table sets forth the high and low sales prices of the Company Common Shares, as reported on the New York Stock Exchange Composite Tape, and dividends paid during the periods indicated.

	High	Low	Common Dividends Paid
2009			
First Quarter	\$ 38.25	\$ 24.78	\$.38
Second Quarter (through May 5, 2009)	36.00	29.64	N/A(1)
2008			
First Quarter	\$ 40.61	\$ 33.95	\$.36
Second Quarter	41.95	35.60	.38
Third Quarter	44.77	34.58	.38
Fourth Quarter	43.79	26.20	.38
Year 2008	\$ 44.77	\$ 26.20	\$1.50
2007			
First Quarter	\$ 43.56	\$ 37.34	\$.34
Second Quarter	42.57	36.34	.36
Third Quarter	41.25	32.32	.36
Fourth Quarter	44.43	37.04	.36
Year 2007	\$ 44.43	\$ 32.32	\$ 1.42

(1) As previously announced on April 9, 2009, the Company has declared a dividend of \$0.3825 per Company Common Share, payable on May 15, 2009. The dividend will have a record date of April 30, 2009 and an ex dividend date of April 28, 2009.

Holders

As of March 31, 2009, there were approximately 580 common shareholders of record.

Dividends

We operate in a manner intended to enable us to qualify as a REIT under the Code. A REIT is required to distribute at least 90% of its taxable income to its shareholders each year. We intend to continue to qualify as a REIT and to distribute substantially all of our taxable income to our shareholders through the payment of regular quarterly dividends. Although we intend to continue to pay cash dividends in the future, there is no assurance that such distributions will be paid solely in cash. See Risk Factors We may change the dividend policy for Company Common Shares in the future. Certain of our debt agreements limit the payment of dividends such that dividends shall not exceed funds from operations, or FFO, as defined in the agreements, for the prior fiscal year on an annual basis or 95% of FFO on a cumulative basis.

Book Value per Share

At December 31, 2008, book value per share for Company Common Shares was \$4.83.

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CAPITALIZATION

The following table sets forth our capitalization as of December 31, 2008 on (1) a historical basis, (2) an as adjusted basis to reflect the retroactive adoption of FASB Staff Position No. APB 14-1, Accounting for Convertible Debt Instruments that May be Settled in Cash Upon Conversion, or FSP APB 14-1, and Financial Accounting Standard No. 160, Non-controlling Interests in Consolidated Financial Statements, an amendment of ARB No. 51, or FAS 160, in each case as of December 31, 2008 and (3) an as adjusted basis giving further effect to the exchange offer as if it were consummated on December 31, 2008:

The as adjusted for new accounting pronouncements column reflects:

the adoption of FSP APB 14-1, effective for fiscal years beginning after December 15, 2008 with retrospective application for all previous years presented, which requires that the liability and equity components of convertible debt instruments that may be settled in cash upon conversion (including partial cash settlement) be separately accounted for in a manner that reflects an issuer's nonconvertible debt borrowing rate. In applying the new pronouncement, the historical carrying amounts for the Notes has been reduced \$8.5 million to reflect the recognition of the unamortized discount as of December 31, 2008 based on a valuation of the debt component with an effective interest rate of 6.11% as of the date of issuance, additional paid in capital has been increased \$12.3 million to reflect the initial recognition of the equity component less amounts allocated to the minority interest, and distributions in excess of net income has been increased by \$5.2 million to reflect the cumulative incremental interest expense from issuance through December 31, 2008; and

the adoption of FAS 160, effective for fiscal years beginning after December 15, 2008 with retrospective application for all previous years presented. FAS 160 clarifies that a non-controlling interest in a subsidiary should be reported as equity in the consolidated balance sheet and the minority interest's share of earnings is included in consolidated net income. The calculation of earnings per share will continue to be based on income amounts attributable to the controlling interest. In applying the new pronouncement, the non-controlling interest balance of \$30.7 million adjusted for the adoption of FSP APB 14-1, has been reclassified to equity.

The as adjusted for new accounting pronouncements, as further adjusted for the exchange offer column reflects the adjustments described in the previous two bullets; and:

the consummation of the exchange offer assuming that all outstanding Notes are tendered and accepted. As of December 31, 2008, the Notes had a carrying value of \$141.0 million, net of the unamortized discount of \$8.5 million described above. Given this assumption, the Company would issue approximately 5.1 million Company Common Shares in the exchange offer. Additional paid in capital has been increased by approximately \$157.7 due to this issuance based on the closing price of the Company Common Shares on May 5, 2009 of \$30.84, decreased by the amount attributable to the reacquisition of the equity component created upon the adoption of FSP APB 14-1 described above totaling \$33.1 million, which includes \$353,000 in transactions costs paid in cash, and decreased by \$14.6 million ascribed to the non-controlling interests for the rebalancing of the net assets of the operating partnership as a result of the equity issuance. Distributions in excess of earnings has been decreased due to the recognition of a gain of approximately \$13.1 million, which includes the charge off of deferred loan costs of \$1.7 million and \$1.3 million in transaction costs paid in cash, net of \$1.9 million attributable to the non-controlling interest, for the derecognition of the debt component.

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	Actual	As adjusted for new accounting pronouncements (unaudited)	As adjusted for new accounting pronouncements, as further adjusted for the exchange offer (unaudited)
Debt			
6.15% Senior Notes due 2015, net of discount of \$681	\$ 249,319	\$ 249,319	\$ 249,319
3.75% Exchangeable Senior Notes due 2026	149,500	141,044	