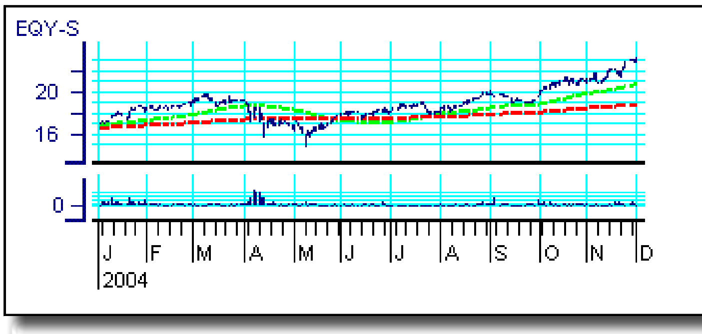
REIT Growth and Income Monitor

BUY

Equity One EQY $23

12/02/2004

Ranking: 2



Closing stock price and volume are shown in blue lines on top and bottom of chart. 200 day moving average stock price is shown in red and 50 day moving average stock price is shown in green.

Comments:

Portfolio restructuring through acquisitions, sales, developments, and leasing activities have helped to improve returns.

Continued focus on grocery-anchored neighborhood shopping centers located in high-density, urban markets will provide continued stability and growth.

Investors should be aware that the current level of FFO is capable of supporting a dividend increase, which we expect to occur in 2005.

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REIT Growth and Income Monitor

Equity One (EQY) **12/02/2004** **BUY**

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Quarterly Dividend	
Ex Date	09/14/04
Record Date	09/16/04
Pay Date	09/30/04

Price	$23
Dividend	$1.12
Yield	4.82%

FFO/AFFO	$1.56/$1.24
FFO/AFFO % of Dividend	139%/111%
Total Cap/FFO/AFFO	23.0X/29.0X

# Shares Out	72.3
Market Cap	$1,680
Market Cap/ Annualized Rev	7.2X

Revenue Growth Rate	21%
Annualized Revenue	$233
Sector	Retail REIT

Description of Assets

- Equity One owns and manages 187 properties in metropolitan areas of 12 southern states. The portfolio includes 132 grocery-anchored centers, 9 drug store-anchored centers, 40 other retail-anchored centers, 1 self-storage facility, 1 industrial property, and 4 retail developments, as well as non-controlling interests in 2 joint ventures.
- Important tenants include Publix (9% of annualized minimum rent), Kroger (4%), Winn Dixie (3%), Wal-Mart (2%), Kmart (2%), Blockbuster (1%), and CVS Pharmacy (1%).

Productivity of Assets

Total Assets	$1,875,256
Total Space	20,100,000 sq. ft
Revenue/Assets	16%
Revenue/unit	$9.86 rent per sq. ft.
Occupancy Rate	94%
% of leases Expiring in 4yrs	34%

Capital Structure

Notes/Lines of Credit	$84,354
Mortgages	$480,739
Senior Debt	$350,000
Preferred Stock	$0
Minority Interest	$1,388
Stockholder's Equity	$904,254

Average Cost of Debt	6.18%
Book Value	$13.00

Interest Coverage	3.3X
EBITDA	$125,840

Key Issues

- Gazit-Globe, an Israeli company controlled by the CEO of Equity One, owns over 60% of Equity One's common stock. Gazit-Globe is traded on the Tel Aviv stock exchange. In addition to Equity One, Gazit-Globe owns Canadian retail properties and Mediterranean Towers assisted living centers in Israel. Equity One merged with IRT Property Company in February 2003.
- There were no acquisitions during the third quarter of 2004. In October 2004, Equity One completed the purchase of a 6-property retail portfolio, totaling 391,000 square feet in MA, for $119.8 million, including the assumption of $12.1 million of mortgage debt. During the third quarter of 2004, Equity One sold 8 properties for $48.9 million and 1 parcel of land for $1.5 million, generating a $12.4 million gain on sale.
- As of September 30, 2004, Equity One had 5 properties, totaling 586,967 square feet, located in FL and LA, held for sale. As of September 30, 2004, Equity One had over 20 development and redevelopment projects underway or in the planning stage located in FL, GA, LA, and TX. Total investment of $64.0 million is expected, of which $44.7 million has already been funded. These projects are scheduled for completion between the fourth quarter of 2004 and in 2006. In the first 9 months of 2004, Equity One completed and leased $41.8 million of development projects, resulting in net operating income of $4.6 million on an annualized basis.
- During the third quarter of 2004, FFO per share increased 5% while revenues increased 21%. Leases were renewed at a 3.9% increase in rental rates while new leases were signed at a step-up of 3.4% over expiring leases. Occupancy increased 3.8% from the previous year. Same property net operating income increased 3.3% compared to the same period in 2003.
- In May, 2004, 1 of Equity One's largest tenants, Winn Dixie, announced that it will be closing 156 stores and cutting 10,000 jobs. Equity One stated that none of its 16 locations are expected to be included in the store closings. The closings will leave Winn Dixie with 922 stores and 90,000 employees. Kmart, which contributed 2% of total rent during the third quarter of 2004, might be affected by the recently announced merger with Sears.
- Management expects FFO for 2004 in a range of $1.56-$1.59 per share. FFO for 2005 is expected in a range of $1.64-$1.70 per share.
- As of September 30, 2004, Equity One owned 1.5 million shares of Cedar Shopping Centers' common stock (Ticker: CDR), representing 9.0% of Cedar's total outstanding shares. Equity One also owns 220,000 shares, representing a 9.4% stake, of Cedar's 8.875% series A preferred stock. Management stated that the holdings are for investment purposes. Cedar owns, develops, and manages community and neighborhood grocery-anchored centers, located primarily in PA, NJ, MD, and CT.

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Equity One (EQY) **12/02/2004** **BUY**

Table 1: Capitalization by Sector (Retail REIT)

Company Name	Ticker	Yield	Market Capitalization	Total Capitalization	Debt and Non-Trading % of Total	Total Capitalization/ FFO Ratio
Equity One	EQY	4.82%	$1,680	$2,597	35%	23.0X
CBL & Associates	CBL	4.38%	$4,222	$7,858	46%	28.5X
Developers Diversified Realty	DDR	4.63%	$4,540	$8,583	47%	28.9X
General Growth Properties	GGP	4.11%	$9,632	$19,039	49%	26.2X
Kimco Realty	KIM	4.21%	$6,726	$8,523	21%	20.6X
Mills Corp.	MLS	3.92%	$3,954	$7,027	43%	30.3X
Regency Centers Corporation	REG	4.03%	$3,299	$5,101	35%	24.8X
Simon Property Group	SPG	4.10%	$16,878	$29,287	42%	26.5X
Taubman Centers	TCO	3.56%	$2,497	$4,225	40%	29.1X
Weingarten Realty	WRI	4.21%	$3,568	$5,696	37%	24.2X

NOTE: Total capitalization includes market capitalization plus non-trading components of capitalization, including debt, preferred stock, and minority interest. Total capitalization represents the total valuation an acquiror would have to pay to acquire the company. The ratio of total capitalization to FFO indicates the total current valuation relative to FFO (funds flow from operations), a consistent number reported by REITs according to the NAREIT definition.

Valuation Comments

Equity One's yield of 4.82% is the highest of the range for all of the Retail REITs, a group of stocks where yields are below the average 5.01% yield for all REITs. Total capitalization relative to FFO of 23.0X is near the low end of the range of the Retail REITs shown in Table 1, above. (Total capitalization represents the total valuation that would be paid for the company in an acquisition at today's price.) Debt as percentage of total capitalization for Equity One is in the middle of the range, at 35%, as compared to a range of 21-49% for the other companies shown in the Retail REIT segment.

Table 2: Fundamental Comparisons

Company Name	Ticker	Yield	Total Assets	Revenue / Assets	Interest Coverage	Total Space	Occupancy Rate
Equity One	EQY	4.82%	$1,875,256	16%	3.3X	20,100,000 sq. ft	94%
CBL & Associates	CBL	4.38%	$4,668,047	17%	2.5X	69,100,000 sq. ft.	91%
Developers Diversified Realty	DDR	4.63%	$5,873,790	14%	3.9X	102,000,000 sq. ft.	95%
General Growth Properties	GGP	4.11%	$11,537,666	15%	3.5X	154,000,000 sq. ft.	91%
Kimco Realty	KIM	4.21%	$4,377,118	12%	4.2X	104,000,000 sq. ft.	93%
Mills Corp.	MLS	3.92%	$3,781,866	14%	4.1X	46,600,000 sq. ft.	95%
Regency Centers Corporation	REG	4.03%	$3,188,920	12%	4.3X	30,000,000 sq. ft.	96%
Simon Property Group	SPG	4.10%	$16,180,024	15%	2.6X	204,000,00 sq. ft.	92%
Taubman Centers	TCO	3.56%	$2,204,513	17%	2.9X	23,500,000 sq. ft.	85%
Weingarten Realty	WRI	4.21%	$3,390,127	16%	3.9X	46,103,000 sq. ft.	94%

Description of FFO

REIT Growth and Income Monitor uses FFO (funds flow from operations) as a means of comparison among REITs in different sectors, because FFO has been defined by the National Association of Real Estate Investment Trusts (NAREIT). FFO is a number reported by almost all REITs according to a consistent definition. NAREIT defines FFO as follows: income available for common shareholders before depreciation and amortization of real estate assets, and before extraordinary items and significant nonrecurring events less gains on sale of real estate. Funds flow from operations does not replace net income as a measure of performance of net cash provided by operating activities as a measure of liquidity. Rather, funds from operations have been adopted by REITs to provide a consistent measure of operating performance in the industry. **REIT Growth and Income Monitor** adjusts FFO to exclude non-cash impairment charges, litigation settlements, and charges for debt redemption. The result is a number that represents the recurring funds flow from operations available to support operations and to pay dividends to shareholders. The ratio of FFO to the dividend may represent an indication of the REIT's ability to maintain and to increase dividend distributions. The ratio of total capitalization to annualized FFO indicates a consistent valuation measurement that may be used to compare the current valuation of a REIT to other REITs within the same sector.