



The Supermarket REIT

Corporate Profile

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To Our Shareholders

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Developed by [Curran & Connors, Inc.](#)



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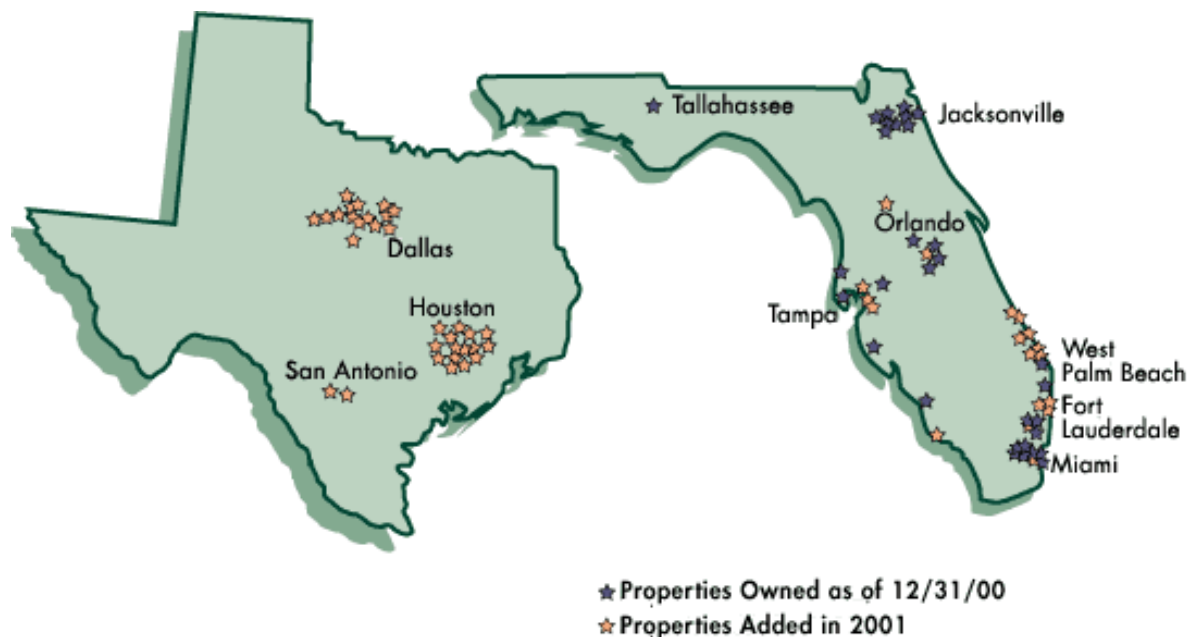
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Corporate Profile

Equity One, Inc. is a self-administered, self-managed real estate investment trust ("REIT") that principally acquires, renovates, develops and manages community and neighborhood shopping centers anchored by national and regional supermarket chains and other necessity-oriented retailers. Equity One was established as a Maryland corporation in 1992 and has been operating as a REIT since 1995. As of December 31, 2001, the Company's portfolio consisted of 85 owned properties located primarily in metropolitan areas of Florida and Texas, and included 55 grocery-anchored centers, 18 other retail-anchored centers, 6 drugstore-anchored centers, 5 other commercial properties and 1 development site aggregating 8.6 million square feet of gross leasable area, as well as interests in three joint ventures. Equity One's successful performance is attributable to its emphasis on the supermarket-anchored shopping center sector, a disciplined acquisition and development program, and the superior demographics of both Florida and Texas, particularly their above average growth rates for population, employment and retail sales per capita. Additionally, our proven ability to close large, complex transactions such as the Centrefund Realty (U.S.) Corporation and United Investors Realty Trust acquisitions, positions us for additional growth opportunities.

Growth

Our proven ability to close large, complex transactions positions us for additional growth opportunities.



"Safe Harbor" Statement under the Private Securities Litigation Reform Act of 1995:

This Annual Report contains forward-looking statements regarding Company and property performance. Future results could vary materially from actual results depending on various factors, including risks and uncertainties inherent in general and local real estate conditions, or competitive factors specific to the markets in which the Company operates. The Company assumes no obligation to update this information. For more details, please refer to the Company's SEC filings, including the most recent report on Form 10-K and quarterly reports on Form 10-Q.



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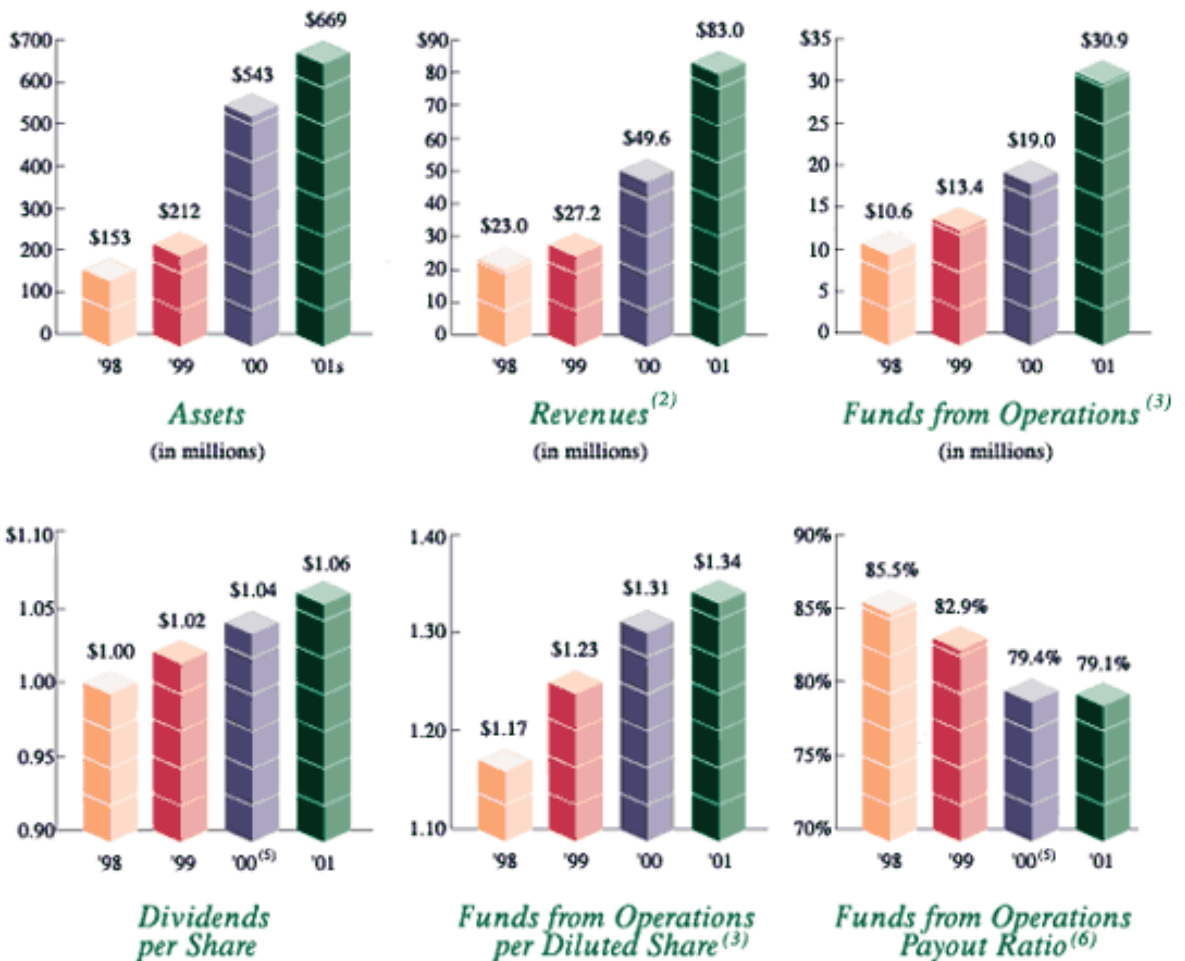
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Financial Highlights

In thousands except per share data

	2001 ⁽¹⁾	2000 ⁽¹⁾	1999
Balance Sheet Data			
Total Assets	\$668,536	\$542,817	\$212,497
Real Estate Investments before Accumulated Depreciation	656,005	501,528	216,588
Total Notes Payable	372,456	284,639	117,227
Minority Interest in CEFUS ⁽¹⁾	—	33,887	—
Shareholders' Equity	278,267	187,663	91,429
Operating Data			
Total Revenues ⁽²⁾	\$ 82,987	\$ 49,621	\$ 27,163
(Loss)/Gain on Sale of Real Estate	(609)	(63)	3,814
Net Income before Extraordinary Item	20,267	12,555	13,589
Net Income	18,721	12,555	13,589
Funds from Operations ⁽³⁾	30,931	19,044	13,354
Cash Dividends ⁽⁴⁾	18,622	13,236	11,199
Share Data			
Net Income before Extraordinary Item per Diluted Share	\$ 0.90	\$ 0.87	\$ 1.26
Net Income per Diluted Share	0.83	0.87	1.26
Funds from Operations per Diluted Share ⁽³⁾	1.34	1.31	1.23
Cash Dividends per Share ⁽⁴⁾	1.06	1.10	1.02



- (1) The 2000 and 2001 results have been restated for the period August 18, 2000 through September 19, 2001 to account for the acquisition of 68.07% of the stock of First Capital Realty, the parent of Centrefund Realty (U.S.) Corporation ("CEFUS"), by Gazit-Globe (1982) Ltd., Equity One's majority shareholder, and reflect a 31.93% minority interest in CEFUS during that period ("CEFUS Accounting Treatment"). On September 20, 2001, Equity One acquired 100% of CEFUS from First Capital Realty, thereby acquiring the remaining 31.93% minority interest.
- (2) Revenues exclude gains/(losses) on real estate sales.
- (3) We define Funds from Operations ("FFO") consistent with the NAREIT definition as net income before gains (losses) on the sale of real estate, extraordinary items and minority interest, plus real estate depreciation and amortization of capitalized leasing costs, adjusted to add back any deferred income tax expense or subtract any deferred income tax credit attributable to the CEFUS Accounting Treatment. We believe that FFO should be considered along with, but not as an alternative to, net income as defined by accounting principles generally accepted in the United States of America ("GAAP") as a measure of our operating performance. FFO does not represent cash generated from operating activities in accordance with GAAP and is not necessarily indicative of funds available to fund our cash needs.
- (4) 2000 cash dividend includes a \$0.06 per share special distribution in the fourth quarter.
- (5) 2000 dividend per share excludes a \$0.06 special distribution in the fourth quarter.
- (6) Funds from operations payout ratio is equal to dividends per share (excluding special distributions) divided by funds from operations per diluted share.



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Growth in 2001

To Our Shareholders



2001 was a landmark year in the history of our company. In September 2001, we closed the CEFUS and UIRT acquisitions, which nearly tripled our size. We now own and operate 86 properties aggregating 8.4 million square feet, and have a total equity market capitalization of approximately \$450 million. Our larger platform provides increased geographic and tenant diversification, enables us to achieve greater efficiency in our operations, positions us to pursue other large transactions, and should facilitate our continued access to capital to fund our growth activities. Throughout 2001, real estate investment trusts such as ours have found favor with investors by providing a predictable income stream, value in the underlying real estate assets and the opportunity for moderate capital appreciation. If held for the full year with dividends reinvested, our common stock shares provided a total return of 52.2%.

Financial Results

In 2001, we generated revenues, funds from operations (FFO) and FFO per share of \$83.0 million, \$30.9 million and \$1.34 per share, respectively, representing increases of 67.2%, 62.4% and 2.3% over the corresponding 2000 figures. Over the four-year period of 1998-2001, we have experienced consistent growth in our revenues, EBITDA (earnings before interest, taxes, depreciation and amortization), FFO and FFO per share, realizing compound annual growth rates in these metrics of 53.4%, 51.9%, 42.9% and 4.6%, respectively.

Our Mission Statement

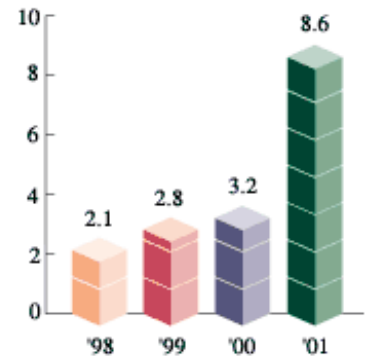
Our success has been largely attributable to the clarity of our corporate objectives and strategy. We will acquire, develop, own and manage shopping centers anchored by supermarkets and other necessity-oriented retailers in our core markets in Florida and Texas; consider geographic expansion into other fast-growing Sunbelt markets where we can employ our intensive, hands-on management style; maintain a disciplined approach to acquisitions and developments; pursue a conservative financial strategy, emphasizing long-term, fixed-rate debt and moderate leverage; be responsive to strategic transactions which make sense for our shareholders; provide meaningful opportunities for our employees to grow and develop; and seek to maximize the overall return for you, our shareholders.

Acquisition of Centrefund Realty (U.S.) Corporation (CEFUS)

On September 20, 2001, we completed the acquisition of CEFUS for approximately \$281 million from First Capital Realty, a publicly traded Canadian real estate company, of which one of our affiliates obtained majority control in August 2000. As a result of this transaction, we acquired 28 supermarket and other retail-anchored shopping centers of similar characteristics to our existing properties and interests in five real estate joint ventures, two of which have since been sold. Based on current conditions and assumptions, we expect to realize an initial yield on this acquisition in excess of 10%.

Merger with United Investors Realty Trust (UIRT)

On September 21, 2001, we completed our merger with UIRT, a publicly traded real estate investment trust, for approximately \$147.6 million whereby we acquired 22 supermarket and other retail-anchored shopping centers of similar characteristics to our existing properties and an interest in one real estate joint venture which has been sold. Based on current conditions and assumptions, we expect to realize an initial yield on this acquisition in excess of 11%.



Gross Leasable Area at Year-end
(in millions of square feet)

Embedded Growth Opportunity

In connection with these two transactions, we acquired over one million square feet of vacant, leasable area, which reduced our year-end occupancy ratio to 86.1%. This vacancy is concentrated in several properties for which we are well underway in crafting leasing and redevelopment strategies. If these efforts are successful, we can expect to realize a significant boost in our operating performance over the next 12 to 24 months.

Acquisitions, Developments and Dispositions

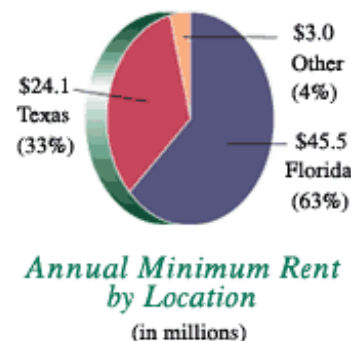
While we were focused for much of 2001 on the acquisitions of CEFUS and UIRT, we also made significant progress on our individual acquisition, development and disposition activities.

We invested approximately \$16 million in 2001 to acquire two supermarket-anchored centers, one in Vero Beach, Florida and the other in Houston, Texas, and an additional \$8 million thus far in 2002 to acquire two free-standing drug stores and one development site, all in Florida. We completed 70,000 square feet of new developments at two of our existing properties, and have recently broken ground on an 84,000 square foot supermarket-anchored development in Miami-Dade County, Florida. Lastly, we continued our efforts to recycle capital by completing approximately \$40 million of dispositions of non-core assets between December 2000 and February 2002.

Capital Markets Activity

The combination of the CEFUS and UIRT acquisitions, as well as a series of other financial measures have produced a conservative balance sheet with the flexibility for additional growth.

Since January 2001 and including the 3.45 million share offering we completed in March 2002, we have increased our equity base from under 13 million shares to over 33 million shares outstanding. Over the past few months, we have refinanced or repaid a number of the loans that we had assumed in the CEFUS and UIRT acquisitions, and in conjunction with our recent equity offering, have reduced our debt to total market capitalization to 42% and our floating rate debt to only 10% of our total debt.



With only \$9 million outstanding under our \$70 million of revolving credit facilities and the ability to issue over \$200 million of new securities on our universal shelf registration, we have the financial capacity to consider a range of growth opportunities.

We have also recently resumed the operations of our Dividend Reinvestment and Stock Purchase Plan, through which you can elect to reinvest your dividends in additional shares of our common stock.

The Equity One Team

The dramatic growth of our company in the past year would not have been possible without the leadership of our senior management team and the dedicated efforts of our valued employees. In conjunction with the CEFUS and UIRT acquisitions, we have added several new people to our team and have expanded the opportunities for our existing employees. I salute all of our employees, old and new, for a job well done.

Looking Ahead

In general, the supermarket-anchored shopping center sector remains quite healthy and has weathered the various bumps in the overall economy. We remain focused on consolidation opportunities and believe we can be effective at identifying and pursuing situations that will provide superior returns to our shareholders. We note with pride the celebration of our tenth anniversary operating as Equity One and look forward to continued success in the years to come.

Sincerely,

Chaim Katzman

Chairman and Chief Executive Officer

Equity One, Inc.

April 9, 2002



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Directors

Chaim Katzman (1)
Chairman and Chief Executive Officer,
Equity One, Inc.

Nathan Hetz
Chief Executive Officer,
Alony Hetz Properties & Investments, Ltd.

Doron Valero (1)
President and Chief Operating Officer,
Equity One, Inc.

Dr. Peter Linneman
Albert Sussman Professor of Real Estate,
Finance and Public Policy,
The Wharton School, University of Pennsylvania

Noam Ben-Ozer
Chairman and Founder,
i-phrase Technologies, Inc.

Dr. Shaiy Pilpel (2) (3)
President,
Patten Model, Ltd.

Ronald Chase (1) (2) (3)
Former Managing Partner,
Deloitte & Touche, LLP;
President and Owner,
Chase Holdings & Advisory Services, Inc.

Dori Segal
President, Gazit-Globe (1982), Ltd.;
President and Chief Executive Officer,
First Capital Realty, Inc.

Robert L. Cooney (2) (3)
Former Managing Director,
Credit Suisse First Boston;
Partner, Cooney, Schroeder & Company, Inc.

Executives

Chaim Katzman
Chairman and Chief Executive Officer

Randall D. Keith
Vice President and
Chief Operating Officer,
Equity One Realty & Management (Texas), Inc.

Doron Valero
President and Chief Operating Officer

Randy Flick
Head of Development

Howard M. Sipzner
Treasurer and Chief Financial Officer

David Briggs
Chief Accounting Officer

Alan Merkur
Vice President and Director of Acquisitions

Alan Marcus
Corporate Secretary and
External General Counsel

Barbara Miller
Vice President and
Head of Property Management

(1) Executive Committee
(2) Audit Committee
(3) Compensation Committee

Investor Information

Current and prospective Equity One investors can receive a copy of the Company's proxy statement, earnings announcements and quarterly and annual reports by contacting:

Michele Guard
Director of Investor Relations
Equity One, Inc.
1696 NE Miami Gardens Drive
North Miami Beach, Florida 33179

Tel. 305.947.1664
Fax 305.947.1734

E-mail: MGuard@equityone.net
Web site Address: www.equityone.net

Stock Listing

The high and low closing prices and dividend distributions for the common stock of Equity One, Inc. for the periods indicated in the table below were:

<i>2001 Quarter Ended</i>	<i>High Price</i>	<i>Low Price</i>	<i>Dividend Distribution</i>
March 31	\$11.0000	\$ 9.7000	\$0.26
June 30	12.5300	10.0100	0.26
September 30	11.9800	10.6400	0.27
December 31	14.1000	11.5200	0.27

Annual Meeting of Shareholders

The annual meeting of shareholders will be held on Friday, May 24, 2002 at 10:00 A.M. (EST) at the Sheraton Bal Harbour, located at 9701 Collins Avenue, Bal Harbour, Florida.

Independent Auditors

Deloitte & Touche, LLP
Miami, Florida

Legal Counsel

Greenberg Traurig, P.A.
Miami, Florida

Current Transfer Agent and Registrar

American Stock Transfer & Trust Company
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New York, New York 10038

Tel. 718.921.8200
Fax 718.236.2640

E-mail: info@amstock.com

CURRAN & CONNORS

Designers of Annual Reports and Corporate Literature



WHO WE ARE



WHAT WE DO



HOW WE DO IT



EMPLOYMENT



WHAT WE CAN DO FOR YOU



CURRAN & CONNORS, INC. IS AN AWARD-WINNING GRAPHIC DESIGN FIRM SPECIALIZING IN THE DESIGN AND PRODUCTION OF ANNUAL REPORTS, CORPORATE LITERATURE AND NEW MEDIA. OUR THREE STATE-OF-THE-ART ELECTRONIC DESIGN STUDIOS, COMBINED WITH OUR FOURTEEN REGIONAL OFFICES, ALLOW US TO EFFECTIVELY SERVE CLIENTS THROUGHOUT THE UNITED STATES IN ALL THEIR SHAREHOLDER COMMUNICATIONS NEEDS.



CONTACT