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# EQUITY ONE



Florida's Supermarket REIT  
1999 Annual Report





# Florida's Supermarket REIT



## CORPORATE PROFILE

Equity One is a self-administered, self-managed, real estate investment trust (REIT) that primarily acquires, renovates, develops, and manages community and neighborhood shopping centers anchored by national and regional supermarket chains within the State of Florida. Equity One was established as a Maryland corporation in 1992, and has been operating as a REIT since 1995. The Company's 3.1 million square foot portfolio includes twenty supermarket-anchored centers, two drugstore-anchored centers, five other properties and 285,000 square feet currently under development in one new and three existing supermarket-anchored centers. Equity One's centers are anchored by national and regional supermarkets such as Winn Dixie (the third largest U.S. supermarket chain), Publix (Florida's largest supermarket chain) and Albertson's (the second largest U.S. supermarket chain). Other major tenants include national retailers such as Kmart, Best Buy, Home Depot Expo, General Cinema, AMC Theatre, Walgreens and Eckerd. Equity One believes that supermarkets and other anchor tenants offering daily necessities generate regular customer traffic and enhance the performance and stability of its centers. The Company's successful performance is also related to Florida's superior demographics, particularly its above average growth rates for population, employment and retail sales per capita.





# FINANCIAL HIGHLIGHTS



Year ended December 31,

*In thousands except per share data***1999**

1998

1997

## Balance Sheet Data

Total Assets	<b>\$212,497</b>	\$152,955	\$126,903
Real Estate Investments, Before Accumulated Depreciation	<b>216,588</b>	148,087	126,441
Mortgage Notes Payable	<b>97,752</b>	67,145	71,004
Shareholders' Equity	<b>91,429</b>	81,218	53,580

## Operating Data

Revenues	<b>\$ 30,977</b>	\$ 25,626	\$ 20,545
Income Before Gain on Sale of Real Estate	<b>9,775</b>	6,433	6,198
Gain on Sale of Real Estate	<b>3,814</b>	2,632	—
Net Earnings	<b>13,589</b>	9,065	6,198
Funds From Operations	<b>13,578</b>	10,580	8,658
Cash Dividends <sup>(1)</sup>	<b>11,199</b>	8,973	6,320

## Basic and Diluted Per Share Data

Income Before Gain on Sale of Real Estate (Basic)	<b>\$ 0.91</b>	\$ 0.72	\$ 0.96
Net Income (Basic)	<b>1.26</b>	1.01	0.96
Net Income (Diluted)	<b>1.26</b>	1.00	0.87
Funds From Operations (Diluted)	<b>1.25</b>	1.17	1.22
Cash Dividends Paid	<b>1.02</b>	1.00	0.95

<sup>(1)</sup> 1999 cash dividends do not include intercompany payments

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

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

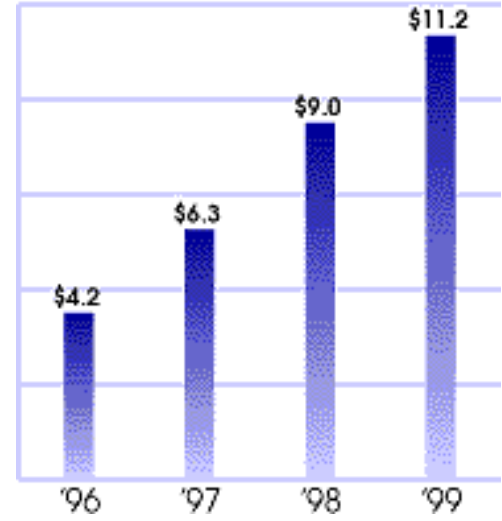
REVENUES (in millions)



FUNDS FROM OPERATIONS (in millions)



DIVIDENDS (in millions)



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# TO OUR SHAREHOLDERS:



It is with great pride and satisfaction that I report to you on the progress and growth of our Company this past year. 1999, our second year of operation as a public company, was an outstanding year for our shareholders. If you purchased or owned our common stock on January 1, 1999 and held it for the entire year, you would have realized a total return in excess of 27%, among the highest of all the shopping center REITs.

We are proud of this performance and believe it is attributable to a number of factors, including our geographic focus on the State of Florida, our continued emphasis on the acquisition and development of supermarket-anchored centers, a stringent acquisition process, the growth of our development pipeline, the depth of our management team and the strength and the conservative nature of our balance sheet.

Our 1999 results confirm the success of our business strategies. We generated FFO (funds from operations) of \$13.6 million or \$1.25 FFO per share on revenue of \$31.0 million, increases of 28.3%, 6.8% and 20.9%, respectively, over the corresponding 1998 figures. Since 1995, we have demonstrated dramatic and consistent growth in our financial performance with revenues, EBITDA (earnings before interest, taxes, depreciation and amortization), FFO and FFO per share growing at compound annual rates of 29%, 31%, 36% and 14%, respectively. In September 1999, we increased our quarterly dividend 4% from \$0.25 to \$0.26. Our real estate performance remains as strong as ever, with a 95% portfolio occupancy level at year-end 1999.

The State of Florida continues to outperform the United States as a whole when comparing the growth rates for population, job creation and retail sales per capita. During 1999, approximately 200,000 new residents settled in Florida, making it one of the fastest growing states in the nation. These and other related demographic measures are key drivers in the success of our business plan.



additions to Lake Mary Shopping Center in Orlando, Florida and to Point Royale Shopping Center in Miami, Florida.

Among our accomplishments in 1999 were a series of significant additions to our management team. I am pleased to welcome Howard Sipzner as our new Chief Financial Officer, Randy Flick as our Head of Development and Alan Merkur as our Head of Acquisitions. Howard, Randy and Alan join Doron Valero, Senior Vice President and Chief Operating Officer; Peter Sackmann, Chief Controller; and myself to create a management team with a depth of real estate expertise and breadth of knowledge, which we believe to be unmatched in the State of Florida. Our senior management is supported by a group of outstanding leasing, management, development, accounting and financial professionals who contribute significantly to the success of Equity One.

We ended 1999 with a strong and conservative balance sheet. Our outstanding common shares increased from 10.2 million at the beginning of the year to 11.4 million at year-end. Our debt to total market capitalization stood at 50%, and was comprised of \$97.8 million of fixed rate mortgages and \$19.5 million outstanding under our line of credit and other floating rate facilities. At year-end, our mortgage debt carried a weighted average fixed rate of 7.47% and had a weighted average life of 7.65 years, limiting our exposure to variable interest rates. We have ample capital availability under our \$35 million line of credit, along with the ability to place additional fixed rate debt on any of our unencumbered assets, such as the \$6.5 million we financed in January 2000 secured by the Park Promenade Shopping Center. Overall, our 50% debt to total market capitalization and 3.3 EBITDA interest coverage ratios compare favorably to the average 57% leverage and 2.7 EBITDA coverage ratios of our peer shopping center REITs.



From left to right: Howard Sipzner, Alan Merkur,

Looking ahead to 2000, we recognize that our markets are in relative equilibrium, which may make the acquisition environment more challenging, and which could limit our ability to impose rental rate increases on new or renewal tenants. We expect to operate in a higher interest rate environment, which may impact our ability to earn attractive returns on new acquisitions and developments. Given our financial strength, we would expect that the aforementioned conditions could have a more significant impact on other owners in our markets. We will try to take advantage of these situations when and if they arise, though continuing to be highly selective and strategic with respect to the properties we acquire.

Doron Valero, Randy Flick, Chaim Katzman and  
Peter Sackmann

On the development front, we expect to commence construction on the third phase of the Shops at Skylake during 2000. We will continue our planning for the development of several projects including the second phase of Forest Village; the Coral Way shopping center project in Miami, Florida; and additional retail space at our Lake Mary shopping center. In each of these cases, we either own or control the associated land parcels, enabling us to move forward if and when the underlying real estate conditions support our development plan. We believe that selective land banking differentiates us from other real estate companies and enhances our development activities.

In February 2000, we initiated our Dividend Reinvestment and Stock Purchase Plan. The plan will enable you to conveniently reinvest your dividends in additional shares of our common stock, and once enrolled, purchase additional shares of our common stock. If you have not already signed up for the plan and are interested, there is a tear-out post card in the annual report which you can use to request a copy of the prospectus for the plan. Please read the prospectus carefully before you decide to enroll in the plan.

There has been much talk in the REIT sector of consolidation. We believe that there could be an increase in merger activity within the REIT sector, and are prepared to consider any opportunities that come before us to the extent they make operating, financial and strategic sense for the Company and would be in the best interests of our shareholders.

It has been a remarkable nineteen months since our initial public offering in May 1998. We continue to appreciate your support as a shareholder and look forward to working with you on the continued growth and success of our Company.

Sincerely,

A handwritten signature in black ink, appearing to be 'Chaim Katzman', written in a cursive style.

**Chaim Katzman**

Chairman, President and Chief Executive Officer  
*Equity One, Inc.*

# DIRECTORS



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

Doron Valero (1)  
*Senior Vice President and  
Operating Officer  
Equity One, Inc.*

Noam Ben-Ozer  
*Consultant, Bain & Co.*

Ronald Chase (1) (2) (3)  
*Served as Managing Partner for  
Deloitte & Touche, LLP;  
Current President & Owner,  
Chase Holdings and Advisory  
Services, Inc.*

Robert L. Cooney (2) (3)  
*Served as Managing Director,  
Equity Capital Markets,  
Credit Suisse First Boston;  
Current Partner,  
Cooney, Schroder & Company, Inc.*

Dr. Shaiy Pilpel (2) (3)  
*Head of Trading Operations,  
Wexford Management*

## Executives

Chaim Katzman  
*Chairman, President, and  
Chief Executive Officer*

Doron Valero  
*Senior Vice President and  
Chief Operating Officer*

Howard M. Sipzner  
*Chief Financial Officer*

# 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: [eqyir@gate.net](mailto:eqyir@gate.net)

## Stock Listing

The high and low closing sales prices and dividend distributions for the periods indicated in the table below were:



1999 Quarter Ended	High Price	Low Price	Dividend Distribution
March 31	\$ 9.6875	\$8.6250	\$0.25
June 30	11.0000	8.5625	0.25
September 30	12.1250	9.7500	0.26
December 31	10.6250	9.5000	0.26

## Annual Meeting of Shareholders

The annual meeting of shareholders will be held on Friday, June 23, 2000 at 10:00 A.M. (EST) at the Courtyard Marriott adjacent to the Aventura Mall. The address is 2825 N.E. 191st Street, Aventura, Florida.

## Public Auditors

Deloitte & Touche, LLP  
Miami, Florida

## Legal Counsel

Greenberg, Traurig, Hoffman, Lipoff, Rosen & Quintel,  
P.A.  
Miami, Florida

