

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2005

Commission File No. 001-13499

**EQUITY ONE, INC.**

(Exact name of registrant as specified in its charter)

**Maryland**

(State or other jurisdiction of  
incorporation or organization)

**52-1794271**

(I.R.S. Employer  
Identification No.)

**1600 N.E. Miami Gardens Drive  
N. Miami Beach, Florida**

(Address of principal executive offices)

**33179**

(Zip Code)

**(305) 947-1664**

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes  No

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act).

Yes  No

**Applicable only to Corporate Issuers:**

As of the close of business on May 1, 2005, 74,236,063 shares of the Company's common stock, par value \$0.01 per share, were issued and outstanding.

**EQUITY ONE, INC.**

**FORM 10-Q**

**INDEX**

**PART I - FINANCIAL INFORMATION**

<b>Item 1.</b>	<b>Financial Statements</b>	<b><u>Page</u></b>
	Condensed Consolidated Balance Sheets As of March 31, 2005 and December 31, 2004 (unaudited) .....	1
	Condensed Consolidated Statements of Operations For the three month periods ended March 31, 2005 and 2004 (unaudited).....	3
	Condensed Consolidated Statements of Comprehensive Income For the three month periods ended March 31, 2005 and 2004 (unaudited).....	5
	Condensed Consolidated Statement of Stockholders' Equity For the three month period ended March 31, 2005 (unaudited).....	6
	Condensed Consolidated Statements of Cash Flows For the three month periods ended March 31, 2005 and 2004 (unaudited).....	7
	Notes to the Condensed Consolidated Financial Statements (unaudited) .....	9
<b>Item 2.</b>	<b>Management's Discussion and Analysis of Financial Condition and Results of Operations .....</b>	<b>23</b>
<b>Item 3.</b>	<b>Quantitative and Qualitative Disclosures about Market Risk .....</b>	<b>33</b>
<b>Item 4.</b>	<b>Controls and Procedures.....</b>	<b>34</b>

**PART II - OTHER INFORMATION**

<b>Item 1.</b>	<b>Legal Proceedings .....</b>	<b>35</b>
<b>Item 2.</b>	<b>Unregistered Sales of Equity Securities and Use of Proceeds .....</b>	<b>35</b>
<b>Item 3.</b>	<b>Defaults Upon Senior Securities .....</b>	<b>35</b>
<b>Item 4.</b>	<b>Submission of Matters to a Vote of Security Holders .....</b>	<b>35</b>
<b>Item 5.</b>	<b>Other Information .....</b>	<b>35</b>
<b>Item 6.</b>	<b>Exhibits.....</b>	<b>35</b>

**PART I - FINANCIAL INFORMATION**

**Item 1. Financial Statements**

**EQUITY ONE, INC. AND SUBSIDIARIES  
CONDENSED CONSOLIDATED BALANCE SHEETS  
MARCH 31, 2005 AND DECEMBER 31, 2004  
(UNAUDITED)**

**(In thousands, except per share amounts)**

	<u>March 31, 2005</u>	<u>December 31, 2004</u>
<b>ASSETS</b>		
PROPERTIES:		
Income producing .....	\$ 1,911,819	\$ 1,915,216
Less: accumulated depreciation .....	(104,718)	(95,934)
Income producing property, net .....	1,807,101	1,819,282
Construction in progress and land held for development .....	50,026	41,759
Properties held for sale .....	9,199	12,646
Properties, net .....	1,866,326	1,873,687
CASH AND CASH EQUIVALENTS .....	-	5,122
ACCOUNTS AND OTHER RECEIVABLES, NET .....	10,204	15,699
SECURITIES .....	44,593	35,756
GOODWILL .....	13,807	14,020
OTHER ASSETS .....	57,719	48,008
<b>TOTAL .....</b>	<b><u>\$ 1,992,649</u></b>	<b><u>\$ 1,992,292</u></b>

(Continued)

**EQUITY ONE, INC. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
**MARCH 31, 2005 AND DECEMBER 31, 2004**  
**(UNAUDITED)**  
**(In thousands, except per share amounts)**

	<u>March 31,</u> <u>2005</u>	<u>December 31,</u> <u>2004</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
LIABILITIES:		
NOTES PAYABLE		
Mortgage notes payable .....	\$ 488,817	\$ 495,056
Unsecured revolving credit facilities.....	144,763	147,000
Unsecured senior notes payable .....	345,165	347,261
	<u>978,745</u>	<u>989,317</u>
Unamortized premium/discount on notes payable .....	20,318	21,603
Total notes payable .....	999,063	1,010,920
OTHER LIABILITIES		
Accounts payable and accrued expenses .....	33,232	32,857
Tenant security deposits .....	8,789	8,559
Other liabilities .....	6,766	7,171
Total liabilities .....	<u>1,047,850</u>	<u>1,059,507</u>
MINORITY INTERESTS .....	<u>1,417</u>	<u>1,397</u>
COMMITMENTS AND CONTINGENCIES		
STOCKHOLDERS' EQUITY:		
Preferred stock, \$0.01 par value – 10,000 shares authorized but unissued .....	-	-
Common stock, \$0.01 par value – 100,000 shares authorized, 74,137 and 73,597 shares issued and outstanding for 2005 and 2004, respectively .....	741	736
Additional paid-in capital.....	931,005	920,616
Retained earnings.....	17,845	17,481
Accumulated other comprehensive income .....	4,549	4,633
Unamortized restricted stock compensation.....	(10,608)	(11,928)
Notes receivable from issuance of common stock .....	(150)	(150)
Total stockholders' equity.....	<u>943,382</u>	<u>931,388</u>
TOTAL .....	<u>\$ 1,992,649</u>	<u>\$ 1,992,292</u>

See accompanying notes to the condensed consolidated financial statements.

(Concluded)

**EQUITY ONE, INC. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**  
**FOR THE THREE MONTH PERIODS ENDED MARCH 31, 2005 AND 2004**  
**(UNAUDITED)**  
**(In thousands, except per share amounts)**

	<b>Three Months Ended</b>	
	<b>March 31,</b>	
	<b>2005</b>	<b>2004</b>
<b>RENTAL REVENUE:</b>		
Minimum rents .....	\$ 47,662	\$ 39,724
Expense recoveries .....	12,851	11,148
Termination fees .....	468	59
Percentage rent .....	1,129	1,333
Total rental revenue .....	<u>62,110</u>	<u>52,264</u>
<b>COSTS AND EXPENSES:</b>		
Property operating expenses .....	15,597	13,753
Rental property depreciation and amortization .....	10,368	8,037
General and administrative expenses .....	4,340	3,452
Total costs and expenses .....	<u>30,305</u>	<u>25,242</u>
<b>INCOME BEFORE OTHER INCOME AND EXPENSES, MINORITY INTEREST,</b>		
<b>AND DISCONTINUED OPERATIONS .....</b>	31,805	27,022
<b>OTHER INCOME AND EXPENSES:</b>		
Interest expense .....	(12,076)	(10,204)
Amortization of deferred financing fees .....	(379)	(236)
Investment income .....	709	208
Other income .....	64	64
<b>INCOME BEFORE MINORITY INTEREST AND DISCONTINUED OPERATIONS .....</b>	20,123	16,854
<b>MINORITY INTEREST .....</b>	(50)	(202)
<b>INCOME FROM CONTINUING OPERATIONS .....</b>	<u>20,073</u>	<u>16,652</u>
<b>DISCONTINUED OPERATIONS:</b>		
Income from rental properties sold or held for sale .....	102	1,565
Gain on disposal of income producing properties .....	1,615	2,035
Minority interest .....	-	(13)
Income from discontinued operations .....	<u>1,717</u>	<u>3,587</u>
<b>NET INCOME .....</b>	<u>\$ 21,790</u>	<u>\$ 20,239</u>

(Continued)

**EQUITY ONE, INC. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**  
**FOR THE THREE MONTH PERIODS ENDED MARCH 31, 2005 AND 2004**  
**(UNAUDITED)**  
**(In thousands, except per share amounts)**

	Three Months Ended March 31,	
	2005	2004
EARNINGS PER SHARE:		
BASIC EARNINGS PER SHARE		
Income from continuing operations .....	\$ 0.28	\$ 0.24
Income from discontinued operations .....	0.02	0.05
Total basic earnings per share .....	<u>\$ 0.30</u>	<u>\$ 0.29</u>
NUMBER OF SHARES USED IN COMPUTING		
BASIC EARNINGS PER SHARE.....	<u>73,043</u>	<u>69,115</u>
DILUTED EARNINGS PER SHARE		
Income from continuing operations.....	\$ 0.27	\$ 0.24
Income from discontinued operations .....	0.02	0.05
Total diluted earnings per share .....	<u>\$ 0.29</u>	<u>\$ 0.29</u>
NUMBER OF SHARES USED IN COMPUTING		
DILUTED EARNINGS PER SHARE.....	<u>74,193</u>	<u>71,021</u>

(Concluded )

See accompanying notes to the condensed consolidated financial statements.

**EQUITY ONE, INC. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE THREE MONTH PERIODS ENDED MARCH 31, 2005 AND 2004**  
**(UNAUDITED)**  
**(In thousands, except per share amounts)**

	<b>Three Months Ended</b>	
	<b>March 31,</b>	
	<b>2005</b>	<b>2004</b>
NET INCOME .....	\$ 21,790	\$ 20,239
OTHER COMPREHENSIVE INCOME (LOSS):		
Net unrealized holding loss on securities available-for-sale .....	(84)	-
Change in fair value of cash flow hedges.....	-	(885)
COMPREHENSIVE INCOME.....	<u>\$ 21,706</u>	<u>\$ 19,354</u>

See accompanying notes to the condensed consolidated financial statements.

**EQUITY ONE, INC. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY**  
**FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2005**  
**(UNAUDITED)**  
**(In thousands, except per share amounts)**

	<u>Common Stock</u>	<u>Additional Paid-In Capital</u>	<u>Retained Earnings</u>	<u>Accumulated Other Comprehensive Income/(Loss)</u>	<u>Unamortized Restricted Stock Compensation</u>	<u>Notes Receivable from Issuance of Common Stock</u>	<u>Total Stockholders' Equity</u>
BALANCE, JANUARY 1, 2005.....	\$ 736	\$ 920,616	\$ 17,481	\$ 4,633	\$ (11,928)	\$ (150)	\$ 931,388
Issuance of common stock .....	5	10,501	-	-	1,320	-	11,826
Stock issuance costs .....	-	(112)	-	-	-	-	(112)
Net income.....	-	-	21,790	-	-	-	21,790
Dividends paid.....	-	-	(21,426)	-	-	-	(21,426)
Other comprehensive loss.....	-	-	-	(84)	-	-	(84)
BALANCE, MARCH 31, 2005 .....	<u>\$ 741</u>	<u>\$ 931,005</u>	<u>\$ 17,845</u>	<u>\$ 4,549</u>	<u>\$ (10,608)</u>	<u>\$ (150)</u>	<u>\$ 943,382</u>

See accompanying notes to the condensed consolidated financial statements.

**EQUITY ONE, INC. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE THREE MONTH PERIODS ENDED MARCH 31, 2005 AND 2004**  
**(UNAUDITED)**  
**(In thousands, except per share amounts)**

	<b>Three Months Ended</b>	
	<b>March 31,</b>	
	<b>2005</b>	<b>2004</b>
<b>OPERATING ACTIVITIES:</b>		
Net income.....	\$ 21,790	\$ 20,239
Adjustments to reconcile net income to net cash provided by operating activities:		
Straight-line rent adjustment .....	(1,267)	(544)
Amortization of above/(below) market intangibles .....	(148)	(2)
Provision for losses on accounts receivable.....	319	237
Amortization of premium/discount on notes payable.....	(1,285)	(1,215)
Amortization of deferred financing fees.....	379	236
Amortization of deferred financing fees included in discontinued operations....	-	30
Rental property depreciation and amortization.....	10,368	8,037
Rental property depreciation and amortization included in discontinued operations .....	78	395
Amortization of restricted stock compensation .....	1,486	1,172
Equity in loss of joint ventures.....	-	1
Gain on disposal of real estate.....	(1,615)	(2,035)
Minority interests .....	50	215
Changes in assets and liabilities:		
Accounts and other receivables.....	5,176	4,336
Other assets.....	(3,590)	(3,493)
Accounts payable and accrued expenses.....	1,627	(995)
Tenant security deposits.....	230	465
Other liabilities.....	(405)	98
Net cash provided by operating activities .....	<u>33,193</u>	<u>27,177</u>
<b>INVESTING ACTIVITIES:</b>		
Additions to and purchases of properties.....	(1,299)	(94,816)
Purchases of land held for development.....	(14,411)	(1,424)
Additions to construction in progress .....	(3,913)	(8,459)
Proceeds from disposal of properties.....	14,460	1,986
Increase in cash held in escrow .....	-	(1,884)
Cash used to purchase securities.....	(8,921)	-
Proceeds from repayment of notes receivable .....	9	1,430
Increase in deferred leasing costs .....	(1,827)	(2,472)
Net cash used in investing activities .....	<u>(15,902)</u>	<u>(105,639)</u>

(Continued)

**EQUITY ONE, INC. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE THREE MONTH PERIODS ENDED MARCH 31, 2005 AND 2004**  
**(UNAUDITED)**

(In thousands, except per share amounts)

	<b>Three Months Ended</b>	
	<b>March 31,</b>	
	<b>2005</b>	<b>2004</b>
<b>FINANCING ACTIVITIES:</b>		
Repayment of mortgage notes payable .....	\$ (6,239)	\$ (3,716)
Net repayments under revolving credit facilities .....	(2,237)	(111,121)
Proceeds from senior debt offering .....	-	199,750
Increase in deferred financing costs .....	-	(2,724)
Proceeds from issuance of common stock .....	7,631	12,238
Stock issuance costs .....	(112)	(71)
Repayment of notes receivable from issuance of common stock .....	-	3,019
Cash dividends paid to stockholders .....	(21,426)	(19,630)
Distributions to minority interests .....	(30)	(232)
Net cash (used in) provided by financing activities .....	<u>(22,413)</u>	<u>77,513</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS .....	(5,122)	(949)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD .....	5,122	966
CASH AND CASH EQUIVALENTS, END OF PERIOD .....	<u>\$ -</u>	<u>\$ 17</u>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:</b>		
Cash paid for interest, net of amount capitalized .....	<u>\$ 12,387</u>	<u>\$ 12,422</u>
<b>SUPPLEMENTAL SCHEDULE OF NON-CASH INVESTING AND FINANCING ACTIVITIES:</b>		
Change in unrealized holding loss on securities .....	<u>\$ (84)</u>	
Change in fair value of cash flow hedges .....		<u>\$ 885</u>
Issuance of restricted stock .....	<u>\$ 2,975</u>	<u>\$ 882</u>
Note receivable from sale of property and joint venture interest .....		<u>\$ 4,655</u>
The Company assumed various mortgage notes in connection with certain of its rental property acquisitions:		
Fair value of rental property and other assets acquired .....		\$ 46,592
Assumption of mortgage notes payable .....		(14,875)
Fair value adjustment of mortgage notes payable .....		(1,244)
Cash paid for rental properties .....		<u>\$ 30,473</u>
The Company issued senior unsecured notes:		
Face value of notes .....		\$ 200,000
Discount .....		<u>(250)</u>
Cash received .....		<u>\$ 199,750</u>
See accompanying notes to the condensed consolidated financial statements.		(Concluded)

**EQUITY ONE, INC. AND SUBSIDIARIES**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE THREE MONTH PERIODS ENDED MARCH 31, 2005 AND 2004**  
**(UNAUDITED)**  
**(In thousands, except per share and square feet amounts)**

1. Organization and Basis of Presentation

*Organization*

Equity One, Inc. operates as a self-managed real estate investment trust (“REIT”) that principally acquires, renovates, develops and manages community and neighborhood shopping centers located predominantly in high growth markets in the southern United States and in the metropolitan Boston, Massachusetts area. These shopping centers are primarily anchored by supermarkets or other necessity-oriented retailers such as drug stores or discount retail stores.

*Basis of Presentation*

The condensed consolidated financial statements include the accounts of Equity One, Inc. and its wholly-owned subsidiaries, and those partnerships where the Company has financial and operating control. Equity One, Inc. and its subsidiaries are hereinafter referred to as “the consolidated companies” or “the Company.” The Company has a 50% investment in one joint venture which no individual party controls and, accordingly, uses the equity method of accounting for this joint venture.

All significant inter-company transactions and balances have been eliminated in consolidation.

*Portfolio*

As of March 31, 2005, the Company owned a total of 189 properties encompassing 130 supermarket-anchored shopping centers, nine drug store-anchored shopping centers, 41 other retail-anchored shopping centers, six development parcels and three commercial properties, as well a non-controlling interest in one unconsolidated joint venture.

*Interim Financial Presentation*

The accompanying unaudited condensed consolidated financial statements have been prepared by the Company’s management in accordance with accounting principles generally accepted in the United States of America for interim financial information and with the instructions of Form 10-Q and Article 10 of Regulation S-X of the U.S. Securities and Exchange Commission (the “SEC”). Accordingly, these unaudited condensed consolidated financial statements do not include all of the information and footnotes required by accounting principles generally accepted in the United States of America for complete financial statements. In the opinion of management, all adjustments considered necessary for a fair presentation have been included. The results of operations for the three month period ended March 31, 2005 are not necessarily indicative of the results that may be expected for the full year. These unaudited condensed consolidated financial statements should be read in conjunction with Management’s Discussion and Analysis of Financial Condition and Results of Operations contained elsewhere in this Form 10-Q and with Management’s Discussion and Analysis of Financial Condition and Results of Operations and audited consolidated financial statements and related footnotes, included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2004, filed with the SEC on March 16, 2005.

The preparation of condensed consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates.

Certain amounts as previously reported have been reclassified to conform to the current period's presentation and the reporting of discontinued operations.

## 2. Properties

Income producing property is stated at cost and includes all costs related to acquisition, development and construction, including tenant improvements, interest incurred during development, costs of predevelopment and certain direct and indirect costs of development. Costs incurred during the predevelopment stage are capitalized once management has identified a site, determined that the project is feasible and it is probable that the Company is able to proceed with the project. Expenditures for ordinary maintenance and repairs are expensed to operations as they are incurred. Significant renovations and improvements, which improve or extend the useful life of assets, are capitalized.

The Company is actively pursuing acquisition opportunities and will not be successful in all cases. Costs incurred related to these acquisition opportunities are expensed when it is probable that the Company will not be successful in the acquisition.

Depreciation expense is computed using the straight-line method over the estimated useful lives of the assets, as follows:

Land improvements	40 years
Buildings	30-40 years
Building improvements	5-40 years
Tenant improvements	Over the terms of the related lease, this approximates the economic useful life.
Equipment	5-7 years

Total interest expense capitalized to construction in progress and land held for development was \$633 and \$812 for the three months ended March 31, 2005 and 2004, respectively.

## 3. Long Lived Assets

On a periodic basis, or whenever events or changes in circumstances indicate, the Company assesses whether the value of the real estate properties may be impaired. A property's value is impaired only if it is probable that management's estimate of the aggregate future cash flows (undiscounted and without interest charges) to be generated by the property are less than the historical net carrying value of the property. In management's estimate of cash flows, it considers factors such as expected future operating income, trends and prospects, as well as the effects of demand, competition and other factors. In addition, the undiscounted cash flows may consider a probability weighted cash flow estimation approach when alternative courses of action to recover the carrying amount of a long lived asset are under consideration or a range is estimated. The determination of undiscounted cash flows requires significant estimates by management and considers the expected course of action at the balance sheet date. Subsequent changes in estimated undiscounted cash flows arising from changes in anticipated actions could impact the determination of whether impairment exists and whether the effects could materially impact the Company's net income. To the extent that impairment has occurred, the loss will be measured as the excess of the carrying amount of the property over the fair value of the property.

When assets are identified by the Company as held for sale, the Company estimates the sales prices, net of selling costs of such assets. If, in management's opinion, the net sales prices of the assets, which have been identified for sale, are less than the net book value of the assets, an impairment charge is recorded.

The Company is required to make subjective assessments as to whether there are impairments in the value of its real estate properties and other investments. The assessments have a direct impact on the Company's net income because taking an impairment charge results in an immediate charge to expense.

#### 4. Business Combinations

The results of operations of any acquired property are included in the Company's financial statements as of the date of its acquisition.

The Company allocates the purchase price of acquired companies and properties to the tangible and intangible assets acquired and liabilities assumed based on their estimated fair values. Fair value is defined as the amount at which that asset could be bought or sold in a current transaction between willing parties (other than in a forced or liquidation sale). In order to allocate the purchase price of acquired companies and properties to the tangible and intangible assets acquired, the Company identifies and estimates the fair value of the land, buildings and improvements, reviews the leases to determine the existence of, and estimates fair value of, any contractual or other legal rights and investigates the existence of, and estimates fair value of, any other identifiable intangibles. Such valuations require management to make significant estimates and assumptions, especially with respect to intangibles.

The cost approach is used as the primary method to estimate the fair value of the buildings, improvements and other assets. The cost approach is based upon the current costs to develop the particular asset in that geographic location, less an allowance for physical and functional depreciation. The assigned value for buildings and improvements is based on an as if vacant basis. The market value approach is used as the primary method to estimate the fair value of the land. The determination of the fair value of contractual intangibles is based on the costs incurred to originate a lease, including commissions and legal costs, excluding any new leases negotiated in connection with the purchase of a property. In-place lease values are based on management's evaluation of the specific characteristics of each lease and the Company's overall relationship with each tenant. Among the factors considered in the allocation of these values include the nature of the existing relationship with the tenant, the tenant's credit quality, the expectation of lease renewals, the estimated carrying costs of the property during a hypothetical expected lease-up period, current market conditions and costs to execute similar leases. Estimated carrying costs include real estate taxes, insurance, other property operating costs and estimates of lost rentals at market rates during the hypothetical expected lease-up periods, given the specific market conditions. Above-market and below-market lease values are determined based on the present value (using a discount rate reflecting the risks associated with the leases acquired) of the difference between (i) the contractual amounts to be paid pursuant to the leases negotiated and in-place at the time of acquisition and (ii) management's estimate of fair market lease rates for the property or equivalent property, measured over a period equal to the remaining non-cancelable term of the lease. The value of contractual intangibles is amortized over the remaining term of each lease. Other than as discussed above, the Company has determined that its real estate properties do not have any other significant identifiable intangibles.

Critical estimates in valuing certain of the intangibles and the assumptions of what marketplace participants would use in making estimates of fair value include, but are not limited to: future expected cash flows, estimated carrying costs, estimated origination costs, lease up periods and tenant risk attributes, as well as assumptions about the period of time the acquired lease will continue to be used in the Company's portfolio and discount rates used in these calculations. Management's estimates of fair value are based upon assumptions believed to be reasonable, but which are inherently uncertain and unpredictable. Assumptions may not always reflect unanticipated events and changes in circumstances may occur. In making such estimates, management uses a number of sources, including appraisals that may be obtained in connection with the acquisition or financing of the respective property, fair value studies or other market data. Management also considers information obtained in its pre-acquisition due

diligence and marketing and leasing activities in estimating the fair value of tangible and intangible assets acquired.

In the event that a tenant terminates its lease, the unamortized portion of each related intangible would be expensed.

Intangibles associated with property acquisitions are included in other assets in the Company's condensed consolidated balance sheet.

The Company acquired the following land development parcels during 2005:

**2005 Acquisition Activity**

<u>Date Purchased</u>	<u>Property Name</u>	<u>City</u>	<u>State</u>	<u>Square Feet/ Acres</u>	<u>Purchase Price</u>
Feb. 1, 2005	Sunlake Development Parcel	Tampa	FL	155 acres	\$ 12,600
Feb. 28, 2005	Winchester Plaza	Huntsville	AL	33 acres	1,827
<b>Total</b>					<u>\$ 14,427</u>

5. Property Held for Sale and Dispositions

As of March 31, 2005, one property was held for sale with a net book value of \$9,199, which was sold in April 2005 for total consideration of \$13,600, comprising an aggregate of 126,402 square feet of gross leasable area.

The following table reflects the property sold during 2005:

<u>Date Sold</u>	<u>Property</u>	<u>Location</u>	<u>Square Feet/ Acres</u>	<u>Gross Sales Price</u>	<u>Gain On Sale</u>
Jan. 31, 2005	North River Village	North Ellenton, FL	177,128	\$ 14,880	\$1,615
<b>Total</b>				<u>\$ 14,880</u>	<u>\$1,615</u>

The summary selected operating results for properties disposed of or designated as held for sale as of March 31, 2005 are as follows:

	<b>For the three months ended March 31,</b>	
	<u>2005</u>	<u>2004</u>
<b>Rental Revenue</b> .....	\$ 567	\$ 3,121
<b>Expenses</b>		
Property operating expenses .....	266	759
Rental property depreciation and amortization. ....	78	395
Interest expense.....	121	371
Amortization of deferred financing fees .....	-	30
Other .....	-	1
Income from rental properties sold or held for sale.....	<u>\$ 102</u>	<u>\$ 1,565</u>

6. Securities

The Company's investments consist primarily of equity and debt securities. The Company's equity investments are classified as available-for-sale and recorded at fair value based on current market prices. Changes in the fair value of the equity investments are included in accumulated other comprehensive income (loss). The Company's debt securities are recorded at cost and are classified as

held-to-maturity, with the related discount/premium amortized over the life of the investment using the effective interest method.

For securities classified as held-to-maturity, the Company determines whether a decline in fair value below the amortized cost basis is other-than-temporary. If it is probable that the Company will be unable to collect all amounts due according to the contractual terms of a debt security, an other-than-temporary impairment is considered to have occurred. The determination of other-than-temporary declines in value requires significant estimates and assumptions by management and requires the consideration of expected outcomes that are out of management control. Subsequent changes in estimates, assumptions used or expected outcomes could impact the determination of whether a decline in value is other-than-temporary and whether the effects could materially impact the Company's financial position or net income. If the decline in fair value is judged to be other-than-temporary, the cost basis of the individual security will be written down to fair value as a new cost basis and the amount of the write-down will be included in earnings (that is, accounted for as a realized loss).

As of March 31, 2005, the fair value of the Company's debt securities are less than the carrying amount of the investment. The Company holds \$14,100 of principal in Winn-Dixie Stores, Inc. ("Winn-Dixie") senior notes, with a stated interest rate of 8.875%, and maturing in April 2008, at a carrying amount of \$11,900 and an unrealized loss of \$4,100. The decline in value occurred due to the declaration of bankruptcy by Winn-Dixie in February 2005. Management has considered and evaluated the pertinent facts available to it, including the fact that: (i) Winn-Dixie's equity has a fair value of approximately \$160,000 which we believe is an indicator that the notes are most likely recoverable, (ii) the notes' decline in value is due to the timeliness of the principal and interest payments due, and (iii) an analysis by an outside advisor which indicates an enterprise value that would provide sufficient value to repay the outstanding notes. Accordingly, as of March 31, 2005 the Company expects to recover the carrying amount of the investment. The Company has not recognized any investment income on the debt securities for the three months ended March 31, 2005. Changes in estimates, assumptions used or expected outcomes could impact the determination of whether a decline in value is other-than-temporary and whether the effects could materially impact the Company's financial position or net income in future periods. If the length of time and the extent to which the market value of the notes has been less than the Company's carrying amount of the notes persists for an extended period of time and/or the financial condition and near-term prospects of Winn-Dixie do not improve or deteriorate in the future, among other factors, the Company may be required to record a write-down of the investment.

#### 7. Investments in and Advances to Joint Venture

The Company has included in other assets in the consolidated balance sheet, an investment of \$273 in an unconsolidated joint venture, which owns a parcel of land that is held for future development or sale. The Company is obligated to fund 50% of any working capital that is required (as determined jointly by the Company and our joint venture partner). The current obligations are a nominal amount to pay property taxes and other carrying costs. The joint venture currently has no outstanding debt obligations or contractual commitments and the Company has not guaranteed any obligations of the joint venture.

#### 8. Borrowings

The following is a summary of the Company's borrowings consisting of mortgage notes payable, unsecured senior notes payable and unsecured revolving credit facilities:

	<u>March 31, 2005</u>	<u>December 31, 2004</u>
<b>Mortgage Notes Payable</b>		
Fixed rate mortgage loans.....	\$ 488,817	\$ 495,056
Unamortized premium on mortgage notes payable .....	<u>12,284</u>	<u>12,721</u>
Total .....	<u>\$ 501,101</u>	<u>\$ 507,777</u>

The weighted average interest rate of the mortgage notes payable at March 31, 2005 was 7.26%, excluding the effects of the premium adjustment.

Each of the existing mortgage loans is secured by a mortgage on one or more of the Company's properties. Certain of the mortgage loans involving an aggregate principal balance of approximately \$162,500 contain prohibitions on transfers of ownership which may have been violated by the Company's previous issuances of common stock or in connection with past acquisitions and may be violated by transactions involving the Company's capital stock in the future. If a violation were established, it could serve as a basis for a lender to accelerate amounts due under the affected mortgage. To date, no lender has notified the Company that it intends to accelerate its mortgage. If the mortgage holders declare defaults under the mortgage documents, we will, if required, prepay the remaining mortgage from existing resources, refinancing of such mortgages, borrowings under our other lines of credit or other sources of financing. Based on discussions with various lenders, current credit market conditions and other factors, the Company believes that the mortgages will not be accelerated. Accordingly, the Company believes that the violations of these prohibitions will not have a material adverse impact on the Company's results of operations, financial condition or cash flows.

	<u>March 31, 2005</u>	<u>December 31, 2004</u>
<b>Unsecured Senior Notes Payable</b>		
7.77% Senior Notes, due 4/1/06 .....	\$ 50,000	\$ 50,000
7.25% Senior Notes, due 8/15/07 .....	75,000	75,000
3.875% Senior Notes, due 4/15/09 .....	200,000	200,000
7.84% Senior Notes, due 1/23/12 .....	25,000	25,000
Fair value of interest rate swap .....	(4,835)	(2,739)
Unamortized premium on unsecured senior notes payable .....	<u>8,034</u>	<u>8,882</u>
Total .....	<u>\$ 353,199</u>	<u>\$ 356,143</u>

The Company swapped \$100,000 of the \$200,000 senior notes to a floating interest rate based on the 6-month LIBOR in arrears plus 0.4375%. The weighted average interest rate of the unsecured senior notes at March 31, 2005 was 5.10%, excluding the effects of the interest rate swap and premium adjustment.

The indentures under which the notes were issued have several covenants which limit the Company's ability to incur debt, require the Company to maintain an unencumbered asset ratio above a specified level and limit the Company's ability to consolidate, sell, lease, or convey substantially all of its assets to, or merge with any other entity. These notes have also been guaranteed by most of the Company's subsidiaries. The interest rate on the 7.77% senior notes is subject to a 50 basis point increase if the Company does not maintain an investment grade debt rating.

	<u>March 31,</u> <u>2005</u>	<u>December 31,</u> <u>2004</u>
<b>Unsecured Revolving Credit Facilities</b>		
Wells Fargo .....	\$ 144,000	\$ 147,000
City National Bank .....	763	-
Total .....	<u>\$ 144,763</u>	<u>\$ 147,000</u>

The Company entered into a \$340,000 unsecured revolving credit facility with a syndicate of banks for which Wells Fargo Bank, National Association is the sole lead arranger and administrative agent. This facility bears interest at the Company's option at (i) LIBOR plus 0.65% to 1.35%, depending on the credit ratings of the Company's senior unsecured long term notes or (ii) at the greater of (x) Wells Fargo's prime rate and (y) the Federal Funds Rate plus 0.5%. The facility is guaranteed by most of the Company's subsidiaries. Based on the Company's current rating, the LIBOR spread is 1.0%. The facility also includes a competitive bid option which allows the Company to conduct auctions among the participating banks for borrowings in an amount not to exceed \$170,000, a \$35,000 swing line facility for short term borrowings, a \$20,000 letter of credit commitment and at the request of the Company, may be increased up to a total commitment of \$400,000. The facility expires February 12, 2006 with a one year extension option. In addition, the facility contains customary covenants, including financial covenants regarding debt levels, total liabilities, interest coverage, EBITDA coverage ratios, unencumbered properties, permitted investments and others. The facility also prohibits stockholder distributions in excess of 95% of funds from operations calculated at the end of each fiscal quarter for the four fiscal quarters then ending. Notwithstanding this limitation, the Company can make stockholder distributions to avoid income taxes on asset sales. If a default under the facility exists, the Company's ability to pay dividends would be limited to the amount necessary to maintain the Company's status as a REIT unless the default is a payment default or bankruptcy event in which case the Company would be prohibited from paying any dividends. As of March 31, 2005, the Company had \$144,000 outstanding on this credit facility. The weighted average interest rate as of March 31, 2005 was 3.19%.

The Company also has a \$5,000 unsecured credit facility with City National Bank of Florida, of which \$763 was outstanding as of March 31, 2005. The interest rate as of March 31, 2005 was 3.89%. This facility also provides collateral for \$1,283 in outstanding letters of credit.

As of March 31, 2005, the availability under these credit facilities was approximately \$72,032, net of outstanding balances and letters of credit.

#### 9. Minority Interest

On January 1, 1999, Equity One (Walden Woods) Inc., a wholly-owned subsidiary of the Company, entered into a limited partnership as a general partner. An income producing shopping center ("Walden Woods Village") was contributed by its owners (the "Minority Partners"), and the Company contributed 93.656 shares of the Company's common stock (the "Walden Woods Shares") to the limited partnership at an agreed-upon price of \$10.30 per share. Based on this per share price and the net value of property contributed by the Minority Partners, each of the partners received 93.656 limited partnership units. The Company has entered into a Redemption Agreement with the Minority Partners whereby the Minority Partners can request that the Company purchase either their limited partnership units or any shares of common stock which they received in exchange for their partnership units at a price of \$10.30 per unit or per share no earlier than two years nor later than fifteen years after the exchange date of January 1, 1999. As a result of the Redemption Agreement, the Company has consolidated the accounts of the partnership with the Company's financial data. In addition, under the terms of the limited partnership agreement, the Minority Partners do not have an interest in the Walden Woods Shares except to the extent of dividends. Accordingly, a preference in earnings has been allocated to the Minority

Partners to the extent of the dividends declared. The Walden Woods Shares are not considered outstanding and are excluded from the share count in the calculation of basic earnings per share.

The Company has a controlling, general partner's interest in Sunlake Equity Joint Venture. The Company has funded all of the acquisition costs, is required to fund any necessary development and operating costs, receives an 8% preferred return on its advances and is entitled to 60% of the profits thereafter. The minority partners are not required to make contributions and, to date, have not contributed any capital. Accordingly, no minority interest has been recorded. The joint venture is in the process of obtaining the required approvals and permits to continue its business plan.

The Company also has a controlling interest (75% interest) in Venice Plaza and records a minority interest for the minority share of equity.

#### 10. Loans to Executives

As a result of certain provisions of the Sarbanes-Oxley Act of 2002, the Company is generally prohibited from making loans to directors and executive officers. Prior to the adoption of the Sarbanes-Oxley Act of 2002, the Company had loaned \$7,112 to various executives in connection with their exercise of options to purchase shares of the Company's common stock of which \$6,962 has been repaid. The remaining note bears interest at the rate of 5% per annum and the principal amount is due in June 2007. In accordance with the provisions of the Sarbanes-Oxley Act of 2002, there have been no material modifications to the terms of the outstanding loan.

#### 11. Stockholders' Equity and Earnings Per Share

The following table reflects the change in number of shares of common stock issued for the three months ended March 31, 2005:

	<u>Common Stock</u>	<u>Options Exercised</u>	<u>Total</u>
Board of Directors .....	4 *	25	29
Officers .....	30 *	82	112
Employees and other .....	50 *	3	53
Dividend Reinvestment and Stock Purchase Plan .....	346	-	346
Total .....	<u>430</u>	<u>110</u>	<u>540</u>

\* Reflects shares of "restricted stock" which are subject to forfeiture and vest over periods from one to three years.

The following table sets forth the computation of basic and diluted shares used in computing earnings per share for the three month periods ended March 31, 2005 and 2004:

	<u>Three Months Ended March 31,</u>	
	<u>2005</u>	<u>2004</u>
Denominator for basic earnings per share – weighted average shares .....	73,043	69,115
Walden Woods Village, Ltd.....	94	94
Unvested restricted stock .....	628	597
Convertible partnership units .....	-	734
Stock options (using treasury method).....	428	481
Subtotal.....	<u>1,150</u>	<u>1,906</u>
Denominator for diluted earnings per share – weighted average shares.....	<u>74,193</u>	<u>71,021</u>

## 12. New Accounting Pronouncements and Changes

In December 2004, the FASB issued SFAS No. 123 (revised 2004), *Share-Based Payment*, which is a revision of SFAS 123, *Accounting for Stock-Based Compensation*. Generally, the approach in SFAS 123 (R) is similar to the approach described in SFAS 123. However, SFAS 123 (R) requires all share-based payments to employees, including grants of employee stock options, to be recognized in the income statement based on their fair values. Pro forma disclosure is no longer an alternative. The new standard will be effective for public entities (excluding small business issuers) in the first interim or annual reporting period beginning after December 15, 2005, irrespective of the entity's fiscal year. Early adoption is permitted. SFAS 123 (R) allows for two transition alternatives for public companies: (a) modified-prospective transition or (b) modified-retrospective transition. Under the modified-prospective transition method, companies are required to recognize compensation cost for share-based payments to employees based on their grant-date fair value from the beginning of the fiscal period in which the recognition provisions are first applied. Measurement and attribution of compensation cost for awards that were granted prior to, but not vested as of the date SFAS 123 (R) is adopted would be based on the same estimate of the grant-date fair value and the same attribution method used previously under SFAS 123 (either for financial statement recognition or pro forma disclosure purposes). Prior periods are not restated. For periods prior to adoption, the financial statements are unchanged (and the pro forma disclosures previously required by SFAS 123 continue to be required under the new Standard to the extent those amounts differ from those in the income statement). For periods subsequent to adoption, the impact of this transition method generally is the same as if the modified-retrospective method were applied. Accordingly, pro forma disclosure will not be necessary for periods after the adoption of the new standard. Under the modified-retrospective transition method, companies are allowed to restate prior periods by recognizing compensation cost in the amounts previously reported in the pro forma footnote disclosure under the provisions of SFAS 123. New awards and unvested awards would be accounted for in the same manner as the modified-prospective method. Companies are permitted to apply the modified-retrospective transition alternative either (a) to all periods presented or (b) to the start of the fiscal year in which SFAS 123 (R) is adopted. The Company intends to adopt SFAS 123(R) effective January 1, 2006. Had the Company adopted SFAS 123(R) on January 1, 2004, the diluted earnings per share for the three months ended March 31, 2005 and 2004 would have remained unchanged.

## 13. Stock Options and Other Equity-Based Plans

The Company has various stock-based employee compensation plans. The Company applies APB 25, *Accounting for Stock Issued to Employees* and related interpretations in accounting for its plans. Accordingly, the Company does not recognize compensation cost for stock options when the option exercise price equals or exceeds the market value on the date of the grant. No stock-based employee compensation cost for stock options is reflected in net income, as all options under those plans had an exercise price equal to the market value of the underlying common stock on the date of grant. The Company records compensation expense related to its restricted stock plan. The following table illustrates the effect on net income and earnings per share if the Company had applied the fair value recognition provisions of SFAS 123(R) "Accounting for Stock-Based Compensation," to stock-based employee compensation (in thousands, except per share data).

		<b>Three Months Ended</b>	
		<b>March 31,</b>	
		<b>2005</b>	<b>2004</b>
Net Income	As reported .....	\$ 21,790	\$ 20,239
	Stock based employee compensation expense included in reported net income .....	1,486	1,172

		<b>Three Months Ended March 31,</b>	
		<u>2005</u>	<u>2004</u>
	Total stock based employee compensation expense determined under fair value based method for all awards .....	(1,681)	(1,366)
	Pro forma.....	<u>\$ 21,595</u>	<u>\$ 20,045</u>
Basic earnings per share	As reported .....	<u>\$ 0.30</u>	<u>\$ 0.29</u>
	Pro forma.....	<u>\$ 0.30</u>	<u>\$ 0.29</u>
Diluted earnings per share	As reported .....	<u>\$ 0.29</u>	<u>\$ 0.29</u>
	Pro forma.....	<u>\$ 0.29</u>	<u>\$ 0.29</u>

#### 14. Condensed Consolidating Financial Information

Most of the Company's subsidiaries, have guaranteed the Company's indebtedness under the unsecured senior notes and revolving credit facility. The guarantees are joint and several and full and unconditional.

<b>Condensed Balance Sheet As of March 31, 2005</b>	<b>Equity One, Inc.</b>	<b>Guarantors Combined Subsidiaries</b>	<b>Non- Guarantors</b>	<b>Eliminating Entries</b>	<b>Consolidated</b>
<b>ASSETS</b>					
Properties, net.....	\$ 479,491	\$ 951,831	\$ 435,004	\$ -	\$ 1,866,326
Investment in affiliates .....	435,752	-	-	(435,752)	-
Other assets .....	75,504	30,236	20,583	-	126,323
Total .....	<u>\$ 990,747</u>	<u>\$ 982,067</u>	<u>\$ 455,587</u>	<u>\$ (435,752)</u>	<u>\$ 1,992,649</u>
<b>LIABILITIES</b>					
Mortgage notes payable.....	\$ 71,152	\$ 199,618	\$ 218,047	\$ -	\$ 488,817
Unsecured revolving credit facilities .....	144,763	-	-	-	144,763
Unsecured senior notes payable.....	345,165	-	-	-	345,165
Unamortized premium on notes payable...	8,621	11,503	194	-	20,318
Other liabilities .....	21,235	19,109	8,443	-	48,787
Total liabilities .....	590,936	230,230	226,684	-	1,047,850
MINORITY INTERESTS.....	-	-	-	1,417	1,417
STOCKHOLDERS' EQUITY.....	399,811	751,837	228,903	(437,169)	943,382
Total.....	<u>\$ 990,747</u>	<u>\$ 982,067</u>	<u>\$ 455,587</u>	<u>\$ (435,752)</u>	<u>\$ 1,992,649</u>

<b>Condensed Balance Sheet As of December 31, 2004</b>	<b>Equity One, Inc.</b>	<b>Guarantors Combined Subsidiaries</b>	<b>Non- Guaran- tors</b>	<b>Eliminating Entries</b>	<b>Consolidated</b>
<b>ASSETS</b>					
Properties, net .....	\$ 490,627	\$ 789,082	\$ 593,978	\$ -	\$ 1,873,687
Investment in affiliates.....	435,752	-	-	(435,752)	-
Other assets .....	73,945	23,955	20,705	-	118,605
Total	<u>\$1,000,324</u>	<u>\$ 813,037</u>	<u>\$ 614,683</u>	<u>\$ (435,752)</u>	<u>\$ 1,992,292</u>
<b>LIABILITIES</b>					

<b>Condensed Balance Sheet</b>	<b>Equity</b>	<b>Guarantors</b>	<b>Non-</b>	<b>Eliminating</b>	<b>Consolidated</b>
<b>As of December 31, 2004</b>	<b>One, Inc.</b>	<b>Combined</b>	<b>Guaran-</b>	<b>Entries</b>	
		<b>Subsidiaries</b>	<b>tors</b>		
Mortgage notes payable.....	\$ 71,591	\$ 187,681	\$ 235,784	\$ -	\$ 495,056
Unsecured revolving credit facilities .....	147,000	-	-	-	147,000
Unsecured senior notes payable.....	347,261	-	-	-	347,261
Unamortized premium on notes payable .....	9,546	9,408	2,649	-	21,603
Other liabilities .....	20,526	18,027	10,034	-	48,587
Total liabilities .....	595,924	215,116	248,467	-	1,059,507
MINORITY INTERESTS.....	-	-	-	1,397	1,397
STOCKHOLDERS' EQUITY .....	404,400	597,921	366,216	(437,149)	931,388
Total.....	<u>\$1,000,324</u>	<u>\$ 813,037</u>	<u>\$ 614,683</u>	<u>\$ (435,752)</u>	<u>\$ 1,992,292</u>

<b>Condensed Statement of Operations</b>	<b>Equity One,</b>	<b>Guarantors</b>	<b>Non-</b>	<b>Eliminating</b>	<b>Consolidated</b>
<b>For the three months ended March 31, 2005</b>	<b>Inc.</b>	<b>Combined</b>	<b>Guarantors</b>	<b>Entries</b>	
		<b>Subsidiaries</b>			
<b>RENTAL REVENUE:</b>					
Minimum rents.....	\$ 12,202	\$ 23,913	\$ 11,547	\$ -	\$ 47,662
Expense recoveries.....	3,103	5,918	3,830	-	12,851
Termination fees.....	330	71	67	-	468
Percentage rent.....	222	230	677	-	1,129
Total rental revenue .....	<u>15,857</u>	<u>30,132</u>	<u>16,121</u>	<u>-</u>	<u>62,110</u>
<b>EQUITY IN SUBSIDIARIES</b>					
EARNINGS .....	19,226	-	-	(19,226)	-
<b>COSTS AND EXPENSES:</b>					
Property operating expenses.....	3,919	7,157	4,521	-	15,597
Rental property depreciation and amortization .....	2,487	5,377	2,504	-	10,368
General and administrative expenses .....	4,166	174	-	-	4,340
Total costs and expenses.....	<u>10,572</u>	<u>12,708</u>	<u>7,025</u>	<u>-</u>	<u>30,305</u>
INCOME BEFORE OTHER INCOME AND EXPENSES, MINORITY INTEREST AND DISCONTINUED OPERATIONS.....	24,511	17,424	9,096	(19,226)	31,805
<b>OTHER INCOME AND EXPENSES:</b>					
Interest expense.....	(4,747)	(3,445)	(3,884)	-	(12,076)
Amortization of deferred financing fees....	(292)	(36)	(51)	-	(379)
Investment income .....	616	87	6	-	709
Other income .....	21	43	-	-	64
INCOME BEFORE MINORITY INTEREST AND DISCONTINUED OPERATIONS	20,109	14,073	5,167	(19,226)	20,123
MINORITY INTEREST .....	-	(28)	(22)	-	(50)
INCOME FROM CONTINUING OPERATIONS .....	20,109	14,045	5,145	(19,226)	20,073
<b>DISCONTINUED OPERATIONS:</b>					

<b>Condensed Statement of Operations</b>	<b>Equity One, Inc.</b>	<b>Guarantors Combined Subsidiaries</b>	<b>Non- Guarantors</b>	<b>Eliminating Entries</b>	<b>Consolidated</b>
<b>For the three months ended March 31, 2005</b>					
Income (loss) from rental properties sold or held for sale .....	66	(107)	143	-	102
Gain on disposal of income producing properties .....	1,615	-	-	-	1,615
Income from discontinued operations .....	1,681	(107)	143	-	1,717
<b>NET INCOME .....</b>	<b>\$ 21,790</b>	<b>\$ 13,938</b>	<b>\$ 5,288</b>	<b>\$ (19,226)</b>	<b>\$ 21,790</b>

<b>Condensed Statement of Operations</b>	<b>Equity One, Inc.</b>	<b>Guarantors</b>		<b>Non- Guarantors</b>	<b>Eliminating Entries</b>	<b>Consolidated</b>
		<b>Combined Subsidiaries</b>	<b>IRT Partners, LP</b>			
<b>For the three months ended March 31, 2004</b>						
<b>RENTAL REVENUE:</b>						
Minimum rents .....	\$ 11,996	\$ 20,362	\$ 4,405	\$ 2,961	\$ -	\$ 39,724
Expense recoveries .....	3,032	6,073	1,150	893	-	11,148
Termination fees .....	13	28	7	11	-	59
Percentage rent .....	233	556	152	392	-	1,333
Total rental revenue .....	15,274	27,019	5,714	4,257	-	52,264
<b>EQUITY IN SUBSIDIARIES</b>						
EARNINGS .....	17,286	-	-	-	(17,286)	-
<b>COSTS AND EXPENSES:</b>						
Property operating expenses .....	3,679	7,177	1,565	1,332	-	13,753
Rental property depreciation and amortization .....	2,350	4,326	797	564	-	8,037
General and administrative expenses .....	3,333	118	1	-	-	3,452
Total costs and expenses .....	9,362	11,621	2,363	1,896	-	25,242
<b>INCOME BEFORE OTHER INCOME AND EXPENSES, MINORITY INTEREST AND DISCONTINUED OPERATIONS .....</b>						
	23,198	15,398	3,351	2,361	(17,286)	27,022
<b>OTHER INCOME AND EXPENSES:</b>						
Interest expense .....	(3,547)	(4,995)	(580)	(1,082)	-	(10,204)
Amortization of deferred financing fees .....	(155)	(67)	-	(14)	-	(236)
Investment income .....	102	105	-	1	-	208
Other income (expense) .....	7	57	-	-	-	64
<b>INCOME BEFORE MINORITY INTEREST AND DISCONTINUED OPERATIONS .....</b>						
	19,605	10,498	2,771	1,266	(17,286)	16,854
<b>MINORITY INTEREST .....</b>	<b>-</b>	<b>(36)</b>	<b>(159)</b>	<b>(7)</b>	<b>-</b>	<b>(202)</b>

Condensed Statement of Operations	Equity One, Inc.	Guarantors		Non-Guarantors	Eliminating Entries	Consolidated
		Combined Subsidiaries	IRT Partners, LP			
<b>For the three months ended March 31, 2004</b>						
INCOME FROM CONTINUING OPERATIONS .....	19,605	10,462	2,612	1,259	(17,286)	16,652
DISCONTINUED OPERATIONS:						
Income from rental properties sold or held for sale .....	650	612	244	59	-	1,565
Gain on disposal of income producing properties .....	(16)	2,051	-	-	-	2,035
Minority interest .....	-	-	(13)	-	-	(13)
Total income from discontinued operations .....	634	2,663	231	59	-	3,587
NET INCOME .....	<u>\$ 20,239</u>	<u>\$ 13,125</u>	<u>\$ 2,843</u>	<u>\$ 1,318</u>	<u>\$ (17,286)</u>	<u>\$ 20,239</u>

Condensed Statement of Cash Flows	Equity One, Inc.	Guarantors		Non-Guarantors	Consolidated
		Combined Subsidiaries	IRT Partners, LP		
<b>For the three months ended March 31, 2005</b>					
Net cash provided by operating activities .....	\$ 6,970	\$ 24,829		\$ 1,394	\$ 33,193
INVESTING ACTIVITIES:					
Additions to and purchase of properties .....	-	(1,299)		-	(1,299)
Purchases of land held for development .....	-	(14,411)		-	(14,411)
Additions to construction in progress .....	(488)	(3,425)		-	(3,913)
Proceeds from disposal of properties .....	-	14,460		-	14,460
Cash used to purchase securities .....	(8,921)	-		-	(8,921)
Proceeds from repayment of notes receivable .....	-	9		-	9
Increase in deferred leasing costs .....	-	(1,827)		-	(1,827)
Advances from (to) affiliates .....	13,900	(13,432)		(468)	-
Net cash provided by (used in) investing activities .....	4,491	(19,925)		(468)	(15,902)
FINANCING ACTIVITIES:					
Repayment of mortgage notes payable .....	(439)	(4,874)		(926)	(6,239)
Net repayments under revolving credit facilities .....	(2,237)	-		-	(2,237)
Proceeds from issuance of common stock .....	7,631	-		-	7,631
Stock issuance costs .....	(112)	-		-	(112)
Cash dividends paid to stockholders .....	(21,426)	-		-	(21,426)
Distributions to minority interest .....	-	(30)		-	(30)
Net cash used in financing activities .....	(16,583)	(4,904)		(926)	(22,413)
NET DECREASE IN CASH AND CASH EQUIVALENTS .....	(5,122)	-		-	(5,122)
CASH AND CASH EQUIVALENTS, BEGINNING OF THE PERIOD .....	5,122	-		-	5,122
CASH AND CASH EQUIVALENTS, END OF THE PERIOD .....	<u>\$ -</u>	<u>\$ -</u>		<u>\$ -</u>	<u>\$ -</u>

Condensed Statement of Cash Flows For the three months ended March 31, 2004	Equity One, Inc.	Guarantors		Non- Guarantors	Consolidated
		Combined Subsidiaries	IRT Partners LP		
Net cash provided by operating activities.....	\$ 1,569	\$ 13,833	\$ 4,223	\$ 7,552	\$ 27,177
INVESTING ACTIVITIES:					
Additions to and purchase of properties.....	(18,599)	(74,458)	(1,615)	(144)	(94,816)
Purchases of land held for development.....	-	(1,424)	-	-	(1,424)
Additions to construction in progress.....	-	(8,459)	-	-	(8,459)
Proceeds from disposal of properties.....	-	1,986	-	-	1,986
Increase in cash held in escrow .....	(1,884)	-	-	-	(1,884)
Proceeds from repayment of notes receivable.....	-	1,430	-	-	1,430
Increase in deferred leasing costs.....	(1,320)	(377)	-	(775)	(2,472)
Advances from (to) affiliates.....	(65,854)	69,070	2,330	(5,546)	-
Net cash (used in) provided by investing activities .....	(87,657)	(12,232)	715	(6,465)	(105,639)
FINANCING ACTIVITIES:					
Repayment of mortgage notes payable.....	(870)	(1,601)	(158)	(1,087)	(3,716)
Net repayments under revolving credit facilities .....	(111,121)	-	-	-	(111,121)
Proceeds from senior debt offering .....	199,750	-	-	-	199,750
Increase in deferred financing costs .....	(2,724)	-	-	-	(2,724)
Proceeds from issuance of common stock.....	12,238	-	-	-	12,238
Stock issuance costs .....	(71)	-	-	-	(71)
Repayment of notes receivable from issuance of common stock .....	3,019	-	-	-	3,019
Cash dividends paid to stockholders .....	(19,630)	-	-	-	(19,630)
Distributions to minority interest .....	4,548	-	(4,780)	-	(232)
Net cash provided by (used in) financing activities .....	85,139	(1,601)	(4,938)	(1,087)	77,513
NET DECREASE IN CASH AND CASH EQUIVALENTS .....	(949)	-	-	-	(949)
CASH AND CASH EQUIVALENTS, BEGINNING OF THE PERIOD .....	966	-	-	-	966
CASH AND CASH EQUIVALENTS, END OF THE PERIOD .....	\$ 17	\$ -	\$ -	\$ -	\$ 17

#### 15. Commitments and Contingencies

As of March 31, 2005, the Company has pledged letters of credit totaling \$1,338 as additional security for certain financings and other activities.

The Company is subject to litigation in the normal course of business. However, none of the litigation outstanding as of March 31, 2005, in the opinion of management, will have a material adverse effect on the financial condition or results of operations of the Company.

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

The following discussion should be read in conjunction with the Company's unaudited Condensed Consolidated Financial Statements, including the notes thereto, which are included elsewhere herein, the Company's audited Consolidated Financial Statements and notes thereto for the year ended December 31, 2004 and Management's Discussion and Analysis of Financial Condition and Results of Operations appearing in the Company's Annual Report on Form 10-K for the year ended December 31, 2004. The results of operations for an interim period may not give a true indication of results for the entire year.

Unless the context otherwise requires, all references to "we", "our", "us", "Equity One", and the "Company" in this report refer collectively to Equity One, Inc. and its subsidiaries, including joint ventures.

### Critical Accounting Policies

Our 2004 Annual Report on Form 10-K contains a description of the critical accounting policies of the Company, including revenue recognition, cost capitalization, impairment of real estate assets, purchase accounting treatment for acquisitions, impairment testing of goodwill, and joint venture accounting. For the three month period ended March 31, 2005, there were no material changes to these policies. The following sets forth an additional critical accounting policy that management believes involves significant judgments and estimates in the preparation of our condensed consolidated financial statements for the three month period ended March 31, 2005.

*Securities.* We have investments that consist primarily of equity and debt securities. The equity investments are classified as available-for-sale and recorded at fair value based on current market prices. Changes in the fair value of the equity investments are included in accumulated other comprehensive income (loss). The Company's debt securities are recorded at cost and are classified as held-to-maturity, with the related discount/premium amortized over the life of the investment using the effective interest method.

For securities classified as held-to-maturity, we determine whether a decline in fair value below the amortized cost basis is other-than-temporary. If it is probable that we will be unable to collect all amounts due according to the contractual terms of a debt security, an other-than-temporary impairment is considered to have occurred. The determination of other than temporary decline in value requires significant estimates and assumptions by management and requires the consideration of expected outcomes that are out of management control. Subsequent changes in estimates, assumptions used or expected outcomes could impact the determination of whether a decline in value is more than temporary and whether the effects could materially impact our financial position or net income. If the decline in fair value is judged to be other than temporary, the cost basis of the individual security will be written down to fair value as a new cost basis and the amount of the write-down will be included in earnings (that is, accounted for as a realized loss).

As of March 31, 2005, the fair value of our debt securities is less than the carrying amount of the investment. We hold \$14.1 million of principal in Winn-Dixie Stores, Inc. ("Winn-Dixie") senior notes, with a stated interest rate of 8.875%, and maturing in April 2008, at a carrying amount of \$11.9 million and an unrealized loss of \$4.1 million. The decline in value occurred due to the declaration of bankruptcy by Winn-Dixie in February 2005. Management has considered and evaluated the pertinent facts available it, including the fact that: (i) Winn-Dixie's equity has a fair value of approximately \$160.0 million which we believe is an indicator that the notes are most likely recoverable, (ii) the notes' decline in value is due to the timeliness of the principal and interest payments due, and (iii) an analysis by an outside advisor which indicates an enterprise value that would provide sufficient value to repay the outstanding bonds. Accordingly, as of March 31, 2005 the Company expects to recover the carrying amount of the investment. We have not recognized any investment income on the debt securities for the three months

ended March 31, 2005. Changes in estimates, assumptions used or expected outcomes could impact the determination of whether a decline in value is other-than-temporary and whether the effects could materially impact our financial position or net income in future periods. If the length of time and the extent to which the market value of the notes has been less than the Company's carrying amount of the notes persists for an extended period of time and/or the financial condition and near-term prospects of Winn-Dixie do not improve or deteriorate in the future, among other factors, the Company may be required to record a write-down of the investment.

## Overview

The execution of our business strategy during the first three months of 2005 resulted in:

- An increase in the occupancy rate in our core shopping center portfolio to 94.8% at March 31, 2005 from 91.8% at March 31, 2004;
- An increase in the average rental rate on 89 lease renewals aggregating 195,876 square feet by 5.0% to \$16.02 per square foot;
- The execution of 86 new leases totaling 340,280 square feet at an average rental rate of \$12.12 per square foot, a 19.1% increase over the \$10.18 rate of those leases which expired in the first quarter;
- The acquisition of two development land parcels for a total of \$14.4 million; and
- The sale of one non-core property for \$14.9 million generating a \$1.6 million gain on sale.

On February 22, 2005, Winn-Dixie Stores, Inc., an anchor tenant in 16 of our shopping centers occupying 730,000 square feet of gross leasable area and accounting for approximately \$5 million in annualized minimum rent filed for bankruptcy protection. Winn-Dixie has not yet closed or rejected any of its leases at our centers. If it elects to close some or all of its stores at these centers and terminate those leases, it would adversely affect our operating results, including funds from operations and cash flows. In addition, we own approximately \$14.1 million aggregate principal amount of Winn-Dixie's 8.875% senior notes.

## Results of Operations

Our consolidated results of operations are not necessarily comparable from period to period due to the impact of property acquisitions, dispositions, development and redevelopment. A large portion of the change in our statement of operations line items is related to these changes in our portfolio.

The following summarizes items from our unaudited condensed consolidated statements of operations which we think are important in understanding our operations and/or those items which have significantly changed in 2005 compared to 2004 (in thousands):

	<b>For the three month period ended</b>		
	<b>March 31,</b>		
	<b>2005</b>	<b>2004</b>	<b>% Change</b>
Total rental revenue .....	\$ 62,110	\$ 52,264	18.8%
Property operating expenses .....	\$ 15,597	\$ 13,753	13.4%
Rental property depreciation and amortization .....	\$ 10,368	\$ 8,037	29.0%
General and administrative expenses .....	\$ 4,340	\$ 3,452	25.7%
Interest expense.....	\$ 12,076	\$ 10,204	18.3%

### ***Comparison of the Three Months Ended March 31, 2005 to the Three Months Ended March 31, 2004***

Total rental revenue increased by \$9.8 million, or 18.8%, to \$62.1 million in 2005 from \$52.3 million in 2004. The following factors accounted for this difference:

- Same property rental revenue increased by approximately \$2.2 million primarily due to higher occupancy and leasing rates at the centers, which increased rental revenue and straight-line rent by \$1.4 million, higher termination fees of \$364,000, and higher expense recovery revenue of \$500,000;
- Properties acquired during 2004 increased rental revenue by approximately \$7.0 million; and
- The completion of development and redevelopment properties increased rental revenue by \$631,000.

Property operating expenses increased by \$1.8 million, or 13.4%, to \$15.6 million for 2005 from \$13.8 million in 2004. The following factors contributed to this difference:

- Same property operating expenses increased by \$420,000 due to an increase in property maintenance and management expenses resulting from higher occupancy rates;
- Properties acquired during 2004 increased operating expenses by approximately \$1.2 million; and
- Other property operating expenses increased by \$176,000 related to the completion of development and redevelopment properties.

Rental property depreciation and amortization increased by \$2.3 million, or 29.0%, to \$10.4 million for 2005 from \$8.0 million in 2004. The following factors contributed to this difference:

- Same property depreciation and amortization increased by approximately \$502,000 due to tenant improvements and leasing commission amortization;
- Properties acquired during 2004 increased depreciation and amortization by approximately \$1.6 million; and
- Completed developments and redevelopments increased depreciation and amortization by approximately \$328,000.

General and administrative expenses increased by \$888,000, or 25.7%, to \$4.3 million for 2005 from \$3.5 million in 2004. Included in this increase were compensation and employer related expenses which increased by \$427,000 due to higher salaries and benefits, higher amortization of restricted stock compensation related to the granting of stock that vests over time; and professional fees which increased by \$262,000 due to costs incurred related to compliance with expanded regulatory requirements under the Sarbanes-Oxley Act of 2002.

Interest expense increased by \$1.9 million, or 18.3%, to \$12.1 million for 2005 from \$10.2 million in 2004. This difference was primarily due to:

- An increase of \$1.1 million attributable to the issuance of the \$200 million unsecured senior notes;

- An increase of \$897,000 attributable to the debt related to the acquisition of properties during 2004;
- A decrease of \$263,000 attributable to the payoff of certain mortgage notes; and
- An increase of \$179,000 of interest expense related to a decrease in capitalized interest attributable to development activity.

Investment income increased by \$500,000 due to an increase in interest and dividends received from security investments and a note receivable received from the sale of a property.

We sold one income producing property in the first quarter of 2005 and had one property held for sale as of March 31, 2005. The associated operating results of \$102,000 for these properties are reflected as income from rental properties sold or held for sale. The 2004 discontinued operations reflect a reclassification of operations for properties sold during 2004 and 2005 and properties held for sale at March 31, 2005. We recognized a gain of \$1.6 million in the first quarter of 2005 related to the disposal of this property and recognized a gain of \$2.0 million in the first quarter of 2004 related to the disposal of another property.

As a result of the foregoing, net income increased by \$1.6 million, or 7.7%, to \$21.8 million for 2005 from \$20.2 million in 2004.

## **FUNDS FROM OPERATIONS**

We believe Funds from Operations (“FFO”) (combined with the primary GAAP presentations) is a useful supplemental measure of our operating performance that is a recognized metric used extensively by the real estate industry and, in particular, REITs. The National Association of Real Estate Investment Trusts (“NAREIT”) stated in its April 2002 White Paper on Funds from Operations, “Historical cost accounting for real estate assets implicitly assumes that the value of real estate assets diminish predictably over time. Since real estate values instead have historically risen or fallen with market conditions, many industry investors have considered presentations of operating results for real estate companies that use historical cost accounting to be insufficient by themselves.”

FFO, as defined by NAREIT, is “net income (computed in accordance with GAAP), excluding gains (or losses) from sales of property, plus depreciation and amortization, and after adjustments for unconsolidated partnerships and joint ventures”. Its states further that “adjustments for unconsolidated partnerships and joint ventures will be calculated to reflect funds from operations on the same basis.” We believe that financial analysts, investors and stockholders are better served by the clearer presentation of comparable period operating results generated from our FFO measure. Our method of calculating FFO may be different from methods used by other REITs and, accordingly, may not be comparable to such other REITs.

FFO is presented to assist investors in analyzing our operating performance. FFO (i) does not represent cash flow from operations as defined by GAAP, (ii) is not indicative of cash available to fund all cash flow needs, including the ability to make distributions, (iii) is not an alternative to cash flow as a measure of liquidity, and (iv) should not be considered as an alternative to net income (which is determined in accordance with GAAP) for purposes of evaluating our operating performance. We believe net income is the most directly comparable GAAP measure to FFO.

The following table illustrates the calculation of FFO for the three months periods ended March 31, 2005 and 2004 (in thousands):

	<b>Three Months Ended March 31,</b>	
	<b>2005</b>	<b>2004</b>
Net income .....	\$ 21,790	\$ 20,239
Adjustments:		
Rental property depreciation and amortization, including discontinued operations .....	10,446	8,432
Gain on disposal of income producing properties .....	(1,615)	(2,035)
Minority interest.....	28	199
Other Items:		
Pro-rata share of real estate depreciation from joint ventures .....	-	65
<b>Funds from operations</b> .....	<b>\$ 30,649</b>	<b>\$ 26,900</b>

FFO increased by \$3.7 million, or 13.9%, to \$30.6 million for the three months ended March 31, 2005, from \$26.9 million for the comparable period of 2004.

The following table reflects the reconciliation of FFO per diluted share to earnings per diluted share, the most directly comparable GAAP measure, for the periods presented:

	<b>Three Months Ended March 31,</b>	
	<b>2005</b>	<b>2004</b>
Earnings per diluted share* .....	\$ 0.29	\$ 0.29
Adjustments:		
Rental property depreciation and amortization, including discontinued operations .....	0.14	0.12
Gain on disposal of income producing properties .....	(0.02)	(0.03)
Other items:		
Pro-rata share of real estate depreciation from joint ventures .....	-	-
<b>Funds from operations per diluted share</b> .....	<b>\$ 0.41</b>	<b>\$ 0.38</b>

\* Earnings per diluted share reflect the add-back of the minority interest(s) which are convertible to shares of our common stock.

## CASH FLOWS

Net cash provided by operations of \$33.2 million for the three months ended March 31, 2005 included: (i) net income of \$21.8 million, (ii) adjustments for non-cash and gain on sale items which increased cash flow by \$8.4 million, and (iii) a net change in operating assets and operating liabilities that increased cash flow by \$3.0 million, compared to net cash provided by operations of \$27.2 million for the three months ended March 31, 2004, which included (i) net income of \$20.2 million, (ii) adjustments for non-cash and gain on sale items which increased cash flow by \$6.5 million, and (iii) a net change in operating liabilities over operating assets that increased cash flow by \$409,000.

Net cash used in investing activities of \$15.9 million for the three months ended March 31, 2005 included: (i) the acquisition of two parcels of land held for future development for \$14.4 million, (ii) construction, development and other capital improvements of \$5.2 million, (iii) increased leasing costs of \$1.8 million, and (iv) the purchase of securities for \$8.9 million, offset by proceeds from the sale of properties of \$14.5 million. These amounts should be compared to net cash used in investing activities of

\$105.6 million for the three months ended March 31, 2004 which included: (i) the acquisition of one parcel of land held for future development and five shopping centers for \$94.8 million, (ii) construction, development and other capital improvements of \$9.9 million, (iii) increased leasing costs of \$2.5 million, and (iv) an increase in cash held in escrow of \$1.9 million offset by (a) proceeds from the sale of one property of \$2.0 million, and (b) proceeds from payment of notes receivable of \$1.4 million.

Net cash used in financing activities of \$22.4 million for the three months ended March 31, 2005 included net proceeds from the issuance of common stock of \$7.6 million offset by (i) the repayment of one mortgage note of \$3.5 million and monthly principal payments on mortgage notes of \$2.7 million, (ii) cash dividends paid to common stockholders of \$21.4 million, and (iii) net repayments under revolving credit facilities of \$2.2 million, compared to net cash provided by financing activities of \$77.5 million for the three months ended March 31, 2004 which included: (i) net proceeds from the issuance of senior notes of \$199.8 million, (ii) net proceeds from the issuance of common stock of \$12.2 million, and (iii) proceeds from repayment of notes receivable of \$3.0 million, offset by (a) the payoff of one mortgage note for \$1.4 million and monthly principal payments on mortgage notes of \$2.3 million, (b) cash dividends paid to common stockholders of \$19.6 million, (c) repayments under credit facilities of \$111.1 million, (d) an increase in deferred financing costs of \$2.7 million related to the issuance of senior notes, and (e) other miscellaneous uses of \$303,000.

## LIQUIDITY AND CAPITAL RESOURCES

The Company's principal demands for liquidity are maintenance expenditures, repairs, property taxes and tenant improvements relating to rental properties, leasing costs, acquisition and development activities, debt service and repayment obligations and distributions to its stockholders. The principal sources of funding for the Company's operations are operating cash flows, the issuance of equity and debt securities, the placement of mortgage loans and periodic borrowings under the Company's revolving credit facilities.

The following table presents our mortgage notes payable as of March 31, 2005 and December 31, 2004:

	<b>March 31, 2005</b>	<b>December 31, 2004</b>
	(in thousands)	
<b>Mortgage Notes Payable</b>		
Fixed rate mortgage loans.....	\$ 488,817	\$ 495,056
Unamortized premium on mortgage notes payable .....	12,284	12,721
Total.....	<u>\$ 501,101</u>	<u>\$ 507,777</u>

The weighted average interest rate of the mortgage notes payable at March 31, 2005 was 7.26%, excluding the effects of the premium adjustment.

Each of the existing mortgage loans is secured by a mortgage on one or more of the Company's properties. Certain of the mortgage loans involving an aggregate principal balance of approximately \$162.5 million contain prohibitions on transfers of ownership which may have been violated by the Company's previous issuances of common stock or in connection with past acquisitions and may be violated by transactions involving the Company's capital stock in the future. If a violation were established, it could serve as a basis for a lender to accelerate amounts due under the affected mortgage. To date, no lender has notified the Company that it intends to accelerate its mortgage. If the mortgage holders declare defaults under the mortgage documents, we will, if required, prepay the remaining mortgage from existing resources, refinancing of such mortgages, borrowings under our other lines of credit or other sources of financing. Based on discussions with various lenders, current credit market conditions and other factors, the Company believes that the mortgages will not be accelerated.

Accordingly, the Company believes that the violations of these prohibitions will not have a material adverse impact on the Company's results of operations, financial condition or cash flows.

The following table presents unsecured senior notes payable as of March 31, 2005 and December 31, 2004:

	<u>March 31,</u> <u>2005</u>	<u>December 31,</u> <u>2004</u>
	(in thousands)	
<b>Unsecured Senior Notes Payable</b>		
7.77% Senior Notes, due 4/1/06 .....	\$ 50,000	\$ 50,000
7.25% Senior Notes, due 8/15/07 .....	75,000	75,000
3.875% Senior Notes, due 4/15/09 .....	200,000	200,000
7.84% Senior Notes, due 1/23/12 .....	25,000	25,000
Fair value of interest rate swap .....	(4,835 )	(2,739 )
Unamortized premium on unsecured senior notes payable .....	<u>8,034</u>	<u>8,882</u>
Total .....	<u>\$ 353,199</u>	<u>\$ 356,143</u>

We swapped \$100.0 million of the \$200.0 million senior notes to a floating interest rate based on the 6-month LIBOR in arrears plus 0.4375%. The weighted average interest rate of the unsecured senior notes at March 31, 2005 was 5.10%, excluding the effects of the interest rate swap and premium adjustment.

The indentures under which the notes were issued have several covenants which limit the Company's ability to incur debt, require the Company to maintain an unencumbered assets ratio above a specified level and limit the Company's ability to consolidate, sell, lease, or convey substantially all of its assets to, or merge with any other entity. These notes have also been guaranteed by most of the Company's subsidiaries. The interest rate on the 7.77% senior notes is subject to a 50 basis point increase if the Company does not maintain an investment grade debt rating.

The following table presents the unsecured revolving credit facilities as of March 31, 2005 and December 31, 2004:

	<u>March 31,</u> <u>2005</u>	<u>December 31,</u> <u>2004</u>
	(in thousands)	
<b>Unsecured Revolving Credit Facilities</b>		
Wells Fargo .....	\$ 144,000	\$ 147,000
City National Bank .....	<u>763</u>	<u>-</u>
Total .....	<u>\$ 144,763</u>	<u>\$ 147,000</u>

The Company has a \$340.0 million unsecured revolving credit facility with a syndicate of banks for which Wells Fargo Bank, National Association is the sole lead arranger and administrative agent. This facility bears interest at the Company's option at (i) LIBOR plus 0.65% to 1.35%, depending on the credit ratings of the Company's senior unsecured long term notes or (ii) at the greater of (x) Wells Fargo's prime rate and (y) the Federal Funds Rate plus 0.5%. The facility is guaranteed by certain of the Company's subsidiaries. Based on the Company's current rating, the LIBOR spread is 1.0%. The facility also includes a competitive bid option which allows the Company to conduct auctions among the participating banks for borrowings in an amount not to exceed \$170.0 million, a \$35.0 million swing line facility for short term borrowings, a \$20.0 million letter of credit commitment and, at the request of the Company, may be increased up to a total commitment of \$400.0 million. The facility expires February 12, 2006 with a one year extension option. In addition, the facility contains customary covenants, including financial covenants regarding debt levels, total liabilities, interest coverage, EBITDA levels,

unencumbered properties, permitted investments and others. The facility also prohibits stockholder distributions in excess of 95% of funds from operations calculated at the end of each fiscal quarter for the four fiscal quarters then ending. Notwithstanding this limitation, the Company can make stockholder distributions to avoid income taxes on asset sales. If a default under the facility exists, the Company's ability to pay dividends would be limited to the amount necessary to maintain the Company's status as a REIT unless the default is a payment default or bankruptcy event in which case the Company would be prohibited from paying any dividends. As of March 31, 2005, the Company had \$144.0 million outstanding on this credit facility. The weighted average interest rate as of March 31, 2005 was 3.19%.

The Company also has a \$5.0 million unsecured credit facility with City National Bank of Florida, of which \$763,000 was outstanding as of March 31, 2005. The interest rate as of March 31, 2005 was 3.89%. This facility also provides collateral for \$1.3 million in outstanding letters of credit.

As of March 31, 2005, the availability under these credit facilities was approximately \$72.0 million net of outstanding balances and letters of credit.

As of March 31, 2005, scheduled principal amortization and the balances due at the maturity of our various mortgage and unsecured senior notes payable and revolving credit facilities (excluding the premium adjustment and fair value of the interest rate swap) are as follows (in thousands):

Year	Secured Debt		Unsecured Debt		Total Principal Balance Due at Maturity
	Scheduled Amortization	Balloon Payments	Unsecured Senior Notes	Revolving Credit Facilities	
2005 .....	\$ 8,054	\$ 26,595	\$ -	\$ 763	\$ 35,412
2006 .....	11,069	24,758	50,000	144,000	229,827
2007 .....	11,252	2,864	75,000	-	89,116
2008 .....	11,391	40,104	-	-	51,495
2009 .....	11,125	24,332	200,000	-	235,457
2010 .....	10,224	98,471	-	-	108,695
2011 .....	8,490	93,433	-	-	101,923
2012 .....	7,324	40,056	25,000	-	72,380
2013 .....	7,020	-	-	-	7,020
2014 .....	7,110	-	-	-	7,110
Thereafter..	35,130	10,015	-	-	45,145
Total .....	<u>\$ 128,189</u>	<u>\$ 360,628</u>	<u>\$ 350,000</u>	<u>\$ 144,763</u>	<u>\$ 983,580</u>

Our debt level could subject us to various risks, including the risk that our cash flow will be insufficient to meet required payments of principal and interest, and the risk that the resulting reduced financial flexibility could inhibit our ability to develop or improve our rental properties, withstand downturns in our rental income or take advantage of business opportunities. In addition, because we currently anticipate that only a small portion of the principal of our indebtedness will be repaid prior to maturity, it is expected that it will be necessary to refinance the majority of our debt. Accordingly, there is a risk that such indebtedness will not be able to be refinanced or that the terms of any refinancing will not be as favorable as the terms of our current indebtedness.

#### DEVELOPMENTS AND REDEVELOPMENTS

As of March 31, 2005, we have development and redevelopment projects underway or in the planning stages totaling approximately \$84.6 million of asset value and, based on current plans and estimates, requiring approximately \$34.6 million of additional capital to complete beyond the \$50.0 million already invested. We expect to fund the necessary costs from working capital and availability under our revolving credit facilities. These include:

- Shops at Skylake in North Miami Beach, Florida, where we are in the process of adding 33,000 square feet of anchor space;
- Spalding Village in Griffin, Georgia, where we have reconfigured and redeveloped previously vacant anchor and other space and are completing the associated lease-up;
- The development of three supermarket-anchored shopping centers in Homestead, Florida, McDonough, Georgia and Huntsville, Alabama on parcels of land that we currently own; and
- The development of a 155 acre mixed use project encompassing a combination of retail, office and residential uses in Pasco County north of Tampa, Florida.

## EQUITY

For the three months ended March 31, 2005, we issued 345,854 shares of our common stock at prices ranging from \$20.71 to \$20.81 per share pursuant to our Divided Reinvestment and Stock Purchase Plan. As of March 31, 2005, we have 6.6 million shares remaining for sale under that plan.

## FUTURE CAPITAL REQUIREMENTS

We believe, based on currently proposed plans and assumptions relating to our operations, that our existing financial arrangements, together with cash generated from our operations, will be sufficient to satisfy our cash requirements for a period of at least twelve months. In the event that our plans change, our assumptions change or prove to be inaccurate or cash flows from operations or amounts available under existing financing arrangements prove to be insufficient to fund our expansion and development efforts or to the extent we discover suitable acquisition targets the purchase price of which exceeds our existing liquidity, we would be required to seek additional sources of financing. Additional financing may not be available on acceptable terms or at all, and any future equity financing could be dilutive to existing stockholders. If adequate funds are not available, our business operations could be materially adversely affected.

## DISTRIBUTIONS

We believe that we qualify and intend to qualify as a REIT under the Internal Revenue Code. As a REIT, we are allowed to reduce taxable income by all or a portion of our distributions to stockholders. As distributions have exceeded taxable income, no provision for federal income taxes has been made. While we intend to continue to pay dividends to our stockholders, we also will reserve such amounts of cash flow as we consider necessary for the proper maintenance and improvement of our real estate and other corporate purposes, while still maintaining our qualification as a REIT.

## INFLATION

Many of our leases contain provisions designed to partially mitigate the adverse impact of inflation. Such provisions include clauses enabling us to receive percentage rents based on tenant gross sales above predetermined levels, which rents generally increase as prices rise, or escalation clauses which are typically related to increases in the Consumer Price Index or similar inflation indices. Most of our leases require the tenant to pay its share of operating expenses, including common area maintenance, real estate taxes and insurance, thereby reducing our exposure to increases in costs and operating expenses resulting from inflation.

Our financial results are affected by general economic conditions in the markets in which our properties are located. An economic recession, or other adverse changes in general or local economic conditions could result in the inability of some existing tenants to meet their lease obligations and could otherwise adversely affect our ability to attract or retain tenants. The properties are typically anchored by

supermarkets, drug stores and other consumer necessity and service retailers which typically offer day-to-day necessities rather than luxury items. These types of tenants, in our experience, generally maintain more consistent sales performance during periods of adverse economic conditions.

### **CAUTIONARY STATEMENT RELATING TO FORWARD LOOKING STATEMENTS**

Certain matters discussed in this Quarterly Report on Form 10-Q contain “forward-looking statements” for purposes of Section 27A of the Securities Act of 1933, as amended and Section 21E of the Securities Exchange Act of 1934, as amended. These forward-looking statements are based on current expectations and are not guarantees of future performance.

All statements other than statements of historical facts are forward-looking statements, and can be identified by the use of forward-looking terminology such as “may,” “will,” “might,” “would,” “expect,” “anticipate,” “estimate,” “would,” “could,” “should,” “believe,” “intend,” “project,” “forecast,” “target,” “plan,” or “continue” or the negative of these words or other variations or comparable terminology, are subject to certain risks, trends and uncertainties that could cause actual results to differ materially from those projected. Because these statements are subject to risks and uncertainties, actual results may differ materially from those expressed or implied by the forward-looking statements. We caution you not to place undue reliance on those statements, which speak only as of the date of this report.

Among the factors that could cause actual results to differ materially are:

- general economic conditions, competition and the supply of and demand for shopping center properties in our markets;
- management’s ability to successfully combine and integrate the properties and operations of separate companies that we have acquired in the past or may acquire in the future;
- interest rate levels and the availability of financing;
- potential environmental liability and other risks associated with the ownership, development and acquisition of shopping center properties;
- risks that tenants will not take or remain in occupancy or pay rent;
- greater than anticipated construction or operating costs;
- inflationary and other general economic trends;
- the effects of hurricanes and other natural disasters; and
- other risks detailed from time to time in the reports filed by us with the Securities and Exchange Commission.

Except for ongoing obligations to disclose material information as required by the federal securities laws, we undertake no obligation to release publicly any revisions to any forward-looking statements to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events.

### **ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISKS**

#### **Interest Rate Risk**

The primary market risk to which the Company has exposure is interest rate risk. Changes in interest rates can affect the Company's net income and cash flows. As changes in market conditions occur and interest rates increase or decrease, interest expense on the variable component of the Company's debt

will move in the same direction. We intend to utilize variable rate indebtedness available under our unsecured revolving credit facilities in order to initially fund future acquisitions, development costs and for other operating needs. With respect to our fixed rate mortgage notes and fixed rate senior unsecured notes, changes in interest rates generally do not affect the Company's interest expense as these notes are predominantly at fixed-rates for extended terms. Because the Company has the intent to hold its existing fixed rate notes either to maturity or until the sale of the associated property, these fixed-rate notes do not pose a interest rate risk to the Company's results of operations or its working capital position, only upon the refinancing of that mortgage. The Company's possible risk is from increases in long-term interest rates that may occur over a period of several years, as this may decrease the overall value of its real estate.

As of March 31, 2005, we had approximately \$244.8 million of outstanding floating rate debt, including \$100 million of fixed rate borrowings that we have converted to floating rate borrowings through the use of hedging agreements. We do not believe that the interest rate risk represented by our floating rate debt is material as of March 31, 2005, in relation to our \$978.7 million of outstanding debt, \$2.0 billion of total assets and \$1.5 billion total equity market capitalization as of that date.

If interest rates on our variable rate debt increase by 1%, the increase in annual interest expense on our variable rate debt would decrease future earnings and cash flows by approximately \$2.5 million. If interest rates on our variable rate debt decrease by 1%, the decrease in interest expense on our variable rate debt would increase future earnings and cash flows by approximately \$2.5 million. This assumes that the amount outstanding under our variable rate debt remains at approximately \$244.8 million (including the \$100 million of fixed rate debt converted to floating rate debt through the use of hedging agreements), the balance as of March 31, 2005.

The fair value of our fixed rate debt is \$761.6 million, which includes the mortgage notes and fixed rate portion of the senior unsecured notes payable (excluding the unamortized premium). If interest rates increase by 1%, the fair value of our total fixed rate debt would decrease by approximately \$49.9 million. If interest rates decrease by 1%, the fair value of our total outstanding debt would increase by approximately \$7.0 million. This assumes that our total outstanding fixed rate debt remains at \$738.8 million, the balance as of March 31, 2005.

### Hedging Activities

To manage, or hedge, the exposure to interest rate risk, the Company follows established risk management policies and procedures, including the use of a variety of derivative financial instruments. The Company does not enter into derivative instruments for speculative purposes. The Company requires that the hedges or derivative financial instruments be effective in managing the interest rate risk exposure that they are designated to hedge. This effectiveness is essential to qualify for hedge accounting. Hedges that meet these hedging criteria are formally designated as such at the inception of the contract. When the terms of an underlying transaction are modified, or when the underlying hedged item ceases to exist, resulting in some ineffectiveness, the change in the fair value of the derivative instrument will be included in earnings. Additionally, any derivative instrument used for risk management that becomes ineffective is marked-to-market each period and would be charged to operations.

The Company is exposed to credit risk, in the event of non-performance by the counter-parties to the hedge agreements. The Company believes that it mitigates its credit risk by entering into these agreements with major financial institutions. Net interest differentials to be paid or received under a swap contract and/or collar agreement are included in interest expense as incurred or earned.

During 2004, the Company entered into a \$100.0 million notional principal variable rate interest swap with an estimated fair value of \$4.8 million as of March 31, 2005. This swap converted fixed rate debt to variable rate based on the 6 month LIBOR in arrears plus 0.4375%, and matures April 15, 2009.

The estimated fair value of the Company's derivative financial instruments has been determined using available market information and appropriate valuation methodologies. However, considerable judgment is necessarily required in interpreting market data to develop the estimates of fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts that the Company could realize in a current market exchange. The use of different market assumptions or estimation methodologies may have a material effect on the estimated fair value.

#### Other Market Risks

As of March 31, 2005, we had no material exposure to any other market risks (including foreign currency exchange risk, commodity price risk or equity price risk).

### **ITEM 4. CONTROLS AND PROCEDURES**

#### **EVALUATION OF DISCLOSURE CONTROLS AND PROCEDURES**

We maintain disclosure controls and procedures that are designed to provide reasonable assurance that information required to be disclosed in our Exchange Act reports is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. In designing and evaluating the disclosure controls and procedures, management recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Also, we have investments in certain unconsolidated entities. As we do not control or manage these entities, our disclosure controls and procedures with respect to such entities are necessarily substantially more limited than those we maintain with respect to our consolidated subsidiaries.

As required by Rule 13a-15(b) under the Securities and Exchange Act of 1934, we carried out an evaluation, under the supervision and with the participation of management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures. Based on the foregoing, our Chief Executive Officer and Chief Financial Officer concluded that, as of the end of the period covered by this report, our disclosure controls and procedures were effective at the reasonable assurance level to ensure that information required to be disclosed by us in reports that we file under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms.

There have been no changes in our internal controls over financial reporting during the quarter ended March 31, 2005, that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

## **PART II - OTHER INFORMATION**

### **ITEM 1. LEGAL PROCEEDINGS**

Neither the Company nor the Company's properties are subject to any material litigation. The Company and its properties may be subject to routine litigation and administrative proceedings arising in the ordinary course of business which collectively is not expected to have a material adverse affect on the business, financial condition, results of operations or cash flows of the Company.

### **ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS**

None.

### **ITEM 3. DEFAULTS UPON SENIOR SECURITIES**

None.

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

None.

### **ITEM 5. OTHER INFORMATION**

None.

### **ITEM 6. EXHIBITS**

(a) Exhibits:

- 31.1 Certification of Chief Executive Officer pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934, as amended and Section 302 of the Sarbanes-Oxley Act of 2002.
- 31.2 Certification of Chief Financial Officer pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934, as amended and Section 302 of the Sarbanes-Oxley Act of 2002.
- 32 Certification of Chief Executive Officer and Chief Financial Officer pursuant to Rule 13a-14(b) under the Securities Exchange Act of 1934, as amended and 18 U.S.C. 1350, as created by Section 906 of the Sarbanes-Oxley Act of 2002.

## **SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Date: May 10, 2005

**EQUITY ONE, INC.**

/s/ HOWARD M. SIPZNER

Howard M. Sipzner  
Executive Vice President and Chief Financial Officer  
(Principal Accounting and Financial Officer)

## INDEX TO EXHIBITS

<u>Exhibits</u>	<u>Description</u>
31.1	Certification of Chief Executive Officer pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934, as amended and Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Chief Financial Officer pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934, as amended and Section 302 of the Sarbanes-Oxley Act of 2002.
32	Certification of Chief Executive Officer and Chief Financial Officer pursuant to Rule 13a-14(b) under the Securities Exchange Act of 1934, as amended and 18 U.S.C. 1350, as created by Section 906 of the Sarbanes-Oxley Act of 2002.

**CERTIFICATE OF CHIEF EXECUTIVE OFFICER**

I, Chaim Katzman, Chief Executive Officer of Equity One, Inc., certify that:

1. I have reviewed this quarterly report on Form 10-Q of Equity One, Inc.;
2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and we have:
  - a. Designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. Evaluated the effectiveness of the registrant's disclosures controls and procedures and presented in report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this quarterly report based on such evaluation; and
  - d. Disclosed in this report any change in the registrant's internal controls over financial reporting that occurred during the registrants most recent fiscal quarter (the registrants fourth quarter in the case of an annual report) that has materially affected, or is reasonably likely to affect, the registrant's internal controls over financial reporting; and
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal controls over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):
  - a. all significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls.

Date: May 10, 2005

/s/ CHAIM KATZMAN

---

Chaim Katzman  
Chief Executive Officer

**CERTIFICATE OF CHIEF FINANCIAL OFFICER**

I, Howard M. Sipzner, Chief Financial Officer of Equity One, Inc., certify that:

1. I have reviewed this quarterly report on Form 10-Q of Equity One, Inc.;
2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f)S and 15d-15(f)) for the registrant and we have:
  - a. Designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. Evaluated the effectiveness of the registrant's disclosures controls and procedures and presented in report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this quarterly report based on such evaluation; and
  - d. Disclosed in this report any change in the registrant's internal controls over financial reporting that occurred during the registrants most recent fiscal quarter (the registrants fourth quarter in the case of an annual report) that has materially affected, or is reasonably likely to affect, the registrant's internal controls over financial reporting; and
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal controls over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):
  - a. all significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls.

Date: May 10, 2005

/s/ HOWARD M. SIPZNER

---

Howard M. Sipzner  
Executive Vice President and  
Chief Financial Officer

**CERTIFICATE PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED  
PURSUANT TO SECTION 906 OF THE  
SARBANES-OXLEY ACT OF 2002**

Pursuant to 18 U.S.C. § 1350, as created by Section § 906 of the Sarbanes-Oxley Act of 2002, the undersigned officers of Equity One, Inc. (the "Company") hereby certify, to such officers' knowledge, that:

- (i) The accompanying Quarterly Report on Form 10-Q for the period ended March 31, 2005 (the "Report") fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and
- (ii) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

May 10, 2005

/s/ CHAIM KATZMAN

---

Chaim Katzman  
Chief Executive Officer

May 10, 2005

/s/ HOWARD M. SIPZNER

---

Howard M. Sipzner  
Executive Vice President and  
Chief Financial Officer

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

The foregoing certification is being furnished as an exhibit to the Report pursuant to Item 601(b)(32) of Regulation S-K and Section 906 of the Sarbanes-Oxley Act of 2002 and, accordingly, is not being filed with the Securities and Exchange Commission as part of the Report and is not to be incorporated by reference into any filing of the Company under the Securities Act of 1933 or the Securities Exchange Act of 1934 (whether made before or after the date of the Report, irrespective of any general incorporation language contained in such filing).