
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 June 30, 2010

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 has submitted electronically and posted on its corporate web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a "smaller reporting company". See definition of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

Applicable only to Corporate Issuers:

As of August 2, 2010, the number of outstanding shares of Common Stock, par value \$0.01 per share, of the Registrant was 92,491,594.

EQUITY ONE, INC. AND SUBSIDIARIES

QUARTERLY REPORT ON FORM 10-Q

QUARTER ENDED JUNE 30, 2010

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PART I - FINANCIAL INFORMATION
Item 1. Financial Statements

EQUITY ONE, INC. AND SUBSIDIARIES
Condensed Consolidated Balance Sheets
June 30, 2010 (Unaudited) and December 31, 2009
(In thousands, except per share amounts)

	<u>June 30, 2010</u>	<u>December 31, 2009</u>
ASSETS		
Properties:		
Income producing	\$ 2,495,320	\$ 2,433,431
Less: accumulated depreciation	(263,877)	(240,172)
Income producing properties, net	<u>2,231,443</u>	<u>2,193,259</u>
Construction in progress and land held for development	72,882	68,866
Properties, net	<u>2,304,325</u>	<u>2,262,125</u>
Cash and cash equivalents	20,170	47,970
Accounts and other receivables, net	8,296	9,806
Investment in and advances to unconsolidated joint ventures	11,141	11,524
Securities	-	820
Goodwill	11,477	11,477
Other assets	117,509	108,598
TOTAL ASSETS	<u>\$ 2,472,918</u>	<u>\$ 2,452,320</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities:		
Notes payable:		
Mortgage notes payable	\$ 503,292	\$ 551,647
Unsecured senior notes payable	691,136	691,136
	<u>1,194,428</u>	<u>1,242,783</u>
Unamortized discount on notes payable, net	(24,576)	(25,892)
Total notes payable	<u>1,169,852</u>	<u>1,216,891</u>
Other liabilities:		
Accounts payable and accrued expenses	42,077	33,251
Tenant security deposits	9,012	9,180
Deferred tax liabilities, net	48,066	50,059
Other liabilities	57,373	54,237
Total liabilities	<u>1,326,380</u>	<u>1,363,618</u>
Redeemable noncontrolling interest	989	989
Commitments and contingencies	-	-
Stockholders' equity:		
Preferred stock, \$0.01 par value - 10,000 shares authorized but unissued	-	-
Common stock, \$0.01 par value - 150,000 shares authorized, 92,147 and 86,131 shares issued and outstanding as of June 30, 2010 and December 31, 2009, respectively	921	861
Additional paid-in capital	1,219,718	1,110,427
Distributions in excess of earnings	(75,833)	(46,810)
Contingent consideration	-	323
Accumulated other comprehensive loss	(1,755)	(266)
Total stockholders' equity of Equity One, Inc.	<u>1,143,051</u>	<u>1,064,535</u>
Noncontrolling interest	2,498	23,178
Total stockholders' equity	<u>1,145,549</u>	<u>1,087,713</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u>\$ 2,472,918</u>	<u>\$ 2,452,320</u>

See accompanying notes to the condensed consolidated financial statements.

EQUITY ONE, INC. AND SUBSIDIARIES
Condensed Consolidated Statements of Income
For the three and six months ended June 30, 2010 and 2009
(In thousands, except per share amounts)
(Unaudited)

	Three months ended June 30,		Six months ended June 30,	
	2010	2009	2010	2009
REVENUE:				
Minimum rent	\$ 54,816	\$ 52,220	\$ 108,647	\$ 105,063
Expense recoveries	15,773	14,451	30,624	28,836
Percentage rent	313	249	1,358	1,389
Management and leasing services	399	444	772	994
Total revenue	<u>71,301</u>	<u>67,364</u>	<u>141,401</u>	<u>136,282</u>
COSTS AND EXPENSES:				
Property operating	20,242	19,722	40,048	38,603
Rental property depreciation and amortization	16,791	14,872	33,116	30,134
General and administrative	11,741	8,993	21,828	21,248
Total costs and expenses	<u>48,774</u>	<u>43,587</u>	<u>94,992</u>	<u>89,985</u>
INCOME BEFORE OTHER INCOME AND EXPENSE, TAX AND DISCONTINUED OPERATIONS	22,527	23,777	46,409	46,297
OTHER INCOME AND EXPENSE:				
Investment income	489	1,205	648	3,262
Equity in loss in unconsolidated joint ventures	(42)	(21)	(82)	(28)
Other income	103	34	156	1,085
Interest expense	(19,335)	(18,129)	(39,243)	(37,692)
Amortization of deferred financing fees	(454)	(322)	(900)	(766)
Gain on acquisition of controlling interest in subsidiary	-	-	-	26,866
Gain on extinguishment of debt	63	3,544	63	12,235
INCOME FROM CONTINUING OPERATIONS BEFORE TAX AND DISCONTINUED OPERATIONS	3,351	10,088	7,051	51,259
Income tax benefit of taxable REIT subsidiaries	926	850	1,994	1,489
INCOME FROM CONTINUING OPERATIONS	<u>4,277</u>	<u>10,938</u>	<u>9,045</u>	<u>52,748</u>
DISCONTINUED OPERATIONS:				
Operations of income producing properties sold or held for sale	54	297	81	668
Gain on disposal of income producing properties	1,898	3,616	1,898	4,794
INCOME FROM DISCONTINUED OPERATIONS	<u>1,952</u>	<u>3,913</u>	<u>1,979</u>	<u>5,462</u>
NET INCOME	<u>6,229</u>	<u>14,851</u>	<u>11,024</u>	<u>58,210</u>
Net loss attributable to noncontrolling interest	10	506	647	984
NET INCOME ATTRIBUTABLE TO EQUITY ONE, INC.	<u>\$ 6,239</u>	<u>\$ 15,357</u>	<u>\$ 11,671</u>	<u>\$ 59,194</u>
EARNINGS PER COMMON SHARE - BASIC:				
Continuing operations	\$ 0.05	\$ 0.13	\$ 0.11	\$ 0.66
Discontinued operations	0.02	0.05	0.02	0.07
	<u>\$ 0.07</u>	<u>\$ 0.18</u>	<u>\$ 0.13</u>	<u>\$ 0.73</u>
Number of Shares Used in Computing Basic Earnings per Share	92,141	84,298	89,939	80,552
EARNINGS PER COMMON SHARE – DILUTED:				
Continuing operations	\$ 0.05	\$ 0.13	\$ 0.11	\$ 0.66
Discontinued operations	0.02	0.05	0.02	0.07
	<u>\$ 0.07</u>	<u>\$ 0.18</u>	<u>\$ 0.13</u>	<u>\$ 0.72</u>
Number of Shares Used in Computing Diluted Earning per Share	92,255	85,001	90,198	81,206

Note: Diluted EPS for the six months ended June 30, 2009, does not foot due to the mathematical rounding of the individual calculations.

See accompanying notes to the condensed consolidated financial statements.

EQUITY ONE, INC. AND SUBSIDIARIES
Condensed Consolidated Statements of Comprehensive Income
For the three and six months ended June 30, 2010 and 2009
(In thousands)
(Unaudited)

	Three months ended June 30,		Six months ended June 30,	
	2010	2009	2010	2009
NET INCOME	\$ 6,229	\$ 14,851	\$ 11,024	\$ 58,210
OTHER COMPREHENSIVE INCOME (LOSS):				
Net unrealized holding gain on securities available for sale	-	6,989	14	11,093
Reclassification adjustment for (gain) loss on sale of securities included in net income	(359)	756	(359)	19,066
Net realized gain on interest rate contracts included in net income	-	59	-	191
Net amortization of interest rate contracts included in net income	16	30	31	50
Net unrealized loss on interest rate swap	(163)	-	(1,175)	-
Other comprehensive (loss) income adjustment	(506)	7,834	(1,489)	30,400
COMPREHENSIVE INCOME	5,723	22,685	9,535	88,610
Comprehensive loss attributable to noncontrolling interest	10	506	647	984
COMPREHENSIVE INCOME ATTRIBUTABLE TO EQUITY ONE, INC.	\$ 5,733	\$ 23,191	\$ 10,182	\$ 89,594

See accompanying notes to the condensed consolidated financial statements.

EQUITY ONE, INC. AND SUBSIDIARIES
Condensed Consolidated Statement of Stockholders' Equity
For the six months ended June 30, 2010
(In thousands)
(Unaudited)

	Common Stock	Additional Paid-In Capital	Distributions in Excess of Earnings	Contingent Consideration	Accumulated Other Comprehensive Loss	Total Stockholders' Equity of Equity One, Inc	Noncontrolling Interest	Total Stockholders' Equity
BALANCE, DECEMBER 31, 2009	\$ 861	\$ 1,110,427	\$ (46,810)	\$ 323	\$ (266)	\$ 1,064,535	\$ 23,178	\$ 1,087,713
Issuance of common stock	55	99,904	-	-	-	99,959	-	99,959
Stock issuance cost	-	(1,292)	-	-	-	(1,292)	-	(1,292)
Share-based compensation expense	-	3,179	-	-	-	3,179	-	3,179
Dividends paid on common stock	-	-	(40,694)	-	-	(40,694)	-	(40,694)
Purchase of subsidiary shares from noncontrolling interest	5	7,500	-	(323)	-	7,182	(20,033)	(12,851)
Other comprehensive loss adjustment	-	-	-	-	(1,489)	(1,489)	-	(1,489)
Net income	-	-	11,671	-	-	11,671	(647)	11,024
BALANCE, JUNE 30, 2010	<u>\$ 921</u>	<u>\$ 1,219,718</u>	<u>\$ (75,833)</u>	<u>\$ -</u>	<u>\$ (1,755)</u>	<u>\$ 1,143,051</u>	<u>\$ 2,498</u>	<u>\$ 1,145,549</u>

See accompanying notes to the condensed consolidated financial statements.

EQUITY ONE, INC. AND SUBSIDIARIES
Condensed Consolidated Statements of Cash Flows
For the six months ended June 30, 2010 and 2009
(In thousands)
(Unaudited)

	Six months ended June 30,	
	2010	2009
OPERATING ACTIVITIES:		
Net income	\$ 11,024	\$ 58,210
Adjustments to reconcile net income to net cash provided by operating activities, net of effects of acquisitions and disposals:		
Straight line rent adjustment	(1,016)	(1,038)
Accretion of below market lease intangibles	(3,905)	(3,080)
Equity in loss in unconsolidated joint ventures	82	28
Amortization of premium on investments held for sale	-	(188)
Gain on acquisition of DIM Vastgoed	-	(26,866)
Income tax benefit of taxable REIT subsidiaries	(1,994)	(1,489)
Provision for losses on accounts receivable	1,146	2,278
Amortization of discount on notes payable, net	1,403	1,108
Amortization of deferred financing fees	900	766
Depreciation and amortization	33,973	30,981
Share-based compensation expense	3,142	4,701
Operating distributions from joint venture	-	180
Amortization of derivatives	31	110
Gain on disposal of income producing properties	(1,898)	(4,794)
Gain on extinguishment of debt	(63)	(12,235)
Gain on sale of securities	(366)	-
Changes in assets and liabilities:		
Accounts and other receivables	272	1,094
Other assets	(9,345)	(10,850)
Accounts payable and accrued expenses	8,136	7,892
Tenant security deposits	(168)	(245)
Other liabilities	(2,702)	(2,748)
Net cash provided by operating activities	<u>38,652</u>	<u>43,815</u>
INVESTING ACTIVITIES:		
Acquisition of income producing properties	(33,278)	-
Additions to income producing properties	(3,835)	(3,872)
Additions to and purchases of land held for development	(1,337)	-
Additions to construction in progress	(5,249)	(8,025)
Proceeds from disposal of real estate and rental properties	2,433	6,638
Change in cash held in escrow	-	(1,679)
Increase in deferred leasing costs and lease intangibles	(1,884)	(2,130)
Advances to joint ventures	(118)	(111)
Investment in consolidated subsidiary	(12,635)	(956)
Investment in joint ventures	(1,000)	(200)
Distributions of capital from joint ventures	241	-
Proceeds from sale of securities	841	106,835
Purchase of securities	-	(10,867)
Net cash (used in) provided by investing activities	<u>(55,821)</u>	<u>85,633</u>

See accompanying notes to condensed consolidated financial statements.

EQUITY ONE, INC. AND SUBSIDIARIES
Condensed Consolidated Statements of Cash Flows
For the six months ended June 30, 2010 and 2009
(In thousands)
(Unaudited)

	Six months ended June 30,	
	2010	2009
FINANCING ACTIVITIES:		
Repayments of mortgage notes payable	\$ (68,177)	\$ (7,931)
Net borrowings under revolving credit facilities	-	3,924
Repayment of senior debt borrowings	-	(202,795)
Proceeds from issuance of common stock	99,959	130,502
Repurchase of common stock	-	(5,425)
Payment of deferred financing costs	(427)	-
Stock issuance cost	(1,292)	(4,266)
Dividends paid to stockholders	(40,694)	(49,037)
Net cash used in financing activities	(10,631)	(135,028)
Net decrease in cash and cash equivalents	(27,800)	(5,580)
Cash and cash equivalents from acquisitions	-	1,857
Cash and cash equivalents at beginning of the period	47,970	5,355
Cash and cash equivalents at end of the period	\$ 20,170	\$ 1,632
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid for interest (net of capitalized interest of \$1.1 million and \$687,000 in 2010 and 2009, respectively)	\$ 38,821	\$ 37,591
SUPPLEMENTAL SCHEDULE OF NON-CASH INVESTING AND FINANCING ACTIVITIES:		
Change in unrealized holding gain on securities	\$ 14	\$ 11,093
The Company acquired upon acquisition of certain rental properties:		
Fair value of rental property	\$ 53,075	\$ -
Assumption of mortgage notes payable	(19,797)	-
Cash paid for rental property	\$ 33,278	\$ -

See accompanying notes to condensed consolidated financial statements.

EQUITY ONE, INC. AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements
June 30, 2010
(Unaudited)

1. Organization and Basis of Presentation

Organization

We are a real estate investment trust (“REIT”) that owns, manages, acquires, develops and redevelops neighborhood and community shopping centers. As of June 30, 2010, our consolidated property portfolio comprised 185 properties, including 171 shopping centers consisting of approximately 19.2 million square feet of gross leasable area (“GLA”), three development or redevelopment properties, six non-retail properties and five land parcels held for development. As of June 30, 2010, our core portfolio, consisting of our shopping centers, was 90.1% leased and included national, regional and local tenants.

We currently own a 10% interest in GRI-EQY I, LLC (“GRI Venture”), which owns ten neighborhood shopping centers totaling approximately 1.4 million square feet of GLA. The portfolio owned by the GRI Venture was 95.1% leased as of June 30, 2010. Additionally, we own a 20% interest in G&I VI Investment South Florida Portfolio, LLC (“DRA Venture”) which owns one office building and two neighborhood shopping centers totaling approximately 503,000 square feet of GLA. The portfolio owned by the DRA Venture was 69.0% leased as of June 30, 2010. Lastly, we own an 8.1% interest in Madison 2260 Realty, LLC (“Madison Venture”). The Madison Venture owns a retail property which consists of approximately 8,000 square feet of GLA and was 100% leased as of June 30, 2010.

In addition, we have a controlling interest in DIM Vastgoed, N.V. (“DIM”), which was acquired in the first quarter of 2009. Until August 1, 2010, the ordinary shares of DIM were listed on the NYSE Euronext Stock Exchange in Amsterdam. During 2010, we increased our ownership of DIM to approximately 96.1%, following which we requested, and the Euronext approved, the delisting of DIM’s shares. In addition, on July 26, 2010, we filed a writ of summons with the Dutch Enterprise Chamber in Amsterdam initiating statutory squeeze-out proceedings with respect to the minority shares not owned by us. The results of DIM’s operations have been consolidated in our financial statements since January 14, 2009, the acquisition date of our controlling interest. A complete description of our interest in DIM is contained in Note 7 below.

Basis of Presentation

The condensed consolidated financial statements include the accounts of Equity One, Inc. and our wholly-owned subsidiaries, DIM, and those other entities where we have a controlling financial interest. Equity One, Inc. and our subsidiaries are hereinafter referred to as “the consolidated companies”, the “Company”, “we”, “our”, “us” or similar terms. All significant intercompany transactions and balances have been eliminated in consolidation. Certain prior-period data have been reclassified to conform to the current period presentation.

The provisions of the Consolidations Topic of the Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (the “FASB ASC”) are being applied prospectively, except for the provisions related to the presentation and disclosure of noncontrolling interests, which have been applied retrospectively. Redeemable noncontrolling interests are classified in the mezzanine section of the condensed consolidated balance sheets as a result of their redemption features.

The condensed consolidated financial statements included in this report are unaudited. In our opinion, all adjustments considered necessary for a fair presentation have been included. The results of operations for the three and six month periods ended June 30, 2010 and 2009 are not necessarily indicative of the results that may be expected for a full year.

Our unaudited condensed consolidated financial statements and notes are prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”) for interim financial information and with the instructions of Form 10-Q. Accordingly, these unaudited condensed consolidated financial statements do not contain certain information included in our annual financial statements and notes. The unaudited condensed consolidated balance sheet as of December 31, 2009 was derived from audited financial statements included in our 2009 Annual Report on Form 10-K, but does not include all disclosures required under GAAP. These condensed consolidated financial statements should be read in conjunction with our Annual Report on Form 10-K for the year ended December 31, 2009, filed with the Securities and Exchange Commission (the “SEC”) on March 9, 2010.

EQUITY ONE, INC. AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements
June 30, 2010
(Unaudited)

2. Summary of Significant Accounting Policies

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Construction in Progress and Land Held for Development

Our method of calculating capitalized interest is based upon applying our weighted-average borrowing rate to that portion of actual costs incurred. Total interest expense capitalized to construction in progress and land held for development was approximately \$542,000 and \$372,000 for the three months ended June 30, 2010 and 2009, respectively, and \$1.1 million and \$687,000 for the six months ended June 30, 2010 and 2009, respectively.

Business Combinations

We allocate the purchase price of acquired properties to land, building, improvements and intangible assets in accordance with the Business Combinations Topic of the FASB ASC. We allocate the initial purchase price of assets acquired (net tangible and identifiable intangible assets) and liabilities assumed based on their relative fair values at the date of acquisition. There are four categories of intangible assets to be considered: (1) in-place leases; (2) above and below-market value of in-place leases; (3) lease origination costs and (4) customer relationships. The aggregate value of other acquired intangible assets, consisting of in-place leases, is measured by the excess of (i) the purchase price paid for a property after adjusting existing in-place leases to market rental rates over (ii) the estimated fair value of the property as-if-vacant, determined as set forth above. The value of in-place leases exclusive of the value of above-market and below-market in-place leases is amortized to depreciation expense over the remaining non-cancelable periods of the respective leases. The value of above-market and below-market in-place leases is amortized to rental revenue over the remaining non-cancelable periods. If a lease were to be terminated prior to its stated expiration, all unamortized amounts relating to that lease would be written off.

The results of operations of acquired properties are included in our financial statements as of the dates they are acquired. The intangible assets and liabilities associated with property acquisitions are included in other assets and other liabilities in our condensed consolidated balance sheets.

Investments in Unconsolidated Joint Ventures

We analyze our joint ventures under the FASB ASC Topics of Consolidation and Real Estate-General in order to determine whether the entity should be consolidated. If it is determined that these investments do not require consolidation because the entities are not variable interest entities ("VIEs") in accordance with the Consolidation Topic of the FASB ASC, we do not have voting control, and/or the limited partners (or non-managing members) have substantive participatory rights, then the selection of the accounting method used to account for our investments in unconsolidated joint ventures is generally determined by our voting interests and the degree of influence we have over the entity.

We use the equity method of accounting for investments in unconsolidated joint ventures when we own more than 20% but less than 50% of the voting interests and have significant influence but do not have a controlling financial interest, or if we own less than 20% of the voting interests but have determined that we have significant influence. Under the equity method, our proportionate share of earnings or losses earned by the joint venture is recognized in equity in income (loss) of unconsolidated joint ventures in the accompanying consolidated statements of income.

On a periodic basis, we assess whether there are any indicators, including underlying property operating performance and general market conditions, that the value of our investments in unconsolidated joint ventures may be impaired. An investment in a joint venture is considered impaired only if we determine that its fair value is less than the net carrying value of the investment in that joint venture. Cash flow projections for the investments consider property level factors such as expected future operating income, trends and prospects, as well as the effects of demand, competition and other factors. If our analysis indicates that there is an other-than-temporary impairment related to the investment in a particular joint venture, the carrying value of the venture will be adjusted to an amount to reflect the estimated fair value of the investment.

EQUITY ONE, INC. AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements
June 30, 2010
(Unaudited)

Long-lived Assets

We evaluate the carrying value of long-lived assets, including definite-lived intangible assets, when events or changes in circumstances indicate that the carrying value may not be recoverable in accordance with the Property, Plant and Equipment Topic of the FASB ASC. There was no impairment loss for the three and six months ended June 30, 2010 and 2009.

Accounts Receivable

Accounts receivable includes amounts billed to tenants and accrued expense recoveries due from tenants. We evaluate the probability of collection for these receivables and adjust the allowance for doubtful accounts to reflect amounts estimated to be uncollectible. The allowance for doubtful accounts was approximately \$5.3 million and \$4.5 million at June 30, 2010 and December 31, 2009, respectively.

Securities

Our investments in securities are classified as available-for-sale and recorded at fair value based on current market prices. Changes in the fair value of the securities investments are included in accumulated other comprehensive income, except other-than-temporary decreases in fair value, which are recognized immediately as a charge to earnings. We evaluate our investments in available-for-sale securities for other-than-temporary declines each reporting period in accordance with the Investments-Debt and Equity Securities Topic of the FASB ASC.

During the three months ended June 30, 2010, we sold 34,200 shares of another publicly traded REIT, which we held as an investment. We recognized a gain, net of transaction costs, of approximately \$367,000, which is included in investment income in the accompanying statements of income for the three and six months ended June 30, 2010.

Goodwill

We are required to perform annual, or more frequently in certain circumstances, impairment tests of our goodwill. We did not recognize any goodwill impairments during the three and six months ended June 30, 2010 and 2009. We cannot predict the occurrence of future events that might adversely affect the reported value of goodwill that totaled approximately \$11.5 million at June 30, 2010. Such events include, but are not limited to, strategic decisions made in response to economic and competitive conditions, the impact of the economic environment on our tenant base, or a materially negative change in our relationships with significant tenants.

Revenue Recognition

Revenue includes minimum rents, expense recoveries, percentage rental payments and management and leasing services. Minimum rents are recognized on an accrual basis over the terms of the related leases on a straight-line basis. As part of the leasing process, we may provide the lessee with an allowance for the construction of leasehold improvements. Leasehold improvements are capitalized and recorded as tenant improvements and depreciated over the shorter of the useful life of the improvements or the lease term. If the allowance represents a payment for a purpose other than funding leasehold improvements, or in the event we are not considered the owner of the improvements, the allowance is considered a lease incentive and is recognized over the lease term as a reduction to revenue. Factors considered during this evaluation include, among others, the type of improvements made, who holds legal title to the improvements, and other controlling rights provided by the lease agreement. Lease revenue recognition commences when the lessee is given possession of the leased space and there are no contingencies offsetting the lessee's obligation to pay rent.

Many of the lease agreements contain provisions that require the payment of additional rents based on the respective tenants' sales volumes (contingent or percentage rent) and substantially all contain provisions that require reimbursement of the tenants' allocable real estate taxes, insurance and common area maintenance costs, or CAM. Revenue based on a percentage of a tenant's sales is recognized only after the tenant exceeds its sales breakpoint. Revenue from tenant reimbursements of taxes, CAM and insurance is recognized in the period that the applicable costs are incurred in accordance with the lease agreements.

EQUITY ONE, INC. AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements
June 30, 2010
(Unaudited)

Earnings Per Share

In June 2008, the FASB issued new provisions under the Earnings Per Share Topic of the FASB ASC which clarify that unvested share-based payment awards that entitle their holders to receive non-forfeitable dividends, such as our restricted stock awards, are considered “participating securities.” As participating securities, our shares of restricted stock will be included in the calculation of basic and diluted earnings per share. Because the awards are considered participating securities under provisions of the Earnings Per Share Topic of the FASB ASC, we are required to apply the two-class method of computing basic and diluted earnings per share. The two-class method is an earnings allocation formula that treats a participating security as having rights to earnings that would otherwise have been available to common shareholders. Under the two-class method, earnings for the period are allocated between common shareholders and other security holders, based on their respective rights to receive dividends.

Income Taxes

We elected to be taxed as a REIT under the Internal Revenue Code (“Code”) commencing with our taxable year ended December 31, 1995. To qualify as a REIT, we must meet a number of organizational and operational requirements, including a requirement that we currently distribute at least 90% of our REIT taxable income to our stockholders. Also, at least 95% of our gross income in any year must be derived from qualifying sources. The difference between net income available to common stockholders for financial reporting purposes and taxable income before dividend deductions relates primarily to temporary differences, such as real estate depreciation and amortization, deduction of deferred compensation, and deferral of gains on sold properties utilizing like kind exchanges. It is our intention to adhere to these requirements and maintain our REIT status. As a REIT, we generally will not be subject to corporate level federal income tax on taxable income that we distribute currently to our stockholders. If we fail to qualify as a REIT in any taxable year, we will be subject to federal income taxes at regular corporate rates (including any applicable alternative minimum tax) and may not be able to qualify as a REIT for four subsequent taxable years. Even if we qualify for taxation as a REIT, we may be subject to certain state and local taxes on our income and property, and to federal income and excise taxes on our undistributed taxable income.

We are subject to federal, state and local income tax laws to the extent of the activities conducted by our taxable REIT subsidiaries. We recorded an income tax benefit during the three months ended June 30, 2010 and 2009 of approximately \$926,000 and \$850,000 million, respectively, and for the six months ended June 30, 2010 and 2009 of approximately \$2.0 million and \$1.5 million, respectively. These benefits are primarily attributable to the net operating losses generated by DIM. Although DIM is organized under the laws of the Netherlands, it pays U.S. corporate tax based on its operations in the United States. In 2009, DIM did not pay any U.S. income tax, which reflected the benefit of net operating loss carry forwards (“NOLs”) in previous years. As of June 30, 2010, DIM had NOLs of approximately \$17.9 million remaining.

We believe that we have appropriate support for the tax positions taken on our tax returns and that our accruals for income tax liabilities are adequate for all years still subject to tax audits after 2006.

Share-Based Compensation

Share-based compensation cost charged against earnings is summarized as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2010	2009	2010	2009
	(In thousands)		(In thousands)	
Restricted stock	\$ 1,025	\$ 1,018	\$ 2,109	\$ 3,070
Stock options	579	484	1,067	1,623
Employee stock purchase plan discount	1	4	3	8
Total cost	1,605	1,506	3,179	4,701
Less amount capitalized	(11)	(32)	(37)	(93)
Net share-based compensation expense	<u>\$ 1,594</u>	<u>\$ 1,474</u>	<u>\$ 3,142</u>	<u>\$ 4,608</u>

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Restricted stock and option expense includes amounts for which vesting was accelerated under separation agreements. Discounts offered to participants under our 2004 Employee Stock Purchase Plan represent the difference between market value of our stock on the purchase date and purchase price of shares as provided under the plan. A portion of share-based compensation cost is capitalized as part of property-related assets.

Segment Information

We invest in retail shopping centers through direct ownership or through joint ventures. It is our intent that all retail shopping centers will be owned or developed for investment purposes; however, we may decide to sell all or a portion of a development upon completion. Our revenue and net income are generated from the operation of our investment portfolio. We also earn fees from third parties for services provided to manage and lease retail shopping centers owned through joint ventures or by third parties.

Our portfolio is primarily located throughout the southeastern United States; however, we do not distinguish or group our operations on a geographical basis for purposes of allocating resources or measuring performance. We review operating and financial data for each property on an individual basis; therefore, each of our individual properties is a separate operating segment. No individual property constitutes more than 10% of our revenue, net income or assets, and thus the individual properties have been aggregated into one reportable segment based upon their similarities with regard to both the nature and economics of the centers, tenants and operational processes, as well as long-term average financial performance. In addition, none of the shopping centers is located outside the United States.

Concentration of Credit Risk

A concentration of credit risk arises in our business when a national or regionally-based tenant occupies a substantial amount of space in multiple properties owned by us. In that event, if the tenant suffers a significant downturn in its business, it may become unable to make its contractual rental payments to us, exposing us to potential losses in rental revenue, expense recoveries, and percentage rent. Further, the impact may be magnified if the tenant is renting space in multiple locations. Generally, we do not obtain security from our national or regionally-based tenants in support of their lease obligations to us. We regularly monitor our tenant base to assess potential concentrations of credit risk. As of June 30, 2010, Publix Super Markets accounted for approximately 11%, or approximately \$23.3 million, of our aggregate annualized minimum rent. No other tenant accounted for over 5% of our annualized minimum rent.

Recent Accounting Pronouncements

In January 2010, the FASB issued Accounting Standards Update No. 2010-06, "Improving Disclosures About Fair Value Measurements" ("ASU 2010-06"), which provides amendments to Accounting Standards Codification Subtopic No. 820-10, "Fair Value Measurements and Disclosures — Overall." ASU 2010-06 requires additional disclosures and clarifications of existing disclosures for recurring and nonrecurring fair value measurements. The revised guidance is effective for interim and annual reporting periods beginning after December 15, 2009. ASU 2010-06 concerns disclosure only and did not have an impact on the Company's financial position or results of operations.

3. Significant Acquisitions and Dispositions

The following table provides a summary of income producing property acquisition activity during the six months ended June 30, 2010:

Date Purchased	Property Name	City	State	Square Feet / Acres	Purchase Price	Mortgage Assumed
April 15, 2010	Veranda Shoppes	Plantation	FL	44,888	\$ 11,675	\$ -
March 31, 2010	Copps Hill Plaza	Ridgefield	CT	184,528	33,400	19,797
March 19, 2010	Gateway Plaza at Aventura	Aventura	FL	29,800	8,000	-
Total					\$ 53,075	\$ 19,797

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During the three and six months ended June 30, 2010, we recognized approximately \$323,000 and \$654,000, respectively, of acquisition-related costs in connection with these property acquisitions.

Other Acquisitions

During the six months ended June 30, 2010, we acquired two outparcels for an aggregate cash purchase price of approximately \$1.3 million.

Property Dispositions

During the three months ended June 30, 2010, we sold three outparcels for gross proceeds of approximately \$2.5 million and recognized a gain of \$1.9 million which is included in gain on disposal of income producing properties in the accompanying statements of income.

As of June 30, 2010, there were no properties held for sale. The following table provides a summary of selected operating results for those properties sold during the three and six months ended June 30, 2010 and 2009:

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2010	2009	2010	2009
	(In thousands)		(In thousands)	
Rental Revenue	\$ 36	\$ 379	\$ 73	\$ 826
Expenses				
Property operating expenses	(25)	53	(23)	99
Rental property depreciation and amortization	7	29	15	59
Operations of income producing properties sold	54	297	81	668
Gain on disposal of income producing property	1,898	3,616	1,898	4,794
Income from discontinued operations	<u>\$ 1,952</u>	<u>\$ 3,913</u>	<u>\$ 1,979</u>	<u>\$ 5,462</u>

4. Investments in and Advances to Unconsolidated Joint Ventures

As of June 30, 2010, our investment in unconsolidated joint ventures, which is presented net of a deferred gain of approximately \$2.9 million associated with the disposition of assets to our GRI venture, was \$10.7 million, which was composed of \$6.9 million related to the GRI Venture, \$2.8 million related to the DRA Venture and \$1.0 million related to the Madison Venture. In accordance with applicable guidance for investments in limited partnerships and real estate ventures, we have accounted for these investments using the equity method. Additionally, as of June 30, 2010, we have made advances of \$423,000 to our joint ventures.

Equity in losses from joint ventures totaled approximately \$42,000 and \$82,000 for the three and six months ended June 30, 2010, respectively, and totaled \$21,000 and \$28,000, respectively, for the same periods in 2009. Fees paid to us associated with these joint ventures totaled approximately \$381,000 and \$741,000 for the three and six months ended June 30, 2010, respectively, and \$404,000 and \$800,000, respectively, for the same periods in 2009.

5. Borrowings

During the six months ended June 30, 2010, we repaid mortgages totaling approximately \$61.2 million with a weighted average interest rate of 8.34%.

In connection with our acquisition of Copps Hill Plaza, we assumed a mortgage with a principal balance of approximately \$19.8 million. This mortgage matures on January 1, 2029 with payments based on a 30-year amortization schedule at a fixed interest rate of 6.06%.

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The following table is a summary of our mortgage notes payable balances at June 30, 2010 and December 31, 2009:

Mortgage Notes Payable	June 30, 2010	December 31, 2009
	(In thousands)	
Fixed rate mortgage notes	\$ 503,292	\$ 551,647
Unamortized discount, net	(21,627)	(22,754)
Total	\$ 481,665	\$ 528,893
Weighted-average interest rate of fixed rate mortgage notes	6.51%	6.58%

Our outstanding unsecured senior notes payable at June 30, 2010 and December 31, 2009 consisted of the following:

Unsecured Senior Notes Payable	June 30, 2010	December 31, 2009
	(In thousands)	
7.84% Senior Notes, due 1/23/12	\$ 10,000	\$ 10,000
6.25% Senior Notes, due 12/15/14	250,000	250,000
5.375% Senior Notes, due 10/15/15	107,505	107,505
6.0% Senior Notes, due 9/15/16	105,230	105,230
6.25% Senior Notes, due 1/15/17	101,403	101,403
6.0% Senior Notes, due 9/15/17	116,998	116,998
Total Unsecured Senior Notes	691,136	691,136
Unamortized discount, net	(2,949)	(3,138)
Total	\$ 688,187	\$ 687,998
Weighted-average interest rate, net of discount adjustment	6.06%	6.10%

The indentures under which our unsecured senior notes were issued have several covenants which limit our ability to incur debt, require us to maintain an unencumbered asset ratio above a specified level and limit our ability to consolidate, sell, lease, or convey substantially all of our assets to, or merge with, any other entity. These notes have also been guaranteed by many of our subsidiaries.

We have a total committed unsecured revolving credit facility of \$272.0 million with a syndicate of banks. The facility contains customary covenants, including financial covenants regarding debt limits, total liabilities, interest coverage ratio, fixed charge coverage ratios, unencumbered properties and permitted investments which may limit the amount available under the facility. If a default under the facility exists, our ability to pay dividends would be limited to the amount necessary to maintain our status as a REIT unless the default is a payment default or bankruptcy event in which case we would be prohibited from paying any dividends. Additionally, we have a \$15.0 million unsecured revolving credit facility with City National Bank of Florida. As of December 31, 2009 and June 30, 2010, we had no outstanding balance drawn against the credit facilities. The maximum availability under these credit facilities was approximately \$202.5 million as of June 30, 2010, which is net of outstanding letters of credit of \$15.6 million. Subsequent to June 30, 2010, \$9.0 million in letters of credits were released.

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6. Earnings Per Share

The following table sets forth the computation of our basic earnings per share:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2010	2009	2010	2009
	(Dollars in thousands, except per share amounts)			
Income from continuing operations	\$ 4,277	\$ 10,938	\$ 9,045	\$ 52,748
Net loss attributable to noncontrolling interest	10	506	647	984
Allocation of continuing income to restricted share awards	(15)	(126)	(91)	(296)
Income from continuing operations attributable to common stockholders	4,272	11,318	9,601	53,436
Income from discontinued operations attributable to common stockholders	1,952	3,913	1,979	5,462
Allocation of discontinued income to restricted share awards	(7)	(5)	(4)	(8)
Income from discontinued operations attributable to common shareholders	1,945	3,908	1,975	5,454
Net income available to common stockholders	<u>\$ 6,217</u>	<u>\$ 15,226</u>	<u>\$ 11,576</u>	<u>\$ 58,890</u>
Weighted Average Shares Outstanding — Basic	92,141	84,298	89,939	80,552
Basic earnings per share attributable to the common stockholders:				
Basic earnings per share from continuing operations	\$ 0.05	\$ 0.13	\$ 0.11	\$ 0.66
Basic earnings per share from discontinued operations	0.02	0.05	0.02	0.07
Earnings per common share — Basic	<u>\$ 0.07</u>	<u>\$ 0.18</u>	<u>\$ 0.13</u>	<u>\$ 0.73</u>

The following table sets forth the computation of our diluted earnings per share:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2010	2009	2010	2009
	(Dollars in thousands, except per share amounts)			
Income from continuing operations	\$ 4,277	\$ 10,938	\$ 9,045	\$ 52,748
Net loss attributable to noncontrolling interest	10	506	647	984
Income from continuing operations attributable to Equity One, Inc.	4,287	11,444	9,692	53,732
Allocation of continuing income to restricted share awards	(15)	(126)	(91)	(296)
Allocation of earnings associated with DIM contingent shares	-	(128)	(88)	(244)
Income from continuing operations attributable to common stockholders	4,272	11,190	9,513	53,192
Income from discontinued operations attributable to common stockholders	1,952	3,913	1,979	5,462
Allocation of discontinued income to restricted share awards	(7)	(5)	(4)	(8)
Net income available to common stockholders	<u>\$ 6,217</u>	<u>\$ 15,098</u>	<u>\$ 11,488</u>	<u>\$ 58,646</u>
Weighted Average Shares Outstanding — Basic:	92,141	84,298	89,939	80,552
Walden Woods Village, Ltd.	-	94	-	94
Restricted stock using the treasury method	-	11	-	18
Stock options using the treasury method	114	61	114	47
Contingent shares to be issued for DIM stock	-	537	145	495
Weighted Average Shares Outstanding — Diluted	<u>92,255</u>	<u>85,001</u>	<u>90,198</u>	<u>81,206</u>
Diluted earnings per share attributable to common stockholders:				
Diluted earnings per share from continuing operations	\$ 0.05	\$ 0.13	\$ 0.11	\$ 0.66
Diluted earnings per share from discontinued operations	0.02	0.05	0.02	0.07
Earnings per common share — Diluted	<u>\$ 0.07</u>	<u>\$ 0.18</u>	<u>\$ 0.13</u>	<u>\$ 0.72</u>

Note: Diluted EPS for the six months ended June 30, 2009, does not foot due to the mathematical rounding of the individual calculation.

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7. Noncontrolling Interest

Noncontrolling interest represents the portion of equity that we do not own in those entities that we consolidate. We account for and report our noncontrolling interest in accordance with the provisions under the Consolidation Topic of the FASB ASC.

We are involved in the following investment activities in which we have a controlling interest:

On January 1, 1999, Equity One (Walden Woods) Inc., a wholly-owned subsidiary of ours, formed a limited partnership as a general partner. Walden Woods Village, an income producing shopping center, was contributed by its owners (the "Minority Partners"), and we contributed 93,656 shares of our common stock to the limited partnership at an agreed-upon price of \$10.30 per share. Under the terms of the agreement, the Minority Partners do not share in any earnings of the partnership, except to the extent of dividends received by the partnership for the shares originally contributed by us. Based on the per-share price and the net value of property contributed by the Minority Partners, the limited partners received 93,656 partnership units. We have entered into a redemption agreement with the Minority Partners whereby the Minority Partners can request that we purchase their partnership units at a price of \$10.30 per unit at any time before January 1, 2014. In accordance with the Distinguishing Liabilities from Equity Topic of the FASB ASC, the value of the redeemable noncontrolling interest of \$989,000 is presented in the mezzanine section of our balance sheet, separate from permanent equity, until the earlier of January 1, 2014 or upon election by the Minority Partners to redeem their partnership units. We have also entered into a conversion agreement with the Minority Partners pursuant to which, following notice, the Minority Partners can convert their partnership units into our common stock. The Minority Partners have not exercised their redemption or conversion rights, and their minority interest remains valued at \$989,000.

We have controlling interests in two joint ventures that, together, own our Sunlake development project. We have funded all of the acquisition costs, are required to fund any necessary development and operating costs, receive an 8% preferred return on our advances, have reimbursement rights of all capital outlays upon disposition of the property, and are entitled to 60% of the profits thereafter. The minority partners are not required to make contributions and, to date, have not contributed any capital. Noncontrolling interest will not be recorded until the equity in the property surpasses our capital expenditures and cumulative preferred return.

On January 14, 2009, we acquired a controlling interest in DIM which required us to consolidate DIM's results as of the acquisition date. Upon consolidation, we recorded \$25.8 million of noncontrolling interest which represented the fair value of the portion of DIM's equity that we did not own upon acquisition. Subsequent changes to the noncontrolling interest in stockholders' equity result from the allocation of losses, and additional shares purchased subsequent to January 14, 2009.

On February 18, 2010, we launched a cash tender offer for all of DIM's remaining outstanding ordinary shares at an offer price of \$7.30 per ordinary share. We declared the offer unconditional on March 25, 2010 followed by a post-acceptance period that ended on April 9, 2010. We also issued 536,601 shares of our common stock in exchange for 766,573 DIM ordinary shares. As a result, during the six months ended June 30, 2010, we were able to increase our ownership of DIM as a result of these and other open market purchases to 96.1% as of June 30, 2010.

The following table shows the effects on our equity resulting from the changes in our ownership interest in DIM for the three and six months ended June 30, 2010 and 2009:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2010	2009	2010	2009
	(In thousands)		(In thousands)	
Net income attributable to Equity One, Inc.	\$ 6,239	\$ 15,357	\$ 11,671	\$ 59,194
Increase in our paid-in-capital for purchase of DIM ordinary shares totaling, 253,982 and 6,214 shares for the three months ended June 30, 2010 and 2009 and 2,527,013 and 19,780 shares for the six months ended June 30, 2010 and 2009, respectively.	211	15	7,500	16
Net transfers from noncontrolling interest	211	15	7,500	16
Change from net income attributable to Equity One, Inc. and transfers from noncontrolling interest	<u>\$ 6,450</u>	<u>\$ 15,372</u>	<u>\$ 19,171</u>	<u>\$ 59,210</u>

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8. Share-Based Payment Plans

As of June 30, 2010, we have options outstanding under our 2000 Executive Incentive Compensation Plan (“2000 Plan”). The 2000 Plan provides for the grant of options, restricted stock and other share-based awards for up to 8.5 million shares of common stock, of which 2.5 million shares are available for issuance. In addition, in connection with the initial employment of Jeffrey S. Olson, our Chief Executive Officer, we issued Mr. Olson options to purchase 364,660 shares of common stock.

The term of each award, including vesting, is determined by our compensation committee, in its sole discretion, on the date of grant, subject to limitations contained in the 2000 Plan. Dividends are paid on shares of non-vested restricted stock, which makes the restricted stock a participating security under the Earnings Per Share Topic of the FASB ASC. Certain options, restricted stock and other share awards provide for accelerated vesting if there is a change in control, as defined in the 2000 Plan.

The fair value of each option awarded during 2010 and 2009 was estimated on the date of grant using the Black-Scholes-Merton option-pricing model. Expected volatilities, dividend yields, employee exercises and employee forfeitures are primarily based on historical data. The risk-free interest rate is based on the U.S. Treasury yield curve in effect at the time of grant. We measure compensation expense for restricted stock awards based on the fair value of our common stock at the date of the grant and charge to expense such amounts ratably over the vesting period. For grants with a graded vesting schedule, we have elected to recognize compensation expense on a straight-line basis. The Company used the shortcut method described in the Share Compensation Topic of the FASB ASC for determining the expected life used in the valuation method.

The following table presents stock option activity during the six months ended June 30, 2010:

	Shares Under Option	Weighted-Average Exercise Price
	(In thousands)	
Outstanding at January 1, 2010	2,762	\$ 21.28
Granted	409	\$ 18.97
Outstanding at June 30, 2010	<u>3,171</u>	<u>\$ 20.98</u>
Exercisable at June 30, 2010	<u>1,647</u>	<u>\$ 23.02</u>

The following table presents information regarding restricted stock activity during the six months ended June 30, 2010:

	Unvested Shares	Weighted-Average Price
	(In thousands)	
Unvested at January 1, 2010	263	\$ 21.51
Granted	38	\$ 17.96
Vested	(47)	\$ 22.62
Forfeited	(3)	\$ 14.02
Unvested at June 30, 2010	<u>251</u>	<u>\$ 20.86</u>

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During the six months ended June 30, 2010, we granted 37,800 shares of restricted stock that are subject to forfeiture and vest over periods from two to three years. The total vesting-date value of the 46,820 shares that vested during the six months ended June 30, 2010 was \$854,325.

As of June 30, 2010, we had \$6.0 million of total unrecognized compensation expense related to unvested and restricted share-based payment arrangements (unvested options and restricted shares) granted under our plans. This expense is expected to be recognized over a weighted-average period of 1.6 years.

9. Equity

During each of the first two quarters of 2010, our Board of Directors declared cash dividends of \$0.22 per share on our common stock. These dividends were paid in March and June 2010. The \$0.22 per share dividend represents an annualized rate of \$0.88 per share.

In March of 2010, we completed an underwritten public offering and concurrent private placement of approximately 5.4 million shares of our common stock at a price of \$18.40 per share. In the concurrent private placement, an aggregate of 600,000 shares were purchased for \$11.0 million by MGN America, LLC and Silver Maple (2001), Inc., affiliates of our largest stockholder, Gazit-Globe, Ltd., which may be deemed to be controlled by Chaim Katzman, the chairman of our board of directors. The offerings generated net proceeds to us of approximately \$98.9 million.

On May 5, 2010, we filed an amendment to our charter to increase our authorized common stock from 100,000,000 to 150,000,000 shares. No change was made to our authorized preferred stock of 10,000,000 shares.

During 2010, we reduced the amount of noncontrolling interest in DIM through the acquisition of 1,760,440 DIM ordinary shares through the combination of a cash tender offer and other open market and private purchases, increasing our ownership percentage to approximately 96.1% at June 30, 2010.

10. Fair Value Measurements

In September 2006, the FASB issued provisions under the Fair Value Measurements and Disclosures Topic of FASB ASC. The provisions established a framework for measuring fair value, which included a hierarchy based on the quality of inputs used to measure fair value and provided specific disclosure requirements based on the hierarchy.

Fair Value Hierarchy

The Fair Value Measurements and Disclosures Topic of FASB ASC requires the categorization of financial assets and liabilities, based on the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to the quoted prices in active markets for identical assets and liabilities and lowest priority to unobservable inputs. The various levels of the fair value hierarchy are described as follows:

- Level 1 — Financial assets and liabilities whose values are based on unadjusted quoted market prices for identical assets and liabilities in an active market that we have the ability to access.
- Level 2 — Financial assets and liabilities whose values are based on quoted prices in markets that are not active or model inputs that are observable for substantially the full term of the asset or liability.
- Level 3 — Financial assets and liabilities whose values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement.

The Fair Value Measurements and Disclosures Topic of FASB ASC requires the use of observable market data, when available, in making fair value measurements. When inputs used to measure fair value fall within different levels of the hierarchy, the level within which the fair value measurement is categorized is based on the lowest level input that is significant to the fair value measurement.

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Recurring Fair Value Measurements

The following table presents our fair value hierarchy for those assets and liabilities measured at fair value on a recurring basis as of June 30, 2010:

Description	Fair Value Measurements	
	(In thousands)	
	Level 2	
Long term incentive plan	\$	844

During the three months ended June 30, 2010, we sold an equity investment which was previously recorded as a Level 1 available for sale security. Our 34,200 share investment was acquired at a price of \$13.88 per share and sold at an average price of \$24.60 per share, generating a gain of approximately \$367,000, net of transaction costs, during the second quarter of 2010.

Valuation Methods

Long term incentive plan. We have a long-term incentive plan for four of our executives based on our total stockholder return versus returns for six of our peer companies. The fair value of this plan is determined using the average trial-specific value of the awards eligible for grant under the plan based upon a Monte Carlo simulation model. This model considers various assumptions, including time value, volatility factors, current market and contractual prices as well as projected future market prices for our common stock as well as common stock of our peer companies over the performance period. Substantially all of these assumptions are observable in the marketplace throughout the full term of the plan, can be derived from observable data or are supported by observable levels at which transactions are executed in the marketplace.

11. Fair Value of Financial Instruments

The estimated fair values of financial instruments have been determined by us using available market information and appropriate valuation methods. Considerable judgment is 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 we could realize in a current market exchange. The use of different market assumptions and/or estimation methods may have a material effect on the estimated fair value amounts. We have used the following market assumptions and/or estimation methods:

Cash and Cash Equivalents and Accounts and Other Receivables. The carrying amounts reported in the balance sheets for these financial instruments approximate fair value because of their short maturities.

Notes Receivable. The fair value is estimated by using the current interest rates at which similar loans would be made. The carrying amounts reported in the balance sheets approximate fair value.

Mortgage Notes Payable. The fair value estimated at June 30, 2010 and December 31, 2009 was \$516.4 million and \$561.6 million, respectively, calculated based on the net present value of payments over the term of the loans using estimated market rates for similar mortgage loans and remaining terms. The carrying amount of these notes was approximately \$481.7 million and \$528.9 million at June 30, 2010 and December 31, 2009, respectively.

Unsecured Senior Notes Payable. The fair value estimated at June 30, 2010 and December 31, 2009 was \$699.8 million and \$642.0 million, respectively, calculated based on the net present value of payments over the terms of the notes using estimated market rates for similar notes and remaining terms. The carrying amount of these notes was approximately \$688.2 million and \$688.0 million at June 30, 2010 and December 31, 2009, respectively.

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The fair market value calculation of our debt, as of June 30, 2010 includes assumptions as to the effects that prevailing market conditions would have on existing secured or unsecured debt. The calculation uses a market rate spread over the risk free interest rate. This spread is determined by using the weighted average life to maturity coupled with loan-to-value considerations of the respective debt. Once determined, this market rate is used to discount the remaining debt service payments in an attempt to reflect the present value of this stream of cash flows. While the determination of the appropriate market rate is subjective in nature, recent market data gathered suggest that the composite rates used for mortgages and senior notes are consistent with current market trends.

12. Environmental Matters

We are subject to numerous environmental laws and regulations. The operation of dry cleaning and gas station facilities at our shopping centers are the principal environmental concerns. We require that the tenants who operate these facilities do so in material compliance with current laws and regulations and we have established procedures to monitor their operations. Where available, we have applied and been accepted into state sponsored environmental programs. Several properties in the portfolio will require or are currently undergoing varying levels of environmental remediation; however, we have environmental insurance policies covering most of our properties which limits our exposure to some of these conditions. We currently have one significant environmental remediation liability on our balance sheet related to our Westbury land acquisition. The capitalized cost associated with this acquisition comprised the purchase price and a preliminary estimate of the cost of environmental remediation for the site of \$5.9 million, which was based on a range provided by third party environmental consultants. This range varied from \$5.9 million to \$8.4 million on an undiscounted basis, with no amount being more likely than any other at the time the study was performed. Management believes that the ultimate disposition of currently known environmental matters will not have a material effect on our financial position, liquidity or operations.

13. Commitments and Contingencies

As of June 30, 2010, we had pledged letters of credit totaling \$15.6 million as additional security for financial and other obligations. Subsequent to June 30, 2010, \$9.0 million in letters of credit were released.

We have committed to fund approximately \$1.2 million, based on current plans and estimates, to complete pending development and redevelopment projects. These obligations, composed principally of construction contracts, are generally due as the work is performed and are expected to be financed by the funds available under our credit facilities and available cash.

Certain of our properties are subject to ground leases, which are accounted for as operating leases and have annual obligations of approximately \$71,000. We have operating lease agreements for office space in which we have an annual obligation of approximately \$360,000. Additionally, we have lease agreements for equipment rentals which have annual obligations of \$97,000.

As of June 30, 2010, we have entered into contracts to purchase \$64.6 million in commercial real estate. These contracts have past the due diligence period and the \$1.8 million in deposits are non-refundable, except as otherwise provided in those contracts.

We are subject to litigation in the normal course of business. However, we do not believe that any of the litigation outstanding as of June 30, 2010 will have a material adverse effect on our financial condition, results of operations or cash flows.

Probable Business Combination

Contribution Agreement

On May 23, 2010, we entered into a Contribution Agreement with Liberty International Holdings Limited, a private company limited by shares organized under the laws of England and Wales ("LIH"), and Capital Shopping Centres PLC, a public limited company organized under the laws of England and Wales ("CSC"), pursuant to which we will acquire a majority ownership interest in C&C (US) No. 1, Inc., a Delaware corporation ("CapCo"), through a joint venture with LIH. CapCo, which is currently wholly-owned by LIH, owns a portfolio of 15 properties in California totaling 2.6 million square feet, including Serramonte Shopping Center in Daly City, Plaza Escuela in Walnut Creek, The Willows Shopping Center in Concord, 222 Sutter Street in San Francisco, and The Marketplace Shopping Center in Davis. LIH and CSC are subsidiaries of Capital Shopping Centres Group PLC, a United Kingdom real estate investment trust.

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Pursuant to the Contribution Agreement and related transaction documents, at the closing LIH will contribute all of the outstanding shares of CapCo's common stock to the joint venture in exchange for 10.9 million joint venture units, representing an approximate 23% interest in the joint venture, and we will contribute a shared appreciation promissory note to the joint venture in the amount of \$600 million in exchange for an approximate 77% interest in the joint venture. In addition, at the closing, LIH will transfer and assign to us an outstanding promissory note of CapCo in the amount of \$67 million in exchange for 4.1 million shares of our common stock and one share of a newly-established class of our capital stock, Class A Common Stock, that (i) is convertible into 10,000 shares of our common stock in certain circumstances, and (ii) subject to certain limitations, will entitle LIH to voting rights in us determined with reference to the number of joint venture units held by LIH from time to time.

The joint venture units to be received by LIH will be redeemable for cash or, at our option, our common stock on a one-for-one basis. The joint venture will assume approximately \$330 million of mortgage debt, including its proportionate share of debt held by CapCo's joint ventures, with a weighted average interest rate of 5.7%. We are in the process of reviewing the transaction and have not determined the accounting treatment for this investment.

The transaction is expected to close late in the third quarter or the fourth quarter of 2010 and is subject to customary and other closing conditions.

Equityholders Agreement

In connection with the transactions contemplated by the Contribution Agreement, we entered into an Equityholders Agreement, dated May 23, 2010, among us, CSC, LIH, Gazit-Globe Ltd. ("Gazit"), MGN (USA) Inc., Gazit (1995), Inc., MGN America, LLC, Silver Maple (2001), Inc. and Ficus, Inc. Pursuant to the Equityholders Agreement, we will increase the size of our board of directors by one seat, effective at the time of closing of the transactions contemplated by the Contribution Agreement, and appoint a designee of CSC to the board. Subject to its continuing to hold a minimum number of shares of our common stock (on a fully diluted basis), CSC will subsequently have the right to nominate one candidate for election to our board of directors at each annual meeting of our stockholders at which directors are elected.

In addition, the Equityholders Agreement provides that we, and then Gazit and its affiliates, will have a right of first offer with respect to proposed sales by LIH of any of its joint venture units and that Gazit and its affiliates will have a right of first offer with respect to proposed sales by LIH of any shares of our capital stock. We will also have a right of first refusal with respect to any joint venture units proposed to be sold by LIH to one of our competitors.

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14. Condensed Consolidating Financial Information

Many of our subsidiaries have guaranteed our indebtedness under the unsecured senior notes and the revolving credit facilities. The guarantees are joint and several and full and unconditional.

Condensed Balance Sheet As of June 30, 2010	Equity One, Inc.	Combined Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminating Entries	Consolidated
(In thousands)					
ASSETS					
Properties, net	\$ 996,623	\$ 468,339	\$ 839,363	\$ -	\$ 2,304,325
Investment in affiliates	628,310	-	-	(628,310)	-
Other assets	162,995	44,153	111,890	(150,445)	168,593
Total Assets	<u>\$ 1,787,928</u>	<u>\$ 512,492</u>	<u>\$ 951,253</u>	<u>\$ (778,755)</u>	<u>\$ 2,472,918</u>
LIABILITIES					
Mortgage notes payable	\$ 42,690	\$ 121,774	\$ 483,575	\$ (144,747)	\$ 503,292
Unsecured revolving credit facilities	-	-	635	(635)	-
Unsecured senior notes payable	691,136	-	-	-	691,136
Unamortized/unaccreted (discount)/premium on notes payable, net	(2,668)	2	(21,910)	-	(24,576)
Other liabilities	28,835	20,857	111,899	(5,063)	156,528
Total Liabilities	<u>759,993</u>	<u>142,633</u>	<u>574,199</u>	<u>(150,445)</u>	<u>1,326,380</u>
Redeemable noncontrolling interest	-	-	-	989	989
STOCKHOLDERS' EQUITY	<u>1,027,935</u>	<u>369,859</u>	<u>377,054</u>	<u>(629,299)</u>	<u>1,145,549</u>
Total Liabilities and Stockholders' Equity	<u>\$ 1,787,928</u>	<u>\$ 512,492</u>	<u>\$ 951,253</u>	<u>\$ (778,755)</u>	<u>\$ 2,472,918</u>

Condensed Balance Sheet As of December 31, 2009	Equity One, Inc.	Combined Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminating Entries	Consolidated
(In thousands)					
ASSETS					
Properties, net	\$ 1,007,214	\$ 272,205	\$ 982,706	\$ -	\$ 2,262,125
Investment in affiliates	628,310	-	-	(628,310)	-
Other assets	185,166	18,903	133,343	(147,217)	190,195
Total Assets	<u>\$ 1,820,690</u>	<u>\$ 291,108</u>	<u>\$ 1,116,049</u>	<u>\$ (775,527)</u>	<u>\$ 2,452,320</u>
LIABILITIES					
Mortgage notes payable	\$ 55,060	\$ 44,054	\$ 597,461	\$ (144,928)	\$ 551,647
Unsecured revolving credit facilities	-	-	820	(820)	-
Unsecured senior notes payable	691,136	-	-	-	691,136
Unamortized/unaccreted (discount)/premium on notes payable, net	(2,638)	13	(23,267)	-	(25,892)
Other liabilities	27,983	6,488	113,725	(1,469)	146,727
Total Liabilities	<u>771,541</u>	<u>50,555</u>	<u>688,739</u>	<u>(147,217)</u>	<u>1,363,618</u>
Redeemable noncontrolling interest	-	-	-	989	989
STOCKHOLDERS' EQUITY	<u>1,049,149</u>	<u>240,553</u>	<u>427,310</u>	<u>(629,299)</u>	<u>1,087,713</u>
Total Liabilities and Stockholders' Equity	<u>\$ 1,820,690</u>	<u>\$ 291,108</u>	<u>\$ 1,116,049</u>	<u>\$ (775,527)</u>	<u>\$ 2,452,320</u>

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Condensed Statement of Income for the three months ended June 30, 2010	Equity One, Inc.	Combined Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminating Entries	Consolidated
	(In thousands)				
REVENUE:					
Minimum rent	\$ 24,848	\$ 12,366	\$ 17,602	\$ -	\$ 54,816
Expense recoveries	6,637	4,358	4,778	-	15,773
Percentage rent	98	144	71	-	313
Management and leasing services	-	399	-	-	399
Total revenue	31,583	17,267	22,451	-	71,301
EQUITY IN SUBSIDIARIES' EARNINGS	8,638	-	-	(8,638)	-
COSTS AND EXPENSES:					
Property operating	9,145	4,825	6,272	-	20,242
Rental property depreciation and amortization	6,305	3,825	6,652	9	16,791
General and administrative	10,223	916	676	(74)	11,741
Total costs and expenses	25,673	9,566	13,600	(65)	48,774
INCOME BEFORE OTHER INCOME AND EXPENSE, TAX AND DISCONTINUED OPERATIONS	14,548	7,701	8,851	(8,573)	22,527
OTHER INCOME AND EXPENSE:					
Investment income	1,631	4	4	(1,150)	489
Equity in loss in unconsolidated joint ventures	-	(42)	-	-	(42)
Other income	88	-	15	-	103
Interest expense	(11,646)	(321)	(8,518)	1,150	(19,335)
Amortization of deferred financing fees	(388)	(24)	(42)	-	(454)
Gain on extinguishment of debt	57	6	-	-	63
INCOME FROM CONTINUING OPERATIONS BEFORE TAX AND DISCONTINUED OPERATIONS	4,290	7,324	310	(8,573)	3,351
Income tax benefit of taxable REIT subsidiaries	-	192	734	-	926
INCOME FROM CONTINUING OPERATIONS	4,290	7,516	1,044	(8,573)	4,277
DISCONTINUED OPERATIONS:					
Operations of income producing properties sold or held for sale	41	11	2	-	54
Gain on disposal of income producing properties	1,898	-	-	-	1,898
INCOME FROM DISCONTINUED OPERATIONS	1,939	11	2	-	1,952
NET INCOME	6,229	7,527	1,046	(8,573)	6,229
Net loss attributable to noncontrolling interest	10	-	-	-	10
NET INCOME ATTRIBUTABLE TO EQUITY ONE, INC.	\$ 6,239				\$ 6,239

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Condensed Statement of Income for the three months ended June 30, 2009	Equity One, Inc.	Combined Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminating Entries	Consolidated
	(In thousands)				
REVENUE:					
Minimum rent	\$ 25,517	\$ 9,755	\$ 16,948	\$ -	\$ 52,220
Expense recoveries	6,753	3,271	4,427	-	14,451
Percentage rent	129	75	45	-	249
Management and leasing services	38	406	-	-	444
Total revenue	<u>32,437</u>	<u>13,507</u>	<u>21,420</u>	<u>-</u>	<u>67,364</u>
EQUITY IN SUBSIDIARIES' EARNINGS	<u>4,855</u>	<u>-</u>	<u>-</u>	<u>(4,855)</u>	<u>-</u>
COSTS AND EXPENSES:					
Property operating	9,005	3,655	7,062	-	19,722
Rental property depreciation and amortization	6,143	2,292	6,437	-	14,872
General and administrative	7,451	820	722	-	8,993
Total costs and expenses	<u>22,599</u>	<u>6,767</u>	<u>14,221</u>	<u>-</u>	<u>43,587</u>
INCOME BEFORE OTHER INCOME AND EXPENSE, TAX AND DISCONTINUED OPERATIONS	<u>14,693</u>	<u>6,740</u>	<u>7,199</u>	<u>(4,855)</u>	<u>23,777</u>
OTHER INCOME AND EXPENSE:					
Investment income	1,195	6	4	-	1,205
Equity in loss in unconsolidated joint ventures	-	(21)	-	-	(21)
Other income	34	-	-	-	34
Interest expense	(8,154)	(1,699)	(8,276)	-	(18,129)
Amortization of deferred financing fees	(270)	(26)	(26)	-	(322)
Gain on extinguishment of debt	3,544	-	-	-	3,544
INCOME (LOSS) FROM CONTINUING OPERATIONS BEFORE TAX AND DISCONTINUED OPERATIONS	<u>11,042</u>	<u>5,000</u>	<u>(1,099)</u>	<u>(4,855)</u>	<u>10,088</u>
Income tax (expense) benefit of taxable REIT subsidiaries	-	(46)	896	-	850
INCOME (LOSS) FROM CONTINUING OPERATIONS	<u>11,042</u>	<u>4,954</u>	<u>(203)</u>	<u>(4,855)</u>	<u>10,938</u>
DISCONTINUED OPERATIONS:					
Operations of income producing properties sold or held for sale	193	104	-	-	297
Gain on disposal of income producing properties	3,616	-	-	-	3,616
INCOME FROM DISCONTINUED OPERATIONS	<u>3,809</u>	<u>104</u>	<u>-</u>	<u>-</u>	<u>3,913</u>
NET INCOME (LOSS)	<u>14,851</u>	<u>5,058</u>	<u>(203)</u>	<u>(4,855)</u>	<u>14,851</u>
Net loss attributable to noncontrolling interest	506	-	-	-	506
NET INCOME ATTRIBUTABLE TO EQUITY ONE, INC.	<u>\$ 15,357</u>				<u>\$ 15,357</u>

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Condensed Statement of Income for the six months ended June 30, 2010	Equity One, Inc.	Combined Guarantor Subsidiaries	Non- Guarantor Subsidiaries	Eliminating Entries	Consolidated
			(In thousands)		
REVENUE:					
Minimum rent	\$ 49,555	\$ 24,620	\$ 34,472	\$ -	\$ 108,647
Expense recoveries	12,869	8,416	9,339	-	30,624
Percentage rent	460	314	584	-	1,358
Management and leasing services	(2)	774	-	-	772
Total revenue	<u>62,882</u>	<u>34,124</u>	<u>44,395</u>	<u>-</u>	<u>141,401</u>
EQUITY IN SUBSIDIARIES' EARNINGS	<u>15,404</u>	<u>-</u>	<u>-</u>	<u>(15,404)</u>	<u>-</u>
COSTS AND EXPENSES:					
Property operating	17,709	9,287	13,052	-	40,048
Rental property depreciation and amortization	12,516	7,444	13,145	11	33,116
General and administrative	18,088	1,872	1,975	(107)	21,828
Total costs and expenses	<u>48,313</u>	<u>18,603</u>	<u>28,172</u>	<u>(96)</u>	<u>94,992</u>
INCOME BEFORE OTHER INCOME AND EXPENSE, TAX AND DISCONTINUED OPERATIONS	29,973	15,521	16,223	(15,308)	46,409
OTHER INCOME AND EXPENSE:					
Investment income	2,915	18	15	(2,300)	648
Equity in loss in unconsolidated joint ventures	-	(82)	-	-	(82)
Other income	131	-	25	-	156
Interest expense	(23,248)	(1,475)	(16,820)	2,300	(39,243)
Amortization of deferred financing fees	(772)	(47)	(81)	-	(900)
Gain on extinguishment of debt	58	5	-	-	63
INCOME (LOSS) FROM CONTINUING OPERATIONS BEFORE TAX AND DISCONTINUED OPERATIONS	9,057	13,940	(638)	(15,308)	7,051
Income tax benefit of taxable REIT subsidiaries	-	367	1,627	-	1,994
INCOME FROM CONTINUING OPERATIONS	<u>9,057</u>	<u>14,307</u>	<u>989</u>	<u>(15,308)</u>	<u>9,045</u>
DISCONTINUED OPERATIONS:					
Operations of income producing properties sold or held for sale	69	9	3	-	81
Gain on disposal of income producing properties	1,898	-	-	-	1,898
INCOME FROM DISCONTINUED OPERATIONS	<u>1,967</u>	<u>9</u>	<u>3</u>	<u>-</u>	<u>1,979</u>
NET INCOME	<u>11,024</u>	<u>14,316</u>	<u>992</u>	<u>(15,308)</u>	<u>11,024</u>
Net loss attributable to noncontrolling interest	647	-	-	-	647
NET INCOME ATTRIBUTABLE TO EQUITY ONE, INC.	<u>\$ 11,671</u>				<u>\$ 11,671</u>

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Condensed Statement of Income for the six months ended June 30, 2009	Equity One, Inc.	Combined Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminating Entries	Consolidated
	(In thousands)				
REVENUE:					
Minimum rent	\$ 51,117	\$ 19,752	\$ 34,194	\$ -	\$ 105,063
Expense recoveries	13,523	6,536	8,777	-	28,836
Percentage rent	555	261	573	-	1,389
Management and leasing services	194	800	-	-	994
Total revenue	<u>65,389</u>	<u>27,349</u>	<u>43,544</u>	<u>-</u>	<u>136,282</u>
EQUITY IN SUBSIDIARIES' EARNINGS	<u>37,451</u>	<u>-</u>	<u>-</u>	<u>(37,451)</u>	<u>-</u>
COSTS AND EXPENSES:					
Property operating	17,619	7,106	13,878	-	38,603
Rental property depreciation and amortization	12,395	4,549	13,190	-	30,134
General and administrative	17,571	1,638	2,039	-	21,248
Total costs and expenses	<u>47,585</u>	<u>13,293</u>	<u>29,107</u>	<u>-</u>	<u>89,985</u>
INCOME BEFORE OTHER INCOME AND EXPENSE, TAX AND DISCONTINUED OPERATIONS	55,255	14,056	14,437	(37,451)	46,297
OTHER INCOME AND EXPENSE:					
Investment income	3,245	10	7	-	3,262
Equity in loss in unconsolidated joint ventures	-	(28)	-	-	(28)
Other income	1,085	-	-	-	1,085
Interest expense	(17,555)	(3,452)	(16,685)	-	(37,692)
Amortization of deferred financing fees	(662)	(51)	(53)	-	(766)
Gain on acquisition of controlling interest in subsidiary	-	-	26,866	-	26,866
Gain on extinguishment of debt	12,235	-	-	-	12,235
INCOME FROM CONTINUING OPERATIONS BEFORE TAX AND DISCONTINUED OPERATIONS	53,603	10,535	24,572	(37,451)	51,259
Income tax (expense) benefit of taxable REIT subsidiaries	-	(159)	1,648	-	1,489
INCOME FROM CONTINUING OPERATIONS	<u>53,603</u>	<u>10,376</u>	<u>26,220</u>	<u>(37,451)</u>	<u>52,748</u>
DISCONTINUED OPERATIONS:					
Operations of income producing properties sold or held for sale	438	206	24	-	668
Gain on disposal of income producing properties	4,169	625	-	-	4,794
INCOME FROM DISCONTINUED OPERATIONS	<u>4,607</u>	<u>831</u>	<u>24</u>	<u>-</u>	<u>5,462</u>
NET INCOME	<u>58,210</u>	<u>11,207</u>	<u>26,244</u>	<u>(37,451)</u>	<u>58,210</u>
Net loss attributable to noncontrolling interest	984	-	-	-	984
NET INCOME ATTRIBUTABLE TO EQUITY ONE, INC.	<u>\$ 59,194</u>				<u>\$ 59,194</u>

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Condensed Statement of Cash Flows for the six months ended June 30, 2010	Equity One, Inc.	Combined Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidated
	(In thousands)			
Net cash provided by operating activities	\$ 8,743	\$ 14,414	\$ 15,495	\$ 38,652
INVESTING ACTIVITIES:				
Acquisition of income producing properties	-	(11,675)	(21,603)	(33,278)
Additions to income producing properties	(1,406)	(661)	(1,768)	(3,835)
Additions to and purchases of land held for development	(1,337)	-	-	(1,337)
Additions to construction in progress	(3,688)	(664)	(897)	(5,249)
Proceeds from disposal of real estate and rental properties	2,433	-	-	2,433
Investment in joint ventures	(1,000)	-	-	(1,000)
Advances to joint ventures	(118)	-	-	(118)
Distributions of capital from joint ventures	241	-	-	241
Increase in deferred leasing costs and lease intangibles	(933)	(284)	(667)	(1,884)
Proceeds from sale of securities	841	-	-	841
Advances to subsidiaries, net	(64,185)	47,440	16,745	-
Investment in consolidated subsidiary	(12,635)	-	-	(12,635)
Net cash (used in) provided by investing activities	(81,787)	34,156	(8,190)	(55,821)
FINANCING ACTIVITIES:				
Repayments of mortgage notes payable	(12,501)	(48,570)	(7,106)	(68,177)
Proceeds from issuance of common stock	99,959	-	-	99,959
Stock issuance cost	(1,292)	-	-	(1,292)
Payment of deferred financing costs	(228)	-	(199)	(427)
Dividends paid to stockholders	(40,694)	-	-	(40,694)
Net cash provided by (used in) financing activities	45,244	(48,570)	(7,305)	(10,631)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(27,800)	-	-	(27,800)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	47,970	-	-	47,970
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	\$ 20,170	\$ -	\$ -	\$ 20,170

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Condensed Statement of Cash Flows for the six months ended June 30, 2009	Equity One, Inc.	Combined Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidated
	(In thousands)			
Net cash (used in) provided by operating activities	\$ (8,773)	\$ 3,458	\$ 49,130	\$ 43,815
INVESTING ACTIVITIES:				
Additions to income producing properties	(1,089)	(1,129)	(1,654)	(3,872)
Additions to construction in progress	(3,934)	(11)	(4,080)	(8,025)
Proceeds from disposal of real estate and rental properties	5,749	-	889	6,638
Decrease in cash held in escrow	(1,679)	-	-	(1,679)
Investment in joint ventures	(200)	-	-	(200)
Advances to joint ventures	(111)	-	-	(111)
Increase in deferred leasing costs and lease intangibles	(1,344)	(161)	(625)	(2,130)
Proceeds from sale of securities	106,835	-	-	106,835
Purchase of securities	(10,867)	-	-	(10,867)
Advances to subsidiaries, net	27,751	45,435	(73,186)	-
Investment in consolidated subsidiary	(956)	-	-	(956)
Net cash provided by (used in) investing activities	120,155	44,134	(78,656)	85,633
FINANCING ACTIVITIES:				
Repayments of mortgage notes payable	(1,227)	(1,590)	(5,114)	(7,931)
Net borrowings under revolving credit facilities	-	5,194	(1,270)	3,924
Repayment of senior debt borrowings	-	(202,795)	-	(202,795)
Proceeds from issuance of common stock	130,502	-	-	130,502
Repurchase of common stock	(5,425)	-	-	(5,425)
Stock issuance cost	(4,266)	-	-	(4,266)
Dividends paid to stockholders	(49,037)	-	-	(49,037)
Net cash used in financing activities	70,547	(199,191)	(6,384)	(135,028)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	181,929	(151,599)	(35,910)	(5,580)
CASH AND CASH EQUIVALENTS FROM ACQUISITIONS	1,857	-	-	1,857
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	5,355	-	-	5,355
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	\$ 189,141	\$ (151,599)	\$ (35,910)	\$ 1,632

EQUITY ONE, INC. AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements
June 30, 2010
(Unaudited)

15. Subsequent Events

Pursuant to the Subsequent Events Topic of the FASB ASC, we have reviewed all subsequent events and transactions that occurred after our June 30, 2010 unaudited condensed consolidated balance sheet date through the time of filing this quarterly report on Form 10-Q.

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

The following discussion should be read in conjunction with the condensed consolidated interim financial statements and notes thereto appearing in Item 1 of this report and the more detailed information contained in our Annual Report on Form 10-K for the year ended December 31, 2009, filed with the SEC on March 9, 2010.

Unless the context otherwise requires, all references to “we”, “our”, “us”, and “Equity One” in this report refer collectively to Equity One, Inc. and its consolidated subsidiaries.

Executive Overview

We are a real estate investment trust (“REIT”) that owns, manages, acquires, develops and redevelops neighborhood and community shopping centers. Our principal business objective is to maximize long-term stockholder value by generating sustainable cash flow growth and increasing the long-term value of our real estate assets. To achieve our objective, we lease and manage our shopping centers primarily with experienced, in-house personnel. We acquire neighborhood or community shopping centers that either have leading anchor tenants or contain a mix of tenants that reflect the shopping needs of the communities they serve. We also develop and redevelop shopping centers on a tenant-driven basis, leveraging either existing tenant relationships or geographic and demographic knowledge while seeking to minimize risks associated with land development.

Our Portfolio. As of June 30, 2010, our consolidated property portfolio comprised 185 properties, including 171 shopping centers consisting of approximately 19.2 million square feet of gross leasable area, or GLA, three development or redevelopment properties, six non-retail properties, and five land parcels held for development. As of June 30, 2010, our core portfolio, consisting of our shopping centers, was 90.1% leased and included national, regional and local tenants.

We currently own a 10% interest in GRI-EQY I, LLC (“GRI Venture”), which owns ten neighborhood shopping centers totaling approximately 1.4 million square feet of GLA. The portfolio owned by the GRI Venture was 95.1% leased as of June 30, 2010. Additionally, we own a 20% interest in G&I VI Investment South Florida Portfolio, LLC (“DRA Venture”) which owns one office building and two neighborhood shopping centers totaling approximately 503,000 square feet of GLA. The portfolio owned by the DRA Venture was 69.0% leased as of June 30, 2010. Lastly, we own an 8.1% interest in Madison 2260 Realty, LLC (“Madison Venture”). The Madison Venture owns a retail property which consists of approximately 8,000 square feet of GLA and was 100% leased as of June 30, 2010.

In addition, we have a controlling interest in DIM Vastgoed, N.V. (“DIM”), which was acquired in the first quarter of 2009. Until August 1, 2010, the ordinary shares of DIM were listed on the NYSE Euronext Stock Exchange in Amsterdam. During 2010, we increased our ownership of DIM to approximately 96.1%, following which we requested, and the Euronext approved, the delisting of DIM’s shares. In addition, on July 26, 2010, we filed a writ of summons with the Dutch Enterprise Chamber in Amsterdam initiating statutory squeeze-out proceedings with respect to the minority shares not owned by us. The results of DIM’s operations have been consolidated in our financial statements since January 14, 2009, the acquisition date of our controlling interest. A complete description of our interest in DIM is contained in Note 7 to the condensed consolidated financial statements included in this report.

Outlook and Business Strategy. The current downturn in the economy has continued to affect our business in 2010. Macro-economic challenges have impacted many retailers and continue to impact the retail sales of many regional and local tenants in some of our markets. These challenges have continued to adversely affect many of our tenants, particularly those tenants that sell goods or provide services that tend to be more discretionary in nature. As a result, tenants have requested rent adjustments and abatements, while other tenants have not been able to continue in business at all. We have observed that small shop tenants (those occupying less than 10,000 square feet) have been particularly vulnerable during the current recession as they have faced both declining sales and reduced access to capital. We have responded to these challenges by undertaking intensive leasing efforts, negotiating reductions in certain recoverable expenses from our vendors, and making case-by-case assessments of rent relief based on the financial and operating strength of our tenants. These macro-economic trends have made it more difficult for us to achieve our objectives of growing our business through internal rent increases, re-cycling capital from lower-tiered assets into higher quality properties, and growing our asset management business.

We also are interested in acquisitions where we can expand our asset base, specifically seeking to expand our asset base to coastal constrained markets in California, Boston, Connecticut, and New York as well as our existing markets in Florida. We seek markets with very strong demographic characteristics with barriers to entry.

While we continue to see improvements in the capital and credit markets, the persistence of a consumer-led economic slowdown has negatively affected net operating income. As a result, for the three months ended June 30, 2010, our same property net operating

income declined 0.6% to \$36.4 million as compared to \$36.6 million for the same period in 2009 while rent spreads on a same-space cash basis for new leases declined 6.4% and renewal leases declined 7.6%. For the six months ended June 30, 2010, our same property net operating income declined 2.2% to \$73.7 million as compared to \$75.3 million for the same period in 2009. Additionally, economic occupancy for our core shopping center portfolio decreased to 90.1% as of June 30, 2010 as compared to 90.3% at December 31, 2009.

Notwithstanding the difficult operating environment, the execution of our business strategy during the second quarter of 2010 resulted in:

- the repayment of approximately \$29.7 million in mortgages;
- the acquisition of a 44,888 square foot shopping center located in Plantation, Florida for approximately \$11.7 million;
- the sale of three outparcels in Florida for aggregate sale proceeds of approximately \$2.5 million resulting in gains of \$1.9 million;
- 43 new leases totaling 122,313 square feet at an average rental rate of \$10.42 per square foot as compared to \$11.13 per square foot in 2009, on a same site basis;
- the renewal of 80 leases totaling 168,266 square feet and the extension of 20 leases totaling 247,665 square feet; and
- the execution of a contract to acquire Capital and Counties U.S.A., Inc. (CapCo) through a joint venture with its parent company, Capital Shopping Centres PLC, in a transaction valued at approximately \$600 million;

In addition to the above, for the six months ended June 30, 2010, the execution of our business strategy resulted in:

- the sale of approximately 5.4 million shares of our common stock in an underwritten public offering and concurrent private placement which raised net proceeds of approximately \$98.9 million;
- the acquisition of approximately 2.5 million ordinary shares of DIM through a tender offer and other purchases bringing our ownership to 96.1% as of June 30, 2010;
- the acquisition of two shopping centers located in Florida and Connecticut representing an aggregate of approximately 214,328 square feet of GLA for an aggregate purchase price of \$41.4 million;
- the repayment of approximately \$31.5 million in mortgages; and
- the acquisition of two undeveloped land parcels at an aggregate cash purchase price of \$1.3 million.

Results of Operations

We derive substantially all of our revenues from rents received from tenants under existing leases on each of our properties. These revenues include fixed base rents, recoveries of expenses that we have incurred and that we pass through to the individual tenants and percentage rents that are based on specified percentages of tenants' revenues, in each case as provided in the particular leases.

Our primary cash expenses consist of our property operating expenses, which include: real estate taxes; repairs and maintenance; management expenses; insurance; utilities; general and administrative expenses, which include payroll, office expenses, professional fees, acquisition costs and other administrative expenses; and interest expense, primarily on mortgage debt, unsecured senior debt and revolving credit facilities. In addition, we incur substantial non-cash charges for depreciation and amortization on our properties. We also capitalize certain expenses, such as taxes, interest and salaries related to properties under development or redevelopment until the property is ready for its intended use.

Our consolidated results of operations often are not comparable from period to period due to the impact of property acquisitions, dispositions, developments and redevelopments. The results of operations of any acquired property are included in our financial statements as of the date of its acquisition. A large portion of the changes in our statement of income line items is related to these changes in our property portfolio.

Comparison of the three months ended June 30, 2010 to 2009

The following summarizes certain line items from our unaudited condensed consolidated statements of income which we believe are important in understanding our operations and/or those items which have significantly changed in the three months ended June 30, 2010 as compared to the same period in 2009:

	Three Months Ended		
	June 30,		
	2010	2009	% Change
	(In thousands)		
Total revenue	\$ 71,301	\$ 67,364	5.8%
Property operating expenses	20,242	19,722	2.6%
Rental property depreciation and amortization	16,791	14,872	12.9%
General and administrative expenses	11,741	8,993	30.6%
Investment income	489	1,205	-59.4%
Equity in loss in unconsolidated joint ventures	42	21	100.0%
Interest expense	19,335	18,129	6.7%
Amortization of deferred financing fees	454	322	41.0%
Gain on extinguishment of debt	63	3,544	-98.2%
Income tax benefit of taxable REIT subsidiaries	926	850	8.9%
Income from discontinued operations	1,952	3,913	-50.1%
Net Income	6,229	14,851	-58.1%

Total revenue increased by \$3.9 million, or 5.8%, to \$71.3 million in 2010 from \$67.4 million in 2009. The increase is primarily attributable to the following:

- an increase of approximately \$5.4 million associated with properties acquired in 2009 and 2010; and
- an increase of approximately \$204,000 related to the completion of various development and redevelopment projects; offset by
- a decrease of approximately \$2.1 million in same-property revenue due primarily to lower minimum rent income and decreased small shop occupancy which also has the effect of lowering rental expense recoveries.

Property operating expenses increased by \$520,000, or 2.6%, to \$20.2 million in 2010 from \$19.7 million in 2009. The increase primarily consists of the following:

- an increase of approximately \$1.8 million associated with properties acquired in 2009 and in 2010; offset by
- a decrease of approximately \$1.4 million in property operating costs primarily due to a decrease in bad debt expense and an increase in real estate tax refunds.

Rental property depreciation and amortization increased by \$1.9 million, or 12.9%, to \$16.8 million in 2010 from \$14.9 million in 2009. The increase was primarily related to depreciation on properties acquired in 2009 and in 2010.

General and administrative expenses increased by \$2.7 million, or 30.6%, to \$11.7 million in 2010 from \$9.0 million in 2009. The increase in 2010 was primarily related to the following:

- an increase of approximately \$2.2 million in acquisition costs related to properties acquired during 2010 as well as higher professional fees related to the proposed CapCo transaction and the exploration of other potential acquisitions; and
- an increase of approximately \$700,000 due to: (1) the additional headcount required to manage the DIM properties for which we assumed management responsibilities effective January 1, 2010; (2) the hiring of a VP of Development who will be responsible for our Westbury property in addition to other development and redevelopment projects; and (3) an increase in non-cash share-based compensation expense as we continue to use equity awards to attract and retain key employees; offset by

- a decrease of approximately \$171,000 associated with severance and severance related costs incurred in 2009.

Investment income decreased by \$716,000, or 59.4%, to \$489,000 for 2010 from \$1.2 million in 2009. The decrease was primarily related to the following:

- a decrease of approximately \$1.2 million associated with the disposition of certain debt and equity securities in 2009; offset by
- an increase of approximately \$367,000 related to the gain on sale of equity securities; and
- an increase of approximately \$100,000 in interest related to higher cash balances.

Interest expense increased by \$1.2 million, or 6.7%, to \$19.3 million for 2010 from \$18.1 million in 2009. The increase is primarily attributable to the following:

- an increase of approximately \$4.0 million primarily associated with our \$250.0 million principal amount of 6.25% unsecured senior notes issued in the fourth quarter of 2009; offset by
- a decrease of approximately \$2.1 million of interest expense related to the repayment of certain mortgages in 2009 and 2010;
- a decrease of approximately \$261,000 related to lower balances on our lines of credit; and
- a decrease of approximately \$200,000 associated with higher capitalized interest related to our development projects.

Amortization of deferred financing fees increased by approximately \$132,000 to approximately \$454,000 in 2010 compared to \$322,000 in 2009. The increase is mainly due to the 6.25% senior notes issued in the fourth quarter of 2009.

In the second quarter of 2010, we prepaid approximately \$29.7 million principal amount of our mortgages and recognized a net gain from early extinguishment of debt of approximately \$63,000. In the second quarter of 2009, we repurchased and canceled approximately \$12.9 million principal amount of our senior notes and recognized a net gain from early extinguishment of debt of approximately \$3.5 million.

We recorded a net income tax benefit during the three months ended June 30, 2010 and 2009 of approximately \$926,000 and \$850,000, respectively. At June 30, 2010, DIM accounts for approximately \$735,000 in tax benefits and \$191,000 in tax benefits were recognized by our Taxable REIT Subsidiaries ("TRSs") in respect of their losses.

In the second quarter of 2010, we recognized a net gain of approximately \$2.0 million from discontinued operations mainly due to the sale of two ground lease outparcels and one land outparcel, as compared to approximately \$3.9 million for the same period in 2009.

As a result of the foregoing, net income decreased by \$8.6 million, or 58.1%, to \$6.2 million for the second quarter ended 2010, compared to net income of \$14.9 million in the second quarter of 2009.

Comparison of the six months ended June 30, 2010 to 2009

The following summarizes certain line items from our unaudited condensed consolidated statements of income which we believe are important in understanding our operations and/or those items which have significantly changed in the six months ended June 30, 2010 as compared to the same period in 2009:

	Six Months Ended		
	June 30,		
	2010	2009	% Change
	(In thousands)		
Total revenue	\$ 141,401	\$ 136,282	3.8%
Property operating expenses	40,048	38,603	3.7%
Rental property depreciation and amortization	33,116	30,134	9.9%
General and administrative expenses	21,828	21,248	2.7%
Investment income	648	3,262	-80.1%
Equity in loss in unconsolidated joint ventures	82	28	192.9%
Other income	156	1,085	-85.6%
Interest expense	39,243	37,692	4.1%
Amortization of deferred financing fees	900	766	17.5%
Gain on acquisition of controlling interest in subsidiary	-	26,866	-100.0%
Gain on extinguishment of debt	63	12,235	-99.5%
Income tax benefit of taxable REIT subsidiaries	1,994	1,489	33.9%
Income from discontinued operations	1,979	5,462	-63.8%
Net Income	11,024	58,210	-81.1%

Total revenue increased by \$5.1 million, or 3.8%, to \$141.4 million in 2010 from \$136.3 million in 2009. The increase is primarily attributable to the following:

- an increase of approximately \$9.2 million associated with properties acquired in 2009 and 2010; and
- an increase of approximately \$311,000 related to the completion of various development and redevelopment projects; offset by
- a decrease of approximately \$5.0 million in same-property revenue due primarily to lower percentage rent income, lower small shop occupancy and rental expense recoveries; and
- a decrease of approximately \$200,000 due to lower external leasing services.

Property operating expenses increased by \$1.4 million, or 3.7%, to \$40.0 million in 2010 from \$38.6 million in 2009. The increase primarily consists of the following:

- an increase of approximately \$3.0 million associated with properties acquired in 2009 and 2010; and
- an increase of approximately \$140,000 related to the completion of various development and redevelopment projects; offset by
- a decrease of approximately \$2.1 million in property operating costs primarily due to lower bad debt, common area maintenance costs, and lower real estate tax expense related to tax refunds received in 2010.

Rental property depreciation and amortization increased by \$3.0 million, or 9.9%, to \$33.1 million for 2010 from \$30.1 million in 2009. The increase was primarily related to depreciation on properties acquired in 2009 and 2010.

General and administrative expenses increased by \$580,000, or 2.7%, to \$21.8 million for 2010 from \$21.2 million in 2009. The increase in 2010 was primarily related to the following:

- an increase of approximately \$3.4 million in acquisition costs related to properties acquired during 2010 as well as higher professional fees related to the proposed CapCo transaction and the exploration of other potential acquisitions; and
- an increase of approximately \$900,000 due to: (1) the additional headcount required to manage the DIM properties for which we assumed management responsibilities effective January 1, 2010; (2) the hiring of a VP of Development who will be responsible for our Westbury property in addition to other development and redevelopment projects; and (3) an increase in non-cash share-based compensation expense as we continue to use equity awards to attract and retain key employees; offset by
- a decrease of approximately \$3.5 million related to severance associated with the termination of two senior executives in 2009.

Investment income decreased by \$2.6 million, or 80.1%, to \$648,000 for 2010 from \$3.3 million in 2009. The decrease was primarily related to the following:

- a decrease of approximately \$2.3 million primarily associated with the disposition of certain debt securities in 2009; and
- a decrease of approximately \$934,000 related to dividends from several equity investments held during 2009 and disposed of prior to 2010; offset by
- an increase of approximately \$367,000 associated with the gain on sale of securities; and
- an increase of approximately \$200,000 in interest related to higher cash balances.

Other income decreased approximately \$929,000, or 85.6%, in the 2010 period compared to 2009. The decrease primarily resulted from approximately \$800,000 in income related to insurance proceeds received in 2009 for tornado damage to a property in South Carolina.

Interest expense increased by \$1.6 million, or 4.1%, to \$39.2 million for 2010 from \$37.7 million in 2009. The increase is primarily attributable to the following:

- an increase of approximately \$5.9 million associated with our 6.25% unsecured senior notes issued in the fourth quarter of 2009; offset by
- a decrease of approximately \$3.8 million of interest expense related to the repayment of certain mortgages in 2009 and 2010;
- a decrease of approximately \$374,000 related to higher capitalized interest related to our development projects; and
- a decrease of approximately \$293,000 related to lower balances on our lines of credit.

Amortization of deferred financing fees increased by approximately \$134,000 to approximately \$900,000 in 2010 compared to \$766,000 in 2009. The increase is mainly due to the amortization of the discount associated with the 6.25% senior notes issued in the fourth quarter of 2009.

The gain on acquisition of controlling interest of approximately \$26.9 million recognized in 2009 was generated from our acquisition of a controlling interest in DIM. No comparable amounts are included in the 2010 period.

During the six months ended June 30, 2010, we repaid approximately \$61.2 million principal amount of our mortgages and recognized a net gain from early extinguishment of debt of approximately \$63,000. During the same period in 2009, we repurchased and canceled approximately \$43.4 million principal amount of our senior notes and recognized a net gain from early extinguishment of debt of approximately \$12.2 million.

We recorded a net income tax benefit during the six months ended June 30, 2010 and 2009 of approximately \$2.0 million and \$1.5 million, respectively. At June 30, 2010, DIM accounts for approximately \$1.6 million in tax benefits and \$367,000 in tax benefits are from our TRSs. The increase in tax benefit was primarily attributable to outparcel sales generating a tax provision in the first

quarter of 2009 and higher net operating losses at our TRSs.

For the six months ended June 30, 2010, our discontinued operations resulted in net income of approximately \$2.0 million compared to approximately \$5.5 million in 2009. In the current period, we sold two ground lease outparcels at two of our income producing properties and one land outparcel generating a gain of \$1.9 million and recorded \$81,000 in net operating income related to discontinued operations. During the same period in 2009, we sold five ground lease outparcels generating a net gain of \$4.8 million and recorded \$668,000 in net operating income related to discontinued operations.

As a result of the foregoing, net income decreased by \$47.2 million, or 81.1%, from \$58.2 million in 2009 to \$11.0 million in 2010.

Funds From Operations

We believe Funds from Operations (“FFO”) (when 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 depreciable real property, plus depreciation and amortization, and after adjustments for unconsolidated partnerships and joint ventures”. It 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 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.

The following table illustrates the calculation of FFO for the three and six months ended June 30, 2010 and 2009:

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2010	2009	2010	2009
	(In thousands)		(In thousands)	
Net income attributable to Equity One, Inc.	\$ 6,239	\$ 15,357	\$ 11,671	\$ 59,194
Adjustments:				
Rental property depreciation and amortization, including discontinued operations, net of noncontrolling interest	16,564	13,433	31,661	27,174
Pro rata share of real estate depreciation from unconsolidated joint ventures	298	338	607	699
Funds from operations	\$ 23,101	\$ 29,128	\$ 43,939	\$ 87,067

The following table reflects the reconciliation of FFO per diluted share to earnings per diluted share, the most directly comparable GAAP measure, for the three and six months ended June 30, 2010 and 2009:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2010	2009	2010	2009
Earnings per diluted share attributable to Equity One, Inc.	\$ 0.07	\$ 0.18	\$ 0.13	\$ 0.72
Adjustments:				
Rental property depreciation and amortization, including discontinued operations, net of noncontrolling interest	0.18	0.16	0.35	0.33
Pro rata share of real estate depreciation from unconsolidated joint ventures	-	-	0.01	0.01
Net adjustment for unvested shares and noncontrolling interest	-	-	-	0.01
Funds from operations per diluted share	\$ 0.25	\$ 0.34	\$ 0.49	\$ 1.07

Critical Accounting Policies

Our 2009 Annual Report on Form 10-K contains a description of our critical accounting policies, including initial adoption of accounting policies, revenue recognition and accounts receivable, recognition of gains from the sale of real estate, business acquisitions, real estate acquisitions, real estate properties and development assets, long lived assets, investments in unconsolidated joint ventures, securities, goodwill, share based compensation and incentive awards, income tax, and discontinued operations. For the three month period ended June 30, 2010, there were no material changes to these policies.

Liquidity and Capital Resources

Due to the nature of our business, we typically generate significant amounts of cash from operations; however, the cash generated from operations is primarily paid to our stockholders in the form of dividends. Our status as a REIT requires that we distribute 90% of our REIT taxable income (including net capital gain) each year, as defined in the Code.

Short-term liquidity requirements

Our short-term liquidity requirements consist primarily of normal recurring operating expenses, regular debt service requirements (including debt service relating to additional or replacement debt, as well as scheduled debt maturities), recurring company expenditures, such as general and administrative expenses, non-recurring company expenditures (such as tenant improvements and redevelopments) and dividends to common stockholders. We have satisfied these requirements principally through cash generated from operations or from financing and investing activities.

As of June 30, 2010, we had approximately \$20.2 million of cash and cash equivalents available. At that date, we had two revolving credit facilities providing for borrowings of up to \$287.0 million of which \$202.5 million was available to be drawn.

For the remainder of 2010, we have no debt maturities other than normal recurring principal payment installments. Our available cash and credit facility will be used to fund prospective acquisitions and our normal operating and capital expenses. Additionally, we are actively searching for acquisition and joint venture opportunities that may require additional capital and/or liquidity. We have approximately \$64.6 million in proposed property acquisitions which we expect to close in the third quarter of 2010. As of June 30, 2010, these potential acquisitions were past the due diligence period under the applicable purchase and sale agreements and as such, deposits of \$1.8 million became non-refundable, except as otherwise provided in those contracts. We expect to assume mortgages in the amount of \$29.6 million with respect to these properties and fund the remaining purchase consideration using availability on our line of credit.

Additionally, subsequent to June 30, 2010, we entered into a purchase and sale agreement to acquire a commercial property, for which there was a \$1.3 million non-refundable deposit, except as otherwise provided in the contract. The remaining purchase price of \$19.7 million, which we expect to close in the third quarter of 2010, will be financed using availability on our line of credit. We have also recently announced our intention to acquire CapCo. A complete description of this proposed transaction is contained in Probable Business Combinations below.

Long-term liquidity requirements

Our long-term capital requirements consist primarily of maturities of various long-term debts, development and redevelopment costs and the costs related to growing our business, including acquisitions.

Historically, we have funded these requirements through a combination of sources which were available to us, including additional and replacement secured and unsecured borrowings, proceeds from the issuance of additional debt or equity securities, capital from institutional partners that desire to form joint venture relationships with us and proceeds from property dispositions.

2010 liquidity events

During the first six months of 2010, we raised new capital from the issuance of equity securities. While the proceeds of this offering together with our availability under our lines of credit are sufficient to operate our business for the remainder of 2010, we may need to raise additional capital if we identify acquisition opportunities that meet our investment objectives.

While there is no assurance that we will be able to raise additional capital in the amounts or at the prices we desire, we believe we have positioned our balance sheet in a manner that facilitates our capital raising plans. The following is a summary of our financing and investing activities completed during the year:

- We repaid approximately \$61.2 million in secured mortgage debt prior to maturity;
- We sold three outparcels generating sale proceeds of approximately \$2.5 million and resulting in a gain on sale of approximately \$1.9 million;
- We acquired \$53.1 million in operating properties, which included approximately \$19.8 million in secured debt (37% leveraged in total); and
- In March 2010, we issued and sold approximately 4.8 million shares of our common stock in an underwritten public offering and approximately 600,000 shares of our common stock, in a concurrent private placement to affiliates of our largest stockholder, Gazit-Globe, Ltd., raising aggregate net proceeds of approximately \$98.9 million.

Summary Cash Flows. The following summary discussion of our cash flows is based on the condensed consolidated statements of cash flows and is not meant to be an all-inclusive discussion of the changes in our cash flows for the periods presented below:

	Six Months Ended June 30,		
	2010	2009	Increase (Decrease)
			(In thousands)
Net cash provided by operating activities	\$ 38,652	\$ 43,815	\$ (5,163)
Net cash (used in) provided by investing activities	\$ (55,821)	\$ 85,633	\$ (141,454)
Net cash used in financing activities	\$ (10,631)	\$ (135,028)	\$ 124,397

Our principal source of operating cash flow is cash generated from our rental properties. Our properties provide a relatively consistent stream of rental income that provides us with resources to fund operating expenses, general and administrative expenses, debt service, and quarterly dividends. Net cash provided by operating activities totaled approximately \$38.7 million for the six months ended June 30, 2010 compared to approximately \$43.8 million in the 2009 period. The decrease is attributable to lower interest income and an increase in interest expense associated with increased debt balances, as well as an increase in cash used for operating assets and liabilities, primarily other assets and receivables and accounts payable and accrued expenses.

Net cash used in investing activities was approximately \$55.9 million for the six months ended June 30, 2010 compared with approximately \$85.6 million provided by investing activities during the six months ended June 30, 2009. Investing activities during the current period consisted of the acquisitions of three properties for \$33.3 million, net of debt assumed on one property, additions to income producing properties, land held for development, and construction in progress of \$10.5 million, as well as investments in our consolidated subsidiary, DIM of \$12.6 million. Cash provided by investing for 2009 comprised \$106.8 million of cash inflows associated with security sales offset by cash used for additions to income producing properties and construction in progress \$11.9 million and to purchase additional securities for \$10.9 million.

Net cash used in financing activities totaled approximately \$10.6 million for the six months ended June 30, 2010 compared with approximately \$135.0 million net cash used in financing activities for the same period in 2009. Financing activities during the current period consisted of the proceeds from issuance of common stock of \$100.0 million, offset by cash used to pay dividends in the amount of \$40.7 million and cash used to repay mortgages in the amount of \$68.2 million. Cash used in financing for 2009 consisted of the proceeds from issuance of common stock of \$130.5 million, offset by cash used to pay dividends in the amount of \$49.0 million and cash used to repay mortgages and our senior debt in the amount of \$210.7 million.

Future Contractual Obligations. The following table sets forth certain information regarding future contractual obligations, excluding interest, as of June 30, 2010:

Contractual Obligations	Payments due by period				
	Total	Less than 1 year (1)	1-2 years(2)	3-5 years	More than 5 years
	(In thousands)				
Mortgage notes payable:					
Scheduled amortization	\$ 111,524	\$ 6,397	\$ 25,208	\$ 30,094	\$ 49,825
Balloon payments	391,768	-	110,056	148,048	133,664
Total mortgage obligations	503,292	6,397	135,264	178,142	183,489
Revolving credit facilities	-	-	-	-	-
Unsecured senior notes	691,136	-	10,000	357,505	323,631
Operating leases	1,127	210	311	146	460
Construction commitments	1,181	1,181	-	-	-
Total contractual obligations	<u>\$ 1,196,736</u>	<u>\$ 7,788</u>	<u>\$ 145,575</u>	<u>\$ 535,793</u>	<u>\$ 507,580</u>

- (1) Amounts represent balance of obligation for the remainder of 2010.
(2) Amounts represent obligations for 2011 and 2012.

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 reduction in 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 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.

Off-Balance Sheet Arrangements

Letters of Credit: As of June 30, 2010, we have pledged letters of credit for \$15.6 million as additional security for financial and other obligations. Substantially all of our letters of credit are issued under our revolving credit facilities.

Construction Commitments: As of June 30, 2010, we have entered into construction commitments and have outstanding obligations to fund \$1.2 million, based on current plans and estimates, in order to complete current development and redevelopment projects. These obligations, comprising principally construction contracts, are generally due as the work is performed and are expected to be financed by funds available under our credit facilities and available cash.

Operating Lease Obligations: Certain of our properties are subject to ground leases, which are accounted for as operating leases and have annual obligations of approximately \$71,000. We have operating lease agreements for office space in which we have an annual obligation of approximately \$360,000. Additionally, we have lease agreements for equipment rentals which have annual obligations of \$97,000.

Non-Recourse Debt Guarantees: Under the terms of certain non-recourse mortgage loans, we could, under specific circumstances, be responsible for portions of the mortgage indebtedness in connection with certain customary non-recourse carve-out provisions, such as environmental conditions, misuse of funds, and material misrepresentations. In management's judgment, it would be unlikely for us to incur any material liability under these guarantees that will have a material adverse effect on our financial condition, results of operations, or cash flows.

Non-Refundable Deposits: As of June 30, 2010, we have entered into contracts to purchase \$64.6 million in commercial real estate. These contracts have past the due diligence period and the \$1.8 million in deposits are non-refundable, except as otherwise provided in those contracts.

Other than the obligations described above and items disclosed in the Contractual Obligations Table, we have no off-balance sheet arrangements as of June 30, 2010 that are reasonably likely to have a current or future material effect on our financial condition, revenues or expenses, results of operations, capital expenditures or capital resources.

Probable Business Combination

Contribution Agreement

On May 23, 2010, we entered into a Contribution Agreement with Liberty International Holdings Limited, a private company limited by shares organized under the laws of England and Wales (“LIH”), and Capital Shopping Centres PLC, a public limited company organized under the laws of England and Wales (“CSC”), pursuant to which we will acquire a majority ownership interest in C&C (US) No. 1, Inc., a Delaware corporation (“CapCo”), through a joint venture with LIH. CapCo, which is currently wholly-owned by LIH, owns a portfolio of 15 properties in California totaling 2.6 million square feet, including Serramonte Shopping Center in Daly City, Plaza Escuela in Walnut Creek, The Willows Shopping Center in Concord, 222 Sutter Street in San Francisco, and The Marketplace Shopping Center in Davis. LIH and CSC are subsidiaries of Capital Shopping Centres Group PLC, a United Kingdom real estate investment trust.

Pursuant to the Contribution Agreement and related transaction documents, at the closing LIH will contribute all of the outstanding shares of CapCo’s common stock to the joint venture in exchange for 10.9 million joint venture units, representing an approximate 23% interest in the joint venture, and we will contribute a shared appreciation promissory note to the joint venture in the amount of \$600 million in exchange for an approximate 77% interest in the joint venture. In addition, at the closing, LIH will transfer and assign to us an outstanding promissory note of CapCo in the amount of \$67 million in exchange for 4.1 million shares of our common stock and one share of a newly-established class of our capital stock, Class A Common Stock, that (i) is convertible into 10,000 shares of our common stock in certain circumstances, and (ii) subject to certain limitations, will entitle LIH to voting rights in us determined with reference to the number of joint venture units held by LIH from time to time.

The joint venture units to be received by LIH will be redeemable for cash or, at our option, our common stock on a one-for-one basis. The joint venture will assume approximately \$330 million of mortgage debt, including its proportionate share of debt held by CapCo’s joint ventures, with a weighted average interest rate of 5.7%. We are in the process of reviewing the transaction and have not determined the accounting treatment for this investment.

The transaction is expected to close late in the third quarter or the fourth quarter of 2010 and is subject to customary and other closing conditions.

Equityholders Agreement

In connection with the transactions contemplated by the Contribution Agreement, we entered into an Equityholders Agreement, dated May 23, 2010, among us, CSC, LIH, Gazit-Globe Ltd. (“Gazit”), MGN (USA) Inc., Gazit (1995), Inc., MGN America, LLC, Silver Maple (2001), Inc. and Ficus, Inc. Pursuant to the Equityholders Agreement, we will increase the size of our board of directors by one seat, effective at the time of closing of the transactions contemplated by the Contribution Agreement, and appoint a designee of CSC to the board. Subject to its continuing to hold a minimum number of shares of our common stock (on a fully diluted basis), CSC will subsequently have the right to nominate one candidate for election to our board of directors at each annual meeting of our stockholders at which directors are elected.

In addition, the Equityholders Agreement provides that we, and then Gazit and its affiliates, will have a right of first offer with respect to proposed sales by LIH of any of its joint venture units and that Gazit and its affiliates will have a right of first offer with respect to proposed sales by LIH of any shares of our capital stock. We will also have a right of first refusal with respect to any joint venture units proposed to be sold by LIH to one of our competitors.

Equity

In March 2010, we completed an underwritten public offering and concurrent private placement of approximately 5.4 million shares of our common stock at a price to the public and in the private placement of \$18.40 per share, which raised approximately \$98.9 million in net proceeds. In the concurrent private placement, an aggregate of 600,000 shares were purchased for \$11.0 million by MGN America, LLC and Silver Maple (2001), Inc., affiliates of our largest stockholder, Gazit-Globe, Ltd., which may be deemed to be controlled by Chaim Katzman, the Chairman of our Board of Directors.

During 2010, we reduced the amount of noncontrolling interest in DIM through the acquisition of 1,760,440 DIM ordinary shares through the combination of a cash tender offer and open market purchases. We also issued 536,601 shares of our common stock in exchange for 766,573 DIM ordinary shares, increasing our ownership percentage to approximately 96.1% at June 30, 2010.

Environmental Matters

We are subject to numerous environmental laws and regulations. The operation of dry cleaning facilities or gas stations at our shopping centers is the principal environmental concern. We require that the tenants who operate these facilities do so in material compliance with current laws and regulations and we have established procedures to monitor their operations. Where available, we have applied and been accepted into state sponsored environmental programs. Several properties in our portfolio will require or are currently undergoing varying levels of environmental remediation. We have environmental insurance policies covering most of our properties. We currently have one significant environmental remediation liability on our balance sheet related to our Westbury land acquisition. The capitalized cost associated with this acquisition comprised of the purchase price and a preliminary estimate of the cost of environmental remediation for the site of \$5.9 million, which was based on a range provided by third party environmental consultants. This range varied from \$5.9 million to \$8.4 million on an undiscounted basis, with no amount being more likely than any other at the time the study was performed. Management believes that the ultimate disposition of currently known environmental matters will not have a material effect on our financial position, liquidity or operations.

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, cash on hand and our short-term investments 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 debt maturities, pay our dividends, fund 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. See Part I –Item 1A, Risk Factors in our Annual Report on Form 10-K for the year ended December 31, 2009.

Distributions

We believe that we currently qualify and intend to continue 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 and Economic Condition Considerations

Most of our leases contain provisions designed to partially mitigate any adverse impact of inflation. Although inflation has been low in recent periods and has had a minimal impact on the performance of our shopping centers, there is more recent data suggesting that inflation maybe a greater concern in the future given economic conditions and governmental fiscal policy. 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. A small number of our leases also include clauses enabling us to receive percentage rents based on a tenant's gross sales above predetermined levels, which sales generally increase as prices rise, or escalation clauses which are typically related to increases in the Consumer Price Index or similar inflation indices.

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," "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, including the current recession, competition and the supply of and demand for shopping center properties in our markets;
- risks that tenants will not remain in occupancy or pay rent, or pay reduced rent due to declines in their businesses;
- 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;
- greater than anticipated construction or operating costs;
- inflationary, deflationary and other general economic trends;
- the effects of hurricanes and other natural and man-made disasters;
- 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;
- impairment charges; 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 we have exposure is interest rate risk. Changes in interest rates can affect our net income and cash flows. As changes in market conditions occur and interest rates increase or decrease, interest expense on the variable component of our 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 other operating needs. With respect to our fixed rate mortgage notes and senior unsecured notes, changes in interest rates generally do not affect our interest expense as these notes are at fixed rates for extended terms. Because we have the intent to hold our existing fixed-rate debt either to maturity or until the sale of the associated property, these fixed-rate notes pose an interest rate risk to our results of operations and our working capital position only upon the refinancing of that indebtedness. Our possible risk is from increases in long-term interest rates that may occur as this may increase our cost of refinancing maturing fixed-rate debt. In addition, we may incur prepayment penalties or defeasance costs when prepaying or defeasing secured debt.

As of June 30, 2010, we had no outstanding floating rate debt.

The fair value of our fixed-rate debt is \$1.22 billion as of June 30, 2010, which includes the mortgage notes and fixed-rate portion of the senior unsecured notes payable. If interest rates increase by 1%, the fair value of our total fixed-rate debt would decrease by approximately \$52.3 million. If interest rates decrease by 1%, the fair value of our total outstanding debt would increase by approximately \$55.2 million. This assumes that our total outstanding fixed-rate debt remains at approximately \$1.19 billion, the balance as of June 30, 2010.

Hedging Activities

As of June 30, 2010, we had not entered into any hedging activity.

Other Market Risks

As of June 30, 2010, 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 SEC'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.

As required by Rule 13a-15(b) under the Securities and Exchange Act of 1934, as amended, 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.

Changes in Internal Control over Financial Reporting

There have been no changes in our internal controls over financial reporting during the quarter ended June 30, 2010 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 we nor our properties are subject to any material litigation. We and our properties may be subject to routine litigation and administrative proceedings arising in the ordinary course of business which, collectively, are not expected to have a material adverse affect on our business, financial condition, results of operations, or our cash flows.

ITEM 1A. RISK FACTORS

Our Annual Report on Form 10-K for the year ended December 31, 2009, Part I–Item 1A, Risk Factors, describes important risk factors that could cause our actual operating results to differ materially from those indicated or suggested by forward-looking statements made in this Form 10-Q or presented elsewhere by management from time to time. There have been no material changes in such risk factors.

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

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. (REMOVED AND RESERVED)

ITEM 5. OTHER INFORMATION

Effective August 3, 2010, the Board of Directors of Equity One, Inc. appointed Angela F. Valdes, our Vice-President and Chief Accounting Officer, as our principal accounting officer. Ms. Valdes replaces Mark Langer, our Executive Vice President and Chief Financial Officer, who had previously served as our principal financial officer and principal accounting officer. Mr. Langer will continue to serve as our Executive Vice President and Chief Financial Officer and our principal financial officer. Ms. Valdes has served as our Vice-President and Chief Accounting Officer since April 12, 2010 and oversees all of our accounting functions. Prior to joining Equity One, Ms. Valdes served as the Vice-President and Chief Accounting Officer (principal accounting officer) for TOUSA, Inc., a national homebuilder and real estate company, from 2007 until 2010 and as Corporate Controller of TOUSA, Inc. from 2002 until 2007. Prior to joining TOUSA, Ms. Valdes had over eleven years of experience in public accounting with Ernst & Young LLP.

Other than as described above, there are no arrangements or understandings between Ms. Valdes and any other person pursuant to which she was selected as an officer of Equity One, Inc. Since the beginning of our last fiscal year, we have not engaged in any transactions, and there are no proposed transactions, or series of similar transactions, in which Ms. Valdes had a direct or indirect material interest, other than our compensation arrangements and plans for officers and our other policies and procedures which are generally applicable to officers.

ITEM 6. EXHIBITS

(a) Exhibits:

- 10.1 Contribution Agreement, dated May 23, 2010, by and among Equity One, Inc., Liberty International Holdings Limited and Capital shopping Centres PLC (previously filed as exhibit 10.1 to our Current Report on Form 8-K filed on May 27, 2010, and incorporated by reference herein).
- 10.2 Equityholders Agreement, dated May 23, 2010, by and among Equity One, Inc., Capital Shopping Centres Group PLC, Liberty International Holdings Limited, Gazit-Globe Ltd., MGN (USA) Inc., Gazit (1995), Inc., MGN America, LLC, Silver Maple (2001), Inc. and Ficus, Inc. (previously filed as exhibit 10.2 to our Current Report on Form 8-K filed on May 27, 2010, and incorporated by reference herein).
- 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.
- 32.1 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: August 9, 2010

EQUITY ONE, INC.

/s/ Mark Langer

Mark Langer
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

Date: August 9, 2010

/s/ Angela F. Valdes

Angela F. Valdes
Vice President and Chief Accounting Officer
(Principal Accounting Officer)

INDEX TO EXHIBITS

<u>Exhibits</u>	<u>Description</u>
10.1	Contribution Agreement, dated May 23, 2010, by and among Equity One, Inc., Liberty International Holdings Limited and Capital shopping Centres PLC (previously filed as exhibit 10.1 to our Current Report on Form 8-K filed on May 27, 2010, and incorporated by reference herein).
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EXHIBIT 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER

I, Jeffrey S. Olson, 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 officer 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, or caused such disclosure controls and procedures to be designed under our supervision 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 disclosure controls and procedures and presented in this 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 control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the 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 control 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 control over financial reporting.

Date: August 9, 2010

/s/ Jeffrey S. Olson
Jeffrey S. Olson
Chief Executive Officer
(Principal Executive Officer)

EXHIBIT 31.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER

I, Mark Langer, 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 officer 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, or caused such disclosure controls and procedures to be designed under our supervision 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 disclosure controls and procedures and presented in this 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 control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the 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 control 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 control over financial reporting.

Date: August 9, 2010

/s/ Mark Langer
Mark Langer
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

EXHIBIT 32.1

**CERTIFICATION 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 June 30, 2010 (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.

August 9, 2010

/s/ Jeffrey S. Olson

Jeffrey S. Olson
Chief Executive Officer
(Principal Executive Officer)

August 9, 2010

/s/ Mark Langer

Mark Langer
Executive Vice President and Chief Financial Officer
(Principal 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).
