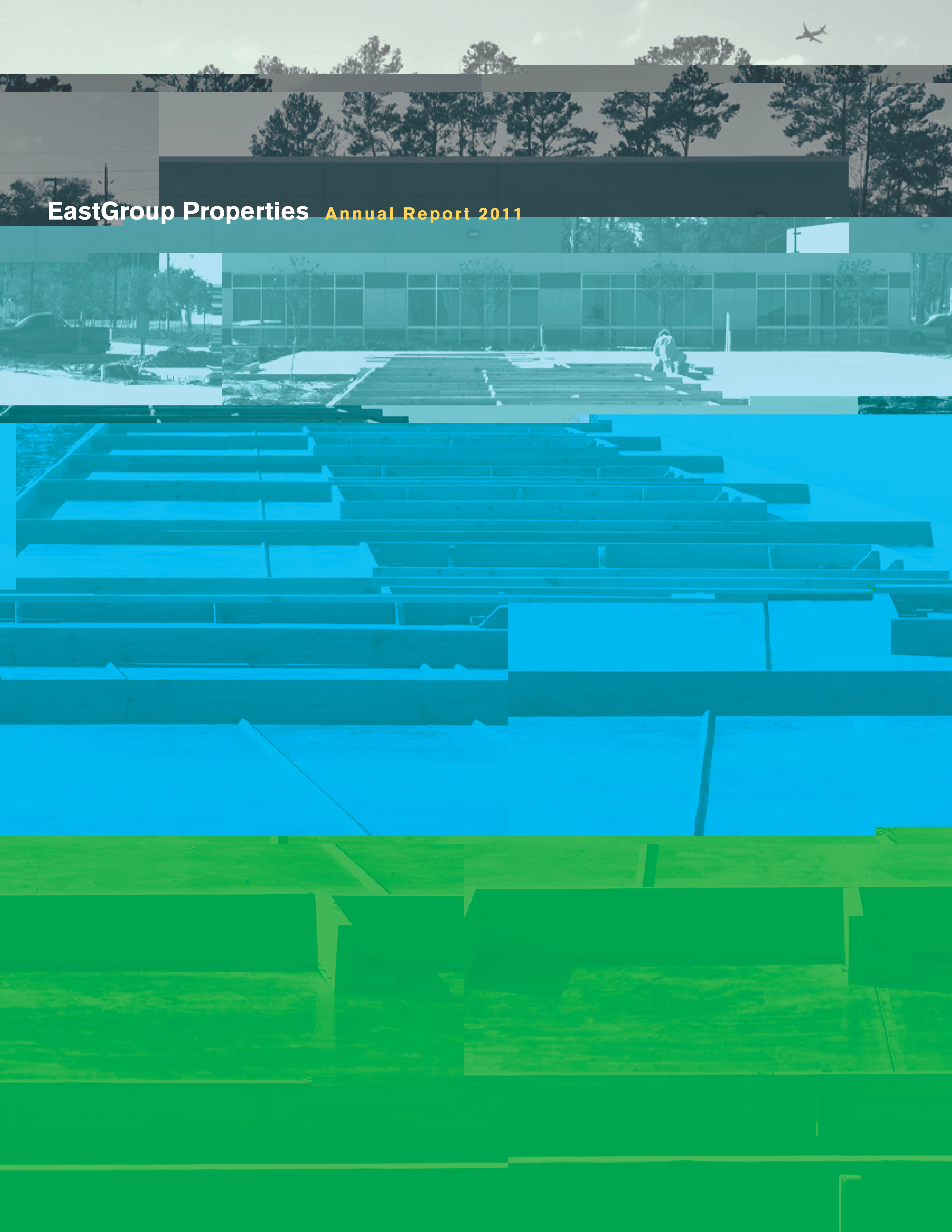
EastGroup Properties Annual Report 2011



2011 Accomplishments

Paid 128th consecutive quarterly cash dividend and the 19th year without a reduction.

2011 Total Return to Shareholders of 8.1%.

Strong and Flexible Balance Sheet at December 31, 2011 with
Debt to Total Market Capitalization of 40.9% and Interest Coverage Ratio of 3.3x for 2011.

Began Development of Eight Properties with 527,000 Square Feet and
Projected Investment of $39.7 Million.

Acquired Operating Properties totaling 1.8 Million Square Feet
and 165 Acres of Development Land for $102 Million.

Funds from Operations of $79.7 Million or $2.96 per Share.

EASTGROUP PROPERTIES

(on the cover) **World Houston International Business Center 31B, Houston, Texas**

World Houston International Business Center 31A, Houston, Texas

"We are back operating on all cylinders with growth in every aspect of our business."


Beltway Crossing Center 9 and 10, Houston, Texas

OFFICERS *(left to right)* **JOHN E. TRAVIS,** Vice President; **ANTHONY A. RUFRANO,** Vice President; **BRUCE CORKERN,** CPA, Senior Vice President, Chief Accounting Officer and Controller; **JANN W. PUCKETT,** Vice President; **MATT COCHRANE,** Vice President; **DAVID H. HOSTER II,** President and Chief Executive Officer; **CHRIS SEGREST,** Vice President; **KEVIN SAGER,** Vice President; **WILLIAM D. PETSAS,** Senior Vice President

EastGroup Profile

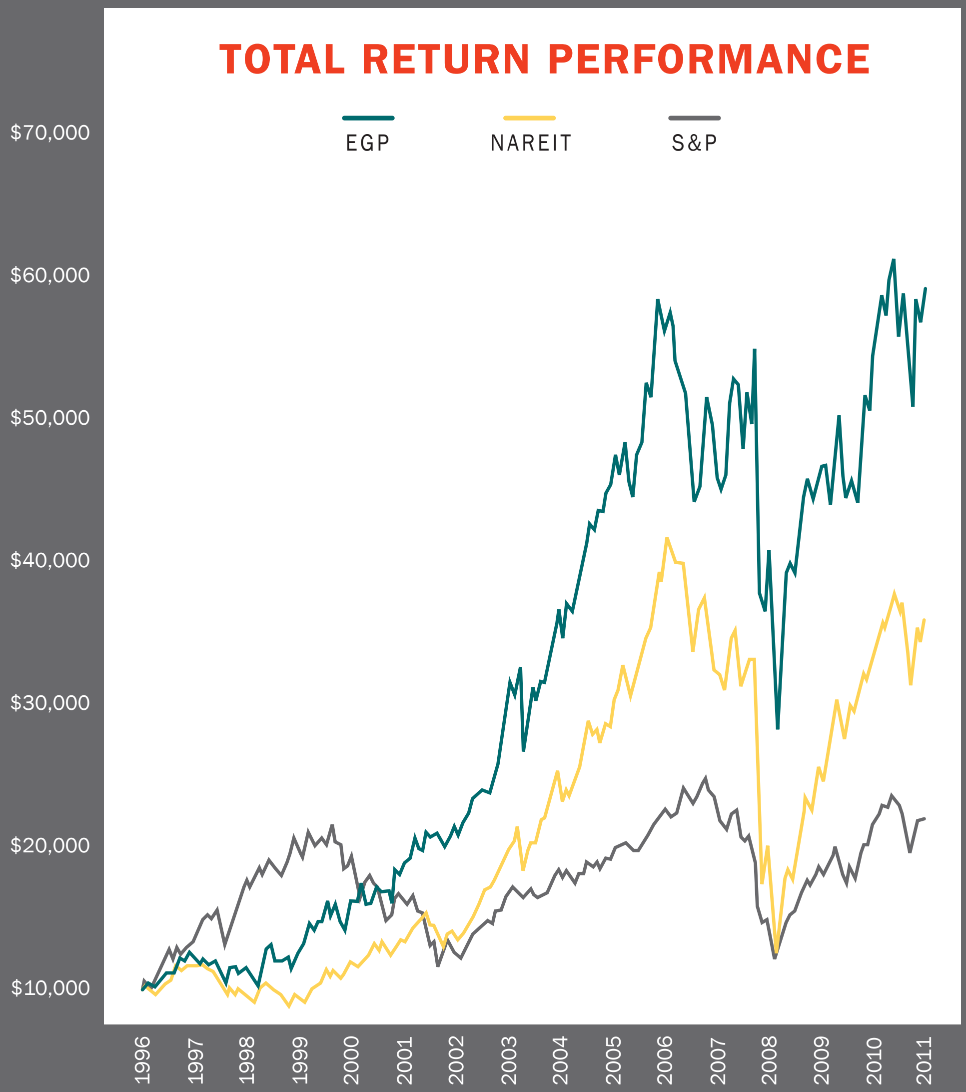
EastGroup Properties, Inc. is a self-administered equity real estate investment trust focused on the development, acquisition and operation of industrial properties in major Sunbelt markets throughout the United States with an emphasis in the states of Florida, Texas, Arizona, California and North Carolina. The Company's strategy for growth is based on its property portfolio orientation toward premier multi-tenant business distribution facilities clustered near major transportation features in supply constrained submarkets. EastGroup's portfolio currently includes 30.6 million square feet.

The Company, which was organized in 1969, is a Maryland corporation and adopted its present name when the current management assumed control in 1983. Four public REITs have been merged into or acquired by EastGroup—Eastover Corporation in 1994, LNH REIT, Inc. and Copley Properties, Inc. in 1996 and Meridian Point Realty Trust VIII in 1998.

EastGroup's common shares are traded on the New York Stock Exchange under the symbol "EGP". The Company's shares are included in the S&P SmallCap 600 Index.

Country Club Commerce Center, Tucson, Arizona

DIRECTORS **D. Pike Aloian:** New York, NY; Director since 1999; Partner, Almanac Realty Investors, LLC **H.C. Bailey, Jr.:** Jackson, MS; Director since 1980; Chairman and President, H.C. Bailey Company (real estate development and investment) **Hayden C. Eaves III:** Kalispell, MT; Director since 2002; Private Real Estate Investor **Fredric H. Gould:** New York, NY; Director since 1998; Chairman of General Partner, Gould Investors, LP; Chairman, One Liberty Properties; Chairman, BRT Realty Trust **David H. Hoster II:** Jackson, MS; President and Director since 1993; Chief Executive Officer since 1997 **Mary E. McCormick:** Columbus, OH; Director since 2005; Senior Advisor, Almanac Realty Investors, LLC **David M. Osnos:** Washington, D.C.; Director since 1993; Of Counsel of the law firm of Arent Fox PLLC **Leland R. Speed:** Jackson, MS; Director since 1978; Chief Executive Officer from 1983 to 1997, Chairman of the Board since 1983 *(left to right)* **MICHAEL P. SACCO III,** Vice President; **BRENT W. WOOD,** Senior Vice President; **FARRAH KENNEDY,** CPA, Vice President; **BRIAN LAIRD,** CPA, Vice President; **N. KEITH MCKEY,** CPA, Executive Vice President, Chief Financial Officer, Secretary and Treasurer; **DAVID HICKS,** Vice President; **STACI H. TYLER,** CPA, Vice President; **BILL GRAY,** CPA, Vice President; **JOHN F. COLEMAN,** Senior Vice President



EastGroup Strategy

Increasing shareholder value through development, acquisitions and internal operations as the premier provider of multi-tenant business distribution space.

Submarket driven investments where location sensitive customers want to be.

Clustering of multi-tenant, business distribution properties on in-fill sites around transportation features.

Diversification in Sunbelt growth markets.

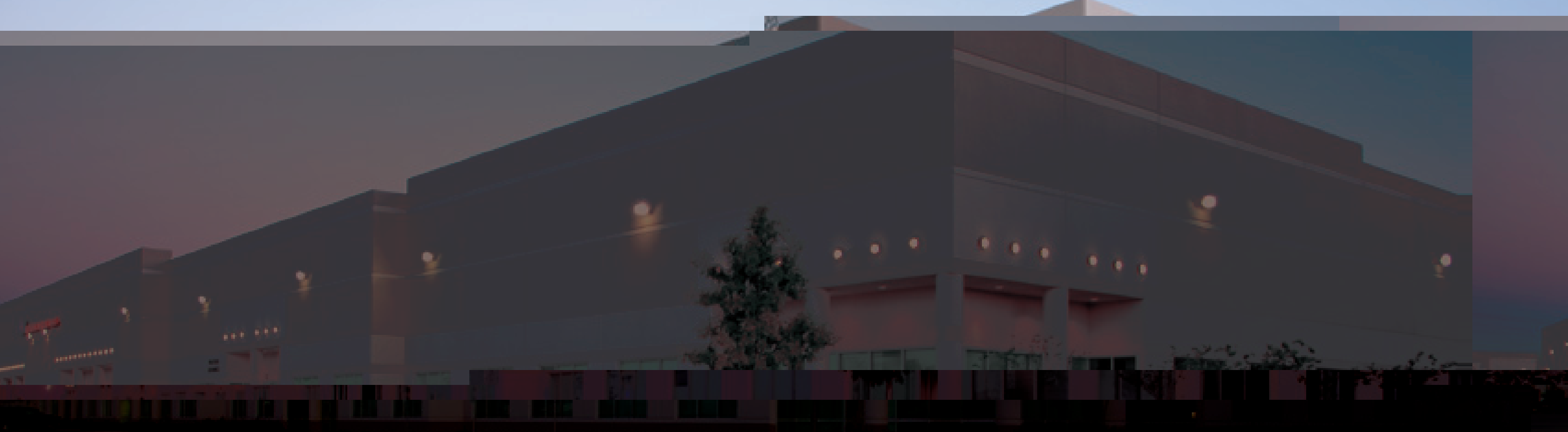
FINANCIAL HIGHLIGHTS

($ in thousands, except per share data)		2011	2010	2009
Operations *(for year ended December 31)*				
Revenues	$	174,631	173,126	172,354
Net income attributable to common stockholders	$	22,359	18,325	26,659
Funds from operations attributable to common stockholders	$	79,724	76,597	80,560
Property Portfolio *(at year-end)*				
Real estate properties, at cost	$	1,665,350	1,523,917	1,470,907
Total assets	$	1,286,516	1,183,276	1,178,518
Total debt	$	832,686	735,718	692,105
Stockholders' equity	$	402,829	408,856	444,519
Square feet of real estate properties		29,874,000	28,085,000	27,161,000
Common Share Data *(for year ended December 31, except as indicated below)*				
Net income attributable to common stockholders per diluted share	$	.83	.68	1.04
Funds from operations attributable to common stockholders per diluted share	$	2.96	2.86	3.14
Dividends per share	$	2.08	2.08	2.08
Shares outstanding *(in thousands at year-end)*		27,658	26,974	26,826
Share price *(at year-end)*	$	43.48	42.32	38.28
Reconciliation of Net Income to FFO *(for year ended December 31)*				
Net income attributable to common stockholders	$	22,359	18,325	26,659
Depreciation and amortization from continuing operations		57,451	58,350	53,953
Depreciation and amortization from discontinued operations		—	—	51
Depreciation from unconsolidated investment		133	132	132
Noncontrolling interest depreciation and amortization		(219)	(210)	(206)
Gain on sales of depreciable real estate investments		—	—	(29)
Funds from operations attributable to common stockholders	$	79,724	76,597	80,560
Diluted shares for earnings per share and funds from operations *(in thousands)*		26,971	26,824	25,690

What is a business distribution building?

EastGroup's property focus is multi-tenant business distribution buildings. This type of industrial building makes up over 76% of our portfolio and represents over 83% of what we have developed internally. Because business distribution buildings are extremely flexible and offer an up-scale quality office/warehouse environment, they appeal to a wide range of users, many of whom operate their entire business in their space. In particular, this product works well for the customer in the 5,000 to 50,000 square foot range which is the part of the market where the largest job growth typically occurs.

We categorize business distribution buildings to include: Building size of 60,000 to 100,000 square feet (typically 80,000 to 90,000 square feet). Ceiling clear height of 20 to 24 feet (typically 24 feet). Multiple store front entries designed for divisibility. Building depth of 200 feet or less (typically 150–175 feet). Office build-out of 10–25% (average 15%). Generally front-park, rear load. Dock high loading doors with a small number of drive-in ramps. Bay sizes 40x40 feet minimum. Parking ratio of approximately two spaces per thousand building square feet.



World Houston International Business Center 27, Houston, Texas

LETTER TO SHAREHOLDERS

The past year was a positive one for EastGroup. We have turned the corner and are back operating on all cylinders with growth in every aspect of our business—funds from operations, occupancy, same property operating results, new development and acquisitions. We are not yet back to our pre-recession levels but believe we will carry the positive momentum generated in 2011 through 2012 and beyond.

Our strategy is simple, straightforward and continues to be cycle proven.

Our total return to shareholders (dividends plus the change in common share price) for 2011 was 8.1% following a 16.7% total return in 2010. Over the longer term, EastGroup's average annual total return to shareholders was 13% for three years, 2% for five years, 14% for ten years and 14% for fifteen years—the best among the industrial REITs.

We develop, acquire and operate multi-tenant business distribution facilities for customers who are location sensitive. Our properties are designed for users primarily in the 5,000 to 50,000 square foot range and are clustered around transportation features in supply constrained submarkets in major Sunbelt metropolitan areas.

Arion Business Park 16, San Antonio, Texas

Results

Funds from Operations (FFO) for 2011 were $79.7 million or $2.96 per share as compared to $76.6 million or $2.86 per share in 2010, an increase of 3.5% per share. These results reverse a two year trend of declines due to the recession, and we believe create a momentum for FFO growth in the future.

The increase in FFO was primarily due to reduced financing costs, improved same property operations, new development and 2011 acquisitions. Portfolio occupancy increased to 93.9% at the end of the year from 89.8% at the end of 2010—a 410 basis point improvement. We expect occupancy to range from 92% to 94% during 2012.

We experienced an 11.3% decrease in rents for leases executed in 2011 with straight lining (average rent over the life of the lease) and a 14.8% decline without it (sometimes referred to as cash rent). We anticipate the decrease in rents to continue in 2012 but not be as severe on average as for 2011.

Please note that EastGroup calculates FFO based on NAREIT's definition which excludes gains on the sales of depreciable real estate. In addition, we differ from most of our industrial REIT peer group in that approximately 99% of our FFO comes from rental income and does not include income from fees, merchant building or one-time joint venture transactions.

EastGroup has a large and diverse customer base which we believe is helping us weather the economic downturn. At year-end, we had over 1,300 customers with an average size of 22,000 square feet and a weighted average lease term of 5.4 years. If you exclude the leases under 2,500 square feet, which are primarily in Tampa, our average customer size is 24,000 square feet. An important EastGroup distinction is that our customers, whether national or local, primarily distribute to the metropolitan area in which their space is located rather than to a much larger region or to the entire country.


World Houston International Business Center 26, Houston, Texas

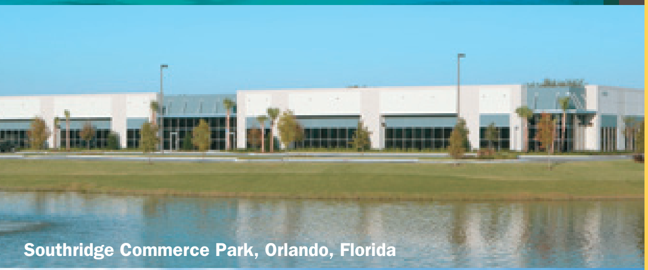
Financial Strength

During 2011, we took advantage of both attractive debt and equity markets to enhance an already strong, flexible and conservative balance sheet.

At December 31, our debt to total market capitalization was 40.9%, and our floating rate bank debt was 7.6% of total capitalization, which was reduced in January 2012 by a mortgage financing. For the year, our interest and fixed charge coverage ratios were both 3.3 times, a slight improvement from 2010. In January 2012, Fitch Ratings reaffirmed our investment grade issuer rating of BBB.

Our four-year $200 million unsecured revolving credit facility with seven banks was scheduled to expire in January 2012. Last September, we exercised our option for a one-year extension to January 2013 on the same terms and conditions. It currently has a floating rate of LIBOR plus 85 basis points. We also have a $25 million working capital line with the same maturity date and a current interest rate of LIBOR plus 165 basis points. At year-end, there were $154.5 million outstanding on these two lines.

John Young Commerce Center, Orlando, Florida



Southridge Commerce Park, Orlando, Florida

Sky Harbor Business Park, Phoenix, Arizona

Our line of credit is primarily used to fund property acquisitions and our development program. As market conditions permit, we historically have employed fixed rate, non-recourse first mortgage debt and/or equity to replace the short-term bank borrowings. For mortgages, we have dealt directly with a number of major insurance company lenders, which keeps loan costs down and also expedites the transaction process.

In May, we closed one of these first mortgage type borrowings. The $65 million, non-recourse mortgage, which is secured by properties containing 1.9 million square feet, has a fixed interest rate of 4.75%, a 10-year term and a 20-year amortization schedule. In January 2012, we completed another first mortgage transaction for $54 million. Collateralized by properties containing 1.4 million square feet, it has a fixed interest rate of 4.09%, a 10-year term and a 20-year amortization schedule. During 2011, we repaid two mortgages totaling $58.9 million. In 2012, we have four mortgages maturing with total balloon payments of $45.4 million.

In December, we closed on a different type of borrowing structure for us—a $50 million unsecured term loan from a bank. The note has a fixed interest rate of 3.91%, a seven-year term and interest only payments. As with all our longer term fixed rate debt, we used the proceeds to reduce variable rate bank borrowings.

Responding to an improved equity market, we initiated a continuous equity sales program in March. This program, which is still in place, generated net proceeds of $25.2 million during 2011 through the issuance and sale of 586,997 common shares at an average price of $43.78 and an underwriting fee of only 1%. Subsequent to year-end, we issued and sold another 213,390 shares at an average price of $46.86 per share generating net proceeds of $9.9 million. These equity offerings represent an accretive funding for a portion of our recent property acquisitions and new developments. Subject to market conditions, we expect to issue another $58-60 million of equity through this program during 2012.

Southridge

Development

EastGroup's development program has a long and successful record of creating and accumulating value for our shareholders over the past 15 years. We have added 9.6 million square feet of quality, state-of-the-art assets with a total investment of $632 million to our portfolio. As a result, we have built approximately one-third of our current portfolio through our development efforts. In addition, we believe EastGroup is well positioned to take advantage of development opportunities in the future. We have the land, already permitted buildings, available capital and a proven development team.

EastGroup is an "infill" site developer. Although we have done a number of build-to-suit and partially pre-leased developments, we historically have been comfortable initiating speculative development in submarkets where we have experience and an existing successful presence. These development submarkets are supply constrained due to limited land for new industrial development or have cost or zoning barriers to entry. In addition, the vast majority of our new developments are subsequent phases of existing multi-building industrial parks.

We initially did not project any development starts during 2011, but improving industrial property fundamentals in several of our stronger markets caused us to change our plans. At the end of the first quarter, we began the development in Houston of World Houston 32 (96,000 square feet) which was 100% preleased and Beltway Crossing 8 (88,000 square feet) that had no preleasing but which became 100% leased to a single user as it was being completed in September.

In the third quarter, we initiated construction in Orlando of Southridge IX (76,000 square feet) which is now 73% leased and Thousand Oaks 1 & 2 (109,000 square feet) in San Antonio. In December, we began Beltway Crossing 9 & 10 (123,000 square feet) and World Houston 31B (35,000 square feet). As a result, our development starts for the year total eight buildings with 527,000 square feet and a projected combined investment of $39.7 million.

Because of the leasing success of Southridge IX, we began construction of Southridge XI (88,000 square feet) in January 2012. We continue to work on both potential build-to-suit and prelease opportunities and are always evaluating the prospects for speculative development in our stronger submarkets.

As part of our development planning for the future, we made two strategic land acquisitions during the year. In May, we purchased 31.5 acres in Chandler (Phoenix) for $3.2 million which will accommodate approximately 400,000 square feet of new development. In September, we acquired 133 acres for the expansion of our successful World Houston International Business Center for $10.1 million. This land, which is adjacent to World Houston, will allow us to add approximately 1.4 million square feet of state-of-the-art industrial space to our existing 2.5 million square feet there.

Southridge Commerce Park, Orlando, Florida

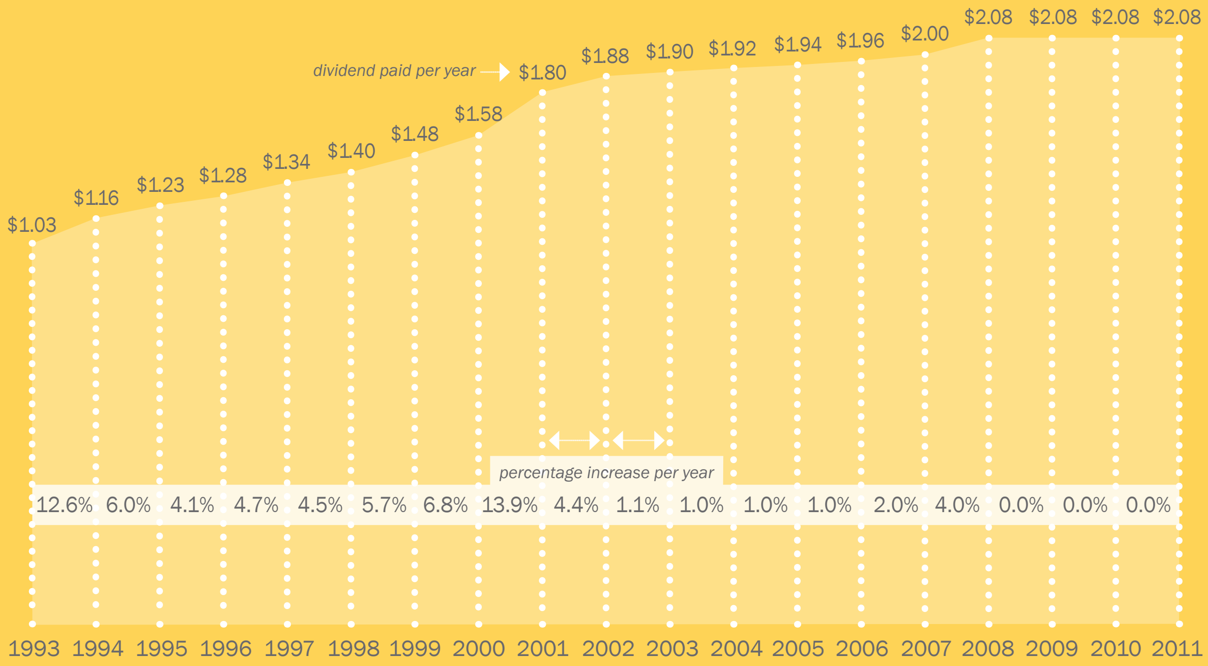
09.12.2011

10.12.2011

11.12.2011

Sky Harbor Business Park, Phoenix, Arizona

DIVIDEND GROWTH



Dividends

EastGroup paid its 128th consecutive quarterly cash common stock dividend in December. The 2011 total dividend of $2.08 per share represented the third year in a row that we maintained our existing cash payment to shareholders after having had 16 years of annual dividend growth. Reflecting improving operating results, our 2011 FFO dividend payout ratio decreased to 70% from 73% in 2010.

Our goal, of course, is to return to our tradition of annual dividend increases as we continue to achieve increased FFO. We hope this occurs in 2012. As we have stated for many years, we believe it is important that EastGroup's dividend continues to be 100% covered by property net operating income and not include any FFO from fees or property transactions.

Arion Business Park 17, San Antonio, Texas

General

With our new development and acquisitions in 2011, EastGroup's portfolio now contains over 30 million square feet of industrial properties. In addition, our enterprise value now exceeds $2 billion with a common equity market capitalization of over $1.3 billion.

In July, we opened an asset management office in Dallas and plan to add a property manager during 2012. We believe that, by having an experienced team in Dallas, we will be better able to grow our position in that market.

The Future

In the past year, the real estate business has become a lot more fun than it has been for the previous several years. Industrial market fundamentals are on the upswing, and EastGroup is finding opportunities to take advantage of them. Internal operations have shown steady improvement, we have acquired attractive new assets in our core markets and our development program is again becoming a major contributor to growth in earnings.

Our conservative, strong and flexible balance sheet and our experienced and cycle proven management team should allow us to continue our positive momentum through 2012 and into the foreseeable future.

Our strategy is simple and straightforward and it works.
Thank you for your confidence in EastGroup.

David H. Hoster II | President and CEO
FEBRUARY 29, 2012

Wetmore Business Center, San Antonio, Texas

"Our strategy is simple, straightforward and continues to be cycle proven."

EastGroup Properties

Property	Location	Size		Percentage Leased 2/29/2012	Year Acquired	Cost Before Depreciation 12/31/2011
Florida						
TAMPA						
56th Street Commerce Park (7)	Tampa, FL	181,000 SF		93%	1993/97	$ 7,881,000
JetPort Commerce Park (11)	Tampa, FL	284,000 SF		93%	93/94/95/99	11,870,000
Westport Commerce Center (3)	Tampa, FL	140,000 SF		95%	1994	7,130,000
Benjamin Distribution Center (3)	Tampa, FL	123,000 SF		100%	1998/99	8,327,000
Palm River Center (2)	Tampa, FL	144,000 SF		100%	1998	7,451,000
Palm River North (3)	Tampa, FL	212,000 SF		94%	2000/01	13,218,000
Palm River South (2)	Tampa, FL	160,000 SF		100%	2005/06	9,302,000
Walden Distribution Center (2)	Tampa, FL	212,000 SF		100%	1999/02	9,223,000
Oak Creek Distribution Center (9)	Tampa, FL	831,000 SF		95%	1999-2010	44,893,000
Airport Commerce Center (2)	Tampa, FL	108,000 SF		94%	1999	6,086,000
Westlake Distribution Center (2)	Tampa, FL	140,000 SF		100%	2000/01	9,645,000
Expressway Commerce Center (3)	Tampa, FL	176,000 SF		95%	2003/04	11,811,000
Silo Bend Distribution Center (5)	Tampa, FL	706,000 SF		99%	2011	31,629,000
Tampa East Distribution Center (2)	Tampa, FL	163,000 SF		100%	2011	6,816,000
Tampa West Distribution Center (7)	Tampa, FL	267,000 SF		94%	2011	11,948,000
Madison Distribution Center (Acq. 1/12)	Tampa, FL	72,000 SF	3,919,000	59%	2012	3,475,000
ORLANDO						
Chancellor Center	Orlando, FL	51,000 SF		100%	1998	2,173,000
Exchange Distribution Center (3)	Orlando, FL	201,000 SF		93%	1994/02	7,676,000
Sunbelt Distribution Center (6)	Orlando, FL	301,000 SF		84%	1989/99	12,332,000
John Young Commerce Center (2)	Orlando, FL	98,000 SF		100%	1999/00	7,912,000
Altamonte Commerce Center (8)	Orlando, FL	186,000 SF		93%	1999/03	10,436,000
Sunport Center (6)	Orlando, FL	372,000 SF		92%	2001-06	25,956,000
Southridge Commerce Park (9)	Orlando, FL	970,000 SF	2,179,000	100%	2006-09	62,413,000
JACKSONVILLE						
Deerwood Distribution Center	Jacksonville, FL	126,000 SF		100%	1989/93	4,425,000
Phillips Distribution Center (3)	Jacksonville, FL	161,000 SF		95%	1994/95	8,061,000
Lake Pointe Business Park (9)	Jacksonville, FL	375,000 SF		93%	1994	15,980,000
Ellis Distribution Center (2)	Jacksonville, FL	339,000 SF		100%	1997	8,978,000
Westside Distribution Center (5)	Jacksonville, FL	687,000 SF		90%	1997/2009	22,944,000
Beach Commerce Center	Jacksonville, FL	46,000 SF		100%	2001	2,978,000
Interstate Distribution Center (2)	Jacksonville, FL	181,000 SF	1,915,000	100%	2005	8,492,000
FORT LAUDERDALE/PALM BEACH AREA						
Linpro Commerce Center (3)	Fort Lauderdale, FL	99,000 SF		89%	1996	4,354,000
Cypress Creek Business Park (2)	Fort Lauderdale, FL	56,000 SF		93%	1997	3,965,000
Lockhart Distribution Center (3)	Fort Lauderdale, FL	118,000 SF		100%	1997	5,759,000
Interstate Commerce Center	Fort Lauderdale, FL	85,000 SF		88%	1998	3,785,000
Executive Airport Distribution Center (3)	Fort Lauderdale, FL	140,000 SF		92%	2004/06	11,804,000
Sample 95 Business Park (4)	Pompano Beach, FL	209,000 SF		94%	1996/00	13,345,000
Blue Heron Distribution Center (5)	West Palm Beach, FL	230,000 SF	937,000	100%	1999/04/10	15,757,000
FORT MYERS						
SunCoast Commerce Center (3)	Fort Myers, FL	218,000 SF	218,000	95%	2007/08/09	19,305,000
		9,168,000 SF	9,168,000			479,535,000
California						
SAN FRANCISCO AREA						
Wiegman Distribution Center (4)	Hayward, CA	262,000 SF		100%	1996	12,632,000
Huntwood Distribution Center (7)	Hayward, CA	515,000 SF		96%	1996	21,029,000
San Clemente Distribution Center	Hayward, CA	81,000 SF		100%	1997	3,742,000
Yosemite Distribution Center (2)	Milpitas, CA	102,000 SF	960,000	100%	1999	8,310,000
LOS ANGELES AREA						
Kingsview Industrial Center	Carson, CA	83,000 SF		100%	1996	3,634,000
Dominguez Distribution Center	Carson, CA	262,000 SF		100%	1996	11,201,000
Main Street Distribution Center	Carson, CA	106,000 SF		69%	2000	6,346,000
Walnut Business Center (2)	Fullerton, CA	241,000 SF		91%	1996	9,053,000
Washington Distribution Center	Santa Fe Springs, CA	141,000 SF		100%	1997	7,108,000
Chino Distribution Center	Chino, CA	300,000 SF		100%	1998	14,233,000
Industry Distribution Center (3)*	City of Industry, CA	909,000 SF		100%	1998/04/07	36,251,000
Chestnut Business Center	City of Industry, CA	75,000 SF		83%	2000	5,303,000
LA Corporate Center	Monterey Park, CA	77,000 SF	2,194,000	89%	1996	9,443,000

(cont'd)

* EGP owns 50% of IDC II. ** EGP owns 80% of this property. ( ) Represents number of buildings.

Property	Location	Size		Percentage Leased 2/29/2012	Year Acquired	Cost Before Depreciation 12/31/2011
California *(cont'd)*						
SANTA BARBARA						
University Business Center (4)**	Santa Barbara, CA	230,000 SF		95%	1996	31,843,000
Castilian Research Center **	Santa Barbara, CA	37,000 SF	267,000	99%	2007	8,968,000
FRESNO						
Shaw Commerce Center (5)	Fresno, CA	398,000 SF	398,000	94%	1998	18,003,000
SAN DIEGO						
Eastlake Distribution Center	San Diego, CA	191,000 SF		67%	1997	11,434,000
Ocean View Corporate Center (3)	San Diego, CA	274,000 SF	465,000	82%	2010	13,812,000
		4,284,000 SF	4,284,000			232,345,000
Texas						
DALLAS						
Interstate Warehouses (7)	Dallas, TX	597,000 SF		94%	1988-09	21,510,000
Venture Warehouses (2)	Dallas, TX	209,000 SF		100%	1988	7,163,000
Stemmons Circle (3)	Dallas, TX	99,000 SF		77%	1998	2,898,000
Ambassador Row Warehouses (3)	Dallas, TX	317,000 SF		71%	1998	7,607,000
North Stemmons (2)	Dallas, TX	86,000 SF		70%	2002/07	3,565,000
Shady Trail Distribution Center	Dallas, TX	118,000 SF	1,426,000	100%	2003	4,934,000
HOUSTON						
Northwest Point Business Park (4)	Houston, TX	232,000 SF		100%	1994	10,457,000
Lockwood Distribution Center (3)	Houston, TX	392,000 SF		100%	1997	8,176,000
West Loop Distribution Center (2)	Houston, TX	161,000 SF		94%	1997/00	7,349,000
World Houston International Business Ctr. (31) (World Houston 32 trsfd. 1/12)	Houston, TX	2,405,000 SF		97%	1998-12	139,467,000
America Plaza	Houston, TX	121,000 SF		100%	1998	6,151,000
Central Green Distribution Center	Houston, TX	84,000 SF		100%	1999	4,719,000
Glenmont Business Park (2)	Houston, TX	212,000 SF		100%	2000/01	9,572,000
Techway Southwest (4)	Houston, TX	415,000 SF		87%	2002-09	23,739,000
Beltway Crossing Center (8) (Beltway 8 trsfd. 1/12)	Houston, TX	743,000 SF		100%	2002-11	41,381,000
Kirby Business Center	Houston, TX	125,000 SF		100%	2004	4,016,000
Clay Campbell Distribution Center (2)	Houston, TX	118,000 SF	5,008,000	100%	2005	4,110,000
EL PASO						
Butterfield Trail (8)	El Paso, TX	687,000 SF		94%	1997/00	26,728,000
Rojas Commerce Park (3)	El Paso, TX	172,000 SF		94%	1999	7,045,000
Americas Ten Business Center	El Paso, TX	98,000 SF	957,000	100%	2003	4,411,000
SAN ANTONIO						
Alamo Downs Distribution Center (2)	San Antonio, TX	253,000 SF		80%	2004	8,602,000
Arion Business Park (18)	San Antonio, TX	734,000 SF		100%	2005-11	55,072,000
Wetmore Business Center (8)	San Antonio, TX	480,000 SF		97%	2005/09	34,589,000
Fairgrounds Business Park (4)	San Antonio, TX	231,000 SF		100%	2007	11,271,000
Rittiman Distribution Center (2)	San Antonio, TX	172,000 SF	1,870,000	89%	2011	7,732,000
		9,261,000 SF	9,261,000			462,264,000
Arizona						
PHOENIX AREA						
Broadway Industrial Park (7)	Tempe, AZ	340,000 SF		92%	1996-02/11	17,409,000
Kyrene Distribution Center (2)	Tempe, AZ	130,000 SF		65%	1999/02	7,194,000
Southpark Distribution Center	Chandler, AZ	70,000 SF		100%	2001	4,241,000
Santan 10 Distribution Center (2)	Chandler, AZ	150,000 SF		100%	2005/07	9,917,000
Metro Business Park (5)	Phoenix, AZ	189,000 SF		93%	1996	14,906,000
35th Avenue Distribution Center (2)	Phoenix, AZ	124,000 SF		100%	1997	3,204,000
Estrella Distribution Center	Phoenix, AZ	174,000 SF		74%	1998	7,090,000
51st Avenue Distribution Center	Phoenix, AZ	79,000 SF		100%	1998	3,114,000
East University Distribution Center (3)	Phoenix, AZ	177,000 SF		79%	1998/10	7,553,000
55th Avenue Distribution Center	Phoenix, AZ	131,000 SF		100%	1998	5,358,000
Interstate Commons Distribution Center (4)	Phoenix, AZ	233,000 SF		89%	1999/01/08	11,500,000
Airport Commons Distribution Center	Phoenix, AZ	63,000 SF		92%	2003	3,301,000
40th Avenue	Phoenix, AZ	90,000 SF		100%	2009	6,730,000
Sky Harbor Business Park (5)	Phoenix, AZ	264,000 SF	2,214,000	90%	2009	26,459,000
TUCSON						
Country Club Commerce Center (4)	Tucson, AZ	336,000 SF		85%	1997-10	22,487,000
Airport Distribution Center	Tucson, AZ	163,000 SF		100%	1998	7,309,000
Southpointe Distribution Center	Tucson, AZ	207,000 SF		100%	1999	6,932,000
Benan Distribution Center	Tucson, AZ	44,000 SF	750,000	100%	2005	3,151,000
		2,964,000 SF	2,964,000			167,855,000

Property	Location	Size		Percentage Leased 2/29/2012	Year Acquired	Cost Before Depreciation 12/31/2011
North Carolina						
CHARLOTTE AREA						
NorthPark Business Park (4)	Charlotte, NC	322,000 SF		89%	2006	20,899,000
Lindbergh Business Park (2)	Charlotte, NC	77,000 SF		84%	2007	4,132,000
Commerce Park Center (3)	Charlotte, NC	297,000 SF		95%	2007/10	10,744,000
Nations Ford Business Park (4)	Charlotte, NC	456,000 SF		91%	2007	21,618,000
Airport Commerce Center (2)	Charlotte, NC	192,000 SF		95%	2008	12,359,000
Interchange Park	Charlotte, NC	150,000 SF		100%	2008	9,208,000
Ridge Creek Distribution Center (2)	Charlotte, NC	560,000 SF		100%	2008/11	29,360,000
Lakeview Business Center	Charlotte, NC	127,000 SF		100%	2011	6,499,000
Waterford Distribution Center	Rock Hill, SC	67,000 SF		0%	2008	4,091,000
		2,248,000 SF	2,248,000			118,910,000
Louisiana						
NEW ORLEANS						
Elmwood Business Park (5)	New Orleans, LA	263,000 SF		96%	1997	12,574,000
Riverbend Business Park (3)	New Orleans, LA	592,000 SF		79%	1997	23,477,000
		855,000 SF	855,000			36,051,000
Colorado						
DENVER						
Rampart Distribution Center (4)	Denver, CO	274,000 SF		98%	89/98/00	16,729,000
Concord Distribution Center	Denver, CO	78,000 SF		100%	2007	6,236,000
Centennial Park	Denver, CO	68,000 SF		100%	2008	5,766,000
		420,000 SF	420,000			28,731,000
Nevada						
LAS VEGAS						
Arville Distribution Center	Las Vegas, NV	142,000 SF	142,000	100%	2009	10,224,000
Mississippi						
JACKSON AREA						
Interchange Business Park (3)	Jackson, MS	127,000 SF		87%	1997	7,522,000
Tower Automotive	Madison, MS	210,000 SF		100%	2002	11,148,000
Metro Airport Commerce Center	Jackson, MS	32,000 SF		100%	2003	2,738,000
		369,000 SF	369,000			21,408,000
Tennessee						
MEMPHIS						
Memphis I	Memphis, TN	92,000 SF	92,000	100%	1998	3,017,000
Oklahoma						
OKLAHOMA CITY						
Northpoint Commerce Center	Oklahoma City, OK	58,000 SF	58,000	95%	1998	4,678,000
TULSA						
Braniff Park West (2)	Tulsa, OK	259,000 SF	259,000	91%	1996	9,132,000
		317,000 SF	317,000			13,810,000
Total		**30,120,000 SF**				**$ 1,574,150,000**

"EastGroup's development program has a long and successful record of creating value for our shareholders over the past 15 years."

Shareholder Information

Corporate Headquarters

190 East Capitol Street
Suite 400
Jackson, MS 39201
601-354-3555
601-352-1441 fax
www.eastgroup.net

Regional Offices

2966 Commerce Park Drive
Suite 450
Orlando, FL 32819
407-251-7075
407-854-7167 fax

4220 World Houston Parkway
Suite 170
Houston, TX 77032
281-987-7200
281-987-7207 fax

2200 East Camelback Road
Suite 210
Phoenix, AZ 85016
602-840-8600
602-840-8602 fax

Registrar and Transfer Agent

Shareholders with questions concerning stock certificates, account information, dividend payments or stock transfers should contact EastGroup's transfer agent:
Wells Fargo Bank, N.A.
Post Office Box 64854
St. Paul, MN 55164-0874
800-468-9716 or 651-450-4064
651-450-4078 fax
www.wellsfargo.com/com/shareowner_services

Dividend Reinvestment Plan

EastGroup Properties Dividend Reinvestment Plan is a simple and convenient way to buy shares of EastGroup Properties common stock by reinvesting dividends without a brokerage commission. If you hold common stock shares registered in your name, questions pertaining to the Plan should be directed to the Transfer Agent. If your common stock shares are not registered in your name but held in your brokerage account, contact your brokerage firm or other nominee for more information.

Auditors

KPMG LLP
1100 One Jackson Place
188 East Capitol Street
Jackson, MS 39201

Legal Counsel

Jaeckle Fleischmann & Mugel, LLP
Avant Building, Suite 900
200 Delaware Avenue
Buffalo, NY 14202

Stock Market Information

EGP LISTED NYSE

New York Stock Exchange (NYSE)
Ticker Symbol: EGP

Member

National Association of Real Estate
Investment Trusts

A copy of the annual report filed with the Securities and Exchange Commission on Form 10-K is available without charge upon written request to the Company's Secretary, Post Office Box 22728, Jackson, MS 39225-2728 or on the internet at www.eastgroup.net.

Certain statements in this report are forward-looking and as such are based upon the Company's current belief as to the outcome and timing of future events. There can be no assurance that future developments affecting the Company will be those anticipated by the Company. These forward-looking statements involve risks and uncertainties (some of which are beyond the control of the Company) and are subject to change based upon various factors, including the risks and uncertainties detailed from time to time in the Company's SEC filings. Should one or more of these risks or uncertainties occur, or should underlying assumptions prove incorrect, the Company's results could differ materially from those expressed in the forward-looking statements.

Beltway Crossing Center 8, Houston, Texas www.eastgroup.net