

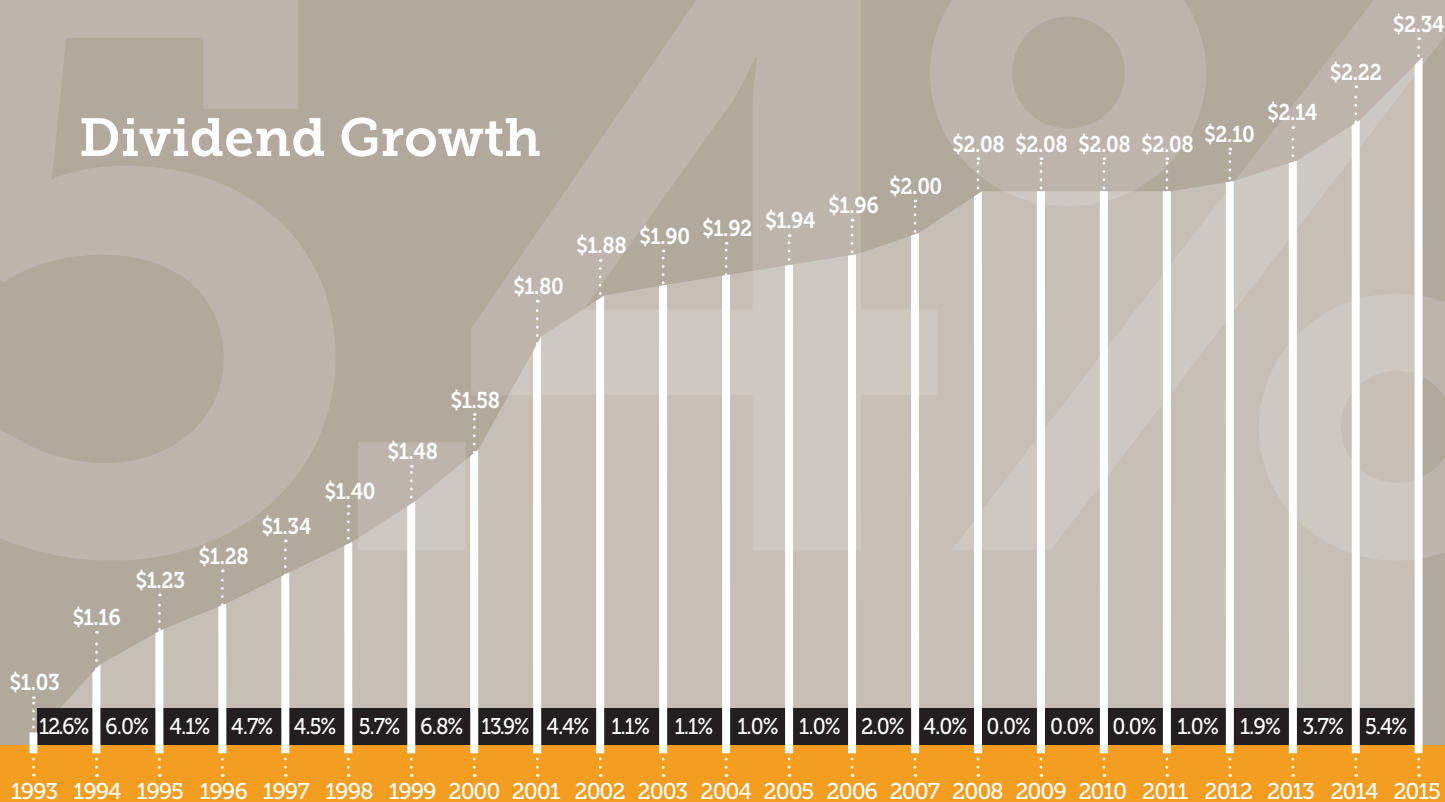
EASTGROUP PROPERTIES

annual report

2015



Dividend Growth





(left) Marshall Loeb, Chief Executive Officer
(right) David H. Hoster II, Chairman of the Board

LETTER TO SHAREHOLDERS

It is with a great deal of enthusiasm, excitement and humility that I write this letter. The personal turn of events in 2015 made me feel a bit like a Disney movie character. I realize and appreciate the opportunity to return home to EastGroup as Chief Executive Officer after beginning my real estate career 25 years ago as a summer intern.

I further acknowledge the strong industry position and great history the Company has. The final “cherry on top” is the culture here and the team I work with including keeping David Hoster, our retiring Chief Executive Officer, around to chair our Board and our Investment Committee and Leland Speed, our retiring Chair, as Chairman Emeritus.

As we have stated many times, our strategy is simple, straightforward and it works. 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 major transportation features in supply constrained submarkets in the traditionally high growth major Sunbelt metropolitan areas.

We have been asked how we will change as a result of our management transition. EastGroup’s operating and conservative balance sheet strategies have served the Company well over a long period of time through up and down economic cycles. Given these time tested proven results, we have no plans to change our strategy. That said, we do plan to constantly evolve and improve as the industrial markets allow.

This continues to be a great time to be an investor in industrial real estate in the Sunbelt. Property fundamentals are good in our markets, and we see no reason this should change in the near term.

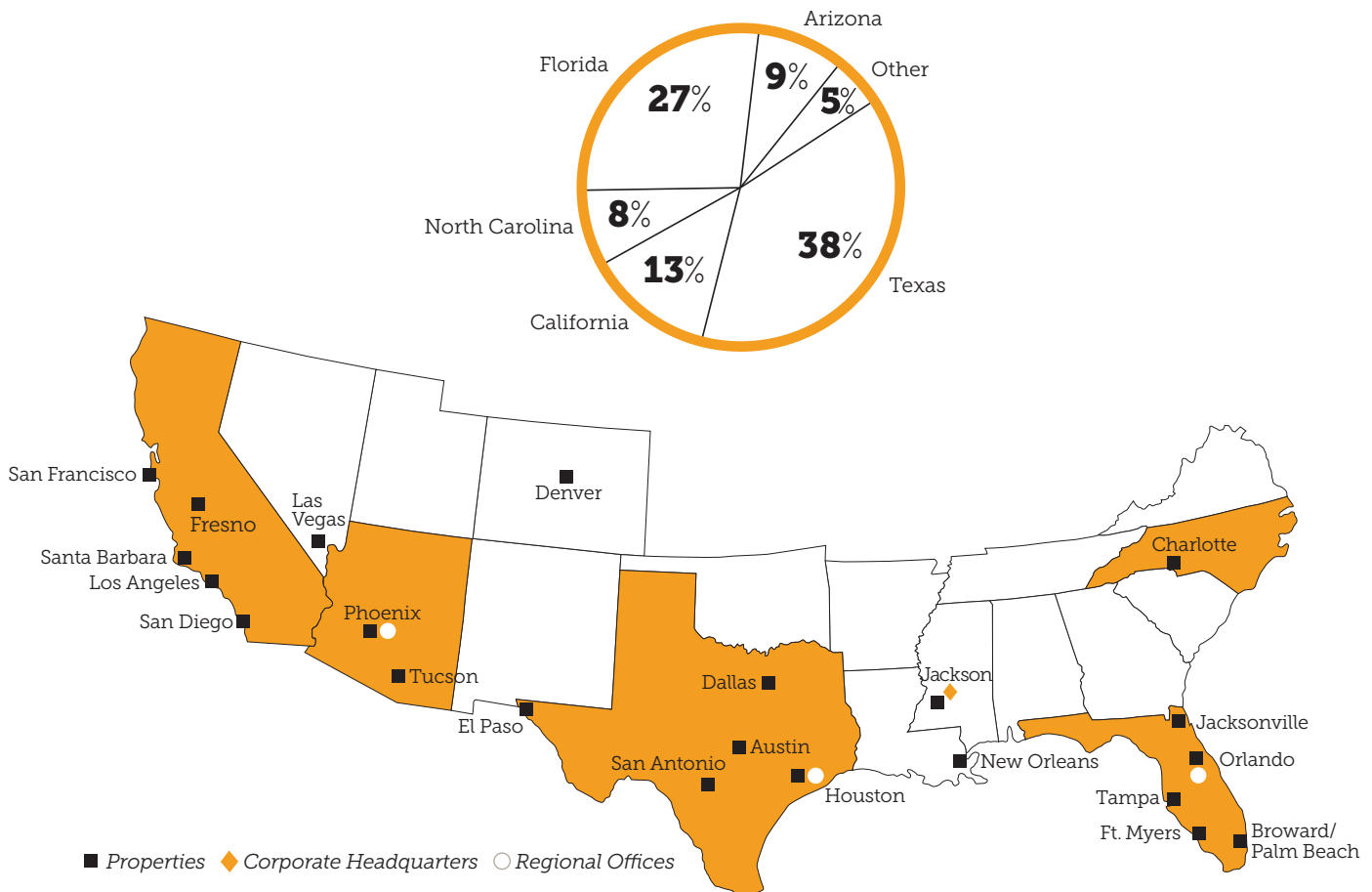
In 2015, we grew all aspects of our business – funds from operations, same property operating results, new development, and acquisitions. This was again achieved while maintaining a strong balance sheet.

This past year was a bit of a Tale of Two Cities as we were disappointed with our stock performance while our operating performance was as strong as it has ever been. We achieved a record high FFO per share and paid out a record annual recurring dividend. That said, our total return to shareholders was negative 8.5%. We believe this resulted from market concerns over a number of factors, including our holdings in Houston and the economic impact of the downturn in the oil industry. Towards that end, we’ve been renewing our Houston tenancy as early as they are willing, reducing our development pipeline there and have begun marketing several of our Houston assets for sale.

We’re a strong believer in the fourth largest city in the country, but value portfolio diversity. We’ve created a lot of shareholder value in Houston. Given the disconnect between public market concerns versus strong private market valuations, we believe it makes sense to harvest some of that value. While the stock market was disappointing in 2015, over the longer term, EastGroup’s annual total return to shareholders was 5% for three years, 10% for five years, 7% for ten years and 12% for 15 years.

"In 2015, we achieved the highest FFO per share in EastGroup’s history."

Portfolio by State (Cost) by percentage as of 12/31/15



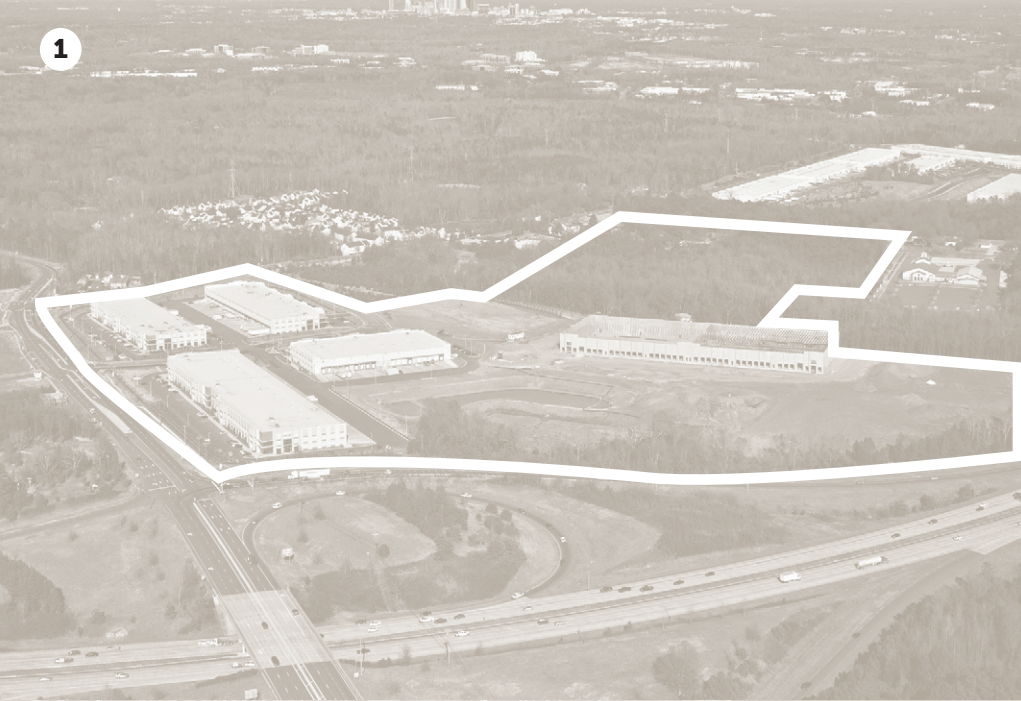
"This continues to be a great time to be an investor in industrial real estate in the Sunbelt."

OUR PROFILE

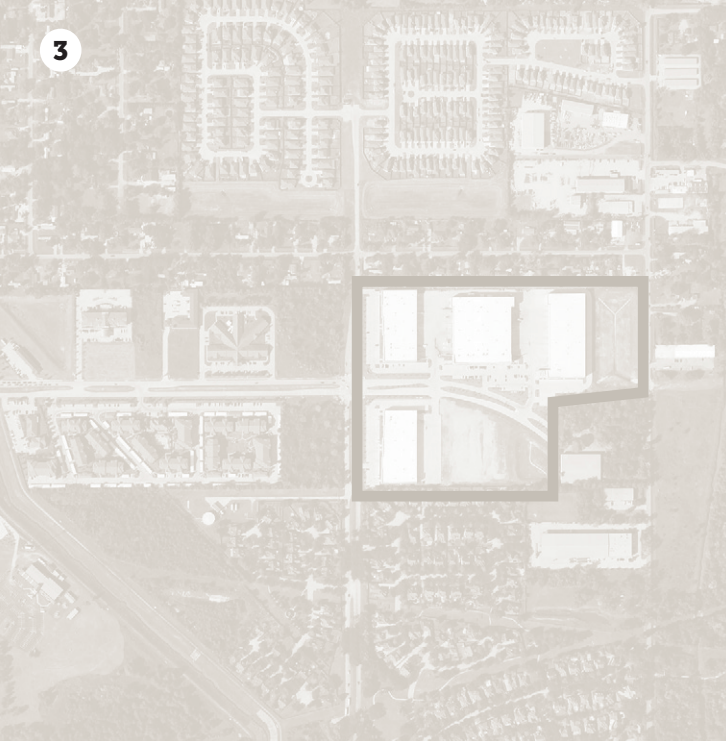
EastGroup Properties, Inc. is a self-administered equity real estate investment trust focused on the development, acquisition and operation of industrial properties in major Sunbelt markets throughout the United States with an emphasis in the states of Florida, Texas, Arizona, California and North Carolina. The Company's strategy for growth is based on ownership of premier distribution facilities generally clustered near major transportation features in supply-constrained submarkets. EastGroup's portfolio, including development projects in lease-up and under construction, currently includes 36.3 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.



1. Steele Creek Commerce Park, Charlotte, NC
2. ParkView Commerce Center, Dallas, TX
3. West Road Business Park, Houston, TX
4. Kyrene 202 Business Park, Phoenix, AZ
5. Horizon Commerce Park, Orlando, FL
6. World Houston International Business Center, Houston, TX



RESULTS

Funds from Operations (FFO) for 2015 were \$118.2 million or \$3.67 per share as compared to \$109 million or \$3.47 per share in 2014, a strong increase of 5.8% per share. This represented the highest FFO per share in EastGroup's history, and the fifth year in a row of growth in FFO per share as compared to the previous year's results. In addition, we have achieved quarterly increases in FFO per share as compared to the previous year's quarter for 18 of the last 19 quarters.

The 2015 FFO growth was due to continued improvement in property operations, new development, lower interest rates and acquisitions in both 2014 and 2015. Portfolio occupancy was 96.1% at year end. And our fourth quarter occupancy was the tenth consecutive quarter at 95% or above.

We experienced an 11.9% increase in rents for leases (both new and renewal) executed in 2015 with straight lining (average rent over the life of the lease) and a 3.8% increase without it (sometimes referred to as cash rent). Both of these figures represent increases over 2014 results continuing a five year positive trend.

EastGroup's customer base is large and diverse which we believe increases the stability of our operations. At year-end, we had approximately 1,500 customers with an average size of 23,500 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 approximately 25,000 square feet.

It is also important to note that EastGroup's 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. This means that the economic vibrancy and growth of these metro areas is a major determinant of our customers' success and our results. This is the reason we are investing in the fast growing major Sunbelt markets.

Another trend we are watching closely is the maturation of the e-commerce delivery model. As e-commerce delivery times become more critical to their business model, we believe the big box, edge of town fulfillment centers will require accompanying in-fill site business distribution centers. Simply put, the traffic congestion within major markets will necessitate close in, smaller distribution space to meet accelerated delivery times. It is within this niche that we view EastGroup as uniquely well positioned among our peers. The majority of our institutional industrial ownership peers have developed large, big box (250,000 square feet and above), less in-fill projects. Whereas, our typical building is 80,000–130,000 square feet in in-fill locations near transportation hubs, making them ideally suited for the prospective new and growing demand source. At 97.2% leased at year-end, we have the luxury of patience as this supply chain evolution plays itself out. We are, however, looking ahead and watching the trend for this new demand driver.

OUR 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 infill sites around major transportation features. Diversification in Sunbelt growth markets.



Oak Creek Distribution Center, Tampa, FL



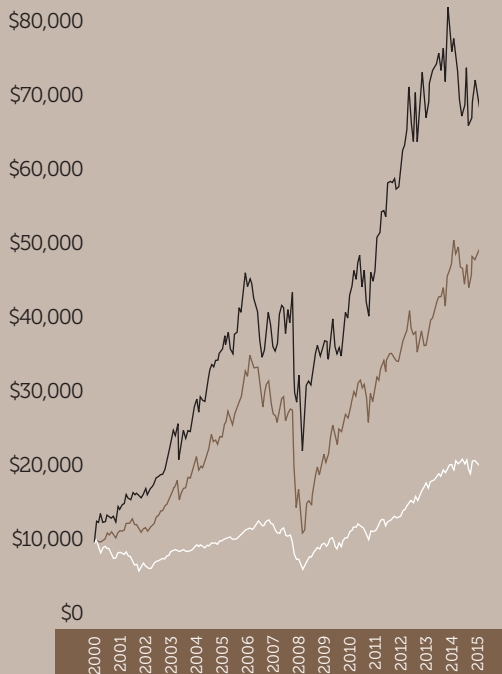
West Road Business Park, Houston, TX



Kyrene Distribution Center, Phoenix, AZ

Total Return Performance

■ EGP ■ NAREIT ■ S&P



"As e-commerce delivery times become more critical to their business model, we believe the big box, edge of town fulfillment centers will require accompanying in-fill site business distribution centers."

2015 ACCOMPLISHMENTS

- Paid 144th Consecutive Quarterly Cash Dividend with a 5.3% Mid-Year Increase
- 23rd Consecutive Year of Dividends with 20 Years of Increases and No Reductions
- Strong and Flexible Balance Sheet at December 31, 2015 with Debt to Total Market Capitalization of 36% and Interest and Fixed Charge Coverage Ratios of 4.4x for 2015
- Began Development of 11 Properties with 1.3 Million Square Feet and Projected Total Investment of \$87 Million
- Acquired Operating Properties Totaling 335,000 Square Feet and 113 Acres of Development Land for \$51 Million
- Funds from Operations of \$118 Million or \$3.67 per Share—The Highest in EastGroup's History



ParkView Commerce Center, Dallas, TX

WHAT IS A BUSINESS DISTRIBUTION BUILDING?

EastGroup's property focus is multi-tenant business distribution buildings. This type of industrial building makes up 81% of our portfolio and represents 88% 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 125,000 square feet (typically 80,000 to 90,000 square feet). Ceiling clear height of 24 to 30 feet. Multiple store front entries designed for divisibility. Building depth of 150 to 200 feet. Office build-out averaging 15% but ranging from 10-25%. Generally front-park, rear load. Dock high loading doors with a small number of drive-in ramps. Bay sizes 45x45 feet minimum. Parking ratio of approximately two spaces per thousand building square feet.

Financial Highlights (\$ in thousands, except per share data)

	2015	2014	2013
Operations <i>(for year ended December 31)</i>			
Revenues	\$ 235,008	219,829	202,171
Net income attributable to common stockholders	\$ 47,866	47,941	32,615
Funds from operations (FFO) attributable to common stockholders	\$ 118,169	108,997	97,630
Property Portfolio <i>(at year-end)</i>			
Real estate properties, at cost	\$ 2,219,448	2,074,946	1,927,326
Total assets	\$ 1,666,232	1,575,824	1,473,412
Total debt	\$ 1,032,237	933,177	893,745
Stockholders' equity	\$ 554,862	571,129	513,998
Square feet of real estate properties	34,845,000	33,398,000	32,464,000
Common Share Data <i>(for year ended December 31, except as indicated below)</i>			
Net income attributable to common stockholders per diluted share	\$ 1.49	1.52	1.08
FFO attributable to common stockholders per diluted share	\$ 3.67	3.47	3.23
Dividends per share	\$ 2.34	2.22	2.14
Shares outstanding <i>(in thousands at year-end)</i>	32,421	32,233	30,937
Share price <i>(at year-end)</i>	\$ 55.61	63.32	57.93
Reconciliation of Net Income to FFO <i>(for year ended December 31)</i>			
Net income attributable to common stockholders	\$ 47,866	47,941	32,615
Depreciation and amortization from continuing operations	73,290	70,314	65,789
Depreciation and amortization from discontinued operations	—	—	130
Company's share of depreciation from unconsolidated investment	122	134	134
Depreciation and amortization from noncontrolling interest	(206)	(204)	(240)
Gain on sales of real estate investments	(2,903)	(9,188)	(798)
FFO attributable to common stockholders	\$ 118,169	108,997	97,630
Diluted shares for earnings per share and FFO <i>(in thousands)</i>	32,196	31,452	30,269





Alamo Ridge Business Park, San Antonio, TX

FINANCIAL STRENGTH

At December 31, 2015, our debt-to-market capitalization was 36.4%, and our floating rate bank debt was 5.3% of total market capitalization. The debt-to-market capitalization rose from previous years primarily due to a decline in share price. If the ratio was calculated instead using consensus net asset value per share by contrast the ratio falls to 33.3%. For the year, our interest and fixed charge coverage ratios were both 4.43 times, our fifth year in a row of improvement over the previous year.

In March 2015, Moody's Investors Service affirmed EastGroup's issuer rating of Baa2 with a stable outlook. Also in March, Fitch Ratings affirmed its issuer rating of BBB with a stable outlook.

During 2015 we renewed and expanded our lines of credit all at a lower cost. As a result, we now have a total of \$335 million unsecured revolving credit facilities with a group of nine banks. The interest rate on these facilities is presently LIBOR plus 100 basis points, with an annual facility fee of 20 basis points. The lines of credit, which do not mature until January 2019, can be expanded by \$150 million and have options for one-year extensions.

We primarily use our lines of credit to fund our development program and property acquisitions. As market conditions permit, we issue equity and/or longer term debt to replace the short term bank borrowings.

Approximately four years ago, we began the switch from traditional insurance company first mortgage secured debt to unsecured term loans with banks and the private placement of bonds. Both of these types of debt have interest only payments until

maturity, and the rates are fixed for the life of the debt. We plan to primarily obtain unsecured fixed rate debt in the future as market conditions permit. One of the appealing factors of the unsecured fixed rate debt is the greater asset level flexibility it allows after closing.

In March 2015, we closed a \$75 million senior unsecured term loan at an interest rate of 3.03% with a seven year term and interest only payments.

In October 2015, we issued \$75 million of senior unsecured private placement notes with two insurance companies. The 10-year notes carry a weighted average interest rate of 3.98% with semi-annual interest payments.

In March 2015, we repaid a maturing mortgage loan with an outstanding balance of \$57.4 million and an interest rate of 5.50%. Then in November, we repaid a \$24.4 million maturing mortgage with a 4.98% interest rate.

The continuous equity sales market has been an attractive source of capital the past few years. During much of 2015, however, our stock price was below where we thought it advisable to issue equity. As a result, it was minimally used (approximately \$6 million versus \$79 million in 2014). We remain committed to maintaining a healthy balance sheet and to the value creation our development program produces. Our balance sheet allows us to meet both goals today. Even so we are extra sensitive to capital market allocations due to the weaker equity market. We will continue to monitor the equity market, market conditions and capital needs, to determine the level of equity issuance, if any, during 2016.



Steele Creek Commerce Park, Charlotte, NC



"EastGroup's development program has a long and successful record of creating and accumulating value for our shareholders over the past 19 years."

DEVELOPMENT 41%



"We believe our development program will continue as a major creator of shareholder value."

EastGroup's development program has a long and successful record of creating and accumulating value for our shareholders over the past 19 years. We have added over 14 million square feet of quality, state-of-the-art assets. As a result, we have built almost 40% of our current portfolio through our development efforts, and these assets generated approximately **41% of our total property net operating income in 2015**.

Our early development efforts consisted of just one or two building projects. As EastGroup grew and the program successfully evolved, we began to develop parks with the potential for multiple buildings where we create and control a uniform high quality environment. This also allows us the flexibility to better serve our customers by being able to meet their changing space needs over time.

EastGroup is an "in-fill" site developer. Although we have built a number of build-to-suit and partially pre-leased developments, we are comfortable initiating speculative development in submarkets where we have experience and an existing successful presence. These development submarkets generally 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, therefore, we view the risks materially lower versus traditional greenfield developments.

Further reducing our risk is our approach to not bank land on our balance sheet. In other words, we actively work to minimize the time between closing and ground breaking. Within our business park phase developments, we typically start construction as leasing within the park dictates. For example, if we have more prospects than space, we have

optimism about the next building as opposed to relying on a consultant's market study.

Due to the improving industrial property fundamentals and our own leasing success, we began construction of 11 projects containing 1.3 million square feet with projected total costs of \$87 million in 2015. Three are in three different submarkets of Phoenix, two are in two different submarkets in both San Antonio and Houston, two are in an Orlando submarket and, finally, one each in Charlotte and Tampa. During the year, we transferred 17 properties with 1.4 million square feet into the portfolio which were 96% leased as of December 31.

An important element of a successful development program is well located industrial land acquired at the right price. In 2015, we purchased 113 acres for new development for a combined investment of \$19 million. These parcels are located in Charlotte, Houston, Dallas, Phoenix and San Antonio with construction already underway on the San Antonio and Phoenix land.

We believe our development program will continue as a major creator of shareholder value. We have the right land, permitted buildings, available capital and an experienced and proven development team. We expect to continue our development momentum in 2016 at approximately the same pace as 2015. As always it will be set by our own leasing activity as opposed to set targets or simply high level market research.

During the recovery Houston drove our development program. Given the instability of oil pricing during 2015, we were pleased to maintain our development pipeline while Houston shrank to below 15% of 2015 starts. Looking ahead we forecast the ability to maintain the size of our development pipeline with no Houston starts in 2016.





"What attracts us to Austin is the mix of a stable metro economy created by the state capitol and the University of Texas; job growth which has consistently been above the national average and, moreover, is largely driven by technology jobs; and finally supply constraints created by the topography and strict local development guidelines."

CAPITAL RECYCLING

Recycling of capital through asset sales and the redeployment of the proceeds in acquisitions and development has historically been an integral part of our strategy. This process allows us to continually upgrade the quality, location and growth potential of our assets. This capital allocation option took on increased emphasis as we shift away from the continuous equity sales program mentioned earlier.

During fourth quarter, EastGroup acquired 335,000 square feet of new properties through two separate transactions for a combined investment of \$31.6 million. We purchased with Section 1031 Like Kind Exchange disposition proceeds, Southpark Corporate Center and Springdale Business Center both in Austin. Austin was a target market for us for many years, which we entered in 2014 with the acquisition of Colorado Crossing. What attracts us to Austin is the mix of a stable metro economy created by the state capitol and the University of Texas; job growth which has consistently been above the national average and, moreover, is largely driven by technology jobs; and finally supply constraints created by the topography and strict

local development guidelines. Southpark, which was constructed in 1995, is a two building business distribution project in southeast Austin near our Colorado Crossing asset. Meanwhile, Springdale is a two building project developed in 2000 on the eastern side of the City. **Both properties are presently 100% leased.**

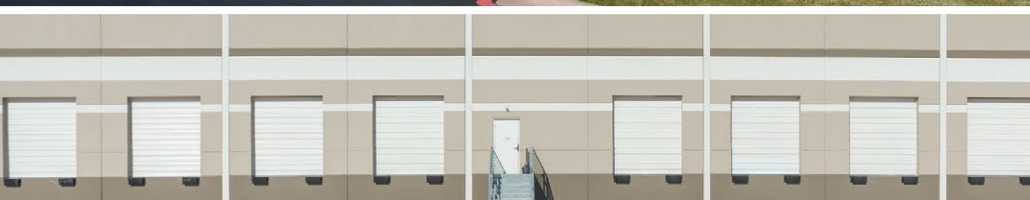
We also sold our oldest Dallas property and a small parcel of land for a total disposition price of \$5.4 million which generated combined gains of \$3.0 million. The operating asset we sold in Dallas contained 185,000 square feet and was constructed in the 1950's. Given the attractiveness of the private transaction market we plan to continue to dispose of older assets in 2016 as market conditions allow. We are attracted to the opportunity to sell older assets and recycle those proceeds into development thus creating incremental net asset value. The tax implications from some of our sales will impact the percentage of sales proceeds we are able to recycle into our development program.

Since year-end we sold Northwest Point Business Park in Houston for \$15.6 million.

Springdale Business Center, Austin, TX



Southpark Corporate Center, Austin, TX



Madison Distribution Center, Tampa, FL



World Houston International Business Center, Houston, TX



DIVIDENDS

In September, EastGroup raised its quarterly dividend to \$.60 per share which represents an annualized dividend rate of \$2.40 per share, an increase of 5.3%. The December dividend was our 144th consecutive quarterly cash distribution to shareholders. We have now increased or maintained our dividend for 23 consecutive years and raised it 20 years (including the last four) over that period.

Our goal in the future is to be able to continue to have annual dividend increases as we achieve increased FFO. We hope to increase the annual dividend at a rate greater than the increase in the rate of inflation but less than the rate of increase in FFO. Also, rental income from properties amounts to almost all of our revenues so we are not dependent on other sources of revenue to fund our dividend. Reflecting EastGroup's improving operating results, our 2015 FFO dividend payout ratio stood at only 64% in spite of the increase.

THE FUTURE

It's hard to start a conversation about the future without first looking back. I, personally, and our Company want to express our deep gratitude to David Hoster and Leland Speed for their decades of efforts forging EastGroup into what it is today. We thank you for all you've done. We also welcome you with high expectations to your new roles as Chair and Chair Emeritus, respectively. Within our Board of Directors, David Osnos will be stepping down after 22 years of service. I learned a great deal from Mr. Osnos. We will miss his amazing intellect and his leadership.

In 2015, we achieved the highest FFO per share in EastGroup's history. We accomplished this with high occupancy levels, rent growth, successfully bringing new development online and taking advantage of the low interest rate environment. To our shareholders please know that in spite of the transition, our commitment is to maintain the long term results, broad strategy and culture you've come to expect but continue to evolve as our markets dictate and allow.

We have a strong and experienced senior management team with a cycle proven track record, and we believe that we will continue this positive momentum through 2016 and future years.

Marshall Loeb, Chief Executive Officer



"I, personally, and our Company want to express our deep gratitude to David Hoster and Leland Speed for their decades of efforts forging EastGroup into what it is today. We thank you for all you've done."

SHAREHOLDER INFORMATION

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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 55164-0854
800-468-9716 or 651-450-4064
866-729-7680 fax
www.shareowneronline.com

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

Bond, Schoeneck & King PLLC
Avant Building, Suite 900
200 Delaware Avenue
Buffalo, NY 14202-2107

Stock Market Information



New York Stock Exchange (NYSE)
Ticker Symbol: EGP

Member



National Association of Real Estate
Investment Trusts

LEED Certification



Since 2010, EastGroup has built all of its new developments to LEED standards and, to-date, has received LEED certifications on nine of these buildings.

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.

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) **H. Eric Bolton, Jr.:** Memphis, TN; Director since 2013; Chairman and Chief Executive Officer, Mid-America Apartment Communities, Inc. **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; Vice-Chairman, One Liberty Properties; Board Member, BRT Realty Trust **David H. Hoster II:** Jackson, WY; President and Director from 1993 to 2015; Chief Executive Officer from 1997 to 2015; Chairman of the Board since 2016 **Marshall Loeb:** Jackson, MS; President since 2015; Director since 2016; Chief Executive Officer since 2016 **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 from 1983 to 2015; Chairman Emeritus since 2016



OFFICERS (left to right) (front row) **Brent W. Wood**, Senior Vice President; **Marshall Loeb**, Chief Executive Officer; **N. Keith McKey**, Executive Vice President, Chief Financial Officer, Secretary and Treasurer; (second row) **Farrah Kennedy**, CPA, Vice President; **Bruce Corkern**, CPA, Senior Vice President, Chief Accounting Officer and Controller; **Brian Laird**, CPA, Vice President; **John E. Travis**, Vice President; (third row) **Chris Segrest**, Vice President; **Kevin Sager**, Vice President; **Michael P. Sacco III**, Vice President; **William D. Petsas**, Senior Vice President; (back row) **John F. Coleman**, Senior Vice President; **David Hicks**, Vice President; **Staci H. Tyler**, CPA, Vice President; **Bill Gray**, CPA, Vice President

