

EASTGROUP

P R O P E R T I E S

NEWS RELEASE

FOR MORE INFORMATION, CONTACT:

David H. Hoster II, President and Chief Executive Officer

N. Keith McKey, Chief Financial Officer

(601) 354-3555

EASTGROUP PROPERTIES ANNOUNCES 2006 EARNINGS GUIDANCE

JACKSON, MISSISSIPPI, December 22, 2005 -- EastGroup Properties (NYSE-EGP) today announced its initial outlook for 2006 and narrowed the guidance range for fourth quarter and year-end 2005.

OUTLOOK FOR THE REMAINDER OF 2005

FFO (Funds from Operations) per share for 2005 is estimated to be in the range of \$2.64 to \$2.65. Earnings per share for 2005 should be in the range of \$.94 to \$.95. The table below reconciles projected net income to projected FFO.

	Low Range		High Range	
	Q4 2005	Y/E 2005	Q4 2005	Y/E 2005
Net income	\$ 5,947	23,218	6,172	23,443
Dividends on preferred shares	(656)	(2,624)	(656)	(2,624)
Net income available to common stockholders	5,291	20,594	5,516	20,819
Depreciation and amortization	9,752	38,209	9,752	38,209
Gain on sale of depreciable real estate assets	-	(1,131)	-	(1,131)
Funds from operations available to common stockholders	\$ 15,043	57,672	15,268	57,897
Diluted shares	22,134	21,883	22,134	21,883
Per share data (diluted):				
Net income available to common stockholders	\$ 0.24	0.94	0.25	.95
Funds from operations available to common stockholders	\$ 0.68	2.64	0.69	2.65

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OUTLOOK FOR 2006

FFO per share for 2006 is estimated to be in the range of \$2.77 to \$2.87. Earnings per share for 2006 is estimated to be in the range of \$1.03 to \$1.13. The table below reconciles projected net income to projected FFO.

	Low Range		High Range	
	Q1 2006	Y/E 2006	Q1 2006	Y/E 2006
Net income	\$6,416	25,340	6,858	27,550
Dividends on preferred shares	(656)	(2,624)	(656)	(2,624)
Net income available to common stockholders	5,760	22,716	6,202	24,926
Depreciation and amortization	9,805	38,681	9,805	38,681
Funds from operations available to common stockholders	<u>\$ 15,565</u>	<u>61,397</u>	<u>16,007</u>	<u>63,607</u>
Diluted shares	22,140	22,146	22,140	22,146
Per share data (diluted):				
Net income available to common stockholders	\$ 0.26	1.03	.28	1.13
Funds from operations available to common stockholders	\$ 0.70	2.77	0.72	2.87

The following assumptions were used for the year 2006:

- Average occupancy of 93% to 95%.
- Same Store PNOI increase of 3% to 5%.
- Development properties not transferred to the portfolio by January 1, 2005 (therefore not same store properties for the full year 2006) contributing PNOI of \$.22 per share, an increase of \$.15 over 2005.
- Gain on sale of land (included in FFO) of \$.03 per share in the first quarter.
- Dispositions of \$35 million in the first half of 2006. Potential gains on sales of depreciable real estate have not been included in earnings guidance.
- Acquisitions of \$35 million on July 1, 2006.
- No lease termination fees.
- Floating rate bank debt at an average rate of 5.35%.
- New fixed rate debt of \$50 million on April 1, 2006 at 6%.
- Additional fixed rate debt of \$50 million on October 1, 2006 at 6%.

The Company's chief decision makers use two primary measures of operating results in making decisions: property net operating income (PNOI), defined as income from real estate operations less property operating expenses (before interest expense and depreciation and amortization), and funds from operations available to common stockholders (FFO). EastGroup defines FFO consistent with the National Association of Real Estate Investment Trusts' definition, as net income (loss) computed in accordance with accounting principles generally accepted in the United States of America (GAAP), excluding gains or losses from sales of depreciable real estate property, plus real estate related depreciation and amortization, and after adjustments for unconsolidated partnerships and joint ventures.

PNOI and FFO are supplemental industry reporting measurements used to evaluate the performance of the Company's investments in real estate assets and its operating results. The Company believes that the exclusion of depreciation and amortization in the industry's calculations of PNOI and FFO provides supplemental indicators of the properties' performance since real estate values have historically risen or fallen with market conditions. PNOI and FFO as calculated by the Company may not be comparable to similarly titled but differently calculated measures for other REITs. Investors should be aware that items excluded from or added back to FFO are significant components in understanding and assessing the Company's financial performance.

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FORWARD-LOOKING STATEMENTS

The Company's assumptions and financial projections in this release are based upon "forward-looking" information and are being made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are inherently subject to known and unknown risks and uncertainties, many of which the Company cannot predict, including, without limitation:

- changes in general economic conditions;
- the extent of tenant defaults or of any early lease terminations;
- the Company's ability to lease or re-lease space at current or anticipated rents;
- changes in the supply of and demand for industrial/warehouse properties;
- increases in interest rate levels;
- increases in operating costs;
- the availability of financing;
- natural disasters and the Company's ability to obtain adequate insurance;
- changes in governmental regulation, tax rates and similar matters; and
- other risks associated with the development and acquisition of properties, including risks that development projects may not be completed on schedule or that development or operating costs may be greater than anticipated.

Although the Company believes that the expectations reflected in the forward-looking statements are based upon reasonable assumptions at the time made, the Company can give no assurance that such expectations will be achieved. The Company assumes no obligation whatsoever to publicly update or revise any forward-looking statements.

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 a special emphasis in the states of Florida, Texas, California and Arizona. Its strategy for growth is based on its property portfolio orientation toward premier business distribution facilities clustered near major transportation features. EastGroup's portfolio currently includes 21.7 million square feet with an additional 940,000 square feet of properties under development.

EastGroup Properties, Inc. press releases are available at www.eastgroup.net.

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P.O. BOX 22728 JACKSON, MS 39225-2728
TEL: 601-354-3555 FAX: 601-352-1441