

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended September 30, 2023
or

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

For the transition period from _____ to _____

Commission File Number: 1-07094



EASTGROUP PROPERTIES, INC.

(Exact Name of Registrant as Specified in its Charter)

Maryland

13-2711135

(State or other jurisdiction of incorporation or organization)

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

400 W Parkway Place
Suite 100
Ridgeland, Mississippi
(Address of principal executive offices)

39157

(Zip code)

Registrant's telephone number, including area code: (601) 354-3555

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading symbol(s)	Name of each exchange on which registered
Common stock, \$0.0001 par value per share	EGP	New York Stock Exchange

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 every Interactive Data File required to be submitted 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 such files). Yes No

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

Large Accelerated Filer

Accelerated Filer

Non-accelerated Filer

Smaller Reporting Company

Emerging Growth Company

If an emerging growth company, indicate by check mark if the Registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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

Yes No

The number of shares of common stock, \$0.0001 par value, outstanding as of October 24, 2023 was 46,330,421 .

EASTGROUP PROPERTIES, INC. AND SUBSIDIARIES

FORM 10-Q

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PART I. FINANCIAL INFORMATION.

ITEM 1. FINANCIAL STATEMENTS.

EASTGROUP PROPERTIES, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(IN THOUSANDS, EXCEPT SHARE AND PER SHARE DATA)
(UNAUDITED)

	<i>September 30, 2023</i>	<i>December 31, 2022</i>
ASSETS		
Real estate properties	\$ 4,776,355	4,395,972
Development and value-add properties	552,461	538,449
	5,328,816	4,934,421
Less accumulated depreciation	(1,246,312)	(1,150,814)
	4,082,504	3,783,607
Unconsolidated investment	7,261	7,230
Cash and cash equivalents	374	56
Other assets	264,715	244,944
TOTAL ASSETS	\$ 4,354,854	4,035,837
LIABILITIES AND EQUITY		
LIABILITIES		
Unsecured bank credit facilities, net of debt issuance costs	\$ (1,760)	168,454
Unsecured debt, net of debt issuance costs	1,676,131	1,691,259
Secured debt, net of debt issuance costs	—	2,031
Accounts payable and accrued expenses	218,119	136,988
Other liabilities	83,099	83,666
Total Liabilities	1,975,589	2,082,398
EQUITY		
Stockholders' Equity:		
Common shares; \$ 0.0001 par value; 70,000,000 shares authorized; 46,277,057 shares issued and outstanding at September 30, 2023 and 43,575,539 at December 31, 2022	4	4
Excess shares; \$ 0.0001 par value; 30,000,000 shares authorized; zero shares issued	—	—
Additional paid-in capital	2,706,064	2,251,521
Distributions in excess of earnings	(369,192)	(334,898)
Accumulated other comprehensive income	42,088	36,371
Total Stockholders' Equity	2,378,964	1,952,998
Noncontrolling interest in joint ventures	301	441
Total Equity	2,379,265	1,953,439
TOTAL LIABILITIES AND EQUITY	\$ 4,354,854	4,035,837

See accompanying Notes to Consolidated Financial Statements (unaudited).

EASTGROUP PROPERTIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME
(IN THOUSANDS, EXCEPT PER SHARE DATA)
(UNAUDITED)

	<i>Three Months Ended</i>		<i>Nine Months Ended</i>	
	<i>September 30,</i>		<i>September 30,</i>	
	<i>2023</i>	<i>2022</i>	<i>2023</i>	<i>2022</i>
REVENUES				
Income from real estate operations	\$ 144,378	125,570	417,153	357,020
Other revenue	2,152	88	4,289	165
	<u>146,530</u>	<u>125,658</u>	<u>421,442</u>	<u>357,185</u>
EXPENSES				
Expenses from real estate operations	40,709	35,033	114,662	98,643
Depreciation and amortization	42,521	39,277	125,830	113,079
General and administrative	3,429	3,967	13,017	12,503
Indirect leasing costs	147	119	436	410
	<u>86,806</u>	<u>78,396</u>	<u>253,945</u>	<u>224,635</u>
OTHER INCOME (EXPENSE)				
Interest expense	(11,288)	(9,771)	(36,888)	(26,851)
Gain on sales of real estate investments	—	—	4,809	40,999
Other	474	326	1,661	888
NET INCOME	48,910	37,817	137,079	147,586
Net income attributable to noncontrolling interest in joint ventures	(14)	(25)	(43)	(75)
NET INCOME ATTRIBUTABLE TO EASTGROUP PROPERTIES, INC. COMMON STOCKHOLDERS	48,896	37,792	137,036	147,511
Other comprehensive income - interest rate swaps	5,777	17,157	5,717	39,826
TOTAL COMPREHENSIVE INCOME	\$ 54,673	54,949	142,753	187,337
BASIC PER COMMON SHARE DATA FOR NET INCOME ATTRIBUTABLE TO EASTGROUP PROPERTIES, INC. COMMON STOCKHOLDERS				
Net income attributable to common stockholders	\$ 1.07	0.87	3.07	3.49
Weighted average shares outstanding - Basic	45,658	43,467	44,688	42,308
DILUTED PER COMMON SHARE DATA FOR NET INCOME ATTRIBUTABLE TO EASTGROUP PROPERTIES, INC. COMMON STOCKHOLDERS				
Net income attributable to common stockholders	\$ 1.07	0.87	3.06	3.48
Weighted average shares outstanding - Diluted	45,788	43,581	44,782	42,419

See accompanying Notes to Consolidated Financial Statements (unaudited).

EASTGROUP PROPERTIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(IN THOUSANDS, EXCEPT SHARE AND PER SHARE DATA)
(UNAUDITED)

For the nine months ended September 30, 2023:

	<i>Common Shares</i>	<i>Additional Paid-In Capital</i>	<i>Distributions in Excess of Earnings</i>	<i>Accumulated Other Comprehensive Income</i>	<i>Noncontrolling Interest in Joint Ventures</i>	<i>Total</i>
BALANCE, DECEMBER 31, 2022	\$ 4	2,251,521	(334,898)	36,371	441	1,953,439
Net income	—	—	44,690	—	14	44,704
Net unrealized change in fair value of interest rate swaps	—	—	—	(10,262)	—	(10,262)
Common dividends declared – \$ 1.25 per share	—	—	(55,414)	—	—	(55,414)
Stock-based compensation, net of forfeitures	—	3,477	—	—	—	3,477
Issuance of 652,909 shares of common stock, common stock offering, net of expenses	—	105,321	—	—	—	105,321
Withheld 31,254 shares of common stock to satisfy tax withholding obligations in connection with the vesting of restricted stock	—	(4,836)	—	—	—	(4,836)
Withheld 46 shares of common stock to satisfy tax withholding obligations in connection with the issuance of common stock	—	(7)	—	—	—	(7)
Net distributions to noncontrolling interest	—	—	—	—	(40)	(40)
BALANCE, MARCH 31, 2023	<u>4</u>	<u>2,355,476</u>	<u>(345,622)</u>	<u>26,109</u>	<u>415</u>	<u>2,036,382</u>
Net income	—	—	43,450	—	15	43,465
Net unrealized change in fair value of interest rate swaps	—	—	—	10,202	—	10,202
Common dividends declared – \$ 1.25 per share	—	—	(56,762)	—	—	(56,762)
Stock-based compensation, net of forfeitures	—	2,771	—	—	—	2,771
Issuance of 1,065,678 shares of common stock, common stock offering, net of expenses	—	177,749	—	—	—	177,749
Net distributions to noncontrolling interest	—	—	—	—	(86)	(86)
BALANCE, JUNE 30, 2023	<u>4</u>	<u>2,535,996</u>	<u>(358,934)</u>	<u>36,311</u>	<u>344</u>	<u>2,213,721</u>
Net income	—	—	48,896	—	14	48,910
Net unrealized change in fair value of interest rate swaps	—	—	—	5,777	—	5,777
Common dividends declared – \$ 1.27 per share	—	—	(59,154)	—	—	(59,154)
Stock-based compensation, net of forfeitures	—	2,766	—	—	—	2,766
Issuance of 953,070 shares of common stock, common stock offering, net of expenses	—	167,315	—	—	—	167,315
Withheld 74 shares of common stock to satisfy tax withholding obligations in connection with the issuance of common stock	—	(13)	—	—	—	(13)
Net distributions to noncontrolling interest	—	—	—	—	(57)	(57)
BALANCE, SEPTEMBER 30, 2023	<u>\$ 4</u>	<u>2,706,064</u>	<u>(369,192)</u>	<u>42,088</u>	<u>301</u>	<u>2,379,265</u>

See accompanying Notes to Consolidated Financial Statements (unaudited).

EASTGROUP PROPERTIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(IN THOUSANDS, EXCEPT SHARE AND PER SHARE DATA)
(UNAUDITED)

For the nine months ended September 30, 2022:

	Common Shares	Additional Paid-In Capital	Distributions in Excess of Earnings	Accumulated Other Comprehensive Income	Noncontrolling Interest in Joint Ventures	Total
BALANCE, DECEMBER 31, 2021	\$ 4	1,886,820	(318,056)	1,302	1,390	1,571,460
Net income	—	—	63,580	—	24	63,604
Net unrealized change in fair value of interest rate swaps	—	—	—	15,828	—	15,828
Common dividends declared – \$ 1.10 per share	—	—	(45,953)	—	—	(45,953)
Stock-based compensation, net of forfeitures	—	2,594	—	—	—	2,594
Issuance of 385,538 shares of common stock, common stock offering, net of expenses	—	74,179	—	—	—	74,179
Withheld 34,251 shares of common stock to satisfy tax withholding obligations in connection with the vesting of restricted stock	—	(7,265)	—	—	—	(7,265)
Net distributions to noncontrolling interest	—	—	—	—	(58)	(58)
BALANCE, MARCH 31, 2022	4	1,956,328	(300,429)	17,130	1,356	1,674,389
Net income	—	—	46,139	—	26	46,165
Net unrealized change in fair value of interest rate swaps	—	—	—	6,841	—	6,841
Common dividends declared – \$ 1.10 per share	—	—	(48,034)	—	—	(48,034)
Stock-based compensation, net of forfeitures	—	3,062	—	—	—	3,062
Issuance of 1,868,809 shares of common stock, net of expenses, in the purchase of real estate	—	303,682	—	—	—	303,682
Net distributions to noncontrolling interest	—	—	—	—	(31)	(31)
BALANCE, JUNE 30, 2022	4	2,263,072	(302,324)	23,971	1,351	1,986,074
Net income	—	—	37,792	—	25	37,817
Net unrealized change in fair value of interest rate swaps	—	—	—	17,157	—	17,157
Common dividends declared – \$ 1.25 per share	—	—	(54,531)	—	—	(54,531)
Stock-based compensation, net of forfeitures	—	2,855	—	—	—	2,855
Issuance of 6,368 shares of common stock, common stock offering, net of expenses	—	1,010	—	—	—	1,010
Withheld 733 shares of common stock to satisfy tax withholding obligations in connection with the issuance of common stock	—	(106)	—	—	—	(106)
Net distributions to noncontrolling interest	—	—	—	—	(90)	(90)
BALANCE, SEPTEMBER 30, 2022	\$ 4	2,266,831	(319,063)	41,128	1,286	1,990,186

See accompanying Notes to Consolidated Financial Statements (unaudited).

EASTGROUP PROPERTIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(IN THOUSANDS)
(UNAUDITED)

*Nine Months Ended September
30,*

	2023	2022
OPERATING ACTIVITIES		
Net income	\$ 137,079	147,586
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	125,830	113,079
Stock-based compensation expense	6,835	6,530
Gain on sales of real estate investments	(4,809)	(40,999)
Gain on sales of non-operating real estate	(446)	—
Gain on involuntary conversion and business interruption claims	(4,187)	—
Changes in operating assets and liabilities:		
Accrued income and other assets	(11,986)	(2,743)
Accounts payable, accrued expenses and prepaid rent	50,434	52,496
Other	1,349	602
NET CASH PROVIDED BY OPERATING ACTIVITIES	300,099	276,551
INVESTING ACTIVITIES		
Development and value-add properties	(286,256)	(395,313)
Purchases of real estate	(87,338)	(2,049)
Real estate improvements	(42,097)	(31,043)
Net proceeds from sales of real estate investments and non-operating real estate	13,821	51,006
Leasing commissions	(22,712)	(26,968)
Proceeds from involuntary conversion on real estate assets	1,339	—
Changes in accrued development costs	26,724	22,141
Changes in other assets and other liabilities	7,060	(3,328)
NET CASH USED IN INVESTING ACTIVITIES	(389,459)	(385,554)
FINANCING ACTIVITIES		
Proceeds from unsecured bank credit facilities	334,230	695,726
Repayments on unsecured bank credit facilities	(504,230)	(749,053)
Proceeds from unsecured debt	100,000	375,000
Repayments on unsecured debt	(115,000)	(75,000)
Repayments on secured debt	(1,970)	(60,070)
Debt issuance costs	(1,796)	(1,617)
Distributions paid to stockholders (not including dividends accrued)	(166,960)	(139,597)
Proceeds from common stock offerings	450,869	75,379
Common stock offering related costs	(484)	(190)
Other	(4,981)	(11,120)
NET CASH PROVIDED BY FINANCING ACTIVITIES	89,678	109,458
INCREASE IN CASH AND CASH EQUIVALENTS		
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	56	4,393
CASH AND CASH EQUIVALENTS AT END OF PERIOD	\$ 374	4,848
SUPPLEMENTAL CASH FLOW INFORMATION		
Cash paid for interest, net of amounts capitalized of \$ 11,864 and \$ 8,515 for 2023 and 2022, respectively	\$ 30,888	21,550
Cash paid for operating lease liabilities	1,620	1,445
Common stock issued in the purchase of real estate	—	303,682
Debt assumed in the purchase of real estate	—	60,000
NON-CASH OPERATING ACTIVITY		
Operating lease liabilities arising from obtaining right of use assets	\$ —	398

See accompanying Notes to Consolidated Financial Statements (unaudited).

EASTGROUP PROPERTIES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

(1) BASIS OF PRESENTATION

The accompanying unaudited financial statements of EastGroup Properties, Inc. ("EastGroup" or "the Company") have been prepared in accordance with U.S. generally accepted accounting principles ("GAAP") for interim financial information and with the instructions to Form 10-Q and Rule 10-01 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements. In management's opinion, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. The financial statements should be read in conjunction with the financial statements contained in the Company's annual report on Form 10-K for the year ended December 31, 2022 and the notes thereto. Certain reclassifications have been made in the 2022 consolidated financial statements to conform to the 2023 presentation.

(2) PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the accounts of EastGroup, its wholly owned subsidiaries and the investee of any joint ventures in which the Company has a controlling interest.

As of December 31, 2022 and September 30, 2023, EastGroup had a 95 % controlling interest in a joint venture arrangement which owns 6.5 acres of land in San Diego, known by the Company as the Miramar land. During the three months ended September 30, 2023, EastGroup acquired 29.3 acres of land in Denver, known by the Company as Arista 36 Business Park Land. A joint venture was formed through which EastGroup owns a 99.5 % controlling interest in the property. As of September 30, 2023, EastGroup continued to hold a controlling interest in two joint venture arrangements.

During the year ended December 31, 2022, EastGroup acquired the 1 % noncontrolling interest in Speed Distribution Center, a 519,000 square foot building in San Diego, in which the Company held a 99 % controlling interest. The Company continues to control and own 100 % of the property.

The Company records 100% of the assets, liabilities, revenues and expenses of the buildings and land held in joint ventures with the noncontrolling interests provided for in accordance with the joint venture agreements.

The equity method of accounting is used for the Company's 50 % undivided tenant-in-common interest in Industry Distribution Center II. All significant intercompany transactions and accounts have been eliminated in consolidation.

(3) 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, liabilities, revenues and expenses during the reporting period and to disclose material contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

(4) LEASE REVENUE

The Company's primary revenue is rental income from business distribution space. The table below presents the components of *Income from real estate operations* for the three and nine months ended September 30, 2023 and 2022:

	<i>Three Months Ended</i>		<i>Nine Months Ended September 30,</i>	
	<i>September 30,</i>		<i>September 30,</i>	
	<i>2023</i>	<i>2022</i>	<i>2023</i>	<i>2022</i>
(In thousands)				
Lease income — operating leases	\$ 106,683	93,548	311,529	267,423
Variable lease income ⁽¹⁾	37,695	32,022	105,624	89,597
Income from real estate operations	\$ 144,378	125,570	417,153	357,020

(1) Primarily includes tenant reimbursements for real estate taxes, insurance and common area maintenance.

(5) REAL ESTATE PROPERTIES

EastGroup has one reportable segment – industrial properties, consistent with the Company's manner of internal reporting, measurement of operating results and allocation of the Company's resources.

The Company reviews long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the

EASTGROUP PROPERTIES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

carrying amount of an asset to future undiscounted net cash flows (including estimated future expenditures necessary to substantially complete the asset) expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized for the amount by which the carrying amount of the asset exceeds the fair value of the asset. During the nine month periods ended September 30, 2023 and 2022, the Company did not identify any impairment charges which should be recorded.

Depreciation of buildings and other improvements is computed using the straight-line method over estimated useful lives of generally 40 years for buildings and 3 to 15 years for improvements. Building improvements are capitalized, while maintenance and repair expenses are charged to expense as incurred. Significant renovations and improvements that improve or extend the useful life of the assets are capitalized. Depreciation expense was \$ 35,031,000 and \$ 103,567,000 for the three and nine months ended September 30, 2023, respectively, and \$ 32,052,000 and \$ 92,159,000 for the same periods in 2022.

The Company's *Real estate properties* and *Development and value-add properties* at September 30, 2023 and December 31, 2022 were as follows:

	<i>September 30, 2023</i>	<i>December 31, 2022</i>
	(In thousands)	
Real estate properties:		
Land	\$ 808,077	730,445
Buildings and building improvements	3,271,579	3,012,319
Tenant and other improvements	678,359	633,817
Right of use assets — Ground leases (operating) ⁽¹⁾	18,340	19,391
Development and value-add properties ⁽²⁾	552,461	538,449
	5,328,816	4,934,421
Less accumulated depreciation	(1,246,312)	(1,150,814)
	\$ 4,082,504	3,783,607

(1) *EastGroup applies the principles of Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 842, Leases, and its related Accounting Standards Updates ("ASUs") to account for its ground leases, which are classified as operating leases. The related operating lease liabilities for ground leases are included in Other liabilities on the Consolidated Balance Sheets.*

(2) *Value-add properties are defined as properties that are either acquired but not stabilized or can be converted to a higher and better use. Acquired properties meeting either of the following two conditions are considered value-add properties: (1) Less than 75% occupied as of the acquisition date (or will be less than 75% occupied within one year of the acquisition date based on near term lease termination), or (2) 20% or greater of the acquisition cost will be spent to redevelop the property.*

(6) DEVELOPMENT AND VALUE-ADD PROPERTIES

For properties under development and value-add properties acquired in the development stage, costs associated with development (i.e., land, construction costs, interest expense, property taxes and other costs associated with development) are aggregated into the total capitalized costs of the property. Included in these costs are management's estimates for the portions of internal costs (primarily personnel costs) deemed related to such development activities. The internal costs are allocated to specific development projects based on development activity. As the property becomes occupied, depreciation commences on the occupied portion of the building, and costs are capitalized only for the portion of the building that remains vacant. The Company transfers properties from the development and value-add program to *Real estate properties* as follows: (i) for development properties, at the earlier of 90% occupancy or one year after completion of the shell construction, and (ii) for value-add properties, at the earlier of 90% occupancy or one year after acquisition. Upon the earlier of 90% occupancy or one year after completion of the shell construction, capitalization of development costs, including interest expense, property taxes and internal personnel costs, ceases and depreciation commences on the entire property (excluding the land).

(7) REAL ESTATE PROPERTY ACQUISITIONS AND ACQUIRED INTANGIBLES

Upon acquisition of real estate properties, EastGroup applies the principles of FASB ASC 805, *Business Combinations*. The FASB Codification provides a framework for determining whether transactions should be accounted for as acquisitions of assets or businesses. Under the guidance, companies are required to utilize an initial screening test to determine whether substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or a group of similar identifiable assets; if so, the set is not a business. Criteria considered in grouping similar assets include geographic location, market and operational risks and the physical characteristics of the assets. EastGroup determined that its real estate property

EASTGROUP PROPERTIES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

acquisitions in 2022 and the first nine months of 2023 are considered to be acquisitions of groups of similar identifiable assets; therefore, the acquisitions are not considered to be acquisitions of a business. As a result, the Company capitalized acquisition costs related to its 2022 and 2023 acquisitions.

The FASB Codification also provides guidance on how to properly determine the allocation of the purchase price among the individual components of both the tangible and intangible assets based on their respective fair values. The allocation to tangible assets (land, building and improvements) is based upon management's determination of the value of the property as if it were vacant using discounted cash flow models. Land is valued using comparable land sales specific to the applicable market, provided by a third party. The Company determines whether any financing assumed is above or below market based upon comparison to similar financing terms for similar properties. The cost of the properties acquired may be adjusted based on indebtedness assumed from the seller that is determined to be above or below market rates.

The purchase price is also allocated among the following categories of intangible assets: the above or below market component of in-place leases and the value of leases in-place at the time of acquisition. The value allocable to the above or below market component of an acquired in-place lease is determined based upon the present value (using a discount rate reflecting the risks associated with the acquired leases) of the difference between (i) the contractual amounts to be paid pursuant to the lease over its remaining term and (ii) management's estimate of the amounts that would be paid using current market rents over the remaining term of the lease. The amounts allocated to above and below market lease intangibles are included in *Other assets* and *Other liabilities*, respectively, on the Consolidated Balance Sheets and are amortized to rental income over the remaining terms of the respective leases. In-place lease intangibles are valued based upon management's assessment of factors such as an estimate of foregone rents and avoided leasing costs during the expected lease-up periods considering current market conditions and costs to execute similar leases. These intangible assets are included in *Other assets* on the Consolidated Balance Sheets and are amortized over the remaining term of the existing lease.

Amortization expense for in-place lease intangibles was \$ 1,895,000 and \$ 6,031,000 for the three and nine months ended September 30, 2023, respectively, and \$ 2,541,000 and \$ 7,204,000 for the same periods in 2022. Amortization of above and below market lease intangibles increased rental income by \$ 560,000 and \$ 1,855,000 for the three and nine months ended September 30, 2023, respectively, and \$ 605,000 and \$ 1,957,000 for the same periods in 2022.

During nine months ended September 30, 2023, EastGroup acquired the following properties:

REAL ESTATE PROPERTIES ACQUIRED IN 2023	Location	Size (Square feet)	Date Acquired	Cost ⁽¹⁾
				(In thousands)
Operating properties acquired ⁽²⁾				
Craig Corporate Center	Las Vegas, NV	156,000	04/18/2023	\$ 34,365
Blue Diamond Business Park	Las Vegas, NV	254,000	09/05/2023	52,973
Total operating property acquisitions		410,000		\$ 87,338

(1) Cost is calculated in accordance with FASB ASC 805, *Business Combinations*, and represents the sum of the purchase price, closing costs and capitalized acquisition costs.

(2) Operating properties are defined as stabilized real estate properties (land including buildings and improvements) in the Company's operating portfolio; included in Real estate properties on the Consolidated Balance Sheets.

EASTGROUP PROPERTIES, INC. AND SUBSIDIARIES
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The following table summarizes the allocation of the total consideration for the acquired assets and assumed liabilities in connection with the acquisitions identified in the table above which were acquired during the nine months ended September 30, 2023.

ACQUIRED ASSETS AND ASSUMED LIABILITIES IN 2023	Cost (In thousands)
Land	\$ 34,006
Buildings and building improvements	48,792
Tenant and other improvements	1,175
Total real estate properties acquired	83,973
In-place lease intangibles ⁽¹⁾	4,294
Below market lease intangibles ⁽²⁾	(929)
Total assets acquired, net of liabilities assumed	\$ 87,338

(1) *In-place lease intangibles and above market lease intangibles are each included in Other assets on the Consolidated Balance Sheets. These costs are amortized over the remaining lives of the associated leases in place at the time of acquisition.*

(2) *Below market lease intangibles are included in Other liabilities on the Consolidated Balance Sheets. These costs are amortized over the remaining lives of the associated leases in place at the time of acquisition.*

The leases in the properties acquired during the nine months ended September 30, 2023 had a weighted average remaining lease term at acquisition of approximately 9.0 years.

Also during the nine months ended September 30, 2023, EastGroup purchased 210.1 acres of development land in five markets for \$ 44,468,000 .

EASTGROUP PROPERTIES, INC. AND SUBSIDIARIES
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During 2022, EastGroup acquired the following properties:

REAL ESTATE PROPERTIES ACQUIRED IN 2022	Location	Size (Square feet)	Date Acquired	Cost ⁽¹⁾
				(In thousands)
Operating properties acquired ⁽²⁾				
Cebrian Distribution Center and Reed Distribution Center ⁽³⁾	Sacramento, CA	329,000	06/01/2022	\$ 49,726
6 th Street Business Center, Benicia Distribution Center 1-5, Ettie Business Center, Laura Alice Business Center, Preston Distribution Center, Sinclair Distribution Center, Transit Distribution Center and Whipple Business Center ⁽³⁾	San Francisco, CA	1,377,000	06/01/2022	309,404
Total operating property acquisitions		1,706,000		359,130
Value-add properties acquired ⁽⁴⁾				
Cypress Preserve 1 & 2	Houston, TX	516,000	03/28/2022	54,462
Zephyr Distribution Center	San Francisco, CA	82,000	04/08/2022	29,017
Mesa Gateway Commerce Center	Phoenix, AZ	147,000	04/15/2022	18,315
Access Point 3	Greenville, SC	299,000	07/12/2022	21,127
Total value-add property acquisitions		1,044,000		122,921
Total acquired assets		2,750,000		\$ 482,051

(1) Cost is calculated in accordance with FASB ASC 805, *Business Combinations*, and represents the sum of the purchase price, closing costs and capitalized acquisition costs.

(2) Operating properties are defined as stabilized real estate properties (land including buildings and improvements) in the Company's operating portfolio; included in Real estate properties on the Consolidated Balance Sheets.

(3) The Company acquired these operating properties along with two land parcels, also in Sacramento, CA and San Francisco, CA, in connection with its acquisition of Tulloch Corporation in June 2022. Size and cost are presented on an aggregate basis for the properties located in Sacramento, CA and San Francisco, CA, respectively. In consideration for this acquisition, the Company assumed a \$ 60,000,000 loan and issued 1,868,809 shares of the Company's common stock. The acquisition date fair value of the loan assumed was \$ 60,000,000 , and the acquisition date fair value of the common shares, which was based on the closing share price on the acquisition date, was \$ 303,756,000 .

(4) Value-add properties are defined in Note 5.

The following table summarizes the allocation of the total consideration for the acquired assets and assumed liabilities in connection with the acquisitions identified in the table above which were acquired during the year ended December 31, 2022.

ACQUIRED ASSETS AND ASSUMED LIABILITIES IN 2022	Cost
	(In thousands)
Land	\$ 127,402
Buildings and building improvements	335,335
Tenant and other improvements	11,502
Total real estate properties acquired	474,239
In-place lease intangibles ⁽¹⁾	11,871
Below market lease intangibles ⁽²⁾	(4,059)
Total assets acquired, net of liabilities assumed	\$ 482,051

(1) In-place lease intangibles and above market lease intangibles are each included in Other assets on the Consolidated Balance Sheets. These costs are amortized over the remaining lives of the associated leases in place at the time of acquisition.

(2) Below market lease intangibles are included in Other liabilities on the Consolidated Balance Sheets. These costs are amortized over the remaining lives of the associated leases in place at the time of acquisition.

EASTGROUP PROPERTIES, INC. AND SUBSIDIARIES
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The leases in the properties acquired during the year ended December 31, 2022 had a weighted average remaining lease term at acquisition of approximately 3.9 years.

Also during 2022, EastGroup purchased 456.3 acres of development land in 10 markets for \$ 123,717,000 . The land acquisitions in San Francisco and Sacramento were acquired in connection with the Company's acquisition of Tulloch Corporation in June 2022.

Also during the year ended December 31, 2022, the Company acquired the 1 % noncontrolling partnership interest in Speed Distribution Center in San Diego for \$ 18,599,000 . EastGroup continues to control and own 100 % of the property.

The Company periodically reviews the recoverability of goodwill (at least annually) and the recoverability of other intangibles (on a quarterly basis) for possible impairment. No impairment of goodwill or other intangibles existed during the three and nine month periods ended September 30, 2023 and 2022.

(8) REAL ESTATE SOLD AND HELD FOR SALE

The Company considers a real estate property to be held for sale when it meets the criteria established under ASC 360, *Property, Plant and Equipment*, including when it is probable that the property will be sold within a year. Real estate properties held for sale are reported at the lower of the carrying amount or fair value less estimated costs to sell and are not depreciated while they are held for sale. The Company did not classify any properties as held for sale as of September 30, 2023 and December 31, 2022.

In accordance with ASC 360 and ASC 205, *Presentation of Financial Statements* , the Company would report a disposal of a component of an entity or a group of components of an entity in discontinued operations if the disposal represents a strategic shift that has (or will have) a major effect on an entity's operations and financial results when the component or group of components meets the criteria to be classified as held for sale or when the component or group of components is disposed of by sale or other than by sale. In addition, the Company would provide additional disclosures about both discontinued operations and the disposal of an individually significant component of an entity that does not qualify for discontinued operations presentation in the financial statements. EastGroup performs an analysis of properties sold to determine whether the sales qualify for discontinued operations presentation.

The Company sold one operating property during the nine months ended September 30, 2023 and three operating properties during the year ended December 31, 2022, as shown in the table below. The results of operations and gains and losses on sales for the properties sold are reported in continuing operations on the Consolidated Statements of Income and Comprehensive Income. The gains and losses on sales are included in *Gain on sales of real estate investments*. The Company did not consider its sales in 2022 or 2023 to be disposals of a component of an entity or a group of components of an entity representing a strategic shift that has (or will have) a major effect on the entity's operations and financial results.

A summary of *Gain on sales of real estate investments* for the nine months ended September 30, 2023 and the year ended December 31, 2022 follows:

REAL ESTATE PROPERTIES SOLD	Location	Size (In square feet)	Date Sold	Net Sales			Recognized Gain
				Price	Basis	(In thousands)	
2023							
World Houston 23	Houston, TX	125,000	03/31/2023	\$ 9,327	4,518	4,809	
2022							
Metro Business Park	Phoenix, AZ	189,000	01/06/2022	\$ 32,851	5,880	26,971	
Cypress Creek Business Park ⁽¹⁾	Fort Lauderdale, FL	56,000	03/31/2022	5,282	1,901	3,381	
World Houston 15 East	Houston, TX	42,000	05/11/2022	12,873	2,226	10,647	
Total for 2022		287,000		\$ 51,006	10,007	40,999	

(1) Cypress Creek Business Park is located on a ground lease. In conjunction with the sale of the property, the Company fully amortized the associated right-of-use asset and liability of \$ 1,745,000 .

The table above includes sales of operating properties. During the nine months ended September 30, 2023, the Company also sold 11.9 acres of land in Houston and Fort Worth, for \$ 4,750,000 and recognized gains on the sales of \$ 446,000 . The Company did not sell any land during the year ended December 31, 2022. The gains on sales of non-operating real estate are included in *Other* on the Consolidated Statements of Income and Comprehensive Income.

EASTGROUP PROPERTIES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

(9) OTHER ASSETS

A summary of the Company's *Other assets* follows:

	<i>September 30, 2023</i>	<i>December 31, 2022</i>
	(In thousands)	
Leasing costs (principally commissions)	\$ 154,485	140,273
Accumulated amortization of leasing costs	(54,841)	(48,249)
Leasing costs (principally commissions), net of accumulated amortization	<u>99,644</u>	<u>92,024</u>
Acquired in-place lease intangibles	38,136	37,181
Accumulated amortization of acquired in-place lease intangibles	(18,967)	(16,276)
Acquired in-place lease intangibles, net of accumulated amortization	<u>19,169</u>	<u>20,905</u>
Acquired above market lease intangibles	481	496
Accumulated amortization of acquired above market lease intangibles	(298)	(251)
Acquired above market lease intangibles, net of accumulated amortization	<u>183</u>	<u>245</u>
Straight-line rents receivable	69,480	61,452
Accounts receivable	7,141	9,568
Interest rate swap assets	42,088	38,352
Right of use assets — Office leases (operating)	1,682	2,050
Escrow deposits and prepaid costs for pending transactions	1,981	2,522
Goodwill	990	990
Prepaid insurance	11,331	2,681
Receivable for insurance proceeds	4,433	2,828
Prepaid expenses and other assets	6,593	11,327
Total <i>Other assets</i>	<u>\$ 264,715</u>	<u>244,944</u>

(10) DEBT

The Company's debt is detailed below:

	<i>September 30, 2023</i>	<i>December 31, 2022</i>
	(In thousands)	
Unsecured bank credit facilities - variable rate, carrying amount	\$ —	170,000
Unamortized debt issuance costs	(1,760)	(1,546)
Unsecured bank credit facilities, net of debt issuance costs	<u>(1,760)</u>	<u>168,454</u>
Unsecured debt - fixed rate, carrying amount ⁽¹⁾	1,680,000	1,695,000
Unamortized debt issuance costs	(3,869)	(3,741)
Unsecured debt, net of debt issuance costs	<u>1,676,131</u>	<u>1,691,259</u>
Secured debt - fixed rate, carrying amount ⁽¹⁾	—	2,041
Unamortized debt issuance costs	—	(10)
Secured debt, net of debt issuance costs	<u>—</u>	<u>2,031</u>
Total debt, net of debt issuance costs	<u>\$ 1,674,371</u>	<u>1,861,744</u>

(1) These loans have a fixed interest rate or an effectively fixed interest rate due to interest rate swaps.

EASTGROUP PROPERTIES, INC. AND SUBSIDIARIES
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Until January 10, 2023, EastGroup had \$ 425,000,000 and \$ 50,000,000 unsecured bank credit facilities with margins over London Interbank Offered Rate ("LIBOR") of 77.5 basis points, facility fees of 15 basis points and maturity dates of July 30, 2025 . The Company amended and restated these credit facilities effective January 10, 2023, expanding the total capacity on its unsecured bank credit facilities from \$ 475,000,000 to \$ 675,000,000 and replacing LIBOR with SOFR as the benchmark interest rate.

The Company's \$ 625,000,000 unsecured bank credit facility, which was increased in January 2023 by \$ 200,000,000 from \$ 425,000,000 , is with a group of 11 banks and has a maturity date of July 30, 2025 . The credit facility contains options for two six-month extensions (at the Company's election) and an additional \$ 125,000,000 accordion (with agreement by all parties). The interest rate on each tranche is reset on a monthly basis and as of September 30, 2023, was SOFR plus 76.5 basis points with an annual facility fee of 15 basis points. As of September 30, 2023, the Company had no variable rate borrowings on this unsecured bank credit facility and an interest rate of 6.094 %. The Company has two standby letters of credit totaling \$ 2,655,000 pledged on this facility, which reduces borrowing capacity under the credit facility.

The Company's \$ 50,000,000 unsecured bank credit facility has a maturity date of July 30, 2025 , or such later date as designated by the bank; the Company also has two six-month extensions available if the extension options in the \$ 625,000,000 facility are exercised. The interest rate is reset on a daily basis and as of September 30, 2023, was SOFR plus 77.5 basis points with an annual facility fee of 15 basis points. As of September 30, 2023, the interest rate was 6.185 % with no outstanding balance.

For both facilities, the margin and facility fee are subject to changes in the Company's credit ratings. Although the Company's current credit rating is Baa2 , given the strength of the Company's key credit metrics, initial pricing for the credit facilities is based on the BBB+/Baa1 credit ratings level. This favorable pricing level will be retained provided that the Company's consolidated leverage ratio, as defined in the applicable agreements, remains less than 32.5 %. The \$ 625,000,000 facility also includes a sustainability-linked pricing component pursuant to which the applicable interest margin is reduced by one basis point if the Company meets a certain sustainability performance target. This sustainability metric is evaluated annually and was achieved for the year ended December 31, 2022, which effectively reduced the margin on this unsecured bank credit facility during 2023 by one basis point from 77.5 to 76.5 basis points.

In January 2023, the Company closed a \$ 100,000,000 senior unsecured term loan with a term of seven years and interest only payments, which bears interest at the annual rate of SOFR plus an applicable margin (1.35 % as of September 30, 2023) based on the Company's senior unsecured long-term debt rating. The Company also entered into an interest rate swap agreement to convert the loan's SOFR rate component to a fixed interest rate for the entire term of the loan providing a total effectively fixed interest rate of 5.27 %.

On March 31, 2023, EastGroup repaid a \$ 65,000,000 senior unsecured term loan with a total effectively fixed interest rate of 2.31 %. The loan, which was scheduled to mature on April 1, 2023, was repaid with no penalty.

In August 2023, the Company made a scheduled \$ 50,000,000 principal repayment on its senior unsecured notes with a fixed interest rate of 3.80 %.

In September 2023, EastGroup repaid a mortgage loan with a balance of \$ 1,905,000 , an interest rate of 3.85 % and an original maturity date of November 30, 2026 .

Also in September 2023, the Company closed on the refinance of a \$ 100,000,000 senior unsecured term loan with five years remaining. The amended term loan provides for interest only payments currently at an interest rate of SOFR plus 95 basis points, based on the Company's current credit ratings and consolidated leverage ratio, which is a 45 basis point reduction in the credit spread compared to the original term loan. The Company has an interest rate swap agreement which converts the loan's SOFR rate component to a fixed interest rate for the entire term of the loan, providing a total effectively fixed interest rate of 2.61 %.

EASTGROUP PROPERTIES, INC. AND SUBSIDIARIES
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Scheduled principal payments on long-term debt, including *Unsecured debt, net of debt issuance costs* (not including *Unsecured bank credit facilities, net of debt issuance costs*), as of September 30, 2023, are as follows:

Years Ending December 31,	(In thousands)
2023 - Remainder of year	\$ —
2024	170,000
2025	145,000
2026	140,000
2027	175,000
2028 and beyond	1,050,000
Total	\$ 1,680,000

(11) ACCOUNTS PAYABLE AND ACCRUED EXPENSES

A summary of the Company's *Accounts payable and accrued expenses* follows:

	September 30, 2023	December 31, 2022
	(In thousands)	
Property taxes payable	\$ 63,956	6,823
Development costs payable	44,156	21,305
Retainage payable	14,884	11,011
Real estate improvements and capitalized leasing costs payable	6,504	5,182
Interest payable	14,205	9,597
Dividends payable	60,322	55,952
Book overdraft ⁽¹⁾	3,419	13,370
Other payables and accrued expenses	10,673	13,748
Total Accounts payable and accrued expenses	\$ 218,119	136,988

(1) Represents checks written before the end of the period which have not cleared the bank; therefore, the bank has not yet advanced cash to the Company. When the checks clear the bank, they will be funded through the Company's working cash line of credit, which is included in the Company's *Unsecured bank credit facilities*.

(12) OTHER LIABILITIES

A summary of the Company's *Other liabilities* follows:

	September 30, 2023	December 31, 2022
	(In thousands)	
Security deposits	\$ 36,404	34,272
Prepaid rent and other deferred income	19,202	17,004
Operating lease liabilities — Ground leases	19,044	19,906
Operating lease liabilities — Office leases	1,766	2,139
Acquired below market lease intangibles	10,800	10,735
Accumulated amortization of below market lease intangibles	(5,009)	(3,957)
Acquired below market lease intangibles, net of accumulated amortization	5,791	6,778
Interest rate swap liabilities	—	1,981
Other liabilities	892	1,586
Total Other liabilities	\$ 83,099	83,666

EASTGROUP PROPERTIES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

(13) COMPREHENSIVE INCOME

Total Comprehensive Income is comprised of net income plus all other changes in equity from non-owner sources and is presented on the Consolidated Statements of Income and Comprehensive Income. The components of *Accumulated other comprehensive income* are presented in the Company's Consolidated Statement of Changes in Equity and are summarized below. See Note 14 for information regarding the Company's interest rate swaps.

	<i>Three Months Ended</i>		<i>Nine Months Ended September 30,</i>	
	<i>September 30,</i>		<i>September 30,</i>	
	<i>2023</i>	<i>2022</i>	<i>2023</i>	<i>2022</i>
<i>(In thousands)</i>				
ACCUMULATED OTHER COMPREHENSIVE INCOME:				
Balance at beginning of period	\$ 36,311	23,971	36,371	1,302
<i>Other comprehensive income - interest rate swaps</i>	5,777	17,157	5,717	39,826
Balance at end of period	<u>\$ 42,088</u>	<u>41,128</u>	<u>42,088</u>	<u>41,128</u>

(14) DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES

The Company is exposed to certain risks arising from both its business operations and economic conditions. The Company principally manages its exposures to a wide variety of business and operational risks through management of its core business activities. The Company manages economic risk, including interest rate, liquidity and credit risk primarily by managing the amount, sources and duration of its debt funding and, to a limited extent, the use of derivative instruments.

Specifically, the Company has entered into derivative instruments to manage exposures that arise from business activities that result in the payment of future known and uncertain cash amounts, the value of which are determined by interest rates. The Company's derivative instruments, described below, are used to manage differences in the amount, timing and duration of the Company's known or expected cash payments principally related to certain of the Company's borrowings.

The Company's objective in using interest rate derivatives is to change variable interest rates to fixed interest rates by using interest rate swaps. Interest rate swaps designated as cash flow hedges involve the receipt of variable-rate amounts from a counterparty in exchange for the Company making fixed-rate payments over the life of the agreements without exchange of the underlying notional amount.

As of September 30, 2023, the Company had seven interest rate swaps outstanding, all of which are used to hedge the variable cash flows associated with unsecured loans. All of the Company's interest rate swaps convert the related loans' SOFR rate components to effectively fixed interest rates, and the Company has concluded that each of the hedging relationships is highly effective.

The changes in the fair value of derivatives designated and qualifying as cash flow hedges are recorded in *Other comprehensive income (loss)* and are subsequently reclassified into earnings through *Interest expense* as interest payments are made or received on the Company's variable-rate debt in the period that the hedged forecasted transaction affects earnings. The Company estimates that an additional \$ 18,229,000 will be reclassified from *Other comprehensive income (loss)* as a decrease to *Interest expense* over the next twelve months.

The Company's valuation methodology for over-the-counter ("OTC") derivatives is to discount cash flows based on SOFR market data. Uncollateralized or partially-collateralized trades include appropriate economic adjustments for funding costs and credit risk. The Company calculates its derivative valuations using mid-market prices.

On June 30, 2023, LIBOR's administrator, ICE Benchmark Administration (IBA) ceased publication of the different tenors of USD LIBOR. This cessation follows an announcement by the IBA's regulator, the Financial Conduct Authority, in March 2021 that LIBOR would no longer be a representative rate beyond this date. In the U.S., the Alternative Reference Rates Committee, which was convened by the Federal Reserve Board and the Federal Reserve Bank of New York, recommended SOFR plus a recommended spread adjustment as its preferred alternative to USD-LIBOR. As a result, all of the Company's remaining borrowings which were LIBOR-based have been amended to modify the index from LIBOR to SOFR. Concurrently, the related swaps were amended to reference SOFR rather than LIBOR. The transition did not have a material impact on the Company's consolidated financial statements.

EASTGROUP PROPERTIES, INC. AND SUBSIDIARIES
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In March 2020, the FASB issued ASU 2020-04, *Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting*. ASU 2020-04 contains practical expedients for reference rate reform related activities that impact debt, leases, derivatives and other contracts. The guidance in ASU 2020-04 is optional and may be elected over time as reference rate reform activities occur. The Company elected to apply the hedge accounting expedients related to probability and the assessments of effectiveness for future LIBOR-indexed cash flows to assume that the index upon which future hedged transactions will be based matches the index on the corresponding derivatives. Application of these expedients preserved the presentation of derivatives consistent with past presentation. In December 2022, the FASB issued ASU 2022-06, *Deferral of the Sunset Date of Topic 848*, which was issued to defer the sunset date of Topic 848 to December 31, 2024. ASU 2022-06 is effective immediately for all companies. ASU 2022-06 had no impact on the Company's consolidated financial statements for the three and nine months ended September 30, 2023.

As of September 30, 2023 and December 31, 2022, the Company had the following outstanding interest rate derivatives that are designated as cash flow hedges of interest rate risk:

Interest Rate Derivative	Notional Amount as of September 30, 2023	Notional Amount as of December 31, 2022
(In thousands)		
Interest Rate Swap	—	\$ 65,000
Interest Rate Swap	\$ 100,000	\$ 100,000
Interest Rate Swap	\$ 100,000	\$ 100,000
Interest Rate Swap	\$ 50,000	\$ 50,000
Interest Rate Swap	\$ 100,000	\$ 100,000
Interest Rate Swap	\$ 75,000	\$ 75,000
Interest Rate Swap	\$ 50,000	\$ 50,000
Interest Rate Swap	\$ 100,000	\$ 100,000

The table below presents the fair value of the Company's derivative financial instruments as well as their classification on the Consolidated Balance Sheets as of September 30, 2023 and December 31, 2022. See Note 17 for additional information on the fair value of the Company's interest rate swaps.

	Derivatives		Derivatives	
	As of September 30, 2023		As of December 31, 2022	
	Balance Sheet Location	Fair Value	Balance Sheet Location	Fair Value
(In thousands)				

Derivatives designated as cash flow hedges:

Interest rate swap assets	Other assets	\$ 42,088	Other assets	\$ 38,352
Interest rate swap liabilities	Other liabilities	—	Other liabilities	1,981

The table below presents the effect of the Company's derivative financial instruments on the Consolidated Statements of Income and Comprehensive Income for the three and nine months ended September 30, 2023 and 2022:

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2023	2022	2023	2022
(In thousands)				

DERIVATIVES IN CASH FLOW HEDGING RELATIONSHIPS

Interest Rate Swaps:

Amount of income recognized in <i>Other comprehensive income</i> on derivatives	\$ 10,463	18,162	18,719	39,517
Amount of (income) loss reclassified from <i>Accumulated other comprehensive income</i> into <i>Interest expense</i>	(4,686)	(1,005)	(13,002)	309

See Note 13 for additional information on the Company's *Accumulated other comprehensive income* resulting from its interest rate swaps.

EASTGROUP PROPERTIES, INC. AND SUBSIDIARIES
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Derivative financial agreements expose the Company to credit risk in the event of non-performance by the counterparties under the terms of the interest rate hedge agreements. The Company believes it minimizes the credit risk by transacting with financial institutions the Company regards as credit-worthy.

The Company has an agreement with its derivative counterparties containing a provision stating that the Company could be declared in default on its derivative obligations if the Company defaults on any of its indebtedness, including default where repayment of the indebtedness has not been accelerated by the lender. As of September 30, 2023, we had not posted any collateral related to these agreements and were not in breach of any of the provisions of these agreements. If the Company had breached any of these provisions, it would be required to settle its obligations under the agreements at their termination value.

(15) EARNINGS PER SHARE

The Company applies ASC 260, *Earnings Per Share*, which requires companies to present basic and diluted earnings per share ("EPS"). Basic EPS represents the amount of earnings for the period attributable to each share of common stock outstanding during the reporting period. The Company's basic EPS is calculated by dividing *Net Income Attributable to EastGroup Properties, Inc. Common Stockholders* by the weighted average number of common shares outstanding. The weighted average number of common shares outstanding does not include any potentially dilutive securities or any unvested restricted shares of common stock. These unvested restricted shares, although classified as issued and outstanding, are considered forfeitable until the restrictions lapse and will not be included in the basic EPS calculation until the shares are vested.

Diluted EPS represents the amount of earnings for the period attributable to each share of common stock outstanding during the reporting period and to each share that would have been outstanding assuming the issuance of common shares for all dilutive potential common shares outstanding during the reporting period. The Company calculates diluted EPS by dividing *Net Income Attributable to EastGroup Properties, Inc. Common Stockholders* by the weighted average number of common shares outstanding plus the dilutive effect of unvested restricted stock. The dilutive effect of unvested restricted stock is determined using the treasury stock method.

Reconciliation of the numerators and denominators in the basic and diluted EPS computations is as follows:

	<i>Three Months Ended</i>		<i>Nine Months Ended September 30,</i>	
	<i>September 30,</i>		<i>September 30,</i>	
	<i>2023</i>	<i>2022</i>	<i>2023</i>	<i>2022</i>

(In thousands)

BASIC EPS COMPUTATION FOR NET INCOME ATTRIBUTABLE TO EASTGROUP PROPERTIES, INC. COMMON STOCKHOLDERS

Numerator – net income attributable to common stockholders	\$ 48,896	37,792	137,036	147,511
Denominator – weighted average shares outstanding - Basic	45,658	43,467	44,688	42,308

DILUTED EPS COMPUTATION FOR NET INCOME ATTRIBUTABLE TO EASTGROUP PROPERTIES, INC. COMMON STOCKHOLDERS

Numerator – net income attributable to common stockholders	\$ 48,896	37,792	137,036	147,511
Denominator:				
Weighted average shares outstanding - Basic	45,658	43,467	44,688	42,308
Unvested restricted stock	130	114	94	111
Weighted average shares outstanding - Diluted	45,788	43,581	44,782	42,419

(16) STOCK-BASED COMPENSATION

EastGroup applies the provisions of ASC 718, *Compensation - Stock Compensation*, to account for its stock-based compensation plans. ASC 718 requires that the compensation cost relating to share-based payment transactions be recognized in the financial statements and that the cost be measured on the fair value of the equity or liability instruments issued. The cost for market-based awards and awards that only require service are expensed on a straight-line basis over the requisite service periods. The cost for performance-based awards is determined using the graded vesting attribution method which recognizes each separate vesting portion of the award as a separate award on a straight-line basis over the requisite service period. This method accelerates the expensing of the award compared to the straight-line method. For awards with a performance condition, compensation expense is recognized when the performance condition is considered probable of achievement.

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The total compensation expense for service and performance based awards is based upon the fair market value of the shares on the grant date. The grant date fair value for awards that have been granted and are subject to a future market condition (total shareholder return) are determined using a Monte Carlo simulation pricing model developed to specifically accommodate the unique features of the awards.

During the restricted period for awards no longer subject to contingencies, the Company accrues dividends and holds the certificates for the shares; however, the employee can vote the shares. Share certificates and dividends are delivered to the employee as they vest. Forfeitures of awards are recognized as they occur.

The Compensation Committee of the Company's Board of Directors (the "Committee") approves long-term and annual equity compensation awards for the Company's executive officers. The vesting periods of the Company's restricted stock plans vary, as determined by the Committee. Restricted stock is granted to executive officers subject to both continued service and the satisfaction of certain annual performance goals and multi-year market conditions as determined by the Committee.

The long-term compensation awards include components based on the Company's total shareholder return over the upcoming three years and the employee's continued service as of the vesting dates. The total shareholder return component is subject to bright-line tests that compare the Company's total shareholder return to the Nareit Equity Index and to the member companies of the Nareit industrial index. The Company begins recognizing expense for these awards based on the grant date fair value of the awards which is determined using a simulation pricing model developed to specifically accommodate the unique features of the award. These market-based awards are expensed on a straight-line basis over the requisite service period (75 % vests at the end of the three-year performance period and 25 % vests the following year). The long-term awards subject only to continuing employment are expensed on a straight-line basis over the requisite service period (25 % vests in each of the following four years).

The annual equity compensation awards include components based on certain annual Company performance measures and individual annual performance goals over the upcoming year. The certain Company performance measures for 2023 are: (i) funds from operations ("FFO") per share, (ii) cash same property net operating income change, (iii) debt-to-EBITDA ratio, and (iv) fixed charge coverage. The Company begins recognizing expense for its estimate of the shares that could be earned pursuant to these awards on the grant date; the expense is adjusted to estimated performance levels during the performance period and to actual upon the determination of the awards. The shares are expensed using the graded vesting attribution method which recognizes each separate vesting portion of the award as a separate award on a straight-line basis over the requisite service period (34 % vests at the end of the one year performance period and 33 % vests in each of the following two years). Any shares issued pursuant to the individual annual performance goals are determined by the Committee in its discretion following the performance period. The Company begins recognizing the expense for the shares on the grant date and will expense on a straight-line basis over the remaining service period (34 % vests at the end of the one year performance period and 33 % vests in each of the following two years).

Equity compensation is also awarded to the Company's non-executive officers and directors, which are subject to service only conditions and expensed on a straight-line basis over the required service period. The total compensation expense is based upon the fair market value of the shares on the grant date.

The Committee has adopted an Equity Award Retirement Policy (the "retirement policy") which allows for accelerated vesting of unvested shares for retirement-eligible employees (defined as employees who meet certain age and years of service requirements). In order to qualify for accelerated vesting upon retirement, the eligible employees must provide required notification under the retirement policy and must retire from the Company. The Company has adjusted its stock-based compensation expense to accelerate the recognition of expense for retirement-eligible employees.

Stock-based compensation cost for employees was \$ 2,593,000 and \$ 8,424,000 for the three and nine months ended September 30, 2023, respectively, of which \$ 886,000 and \$ 2,180,000 were capitalized as part of the Company's development costs. For the three and nine months ended September 30, 2022, stock-based compensation cost for employees was \$ 2,625,000 and \$ 8,175,000 , respectively, of which \$ 645,000 and \$ 1,981,000 were capitalized as part of the Company's development costs.

Stock-based compensation expense for directors was \$ 174,000 and \$ 591,000 for the three and nine months ended September 30, 2023, respectively, and \$ 230,000 and \$ 336,000 for the same periods in 2022.

Following is a summary of the total restricted shares granted, forfeited and delivered (vested) to participants with the related weighted average grant date fair value share prices. Of the shares that vested in the nine months ended September 30, 2023, the Company withheld 31,254 shares to satisfy the tax obligations for those participants who elected this option as permitted under the applicable equity plan. As of the grant dates, the fair value of shares that were granted during the nine months ended

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September 30, 2023 was \$ 9,222,000 . As of the vesting dates, the aggregate fair value of shares that vested during the nine months ended September 30, 2023 was \$ 12,208,000 .

Award Activity:	Three Months Ended		Nine Months Ended September 30, 2023	
	September 30, 2023		September 30, 2023	
	Shares	Weighted Average Grant Date Fair	Shares	Weighted Average Grant Date Fair
Unvested at beginning of period	84,616	\$ 153.76	102,508	\$ 133.29
Granted ⁽¹⁾ ⁽²⁾	—	—	61,875	149.05
Forfeited	—	—	(1,015)	144.79
Vested	(52)	120.39	(78,804)	123.53
Unvested at end of period	84,564	\$ 153.78	84,564	\$ 153.78

(1) Includes shares granted in prior years for which performance conditions have been satisfied and the number of shares have been determined.

(2) Does not include the restricted shares that may be earned if the performance goals established in 2021 and 2022 for long-term performance and in 2023 for annual and long-term performance are achieved. Depending on the actual level of achievement of the goals at the end of the open performance periods, the number of shares earned could range from zero to 135,133 .

(17) FAIR VALUE OF FINANCIAL INSTRUMENTS

ASC 820, *Fair Value Measurement*, defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. ASC 820 also provides guidance for using fair value to measure financial assets and liabilities. The FASB Codification requires disclosure of the level within the fair value hierarchy in which the fair value measurements fall, including measurements using quoted prices in active markets for identical assets or liabilities (Level 1), quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in markets that are not active (Level 2) and significant valuation assumptions that are not readily observable in the market (Level 3).

The following table presents the carrying amounts and estimated fair values of the Company's financial instruments in accordance with ASC 820 at September 30, 2023 and December 31, 2022.

	September 30, 2023		December 31, 2022	
	Carrying Amount ⁽¹⁾	Fair Value	Carrying Amount ⁽¹⁾	Fair Value
(In thousands)				
Financial Assets:				
Cash and cash equivalents	\$ 374	374	56	56
Interest rate swap assets	42,088	42,088	38,352	38,352
Financial Liabilities:				
Unsecured bank credit facilities - variable rate ⁽²⁾	—	—	170,000	169,684
Unsecured debt ⁽²⁾	1,680,000	1,497,801	1,695,000	1,548,221
Secured debt ⁽²⁾	—	—	2,041	1,918
Interest rate swap liabilities	—	—	1,981	1,981

(1) Carrying amounts shown in the table are included on the Consolidated Balance Sheets under the indicated captions, except as explained in the notes below.

(2) Carrying amounts and fair values shown in the table exclude debt issuance costs (see Note 10 for additional information).

The following methods and assumptions were used to estimate the fair value of each class of financial instruments:

Cash and cash equivalents: The Company considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. The carrying amounts approximate fair value due to the short maturity of those instruments.

Interest rate swap assets (included in Other assets on the Consolidated Balance Sheets): The instruments are recorded at fair value based on models using inputs, such as interest rate yield curves, LIBOR or SOFR swap curves, observable for substantially the full term of the contract (Level 2 input). See Note 14 for additional information on the Company's interest rate swaps.

Unsecured bank credit facilities: The fair value of the Company's unsecured bank credit facilities is estimated by discounting expected cash flows at current market rates (Level 2 input), excluding the effects of debt issuance costs.

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Unsecured debt: The fair value of the Company's unsecured debt is estimated by discounting expected cash flows at the rates currently offered to the Company for debt of the same remaining maturities, as advised by the Company's bankers (Level 2 input), excluding the effects of debt issuance costs.

Secured debt: The fair value of the Company's secured debt is estimated by discounting expected cash flows at the rates currently offered to the Company for debt of the same remaining maturities, as advised by the Company's bankers (Level 2 input), excluding the effects of debt issuance costs.

Interest rate swap liabilities (included in Other liabilities on the Consolidated Balance Sheets): The instruments are recorded at fair value based on models using inputs, such as interest rate yield curves, LIBOR or SOFR swap curves, observable for substantially the full term of the contract (Level 2 input). See Note 14 for additional information on the Company's interest rate swaps.

(18) RISKS AND UNCERTAINTIES

The state of the overall economy can significantly impact the Company's operational performance and thus impact its financial position. Should EastGroup experience a significant decline in operational performance, it may affect the Company's ability to make distributions to its shareholders, service debt or meet other financial obligations.

(19) LEGAL MATTERS

The Company is not presently involved in any material litigation nor, to its knowledge, is any material litigation threatened against the Company or its properties, other than routine litigation arising in the ordinary course of business.

(20) RECENT ACCOUNTING PRONOUNCEMENTS

EastGroup has evaluated all ASUs recently released by the FASB through the date the financial statements were issued and determined that the following ASUs apply to the Company.

ASU 2020-04, *Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting* , applies to the Company. Also, in December 2022, the FASB issued ASU 2022-06, *Deferral of the Sunset Date of Topic 848* ("ASU 2022-06") which was issued to defer the sunset date of Topic 848 to December 31, 2024. ASU 2022-06 is effective immediately for all companies. ASU 2022-06 had no impact on the Company's consolidated financial statements for the nine months ended September 30, 2023. See Note 14 in the Notes to Consolidated Financial Statements for further evaluation of these ASUs.

(21) SUBSEQUENT EVENTS

On September 28 and 29, 2023, the Company sold 53,364 shares of common stock under its continuous common equity program, providing aggregate net proceeds to the Company of \$ 8,794,000 . These shares were deemed to be issued and outstanding upon settlement in October 2023.

Subsequent to September 30, 2023, EastGroup acquired McKinney Logistics Center, a 193,000 square foot business distribution building for approximately \$ 26,000,000 . The building is located in the Northeast submarket of Dallas and is 100% leased.

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

The following discussion and analysis of results of operations and financial condition should be read in conjunction with the consolidated financial statements and notes thereto appearing elsewhere in this Quarterly Report on Form 10-Q.

FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q includes "forward-looking statements" (within the meaning of the federal securities laws, Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act")) that reflect EastGroup's expectations and projections about the Company's future results, performance, prospects, plans and opportunities. The Company has attempted to identify these forward-looking statements by the use of words such as "may," "will," "seek," "expects," "anticipates," "believes," "targets," "intends," "should," "estimates," "could," "continue," "assume," "projects," "goals," "plans" or variations of such words and similar expressions or the negative of such words, although not all forward-looking statements contain such words. These forward-looking statements are based on information currently available to the Company and are subject to a number of known and unknown assumptions, risks, uncertainties and other factors that may cause the Company's actual results, performance, plans or achievements to be materially different from any future results, performance or achievements expressed or implied by these forward-looking statements. These factors include, among other things, those discussed below. The Company intends for all such forward-looking statements to be covered by the safe harbor provisions for forward-looking statements contained in Section 27A of the Securities Act and Section 21E of the Exchange Act, as applicable by law. The Company does not undertake to publicly update or revise any forward-looking statements, whether as a result of changes in underlying assumptions or new information, future events or otherwise, except as may be required by law.

The following are some, but not all, of the risks, uncertainties and other factors that could cause the Company's actual results to differ materially from those presented in the Company's forward-looking statements (the Company refers to itself as "we," "us" or "our" in the following):

- international, national, regional and local economic conditions;
- disruption in supply and delivery chains;
- construction costs could increase as a result of inflation impacting the costs to develop properties;
- the competitive environment in which the Company operates;
- fluctuations of occupancy or rental rates;
- potential defaults (including bankruptcies or insolvency) on or non-renewal of leases by tenants, or our ability to lease space at current or anticipated rents, particularly in light of the impacts of inflation;
- potential changes in the law or governmental regulations and interpretations of those laws and regulations, including changes in real estate laws, real estate investment trust ("REIT") or corporate income tax laws, potential changes in zoning laws, or increases in real property tax rates, and any related increased cost of compliance;
- our ability to maintain our qualification as a REIT;
- acquisition and development risks, including failure of such acquisitions and development projects to perform in accordance with projections;
- natural disasters such as fires, floods, tornadoes, hurricanes and earthquakes;
- pandemics, epidemics or other public health emergencies, such as the coronavirus ("COVID-19") pandemic;
- availability of financing and capital, increase in interest rates, and ability to raise equity capital on attractive terms;
- financing risks, including the risks that our cash flows from operations may be insufficient to meet required payments of principal and interest, and we may be unable to refinance our existing debt upon maturity or obtain new financing on attractive terms or at all;
- our ability to retain our credit agency ratings;
- our ability to comply with applicable financial covenants;
- credit risk in the event of non-performance by the counterparties to our interest rate swaps;
- lack of or insufficient amounts of insurance;
- litigation, including costs associated with prosecuting or defending claims and any adverse outcomes;
- our ability to attract and retain key personnel;
- risks related to the failure, inadequacy or interruption of our data security systems and processes;
- potentially catastrophic events such as acts of war, civil unrest and terrorism; and
- environmental liabilities, including costs, fines or penalties that may be incurred due to necessary remediation of contamination of properties presently owned or previously owned by us.

The risks included herein are not exhaustive, and investors should be aware that there may be other factors that could adversely affect our business and financial performance. New risk factors emerge from time to time and it is not possible for our management to predict all risk factors, nor can we assess the impact of all risk factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. Given these risks and uncertainties, investors should not place undue reliance on forward-looking statements as a prediction of actual results.

All forward-looking statements should be read in light of the risks identified in Part I, Item 1A. Risk Factors within the Company's Annual Report on Form 10-K for the year ended December 31, 2022, as such factors may be updated from time to time in the Company's periodic filings and current reports filed with the Securities and Exchange Commission.

OVERVIEW

EastGroup's goal is to maximize shareholder value by being a leading provider in its markets of functional, flexible and quality business distribution space for location-sensitive customers (primarily in the 20,000 to 100,000 square foot range). The Company develops, acquires and operates distribution facilities, the majority of which are clustered around major transportation features in supply constrained submarkets in major Sunbelt regions. The Company's core markets are in the states of Florida, Texas, Arizona, California and North Carolina.

During the nine months ended September 30, 2023, economic uncertainty and stock market volatility have increased due to a number of factors, including rising inflation, increasing interest rates, and lingering supply chain disruptions. While these factors have not had a significant adverse impact on EastGroup to date, they may adversely impact the Company in the future. Most of the Company's leases require the tenants to pay their pro rata share of operating expenses, including real estate taxes, insurance and common area maintenance, thereby reducing the Company's exposure to increases in operating expenses resulting from inflation or other factors. Additionally, most of the Company's leases include scheduled rent increases. In the event inflation causes increases in the Company's general and administrative expenses, or higher interest rates increase the Company's cost of doing business, such increased costs would not be passed through to tenants and could adversely affect the Company's results of operations. The Company continues to monitor these supply chain, inflation and interest rate factors, as well as the uncertainty resulting from the overall economic environment.

EastGroup believes its current operating cash flow and unsecured bank credit facilities provide the capacity to fund the operations of the Company, and the Company also believes it can issue common and/or preferred equity and obtain debt financing on currently acceptable terms. During the nine months ended September 30, 2023, EastGroup sold, and subsequently settled the issuance of, 2,725,021 shares of common stock through its continuous common equity offering program at a weighted average price of \$170.39 per share, providing aggregate net proceeds to the Company of \$459,179,000. Included in this activity are 53,364 shares sold on September 28 and September 29, 2023, providing aggregate net proceeds to the Company of \$8,794,000, which were deemed to be issued and outstanding upon settlement in October 2023. Also during the nine months ended September 30, 2023, the Company closed a \$100,000,000 senior unsecured term loan with an effectively fixed interest rate of 5.27%. Additionally, the Company amended its unsecured bank credit facilities, effective January 2023, to expand the total capacity on its unsecured bank credit facilities from \$475,000,000 to \$675,000,000 and to replace LIBOR with Secured Overnight Financing Rate ("SOFR") as the benchmark interest rate. The maturity date remains July 30, 2025. EastGroup's financing and equity issuances are further described in *Liquidity and Capital Resources* below.

The Company's primary revenue is rental income. During the nine months ended September 30, 2023, EastGroup executed new and renewal leases on 6,159,000 square feet (11.3% of the operating portfolio's total square footage of 54,581,000). For new and renewal leases signed during the first nine months of 2023, average rental rates increased by 52.7% as compared to the former leases on the same spaces.

On a diluted per share basis, *Net Income Attributable to EastGroup Properties, Inc. Common Stockholders* was \$3.06 for the nine months ended September 30, 2023, compared to \$3.48 for the same period of 2022, a 12.1% decrease. See the Company's analysis of performance trends below for further details.

Property Net Operating Income ("P NOI") Excluding Income from Lease Terminations from same properties (defined as operating properties owned during the entire current and prior year reporting periods – January 1, 2022 through September 30, 2023), increased 6.5% for the nine months ended September 30, 2023, as compared to the same period in 2022.

EastGroup's operating portfolio was 98.5% leased and 97.7% occupied as of September 30, 2023, compared to 99.0% and 98.5%, respectively, at September 30, 2022. As of October 24, 2023, the operating portfolio was 98.4% leased and 97.9%

occupied. Leases scheduled to expire for the remainder of 2023 were 2.0% of the operating portfolio on a square foot basis at September 30, 2023, and this percentage was reduced to 1.6% as of October 24, 2023.

The Company generates new sources of leasing revenue through its acquisitions and also its development and value-add program. The Company mitigates risks associated with development through a Board-approved maximum level of land held for development and by adjusting development start dates according to leasing activity.

During the nine months ended September 30, 2023, EastGroup acquired 210.1 acres of development land in Tampa, Dallas, San Antonio, Phoenix and Denver for \$44,468,000. The Company also began construction of 10 development projects containing 2,191,000 square feet in seven markets. EastGroup also transferred 12 development and value-add projects (2,241,000 square feet) in 10 markets from its development and value-add program to real estate properties, with costs of \$258,319,000 at the date of transfer. As of September 30, 2023, EastGroup's development and value-add program consisted of 18 projects (3,931,000 square feet) located in 12 markets. The projected total investment for the development and value-add projects, which were collectively 17.6% leased as of October 24, 2023, is \$548,100,000, of which \$230,650,000 remained to be invested as of September 30, 2023.

During the nine months ended September 30, 2023, EastGroup acquired two operating properties in Las Vegas containing 410,000 square feet for \$87,338,000. There were no value-add property acquisitions during the period.

During the nine months ended September 30, 2023, EastGroup sold a 125,000 square foot operating property and 11.9 acres of land, generating gross sales proceeds of \$14,350,000. The Company recognized \$4,809,000 in *Gain on sales of real estate investments* and \$446,000 in gains on sales of non-operating real estate (included in *Other* on the Consolidated Statements of Income and Comprehensive Income) during the nine months ended September 30, 2023.

The Company typically initially funds its development and acquisition programs through its unsecured bank credit facilities, the total capacity of which was increased in January 2023 by \$200,000,000, from \$475,000,000 to \$675,000,000 (as discussed in *Liquidity and Capital Resources*). As market conditions permit, EastGroup issues equity and/or employs fixed-rate debt, including variable-rate debt that has been swapped to an effectively fixed rate through the use of interest rate swaps, to replace short-term bank borrowings. Moody's Investors Service has assigned the Company's issuer rating of Baa2 with a stable outlook. A security rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time by the assigning rating agency. Each rating should be evaluated independently of any other rating. For future debt issuances, the Company intends to issue primarily unsecured fixed-rate debt, including variable-rate debt that has been swapped to an effectively fixed rate through the use of interest rate swaps. The Company may also access the public debt market in the future as a means to raise capital.

EastGroup has one reportable segment – industrial properties, consistent with the Company's manner of internal reporting, measurement of operating results and allocation of the Company's resources. The Company's chief decision makers use two primary measures of operating results in making decisions: (1) funds from operations ("FFO") attributable to common stockholders, and (2) property net operating income ("P NOI").

FFO is computed in accordance with standards established by the National Association of Real Estate Investment Trusts, Inc. ("Nareit"). Nareit's guidance allows preparers an option as it pertains to whether gains or losses on sale, or impairment charges, on real estate assets incidental to a REIT's business are excluded from the calculation of FFO. EastGroup has made the election to exclude activity related to such assets that are incidental to our business.

FFO is calculated as net income (loss) attributable to common stockholders computed in accordance with U.S. generally accepted accounting principles ("GAAP"), excluding gains and losses from sales of real estate property (including other assets incidental to the Company's business) and impairment losses, adjusted for real estate related depreciation and amortization, and after adjustments for unconsolidated partnerships and joint ventures. FFO is not considered as an alternative to net income (determined in accordance with GAAP) as an indication of the Company's financial performance, nor is it a measure of the Company's liquidity or indicative of funds available to provide for the Company's cash needs, including its ability to make distributions. The Company's key drivers affecting FFO are changes in P NOI (as discussed below), interest rates, the amount of leverage the Company employs and general and administrative expenses.

P NOI is defined as *Income from real estate operations* less *Expenses from real estate operations* (including market-based internal management fee expense) plus the Company's share of income and property operating expenses from its less-than-wholly-owned real estate investments.

EastGroup sometimes refers to PNOI from Same Properties as "Same PNOI"; the Company also presents Same PNOI Excluding Income from Lease Terminations. Same Properties is defined as operating properties owned during the entire current and prior year reporting periods. Properties developed or acquired are excluded until held in the operating portfolio for both the current and prior year reporting periods. Properties sold during the current or prior year reporting periods are also excluded. For the three and nine months ended September 30, 2023, Same Properties includes properties which were included in the operating portfolio for the entire period from January 1, 2022 through September 30, 2023. The Company presents Same PNOI and Same PNOI Excluding Income from Lease Terminations as a property-level supplemental measure of performance used to evaluate the performance of the Company's investments in real estate assets and its operating results on a same property basis.

FFO and PNOI 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 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. These non-GAAP figures should not be considered a substitute for, and should only be considered together with and as a supplement to, the Company's financial information presented in accordance with GAAP.

The following table presents reconciliations of Net Income to PNOI, Same PNOI and Same PNOI Excluding Income from Lease Terminations for the three and nine months ended September 30, 2023 and 2022.

	Three Months Ended			
	September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
(In thousands)				
NET INCOME	\$ 48,910	37,817	137,079	147,586
Gain on sales of real estate investments	—	—	(4,809)	(40,999)
Gain on sales of non-operating real estate	—	—	(446)	—
Interest income	(197)	(36)	(383)	(42)
Other revenue	(2,152)	(88)	(4,289)	(165)
Indirect leasing costs	147	119	436	410
Depreciation and amortization	42,521	39,277	125,830	113,079
Company's share of depreciation from unconsolidated investment	31	31	93	93
Interest expense	11,288	9,771	36,888	26,851
General and administrative expense	3,429	3,967	13,017	12,503
Noncontrolling interest in PNOI of consolidated joint ventures	(16)	(31)	(47)	(84)
PROPERTY NET OPERATING INCOME ("PNOI")	103,961	90,827	303,369	259,232
PNOI from 2022 and 2023 acquisitions	(4,807)	(4,261)	(13,548)	(5,686)
PNOI from 2022 and 2023 development and value-add properties	(12,433)	(5,100)	(33,295)	(10,533)
PNOI from 2022 and 2023 operating property dispositions	—	134	95	(31)
Other PNOI	49	109	248	222
SAME PNOI	86,770	81,709	256,869	243,204
Lease termination fee income from same properties	(209)	(24)	(419)	(2,397)
SAME PNOI EXCLUDING INCOME FROM LEASE TERMINATIONS	\$ 86,561	81,685	256,450	240,807

PNOI was calculated as follows for the three and nine months ended September 30, 2023 and 2022.

	Three Months Ended		Nine Months Ended September 30,	
	September 30,		September 30,	
	2023	2022	2023	2022
(In thousands)				
Income from real estate operations	\$ 144,378	125,570	417,153	357,020
Expenses from real estate operations	(40,709)	(35,033)	(114,662)	(98,643)
Noncontrolling interest in PNOI of consolidated joint ventures	(16)	(31)	(47)	(84)
PNOI from 50% owned unconsolidated investment	308	321	925	939
PROPERTY NET OPERATING INCOME ("PNOI")	\$ 103,961	90,827	303,369	259,232

Income from real estate operations is comprised of rental income, net of reserves for uncollectible rent, expense reimbursement pass-through income and other real estate income including lease termination fees. *Expenses from real estate operations* is comprised of property taxes, insurance, utilities, repair and maintenance expenses, management fees and other operating costs. Generally, the Company's most significant operating expenses are property taxes and insurance. Tenant leases may be net leases in which the total operating expenses are recoverable, modified gross leases in which some of the operating expenses are recoverable, or gross leases in which no expenses are recoverable (gross leases represent only a small portion of the Company's total leases). Increases in property operating expenses are fully recoverable under net leases and recoverable to a high degree under modified gross leases. Modified gross leases often include base year amounts, and expense increases over these amounts are recoverable. The Company's exposure to property operating expenses is primarily due to vacancies and leases for occupied space that limit the amount of expenses that can be recovered.

The following table presents reconciliations of *Net Income Attributable to EastGroup Properties, Inc. Common Stockholders* to FFO Attributable to Common Stockholders for the three and nine months ended September 30, 2023 and 2022.

	Three Months Ended		Nine Months Ended September 30,	
	September 30,		September 30,	
	2023	2022	2023	2022
(In thousands, except per share data)				
NET INCOME ATTRIBUTABLE TO EASTGROUP PROPERTIES, INC. COMMON STOCKHOLDERS	\$ 48,896	37,792	137,036	147,511
Depreciation and amortization	42,521	39,277	125,830	113,079
Company's share of depreciation from unconsolidated investment	31	31	93	93
Depreciation and amortization from noncontrolling interest	(2)	(5)	(4)	(14)
Gain on sales of real estate investments	—	—	(4,809)	(40,999)
Gain on sales of non-operating real estate	—	—	(446)	—
FUNDS FROM OPERATIONS ("FFO") ATTRIBUTABLE TO COMMON STOCKHOLDERS	\$ 91,446	77,095	257,700	219,670
Net income attributable to common stockholders per diluted share	\$ 1.07	0.87	3.06	3.48
FFO attributable to common stockholders per diluted share	\$ 2.00	1.77	5.75	5.18
Diluted shares for earnings per share and funds from operations	45,788	43,581	44,782	42,419

The Company analyzes the following performance trends in evaluating the revenues and expenses of the Company:

- *Net Income Attributable to EastGroup Properties, Inc. Common Stockholders* for the three and nine months ended September 30, 2023 was \$48,896,000 (\$1.07 per basic and diluted share) and \$137,036,000 (\$3.07 per basic and \$3.06 per diluted share), respectively, compared to \$37,792,000 (\$0.87 per basic and diluted share) and \$147,511,000 (\$3.49 per basic share and \$3.48 per diluted share) for the same periods in 2022. See *Results of Operations* for further analysis.
- The change in FFO per share represents the increase or decrease in FFO per share from the current period compared to the same period in the prior year. For the three months ended September 30, 2023, FFO was \$2.00 per share compared with \$1.77 per share for the same period of 2022, an increase of 13.0%. For the nine months ended September 30, 2023, FFO was \$5.75 per share compared with \$5.18 per share for the same period of 2022, an increase of 11.0%.

FFO increased during the three and nine months ended September 30, 2023, as compared to the same periods in 2022, primarily due to the increase in PNOI and other revenue, partially offset by the increase in interest expense.

- For the three months ended September 30, 2023, PNOI increased by \$13,134,000, or 14.5%, as compared to the same period in 2022. PNOI increased \$7,333,000 from newly developed and value-add properties, \$5,061,000 from same property operations, \$546,000 from 2022 and 2023 acquisitions and \$134,000 from operating properties sold in 2022 and 2023.

For the nine months ended September 30, 2023, PNOI increased by \$44,137,000, or 17.0%, as compared to the same period in 2022. PNOI increased \$22,762,000 from newly developed and value-add properties, \$13,665,000 from same property operations and \$7,862,000 from 2022 and 2023 acquisitions; PNOI decreased \$126,000 from operating properties sold in 2022 and 2023.

- The change in Same PNOI represents the PNOI increase or decrease for the same operating properties owned during the entire current and prior year reporting periods (January 1, 2022 through September 30, 2023). Same PNOI, excluding income from lease terminations, increased 6.0% and 6.5% for the three and nine months ended September 30, 2023, as compared to the same periods in 2022.
- Same property average occupancy represents the average month-end percentage of leased square footage for which the lease term has commenced as compared to the total leasable square footage for the same operating properties owned during the entire current and prior year reporting periods (January 1, 2022 through September 30, 2023). Same property average occupancy was 98.1% and 98.4% for the three and nine months ended September 30, 2023, respectively, compared to 98.5% and 98.1% for the same periods of 2022.
- The same property average rental rate calculated in accordance with GAAP represents the average annual rental rates of leases in place for the same operating properties owned during the entire current and prior year reporting periods (January 1, 2022 through September 30, 2023). The same property average rental rate was \$7.66 and \$7.55 per square foot for the three and nine months ended September 30, 2023, respectively, compared to \$7.19 and \$7.06 per square foot for the same periods of 2022.
- Occupancy is the percentage of leased square footage for which the lease term has commenced as compared to the total leasable square footage as of the close of the reporting period. Occupancy at September 30, 2023 was 97.7%. Quarter-end occupancy ranged from 97.9% to 98.5% over the previous four quarters ended September 30, 2022 to June 30, 2023.
- Rental rate change represents the rental rate increase or decrease on new and renewal leases compared to the prior leases on the same space. Rental rate increases on new and renewal leases (4.2% of the operating portfolio's total square footage) averaged 55.4% for the three months ended September 30, 2023. For the nine months ended September 30, 2023, rental rate increases on new and renewal leases (11.3% of the operating portfolio's total square footage) averaged 52.7%.
- Lease termination fee income is included in *Income from real estate operations*. Lease termination fee income for the three and nine months ended September 30, 2023 was \$221,000 and \$532,000, respectively, compared to \$24,000 and \$2,397,000 for the same periods of 2022.
- The Company records reserves for uncollectible rent as reductions to *Income from real estate operations*; recoveries for uncollectible rent are recorded as additions to *Income from real estate operations*. The Company recorded net reserves for uncollectible rent of \$446,000 and \$1,201,000 for the three and nine months ended September 30, 2023, compared to net reserves for uncollectible rent of \$198,000 and \$128,000 for the same periods of 2022. We evaluate the collectability of rents and other receivables for individual leases at each reporting period based on factors including, among others, tenant payment history, the financial condition of the tenant, business conditions and trends in the industry in which the tenant operates and economic conditions in the geographic area where the property is located. If evaluation of these factors or others indicates it is not probable we will collect substantially all rent, we recognize an adjustment to rental revenue. If our judgment or estimation regarding probability of collection changes we may adjust or record additional rental revenue in the period such conclusion is reached. The Company followed its normal process for recording reserves for uncollectible rent during the three and nine months ended September 30, 2023.

FINANCIAL CONDITION

EastGroup's *Total Assets* were \$4,354,854,000 at September 30, 2023, an increase of \$319,017,000 from December 31, 2022. *Total Liabilities* decreased \$106,809,000 to \$1,975,589,000, and *Total Equity* increased \$425,826,000 to \$2,379,265,000 during the same period. The following paragraphs explain these changes in additional detail.

Assets

Real Estate Properties

Real estate properties increased \$380,383,000 during the nine months ended September 30, 2023, primarily due to: (i) the transfer of 12 projects from *Development and value-add properties* to *Real estate properties*; (ii) the acquisition of two operating properties; (iii) capital improvements at the Company's properties; and (iv) costs incurred on development and value-add projects subsequent to transfer to *Real estate properties* discussed below. The increases were partially offset by the sale of one operating property and the transfer of one property from *Real estate properties* to *Development and value-add properties*.

During the nine months ended September 30, 2023, EastGroup acquired the following properties:

REAL ESTATE PROPERTIES ACQUIRED IN 2023	Location	Size (Square feet)	Date Acquired	Cost ⁽¹⁾
				(In thousands)
Operating properties acquired ⁽²⁾				
Craig Corporate Center	Las Vegas, NV	156,000	04/18/2023	\$ 34,365
Blue Diamond Business Park	Las Vegas, NV	254,000	09/05/2023	52,973
Total operating property acquisitions		410,000		\$ 87,338

(1) Cost is calculated in accordance with the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 805, *Business Combinations*, and represents the sum of the purchase price, closing costs and capitalized acquisition costs. Refer to Note 7 in the Notes to Consolidated Financial Statements.

(2) *Operating properties* are defined as stabilized real estate properties (land including buildings and improvements) in the Company's operating portfolio; included in *Real estate properties* on the Consolidated Balance Sheets.

During the nine months ended September 30, 2023, the Company made capital improvements of \$43,054,000 on existing properties (included in the Real Estate Improvements table under *Results of Operations*). Also, the Company incurred costs of \$14,429,000 on development and value-add properties subsequent to transfer to *Real estate properties*; the Company records these expenditures as development and value-add costs on the Consolidated Statements of Cash Flows.

During the nine months ended September 30, 2023, EastGroup sold a 125,000 square foot operating property, generating gross sales proceeds of \$9,600,000. The Company recognized \$4,809,000 in *Gain on sales of real estate investments* during the nine months ended September 30, 2023.

Development and Value-Add Properties

EastGroup's investment in *Development and value-add properties* at September 30, 2023 consisted of projects in lease-up and under construction of \$317,450,000 and prospective development (primarily land) of \$235,011,000. The Company's total investment in *Development and value-add properties* at September 30, 2023 was \$552,461,000 compared to \$538,449,000 at December 31, 2022. Total capital invested for development during the first nine months of 2023 was \$286,256,000, which consisted of improvement costs of \$227,359,000 on development and value-add properties, \$44,468,000 for new land investments, and costs of \$14,429,000 on properties subsequent to transfer to *Real estate properties*. The capitalized costs incurred on development and value-add properties subsequent to transfer to *Real estate properties* include capital improvements at the properties and do not include other capitalized costs associated with development (i.e., interest expense, property taxes and internal personnel costs).

The Company capitalized internal development costs of \$3,171,000 and \$7,983,000 for the three and nine months ended September 30, 2023, respectively, compared to \$2,388,000 and \$7,474,000 for the same periods of 2022.

There were no value-add acquisitions during the nine months ended September 30, 2023.

During the nine months ended September 30, 2023, the Company acquired 210.1 acres of development land in Tampa, Dallas, San Antonio, Phoenix and Denver for \$44,468,000. Costs associated with these acquisitions are included in the *Development and Value-Add Properties* table. These increases were offset by the transfer of 12 development and value-add projects to *Real estate properties* during the nine months ended September 30, 2023 with a total investment of \$258,319,000 as of the date of

transfer. The Company also transferred one operating property to *Development and value-add properties* with a total investment of \$4,553,000 as of the date of transfer.

During the nine months ended September 30, 2023, EastGroup sold 11.9 acres of land, generating gross sales proceeds of \$4,750,000. The Company recognized \$446,000 in gains on sales of non-operating real estate (included in *Other* on the Consolidated Statements of Income and Comprehensive Income) during the nine months ended September 30, 2023.

A summary of the Company's *Development and Value-Add Properties* for the nine months ended September 30, 2023 follows:

	Actual or Estimated Building Size (Square feet)	Cumulative Costs	
		Incurred as of 9/30/2023	Projected Total Costs
		(In thousands)	
Lease-up	529,000	\$ 65,749	\$ 71,400
Under construction	3,402,000	251,701	476,700
Total lease-up and under construction	3,931,000	317,450	\$ 548,100
Prospective development (primarily land)	9,850,000	235,011	
<i>Total Development and value-add properties as of September 30, 2023</i>	<i>13,781,000</i>	<i>\$ 552,461</i>	
<i>Total Development and value-add properties transferred to Real estate properties during the nine months ended September 30, 2023</i>			(1)
	2,241,000	\$ 258,319	

(1) Represents cumulative costs at the date of transfer.

Accumulated Depreciation

Accumulated depreciation on real estate, development and value-add properties increased \$95,498,000 during the nine months ended September 30, 2023, primarily due to depreciation expense, partially offset by the sale of one operating property.

Other Assets

Other assets increased \$19,771,000 during the nine months ended September 30, 2023. See Note 9 in the Notes to Consolidated Financial Statements for further details.

Liabilities

Unsecured bank credit facilities, net of debt issuance costs decreased \$170,214,000 during the nine months ended September 30, 2023, mainly due to repayments of \$504,230,000 and new debt issuance costs incurred during the period, partially offset by borrowings of \$334,230,000 and the amortization of debt issuance costs during the period. The Company's credit facilities are described in greater detail under *Liquidity and Capital Resources*.

Unsecured debt, net of debt issuance costs decreased \$15,128,000 during the nine months ended September 30, 2023, primarily due to the repayment of a \$65,000,000 term loan in March, the \$50,000,000 principal repayment on its senior unsecured notes in August and new debt issuance costs incurred during the period. These decreases were partially offset by the closing of a \$100,000,000 senior unsecured term loan in January and the amortization of debt issuance costs. The borrowings and repayments on *Unsecured debt, net of debt issuance costs* are described in greater detail under *Liquidity and Capital Resources*.

Accounts payable and accrued expenses increased \$81,131,000 during the nine months ended September 30, 2023. Refer to Note 11 in the Notes to Consolidated Financial Statements for further details.

Other liabilities decreased \$567,000 during the nine months ended September 30, 2023. See Note 12 in the Notes to Consolidated Financial Statements for further details.

Equity

Additional paid-in capital increased \$454,543,000 during the nine months ended September 30, 2023, primarily due to the issuance of common stock under the Company's continuous common equity offering program (as discussed in *Liquidity and Capital Resources*) and activity related to stock-based compensation (as discussed in Note 16 in the Notes to Consolidated Financial Statements). During the nine months ended September 30, 2023, EastGroup issued 2,671,657 shares of common stock through its continuous common equity offering program at a weighted average price of \$170.46 per share, providing aggregate net proceeds to the Company of \$450,385,000.

For the nine months ended September 30, 2023, *Distributions in excess of earnings* increased \$34,294,000 as a result of dividends on common stock of \$171,330,000 exceeding *Net Income Attributable to EastGroup Properties, Inc. Common Stockholders* of \$137,036,000.

Accumulated other comprehensive income increased \$5,717,000 during the nine months ended September 30, 2023. The increase resulted from the change in fair value of the Company's interest rate swaps (cash flow hedges) which are further discussed in Notes 13 and 14 in the Notes to Consolidated Financial Statements.

RESULTS OF OPERATIONS

Net Income Attributable to EastGroup Properties, Inc. Common Stockholders for the three and nine months ended September 30, 2023 was \$48,896,000 (\$1.07 per basic and diluted share) and \$137,036,000 (\$3.07 per basic and \$3.06 per diluted share), respectively, compared to \$37,792,000 (\$0.87 per basic and diluted share) and \$147,511,000 (\$3.49 per basic share and \$3.48 per diluted share) for the same periods in 2022. The following paragraphs provide further details with respect to these changes:

- EastGroup had no operating property sales during the three months ended September 30, 2023. The Company recognized *Gains on sales of real estate investments* of \$4,809,000 (\$0.11 per diluted share) during the nine months ended September 30, 2023. EastGroup recognized *Gains on sales of real estate investments* of \$40,999,000 (\$0.97 per diluted share) during the nine months ended September 30, 2022. There were no sales during the three months ended September 30, 2022. The Company's 2022 and 2023 sales transactions are described in Note 8 of the *Notes to Consolidated Financial Statements*.
- *Depreciation and amortization expense* increased by \$3,244,000 (\$0.07 per diluted share) and \$12,751,000 (\$0.28 per diluted share) during the three and nine months ended September 30, 2023, respectively, as compared to the same periods in 2022. The increase is primarily due to the operating properties acquired by the Company in 2022 and 2023 and the properties transferred from *Development and value-add properties* in 2022 and 2023, partially offset by operating properties sold in 2022 and 2023.
- *Interest expense* increased by \$1,517,000 (\$0.03 per diluted share) and \$10,037,000 (\$0.22 per diluted share) during the three and nine months ended September 30, 2023, respectively, as compared to the same periods of 2022. See the table below for details.
- PNOI increased by \$13,134,000 (\$0.29 per diluted share), or 14.5%, for the three months ended September 30, 2023, as compared to the same period in 2022. PNOI increased \$7,333,000 from newly developed and value-add properties, \$5,061,000 from same property operations, \$546,000 from 2022 and 2023 acquisitions and \$134,000 from operating properties sold in 2022 and 2023. Lease termination fee income was \$221,000 and \$24,000 for the three month periods ended September 30, 2023 and 2022, respectively. The Company recorded net reserves for uncollectible rent of \$446,000 and \$198,000 for the three months ended September 30, 2023 and 2022, respectively. Straight-lining of rent increased PNOI by \$2,343,000 and \$2,764,000 for the three months ended September 30, 2023 and 2022, respectively.

PNOI increased by \$44,137,000 (\$0.99 per diluted share), or 17.0%, for the nine months ended September 30, 2023, as compared to the same period in 2022. PNOI increased \$22,762,000 from newly developed and value-add properties, \$13,665,000 from same property operations, and \$7,862,000 from 2022 and 2023 acquisitions; PNOI decreased \$126,000 from operating properties sold in 2022 and 2023. Lease termination fee income was \$532,000 and \$2,397,000 for the nine month periods ended September 30, 2023 and 2022, respectively. The Company recorded net reserves for uncollectible rent of \$1,201,000 and \$128,000 for the nine months ended September 30, 2023 and 2022, respectively. Straight-lining of rent increased PNOI by \$8,787,000 and \$6,654,000 for the nine months ended September 30, 2023 and 2022, respectively.

- During the three and nine months ended September 30, 2023, EastGroup recognized gains on involuntary conversion and business interruption claims of \$2,118,000 (\$0.05 per diluted share) and \$4,187,000 (\$0.09 per diluted share), respectively. There were no gains on involuntary conversion and business interruption claims during the three and nine months ended September 30, 2022.

EastGroup entered into 22 leases with certain rent concessions on 515,000 square feet during the three months ended September 30, 2023, with total rent concessions of \$863,000 over the lives of the leases. During the same period of 2022, the Company entered into 24 leases with certain rent concessions on 1,178,000 square feet with total rent concessions of \$2,293,000 over the lives of the leases.

EastGroup entered into 62 leases with certain rent concessions on 2,337,000 square feet during the nine months ended September 30, 2023, with total rent concessions of \$5,130,000 over the lives of the leases. During the same period of 2022, the Company entered into 90 leases with certain rent concessions on 3,824,000 square feet with total rent concessions of \$6,126,000 over the lives of the leases.

The Company's percentage of leased square footage for the operating portfolio was 98.5% at September 30, 2023, compared to 99.0% at September 30, 2022. Occupancy for the Company's operating portfolio at September 30, 2023 was 97.7% compared to 98.5% at September 30, 2022.

The following table presents the components of *Interest expense* for the three and nine months ended September 30, 2023 and 2022:

	Three Months Ended			Nine Months Ended September 30,		
	September 30,		Increase (Decrease)	September 30,		Increase (Decrease)
	2023	2022		2023	2022	
(In thousands)						
VARIABLE RATE INTEREST EXPENSE						
Unsecured bank credit facilities interest - variable rate <i>(excluding amortization of facility fees and debt issuance costs)</i>	\$ 155	1,653	(1,498)	2,260	2,904	(644)
Amortization of facility fees - unsecured bank credit facilities	255	180	75	750	533	217
Amortization of debt issuance costs - unsecured bank credit facilities	253	163	90	750	488	262
Total variable rate interest expense	663	1,996	(1,333)	3,760	3,925	(165)
FIXED RATE INTEREST EXPENSE						
Unsecured debt interest ⁽¹⁾ <i>(excluding amortization of debt issuance costs)</i>	14,613	11,147	3,466	44,227	30,881	13,346
Secured debt interest <i>(excluding amortization of debt issuance costs)</i>	12	20	(8)	51	69	(18)
Amortization of debt issuance costs - unsecured debt	222	179	43	683	488	195
Amortization of debt issuance costs - secured debt	29	1	28	31	3	28
Total fixed rate interest expense	14,876	11,347	3,529	44,992	31,441	13,551
Total interest	15,539	13,343	2,196	48,752	35,366	13,386
Less capitalized interest	(4,251)	(3,572)	(679)	(11,864)	(8,515)	(3,349)
TOTAL INTEREST EXPENSE	\$ 11,288	9,771	1,517	36,888	26,851	10,037

(1) Includes interest on the Company's unsecured debt with fixed interest rates per the debt agreements or effectively fixed interest rates due to interest rate swaps, as discussed in Note 14 in the Notes to Consolidated Financial Statements.

The Company's variable rate interest expense decreased by \$1,333,000 and \$165,000 for the three and nine months ended September 30, 2023, respectively, as compared to the same periods in 2022, primarily due to a decrease in average borrowings, partially offset by an increase in the Company's weighted average variable interest rates on its unsecured bank credit facilities, as shown in the following table:

	Three Months Ended			Nine Months Ended September 30,		
	September 30,		Increase (Decrease)	September 30,		Increase (Decrease)
	2023	2022		2023	2022	
(In thousands, except rates of interest)						
Average borrowings on unsecured bank credit facilities - variable rate	\$ 10,076	195,276	(185,200)	\$ 54,309	210,841	(156,532)
Weighted average variable interest rates <i>(excluding amortization of facility fees and debt issuance costs)</i>	6.09 %	3.36 %		5.56 %	1.84 %	

The Company's fixed rate interest expense increased by \$3,529,000 and \$13,551,000 for the three and nine months ended September 30, 2023, as compared to the same periods in 2022, primarily as a result of the unsecured debt activity described below.

Interest expense from fixed rate unsecured debt increased by \$3,466,000 and \$13,346,000 during the three and nine months ended September 30, 2023, as compared to the same periods in 2022. The increases resulted from the Company's unsecured debt activity described below. The details of the unsecured debt obtained in 2022 and 2023 as of September 30, 2023 are shown in the following table:

NEW UNSECURED DEBT IN 2022 AND 2023	Margin	Effectively Fixed Interest				Maturity Date	Amount
		Rate	Date Obtained	Date	(In thousands)		
\$100 Million Senior Unsecured Term Loan (1)(2)	0.95%	2.61%	03/31/2022	09/29/2028	\$ 100,000		
\$150 Million Senior Unsecured Notes	Not applicable	3.03%	04/20/2022	04/20/2032	150,000		
\$50 Million Senior Unsecured Term Loan ⁽¹⁾	0.95%	4.09%	08/31/2022	08/30/2024	50,000		
\$75 Million Senior Unsecured Term Loan ⁽¹⁾	0.95%	4.00%	08/31/2022	08/31/2027	75,000		
\$75 Million Senior Unsecured Notes	Not applicable	4.90%	10/12/2022	10/12/2033	75,000		
\$75 Million Senior Unsecured Notes	Not applicable	4.95%	10/12/2022	10/12/2034	75,000		
\$100 Million Senior Unsecured Term Loan (1)	1.35%	5.27%	01/13/2023	01/13/2030	100,000		
Weighted Average/Total Amount for 2022 and 2023		3.98%			\$ 625,000		

(1) The interest rates on these unsecured term loans are comprised of Term SOFR plus a margin which is subject to a pricing grid for changes in the Company's coverage ratings. The Company entered into interest rate swap agreements (further described in Note 14) to convert the loans' Term SOFR rates to effectively fixed interest rates. The interest rates in the table above are the effectively fixed interest rates for the loans, including the effects of the interest rate swaps, as of September 30, 2023.

(2) This term loan was amended and refinanced effective September 29, 2023. The margin was reduced by approximately 45 basis points, changing the effectively fixed rate from 3.06% to 2.61%.

The increase in interest expense from the new unsecured debt was partially offset by the repayment of the following unsecured debt during 2022 and 2023:

UNSECURED DEBT REPAYED IN 2022 AND 2023	Interest Rate	Date Repaid	Payoff Amount	
			(In thousands)	
\$75 Million Senior Unsecured Term Loan	3.03%	02/28/2022	\$ 75,000	
\$65 Million Senior Unsecured Term Loan	2.31%	03/31/2023	65,000	
\$50 Million Senior Unsecured Notes	3.80%	08/28/2023	50,000	
Weighted Average/Total Amount for 2022 and 2023	2.99%		\$ 190,000	

Interest costs during the period of construction of real estate properties are capitalized and offset against interest expense. Capitalized interest increased \$679,000 and \$3,349,000 during the three and nine months ended September 30, 2023, as compared to the same periods of 2022, due to increased borrowing rates and changes in development spending.

Real Estate Improvements

Real estate improvements for EastGroup's operating properties for the three and nine months ended September 30, 2023 and 2022 were as follows:

	Estimated Useful Life	Three Months Ended		Nine Months Ended September 30,	
		September 30,		2023	2022
		2023	2022	2023	2022
(In thousands)					
Upgrade on acquisitions	40 yrs	\$ 217	126	711	458
Tenant improvements:					
New tenants	Lease life	4,568	3,437	13,869	9,775
Renewal tenants	Lease life	947	606	2,511	2,477
Other:					
Building improvements	5-40 yrs	2,290	2,509	6,727	7,926
Roofs	5-15 yrs	4,582	2,733	15,457	5,665
Parking lots	3-5 yrs	1,014	373	2,808	1,598
Other	5 yrs	512	658	971	1,398
Total real estate improvements ⁽¹⁾		\$ 14,130	10,442	43,054	29,297

(1) Reconciliation of Total real estate improvements to *Real estate improvements* on the Consolidated Statements of Cash Flows:

	Nine Months Ended September 30,	
	2023 2022	
	(In thousands)	
Total real estate improvements	\$ 43,054	29,297
Change in real estate property payables	(298)	(1)
Change in construction in progress	(659)	1,747
<i>Real estate improvements</i> on the Consolidated Statements of Cash Flows	\$ 42,097	31,043

Capitalized Leasing Costs

The Company's leasing costs (principally commissions) are capitalized and included in *Other assets*. The costs are amortized over the terms of the associated leases, and the amortization is included in *Depreciation and amortization* expense. Capitalized leasing costs for the three and nine months ended September 30, 2023 and 2022 were as follows:

	Estimated Useful Life	Three Months Ended		Nine Months Ended September 30,	
		September 30,		2023	2022
		2023	2022	2023	2022
(In thousands)					
Development and value-add	Lease life	\$ 1,388	3,654	7,405	10,422
New tenants	Lease life	2,600	2,414	7,695	8,554
Renewal tenants	Lease life	3,448	2,881	8,739	9,779
Total capitalized leasing costs ⁽¹⁾		\$ 7,436	8,949	23,839	28,755
Amortization of leasing costs		\$ 5,595	4,684	16,232	13,716

(1) Reconciliation of Total capitalized leasing costs to *Leasing commissions* on the Consolidated Statements of Cash Flows:

	Nine Months Ended September 30,	
	2023 2022	
	(In thousands)	
Total capitalized leasing costs	\$ 23,839	28,755
Change in leasing commissions payables	(1,127)	(1,787)
<i>Leasing commissions</i> on the Consolidated Statements of Cash Flows	\$ 22,712	26,968

Real Estate Sold and Held for Sale

The Company considers a real estate property to be held for sale when it meets the criteria established under Accounting Standards Codification ("ASC") 360, *Property, Plant and Equipment*, including when it is probable that the property will be sold within a year. Real estate properties held for sale are reported at the lower of the carrying amount or fair value less estimated costs to sell and are not depreciated while they are held for sale.

The Company did not classify any properties as held for sale as of September 30, 2023 and December 31, 2022.

In accordance with ASC 360 and ASC 205, *Presentation of Financial Statements*, the Company would report a disposal of a component of an entity or a group of components of an entity in discontinued operations if the disposal represents a strategic shift that has (or will have) a major effect on an entity's operations and financial results when the component or group of components meets the criteria to be classified as held for sale or when the component or group of components is disposed of by sale or other than by sale. In addition, the Company would provide additional disclosures about both discontinued operations and the disposal of an individually significant component of an entity that does not qualify for discontinued operations presentation in the financial statements. EastGroup performs an analysis of properties sold to determine whether the sales qualify for discontinued operations presentation.

The Company sold an operating property during the nine months ended September 30, 2023, as discussed in Note 8 of the *Notes to Consolidated Financial Statements*. The results of operations and gains and losses on sales for the property sold are reported in continuing operations on the Consolidated Statements of Income and Comprehensive Income. The gains and losses on sales are included in *Gain on sales of real estate investments*. The Company did not consider its sale in 2023 to be a disposal of a component of an entity or a group of components of an entity representing a strategic shift that has (or will have) a major effect on the entity's operations and financial results.

LIQUIDITY AND CAPITAL RESOURCES

We closely monitor our liquidity and capital resources. The Company anticipates that its current cash balance, operating cash flows, borrowings under its unsecured bank credit facilities, proceeds from new debt and/or proceeds from the issuance of equity instruments will be adequate for (i) operating and administrative expenses, (ii) normal repair and maintenance expenses at its properties, (iii) debt service obligations, (iv) maintaining compliance with its debt covenants, (v) distributions to stockholders, (vi) capital improvements, (vii) purchases of properties, (viii) development, and (ix) any other normal business activities of the Company, both in the short-term and long-term. The Company expects liquidity sources and needs in the coming year to be consistent in nature with those for the nine months ended September 30, 2023.

Net cash provided by operating activities was \$300,099,000 for the nine months ended September 30, 2023. The primary other sources of cash were proceeds from common stock offerings; borrowings on unsecured bank credit facilities and unsecured debt; and net proceeds from sales of real estate investments and non-operating real estate. The Company distributed \$166,960,000 in common stock dividends during the nine months ended September 30, 2023. Other primary uses of cash were for repayments on unsecured bank credit facilities and unsecured debt; the construction and development of properties; purchases of real estate; capital improvements at various properties; and leasing commissions.

As of September 30, 2023, the Company was contractually obligated to pay the dividend declared in August 2023, which was paid in October 2023. An amount for dividends payable of \$60,322,000 was included in *Accounts payable and accrued expenses* at September 30, 2023, which includes dividends payable on unvested restricted stock of \$1,658,000, which are subject to continued service and will be paid upon vesting in future periods.

See Note 10 in the *Notes to Consolidated Financial Statements* for details summarizing the Company's debt.

As market conditions permit, EastGroup issues equity and/or employs fixed-rate debt, including variable-rate debt that has been swapped to an effectively fixed rate through the use of interest rate swaps, to replace the short-term bank borrowings. The Company believes its current operating cash flow and unsecured bank credit facilities provide the capacity to fund the operations of the Company. The Company also believes it can obtain debt financing and issue common and/or preferred equity.

For future debt issuances, the Company intends to issue primarily unsecured fixed-rate debt, including variable-rate debt that has been swapped to an effectively fixed rate through the use of interest rate swaps. The Company may also access the public debt market in the future as a means to raise capital.

In January 2023, the Company closed a \$100,000,000 senior unsecured term loan with a seven-year term and interest only payments, which bears interest at the annual rate of SOFR plus an applicable margin (1.35% as of September 30, 2023) based on the Company's senior unsecured long-term debt rating. The Company also entered into an interest rate swap agreement to

convert the loan's SOFR rate component to a fixed interest rate for the entire term of the loan providing a total effectively fixed interest rate of 5.27%.

On March 31, 2023, EastGroup repaid a \$65,000,000 senior unsecured term loan with a total effectively fixed interest rate of 2.31%. The loan, which was scheduled to mature on April 1, 2023, was repaid with no penalty.

In August 2023, the Company made a \$50,000,000 principal repayment on senior unsecured notes with a fixed interest rate of 3.80%.

In September 2023, EastGroup repaid a mortgage loan with a balance of \$1,905,000, an interest rate of 3.85% and an original maturity date of November 30, 2026. The Company has no remaining secured debt as of September 30, 2023.

Also in September 2023, the Company closed on the refinance of a \$100,000,000 senior unsecured term loan with five years remaining. The amended term loan provides for interest only payments currently at an interest rate of SOFR plus 95 basis points, based on the Company's current credit ratings and consolidated leverage ratio, which is a 45 basis point reduction in the credit spread compared to the original term loan. The Company has an interest rate swap agreement which converts the loan's SOFR rate component to a fixed interest rate for the entire term of the loan, providing a total effectively fixed interest rate of 2.61%.

On December 16, 2022, EastGroup entered into sales agreements with each of Robert W. Baird & Co. Incorporated; BNY Mellon Capital Markets, LLC; BofA Securities, Inc.; BTIG, LLC; Jefferies LLC; Raymond James & Associates, Inc.; Regions Securities LLC; Samuel A. Ramirez & Company, Inc.; TD Securities (USA) LLC; and Wells Fargo Securities, LLC in connection with the establishment of a continuous common equity offering program pursuant to which the Company may sell shares of its common stock with an aggregate gross sales price of up to \$750,000,000 from time to time. As of October 25, 2023, the Company has sold an aggregate of 2,725,021 shares of common stock with gross proceeds of \$464,305,000 under the sales agency financing agreements, and EastGroup may offer and sell additional shares of its common stock with an aggregate gross sales price of up to \$285,695,000 through the sales agents.

During the nine months ended September 30, 2023, EastGroup sold, and subsequently settled the issuance of, 2,725,021 shares of common stock under its continuous common equity offering program at a weighted average price of \$170.39 per share with gross proceeds to the Company of \$464,305,000. The Company incurred offering-related costs of \$5,126,000 during the nine months, resulting in net proceeds to the Company of \$459,179,000. Included in this activity are 53,364 shares sold on September 28 and September 29, 2023, providing aggregate net proceeds to the Company of \$8,794,000, which were deemed to be issued and outstanding upon settlement in October 2023.

EastGroup's other material cash requirements from known contractual and other obligations, including real estate property obligations, development and value-add obligations and tenant improvements as of December 31, 2022, did not materially change during the nine months ended September 30, 2023.

The Company has no material off-balance sheet arrangements that have had or are reasonably likely to have a material current or future effect on its financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The Company's management considers the following accounting policies and estimates to be critical to the reported operations of the Company.

Acquisition and Development of Real Estate Properties

The FASB Codification provides guidance on how to properly determine the allocation of the purchase price among the individual components of both the tangible and intangible assets based on their respective fair values. Factors considered by management in allocating the cost of the properties acquired include an estimate of carrying costs during the expected lease-up periods considering current market conditions and costs to execute similar leases. The allocation to tangible assets (land, building and improvements) is based upon management's determination of the value of the property as if it were vacant using discounted cash flow models. Land is valued using comparable land sales specific to the applicable market, provided by a third party. The Company determines whether any financing assumed is above or below market based upon comparison to similar financing terms for similar properties. The cost of the properties acquired may be adjusted based on indebtedness assumed from the seller that is determined to be above or below market rates.

The purchase price is also allocated among the following categories of intangible assets: the above or below market component of in-place leases and the value of leases in-place at the time of acquisition. The value allocable to the above or below market component of an acquired in-place lease is determined based upon the present value (using a discount rate reflecting the risks associated with the acquired leases) of the difference between (i) the contractual amounts to be paid pursuant to the lease over its remaining term and (ii) management's estimate of the amounts that would be paid using current market rents over the remaining term of the lease. The amounts allocated to above and below market lease intangibles are included in *Other assets* and *Other liabilities*, respectively, on the Consolidated Balance Sheets and are amortized to rental income over the remaining terms of the respective leases. In-place lease intangibles are valued based upon management's assessment of factors such as an estimate of foregone rents and avoided leasing costs during the expected lease-up periods considering current market conditions and costs to execute similar leases. These intangible assets are included in *Other assets* on the Consolidated Balance Sheets and are amortized over the remaining term of the existing lease.

The significance of this accounting policy will fluctuate given the transaction activity during the period.

For properties under development and value-add properties acquired in the development stage, costs associated with development (i.e., land, construction costs, interest expense, property taxes and other costs associated with development) are aggregated into the total capitalized costs of the property. Included in these costs are management's estimates for the portions of internal costs (primarily personnel costs) deemed related to such development activities. The internal costs are allocated to specific development properties based on development activity.

RECENT ACCOUNTING PRONOUNCEMENTS

See Note 20 in the Notes to Consolidated Financial Statements.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

The Company is exposed to interest rate changes primarily as a result of its unsecured bank credit facilities and long-term debt maturities. This debt is used to maintain liquidity and fund capital expenditures and expansion of the Company's real estate investment portfolio and operations. The Company's objective for interest rate risk management is to limit the impact of interest rate changes on earnings and cash flows and to lower its overall borrowing costs. The Company has two variable rate unsecured bank credit facilities as discussed under *Liquidity and Capital Resources*. As market conditions permit, EastGroup issues equity and/or employs fixed-rate debt, including variable-rate debt that has been swapped to an effectively fixed rate through the use of interest rate swaps, to replace the short-term bank borrowings. The Company's interest rate swaps are discussed in Note 14 in the Notes to Consolidated Financial Statements.

The table below presents the principal payments due and weighted average interest rates, which include the impact of interest rate swaps, for both the fixed-rate and variable-rate debt as of September 30, 2023.

	October – December		2023	2024	2025	2026	2027	Thereafter	Total	Fair Value
Unsecured bank credit facilities - variable rate (in thousands)	\$	—	—	—	(1)	—	—	—	—	(2)
Weighted average interest rate	—	—	—	6.14 % (3)	—	—	—	—	6.14 %	—
Unsecured debt - fixed rate (in thousands)	\$	—	170,000	145,000	140,000	175,000	1,050,000	1,680,000	1,497,801	(4)
Weighted average interest rate	—	—	3.65 %	3.12 %	2.57 %	2.74 %	3.57 %	3.37 %	—	—

(1) The variable-rate unsecured bank credit facilities mature in July 2025 and as of September 30, 2023, have zero drawn on both the \$625,000,000 unsecured bank credit facility and the \$50,000,000 unsecured bank credit facility. These balances fluctuate based on Company operations and capital activity, as discussed in *Liquidity and Capital Resources*.

(2) The fair value of the Company's variable rate debt is estimated by discounting expected cash flows at current market rates, excluding the effects of debt issuance costs.

(3) Represents the weighted average interest rate for the Company's variable rate unsecured bank credit facilities as of September 30, 2023.

(4) The fair value of the Company's fixed-rate debt, including variable-rate debt that has been swapped to an effectively fixed rate through the use of interest rate swaps, is estimated by discounting expected cash flows at the rates currently offered to the Company for debt of the same remaining maturities, as advised by the Company's bankers, excluding the effects of debt issuance costs.

As the table above incorporates only those exposures that existed as of September 30, 2023, it does not consider those exposures or positions that could arise after that date. Assuming there was a \$100,000,000 balance on the unsecured bank credit facilities, and if interest rates change by 10% or approximately 61 basis points, interest expense and cash flows would increase or decrease by approximately \$610,000 annually. This does not include variable-rate debt that has been effectively fixed through the use of interest rate swaps.

Most of the Company's leases include scheduled rent increases. Additionally, most of the Company's leases require the tenants to pay their pro rata share of operating expenses, including real estate taxes, insurance and common area maintenance, thereby reducing the Company's exposure to increases in operating expenses resulting from inflation or other factors. In the event inflation causes increases in the Company's general and administrative expenses or the level of interest rates, such increased costs would not be passed through to tenants and could adversely affect the Company's results of operations.

EastGroup's financial results are affected by general economic conditions in the markets in which the Company's properties are located. The state of the economy or other adverse changes in general or local economic conditions could result in the inability of some of the Company's existing tenants to make lease payments and may therefore increase the reserves for uncollectible rent. It may also impact the Company's ability to (i) renew leases or re-lease space as leases expire, or (ii) lease development space. In addition, an economic downturn or recession could also lead to an increase in overall vacancy rates or a decline in rents the Company can charge to re-lease properties upon expiration of current leases. In all of these cases, EastGroup's cash flows would be adversely affected.

ITEM 4. CONTROLS AND PROCEDURES.

(i) Disclosure Controls and Procedures.

The Company carried out an evaluation, under the supervision and with the participation of the Company's management, including the Company's Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures pursuant to Exchange Act Rules 13a-15 and 15d-15. Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that, as of September 30, 2023, the Company's disclosure controls and procedures were effective in timely alerting them to material information relating to the Company (including its consolidated subsidiaries) required to be included in the Company's periodic SEC filings.

(ii) Changes in Internal Control Over Financial Reporting.

There was no change in the Company's internal control over financial reporting during the Company's third fiscal quarter ended September 30, 2023, that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II. OTHER INFORMATION.

ITEM 1. LEGAL PROCEEDINGS.

The Company is not presently involved in any material litigation nor, to its knowledge, is any material litigation threatened against the Company or its properties, other than routine litigation arising in the ordinary course of business or which is expected to be covered by the Company's liability insurance. The Company cannot predict the outcome of any litigation with certainty, and some lawsuits, claims or proceedings may be disposed of unfavorably to the Company, which could materially affect its financial condition or results of operations.

ITEM 1A. RISK FACTORS.

There have been no material changes to the risk factors disclosed in EastGroup's Form 10-K for the year ended December 31, 2022, except to the extent factual information disclosed elsewhere in this Form 10-Q relates to such risk factors. For a full description of these risk factors, please refer to "Item 1A. Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2022.

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

Purchases of Equity Securities by the Issuer and Affiliated Purchasers

Period	Total Number of Shares Purchased	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number of Shares That May Yet Be Purchased Under the Plans or Programs
July 1, 2023 through July 31, 2023 ⁽¹⁾	—	\$ —	—	—
August 1, 2023 through August 31, 2023 ⁽¹⁾	60	179.57	—	—
September 1, 2023 through September 30, 2023 ⁽¹⁾	14	165.86	—	—
Total	74	\$ 176.98	—	—

⁽¹⁾ As permitted under the Company's equity compensation plan, these shares were withheld by the Company to satisfy the tax withholding obligations in connection with the issuance of shares of common stock.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES.

None.

ITEM 4. MINE SAFETY DISCLOSURES.

Not applicable.

ITEM 5. OTHER INFORMATION.

During the three months ended September 30, 2023, none of the Company's directors or officers (as defined in Rule 16a-1(f) of the Exchange Act) adopted, terminated or modified a Rule 10b5-1 trading arrangement or non-Rule 10b5-1 trading arrangement (as such terms are defined in Item 408 of Regulation S-K).

ITEM 6. EXHIBITS.

The following exhibits are included in or incorporated by reference into, this Quarterly Report on Form 10-Q for the fiscal quarter ended September 30, 2023:

<u>Exhibit Number</u>	<u>Description</u>
31.1	Rule 13a-14(a)/15d-14(a) Certifications (pursuant to Section 302 of the Sarbanes-Oxley Act of 2002) of Marshall A. Loeb, Chief Executive Officer (<i>filed herewith</i>).
31.2	Rule 13a-14(a)/15d-14(a) Certifications (pursuant to Section 302 of the Sarbanes-Oxley Act of 2002) of Brent W. Wood, Chief Financial Officer (<i>filed herewith</i>).
32.1	Section 1350 Certifications (pursuant to Section 906 of the Sarbanes-Oxley Act of 2002) of Marshall A. Loeb, Chief Executive Officer (<i>furnished herewith</i>).
32.2	Section 1350 Certifications (pursuant to Section 906 of the Sarbanes-Oxley Act of 2002) of Brent W. Wood, Chief Financial Officer (<i>furnished herewith</i>).
101.1.SCH	Inline XBRL Taxonomy Extension Schema Document (<i>filed herewith</i>).
101.2.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document (<i>filed herewith</i>).
101.3.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document (<i>filed herewith</i>).
101.4.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document (<i>filed herewith</i>).
101.5.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document (<i>filed herewith</i>).
104	Cover Page Interactive Data File (formatted as inline XBRL with applicable taxonomy extension information contained in Exhibits 101.*) (<i>filed herewith</i>).

*Indicates a management contract or any compensatory plan, contract or arrangement.

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: October 25, 2023

EASTGROUP PROPERTIES, INC.

/s/ STACI H. TYLER

Staci H. Tyler

Senior Vice President, Chief Accounting Officer and Secretary

/s/ BRENT W. WOOD

Brent W. Wood

Executive Vice President, Chief Financial Officer and Treasurer

**Certification of Chief Executive Officer
EastGroup Properties, Inc.**

I, Marshall A. Loeb, certify that:

1. I have reviewed this quarterly report on Form 10-Q of EastGroup Properties, Inc.;
2. Based on my knowledge, this 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 report;
3. Based on my knowledge, the financial statements, and other financial information included in this 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 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 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 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 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 fiscal 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 functions):
 - 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.

/s/ MARSHALL A. LOEB

MARSHALL A. LOEB

Chief Executive Officer

October 25, 2023

**Certification of Chief Financial Officer
EastGroup Properties, Inc.**

I, Brent W. Wood, certify that:

1. I have reviewed this quarterly report on Form 10-Q of EastGroup Properties, Inc.;
2. Based on my knowledge, this 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 report;
3. Based on my knowledge, the financial statements, and other financial information included in this 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 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 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 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 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 fiscal 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 functions):
 - 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.

/s/ BRENT W. WOOD

BRENT W. WOOD

Chief Financial Officer

October 25, 2023

Certification of Chief Executive Officer
EastGroup Properties, Inc.

In connection with the quarterly report of EastGroup Properties, Inc. (the "Company") on Form 10-Q for the period ended September 30, 2023, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Marshall A. Loeb, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. 1350, as adopted pursuant to 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ MARSHALL A. LOEB

MARSHALL A. LOEB

Chief Executive Officer

October 25, 2023

Certification of Chief Financial Officer
EastGroup Properties, Inc.

In connection with the quarterly report of EastGroup Properties, Inc. (the "Company") on Form 10-Q for the period ended September 30, 2023, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Brent. W. Wood, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. 1350, as adopted pursuant to 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ BRENT W. WOOD

BRENT W. WOOD

Chief Financial Officer

October 25, 2023