Morgan Keegan EQUITY RESEARCH

Basic Research Report

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BRE Properties, Inc.

(BRE- NYSE)

www.breproperties.com

OPINION: **Outperform (O) - Expected to Outperform the NAREIT Equity Index Over the Next 6 Months** **DJIA:** **9,972.18**

SUITABILITY: **Market Risk (M)** **S&P 500:** **1,079.60**

Price	52-Wk Range	Fiscal Year: Dec. FFO & P/FFO 2008A	2009E	2010E	Div./ Yld.	2010E FAD/ Payout	Shares/ Mkt. Cap. (Million)	Ownership Inst.	Insider	Daily Volume
$28.78	$17 - $36	$2.82	$2.50	$2.11	$1.50	$2.09	53.6	85.9%	2.0%	834,000
		10.2x	11.5x	13.6x	5.2%	71.8%	$1,543			

NAV/Share: $34.84 **EV / 2010 EBITDA Est.:** 16.1x
Debt + Pfd. / Mkt. Cap: 55.8% **Next FFO (Q3 '09) vs. Year Ago:** $0.57E vs. $0.72

BRE: WEST COAST PORTFOLIO AT A COMPELLING DISCOUNT

Headquartered in San Francisco, BRE is one of two multifamily REITs that focuses almost exclusively on West Coast markets. At midyear 2009, BRE owned interests in approximately 87 properties, containing more than 22,000 units (reflecting BRE's weighted interest in these units). The largest concentration is in Los Angeles / Orange County (29%), followed by San Diego (18%) and Seattle (15%).

In recent years, BRE focused on development opportunities as its primary growth mechanism within its markets. Unfortunately, the economic correction and rising cap rates has undercut leasing and cash flow expectations, which should make near-term development projects a modest drag on earnings.

BRE's balance sheet is about in line with the group average, and should provide adequate liquidity for the foreseeable future. At the end of July of 2009, BRE's Board reduced the dividend by 33%, from $2.25 to $1.50/share (annualized).

In 2008, BRE reported $2.82 per share in FFO. For 2009 and 2010, we estimate FFO of $2.50 and $2.11 per share, respectively. Our FFO estimates imply an 11.3% negative growth rate in 2009, and a 15.6% negative growth rate for 2010 (compared to 1.3% and negative 13.3%, respectively for the group).

We are initiating coverage of BRE with an Outperform rating, and an estimated fair valuation range of $34-$36 per share (16.3x to 17.2x our 2010 FAD estimate). Over the past 5 years, we believe BRE's management has pursued the right strategies, including a re-focus of the portfolio on coastal markets on the West Coast, and a deepening of its internal development skill set. As a result, we believe the company should trade at least at an in-line valuation.

PLEASE SEE DISCLOSURES BEGINNING ON PAGE 13 AND ANALYST CERTIFICATION STATEMENT BEGINNING ON PAGE 14.

OVERVIEW

BRE Properties, based in San Francisco, California is a self-administered real estate investment trust (REIT) focused on the development, acquisition and management of multifamily apartment communities in metropolitan markets across the western United States.

CONDENSED INCOME STATEMENT

($Millions, except per share data)
(Dec. Fiscal Year)

	FY08A	FY09E	FY10E
Total Revenues	$353	$344	$353
Ppty. Operating Exp.	-105	-109	-116
Property NOI	248	234	238
EBITDA	229	219	218
Interest et. al.	-86	-85	-98
Depreciation	-81	-87	-89
Income from Cont. Ops.	65	49	32
Net Income	141	103	32
Funds from Operations	148	131	111
Funds Avail. for Dist.	138	128	110
FFO per Share	$2.82	$2.50	$2.11
FAD per Share	$2.62	$2.44	$2.09

QUARTERLY FFO/SHARE COMPARISONS

(Dec. Fiscal Year)

Year	Q1	Q2	Q3	Q4	FY
2008A	$0.68	$0.70	$0.72	$0.72	$2.82
% Chg.	11.8%	3.3%	16.4%	5.2%	8.9%
2009E	$0.66A	$0.71A	$0.57	$0.56	$2.50
% Chg.	-2.9%	1.4%	-20.8%	-22.2%	-11.3%
2010E	$0.54	$0.54	$0.51	$0.52	$2.11
% Chg.	-18.2%	-23.9%	-10.5%	-7.1%	-15.6%

BALANCE SHEET DATA

($Millions)

	6/30/09	12/31/08
Assets		
Investment in Real Property	$3,134	$2,939
Property Under Development	125	293
Investment in Joint Ventures	62	62
Land	129	123
Cash & Equivalents	6	8
Other Assets	76	76
Total Assets	$3,512	$3,501
Liabilities & Equity		
Unsecured Debt	$949	$1,530
Mortgages Payable	443	151
Credit Line Outstanding	497	245
Other Liabilities	62	91
Preferred Stock	175	175
Common Stockholders' Equity	1,386	1,309
Total Liabilities & Equity	$3,512	$3,501

Chart Courtesy of: Bloomberg Financial Markets
499 Park Avenue, New York, NY 10022

WEST COAST CONCENTRATION POSES RISKS, OPPORTUNITIES

Headquartered in San Francisco, BRE is one of two multifamily REITs that focuses almost exclusively on West Coast markets. At midyear 2009, BRE owned interests in approximately 87 properties, with more than 22,000 units (reflecting BRE's weighted interest in these units). The largest concentration is in Los Angeles / Orange County (29%), followed by San Diego (18%) and Seattle (15%). At midyear 2009, BRE's same property portfolio was 93.9% occupied, with an average rent of $1,451 per unit per month.

While its west coast markets have driven above-average growth over time, we believe the market mix may position the company sub-optimally over the next couple of years. Many coastal markets—which typically have higher costs and higher taxes—have been slower to create jobs in recovery than lower-cost Sunbelt areas. While the nature of job creation in a future recovery is not certain, we believe that a resumption in net positive job growth is more likely to occur outside of most of BRE's markets.

BRE Properties, Inc.
Geographic Portfolio Exposure

	# of Properties	# of Units (1)	% of Portfolio
Southwest Region			
Denver	8	389	1.8%
Phoenix	6	1,140	5.2%
Total Southwest	**14**	**1,529**	**6.9%**
West Region			
Los Angeles / Orange County	25	6,496	29.4%
Riverside / San Bernardino	9	2,929	13.3%
San Diego	13	3,958	17.9%
San Francisco /Oakland	10	3,152	14.3%
Seattle	13	3,408	15.4%
Miscellaneous W	3	595	2.7%
Total West	**73**	**20,538**	**93.1%**
Portfolio Totals / Averages	**87**	**22,067**	**100.0%**

(1) Weighted by interest owned

Sources: SNL Financial & Morgan Keegan Research

MANAGEMENT: THE TEAM IS NOW COMPLETE

Over the past 5 years, we believe BRE's management has pursued the right strategies, including a re-focus of the portfolio on coastal markets on the West Coast, and a deepening of its internal development skill set. These factors should allow BRE to produce above-average growth over time.

Senior management has recently completed some changes, which have deepened and widened the bench. Connie Moore, President and CEO, has led the organization since 2005; Ms. Moore joined BRE in 2002, after successful senior management stints at other public and private real estate entities. Ed Lange, COO, has been with BRE since 2000, first as CFO, and assumed COO duties in 2007. In 2008, BRE announced the addition of Stephen Dominiak as CIO; Mr Dominiak added a significant amount of experience to the team, particularly in development. Finally, John Shissel was recently hired as CFO, allowing Mr. Lange to complete his transition to full-time COO.

BRE Key Executive Officers	Age	Title	Held Title Since	At BRE Since (1)
Connie Moore	53	President	2004	2002
		CEO	2005	
Ed Lange	49	Executive VP	2000	2000
		COO	2007	
John Schissel	43	Executive VP	2009	2009
		CFO	2009	
Stephen Dominiak	44	Executive VP	2008	2008
		CIO	2008	

(1) Includes service with predecessor entities.

Sources: Company Documents & Morgan Keegan Research

DEVELOPMENT FOCUS PROVIDES LITTLE BENEFIT—FOR NOW

In recent years, BRE has focused on development opportunities as its primary growth mechanism within its markets. Cap rates on acquisitions were at multi-decade lows, and developments still penciled to 6-7% stabilized yields in most cases, providing significant value creation. Unfortunately, the economic correction and rising cap rates have undercut leasing and cash flow expectations, which should make near-term development projects a modest drag on earnings.

Like most of its peers, BRE has reacted to changing market conditions by shrinking its development activity, and reducing forward commitments. Once the current pipeline is completed, we do not expect BRE to pursue significant external growth until cap rates rise, or capital availability/cost improves.

Development	**2005**	**2006**	**2007**	**2008**	**2009 (1)**
Under Construction					
# of Properties	6	5	7	5	2
# of Units	1,536	1,476	1,969	1,367	566
Total Investment	$355.1	$449.2	$611.8	$456.6	$176.1
Cost Per Unit	*$231,185*	*$304,336*	*$310,716*	*$334,016*	*$311,131*
Land Owned / Under Contract					
# of Properties	7	9	10	8	8
# of Units	2,088	2,566	2,751	2,075	2,325
Total Investment	$565.0	$938.1	$1,030.3	$872.3	$960.0
Cost Per Unit	*$270,594*	*$365,588*	*$374,518*	*$420,386*	*$412,903*

(1) Year-end data, except for midyear 2009

Sources: Company Documents & Morgan Keegan Research

BALANCE SHEET PROVIDES AMPLE LIQUIDITY

BRE's overall balance sheet is modestly overlevered, with debt and preferred equity currently representing about 55.8% of total market capitalization, slightly above the multifamily sector's average leverage ratio of about 54.2%. The Q2 2009 fixed-charge coverage ratio was 2.5x, slightly below the multifamily average (2.6x). The capital structure includes the following.

Debt At midyear, BRE had $1.9 billion in total debt, with an average interest rate of 4.8%, and a 5.0-year average term to maturity. Nearly three quarters of these obligations consist of senior unsecured notes ($949 million) and mortgage loans ($443 million), both at fixed rates of interest averaging 5.9%, and a weighted-average maturation of 5.7 years. BRE also has a $750 million unsecured line of credit (LOC), at a rate of LIBOR + 47.5 basis points; the line matures in September of 2012. At June 30, 2009, the LOC carried a balance outstanding of $497 million (1.6% weighted-average cost) - uncommitted capacity of $253 million remains. About 74% of BRE's debt is fixed rate (average interest rate of 5.9%), with the rest floating (average interest rate of 1.6%).

As of August 7, 2009, the amount drawn against the LOC was reduced $170 million after applying proceeds from a previous transaction with Fannie Mae. Also subsequent to the second quarter, on July 1, 2009, AVB disposed of 240-unit Arbor Pointe in Sacramento, CA for $15.4 million.

Preferred Equity BRE has two tranches of cumulative redeemable preferred shares outstanding, totaling $175 million in capital, both with an annualized dividend rate of 6.75%.

Common Equity There are 53.6 million common shares and equivalents presently outstanding and common equity market capitalization approximates $1.543 billion. BRE has not sold shares in a follow-on common offering since 2003 (3.5 million); the company issued 1.5 million common shares in Q2 2009 (average price, $24.80) in conjunction with its continuous equity offering program of up to $125 million (of which $87 million remains). Approximately $100 million (equating to about 3.3 million shares) remains under the company's current common equity repurchase authorization.

BRE Properties, Inc.
Balance Sheet

	Reported 6/30/2009	Pro Forma	Market Value
($ in 000's, Except per Share Data)			
Assets:			
Real Estate, at Cost	3,105,464	3,098,232	3,597,584
Less: Accumulated Depreciation	(540,165)	(540,165)	0
Held for Sale	8,168	0	0
Under Development	253,697	253,697	0
Investments	62,435	62,435	62,435
Cash and Equivalents	5,848	16,748	16,748
Miscellaneous & Other	76,454	76,454	76,454
Total Assets	2,971,901	2,967,401	3,690,786
Liabilities:			
Unsecured Debt	948,906	943,906	943,906
Mortgage Notes Payable	443,390	770,390	770,390
Lines of Credit	497,000	170,000	170,000
Other Liabilities	62,148	62,148	62,148
Total Liabilities	1,951,444	1,946,444	1,946,444
Equity:			
Mezzanine Items & Noncontrolling Interests	26,674	26,674	26,674
Preferred Ownership	175,000	175,000	175,000
Common Equity	818,783	819,283	1,542,668
Total Equity	1,020,457	1,020,957	1,744,342
Total Liabilities and Equity	2,971,901	2,967,401	3,690,786
Leverage Ratios:			
Debt / Total Market Capitalization	--	--	51.05%
Debt+Preferred / Total Market Capitalization	--	--	55.80%
Debt / Real Estate, at Book	66.83%	67.01%	--
Debt / Real Estate, at Cost	56.11%	56.22%	--
Equity Per Diluted Share/Unit	$19.04		$28.78
Fully Diluted Common			53,602.1

Stock price as of October 23, 2009

Sources: Company Documents & Morgan Keegan Research

EARNINGS ESTIMATES

In 2008, BRE reported $2.82 per share in FFO. For 2009 and 2010, we estimate FFO of $2.50 and $2.11 per share, respectively. Our FFO estimates imply an 11.3% negative growth rate in 2009, and a 15.6% negative growth rate for 2010 (compared to 1.3% and negative 13.3%, respectively for the group).

2009 FFO Guidance $2.42-2.52 per share, including gains recorded in 1H 2009 from retirement of debt.

Internal Growth The primary driver of our forward estimates is continued negative growth for the existing portfolio; we project a 3-5% decrease in same property revenue growth for 2009, and a 1-2% decrease for 2010. With expense inflation in the 3% range, we project negative NOI growth of 5-7% for 2009, and 3-4% for 2010.

Investments We assume no acquisitions through 2010. BRE has 2 communities under development, containing 566 units, and representing $176.1 million of investment. The company's remaining investment commitment for these properties is about $50 million. We anticipate completion of these communities in 2010, with stabilization in late-2010 and 2011.

Capital Markets In 2Q 2009, BRE repurchased $512.4 million of its outstanding unsecured bonds (maturity dates ranging from 2009 to 2013) through a tender and open market purchases, generating $2 million in gains. BRE also raised $37.6 million of equity (1.5 million shares, at $24.80 per share). In July, BRE closed on the second tranche of its $620 million secured debt placement, using the $310 million in proceeds to pay down the line of credit.

Sources/Uses BRE has $89 million in 2009 debt maturities and $64 million in 2010 maturities. We expect BRE to fund this aggregate capital commitment with about $50 million in positive net cash flow, $50-100 million in net disposition proceeds, and incremental debt and equity. Our model assumes dispositions are completed at an average NOI cap rate of 6.5-7.0%; we assume that sales do not produce sufficient gains to require a special dividend in 2009.

INITIATING COVERAGE WITH AN OUTPERFORM RATING

We are initiating coverage of BRE with an Outperform rating, and an estimated fair valuation range of $34-$36 per share (16.3x to 17.2x our 2010 FAD estimate). Over the past 5 years, we believe BRE's management has pursued the right strategies, including a re-focus of the portfolio on coastal markets on the West Coast, and a deepening of its internal development skill set. As a result, we believe the company should trade at least at an in-line valuation. Our rating and valuation range reflect several factors.

- BRE trades at 13.6x our 2010 FFO estimate, and at a discount to the multifamily sector's average (14.9x). While we believe the company's near-term growth prospects may be impacted by regional economic factors and development drag, we believe the portfolio is positioned for superior long-term growth, and discounted valuation is not warranted.

- The current dividend yield is 5.2%, compared to the multifamily group average of 4.9%. At the end of July of 2009, BRE's Board reduced the dividend by 33%, from $2.25 to $1.50/share (annualized). The company's dividend payout of 2010 estimated AFFO is 71.8%, versus the apartment peer average ratio of 83.3%. We do not expect BRE's dividend to increase through 2010.

- We estimate a current net asset value (NAV) of $34.84 per share. Our NAV is based on a 6.1% average cap rate for BRE. We estimate that the shares currently trade at an implied cap rate of 6.7%. As an enterprise, BRE trades at a 17.4% discount to its estimated private market value.

RISKS

Property fundamentals have historically been driven by underlying economic and employment trends. BRE's portfolio is concentrated in West Coast markets, which could underperform in the near-term.

CRE values face uncertainty amid negative earnings growth and uncertain capital markets. Real estate values could deteriorate more significantly than we project. If capital markets remain in a state of dislocation, incremental capital could be more expensive to raise.

BRE has reduced its dividend payment in the past year. If cash flows deteriorate further, dividend payments could be reduced or eliminated.

Public Companies Mentioned in This Report:

Company Name	Ticker	Price
Fannie Mae	FNM	$1.18

BRE Properties -- Quarterly Earnings Model
(dollars in thousands, except per share data)
As of September 30, 2009

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Quarter	Actual 03/31/08	Actual 06/30/08	Actual 09/30/08	Actual 12/31/08	Actual 03/31/09	Actual 06/30/09	Estimate 09/30/09	Estimate 12/31/09	Estimate 03/31/10	Estimate 06/30/10	Estimate 09/30/10	Estimate 12/31/10
Rental Revenue	83,181	84,839	85,776	85,055	80,437	82,889	82,889	83,521	83,407	83,936	84,947	85,630
Change							0	(746)	(334)	(83)	(252)	(595)
Acq/Dev/Sales							0	0	231	463	935	481
Partnership & Ancillary Income	3,384	3,632	3,638	3,276	3,246	3,368	3,356	3,310	3,362	3,404	3,451	3,442
Cum. Adj.							632	632	632	632	0	0
Non-Cum Adj.												(700)
Sale Dilution												
Total Revenue	86,565	88,471	89,414	88,331	83,683	86,257	86,876	86,716	87,298	88,351	89,081	88,258
Expenses												
Operating Exp	26,099	26,144	27,025	25,618	25,441	27,533	28,634	27,197	28,157	28,789	30,080	28,555
Seasonality												
Restatement												
Management Expenses												
Acq/Dev/Sales							280	144	69	139	280	144
Total Expenses	26,099	26,144	27,025	25,618	25,441	27,533	28,915	27,341	28,226	28,928	30,360	28,699
Property Net Operating Income	60,466	62,327	62,389	62,713	58,242	58,724	57,962	59,376	59,072	59,422	58,721	59,559
Operating Margin	*69.9%*	*70.4%*	*69.8%*	*71.0%*	*69.6%*	*68.1%*	*66.7%*	*68.5%*	*67.7%*	*67.3%*	*65.9%*	*67.5%*
Interest & Other Income	594	637	607	0	628	1,196	500	500	500	500	500	500
General & Admin.	4,655	5,378	4,760	5,784	4,326	4,218	5,039	5,030	5,063	5,124	5,167	5,119
% Of Revenue	*5.4%*	*6.1%*	*5.3%*	*6.5%*	*5.2%*	*4.9%*	*5.8%*	*5.8%*	*5.8%*	*5.8%*	*5.8%*	*5.8%*
				20,577				*18,612*				*20,473*
EBITDA	56,405	57,586	58,236	56,929	54,544	55,702	53,423	54,846	54,509	54,798	54,054	54,940
% Change	*-4.0%*	*2.1%*	*1.1%*	*-2.2%*	*-4.2%*	*2.1%*	*-4.1%*	*2.7%*	*-0.6%*	*0.5%*	*-1.4%*	*1.6%*
Interest & Other Financial Charges												
Interest	21,461	21,686	21,278	21,374	21,022	19,421	22,206	24,301	24,931	24,811	25,441	26,071
Rate Increases												
FSB APB 14-1												
Credit Line Interest							1,336	499	591	882	842	665
Capitalized Interest							(1,874)	(1,499)	(1,499)	(1,499)	(1,499)	(1,499)
Deferred Financing & Amortization												
Other Additions & Deductions												
Depreciation	20,116	19,924	20,219	20,691	20,528	22,368	21,968	21,712	21,856	22,150	22,443	22,593

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Gain On Sale												
Extraordinary Items				2,697		1,958						
Minority Interests	(580)	(580)	(580)	(550)	(545)	(545)	(545)	(545)	(545)	(545)	(545)	(545)
Partnership Income	631	683	652	593	656	580	609	639	671	705	740	777
Income From Continuing Operations	14,879	16,079	16,811	17,604	13,105	15,906	9,852	9,928	8,757	8,615	7,022	7,342
Net Gains On Disc. Ops.			24,820	41,164		14,289	18,000	18,000	0	0	0	0
Discontinued Ops., net	2,280	2,823	2,881	1,470	2,841	980	490					
Net Income	17,159	18,902	44,512	60,238	15,946	31,175	28,342	27,928	8,757	8,615	7,022	7,342
Preferred Dividends												
Convertible												
Redeemable	2,953	2,953	2,953	2,953	2,953	2,953	2,953	2,953	2,953	2,953	2,953	2,953
Perpetual												
Net Income To Common	14,206	15,949	41,559	57,285	12,993	28,222	25,389	24,975	5,804	5,662	4,069	4,389
EPS Per Share	$0.28	$0.31	$0.80	$1.11	$0.25	$0.55	$0.49	$0.48	$0.11	$0.11	$0.08	$0.08
Annual	$2.16	$2.17	$1.98	$2.50	$2.48	$2.71	$2.40	$1.77	$1.63	$1.19	$0.78	$0.38
Dilution Addback	0	0	0	0	(83)	0	(83)	(83)	(83)	(83)	(83)	(83)
Net Income To Common	14,206	15,949	41,559	57,285	12,910	28,222	25,306	24,892	5,721	5,579	3,986	4,306
EPS Per Share	$0.28	$0.31	$0.80	$1.11	$0.25	$0.55	$0.49	$0.48	$0.11	$0.11	$0.08	$0.08
Annual				$2.50				$1.77				$0.38
FFO Addback												
Depreciation	21,027	20,339	20,635	21,173	21,359	22,823	22,415	22,154	22,301	22,600	22,900	23,052
Gain On Sale	0	0	(24,820)	(41,164)	0	(14,289)	(18,000)	(18,000)	0	0	0	0
Extraordinary Items												
Miscellaneous	(106)	(106)	(106)	(106)	(106)	(106)	(106)	(106)	(106)	(106)	(106)	(106)
Basic FFO	35,127	36,182	37,268	37,188	34,163	36,650	29,614	28,940	27,915	28,073	26,780	27,252
Basic FFO Per Share	$0.68	$0.70	$0.72	$0.72	$0.67	$0.71	$0.57	$0.56	$0.54	$0.54	$0.52	$0.53
				$2.82				$2.51				$2.13

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Minority Interest	580	580	580	550	545	545	545	545	545	545	545	545
Dilution	0	0	0	0	(272)	0	(272)	(272)	(272)	(272)	(272)	(272)
Diluted FFO	35,707	36,762	37,848	37,738	34,436	37,195	29,887	29,213	28,188	28,346	27,053	27,525
Diluted FFO Per Share	$0.68	$0.70	$0.72	$0.72	$0.66	$0.71	$0.57	$0.56	$0.54	$0.54	$0.51	$0.52
				$2.82				$2.50				$2.11
Capital Expenditures	1,651	2,201	2,171	1,628	1,710	2,233	2,163	1,575	1,660	2,229	2,245	1,689
FSB APB 14-1					1,615	1,653	1,653	1,653	1,653	1,653	1,653	1,653
Miscellaneous Adjustments	0	0	0	(2,697)	0	(1,958)	0	0	0	0	0	0
Funds For Distribution	34,056	34,561	35,677	33,413	34,341	34,657	29,378	29,290	28,181	27,770	26,461	27,489
Funds For Distribution PS	$0.65	$0.66	$0.68	$0.64	$0.66	$0.66	$0.56	$0.56	$0.54	$0.53	$0.50	$0.52
				$2.62				$2.44				$2.09
Dividends	29,014	29,166	29,199	28,904	30,228	30,574	19,412	19,412	19,412	19,412	19,412	19,412
Principal Amortization												
Remaining Cash Flow	5,042	5,395	6,478	4,509	4,113	4,084	9,966	9,878	8,769	8,358	7,049	8,077
Weighted Shares—Diluted	51,580	51,850	51,910	51,385	51,180	51,765	51,765	51,765	51,765	51,765	51,765	51,765
Weighted Shares & Units—Diluted	52,425	52,695	52,750	52,190	51,965	52,550	52,550	52,550	52,550	52,550	52,550	52,550
Dividend Rate	$0.563	$0.563	$0.563	$0.563	$0.591	$0.591	$0.375	$0.375	$0.375	$0.375	$0.375	$0.375
Dividend Growth Rate	*4.2%*	*4.2%*	*4.2%*	*4.2%*	*5.0%*	*5.0%*	*-33.3%*	*-33.3%*	*-36.5%*	*-36.5%*	*0.0%*	*0.0%*
Ratios And Growth Rates												
Fixed Charge Coverage	2.31	2.34	2.40	2.34	2.28	2.49	2.02	1.98	1.91	1.91	1.85	1.85
Payout Ratio On FFO	82.6%	80.6%	78.4%	77.8%	89.1%	83.4%	65.9%	67.5%	69.9%	69.5%	72.8%	71.6%
Payout Ratio On FAD	86.6%	85.8%	83.2%	87.9%	89.4%	89.6%	67.1%	67.3%	69.9%	71.0%	74.5%	71.7%
Operating Margin	70.5%	71.1%	70.4%	71.6%	70.2%	68.7%	67.3%	69.1%	68.3%	67.9%	66.5%	68.1%
G&A As % Of Revenue	5.4%	6.1%	5.3%	6.5%	5.2%	4.9%	5.8%	5.8%	5.8%	5.8%	5.8%	5.8%
Qtrly FFO Growth	(1.1%)	3.0%	3.0%	(0.3%)	(8.7%)	8.0%	(19.6%)	(2.3%)	(3.5%)	0.6%	(4.6%)	1.7%

BRE Properties -- Quarterly Earnings Model
(dollars in thousands, except per share data)
As of September 30, 2009

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Quarter	Actual 03/31/08	Actual 06/30/08	Actual 09/30/08	Actual 12/31/08	Actual 03/31/09	Actual 06/30/09	Estimate 09/30/09	Estimate 12/31/09	Estimate 03/31/10	Estimate 06/30/10	Estimate 09/30/10	Estimate 12/31/10
Annual FFO Growth	(4.7%)	7.7%	10.3%	8.6%	4.9%	4.4%	(4.9%)	(11.7%)	(15.2%)	(21.5%)	(19.0%)	(15.0%)
Qtrly FFO/Sh Growth	(0.9%)	2.4%	2.8%	0.8%	(8.4%)	6.8%	(19.6%)	(2.3%)	(3.5%)	0.6%	(4.6%)	1.7%
Annual FFO/Sh Growth				8.9%				(11.5%)				(15.3%)

Sources: Company reports, Morgan Keegan Research estimates.

ADDITIONAL INFORMATION AVAILABLE UPON REQUEST

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Market Perform / Hold	42%
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Not Rated	8%

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Market Perform / Hold	4%
Underperform / Sell	0%
Not Rated	16%

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