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# BRE Properties, Inc.

**Second Quarter 2007**

Earnings Release and  
Supplemental Financial Data

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284 Units  
Los Angeles, CA

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*"Safe Harbor" Statement under the Private Securities Litigation Reform Act of 1995: Except for the historical information contained herein, this document contains forward-looking statements regarding BRE and property performance, and is based on BRE's current expectations and judgment. Actual results could vary materially depending on risks and uncertainties inherent to general and local real estate conditions, future interest rate levels or capital market conditions. For more details, please refer to BRE's SEC filings, including its most recent Annual Report on Form 10-K and quarterly report on Form 10-Q.*

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## **BRE PROPERTIES REPORTS SECOND QUARTER 2007 RESULTS**

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July 31, 2007 (San Francisco) – BRE Properties, Inc. (NYSE:BRE) today reported operating results for the quarter ended June 30, 2007. All per share results are reported on a fully diluted basis.

Funds from operations (FFO), the generally accepted measure of operating performance for real estate investment trusts, totaled \$35.6 million, or \$0.68 per share, during second quarter 2007, as compared with \$51.4 million, or \$0.96 per share, for the quarter ended June 30, 2006.

Second quarter 2007 FFO included nonroutine income of \$1.9 million, or \$0.04 per share, in proceeds from a legal settlement. Second quarter 2006 FFO included two nonroutine income items totaling \$23.0 million, or \$0.43 per share. Excluding the nonroutine income items, second quarter 2007 FFO per share increased 21% over the previous year.

Net income available to common shareholders for the second quarter totaled \$15.1 million, or \$0.29 per share, as compared with \$70.6 million, or \$1.33 per share, for the same period 2006. In addition to the nonroutine income items noted above, earnings in second quarter 2006 included gains on the sale of assets, which totaled \$38.3 million, or \$0.72 per share.

Total revenues from continuing operations for the quarter were \$85.4 million, as compared with \$79.2 million a year ago, representing growth of 8%. Adjusted EBITDA for the quarter totaled \$58.6 million, as compared with \$52.8 million in second quarter 2006.

### **Six-Month Period Ended June 30, 2007**

For the year-to-date period, FFO totaled \$67.8 million, or \$1.29 per share, as compared with \$78.5 million, or \$1.47 per share, for the six-month period in 2006. Nonroutine income was reported in both the current and prior periods, in amounts previously referenced. Excluding nonroutine items, core FFO per share growth was 19% year-over-year.

Net income available to common shareholders for the six-month period totaled \$27.1 million, or \$0.52 per diluted share, as compared with \$78.0 million, or \$1.49 per diluted share, for the same period 2006. The 2006 year-to-date results included nonroutine income items and gains from property sales cited previously.

For the first half of 2007, total revenues from continuing operations were \$168.5 million, as compared with \$155.3 million for the same period 2006, representing growth of 8.5%. Adjusted EBITDA for the six-month period totaled \$115.1 million, as compared with \$106.0 million for the same period in 2006.

BRE's positive year-over-year earnings and FFO results were driven primarily by same-store property-level operating results, and income from acquisitions and newly developed properties. Same-store NOI growth was 8.2% and 8.7% for

the quarter and year-to-date periods, respectively, as compared with the same periods in 2006. For the second quarter and six-month period, same-store NOI increased \$4.1 million and \$8.5 million, respectively, relative to the same periods in the prior year. Communities acquired and newly developed generated \$1.8 million in additional NOI during the quarter, as compared with second quarter 2006.

### **Same-Store Property Results**

BRE defines same-store properties as stabilized apartment communities owned by the company for at least five full quarters. Of the 22,681 apartment units owned directly by BRE, same-store units totaled 19,481 for the quarter.

On a year-over-year basis, same-store NOI growth was driven by revenue growth of 5.0% for the quarter. Average same-store market rent for the second quarter 2007 increased 3.5% to \$1,406 per unit, from \$1,358 per unit in second quarter 2006. Same-store physical occupancy levels averaged 94.4% during second quarter 2007, as compared with 95.1% in the same period 2006. Physical occupancy at the end of the second quarter was 95.2%. Rent concessions in the same-store portfolio totaled \$790,000, or 3.8 days rent, for second quarter 2007, as compared with \$540,000, or 2.5 days rent, for the same period 2006. Property-level operating expense decreased 1.9% from second quarter 2006 levels.

On a sequential basis, same-store NOI increased 2.1% from first quarter 2007. Revenue increased 2.1% and expenses increased 2.0% from the previous quarter. Average physical occupancy improved 1.3%.

### **Investment Activity**

At the end of the second quarter, BRE had one Southern California property in lease-up, Renaissance at Uptown Orange in Orange. When completed, the community will have 460 units. To date, 151 units have been delivered, with 81 units leased and occupied.

BRE currently has seven communities under construction, with a total of 1,969 units, an aggregate projected investment of \$602 million and an estimated balance to complete totaling \$246 million.

BRE owns four land parcels representing 1,422 units of future development, and an estimated aggregate investment of \$549 million upon completion. Construction starts for the five parcels range from fourth quarter 2007 to the third quarter of 2009. The land parcels are located in Southern California and Northern California.

During the second quarter, BRE acquired an apartment community in Westminster, Colo., through a joint venture with JPMorgan Asset Management. The property, Calavera Point, has 276 units; the purchase price was \$33 million. BRE acquired a 15% interest (\$4.9 million) in the asset, and will provide property management services.

At June 30, the company classified five operating properties and two excess land parcels as held for sale, with a total net book value of \$79.9 million. The five operating properties are located in: Sacramento (2), Phoenix (1) and Seattle (2), totaling 1,153 units, with a total net book value of \$58.9 million. The two excess land parcels are in Northern California and Seattle, with a book value of \$21 million.

Subsequent to the quarter's end, BRE sold and contributed a 432-unit property to a joint venture: Arcadia Cove, the Phoenix, Ariz., asset noted in the previous paragraph, with a total value of approximately \$52 million. The company retained a 15% interest in the property, and will provide property management services. The company's joint venture partner is JPMorgan Asset Management. In connection with the transaction, the company will record a net gain on sale of approximately \$26.5 million, which will be recognized during third quarter 2007.

### **Earnings Outlook**

The company has revised its guidance for the full year 2007, adjusting expectations for FFO per share to a range of \$2.59 to \$2.66, from the previous range of \$2.55 to \$2.70. Guidance for earnings per share (EPS) has been revised to a range of \$1.60 to \$1.67, from the previous range of \$1.05 to \$1.20. For the year, management anticipates same-store revenue growth will range 5% to 6%, and same-store NOI growth will range 7% to 8%.

The revised FFO guidance range for 2007 includes the \$1.9 million of nonroutine income recognized during the second quarter (\$0.04 per share), and nonroutine expenses the company may recognize during the second half of the year associated with the early retirement of securities, estimated at approximately \$2.7 million (\$0.05 per share). EPS estimates include the expected gain on sale associated with previously noted property sale, but do not include any additional projected gains or losses associated with property sales. Management will assess the range of earnings estimates for 2007 at the end of each quarter.

### **Q2 2007 Analyst Conference Call**

The company will hold a conference call on Wednesday, August 1, at 9:30 a.m. Pacific (12:30 p.m. Eastern) to review these results. The dial-in number to participate in the U.S. and Canada is 888.290.1473; the international number is 706.679.8398. Enter Conf. ID# 2203856. A telephone replay of the call will be available for 30 days at 800.642.1687 or 706.645.9291 international, using the same ID# 2203856. A link to the live webcast of the call will be posted on [www.breproperties.com](http://www.breproperties.com), in Investors, on the Corporate Profile page. A webcast replay will be available for one month following the call.

### **Q3 2007 Earnings Dates**

The company will report third quarter 2007 earnings after close of market on October 30, 2007, followed by a conference call on October 31, 2007, at 8:30 a.m. Pacific (11:30 a.m. Eastern).

## About BRE Properties

BRE Properties—a real estate investment trust—develops, acquires and manages apartment communities convenient to its residents' work, shopping, entertainment and transit in supply-constrained Western U.S. markets. BRE directly owns and operates 81 apartment communities totaling 22,681 units in California, Arizona and Washington. The company currently has 11 other properties in various stages of development and construction, totaling 3,391 units, and joint venture interests in 10 additional apartment communities, totaling 2,948 units.

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"Safe Harbor" Statement under the Private Securities Litigation Reform Act of 1995: Except for the historical information contained herein, this news release contains forward-looking statements regarding the Company's capital resources, portfolio performance and results of operations, and is based on the company's current expectations and judgment. You should not rely on these statements as predictions of future events because there is no assurance that the events or circumstances reflected in the statements can be achieved or will occur. Forward-looking statements are identified by words such as "believes," "expects," "may," "will," "should," "seeks," "approximately," "intends," "plans," "pro forma," "estimates," or "anticipates" or their negative form or other variations, or by discussions of strategy, plans or intentions. The following factors, among others, could affect actual results and future events: defaults or nonrenewal of leases, increased interest rates and operating costs, failure to obtain necessary outside financing, difficulties in identifying properties to acquire and in effecting acquisitions, failure to successfully integrate acquired properties and operations, inability to dispose of assets that no longer meet our investment criteria under acceptable terms and conditions, risks and uncertainties affecting property development and construction (including construction delays, cost overruns, liability to obtain necessary permits and public opposition to such activities), failure to qualify as a real estate investment trust under the Internal Revenue Code of 1986, as amended, and increases in real property tax rates. The Company's success also depends on general economic trends, including interest rates, tax laws, governmental regulation, legislation, population changes and other factors, including those risk factors discussed in the section entitled "Risk Factors" in the Company's most recent Annual Report on Form 10-K as they may be updated from time to time by the Company's subsequent filings with the Securities and Exchange Commission, or SEC. Do not rely solely on forward-looking statements, which only reflect management's analysis. The Company assumes no responsibility to update this information. For more details, please refer to the Company's SEC filings, including its most recent Annual Report on Form 10-K and Quarterly Reports on Form 10-Q.

BRE Properties, Inc.  
**Financial and Operating Highlights**  
**Second Quarter 2007**

*(Unaudited; in thousands, except per share, ratio and community data)*

OPERATING INFORMATION	Quarter Ended June 30,		Six Months Ended June 30,	
	2007	2006	2007	2006
Total revenues <sup>(1)</sup>	\$85,364	\$79,237	\$168,526	\$155,301
Net income available to common shareholders	\$15,146	\$70,617	\$27,060	\$78,003
Per diluted share	\$0.29	\$1.33	\$0.52	\$1.49
Funds from Operations <sup>(2)</sup>	\$35,621	\$51,425	\$67,778	\$78,540
FFO per diluted share	\$0.68	\$0.96	\$1.29	\$1.47
Nonroutine income items <sup>(3)</sup>	\$1,900	\$22,985	\$1,900	\$22,985
Nonroutine income items per diluted share	\$0.04	\$0.43	\$0.04	\$0.43
Other Expenses <sup>(4)</sup>	\$0	\$62	\$0	\$562
Other Expenses per diluted share	\$0.00	\$0.00	\$0.00	\$0.01
Dividends per share	\$0.5375	\$0.5125	\$1.075	\$1.025
Adjusted EBITDA <sup>(2)</sup>	\$58,591	\$52,813	\$115,087	\$105,996
Common dividends	\$27,427	\$26,469	\$54,829	\$52,894
Preferred dividends	\$4,468	\$4,468	\$8,936	\$8,936
Interest expense	\$20,569	\$19,680	\$40,589	\$40,470
Interest coverage ratio <sup>(5)</sup>	2.8	2.7	2.8	2.6
Fixed charge coverage ratio <sup>(5)</sup>	2.3	2.2	2.3	2.1
Same-store revenue increase/decrease	5.0%	7.2%	5.5%	6.9%
Same-store expense increase/decrease	-1.9%	10.4%	-1.5%	8.4%
Same-store NOI increase/decrease	8.2%	5.8%	8.7%	6.2%
Operating margins	70%	68%	70%	68%
<b>CAPITALIZATION DATA</b>			<b>6/30/07</b>	<b>6/30/06</b>
Net real estate investments			\$2,852,303	\$2,569,579
Total assets, gross			\$3,344,741	\$2,992,925
Total debt			\$1,844,459	\$1,438,087
Minority interest			\$31,473	\$60,043
Preferred stock (at liquidation preference)			\$250,000	\$250,000
Total shareholders' equity			\$958,617	\$1,067,165
Common shares and units outstanding			51,590	52,344
Share price, end of period			\$59.29	\$55.00
Total market capitalization			\$5,153,230	\$4,567,007
Total book capitalization			\$2,834,549	\$2,565,295
Debt to total market capitalization			36%	31%
Debt to total book capitalization			65%	56%
Debt to total assets, gross			55%	48%
Secured debt to total assets			6%	11%
<b>COMMUNITY INFORMATION</b>			<b>6/30/07</b>	<b>6/30/06</b>
Operating communities:				
Wholly or Majority Owned Communities			81	78
Wholly or Majority Owned Units			22,681	21,978
Unconsolidated Joint Venture Communities			10	9
Unconsolidated Joint Venture Units			2,948	2,672
Communities under development:				
Communities			11	10
Units			3,391	2,690

(1) Revenues reported exclude results from discontinued operations, partnership income and other income.

(2) Please refer to Exhibit C for definitions and reconciliations of all non-GAAP financial measures presented in this package.

(3) The second quarter and YTD 2007 EPS and FFO totals include proceeds from a legal settlement related to Pinnacle Galleria. The second quarter and YTD 2006 EPS and FFO totals include income from land sales totaling \$3,485,000 and settlement proceeds related to the Red Hawk Ranch apartment community totaling \$19,500,000.

(4) For 2006, Other Expenses represent Red Hawk Ranch litigation costs.

(5) Interest coverage represents ratio of Adjusted EBITDA to interest expense. Fixed charge coverage represents ratio of Adjusted EBITDA to interest expense plus preferred stock dividends.

BRE Properties, Inc.  
**Consolidated Balance Sheets**  
 Second Quarter 2007

*(Unaudited, dollar amounts in thousands except per share data)*

ASSETS	June 30, 2007	June 30, 2006
<b>Real estate portfolio:</b>		
Direct investments in real estate:		
Investments in rental properties	\$2,702,810	\$2,656,658
Construction in progress	327,256	134,293
Less: accumulated depreciation	(420,589)	(366,222)
	<u>2,609,477</u>	<u>2,424,729</u>
Equity interests in and advances to real estate joint ventures:		
Investments in rental properties	44,747	38,644
Real estate held for sale, net	79,883	-
Land under development	<u>118,196</u>	<u>106,206</u>
<b>Total real estate portfolio</b>	<b>2,852,303</b>	<b>2,569,579</b>
Cash	11,937	4,365
Other assets	<u>59,912</u>	<u>52,759</u>
<b>TOTAL ASSETS</b>	<b>\$2,924,152</b>	<b>\$2,626,703</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Liabilities:</b>		
Unsecured senior notes	1,540,000	980,000
Unsecured line of credit	129,000	180,000
Secured line of credit	-	75,000
Mortgage loans	175,459	203,087
Accounts payable and accrued expenses	<u>89,603</u>	<u>61,408</u>
Total liabilities	<u>1,934,062</u>	<u>1,499,495</u>
Minority interests	<u>31,473</u>	<u>60,043</u>
<b>Shareholders' equity:</b>		
Preferred Stock, \$0.01 par value; 20,000,000 shares authorized: 10,000,000 shares with \$25 liquidation preference issued and outstanding at June 30, 2007 and June 30, 2006, respectively.	100	100
Common stock, \$0.01 par value, 100,000,000 shares authorized. Shares issued and outstanding: 50,727,018 and 51,385,437 at June 30, 2007 and 2006, respectively.	507	514
Additional paid-in capital	<u>958,010</u>	<u>1,066,551</u>
Total shareholders' equity	<u>958,617</u>	<u>1,067,165</u>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>\$2,924,152</b>	<b>\$2,626,703</b>

BRE Properties, Inc.  
Consolidated Statements of Income  
Quarters and Six Months Ended June 30, 2007 and 2006

(Unaudited, dollar and share amounts in thousands)

	Quarter Ended 06/30/2007	Quarter Ended 6/30/2006	Six Months Ended 06/30/2007	Six Months Ended 6/30/2006
<b>REVENUE</b>				
Rental income	\$81,686	\$75,781	\$161,369	\$148,541
Ancillary income	3,678	3,456	7,157	6,760
<b>Total revenue</b>	<b>85,364</b>	<b>79,237</b>	<b>168,526</b>	<b>155,301</b>
<b>EXPENSES</b>				
Real estate expenses	\$25,429	\$25,083	\$50,570	\$49,123
Depreciation	19,360	17,840	38,312	36,436
Interest expense	20,569	19,680	40,589	40,470
General and administrative	4,737	4,745	9,552	9,185
Other expenses	-	62	-	562
<b>Total expenses</b>	<b>70,095</b>	<b>67,410</b>	<b>139,023</b>	<b>135,776</b>
Other income	3,024	23,605	4,191	24,297
<b>Income before minority interests, partnership income and discontinued operations</b>	<b>18,293</b>	<b>35,432</b>	<b>33,694</b>	<b>43,822</b>
Minority interests	(570)	(897)	(1,149)	(1,805)
Partnership income	508	231	952	309
<b>Income from continuing operations</b>	<b>18,231</b>	<b>34,766</b>	<b>33,497</b>	<b>42,326</b>
Discontinued operations:				
Discontinued operations, net <sup>(1)</sup>	1,383	2,017	2,499	6,311
Net gain on sales	-	38,302	-	38,302
<b>Total discontinued operations</b>	<b>1,383</b>	<b>40,319</b>	<b>2,499</b>	<b>44,613</b>
<b>NET INCOME</b>	<b>\$19,614</b>	<b>\$75,085</b>	<b>\$35,996</b>	<b>\$86,939</b>
Dividends attributable to preferred stock	4,468	4,468	8,936	8,936
<b>NET INCOME AVAILABLE TO COMMON SHAREHOLDERS</b>	<b>\$15,146</b>	<b>\$70,617</b>	<b>\$27,060</b>	<b>\$78,003</b>
Net income per common share - <i>basic</i>	\$0.30	\$1.38	\$0.53	\$1.52
Net income per common share - <i>assuming dilution</i>	\$0.29	\$1.33	\$0.52	\$1.49
Weighted average shares outstanding - <i>basic</i> <sup>(2)</sup>	50,705	51,335	50,660	51,220
Weighted average shares outstanding - <i>assuming dilution</i> <sup>(2)</sup>	51,840	53,520	51,840	52,435

(1) Details of net earnings from discontinued operations. For 2007 includes five operating properties held for sale as of June 30, 2007. For 2006, also includes seven properties held for sale and contributed to a joint venture in April 2006.

	Quarter Ended 06/30/2007	Quarter Ended 6/30/2006	Six Months Ended 06/30/2007	Six Months Ended 6/30/2006
Rental and ancillary income	\$2,945	\$4,410	\$5,775	\$12,269
Real estate expenses	(1,184)	(1,857)	(2,335)	(4,887)
Depreciation	(378)	(536)	(941)	(1,071)
Income from discontinued operations, net	\$1,383	\$2,017	\$2,499	\$6,311

(2) See analysis of weighted average shares and ending shares at page 14.

BRE Properties, Inc.  
Consolidated Balance Sheets-Past Five Quarters

(Unaudited, dollar amounts in thousands except per share data)

ASSETS	June 30, 2007	March 31, 2007	December 31, 2006	September 30, 2006	June 30, 2006
<b>Real estate portfolio:</b>					
Direct investments in real estate:					
Investments in rental properties	\$2,702,810	\$2,743,076	\$2,726,159	\$2,680,948	\$2,656,658
Construction in progress	327,256	287,402	242,509	215,650	134,293
Less: accumulated depreciation	(420,589)	(420,385)	(401,893)	(383,870)	(366,222)
	<u>2,609,477</u>	<u>2,610,093</u>	<u>2,566,775</u>	<u>2,512,728</u>	<u>2,424,729</u>
Equity interests in real estate joint ventures:					
Investments in rental properties	44,747	39,202	38,846	38,617	38,644
Real estate held for sale	79,883	-	-	-	-
Land under development	118,196	150,528	146,659	47,333	106,206
<b>Total real estate portfolio</b>	<u>2,852,303</u>	<u>2,799,823</u>	<u>2,752,280</u>	<u>2,598,678</u>	<u>2,569,579</u>
Cash	11,937	59,536	10,082	13,649	4,365
Other assets	59,912	62,423	61,129	62,345	52,759
<b>TOTAL ASSETS</b>	<u>\$2,924,152</u>	<u>\$2,921,782</u>	<u>\$2,823,491</u>	<u>\$2,674,672</u>	<u>\$2,626,703</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>					
<b>Liabilities:</b>					
Unsecured senior notes	\$1,540,000	\$1,590,000	\$1,290,000	\$1,290,000	\$980,000
Unsecured line of credit	129,000	-	115,000	-	180,000
Secured line of credit	-	75,000	75,000	75,000	75,000
Mortgage loans	175,459	188,226	188,910	202,344	203,087
Accounts payable and accrued expenses	89,603	67,965	77,192	61,681	61,408
<b>Total liabilities</b>	<u>1,934,062</u>	<u>1,921,191</u>	<u>1,746,102</u>	<u>1,629,025</u>	<u>1,499,495</u>
Minority interests	31,473	31,994	100,544	60,044	60,043
<b>Shareholders' equity:</b>					
Preferred stock	100	100	100	100	100
Common stock	507	507	505	503	514
Additional paid-in capital	958,010	967,990	976,240	985,000	1,066,551
<b>Total shareholders' equity</b>	<u>958,617</u>	<u>968,597</u>	<u>976,845</u>	<u>985,603</u>	<u>1,067,165</u>
<b>TOTAL LIABILITIES AND EQUITY</b>	<u>\$2,924,152</u>	<u>\$2,921,782</u>	<u>\$2,823,491</u>	<u>\$2,674,672</u>	<u>\$2,626,703</u>

BRE Properties, Inc.  
Consolidated Statements of Income  
Past Five Quarters

(Unaudited, dollar amounts in thousands)

	June. 30, 2007	Mar. 31, 2007	Dec. 31, 2006	Sept. 30, 2006	June. 30, 2006
<b>REVENUE</b>					
Rental income	\$81,686	\$79,684	\$78,259	\$77,645	\$75,781
Ancillary income	3,678	3,479	3,441	3,944	3,456
<b>Total revenue</b>	<b>85,364</b>	<b>83,163</b>	<b>81,700</b>	<b>81,589</b>	<b>79,237</b>
<b>EXPENSES</b>					
Real estate expenses	25,429	25,140	23,663	25,422	25,083
Depreciation	19,360	18,952	18,424	17,811	17,840
Interest expense	20,569	20,020	19,357	20,372	19,680
General and administrative	4,737	4,816	4,724	3,972	4,745
Other expenses	-	-	-	576	62
<b>Total expenses</b>	<b>70,095</b>	<b>68,928</b>	<b>66,168</b>	<b>68,153</b>	<b>67,410</b>
Other income	3,024	1,167	773	1,751	23,605
<b>Income before minority interests, partnership income and discontinued operations</b>	<b>18,293</b>	<b>15,402</b>	<b>16,305</b>	<b>15,187</b>	<b>35,432</b>
Minority interests	(570)	(579)	(720)	(897)	(897)
Partnership income	508	443	409	432	231
<b>Income from continuing operations</b>	<b>18,231</b>	<b>15,266</b>	<b>15,994</b>	<b>14,722</b>	<b>34,766</b>
Discontinued operations:					
Discontinued operations, net <sup>(1)</sup>	1,383	1,116	1,298	1,241	2,017
Net gain on sales	-	-	-	-	38,302
<b>Total discontinued operations</b>	<b>1,383</b>	<b>1,116</b>	<b>1,298</b>	<b>1,241</b>	<b>40,319</b>
<b>NET INCOME</b>	<b>\$19,614</b>	<b>\$16,382</b>	<b>\$17,292</b>	<b>\$15,963</b>	<b>\$75,085</b>
Dividends attributable to preferred stock	4,468	4,468	4,468	4,468	4,468
<b>NET INCOME AVAILABLE TO COMMON SHAREHOLDERS</b>	<b>\$15,146</b>	<b>\$11,914</b>	<b>\$12,824</b>	<b>\$11,495</b>	<b>\$70,617</b>
Net income per common share - <i>basic</i>	\$0.30	\$0.24	\$0.25	\$0.23	\$1.38
Net income per common share - <i>diluted</i>	\$0.29	\$0.23	\$0.25	\$0.22	\$1.33
Weighted average shares outstanding - <i>basic</i>	50,705	50,620	50,410	50,875	51,335
Weighted average shares outstanding - <i>assuming dilution</i>	51,840	51,860	51,610	52,090	53,520

(1) Details of earnings from discontinued operations, net:	June 30, 2007	Mar. 31, 2007	Dec. 31, 2006	Sept. 30, 2006	June 30, 2006
Rental and ancillary income	\$2,945	\$2,830	2,860	2,896	\$4,410
Real estate expenses	(1,184)	(1,152)	(1,011)	(1,113)	(1,857)
Depreciation	(378)	(562)	(551)	(542)	(536)
<b>Income from discontinued operations, net</b>	<b>\$1,383</b>	<b>\$1,116</b>	<b>1,298</b>	<b>1,241</b>	<b>\$2,017</b>

BRE Properties, Inc.

Reconciliation of Funds from Operations (FFO), Capital Expenditures, and Continuing and Discontinued Operations

(In thousands, except per share, unit and per unit data)

	June 30, 2007	Mar. 31, 2007	Dec. 31, 2006	Sept. 30, 2006	Jun. 30, 2006
<b>CALCULATION OF FFO</b>					
NET INCOME AVAILABLE TO COMMON SHAREHOLDERS	\$15,146	\$11,914	\$12,824	\$11,495	\$70,617
Add back/ exclude:					
Depreciation from continuing operations	19,360	18,952	18,424	17,811	17,840
Depreciation from discontinued operations	378	562	551	542	536
Minority interests	570	579	720	897	897
Depreciation from unconsolidated entities	272	254	262	244	243
Net (gain) on sales	-	-	-	-	(38,302)
Less: Minority interests not convertible into common shares	(105)	(105)	(229)	(406)	(406)
<b>FUNDS FROM OPERATIONS <sup>(1)</sup></b>	<b>\$35,621</b>	<b>\$32,156</b>	<b>\$32,552</b>	<b>\$30,583</b>	<b>\$51,425</b>
Nonroutine income items <sup>(2)</sup>	\$1,900	-	-	-	\$22,985
Other expenses <sup>(3)</sup>	-	-	-	\$576	\$62
Weighted average shares and equivalents outstanding - assuming dilution	52,720	52,770	52,570	53,050	53,520
<b>PER SHARE INFORMATION - ASSUMING DILUTION:</b>					
Funds from operations	\$0.68	\$0.61	\$0.62	\$0.58	\$0.96
Non-routine income items <sup>(2)</sup>	\$0.04	\$0.00	\$0.00	\$0.00	\$0.43
Other expenses <sup>(3)</sup>	\$0.00	\$0.00	\$0.00	\$0.01	\$0.00

(1) Funds From Operations (FFO) is calculated in accordance with the White Paper adopted by the National Association of Real Estate Investment Trusts in October 1999 (as amended in April 2002). See Exhibit C for further definition.

(2) Nonroutine income items include litigation settlement proceeds of \$1,900,000 for the quarter ended June 30, 2007. The quarter ended June 30, 2006 includes gains on sales of land totaling \$3,485,000 and Redhawk Ranch litigation settlement proceeds of \$19,500,000.

(3) For the quarter ended September 30, 2006, Other Expenses relate to a prepayment penalty on notes retired prior to maturity. For the quarter ended June 30, 2006, Other Expenses represents litigation costs incurred in connection with a construction defect lawsuit related to Red Hawk Ranch apartment community, which was settled during the quarter.

	June 30, 2007	Mar. 31, 2007	Dec. 31, 2006	Sept. 30, 2006	Jun. 30, 2006
<b>CAPITAL EXPENDITURES</b>					
Capital expenditures <sup>(4)</sup>	\$5,956	\$1,347	\$4,209	\$4,018	\$4,395
Average apartment units in period	22,681	22,720	22,373	22,175	22,725
Capital expenditures per apartment unit in period	\$263	\$59	\$188	\$181	\$193
Capital expenditures per apartment unit-trailing four quarters	\$691	\$621	\$613	\$646	\$593
Revenue enhancing rehabilitation costs	\$8,758	\$7,319	\$11,628	\$8,823	\$6,987

(4) Represents capital expenditures, excluding rehabilitation costs and development advances. The company expenses certain improvements related to the operation of apartment communities, including carpet, window covering and appliance replacements.

	June 30, 2007	Mar. 31, 2007	Dec. 31, 2006	Sept. 30, 2006	Jun. 30, 2006
<b>RECONCILIATION OF CONTINUING AND DISCONTINUED OPERATIONS</b>					
Revenues from continuing operations	\$88,896	\$84,773	\$82,882	\$83,772	\$103,073
Revenues from discontinued operations	2,945	2,830	2,860	2,896	4,410
<b>Total Revenues</b>	<b>\$91,841</b>	<b>\$87,603</b>	<b>\$85,742</b>	<b>\$86,668</b>	<b>\$107,483</b>
Real estate expenses-continuing operations	\$25,429	\$25,140	\$23,663	\$25,422	\$25,083
Real estate expenses-discontinued operations	1,184	1,152	1,011	1,113	1,857
<b>Total Real Estate Expenses</b>	<b>\$26,613</b>	<b>\$26,292</b>	<b>\$24,674</b>	<b>\$26,535</b>	<b>\$26,940</b>
<b>Total Net Operating Income</b>	<b>\$65,228</b>	<b>\$61,311</b>	<b>\$61,068</b>	<b>\$60,133</b>	<b>\$80,543</b>
Depreciation from continuing operations	\$19,360	\$18,952	\$18,424	\$17,811	\$17,840
Depreciation from discontinued operations	378	562	551	542	536
<b>Total Depreciation</b>	<b>\$19,738</b>	<b>\$19,514</b>	<b>\$18,975</b>	<b>\$18,353</b>	<b>\$18,376</b>

BRE Properties, Inc.  
**"Same-Store" Markets Summary**  
For the Quarters ended June 30, 2007 and 2006

(Dollar amounts in thousands)

	No. of Units	Revenues			Expenses		
		Q2 2007	Q2 2006	% Change	Q2 2007	Q2 2006	% Change
<b>California</b>							
L.A./Orange County	6,825	\$28,333	\$26,887	5.4%	\$8,053	\$8,660	-7.0%
San Diego	3,712	15,593	15,429	1.1%	4,268	4,394	-2.9%
San Francisco	3,035	13,210	12,301	7.4%	3,578	3,617	-1.1%
Sacramento	1,796	5,594	5,666	-1.3%	1,827	1,776	2.9%
<b>Pacific Northwest</b>							
Seattle	3,211	11,329	10,204	11.0%	3,621	3,328	8.8%
<b>Mountain/Desert Markets</b>							
Phoenix	902	2,539	2,450	3.6%	929	935	-0.6%
<b>Total Same-Store <sup>(1)</sup></b>	<b>19,481</b>	<b>\$76,598</b>	<b>\$72,937</b>	<b>5.0%</b>	<b>\$22,276</b>	<b>\$22,710</b>	<b>-1.9%</b>

California	No. of Communities	No. of Units	Net Operating Income				
			Q2 2007	Q2 2006	% Change	% of Total	
L.A./Orange County	25	6,825	\$20,280	\$18,227	11.3%	37%	
San Diego	12	3,712	11,325	11,035	2.6%	21%	
San Francisco	9	3,035	9,632	8,684	10.9%	18%	
Sacramento	8	1,796	3,767	3,890	-3.2%	7%	
<b>Pacific Northwest</b>							
Seattle	12	3,211	7,708	6,876	12.1%	14%	
<b>Mountain/Desert Markets</b>							
Phoenix	2	902	1,610	1,515	6.3%	3%	
<b>Total Same-Store <sup>(1)</sup></b>	<b>68</b>	<b>19,481</b>	<b>\$54,322</b>	<b>\$50,227</b>	<b>8.2%</b>	<b>100%</b>	

"Non Same-Store" Summary	No. of Communities	No. of Units	Net Operating Income	
			Q2 2007	Q2 2006
Acquired properties <sup>(2)</sup>	4	930	\$2,575	\$1,765
Development properties <sup>(3)</sup>	3	664	1,997	973
Rehabilitation properties <sup>(4)</sup>	1	453	907	443
Discontinued operations <sup>(5)</sup>	12	3,337	1,761	2,553
Joint venture and other real estate income <sup>(6)</sup>	10	2,948	508	231
Commercial properties <sup>(7)</sup>	n/a	n/a	134	746
Other income	n/a	n/a	3,024	23,605
<b>Total Non Same-Store</b>	<b>30</b>	<b>8,332</b>	<b>\$10,906</b>	<b>\$30,316</b>
Less Properties Sold Q2'06	(7)	(2,184)		
<b>Total All Units / NOI</b>	<b>91</b>	<b>25,629</b>	<b>\$65,228</b>	<b>\$80,543</b>

(1) Consists of stabilized properties owned by BRE for at least five full quarters, starting April 1, 2006.

(2) Consists of NOI from properties acquired after April 1, 2006.

(3) Consists of NOI from three properties (664 units) fully delivered or stabilized and one property (151 units) partially delivered with units under construction.

(4) Consists of NOI from one property which is under rehabilitation.

(5) For 2007, amounts include results from five properties classified as held for sale as of June 30, 2007. For 2006, amounts also include results from seven properties held for sale and contributed to joint venture in April of 2006.

(6) Consists primarily of our percentage of net income derived from joint venture investments in rental properties.

(7) Consists of NOI from commercial properties that will later be converted to multi-family and other real estate expenses.

BRE Properties, Inc.  
**"Same-Store" Markets Summary**  
For the Six Months Ended June 30, 2007 and 2006

(Dollar amounts in thousands)

	No. of Units	Revenues			Expenses		
		YTD 2007	YTD 2006	% Change	YTD 2007	YTD 2006	% Change
<b>California</b>							
L.A./Orange County	6,825	\$55,978	\$53,029	5.6%	\$15,943	\$16,747	-4.8%
San Diego	3,712	30,903	30,397	1.7%	8,387	8,516	-1.5%
San Francisco	3,035	26,380	24,250	8.8%	7,166	7,320	-2.1%
Sacramento	1,796	11,152	11,248	-0.9%	3,647	3,548	2.8%
<b>Pacific Northwest</b>							
Seattle	2,963	20,315	18,124	12.1%	6,548	6,249	4.8%
<b>Mountain/Desert Markets</b>							
Phoenix	902	4,995	4,825	3.5%	1,846	1,838	0.4%
<b>Total Same-Store <sup>(1)</sup></b>	<b>19,233</b>	<b>\$149,723</b>	<b>\$141,873</b>	<b>5.5%</b>	<b>\$43,537</b>	<b>\$44,218</b>	<b>-1.5%</b>

California	No. of Communities	No. of Units	Net Operating Income			
			YTD 2007	YTD 2006	% Change	% of Total
L.A./Orange County	25	6,825	\$40,035	\$36,282	10.3%	38%
San Diego	12	3,712	22,516	21,881	2.9%	21%
San Francisco	9	3,035	19,214	16,930	13.5%	18%
Sacramento	8	1,796	7,505	7,700	-2.5%	7%
<b>Pacific Northwest</b>						
Seattle	11	2,963	13,767	11,875	15.9%	13%
<b>Mountain/Desert Markets</b>						
Phoenix	2	902	3,149	2,987	5.4%	3%
<b>Total Same-Store <sup>(1)</sup></b>	<b>67</b>	<b>19,233</b>	<b>\$106,186</b>	<b>\$97,655</b>	<b>8.7%</b>	<b>100%</b>

	No. of Communities	No. of Units	Net Operating Income	
			YTD 2007	YTD 2006
<b>"Non Same-Store" Summary</b>				
Acquired properties <sup>(2)</sup>	4	930	\$5,088	\$3,296
Development properties <sup>(3)</sup>	3	664	3,419	1,653
Rehabilitation properties <sup>(4)</sup>	2	701	2,889	2,440
Discontinued operations <sup>(5)</sup>	12	3,337	3,440	7,382
Joint venture and other real estate income <sup>(6)</sup>	10	2,948	952	309
Commercial properties <sup>(7)</sup>	n/a	n/a	374	1,134
Other income	n/a	n/a	4,191	24,297
<b>Total Non Same-Store</b>	<b>31</b>	<b>8,580</b>	<b>\$20,353</b>	<b>\$40,511</b>
Less Properties Sold Q2'06	(7)	(2,184)		
<b>Total All Units / NOI</b>	<b>91</b>	<b>25,629</b>	<b>\$126,539</b>	<b>\$138,166</b>

(1) Consists of stabilized properties owned by BRE for at least six full quarters, starting January 1, 2006.

(2) Consists of NOI from properties acquired after January 1, 2006.

(3) Consists of NOI from three properties (664 units) fully delivered or stabilized after January 1, 2006 and one property (151 units) partially delivered with units under construction.

(4) Consists of NOI from two properties which are under rehabilitation.

(5) For 2007, amounts include results from five properties classified as held for sale as of June 30, 2007. For 2006, amounts also include results from seven properties held for sale and contributed to joint venture in April of 2006.

(6) Consists primarily of our percentage of net income derived from joint venture investments in rental properties.

(7) Consists of NOI from commercial properties that will later be converted to multi-family and other real estate expenses.

BRE Properties, Inc.  
 "Same -Store" Operating Metrics  
 As of June 30, 2007 and 2006

California	No. of Units	Market Rent per Unit <sup>(1)</sup>			Occupancy <sup>(2)</sup>		Turnover Ratio <sup>(3)</sup>	
		Q2'07	Q2'06	% Change	Q2'07	Q2'06	2007	2006
L.A./ Orange Co.	6,825	\$1,488	\$1,431	4.0%	94.6%	94.7%	60%	62%
San Diego	3,712	1,495	1,484	0.8%	93.9%	95.5%	70%	68%
San Francisco	3,035	1,585	1,507	5.2%	95.1%	94.6%	56%	56%
Sacramento	1,796	1,110	1,140	-2.6%	93.3%	94.9%	67%	65%
<b>Pacific Northwest</b>								
Seattle	3,211	1,243	1,136	9.5%	95.0%	95.7%	62%	56%
<b>Mountain/Desert Markets</b>								
Phoenix	902	974	1,026	-5.1%	92.5%	96.5%	66%	70%
<b>Total/Average Same Store <sup>(4)</sup></b>	<b>19,481</b>	<b>\$1,406</b>	<b>\$1,358</b>	<b>3.5%</b>	<b>94.4%</b>	<b>95.1%</b>	<b>62%</b>	<b>62%</b>

(1) Represents, by region, weighted average market level rents for the period.

(2) Represents average physical occupancy for the quarter. Excludes properties in lease-up.

(3) Represents the annualized number of units turned over for the six month period, divided by the number of units in the region.

(4) Consists of stabilized properties directly owned by BRE for at least five full quarters, starting April 1, 2006

"Non Same-Store" Operating Metrics

Acquisition, Development, Rehabilitation,  
 and Joint Venture Communities - Q207 <sup>(5)</sup>

California	Number of Units					Total	Market Rent/Unit	Average Occupancy
	ACQ	DEV	REHAB	HELD FOR SALE	JV			
L.A./ Orange Co.	684	664	-	-	-	1,348	\$1,529	91.8%
San Diego	246	-	-	-	-	246	1,575	89.5%
San Francisco	-	-	453	-	-	453	1,716	71.8%
Sacramento	-	-	-	360	236	596	1,024	94.0%
<b>Pacific Northwest</b>								
Seattle	-	-	-	361	-	361	954	96.2%
<b>Mountain/Desert Markets</b>								
Phoenix	-	-	-	432	816	1,248	916	93.6%
Denver	-	-	-	-	1,896	1,896	882	94.3%
<b>Total/Average Non-Same Store</b>	<b>930</b>	<b>664</b>	<b>453</b>	<b>1,153</b>	<b>2,948</b>	<b>6,148</b>	<b>\$1,138</b>	<b>91.8%</b>
<b>Total/Average Portfolio</b>						<b>25,629</b>	<b>\$1,341</b>	<b>93.8%</b>

(5) Consists of communities acquired and development properties delivered or stabilized after April 1, 2006, one community currently under rehabilitation and nine communities contributed to JV arrangements.

BRE Properties, Inc.  
Debt Structure and Share Analysis as of June 30, 2007  
(Dollar and share amounts in thousands)

For the six months ended June 30, 2007

	Balance Outstanding June 30, 2007	Average Life	Weighted Average Int. Rate	Percentage Total Debt	Percentage Gross Assets
<b>FIXED RATE</b>					
Unsecured <sup>(1)</sup>	\$1,540,000	5.74 years	5.58%	83.5%	46.0%
Secured	164,259	4.59 years	6.23%	8.9%	4.9%
<b>Total fixed rate debt</b>	<b>\$1,704,259</b>	<b>5.63 years</b>	<b>5.65%</b>	<b>92.4%</b>	<b>50.9%</b>
<b>VARIABLE RATE DEBT</b>					
Unsecured Line of credit <sup>(2)</sup>	\$129,000	2.50 years	6.45%	7.0%	3.9%
Secured tax-exempt mortgages	11,200	0.58 years	4.61%	0.6%	0.3%
<b>Total variable rate debt</b>	<b>\$140,200</b>	<b>2.35 years</b>	<b>6.30%</b>	<b>7.6%</b>	<b>4.2%</b>
<b>TOTAL DEBT</b>	<b>\$1,844,459</b>	<b>5.38 years</b>	<b>5.70%</b>	<b>100.0%</b>	<b>55.1%</b>

Ratio of debt to total market capitalization	36%
Interest expense coverage - YTD '07 <sup>(3)</sup>	2.8 x
Fixed charge coverage - YTD '07 <sup>(3)</sup>	2.3 x

**SCHEDULED PRINCIPAL PAYMENTS**

	Unsecured	Secured	Total
2007	\$ -	\$1,377	\$1,377
2008	-	22,586	22,586
2009	200,000	19,340	219,340
2010 <sup>(4)</sup>	279,000	33,271	312,271
2011	250,000	2,127	252,127
2012	460,000	66,645	526,645
Thereafter	480,000	30,113	510,113
<b>Total</b>	<b>\$1,669,000</b>	<b>\$175,459</b>	<b>\$1,844,459</b>

**SENIOR UNSECURED DEBT RATINGS**

Moody's	Baa2	(stable)
Standard & Poor's	BBB	(stable)
Fitch	BBB	(stable)

**CAPITALIZED INTEREST**

	Qtr. Ended 6/30/2007	Qtr. Ended 6/30/2006
Interest capitalized	\$6,313	\$4,120
	YTD 6/30/2007	YTD 6/30/2006
Interest capitalized	\$12,136	\$7,781

**SUMMARY OF COMMON SHARES**

	Qtr. Ended 6/30/2007	Qtr. Ended 6/30/2006
<b>Weighted Average</b>		
Weighted average shares outstanding <sup>(5)</sup>	50,705	51,335
Weighted average OP units	880	975
Dilutive effect of stock options	1,135	1,210
Diluted shares - FFO <sup>(6)</sup>	52,720	53,520
Less: Anti-dilutive OP Units <sup>(7)</sup>	(880)	-
Diluted shares - EPS <sup>(8)</sup>	51,840	53,520

	YTD 6/30/2007	YTD 6/30/2006
<b>Weighted Average</b>		
Weighted average shares outstanding <sup>(5)</sup>	50,660	51,220
Weighted average OP units	890	985
Dilutive effect of stock options	1,180	1,215
Diluted shares - FFO <sup>(6)</sup>	52,730	53,420
Less: Anti-dilutive OP Units <sup>(7)</sup>	(890)	(985)
Diluted shares - EPS <sup>(8)</sup>	51,840	52,435

	As of 6/30/2007	As of 6/30/2006
<b>Ending</b>		
Shares outstanding at end of period	50,727	51,385
OP units at end of period	863	959
Dilutive effect of stock options	1,136	1,210
<b>Total</b>	<b>52,726</b>	<b>53,554</b>

**SUMMARY OF PREFERRED SHARES**

	Qtr. Ended 6/30/2007	Qtr. Ended 6/30/2006
8.08% Series B, \$25 per share liquidation pref.	3,000	3,000
6.75% Series C, \$25 per share liquidation pref.	4,000	4,000
6.75% Series D, \$25 per share liquidation pref.	3,000	3,000
	10,000	10,000

(1) Includes \$460 million in convertible senior notes.

(2) At June 30, 2007 we had a revolving Line of credit providing up to \$600 million priced at LIBOR plus 57.5 bp, maturing in January 2010.

(3) Represents interest expense and preferred stock dividend payment coverage for the six months ended June 30, 2007.

(4) Includes the scheduled maturity of our unsecured line of credit. At June 30, 2007, the outstanding balance was \$129 million.

(5) Represents denominator for shares in the calculation of basic earnings per share.

(6) Represents denominator for shares in the calculation of diluted FFO per share.

(7) Under FAS 128, common share equivalents deemed to be anti-dilutive are excluded from the diluted earnings per share calculations.

(8) Represents denominator for shares in the calculation of diluted EPS.

BRE Properties, Inc.  
Development Communities and Land Held for Development  
June 30, 2007

(Dollar amounts in millions)

CONSTRUCTION IN PROGRESS	Number of Units	Cost Incurred <sup>(1)</sup>	Estimated Cost <sup>(2)</sup>	Balance to Complete	Product Type	First Units Delivered	Estimated Completion <sup>(3)</sup>
The Stuart at Sierra Madre Villa Pasadena, CA	188	\$ 57.6	\$ 59.4	\$ 1.8	Podium	3Q/2007	4Q/2007
Renaissance at Uptown Orange Orange, CA	460	105.1	114.7	9.6	Wrap	1Q/2007	1Q/2008
Avenue 64 Emeryville, CA	224	59.9	67.9	8.0	Podium	3Q/2007	1Q/2008
5600 Wilshire Los Angeles, CA	284	66.6	134.2	67.6	Podium	3Q/2008	1Q/2009
Stadium Park I Anaheim, CA	320	32.8	82.4	49.6	Podium	3Q/2008	2Q/2009
Taylor 28 Apartments Seattle, WA	197	13.9	59.8	45.9	Podium	1Q/2009	2Q/2009
Belcarra Apartments Bellevue, WA	296	20.2	83.7	63.5	Podium	3Q/2009	1Q/2010
<b>Total CIP</b>	<b>1,969</b>	<b>\$ 356.1</b>	<b>\$ 602.1</b>	<b>\$ 246.0</b>			

LAND OWNED <sup>(4)</sup>	Number of Units	Cost Incurred	Estimated Cost	Estimated Const. Start	Product Type
Stadium Park II Anaheim, CA	250	\$ 20.2	\$ 70.7	4Q/2007	Wrap
Crossings Santa Clara, CA	277	15.2	86.0	4Q/2007	Podium
Pleasanton Pleasanton, CA	250	11.1	72.1	3Q/2009	Garden
Wilshire La Brea Los Angeles, CA	645	71.7	320.3	4Q/2008	Mid rise
<b>Total LUD</b>	<b>1,422</b>	<b>\$ 118.2</b>	<b>\$ 549.1</b>		

Projected Composite Yield Upon Stabilization <sup>(5)</sup> 6.75% - 7.75%

LAND UNDER CONTRACT <sup>(6)</sup>	Number of Units	Cost Incurred <sup>(7)</sup>	Estimated Cost <sup>(8)</sup>	Estimated Const. Start	Product Type
Riverside, CA	208	\$ 1.6	\$ 46.2	2H/2008	Garden
Pasadena II, CA	212	1.2	77.6	1H/2008	Podium
Mercer Island, WA	162	0.9	50.1	2H/2008	Podium
Walnut Creek, CA	361	2.7	126.0	1H/2009	Podium
Sunnyvale, CA	348	1.6	125.4	1H/2009	Wrap
<b>Total</b>	<b>1,291</b>	<b>\$ 8.0</b>	<b>\$ 425.3</b>		

- (1) Reflects all recorded costs incurred as of June 30, 2007, recorded on our consolidated balance sheets as "direct investments in real estate-construction in progress." Included in this amount is \$28.8 million of costs for the 151 completed units on Renaissance at Uptown Orange which is reflected on our Consolidated Balance Sheet as "direct investments in real estate-investments in rental properties."
- (2) Reflects the estimated economic cost of development projects, which in certain instances may not reflect the carrying value of the final asset reported under GAAP.
- (3) "Completion" is defined as our estimate of when an entire project will have a final certificate of occupancy issued and be ready for occupancy. Completion dates have been updated to reflect our current estimates of receipt of final certificates of occupancy, which are dependent on several factors, including construction delays and the inability to obtain necessary public approvals.
- (4) Represents projects in various stages of predevelopment, development and initial construction, for which construction or supply contracts have not yet been finalized. As these contracts are finalized, projects are transferred to construction in progress.
- (5) Represents weighted average projected stabilized yield for construction in progress and land under development.
- (6) Land under contract represents land parcels for which we have signed a purchase and sale agreement and commenced the entitlement process.
- (7) Represents deposits, contractual costs, and entitlement expenses incurred to date.
- (8) Estimated costs for properties categorized as Land Under Contract are subject to change during the process of entitlement.

## Sequential "Same-Store" Multifamily Markets Summary

Last five quarters

## REVENUES

	Q2 2007	Q1 2007	Q4 2006	Q3 2006	Q2 2006
<b>California</b>					
L.A./Orange County	2.5%	-0.1%	0.3%	2.6%	2.7%
San Diego	1.8%	-1.2%	-0.6%	1.0%	3.1%
San Francisco	0.3%	3.9%	0.6%	2.4%	2.9%
Sacramento	0.7%	-0.8%	-2.5%	1.1%	1.3%
<b>Pacific Northwest</b>					
Seattle	3.8%	3.4%	-0.2%	3.3%	5.5%
<b>Mountain/Desert Markets</b>					
Phoenix	3.4%	-0.8%	0.3%	1.1%	3.2%
<b>Total Same Store</b>	<b>2.1%</b>	<b>0.7%</b>	<b>-0.2%</b>	<b>2.2%</b>	<b>3.1%</b>

EXPENSES <sup>(1)</sup>

	Q2 2007	Q1 2007	Q4 2006	Q3 2006	Q2 2006
<b>California</b>					
L.A./Orange County	2.1%	1.4%	-5.1%	-5.4%	7.3%
San Diego	3.6%	4.0%	-12.2%	2.6%	6.6%
San Francisco	-0.3%	8.7%	-9.4%	0.7%	-2.3%
Sacramento	0.4%	3.8%	-3.5%	2.2%	0.8%
<b>Pacific Northwest</b>					
Seattle	3.6%	6.9%	-7.2%	5.6%	-3.2%
<b>Mountain/Desert Markets</b>					
Phoenix	1.3%	15.2%	-17.4%	4.9%	2.0%
<b>Total Same Store</b>	<b>2.0%</b>	<b>4.8%</b>	<b>-8.0%</b>	<b>0.0%</b>	<b>3.1%</b>

## NET OPERATING INCOME

	Q2 2007	Q1 2007	Q4 2006	Q3 2006	Q2 2006
<b>California</b>					
L.A./Orange County	2.7%	-0.7%	2.6%	6.4%	0.6%
San Diego	1.2%	-3.0%	4.1%	0.4%	1.7%
San Francisco	0.5%	2.3%	4.7%	3.1%	5.3%
Sacramento	0.8%	-3.0%	-2.0%	0.6%	1.5%
<b>Pacific Northwest</b>					
Seattle	3.9%	1.7%	3.4%	2.2%	10.6%
<b>Mountain/Desert Markets</b>					
Phoenix	4.6%	-8.4%	11.8%	-1.2%	4.0%
<b>Total Same Store</b>	<b>2.1%</b>	<b>-0.9%</b>	<b>3.3%</b>	<b>3.1%</b>	<b>3.1%</b>

(1) Expenses fluctuate from quarter to quarter due to timing of repairs and maintenance, utilities and other items.

**Net Asset Value Calculation, Annualized Q2 2007**

(Amounts in thousands, except per share data)

Overall portfolio capitalization rate: 4.72% <sup>(1)</sup>

	Calculation per Actual-Q2 '07	Adjustments	As Adjusted
Annualized revenues and expenses:			
Current rental revenues	\$337,832		\$337,832
Partnership and ancillary revenues	17,436		17,436
Total real estate revenues	\$355,268	(\$14,432) <sup>(3), (4), (5)</sup>	\$340,836
Total real estate expenses	(106,452)	5,763 <sup>(3), (4), (5)</sup>	(100,689)
Annualized real estate net operating income	\$248,816	(\$8,669)	\$240,147
Real estate asset value	\$5,271,525		\$5,087,860
Value of other assets:			
Properties acquired @ 1.0x cost	-	56,983 <sup>(3)</sup>	56,983
Construction in progress @ 1.35x cost <sup>(2)</sup>	441,796	92,068 <sup>(4)</sup>	533,864
Land under development @1.20x cost	141,835	-	141,835
Community under rehabilitation	-	122,238 <sup>(5)</sup>	122,238
Receivables and other assets, tangible	69,050		69,050
Other liabilities and nonconvertible minority interest	(97,710)		(97,710)
Total value of other assets	\$554,971	\$271,289	\$826,260
Value of all assets:			
Real estate asset value	\$5,271,525		\$5,087,860
Value of other assets	554,971		826,260
Total asset value	\$5,826,496		\$5,914,120
Debt and preferred equity:			
Mortgage loans	\$175,459		\$175,459
Unsecured senior notes	1,540,000		1,540,000
Unsecured line of credit	129,000		129,000
Secured line of credit	-		-
Perpetual preferred stock	250,000		250,000
Total debt and preferred	\$2,094,459		\$2,094,459
Current equity value	\$3,732,037		\$3,819,661
Common shares outstanding	50,727		50,727
Operating partnership units	863		863
Dilution from stock options	1,136		1,136
Diluted shares/OP units outstanding	52,726		52,726
<b>CURRENT NET ASSET VALUE PER SHARE</b>	<b>\$70.78</b>		<b>\$72.44</b>

1 Market cap rates	Current range
San Francisco	4.00% - 4.75%
San Diego	4.75% - 5.25%
L.A. / Orange Co.	4.00% - 5.00%
Sacramento	5.00% - 5.50%
Seattle	4.50% - 5.50%
Phoenix	4.75% - 5.50%
Denver	4.75% - 5.50%
Weighted average	4.30% - 5.15%

NAV Sensitivity	
Cap Rate	\$NAV / Share
4.85%	\$69.86
<b>4.72%</b>	<b>\$72.44</b>
4.60%	\$74.96

1 The NAV calculation uses a cap rate of 4.72%, which is at the mid point of our estimated composite range. Market cap rates are based on market transactional data in each operating region, compiled internally, and updated as market conditions change.

2 Multiple derived by performing risk adjusted discounted cash flow analysis on the assets under construction. Analysis assumes a rising cap rate environment (25bps per year) and a discount rate of 8%.

3 Represents NOI adjustment for Carmel Summit, acquired October 31, 2006. Costs are added back at 1.0x and net operating income from this community is subtracted to arrive at adjusted NOI. Adjustment reduces annualized NOI by \$2.6M.

4 Represents Galleria at Towngate in Moreno Valley, CA and Renaissance at Uptown Orange in Orange, CA which have commenced the lease up process or did not generate full rental revenues for the period. Cost is added back to CIP at 1.35x of cost, and NOI from those communities is subtracted to arrive at adjusted NOI. Adjustment reduces annualized NOI by \$2.4M.

5 Represents Mission Peaks which is under rehabilitation and did not generate full rental revenues for this period. Cost added back represents stabilized market value of Mission Peaks assuming 95% occupancy and 4.50% cap rate. NOI from this asset is subtracted to arrive at adjusted NOI. Adjustment reduces annualized NOI by \$3.6M.

## Non-GAAP Financial Measure Reconciliations and Definitions

(Dollar amounts in thousands)

This document includes certain non-GAAP financial measures that management believes are helpful in understanding our business, as further described below. BRE's definition and calculation of non-GAAP financial measures may differ from those of other REITs, and may, therefore, not be comparable. The non-GAAP financial measures should not be considered an alternative to net income or any other GAAP measurement of performance and should not be considered an alternative to cash flows from operating, investing or financing activities as a measure of liquidity.

### Funds from Operations (FFO)

FFO is used by industry analysts and investors as a supplemental performance measure of an equity REIT. FFO is defined by the National Association of Real Estate Investment Trusts as net income or loss (computed in accordance with accounting principles generally accepted in the United States) excluding extraordinary items as defined under GAAP and gains or losses from sales of previously depreciated real estate assets, plus depreciation and amortization of real estate assets and adjustments for unconsolidated partnerships and joint ventures. We calculate FFO in accordance with the NAREIT definition.

We believe that FFO is a meaningful supplemental measure of our operating performance because historical cost accounting for real estate assets in accordance with GAAP assumes that the value of real estate assets diminishes predictably over time, as reflected through depreciation. Because real estate values have historically risen or fallen with market conditions, management considers FFO an appropriate supplemental performance measure because it excludes historical cost depreciation, as well as gains or losses related to sales of previously depreciated property, from GAAP net income. By excluding depreciation and gains or losses on sales of real estate, management uses FFO to measure returns on its investments in real estate assets. However, because FFO excludes depreciation and amortization and captures neither the changes in the value of our properties that result from use or market conditions nor the level of capital expenditures to maintain the operating performance of our properties, all of which have real economic effect and could materially impact our results from operations, the utility of FFO as a measure of our performance is limited.

Management also believes that FFO, combined with the required GAAP presentations, is useful to investors in providing more meaningful comparisons of the operating performance of a company's real estate between periods or as compared to other companies. FFO does not represent net income or cash flows from operations as defined by GAAP and is not intended to indicate whether cash flows will be sufficient to fund cash needs. It should not be considered an alternative to net income as an indicator of the REIT's operating performance or to cash flows as a measure of liquidity. Our FFO may not be comparable to the FFO of other REITs due to the fact that not all REITs use the NAREIT definition.

	Quarter Ended 06/30/07	Quarter Ended 06/30/06	Six Months Ended 06/30/07	Six Months Ended 06/30/06
Net income available to common shareholders	\$ 15,146	\$ 70,617	\$ 27,060	\$ 78,003
Depreciation from continuing operations	19,360	17,840	38,312	36,436
Depreciation from discontinued operations	378	536	941	1,071
Minority interests	570	897	1,149	1,805
Depreciation from unconsolidated entities	272	243	526	338
Net gain on investments	-	(38,302)	-	(38,302)
Less: Minority interests not convertible to common	(105)	(406)	(210)	(811)
Funds from operations	<u>\$ 35,621</u>	<u>\$ 51,425</u>	<u>\$ 67,778</u>	<u>\$ 78,540</u>
Diluted shares outstanding - EPS <sup>(1)</sup>	51,840	53,520	51,840	52,435
Net income per common share - diluted	<u>\$ 0.29</u>	<u>\$ 1.33</u>	<u>\$ 0.52</u>	<u>\$ 1.49</u>
Diluted shares outstanding - FFO <sup>(1)</sup>	52,720	53,520	52,730	53,420
FFO per common share - diluted	<u>\$ 0.68</u>	<u>\$ 0.96</u>	<u>\$ 1.29</u>	<u>\$ 1.47</u>

<sup>(1)</sup> See analysis of weighted average shares and ending shares at page 14.

## Non-GAAP Financial Measure Reconciliations and Definitions

*(Dollar amounts in thousands)***Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) and Adjusted EBITDA**

EBITDA is defined as earnings before interest, taxes, depreciation and amortization. Adjusted EBITDA is defined by BRE as EBITDA, excluding minority interests, gains or losses from sales of investments, preferred stock dividends and other expenses. We consider EBITDA and Adjusted EBITDA to be appropriate supplemental measures of our performance because they eliminate depreciation, interest, and, with respect to Adjusted EBITDA, gains (losses) from property dispositions, nonroutine items, and other charges, which permits investors to view income from operations without the impact of noncash depreciation or the cost of debt, or with respect to Adjusted EBITDA, other non-operating items described above.

Because EBITDA and Adjusted EBITDA exclude depreciation and amortization and capture neither the changes in the value of our properties that result from use or market conditions nor the level of capital expenditures to maintain the operating performance of our properties, all of which have real economic effect and could materially impact our results from operations, the utility of EBITDA and Adjusted EBITDA as measures of our performance is limited. Below is a reconciliation of net income available to common shareholders to EBITDA and Adjusted EBITDA:

	Quarter ended 06/30/07	Quarter ended 6/30/06	Six Months Ended 06/30/07	Six Months Ended 06/30/06
Net income available to common shareholders	\$ 15,146	\$ 70,617	\$ 27,060	\$ 78,003
Interest	20,569	19,680	40,589	40,470
Depreciation	19,738	18,376	39,253	37,507
EBITDA	<u>55,453</u>	<u>108,673</u>	<u>106,902</u>	<u>155,980</u>
Minority interests	570	897	1,149	1,805
Net gain on sales	-	(38,302)	-	(38,302)
Gain on sales of land	-	(3,485)	-	(3,485)
Dividends on preferred stock	4,468	4,468	8,936	8,936
Other expenses	-	62	-	562
Redhawk Settlement	-	(19,500)	-	(19,500)
Galleria Settlement	(1,900)	-	(1,900)	-
Adjusted EBITDA	<u>\$ 58,591</u>	<u>\$ 52,813</u>	<u>\$ 115,087</u>	<u>\$ 105,996</u>

**Net Operating Income (NOI)**

We consider community level and portfolio-wide NOI to be an appropriate supplemental measure to net income because it helps both investors and management to understand the core property operations prior to the allocation of general and administrative costs. This is more reflective of the operating performance of the real estate, and allows for an easier comparison of the operating performance of single assets or groups of assets. In addition, because prospective buyers of real estate have different overhead structures, with varying marginal impact to overhead by acquiring real estate, NOI is considered by many in the real estate industry to be a useful measure for determining the value of a real estate asset or groups of assets.

Because NOI excludes depreciation and does not capture the change in the value of our communities resulting from operational use and market conditions, nor the level of capital expenditures required to adequately maintain the communities (all of which have real economic effect and could materially impact our results from operations), the utility of NOI as a measure of our performance is limited. Other equity REITs may not calculate NOI consistently with our definition and, accordingly, our NOI may not be comparable to such other REITs' NOI. Accordingly, NOI should be considered only as a supplement to net income as a measure of our performance. NOI should not be used as a measure of our liquidity, nor is it indicative of funds available to fund our cash needs, including our ability to pay dividends or make distributions. NOI also should not be used as a supplement to or substitute for cash flow from operating activities (computed in accordance with GAAP).

	Quarter ended 06/30/07	Quarter ended 6/30/06	Six Months Ended 06/30/07	Six Months Ended 06/30/06
Net income available to common shareholders	\$ 15,146	\$ 70,617	\$ 27,060	\$ 78,003
Interest	20,569	19,680	40,589	40,470
Depreciation	19,738	18,376	39,253	37,507
Minority interests	570	897	1,149	1,805
Net gain on sales	-	(38,302)	-	(38,302)
Dividends on preferred stock	4,468	4,468	8,936	8,936
General and administrative expense	4,737	4,745	9,552	9,185
Other expenses	-	62	-	562
NOI	<u>\$ 65,228</u>	<u>\$ 80,543</u>	<u>\$ 126,539</u>	<u>\$ 138,166</u>
Less Non Same-Store NOI	<u>10,906</u>	<u>30,316</u>	<u>20,353</u>	<u>40,511</u>
Same-Store NOI	<u>\$ 54,322</u>	<u>\$ 50,227</u>	<u>\$ 106,186</u>	<u>\$ 97,655</u>