
BRE Properties, Inc.

Second Quarter 2010

Earnings Release and
Supplemental Financial Data



Museum Park

117 Units
San Jose, 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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Table of Contents	Page
Earnings Release	1-6
Financial and Operating Highlights	7
Consolidated Balance Sheets	8
Consolidated Statements of Income - Comparative Quarters	9
Consolidated Balance Sheets - Past Five Quarters	10
Consolidated Statements of Income - Past Five Quarters	11
Reconciliation of FFO, Capital Expenditures, and Continuing and Discontinued Operations	12
Market Summaries "Same-Store" Data	
- Quarter vs. Quarter	13
- YTD 2010 vs. YTD 2009	14
- Operating Metrics	15
Debt Structure	16
Development Communities and Land Held for Development	17
Exhibit A - Sequential "Same-Store" Operating Data	18
Exhibit B - Share Analysis	19
Exhibit C - Non-GAAP Financial Measure Reconciliations and Definitions	20-21

BRE PROPERTIES REPORTS SECOND QUARTER 2010 RESULTS

Common and Preferred Dividends Declared

August 3, 2010 (San Francisco) – BRE Properties, Inc. (NYSE:BRE) today reported operating results for the quarter ended June 30, 2010. All per share results are reported on a fully diluted basis.

Second Quarter Highlights

- Funds from operations (FFO) totaled \$28.9 million, or \$0.46 per share.
- Per share results include: \$0.02 in one-time compensation expense associated with the departure of the company's chief operating officer; \$0.01 of acquisition costs; and a \$0.01 loss on the retirement of \$15 million in convertible debt.
- Year-over-year second-quarter same-store revenues and net operating income (NOI) declined 2.7% and 4.9%, respectively.
- Physical occupancy averaged 95.7%; annualized turnover within the same-store portfolio was 65%.
- Issued 8.1 million common shares, generating approximately \$264 million of net proceeds.
- Annual same-store guidance adjusted upward with the expectation that 2010 same-store revenues will decline in a range of 2.25% to 3.0% from 2009 levels, and 2010 same-store net operating income will decline in a range of 4.0% to 5.0% from 2009 levels.
- 2010 FFO guidance adjusted upward to \$1.84-\$1.92 per share.

Three-Month Period Ended June 30, 2010

Funds from operations, the generally accepted measure of operating performance for real estate investment trusts, totaled \$28.9 million, or \$0.46 per share, for the second quarter 2010, compared with \$37.2 million, or \$0.70 per share, for the second quarter 2009. (A reconciliation of net income (loss) available to common shareholders to FFO is provided at the end of this release.) FFO for the second quarter of 2010 includes: (1) one-time compensation costs related to the resignation of the company's chief operating officer, totaling \$1.3 million, or \$0.02 per share; (2) acquisition-related expenses totaling \$471,000, or \$0.01 per share; and (3) a loss on retirement of debt totaling \$558,000, or \$0.01 per share. FFO for the second quarter of 2009 included a \$2.0 million, or \$0.04 per share, net gain on retirement of debt.

Net income to common shareholders for the second quarter 2010 totaled \$16.3 million, or \$0.26 per share, compared with net income of \$28.2 million, or \$0.54 per share, for the same period 2009. The second quarter 2010 results include a gain on sale of real estate of approximately \$11.7 million, or \$0.19 per share, and non-operating expenses cited above totaling \$2.3 million, or \$0.04 per share. The second quarter 2009 results included a gain on sale of real estate of approximately \$14.3 million, or \$0.28 per share, and the net gain on retirement of debt cited previously.

Total revenues from continuing operations for the quarter were \$84.8 million, compared with \$82.4 million for the second quarter of 2009. Adjusted EBITDA for the quarter totaled \$54.6 million, compared with \$57.3 million in the second quarter 2009. (A reconciliation of net income available to common shareholders to Adjusted EBITDA is provided at the end of this release.)

BRE's year-over-year earnings and FFO results reflect the impact of the following during 2010: (1) declines in same-store property-level operating results from 2009 levels; (2) normalized levels of G&A expense (G&A levels in 2009 were reduced by out-of-the-money stock based compensation awards); and (3) the impact of acquisition costs from investment transactions. The company also carried a higher level of outstanding shares from equity issued in 2009 and 2010. During the second quarter of 2010 compared to the second quarter of 2009, the company received the benefit of \$2.2 million in additional NOI generated by recently developed properties that are not included in the same-store pool, and \$1.0 million in NOI from acquisition communities.

Six-Month Period Ended June 30, 2010

For the first half of 2010, FFO totaled \$58.3 million, or \$0.97 per share, compared with \$72.0 million, or \$1.37 per share, for the same period in 2009. FFO for the first half of 2010 includes the previously cited one-time compensation costs and loss on retirement of debt as well as acquisition-related expenses totaling \$1.4 million, or \$0.03 per share. FFO for the first half of 2009 included a \$2.0 million, \$0.04 per share, net gain on retirement of debt cited previously.

Net income available to common shareholders for the first half of 2010 totaled \$21.8 million, or \$0.37 per diluted share, compared with \$41.2 million, or \$0.79 per diluted share, for the same period 2009. Net income totals for both 2009 and 2010 periods include the gains on sales and non-operating income, and expense items cited previously.

For the first half of 2010, total revenues from continuing operations were \$167.2 million, compared with \$165.0 million for the same period in 2009. Adjusted EBITDA for the first half of 2010 totaled \$108.5 million, compared with \$115.7 million for the same period in 2009.

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 21,604 apartment units owned directly by BRE, same-store units totaled 19,218 for the quarter. The same-store pool reflects a reduction of 978 units from the first quarter 2010 pool related to the classification of two communities in the Inland Empire as held for sale.

On a year-over-year basis, overall same-store revenues and net operating income for the second quarter declined 2.7% and 4.9%, respectively. The GAAP (straight line) impact of rental concessions in the same-store portfolio totaled \$2.8 million for the second quarter 2010, compared with \$2.3 million for the same period in 2009. New concessions awarded in the same-store portfolio during the second quarter of 2010 totaled approximately \$400,000, compared to \$4.5 million in the same quarter a year ago. Physical occupancy levels averaged 95.7% during the second quarter 2010, compared with 93.9% for the same period in 2009. Annualized turnover during the second quarter was 65%; year-to-date annualized turnover is averaging 61%, compared with 65% for the same period in 2009.

On a sequential basis, overall same-store revenues increased 0.5%, and NOI declined 0.3% from the first quarter of 2010. The sequential improvement in same-store revenues was the first since the third quarter of 2008. Physical occupancy levels improved 70 basis points, and effective rents on new leases improved 2.8% from first quarter 2010 levels.

Community Development Activity

During the second quarter 2010, BRE had two development communities in lease-up: Belcarra in Seattle, Washington (296 units), and Villa Granada in Santa Clara, California (270 units, when complete). The current physical occupancy at these communities is: Belcarra, 96%; and Villa Granada, 28% (of units delivered). Since the communities opened, leasing velocity has averaged 34 units per month at Belcarra and 33 units per month at Villa Granada. Average occupancy for the second quarter was 76% at Belcarra, and 19% (of units delivered) at Villa Granada. The first 124 units at Villa Granada were completed during the second quarter; the remaining 146 units will be completed during the third quarter.

BRE owns four land parcels, two in Southern California and two in Northern California, representing 1,298 units of future development, and an estimated aggregate investment of \$580 million upon completion.

Capital Markets Activity

As previously reported, on April 7, the company closed an offering of 8,050,000 shares of common stock (including underwriters' over-allotment option for 1,050,000 shares) at a price of \$34.25 per share. Net

proceeds totaling approximately \$264 million were used to pay down the company's unsecured line of credit and position the company for potential future investment activity. During the second quarter, the company did not issue any stock under its at-the-market equity program. The company may sell up to \$250 million of its common stock through the program on file.

During the quarter, the company repurchased through open market transactions \$15.0 million of its 4.125% convertible notes, at par, resulting in a net loss of \$558,000, or \$0.01 per share after accelerated amortization of fees and debt discounts. The principal amount outstanding on the \$460 million original issue is \$356.3 million as of June 30, 2010.

Investment Activity

On April 20, 2010, the company acquired Museum Park, a stabilized property in San Jose, California, for \$29.6 million. Built in 2002, Museum Park has 117 units.

On April 5, 2010, the company sold Montebello Apartments in the Seattle suburb of Kirkland, Washington for approximately \$39 million. The company recorded a gain on sale of approximately \$11.7 million during the second quarter of 2010.

During the second quarter, the company classified two communities in the Inland Empire of Southern California as held for sale. The two assets are: Pinnacle Riverwalk, a 714-unit community, with a net carrying value of \$67.1 million; and Boulder Creek, a 264-unit community, with a net carrying value of \$16.5 million.

Common and Preferred Dividends Declared

On July 29, 2010, the BRE board of directors approved regular common and preferred stock dividends for the quarter ending September 30, 2010. All common and preferred dividends will be payable on Thursday, September 30, 2010 to shareholders of record on Wednesday, September 15, 2010. The quarterly common dividend payment of \$0.375 is equivalent to \$1.50 per share on an annualized basis, and represents a yield of approximately 3.5% on Monday's closing price of \$42.98 per share. BRE has paid uninterrupted quarterly dividends to shareholders since the company's founding in 1970.

The company's 6.75% Series C preferred dividend is \$0.421875 per share; the 6.75% Series D preferred dividend is \$0.421875 per share.

2010 Earnings Outlook

The company has adjusted its FFO per share guidance for the full year 2010 to a range of \$1.84 to \$1.92 from the previous range of \$1.72 to \$1.87 provided in its earnings release dated May 4, 2010. The revised guidance range reflects updates to the following items:

Same Store Operations

- Same-store 2010 revenues are now expected to decline over 2009 same-store revenue levels in a range of 2.25% to 3.0%, from a previously guided decline ranging from 3.00% to 4.50%.
- Same-store NOI for 2010 is estimated to decline over 2009 same-store NOI levels in a range of 4.0% to 5.0%, from a previously guided decline ranging from 5.00% to 7.50%.

Lease Up NOI

- Annual NOI from properties in lease-up is now expected to total approximately \$12.5 million to \$13.0 million, from a previously guided range of \$9.5 million to \$10.5 million.

Interest Expense

- Annual interest expense is now expected to total \$83.7 million to \$84.2 million.

Investment / Capital Markets Activity

- Previous guidance provided did not assume any asset sales. Current guidance assumes the assets classified as held for sale as of June 30, 2010 will be sold during the third quarter of 2010. The NOI lost from these assets is expected to range from \$2.0 million to \$2.5 million. The company expects to use proceeds from the asset sales to pay down outstandings under its line of credit.
- While the company is pursuing acquisitions the guidance does not give effect to these investments nor to any debt or equity that might be issued in connection with such investment activity.

Additional details regarding the updated guidance will be provided on the Q2 2010 analyst conference call.

Q2 2010 Analyst Conference Call

The company will hold a conference call on Wednesday, August 4, at 11:00 a.m. Eastern (8:00 a.m. Pacific) to review these results. The dial-in number to participate in the United States and Canada is 888.290.1473; the international number is 706.679.8398. Enter Conf. ID# 76555420. A telephone replay of the call will be available for 31 days at 800.642.1687 or 706.645.9291 international, using the same ID# 76555420. A link to the live webcast of the call will be posted on www.breproperties.com, in Investors, on the Corporate Profile page. A webcast replay will be available for one month following the call.

Q3 2010 Earnings Dates

The company will report third quarter 2010 earnings after close of market on Tuesday, November 2, 2010, followed by a conference call on Wednesday, November 3, 2010 at 11:00 a.m. Eastern (8:00 a.m. Pacific).

About BRE Properties

BRE Properties, based in San Francisco, Calif., owns 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 75 apartment communities totaling 21,604 units in California, Arizona and Washington. The company invests in communities through acquisition and development, and currently has five properties in various stages of development and construction, totaling 1,568 units, and joint-venture interests in 13 additional apartment communities, totaling 4,080 units. BRE Properties is a real estate investment trust (REIT) listed in the S&P MidCap 400 Index. For more information on BRE Properties, please visit our website at www.breproperties.com.

"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 applicable terms and conditions, risks and uncertainties affecting property development and construction (including construction delays, cost overruns, inability 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 obligation to update this information. For more details, refer to the company's SEC filings, including its most recent Annual Report on Form 10-K and Quarterly Reports on Form 10-Q.

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BRE Properties, Inc.
Financial and Operating Highlights
Second Quarter 2010

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

OPERATING INFORMATION	Quarter Ended June 30,		Six Months Ended June 30,	
	2010	2009	2010	2009
Total revenues ⁽¹⁾	\$84,763	\$82,416	\$167,234	\$164,970
Net income available to common shareholders	\$16,297	\$28,222	\$21,822	\$41,215
Per diluted share	\$0.26	\$0.54	\$0.37	\$0.79
Funds from Operations ⁽²⁾	\$28,928	\$37,195	\$58,307	\$71,986
FFO per diluted share	\$0.46	\$0.70	\$0.97	\$1.37
Nonroutine income items ⁽³⁾	\$0	\$0	\$0	\$0
Nonroutine income items per diluted share	\$0.00	\$0.00	\$0.00	\$0.00
Net (loss)/gain on extinguishment of debt	(\$558)	\$1,958	(\$558)	\$1,958
Net (loss)/gain on extinguishment of debt per diluted share	(\$0.01)	\$0.04	(\$0.01)	\$0.04
Other Expenses ⁽³⁾	\$1,771	\$0	\$2,696	\$0
Other Expenses per diluted share	\$0.03	\$0.00	\$0.05	\$0.00
Redemption related preferred stock issuance cost ⁽³⁾	\$0	\$0	\$0	\$0
Per diluted share	\$0.00	\$0.00	\$0.00	\$0.00
Non cash interest expense ⁽⁴⁾	\$1,519	\$1,653	\$3,023	\$3,268
Per diluted share	\$0.02	\$0.03	\$0.05	\$0.06
Dividends per share	\$0.3750	\$0.5625	\$0.7500	\$1.1250
Adjusted EBITDA ⁽²⁾	\$54,556	\$57,262	\$108,537	\$115,685
Common dividends	\$24,159	\$30,036	\$45,165	\$59,197
Preferred dividends	\$2,953	\$2,953	\$5,906	\$5,906
Interest expense, excluding non cash interest expense ⁽⁴⁾ and capitalized interest.	\$19,208	\$17,768	\$38,803	\$37,175
Interest coverage ratio ⁽⁵⁾	2.8	3.2	2.8	3.1
Fixed charge coverage ratio ⁽⁵⁾	2.5	2.8	2.4	2.7
Same-store revenue increase/decrease	-2.7%	-3.8%	-3.8%	-2.2%
Same-store expense increase/decrease	2.3%	3.5%	2.2%	2.1%
Same-store NOI increase/decrease	-4.9%	-6.7%	-6.4%	-4.0%
Same-Store operating margins	68%	69%	68%	70%
CAPITALIZATION DATA			6/30/2010	6/30/2009
Net real estate investments			\$2,954,787	\$2,889,599
Total assets, gross			\$3,633,764	\$3,516,829
Total debt			\$1,650,289	\$1,889,296
Redeemable noncontrolling interests			\$31,688	\$26,674
Preferred stock (at liquidation preference)			\$175,000	\$175,000
Total shareholders' equity			\$1,282,265	\$993,783
Common shares and units outstanding			64,661	53,601
Share price, end of period			\$36.93	\$23.76
Total market capitalization			\$4,213,220	\$3,337,856
Total book capitalization			\$2,964,242	\$2,909,753
Debt to total assets, gross			45.4%	53.7%
Debt to total market capitalization			39.2%	56.6%
Debt to total book capitalization			55.7%	64.9%
Secured debt to total assets, gross			21.4%	14.9%
COMMUNITY INFORMATION			6/30/2010	6/30/2009
Operating communities:				
Wholly or Majority Owned Communities			75	74
Wholly or Majority Owned Units			21,604	21,485
Unconsolidated Joint Venture Communities			13	13
Unconsolidated Joint Venture Units			4,080	4,080
Communities under development:				
Communities			5	5
Units			1,568	1,526

(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) For the three months ended June 30, 2010, other expenses include a \$1,300,000 one-time charge associated with resignation of our COO and \$470,000 related to acquisition costs. During the three months ended March 31, 2010 acquisition costs totaling \$925,000 were reported in other expenses.

(4) Represents adoption of convertible debt guidance. The interest cost adjustment relates to our 4.125% Convertible Senior notes; and reflects a 6.01% market interest rate, the comparable cost for straight debt at the time of issuance. The expense is shown net of impact to capitalized interest.

(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 2010

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

ASSETS	June 30, 2010	June 30, 2009
Real estate portfolio:		
Direct investments in real estate:		
Investments in rental properties	\$3,197,408	\$3,105,464
Construction in progress	49,163	124,935
Less: accumulated depreciation	(600,142)	(540,165)
	<u>2,646,429</u>	<u>2,690,234</u>
Equity in real estate joint ventures:		
Investments	61,302	62,435
Real estate held for sale, net	83,625	8,168
Land under development	<u>163,431</u>	<u>128,762</u>
Total real estate portfolio	2,954,787	2,889,599
Cash	6,046	5,848
Other assets	<u>52,477</u>	<u>76,454</u>
TOTAL ASSETS	<u>\$3,013,310</u>	<u>\$2,971,901</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilities:		
Unsecured senior notes	\$784,907	\$948,906
Unsecured line of credit	86,000	497,000
Mortgage loans payable	779,382	443,390
Accounts payable and accrued expenses	<u>49,068</u>	<u>62,148</u>
Total liabilities	<u>1,699,357</u>	<u>1,951,444</u>
Redeemable noncontrolling interests	<u>31,688</u>	<u>26,674</u>
Shareholders' equity:		
Preferred Stock, \$0.01 par value; 20,000,000 shares authorized: 7,000,000 shares with \$25 liquidation preference issued and outstanding at June 30, 2010 and June 30, 2009, respectively.	70	70
Common stock, \$0.01 par value, 100,000,000 shares authorized. Shares issued and outstanding: 64,021,965 and 52,820,545 at June 30, 2010 and June 30, 2009, respectively.	640	528
Additional paid-in capital	<u>1,281,555</u>	<u>993,185</u>
Total shareholders' equity	<u>1,282,265</u>	<u>993,783</u>
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	<u>\$3,013,310</u>	<u>\$2,971,901</u>

BRE Properties, Inc.
Consolidated Statements of Income
Quarters Ended June 30, 2010 and 2009
(Unaudited, dollar and share amounts in thousands)

	Quarter ended 6/30/10	Quarter ended 6/30/09	Six months ended 6/30/10	Six months ended 6/30/09
REVENUES				
Rental income	\$81,612	\$79,205	\$160,932	\$158,582
Ancillary income	3,151	3,211	6,302	6,388
Total revenues	84,763	82,416	167,234	164,970
EXPENSES				
Real estate	\$28,013	26,101	\$54,875	51,157
Provision for depreciation	22,642	21,276	44,696	40,951
Interest	20,727	19,421	41,826	40,443
General and administrative	5,233	4,218	10,439	8,544
Other expenses ⁽²⁾	1,771	-	2,696	-
Total expenses	78,386	71,016	154,532	141,095
Other income	788	1,196	1,512	1,823
Net (loss)/gain from extinguishment of debt	(558)	1,958	(558)	1,958
Income before noncontrolling interests, partnership income and discontinued operations	6,607	14,554	13,656	27,656
Partnership income	526	580	1,073	1,237
Income from continuing operations	7,133	15,134	14,729	28,893
Discontinued operations:				
Discontinued operations, net ⁽¹⁾	809	2,297	2,063	5,030
Net gain on sales of discontinued operations	11,681	14,289	11,681	14,289
Income from discontinued operations	12,490	16,586	13,744	19,319
NET INCOME	\$19,623	\$31,720	28,473	\$48,212
Redeemable noncontrolling interest in income	373	545	745	1,091
Dividends attributable to preferred stock	2,953	2,953	5,906	5,906
NET INCOME AVAILABLE TO COMMON SHAREHOLDERS	\$16,297	\$28,222	\$21,822	\$41,215
Net income per common share - <i>basic</i>	\$0.26	\$0.54	\$0.37	\$0.79
Net income per common share - <i>assuming dilution</i>	\$0.26	\$0.54	\$0.37	\$0.79
Weighted average shares outstanding - <i>basic</i> ⁽³⁾	61,820	51,765	58,985	51,505
Weighted average shares outstanding - <i>assuming dilution</i> ⁽³⁾	61,990	51,765	59,130	51,505

(1) For 2009 and 2010, includes two properties held for sale as of June 30, 2010 and one operating property sold during the three months ending June 30, 2010. The 2009 totals also include results from two properties sold in 2009.

(2) For the three months ended June 30, 2010, other expenses include a \$1,300,000 one-time charge associated with resignation of our COO and \$470,000 related to acquisition costs. During the three months ended March 31, 2010 other expenses included \$925,000 related to acquisition costs.

	Quarter ended 6/30/10	Quarter ended 6/30/09	Six months ended 6/30/10	Six months ended 6/30/09
Rental and ancillary income	\$2,889	\$5,771	\$6,539	\$11,824
Real estate expenses	(1,164)	(2,382)	(2,507)	(4,468)
Provision for depreciation	(916)	(1,092)	(1,969)	(2,326)
Income from discontinued operations, net	\$809	\$2,297	\$2,063	\$5,030

(3) See analysis of weighted average shares and ending shares in Exhibit B.

BRE Properties, Inc.

Consolidated Balance Sheets-Past Five Quarters

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

ASSETS	June 30, 2010	Mar. 31, 2010	Dec. 31, 2009	Sept. 30, 2009	June 30, 2009
Real estate portfolio:					
Direct investments in real estate:					
Investments in rental properties	\$ 3,197,408	\$ 3,227,114	\$ 3,180,633	\$ 3,113,149	\$ 3,105,464
Construction in progress	49,163	80,160	101,354	144,895	124,935
Less: accumulated depreciation	(600,142)	(597,546)	(583,953)	(561,900)	(540,165)
	<u>2,646,429</u>	<u>2,709,728</u>	<u>2,698,034</u>	<u>2,696,144</u>	<u>2,690,234</u>
Equity in real estate joint ventures:					
Investments	61,302	61,697	61,999	62,336	62,435
Real estate held for sale, net	83,625	26,214	-	-	8,168
Land under development	163,431	158,798	155,532	131,936	128,762
Total real estate portfolio	<u>2,954,787</u>	<u>2,956,437</u>	<u>2,915,565</u>	<u>2,890,415</u>	<u>2,889,599</u>
Cash	6,046	9,107	5,656	7,029	5,848
Other assets	52,477	56,012	58,787	73,889	76,454
TOTAL ASSETS	<u>\$ 3,013,310</u>	<u>\$ 3,021,556</u>	<u>\$ 2,980,008</u>	<u>\$ 2,971,334</u>	<u>\$ 2,971,901</u>

LIABILITIES AND SHAREHOLDERS' EQUITY

Liabilities:

Unsecured senior notes	\$ 784,907	\$ 828,468	\$ 826,918	\$ 857,171	\$ 948,906
Unsecured line of credit	86,000	340,000	288,000	248,000	497,000
Mortgage loans payable	779,382	751,513	752,157	752,778	443,390
Accounts payable and accrued expenses	49,068	51,415	56,409	54,226	62,148
Total liabilities	<u>1,699,357</u>	<u>1,971,396</u>	<u>1,923,484</u>	<u>1,912,175</u>	<u>1,951,444</u>
Redeemable noncontrolling interests	31,688	33,655	33,605	32,567	26,674
Shareholders' equity:					
Preferred stock	70	70	70	70	70
Common stock	640	557	551	543	528
Additional paid-in capital	1,281,555	1,015,878	1,022,298	1,025,979	993,185
Total shareholders' equity	<u>1,282,265</u>	<u>1,016,505</u>	<u>1,022,919</u>	<u>1,026,592</u>	<u>993,783</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	<u>\$ 3,013,310</u>	<u>\$ 3,021,556</u>	<u>\$ 2,980,008</u>	<u>\$ 2,971,334</u>	<u>\$ 2,971,901</u>

BRE Properties, Inc.
Consolidated Statements of Income
Past Five Quarters
(Unaudited, dollar amounts in thousands)

	June 30, 2010	Mar. 31, 2010	Dec. 31, 2009	Sept. 30, 2009	June 30, 2009
REVENUES					
Rental income	\$81,612	\$79,320	\$79,029	\$79,547	\$79,205
Ancillary income	3,151	3,152	2,767	3,135	3,211
Total revenues	84,763	82,472	81,796	82,682	82,416
EXPENSES					
Real estate	\$28,013	\$26,862	\$26,198	\$26,625	\$26,101
Provision for depreciation	22,642	22,054	21,612	21,306	21,276
Interest	20,727	21,099	21,292	20,998	19,421
General and administrative	5,233	5,206	4,742	4,104	4,218
Other expenses	1,771	925	13,522	-	-
Total expenses	78,386	76,146	87,366	73,033	71,016
Other income	788	724	876	760	1,196
Net (loss)/gain from extinguishment of debt	(558)	-	(870)	382	1,958
Income/(loss) from continuing operations and discontinued operations	6,607	7,050	(5,564)	10,791	14,554
Partnership income	526	547	531	561	580
Income/(loss) from continuing operations	7,133	7,597	(5,033)	11,352	15,134
Discontinued operations:					
Discontinued operations, net ⁽¹⁾	809	1,254	1,224	1,301	2,297
Net gain on sales of discontinued operations	11,681	-	-	7,285	14,289
Income from discontinued operations	12,490	1,254	1,224	8,586	16,586
NET INCOME/(LOSS)	\$19,623	\$8,851	(3,809)	\$19,938	\$31,720
Redeemable noncontrolling interest in income	373	373	394	401	545
Dividends attributable to preferred stock	2,953	2,953	2,953	2,953	2,953
NET INCOME/(LOSS) AVAILABLE TO COMMON SHAREHOLDERS	\$16,297	\$5,525	(7,156)	\$16,584	\$28,222
Net (loss)/income per common share - <i>basic</i>	\$0.26	\$0.10	(\$0.13)	\$0.31	\$0.54
Net (loss)/income per common share - <i>diluted</i>	\$0.26	\$0.10	(\$0.13)	\$0.31	\$0.54
Weighted average shares outstanding - <i>basic</i> ⁽²⁾	61,820	55,320	54,540	53,575	51,765
Weighted average shares outstanding - <i>assuming dilution</i> ⁽²⁾	61,990	55,415	54,540	53,576	51,765

(1) Details of earnings from discontinued operations, net:	June 30, 2010	Mar. 31, 2010	Dec. 31, 2009	Sept. 30, 2009	June 30, 2009
Rental and ancillary income	\$2,889	\$3,651	\$3,685	\$3,888	\$5,771
Real estate expenses	(1,164)	(1,344)	(1,344)	(1,481)	(2,382)
Provision for depreciation	(916)	(1,053)	(1,117)	(1,106)	(1,092)
Income from discontinued operations, net	\$809	\$1,254	\$1,224	\$1,301	\$2,297

(2) See analysis of weighted average shares and ending shares in Exhibit 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, 2010	Mar. 31, 2010	Dec. 31, 2009	Sept. 30, 2009	June 30, 2009
CALCULATION OF FFO					
NET INCOME/(LOSS) AVAILABLE TO COMMON SHAREHOLDERS	\$16,297	\$5,525	(\$7,156)	\$16,584	\$28,222
Add back/ exclude:					
Depreciation from continuing operations	22,642	22,054	21,612	21,306	21,276
Depreciation from discontinued operations	916	1,053	1,117	1,106	1,092
Redeemable noncontrolling interest in income ⁽¹⁾	373	373	-	401	545
Depreciation from unconsolidated entities	486	480	472	465	455
Net (gain) on sales of discontinued operations	(11,681)	-	-	(7,285)	(14,289)
Less: Redeemable noncontrolling interests in income not convertible to common ⁽¹⁾	(105)	(105)	-	(106)	(106)
FUNDS FROM OPERATIONS ⁽²⁾	\$28,928	\$29,380	\$16,045	\$32,471	\$37,195
Net (loss)/gain on extinguishment of debt	(\$558)	-	(\$870)	\$382	\$1,958
Other expenses ⁽³⁾	\$1,771	\$925	13,522	-	-
Non cash interest charges ⁽⁴⁾	\$1,519	\$1,504	\$1,559	\$1,576	\$1,653
Weighted average shares and equivalents outstanding - assuming dilution	62,685	56,170	54,580	54,356	52,550
PER SHARE INFORMATION - ASSUMING DILUTION:					
Funds from operations	\$0.46	\$0.52	\$0.29	\$0.59	\$0.70
Net (loss)/gain on extinguishment of debt	(\$0.01)	\$0.00	(\$0.02)	\$0.01	\$0.04
Other Expenses ⁽³⁾	\$0.03	\$0.02	\$0.25	\$0.00	\$0.00
Non cash interest charges ⁽⁴⁾	\$0.02	\$0.03	\$0.03	\$0.03	\$0.03

(1) OP units were dilutive for the quarters ending June 30, 2010, March 31, 2010, September 30, 2009 and June 30, 2009. OP units were anti-dilutive for the quarter ending December 31, 2009, but dilutive for the twelve months ending December 31, 2009. Redeemable noncontrolling interest in income of \$394,000 and redeemable noncontrolling interest in income not convertible to common (\$106,000) were excluded for the FFO calculation for the quarter ending December 31, 2009.

(2) 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.

(3) For the quarter ended June 30, 2010 FFO totals include a \$1,300,000 one-time charge associated with the resignation of our COO and \$470,000 related to acquisition costs. For the quarter ended March 31, 2010 FFO totals include \$925,000 related to acquisition costs. For the quarter ended December 31, 2009 FFO totals include \$12,900,000 abandonment charge related to three sites under option and a \$600,000 severance charge.

(4) Represents adoption of convertible debt guidance. The interest cost adjustment relates to our 4.125% Convertible Senior notes; and reflects a 6.01% market interest rate, the comparable cost for straight debt at the time of issuance. The expense is shown net of impact to capitalized interest.

	June 30, 2010	Mar. 31, 2010	Dec. 31, 2009	Sept. 30, 2009	June 30, 2009
CAPITAL EXPENDITURES					
Recurring capital expenditures	\$6,494	\$3,797	\$5,080	\$5,796	\$6,796
Average apartment units in period	21,649	21,523	21,345	21,284	21,654
Capital expenditures per apartment unit in period	\$300	\$176	\$238	\$272	\$314
Capital expenditures per apartment unit-trailing four quarters	\$986	\$1,000	\$945	\$978	\$852
Revenue enhancing rehabilitation costs	\$1,178	\$1,125	\$1,545	\$1,387	\$2,053

	June 30, 2010	Mar. 31, 2010	Dec. 31, 2009	Sept. 30, 2009	June 30, 2009
RECONCILIATION OF CONTINUING AND DISCONTINUED OPERATIONS					
Revenues from continuing operations	\$84,763	\$82,472	\$81,796	\$82,682	\$82,416
Revenues from discontinued operations	2,889	3,651	3,685	3,888	5,771
Total Revenues	\$87,652	\$86,123	\$85,481	\$86,570	\$88,187
Real estate expenses-continuing operations	\$28,013	\$26,862	\$26,198	\$26,625	\$26,101
Real estate expenses-discontinued operations	1,164	1,344	1,344	1,481	2,382
Total Real Estate Expenses	\$29,177	\$28,206	\$27,542	\$28,106	\$28,483
Partnership and other income	\$1,314	\$1,271	\$1,407	\$1,321	\$1,776
Total Net Operating Income	\$59,789	\$59,188	\$59,346	\$59,785	\$61,480
Depreciation from continuing operations	\$22,642	\$22,054	\$21,612	\$21,306	\$21,276
Depreciation from discontinued operations	916	1,053	1,117	1,106	1,092
Total Depreciation	\$23,558	\$23,107	\$22,729	\$22,412	\$22,368
Interest from continuing operations	\$20,727	\$21,099	\$21,292	\$20,998	\$19,421
Total Interest	\$20,727	\$21,099	\$21,292	\$20,998	\$19,421

BRE Properties, Inc.

"Same-Store" Markets Summary

For the Quarters ended June 30, 2010 and 2009

(Dollar amounts in thousands)

California	No. of Units	Revenues			Expenses		
		Q2 2010	Q2 2009	% Change	Q2 2010	Q2 2009	% Change
San Diego	3,958	\$17,208	\$17,351	-0.8%	\$4,925	\$4,863	1.3%
Inland Empire	2,111	7,305	7,407	-1.4%	2,553	2,611	-2.2%
Orange County	3,469	14,544	15,242	-4.6%	4,541	4,460	1.8%
Los Angeles	2,263	10,036	10,066	-0.3%	3,443	3,468	-0.7%
San Francisco	3,152	15,305	15,727	-2.7%	4,500	4,322	4.1%
Subtotal; California	14,953	\$64,398	\$65,793	-2.1%	\$19,962	\$19,724	1.2%
Pacific Northwest							
Seattle	2,963	9,965	10,664	-6.6%	3,889	3,573	8.8%
Non-Core Markets ⁽¹⁾	1,302	3,578	3,631	-1.5%	1,398	1,386	0.9%
Total Same-Store⁽²⁾	19,218	\$77,941	\$80,088	-2.7%	\$25,249	\$24,683	2.3%

California	No. of Communities	No. of Units	Net Operating Income			
			Q2 2010	Q2 2009	% Change	% of Total
San Diego	13	3,958	\$12,283	\$12,488	-1.6%	23.4%
Inland Empire	8	2,111	4,752	4,796	-0.9%	9.0%
Orange County	11	3,469	10,003	10,782	-7.2%	19.0%
Los Angeles	11	2,263	6,593	6,598	-0.1%	12.5%
San Francisco	10	3,152	10,805	11,405	-5.3%	20.5%
Subtotal; California	53	14,953	\$44,436	\$46,069	-3.5%	84.4%
Pacific Northwest						
Seattle	11	2,963	6,076	7,091	-14.3%	11.5%
Non-Core Markets ⁽¹⁾	3	1,302	2,180	2,245	-2.9%	4.1%
Total Same-Store⁽²⁾	67	19,218	\$52,692	\$55,405	-4.9%	100.0%

"Non Same-Store" Summary	No. of Communities	No. of units	Net Operating Income	
			Q2 2010	Q2 2009
Acquired properties ⁽³⁾	2	311	\$972	-
Development properties ⁽⁴⁾	4	1,097	3,184	1,004
Discontinued operations ⁽⁵⁾	5	1,978	1,725	3,389
Joint venture income ⁽⁶⁾	13	4,080	526	580
Commercial and Other ⁽⁷⁾	n/a	n/a	(98)	(94)
Other income	n/a	n/a	788	1,196
Total Non Same-Store	24	7,466	\$7,097	\$6,075
Less Properties Sold 2009 & 2010	(3)	(1,000)		
Total All Units / NOI	88	25,684	\$59,789	\$61,480

(1) Consists of one property in Sacramento, CA (400 Units) and two properties in Phoenix, AZ (902 units).

(2) Consists of stabilized properties owned by BRE for at least five full quarters, starting April 1, 2009.

(3) Consists of NOI from two properties acquired after January 1, 2009.

(4) Consists of NOI from four properties fully delivered and experiencing lease up and stabilization and one partially delivered property.

(5) Includes results from two properties held for sale in 2010, one property sold in 2010 and two properties sold in 2009.

(6) Consists 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. For the three months ended June 30, 2010 and 2009 other real estate expenses exceeded the NOI from commercial.

BRE Properties, Inc.

"Same-Store" Markets Summary

For the Six Months Ended June 30, 2010 and 2009

(Dollar amounts in thousands)

California	No. of Units	Revenues			Expenses		
		YTD 2010	YTD 2009	% Change	YTD 2010	YTD 2009	% Change
San Diego	3,958	\$34,483	\$34,814	-1.0%	\$10,071	\$9,860	2.1%
Inland Empire	2,111	14,557	14,846	-1.9%	5,051	5,102	-1.0%
Orange County	3,469	29,192	30,621	-4.7%	9,031	8,908	1.4%
Los Angeles	2,263	20,107	20,597	-2.4%	6,693	6,898	-3.0%
San Francisco	3,152	30,283	31,769	-4.7%	8,838	8,402	5.2%
Subtotal; California	14,953	\$128,622	\$132,647	-3.0%	\$39,684	\$39,170	1.3%
Pacific Northwest							
Seattle	2,963	19,790	21,693	-8.8%	7,397	6,951	6.4%
Non-Core Markets ⁽¹⁾	1,302	7,111	7,256	-2.0%	2,882	2,756	4.6%
Total Same-Store ⁽²⁾	19,218	\$155,523	\$161,596	-3.8%	\$49,963	\$48,877	2.2%

California	No. of Communities	No. of Units	Net Operating Income			
			YTD 2010	YTD 2009	% Change	% of Total
San Diego	13	3,958	\$24,412	\$24,954	-2.2%	23.2%
Inland Empire	8	2,111	9,506	9,744	-2.4%	9.0%
Orange County	11	3,469	20,161	21,713	-7.1%	19.1%
Los Angeles	11	2,263	13,414	13,699	-2.1%	12.7%
San Francisco	10	3,152	21,445	23,367	-8.2%	20.3%
Subtotal; California	53	14,953	\$88,938	\$93,477	-4.9%	84.3%
Pacific Northwest						
Seattle	11	2,963	12,393	14,742	-15.9%	11.7%
Non-Core Markets ⁽¹⁾	3	1,302	4,229	4,500	-6.0%	4.0%
Total Same-Store ⁽²⁾	67	19,218	\$105,560	\$112,719	-6.4%	100.0%

"Non Same-Store" Summary	No. of Communities	No. of units	Net Operating Income	
			YTD 2010	YTD 2009
Acquired properties ⁽³⁾	2	311	\$1,046	-
Development properties ⁽⁴⁾	4	1,097	5,954	1,396
Discontinued operations ⁽⁵⁾	5	1,978	4,032	7,356
Joint venture income ⁽⁶⁾	13	4,080	1,073	1,237
Commercial and Other ⁽⁷⁾	n/a	n/a	(201)	(302)
Other income	n/a	n/a	1,512	1,823
Total Non Same-Store	24	7,466	\$13,416	\$11,510
Less Properties Sold 2009 & 2010	(3)	(1,000)		
Total All Units / NOI	88	25,684	\$118,976	\$124,229

(1) Consists of one property in Sacramento, CA (400 Units) and two properties in Phoenix, AZ (902 units).

(2) Consists of stabilized properties owned by BRE for at least six full quarters, starting January 1, 2009.

(3) Consists of NOI from two properties acquired after January 1, 2009.

(4) Consists of NOI from four properties fully delivered and experiencing lease up and stabilization and one partially delivered property.

(5) Includes results from two properties held for sale as of June 30, 2010, one property sold in 2010 and two properties sold in 2009.

(6) Consists 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.

For the six months ended June 30, 2009 other real estate expenses exceeded the NOI from commercial.

BRE Properties, Inc.
"Same -Store" Operating Metrics
As of June 30, 2010 and 2009

California	No. of Units	Market Rent per Unit ⁽²⁾			Occupancy ⁽³⁾		Turnover Ratio ⁽⁴⁾	
		Q2'10	Q2'09	% Change	Q2'10	Q2'09	2010	2009
San Diego	3,958	\$1,496	\$1,519	-1.6%	95.4%	95.4%	70%	71%
Inland Empire	2,111	1,173	1,268	-7.4%	95.5%	93.7%	63%	70%
Orange County	3,469	1,487	1,566	-5.0%	95.0%	94.0%	57%	62%
Los Angeles	2,263	1,532	1,732	-11.6%	96.0%	91.6%	58%	67%
San Francisco	3,152	1,684	1,814	-7.1%	97.0%	94.2%	54%	62%
Subtotal; California	14,953	\$1,493	\$1,589	-6.0%	95.8%	94.0%	61%	66%
Pacific Northwest								
Seattle	2,963	1,117	1,255	-11.0%	95.5%	93.6%	57%	59%
Non-Core Markets ⁽¹⁾	1,302	920	996	-7.7%	95.9%	90.5%	66%	63%
Total/Average Same Store ⁽⁵⁾	19,218	\$1,397	\$1,497	-6.7%	95.7%	93.9%	61%	65%

⁽¹⁾ Consists of one property in Sacramento, CA (400 Units) and two properties in Phoenix, AZ (902 units).

⁽²⁾ Represents, by region, weighted average market level rents across the quarter.

⁽³⁾ Represents average physical occupancy for the quarter.

⁽⁴⁾ Represents the annualized number of units turned over for the six month period, divided by the number of units in the region.

⁽⁵⁾ Consists of stabilized properties directly owned by BRE for at least five full quarters, starting April 1, 2009.

"Non Same-Store" Operating Metrics

Acquisition, development, held for sale and joint venture communities -Q2'10

California	Number of Units					Market Rent/Unit	Average Occupancy
	ACQ	DEV	HELD FOR SALE	JV	Total		
L.A./ Orange Co.	-	604	978	-	1,582	\$1,406	96.3%
San Diego	194	-	-	-	194	1,766	93.9%
San Francisco	117	-	-	-	117	2,095	94.0%
Sacramento	-	-	-	236	236	1,106	97.8%
Pacific Northwest							
Seattle	-	493	-	-	493	1,584	83.8%
Mountain/Desert Markets							
Phoenix	-	-	-	1,248	1,248	781	95.1%
Denver	-	-	-	2,596	2,596	857	95.3%
Total/Average Non-Same Store	311	1,097	978	4,080	6,466	\$1,091	94.7%
Total/Average Portfolio					25,684	\$1,320	95.5%

Sequential "Same-Store" New Lease Transaction Summary

California	Move-ins	Transacted				% Discount - effective rent to asking rent ⁽⁸⁾				
		Effective Rent ⁽⁶⁾		Asking Rent ⁽⁷⁾		Q2		Q1		
		Q2 2010	Q2 2010	Q1 2010	Q2 2010	Q1 2010	Q2 2010	Q1 2010		
San Diego	709	\$1,462	\$1,416	3.2%	\$1,474	\$1,441	2.3%	-0.8%	-1.7%	
Inland Empire	379	1,118	1,146	-2.4%	1,124	1,184	-5.1%	-0.5%	-3.2%	
Orange County	540	1,424	1,399	0.4%	1,507	1,545	-2.5%	-5.5%	-9.5%	
Los Angeles	335	1,495	1,433	5.3%	1,516	1,521	-0.3%	-1.4%	-5.8%	
San Francisco	486	1,705	1,632	4.5%	1,728	1,687	2.4%	-1.3%	-3.3%	
Subtotal; California	2,449	\$1,453	\$1,416	2.6%	\$1,483	\$1,484	-0.1%	-2.0%	-4.6%	
Pacific Northwest										
Seattle	493	1,082	1,058	2.3%	1,103	1,140	-3.3%	-1.9%	-7.2%	
Non-Core Markets	246	901	834	8.0%	924	870	6.2%	-2.5%	-4.2%	
Total Same Store	3,188	\$1,353	\$1,316	2.8%	\$1,381	\$1,384	-0.2%	-2.0%	-4.9%	

⁽⁶⁾ Represents leased rent per unit less the monthly value of concessions awarded on new leases signed during the period (renewals are excluded).

⁽⁷⁾ Represents monthly asking rent on the date leases noted above were signed. Market rents on leases signed may differ from overall community level market rent shown above due to the weighting of units leased (1 bedrooms vs. 2's etc.) during the period.

⁽⁸⁾ Represents discount realized from asking rent levels on new leases signed during the quarter.

BRE Properties, Inc.
Debt Structure as of June 30, 2010
(Dollar and share amounts in thousands)

For the six months ended June 30, 2010

	Balance Outstanding 6/30/10	Average Life	Weighted Average Int. Rate	Percentage Total Debt	Percentage Gross Assets
FIXED RATE					
Unsecured	\$438,563	5.32 years	5.89%	26.6%	12.1%
Convertible debt ⁽¹⁾	346,344	1.65 years	6.01%	21.0%	9.5%
Secured debt	779,382	8.46 years	5.59%	47.2%	21.4%
Total fixed rate debt	\$1,564,289	6.07 years	5.77%	94.8%	43.0%
VARIABLE RATE DEBT					
Unsecured line of credit ⁽²⁾	86,000	2.25 years	1.48%	5.2%	2.4%
Total variable rate debt	\$86,000	2.25 years	1.48%	5.2%	2.4%
TOTAL DEBT	\$1,650,289	5.87 years	5.54%	100.0%	45.4%

Ratio of debt to total market capitalization 39%

Interest expense coverage - QTD '10 ⁽³⁾ 2.8 x

Fixed charge coverage - QTD '10 ⁽³⁾ 2.5 x

SUMMARY OF COMMON SHARES

	Qtr. Ended 6/30/10	Qtr. Ended 6/30/09
Weighted Average		
Diluted shares - FFO ⁽⁵⁾	62,685	52,550
Diluted shares - EPS ⁽⁶⁾	61,990	51,765
Total shares and units outstanding at end of period	64,661	53,601

	YTD 6/30/10	YTD 6/30/09
Weighted Average		
Diluted shares - FFO ⁽⁵⁾	59,860	52,290
Diluted shares - EPS ⁽⁶⁾	59,130	51,505
Total shares and units outstanding at end of period	64,661	53,601

SCHEDULED PRINCIPAL PAYMENTS

	Unsecured	Secured	Total
2010	-	1,021	1,021
2011	48,545	2,128	50,673
2012 ⁽⁴⁾	432,344	66,645	498,989
2013	40,018	30,113	70,131
2014	50,000	3,120	53,120
Thereafter	359,475	616,880	976,355
Total	\$930,382	\$719,907	\$1,650,289

SUMMARY OF PREFERRED SHARES

	Qtr. Ended 6/30/10	Qtr. Ended 6/30/09
Total preferred shares outstanding	7,000	7,000

SELECTED DEBT COVENANTS & CREDIT RATIOS ⁽⁷⁾

SENIOR UNSECURED DEBT RATINGS AS OF August 3, 2010

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

	Requirement	Qtr. Ended 6/30/10
Aggregate Debt Test (Debt to gross assets, as defined)	<60%	45.4%
Secured Debt Test (Secured debt to total gross assets, as defined)	<40%	21.4%
Debt Service Test (Income available for debt service charge, as defined)	>1.50	1.92
Unencumbered Asset Test (Total unencumbered assets to unsecured debt)	>1.50	2.91
Unencumbered NOI (NOI related to unencumbered assets)	N/A	68.8%

CAPITALIZED INTEREST

	Qtr. Ended 6/30/10	Qtr. Ended 6/30/09
Interest capitalized	\$3,231	\$3,760
	YTD 6/30/10	YTD 6/30/09
Interest capitalized	\$6,364	\$9,415

- (1) Represents \$356.3 million cash principal with 4.125% coupon adjusted to reflect convertible debt accounting guidance that became effective in January 2009.
(2) At June 30, 2010 we had a unsecured line of credit providing up to \$750 million priced at LIBOR plus 47.5 bp, maturing in September 2012.
(3) Represents interest expense and preferred stock dividend payment coverage for the three months ended June 30, 2010.
(4) Includes the scheduled maturity of our unsecured line of credit. At June 30, 2010, the outstanding balance was \$86 million.
(5) Represents denominator for shares in the calculation of diluted FFO per share. See summary of common shares in Exhibit B.
(6) Represents denominator for shares in the calculation of diluted EPS. See summary of common shares in Exhibit B.
(7) Represents strictest covenant compliance requirements of existing debt.

BRE Properties, Inc.
 Development Communities and Land Held for Development
 June 30, 2010

(Dollar amounts in millions)

CONSTRUCTION IN PROGRESS	Number of Units	Cost Incurred ⁽¹⁾	Estimated Cost ⁽²⁾	Balance to Complete	Product Type	First Units Delivered	Estimated Completion ⁽³⁾
Villa Granada							
Santa Clara, CA	270	\$ 85.1	\$ 89.7	\$ 4.6	Podium	2Q/2010	3Q/2010
Total CIP	270	\$ 85.1	\$ 89.7	\$ 4.6			

LAND UNDER DEVELOPMENT ⁽⁴⁾	Number of Units	Cost Incurred	Estimated Cost ⁽⁵⁾	Estimated Const. Start	Product Type
Wilshire La Brea ⁽⁶⁾					
Los Angeles, CA	470	\$ 101.8	TBR	TBD	Podium
Pleasanton					
Pleasanton, CA	240	15.5	TBR	TBD	Garden
Stadium Park II					
Anaheim, CA	250	25.6	TBR	TBD	Wrap
Lawrence Station					
Sunnyvale, CA	338	20.5	TBR	TBD	Wrap
Total Land Owned	1,298	\$ 163.4	\$ 580.4		

LAND UNDER CONTRACT ⁽⁷⁾	Number of Units	Cost Incurred ⁽⁸⁾	Estimated Cost ⁽⁵⁾	Product Type
Mercer Island, WA	166	\$ 6.7	TBR	Podium
Walnut Creek, CA	361	7.5	TBR	Podium
Total	527	\$ 14.2	\$ 176.1	

(1) Reflects all recorded costs incurred as of June 30, 2010, recorded on our consolidated balance sheets as "direct investments in real estate-construction in progress." Included in this amount is \$36 million of costs for the 124 completed units on Villa Granada 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.

(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) Reflects the aggregate cost estimates; specific property cost estimates To Be Reported (TBR) once entitlement approvals are received and the company is prepared to begin construction.

(6) Project's estimated cost reflects the construction of 470 units and 40,000 sq feet of retail. The estimated unit count and costs reflect the current underlying entitlements associated with the site.

(7) Land under contract represents land parcels for which we have signed a purchase and sale agreement, made a non refundable deposit and commenced the entitlement process.

(8) Represents deposits, contractual costs, and entitlement expenses incurred to date.

Sequential "Same-Store" Multifamily Markets Summary

Last five quarters

REVENUES

	Q2	Q1	Q4	Q3	Q2
California	2010	2010	2009	2009	2009
San Diego	-0.4%	-0.1%	0.1%	-0.4%	-0.6%
Inland Empire	0.7%	0.7%	-2.0%	-0.8%	-0.4%
Orange County	-0.7%	-0.9%	-2.2%	-0.8%	-0.9%
Los Angeles	-0.4%	0.8%	-1.6%	0.8%	-4.4%
San Francisco	2.2%	-0.9%	-2.5%	-1.4%	-2.0%
Subtotal; California	0.3%	-0.2%	-1.6%	-0.6%	-1.6%
Pacific Northwest					
Seattle	1.4%	-1.3%	-4.2%	-2.5%	-3.3%
Non-Core Markets ⁽¹⁾	1.3%	0.9%	-2.2%	-1.4%	0.2%
Total Same Store ⁽³⁾	0.5%	-0.3%	-1.9%	-0.9%	-1.7%

EXPENSES ⁽²⁾

	Q2	Q1	Q4	Q3	Q2
California	2010	2010	2009	2009	2009
San Diego	-4.3%	10.3%	-3.5%	-0.5%	-2.7%
Inland Empire	2.2%	1.8%	-4.7%	-1.3%	4.8%
Orange County	1.1%	0.4%	-1.2%	1.5%	0.3%
Los Angeles	5.9%	-3.4%	-5.8%	3.0%	1.1%
San Francisco	3.7%	-4.6%	6.5%	-1.2%	5.9%
Subtotal; California	1.2%	1.1%	-1.4%	0.3%	1.4%
Pacific Northwest					
Seattle	10.9%	-0.2%	-3.1%	1.5%	5.8%
Non-Core Markets ⁽¹⁾	-5.8%	12.2%	-15.4%	12.8%	1.2%
Total Same Store ⁽³⁾	2.2%	1.5%	-2.5%	1.2%	2.0%

NET OPERATING INCOME

	Q2	Q1	Q4	Q3	Q2
California	2010	2010	2009	2009	2009
San Diego	1.3%	-3.9%	1.4%	-0.4%	0.2%
Inland Empire	-0.1%	0.2%	-0.6%	-0.5%	-3.1%
Orange County	-1.5%	-1.4%	-2.7%	-1.8%	-1.4%
Los Angeles	-3.3%	2.9%	0.7%	-0.3%	-7.1%
San Francisco	1.6%	0.6%	-5.9%	-1.5%	-4.7%
Subtotal; California	-0.1%	-0.8%	-1.6%	-1.0%	-2.8%
Pacific Northwest					
Seattle	-3.8%	-1.9%	-4.8%	-4.5%	-7.3%
Non-Core Markets ⁽¹⁾	6.4%	-5.9%	8.0%	-10.2%	-0.5%
Total Same Store ⁽³⁾	-0.3%	-1.1%	-1.7%	-1.8%	-3.3%

(1) Consists of one property in Sacramento, CA (400 Units) and two properties in Phoenix, AZ (902 units).

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

(3) Data reflects sequential results for the company's current same-store pool totaling 19,218 units for all periods shown.

Share Analysis as of June 30, 2010

(Dollar and share amounts in thousands)

SUMMARY OF COMMON SHARES

	Qtr. Ended 6/30/2010	Qtr. Ended 3/31/2010	Qtr. Ended 12/31/2009	Qtr. Ended 9/30/2009	Qtr. Ended 6/30/2009
Weighted Average					
Weighted average shares outstanding ⁽¹⁾	61,820	55,320	54,540	53,575	51,765
Weighted average OP units ⁽²⁾	695	755	-	780	785
Dilutive effect of stock based awards	170	95	40	1	-
Diluted shares - FFO ⁽³⁾	62,685	56,170	54,580	54,356	52,550
Less: Anti-dilutive OP Units ⁽³⁾	(695)	(755)	-	(780)	(785)
Diluted shares - EPS ⁽⁴⁾	61,990	55,415	54,540	53,576	51,765
Weighted Average					
	YTD 6/30/2010	YTD 6/30/2009			
Weighted average shares outstanding ⁽¹⁾	58,985	51,505			
Weighted average OP units	730	785			
Dilutive effect of stock based awards	145	-			
Diluted shares - FFO ⁽³⁾	59,860	52,290			
Less: Anti-dilutive OP Units ⁽⁴⁾	(730)	(785)			
Diluted shares - EPS ⁽⁵⁾	59,130	51,505			
Ending					
	As of 6/30/2010	As of 3/31/2010	As of 12/31/2009	As of 9/30/2009	As of 6/30/2009
Shares outstanding at end of period	64,022	55,663	55,137	54,338	52,821
OP units at end of period	639	715	771	780	780
Dilutive effect of stock based awards	175	95	40	1	-
Total	64,836	56,473	55,948	55,119	53,601

SUMMARY OF PREFERRED SHARES

	Qtr. Ended 6/30/2010	Qtr. Ended 3/31/2010	Qtr. Ended 12/31/2009	Qtr. Ended 9/30/2009	Qtr. Ended 6/30/2009
6.75% Series C, \$25 per share liquidation preference	4,000	4,000	4,000	4,000	4,000
6.75% Series D, \$25 per share liquidation preference	3,000	3,000	3,000	3,000	3,000
	7,000	7,000	7,000	7,000	7,000

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

(2) OP Units are anti-dilutive for FFO and EPS for the quarter ended 12/31/09 and therefore are not included in shares calculation.

(3) Represents denominator for shares in the calculation of diluted FFO per share. Prior period numbers have been adjusted to reflect the adoption of new accounting guidance requiring retroactive application.

(4) Under FASB guidance, common share equivalents deemed to be anti-dilutive are excluded from the diluted earnings per share calculations.

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

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 6/30/2010	Quarter Ended 6/30/2009	Six Months Ended 6/30/2010	Six Months Ended 6/30/2009
Net income available to common shareholders	\$ 16,297	\$ 28,222	\$ 21,822	\$ 41,215
Depreciation from continuing operations	22,642	21,276	44,696	40,951
Depreciation from discontinued operations	916	1,092	1,969	2,326
Redeemable noncontrolling interest in income	373	545	745	1,091
Depreciation from unconsolidated entities	486	455	966	904
Net gain on investments	(11,681)	(14,289)	(11,681)	(14,289)
Less: Redeemable noncontrolling interest in income not convertible into common shares	(105)	(106)	(210)	(212)
Funds from operations	<u>\$ 28,928</u>	<u>\$ 37,195</u>	<u>\$ 58,307</u>	<u>\$ 71,986</u>
Allocation to participating securities - diluted FFO ⁽¹⁾	<u>\$ (199)</u>	<u>\$ (189)</u>	<u>\$ (433)</u>	<u>\$ (389)</u>
Allocation to participating securities - diluted EPS ⁽¹⁾	<u>\$ (94)</u>	<u>\$ (269)</u>	<u>\$ (116)</u>	<u>\$ (674)</u>
Diluted shares outstanding - EPS ⁽²⁾	61,990	51,765	59,130	51,505
Net income per common share - diluted	<u>\$ 0.26</u>	<u>\$ 0.54</u>	<u>\$ 0.37</u>	<u>\$ 0.79</u>
Diluted shares outstanding - FFO ⁽²⁾	62,685	52,550	59,860	52,290
FFO per common share - diluted	<u>\$ 0.46</u>	<u>\$ 0.70</u>	<u>\$ 0.97</u>	<u>\$ 1.37</u>

⁽¹⁾ Adjustment to the numerators for diluted FFO per common share and diluted net income per common share calculations when applying the two class method for calculating EPS.

⁽²⁾ See analysis of weighted average shares and ending shares at Exhibit B.

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 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 6/30/2010	Quarter Ended 6/30/2009	Six Months Ended 6/30/2010	Six Months Ended 6/30/2009
Net income available to common shareholders	\$ 16,297	\$ 28,222	\$ 21,822	\$ 41,215
Interest, including discontinued operations	20,727	19,421	41,826	40,443
Depreciation, including discontinued operations	23,558	22,368	46,665	43,277
EBITDA	60,582	70,011	110,313	124,935
Redeemable noncontrolling interest in income	373	545	745	1,091
Net gain on sales	(11,681)	(14,289)	(11,681)	(14,289)
Dividends on preferred stock	2,953	2,953	5,906	5,906
Other expenses	1,771	-	2,696	-
Net loss/(gain) on extinguishment of debt	558	(1,958)	558	(1,958)
Adjusted EBITDA	\$ 54,556	\$ 57,262	\$ 108,537	\$ 115,685

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 6/30/2010	Quarter Ended 6/30/2009	Six Months Ended 6/30/2010	Six Months Ended 6/30/2009
Net income available to common shareholders	\$ 16,297	\$ 28,222	\$ 21,822	\$ 41,215
Interest, including discontinued operations	20,727	19,421	41,826	40,443
Depreciation, including discontinued operations	23,558	22,368	46,665	43,277
Redeemable noncontrolling interest in income	373	545	745	1,091
Net gain on sales	(11,681)	(14,289)	(11,681)	(14,289)
Dividends on preferred stock	2,953	2,953	5,906	5,906
General and administrative expense	5,233	4,218	10,439	8,544
Other expenses	1,771	-	2,696	-
Net loss/(gain) on extinguishment of debt	558	(1,958)	558	(1,958)
NOI	\$ 59,789	\$ 61,480	\$ 118,976	\$ 124,229
Less Non Same-Store NOI	7,097	6,075	13,416	11,510
Same-Store NOI	\$ 52,692	\$ 55,405	\$ 105,560	\$ 112,719