



BRE PROPERTIES REPORTS SECOND QUARTER 2005 RESULTS

July 19, 2005 (San Francisco) – BRE PROPERTIES, INC., (NYSE:BRE) today reported operating results for the quarter and six-month period ended June 30, 2005.

Funds from operations (FFO), the generally accepted measure of operating performance for real estate investment trusts, totaled \$26.9 million, or \$0.51 per diluted share, during second quarter 2005, as compared with \$29.0 million, or \$0.56 per diluted share for the quarter ended June 30, 2004. (A reconciliation of net income available to common shareholders to FFO is provided at the end of this release.)

Net income available to common shareholders for the second quarter totaled \$13.3 million, or \$0.26 per diluted share, as compared with \$13.2 million, or \$0.26 per diluted share, for the same period 2004. Second quarter 2005 results included a net gain on sales totaling \$5.4 million, or \$0.10 per diluted share. No property sales were recorded during second quarter 2004.

Adjusted EBITDA for the quarter totaled \$50.2 million, as compared with \$49.2 million in second quarter 2004. (A reconciliation of net income available to common shareholders to Adjusted EBITDA is provided at the end of this release.) For second quarter 2005, revenues totaled \$77.8 million, as compared with \$70.4 million a year ago, which excludes revenues from discontinued operations of \$0.6 million in the current period and \$4.2 million in the prior period.

For the year-to-date period, FFO totaled \$53.1 million, or \$1.01 per diluted share, as compared with \$55.9 million, or \$1.08 per diluted share for the six-month period in 2004.

Net income available to common shareholders for the six-month period totaled \$42.1 million, or \$0.82 per diluted share, as compared with \$24.8 million, or \$0.49 per diluted share, for the same period 2004. The 2005 year-to-date results included a net gain on sales totaling \$26.9 million, or \$0.52 per diluted share. No property sales were recorded during the first six months of 2004.

Adjusted EBITDA for the six-month period totaled \$99.5 million, as compared with \$94.8 million for the same period 2004. For the six months ended June 30, 2005, revenues totaled \$153.3 million, as compared with revenues of \$137.7 million for the same period 2004, which excludes revenues from discontinued operations of \$2.7 million in the current period and \$8.4 million in the prior period.

BRE's year-over-year comparative earnings and FFO results were influenced by property-level same-store performance, income from acquisitions, properties in the lease-up phase of development and property dispositions. Same-store net operating income (NOI) increased 1.2% for the quarter and 2.0% year-to-date, as compared with the same periods in 2004. (A reconciliation of net income available to common shareholders to NOI is provided at the end of this release.) The positive overall NOI variances were offset by increased interest expense, increased G&A expenses, and preferred stock dividends on our Series D cumulative redeemable preferred stock issued in December 2004.

Interest expense increased to \$18.4 million during second quarter 2005, from \$16.6 million in second quarter 2004, and to \$36.4 million, from \$32.3 for the respective six-month periods. The increases reflect the issuance of unsecured notes, \$100 million in first quarter 2004 and \$150 million in second quarter 2005, as well as a rising short-term interest rate environment. General and administrative expense increased to \$4.0 million in second quarter 2005, from \$3.1 million in second quarter 2004. The year-over-year increase in G&A expense included anticipated amounts for BRE's long-term incentive compensation program, increased estimates for professional fees and additional staffing expense. G&A expense decreased \$712,000 from first quarter 2005.

Level of Investment and NOI by Region				
Quarter Ended June 30, 2005				
<u>Region</u>	<u># Units</u>	<u>Gross Investment</u>	<u>% Investment</u>	<u>% NOI</u>
Southern California	11,092	\$1,343,875	50%	53%
Northern California	5,880	616,040	23%	25%
Mountain/Desert	3,770	331,058	12%	9%
Pacific Northwest	3,572	390,981	15%	13%
<i>(\$ amounts in 000s)</i> Total	24,314	\$2,681,954	100%	100%

Acquisition activities during 2004 increased second quarter 2005 NOI by \$3.0 million, as compared with second quarter 2004. Development and lease-up properties generated \$0.9 million in additional NOI during the quarter, as compared with second quarter 2004 levels. Disposition activities during fourth quarter 2004 and first half of 2005 reduced second quarter 2005 NOI \$2.4 million, as compared with second quarter 2004.

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 23,826 apartment units owned directly by BRE, same-store units totaled 20,982 for the quarter.

On a year-over-year basis, overall same-store operating results were affected by increased market rents and increased real estate expenses, consistent with management's expectations. Average same-store market rent for second quarter 2005 increased 4% to \$1,151 per unit, from \$1,103 per unit in second quarter 2004. Same-store physical occupancy levels averaged 94.4% during second quarter 2005, as compared with 95.0% in the same period 2004. Annualized resident turnover averaged 63% during the quarter, as compared with 64% second quarter last year.

On a sequential basis, same-store NOI improved 3.7% during second quarter 2005, as compared with first quarter 2005. Sequential same-store revenue increased 2.5%; expenses were flat with first quarter levels.

Same-Store % Growth Results Q2 2005 Compared with Q2 2004					
	% Change				# Units
	<u>% NOI</u>	<u>Revenue</u>	<u>Expenses</u>	<u>NOI</u>	
L.A./Orange County, California	28%	5.8%	2.5%	7.3%	5,413
San Diego, California	23%	4.2%	3.7%	4.4%	3,711
San Francisco, California	17%	-2.0%	8.2%	-5.8%	3,035
Seattle, Washington	12%	0.7%	0.8%	0.6%	3,149
Sacramento, California	9%	1.8%	4.3%	0.5%	2,156
Phoenix, Arizona	6%	-0.8%	1.4%	-2.1%	1,898
Denver, Colorado	5%	-2.7%	12.9%	-10.2%	1,620
Total	100%	2.1%	4.1%	1.2%	20,982

**Same-Store % Growth Results
Six Months Ended June 30, 2005 Compared with 2004**

	% Change				# Units
	<u>% NOI</u>	<u>Revenue</u>	<u>Expenses</u>	<u>NOI</u>	
L.A./Orange County, California	26%	5.6%	0.0%	8.3%	4,901
San Diego, California	23%	4.8%	3.7%	5.3%	3,711
San Francisco, California	18%	-2.9%	3.7%	-5.5%	3,035
Seattle, Washington	13%	0.2%	0.9%	-0.1%	3,149
Sacramento, California	9%	0.0%	-2.9%	1.5%	2,156
Phoenix, Arizona	6%	-1.4%	-0.6%	-1.8%	1,898
Denver, Colorado	5%	-0.6%	3.2%	-2.5%	1,620
Total	100%	1.8%	1.3%	2.0%	20,470

Same-Store Average Occupancy and Turnover Rates

	<u>Physical Occupancy</u>			<u>Turnover Ratio</u>	
	<u>Q2 2005</u>	<u>Q1 2005</u>	<u>Q2 2004</u>	<u>YTD 2005</u>	<u>YTD 2004</u>
	L.A./Orange County, California	94.6%	94.7%	94.8%	60%
San Diego, California	94.4%	94.4%	95.1%	67%	67%
San Francisco, California	94.2%	92.7%	94.8%	57%	60%
Sacramento, California	95.0%	93.2%	93.7%	68%	77%
Seattle, Washington	94.6%	93.3%	96.1%	57%	59%
Phoenix, Arizona	93.6%	94.0%	94.5%	71%	71%
Denver, Colorado	93.3%	92.7%	95.2%	65%	66%
Average	94.4%	93.8%	95.0%	63%	64%

Acquisition and Development Activity

During second quarter 2005, BRE acquired Mission Grove Park, a 432-unit apartment community, located in Riverside California. The purchase price of \$76.5 million included the assumption of \$35 million of secured debt. At June 30, this lease-up community had physical occupancy of 64%. The company expects to complete the lease-up of Mission Grove Park in the second half of the year.

On June 28, 2005, BRE also acquired two urban in-fill parcels in Emeryville, California, at a purchase price of \$13 million. The two parcels, totaling 4.5 acres of land, include three occupied office buildings with 150,000 square feet of rentable space, intended for a phased office-to-multifamily conversion. The company intends to maintain the current office use until development plans and public entitlements are finalized. The parcels are located approximately one-quarter mile from BRE's existing Bay Vista development site, also in Emeryville.

BRE currently has five communities with a total of 1,312 units under construction, for a total estimated investment of \$279 million, and an estimated balance to complete totaling \$139 million. Expected delivery dates for these units range from fourth quarter 2005 through third quarter 2007. All development communities are in Southern California. At June 30, 2005, BRE owned four parcels of land representing 1,027 units of future development, for an estimated aggregate cost of \$296 million upon completion. The land parcels are located in Northern and Southern California, and the Seattle, Washington metro area.

In addition, at June 30, 2005, the company had entered into agreements providing options to purchase or lease four parcels of land, and was actively pursuing local development approvals. Three sites are located in Northern California, representing 992 units of future development and an estimated total cost of \$245.3 million. One site is located in Southern California, representing 320 units of future development, and an estimated cost of \$77.2 million. Anticipated construction start dates range from the second half 2006 to the second half 2007.

Disposition Activity

Two dispositions closed in second quarter 2005, Pinnacle Mountain View and Pinnacle Canyon View, in Salt Lake City, Utah. These sales concluded a non-strategic market disposition program that was designed to exit the Salt Lake City market and reduce holdings in Phoenix, Arizona. Following is a summary of the program:

Non-Strategic Market Disposition Program						
Fourth Quarter 2004 to Second Quarter 2005						
<i>(\$ amounts in 000s)</i>						
<u>Phoenix, Arizona Properties</u>	<u>Period Sold</u>	<u>Book Basis</u>	<u>Sales Price</u>	<u>Net Gain</u>	<u>Sale Cap Rate</u>	<u>IRR</u>
Pinnacle Stonecreek	4Q '04	\$25,091	\$34,700	\$9,609	4.8%	12.8%
Scottsdale Cove	1Q '05	14,927	36,450	21,523	5.0%	16.0%
<i>Total/Weighted Average - Arizona</i>		\$40,018	\$71,150	\$31,132	4.9%	15.4%
<u>Salt Lake City, Utah Properties</u>						
Pinnacle Fort Union	4Q '04	\$13,780	\$16,900	\$3,120	6.2%	8.0%
Pinnacle Reserve	4Q '04	39,829	47,025	7,196	6.4%	7.7%
Pinnacle Mountain View	2Q '05	23,899	27,750	3,851	7.3%	8.5%
Pinnacle Canyon View	2Q '05	23,477	25,000	1,523	7.0%	7.5%
<i>Total/Weighted Average - Utah</i>		\$100,985	\$116,675	\$15,690	6.7%	7.9%
Total/Weighted Average		\$141,003	\$187,825	\$46,822	6.0%	10.3%

Financial and Other Information

At June 30, 2005, BRE's combination of debt and equity resulted in a total market capitalization of approximately \$3.9 billion, with a debt-to-total market capitalization ratio of 38%. The company's outstanding debt of \$1.5 billion carried a weighted average interest rate of 5.9% for the six-month period. BRE's coverage ratio of Adjusted EBITDA to interest expense was 2.7 times for the quarter. The weighted average maturity for outstanding debt is four and a half years. At June 30, 2005, outstanding borrowings under the company's unsecured and secured lines of credit totaled \$264 million, with a weighted average interest cost of 4.26%.

On May 12, 2005, BRE priced a \$150 million offering of senior unsecured notes. Interest on the notes is payable semiannually on May 15 and November 15. The notes will mature on May 15, 2010. These five-year notes were offered at 99.594% of par value, with a coupon of 4.875%. Banc of America Securities LLC and JPMorgan acted as joint book-running managers; CommerzBank Corporates & Markets and Wachovia Securities as senior co-managers; and KeyBanc Capital Markets, PNC Capital Markets, Inc., and Scotia Capital as co-managers.

For second quarter 2005, cash dividend payments to common shareholders totaled \$25.3 million, or \$0.50 per share, which represents an increase of 2.6% over prior year per share dividend levels.

Earnings Outlook

At July 17, 2005, 15 research analysts contributed quarterly FFO estimates on BRE to First Call™, a widely referenced source of consensus earnings. Current analyst estimates of BRE's per share FFO for second quarter 2005 range from \$0.50 to \$0.52, for a consensus average of \$0.51 per share.

For the year 2005, 15 analysts have contributed FFO estimates for BRE to First Call ranging from \$2.06 to \$2.18, for a consensus average of \$2.12. Given current expectations and judgement, BRE has adjusted its earnings outlook for 2005 to reflect revised estimates for transactional factors, including the possibility of additional property sales during the second half of 2005.

As adjusted, BRE expects FFO per share to range \$2.10 to \$2.17 for the year, including litigation costs classified as Other Expenses ranging \$0.05 to \$0.06 per share. EPS is expected to range \$1.19 to \$1.25 for 2005.

The guidance reflects two transactional factors. During second quarter 2005, BRE took advantage of favorable market conditions and issued \$150 million of five-year notes, originally intended for fourth quarter 2005. In addition, the company has elected not to proceed with stabilized property acquisitions as previously planned and reflected in prior guidance.

The lower end of the guidance range factors in the potential impact of additional property sales in non-strategic markets, and the timing risk associated with the recognition of certain one-time revenue items.

For third quarter 2005, the company expects FFO per share to range \$0.52 to \$0.56 and EPS to range \$0.16 to \$0.20.

FFO and EPS estimates may be subject to fluctuation as a result of several factors, including any change to underlying operating fundamentals, the timing associated with acquisition and disposition activity, the incurrence of any unexpected charges, and any gains or losses associated with disposition activity.

Q2 2005 Analyst Conference Call

The company will hold a conference call on Wednesday, July 20 at 8:30 a.m. PDT (11:30 a.m. EDT) 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# 7529282. 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#. 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.

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 84 apartment communities totaling 23,826 units in California, Arizona, Washington and Colorado. The company currently has nine other properties in various stages of development and construction, totaling 2,339 units, and joint venture interests in two additional apartment communities, totaling 488 units.

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See 2Q05 Earnings Supplement for Complete Financial Schedules

"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 intonations. 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 affecting acquisitions, failure to successfully integrate acquired properties and operations, inability to dispose of assets 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, liability to obtain necessary permits and public opposition to such activities), failure to qualify as a real estate investment trust under the Internal Rescue 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. Do not rely solely on forward-looking statements, which only reflect management's analysis. The company assumes no liability 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.