

BRE FINANCIAL NEWS

Investor Contact: Edward F. Lange, Jr., 415.445.6559
Media Contact: Thomas E. Mierzwinski, 415.445.6525



FOR IMMEDIATE RELEASE

BRE PROPERTIES REPORTS THIRD QUARTER 2006 RESULTS

October 31, 2006 (San Francisco) – BRE PROPERTIES, INC., (NYSE:BRE) today reported operating results for the quarter and nine-month period ended September 30, 2006. All per share results are reported on a fully diluted basis.

Third Quarter 2006

Funds from operations (FFO), the generally accepted measure of operating performance for real estate investment trusts, totaled \$30.6 million, or \$0.58 per share, during third quarter 2006, as compared with \$27.3 million, or \$0.51 per share for the quarter ended September 30, 2005. (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 third quarter totaled \$11.5 million, or \$0.22 per share, as compared with \$6.9 million, or \$0.13 per share, for the same period 2005.

Total revenues from continuing operations for the quarter were \$84.5 million, as compared with \$76.8 million a year ago. Adjusted EBITDA for the quarter totaled \$56.2 million, as compared with \$52.2 million in third quarter 2005. (A reconciliation of net income available to common shareholders to Adjusted EBITDA is provided at the end of this release.)

Nine Months Ended September 30, 2006

For the year-to-date period, FFO totaled \$109.1 million, or \$2.05 per share, as compared with \$80.4 million, or \$1.53 per share for the nine-month period in 2005. FFO for the nine months ended September 30, 2006 includes two nonroutine income items totaling \$23.0 million, or \$0.43 per share: (i) recoveries from a litigation settlement, totaling \$19.5 million, or \$0.36 per share; and (ii) income from gains on sales of excess land in Bellevue, Washington and Anaheim, California, totaling \$3.5 million, or \$0.07 per diluted share.

-more-

Net income available to common shareholders for the nine-month period totaled \$89.5 million, or \$1.71 per share, as compared with \$49.2 million, or \$0.95 per share, for the same period 2005. In addition to the two nonroutine income items referenced above, the 2006 year-to-date results also include a net gain on sales totaling \$38.3 million, or \$0.73 per share. Results for the nine-month period in 2005 include a net gain on sales totaling \$26.9 million, or \$0.52 per share.

Total revenues from continuing operations for the nine months ended September 30, 2006 were \$245.4 million, as compared with \$220.0 million for the same period in 2005. Adjusted EBITDA for the nine-month period totaled \$162.2 million, as compared with \$151.7 million for the same period in 2005.

BRE's positive year-over-year earnings and FFO results were driven primarily by improved same-store property-level operating results, and income from acquisitions and newly developed properties. Positive overall net operating income (NOI) growth was offset by higher interest expense.

Year-over-year same-store NOI growth was 6.2% and 6.0% for the quarter and year-to-date periods, respectively. (A reconciliation of net income available to common shareholders to NOI is provided at the end of this release.) For the third quarter, same-store NOI increased \$3.1 million relative to the same period in the prior year. Acquisition activities during 2005 increased third quarter 2006 NOI by \$1.2 million, as compared with the same period in the prior year. Lease-up properties generated \$1.4 million in additional NOI during the quarter, as compared with third quarter 2005.

Interest expense increased to \$20.4 million during third quarter 2006, from \$19.5 million in third quarter 2005; and to \$60.8 million, from \$55.9 million in the respective nine-month periods. The year-over-year increase reflects the issuance of \$460 million in convertible senior notes in August 2006 as well as a rising short-term interest rate environment.

Other Expenses recorded during third quarter 2006 totaled \$576,000, or \$0.01 per share, reflect the prepayment charges associated with the early retirement of \$150 million of senior unsecured notes scheduled to mature March 2007.

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 22,166 apartment units owned directly by BRE, same-store units totaled 20,633 for the quarter, and 19,352 for the year-to-date period.

On a year-over-year basis, overall same-store NOI growth was driven by revenue growth of 6.3% for the quarter and 6.7% for the year-to-date period. In addition, NOI growth was supported by 69% operating margins for the quarter and 68% operating margins for the nine-month period. Average same-store market rent for third quarter 2006 increased 7.7% to \$1,353 per unit, from \$1,257 per unit in third quarter 2005. Same-store physical occupancy levels averaged 94.4% during third quarter 2006, as compared with 95.1% in the same period 2005. Rent concessions in the same-store portfolio remain small, totaling \$380,728, or 1.7 days rent, for third quarter 2006 as compared with \$568,008, or 2.7 days rent, for the prior year.

For the third quarter and year-to-date periods, property-level operating expense increased 6.5% and 8.2%, respectively. As reported during the year, items contributing to greater than normalized expense growth include resident turnover costs, payroll and property insurance. Resident turnover costs primarily comprise flooring, carpet and appliance replacements, paint and labor charges. Turnover-related expenses have increased approximately 15% on a year-over-year basis, driven by oil prices and the impact to petroleum-based products, such as carpet and paint.

Development Activity

During third quarter 2006, the company had three Southern California communities in the lease-up phase: The Heights, with 208 units, in Chino Hills; Bridgeport Coast, with 188 units, in Santa Clarita; and Galleria at Towngate, with 268 units, in Moreno Valley. At the end of the quarter, all units were

delivered at The Heights, 189 of which were occupied. At Bridgeport Coast, all units were delivered, 169 of which were occupied. At Galleria at Towngate, 246 units were delivered, 206 of which were occupied.

Including Galleria at Towngate, BRE currently has six communities under construction, with a total of 1,744 units, for an aggregate projected investment of \$486.5 million and an estimated balance to complete totaling \$234.3 million. Expected first delivery dates for these units range from first quarter 2007 through third quarter 2008. Five development communities are in Southern California; the other is located in Northern California.

BRE owns four land parcels representing 718 units of future development, and an estimated aggregate investment of \$208.4 million upon completion. Expected construction starts for the four parcels are expected to occur during 2007. The land parcels are located in Southern California, Northern California and the Seattle, Washington metro area.

Financial and Other Information

At September 30, 2006, BRE's combination of debt and equity resulted in a total market capitalization of approximately \$4.9 billion, with a debt-to-total market capitalization ratio of 32%. The company's outstanding debt of \$1.6 billion carried a weighted average interest rate of 5.74% for the nine-month period. BRE's coverage ratio of Adjusted EBITDA to interest expense was 2.8 times for the quarter. The weighted average maturity for outstanding debt is 5.10 years. At September 30, 2006, outstanding borrowings under the company's unsecured and secured lines of credit totaled \$75.0 million, with a weighted average interest cost of 6.20%.

For third quarter 2006, cash dividend payments to common shareholders totaled \$25.9 million, or \$0.5125 per share, which represents an increase of 2.5% over prior year per share dividend levels.

During the quarter, the company completed a private offering of \$460 million aggregate principal amount of 4.125% convertible senior notes due 2026. The company used the net proceeds from the offering to redeem \$150 million of senior unsecured indebtedness, repurchase concurrently with the closing approximately 1,342,883 shares of the company's common stock at a price of \$55.85 per share, and reduce borrowings under the company's unsecured credit facility.

Earnings Outlook

The company has adjusted its FFO estimate for the full year 2006 to a range of \$2.64 to \$2.67, from a range of \$2.60 to \$2.67. EPS estimates for 2006 were revised to a range of \$1.92 to \$1.95, from a range \$1.70 to \$1.77, to include nonroutine income received in the first nine months of the year.

In mid-December 2006, the company will provide initial FFO and EPS guidance for 2007.

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.

Q3 2006 Analyst Conference Call *(Please note new time for conference call.)*

The company will hold a conference call on Wednesday, November 1 at 7:00 a.m. Pacific (10:00 a.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# 6434018. 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# 6434018. 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 79 apartment communities totaling 22,166 units in California, Arizona and Washington. The company currently has 10 other properties in various stages of development and construction, totaling 2,462 units, and joint venture interests in nine additional apartment communities, totaling 2,672 units.

“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 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 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 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.