

BRE FINANCIAL NEWS

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FOR IMMEDIATE RELEASE

BRE PROPERTIES REPORTS THIRD QUARTER 2005 RESULTS

October 25, 2005 (San Francisco) – BRE PROPERTIES, INC., (NYSE:BRE) today reported operating results for the quarter and nine-month period ended September 30, 2005.

Funds from operations (FFO), the generally accepted measure of operating performance for real estate investment trusts, totaled \$27.3 million, or \$0.51 per diluted share, during third quarter 2005, as compared with \$29.5 million, or \$0.57 per diluted share for the quarter ended September 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 third quarter totaled \$6.9 million, or \$0.13 per diluted share, as compared with \$11.5 million, or \$0.23 per diluted share, for the same period 2004.

Adjusted EBITDA for the quarter totaled \$52.2 million, as compared with \$49.7 million in third quarter 2004. (A reconciliation of net income available to common shareholders to Adjusted EBITDA is provided at the end of this release.) For third quarter 2005, revenues totaled \$76.8 million, as compared with \$66.6 million a year ago, which excludes revenues from discontinued operations of \$5.2 million in the current period and \$9.3 million in the prior period.

For the year-to-date period, FFO totaled \$80.4 million, or \$1.53 per diluted share, as compared with \$85.3 million, or \$1.65 per diluted share for the nine-month period in 2004.

Net income available to common shareholders for the nine-month period in 2005 totaled \$49.2 million, or \$0.95 per diluted share, as compared with \$36.3 million, or \$0.72 per diluted share, for the same period in 2004. The 2005 year-to-date results include a net gain on sales totaling \$26.9 million, or \$0.52 per diluted share. No property sales were recorded during the first nine months of 2004.

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Adjusted EBITDA for the nine-month in 2005 period totaled \$151.7 million, as compared with \$144.5 million for the same period in 2004. For the nine months ended September 30, 2005, revenues totaled \$220.0 million, as compared with revenues of \$194.0 million for the same period in 2004, which excludes revenues from discontinued operations of \$18.1 million in the current period and \$28.0 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 5.3% for the quarter and 3.2% 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. Earnings per share (EPS) results for the quarter were influenced by an increased level of depreciation expense related to new property acquisitions and development properties completed during the past year.

Interest expense increased to \$19.5 million during third quarter 2005, from \$16.8 million in third quarter 2004, and to \$55.9 million, from \$49.0 for the respective nine-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 third quarter 2005, from \$3.1 million in third 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.

Level of Investment and NOI by Region				
Quarter Ended September 30, 2005				
<u>Region</u>	<u># Units</u>	<u>Gross Investment</u>	<u>% Investment</u>	<u>% NOI</u>
Southern California	11,092	\$1,358,174	50%	53%
Northern California	5,880	618,384	23%	26%
Seattle	3,572	392,099	15%	12%
Phoenix	1,586	120,308	4%	3%
Discontinued Operations	2,184	211,200	8%	6%
<i>(\$ amounts in 000s)</i> Total	24,314	\$2,700,165	100%	100%

Acquisition activities during 2004 and 2005 increased third quarter 2005 NOI by \$3.3 million, as compared with third quarter 2004. Development and lease-up properties generated \$0.6 million in additional NOI during the quarter, as compared with third quarter 2004 levels. Disposition activities during fourth quarter 2004 and first half of 2005 reduced third quarter 2005 NOI \$2.7 million, as compared with third 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 18,990 for the quarter and 18,826 units for the nine-month period.

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 third quarter 2005 increased 7% to \$1,233 per unit, from \$1,157 per unit in third quarter 2004. Same-store physical occupancy levels averaged 95.3% during third quarter 2005, as compared with 95.5% in the same period 2004. Annualized resident turnover averaged 65% during the nine months ended September 30, 2005, as compared with 66% during the nine months ended September 30, 2004.

On a sequential basis, same-store NOI improved 2.5% during third quarter 2005, as compared with second quarter 2005. Sequential same-store revenue increased 2.8%. Expenses increased by 3.6% during the quarter, as compared with second quarter levels.

**Same-Store % Growth Results
Q3 2005 Compared with Q3 2004**

	% Change				# Units
	<u>% NOI</u>	<u>Revenue</u>	<u>Expenses</u>	<u>NOI</u>	
L.A./Orange County, California	30%	6.8%	9.2%	5.8%	5,605
San Diego, California	24%	6.9%	10.7%	5.5%	3,711
San Francisco, California	19%	3.0%	-3.0%	5.6%	3,035
Seattle, Washington	13%	2.9%	2.3%	3.2%	3,149
Sacramento, California	10%	4.2%	0.0%	6.3%	2,156
Phoenix, Arizona	4%	3.3%	2.1%	4.1%	1,334
Total	100%	5.1%	4.7%	5.3%	18,990

**Same-Store % Growth Results
Nine Months Ended September 30, 2005 Compared with 2004**

	% Change				# Units
	<u>% NOI</u>	<u>Revenue</u>	<u>Expenses</u>	<u>NOI</u>	
L.A./Orange County, California	28%	5.7%	3.1%	6.8%	4,901
San Diego, California	25%	5.5%	6.0%	5.4%	3,711
San Francisco, California	19%	-0.9%	1.4%	-1.9%	3,035
Seattle, Washington	14%	1.1%	1.4%	1.0%	3,149
Sacramento, California	10%	1.4%	-1.9%	3.1%	2,156
Phoenix, Arizona	4%	0.2%	-0.8%	0.8%	1,334
Total	100%	2.9%	2.3%	3.2%	18,286

Same-Store Average Occupancy and Turnover Rates

	<u>Physical Occupancy</u>			<u>Turnover Ratio</u>	
	<u>Q3 2005</u>	<u>Q2 2005</u>	<u>Q3 2004</u>	<u>YTD 2005</u>	<u>YTD 2004</u>
L.A./Orange County, California	94.9%	94.6%	96.1%	62%	59%
San Diego, California	95.5%	94.4%	96.0%	69%	70%
San Francisco, California	95.7%	94.2%	94.0%	59%	65%
Sacramento, California	96.5%	95.0%	96.3%	70%	76%
Seattle, Washington	94.6%	94.6%	94.6%	62%	63%
Phoenix, Arizona	94.9%	92.6%	95.7%	72%	76%
Average	95.3%	94.4%	95.5%	65%	66%

Development Activity

During third quarter 2005, the company had two Southern California communities in the lease-up phase, The Heights, with 208 units, in Chino Hills, and Galleria at Towngate, with 268 units, in Moreno Valley. At the end of the quarter, 94 units were delivered at The Heights, 82 of which were occupied. At Galleria at Towngate, 20 units were delivered, nine of which were occupied.

BRE currently has five communities with a total of 1,190 units under construction, for a total estimated investment of \$253 million, and an estimated balance to complete totaling \$96 million. Expected delivery dates for these units range from first quarter 2006 through fourth quarter 2007. All development communities are in Southern California. At September 30, 2005, BRE owned four parcels of land representing 1,023 units of future development, for an estimated aggregate cost of \$308 million upon completion. The land parcels are located in Northern and Southern California, and the Seattle, Washington metro area.

Financial and Other Information

At September 30, 2005, BRE's combination of debt and equity resulted in a total market capitalization of approximately \$4.1 billion, with a debt-to-total market capitalization ratio of 37%. The company's outstanding debt of \$1.5 billion carried a weighted average interest rate of 6.0% for the nine-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 4.5 years. At September 30, 2005, outstanding borrowings under the company's unsecured and secured lines of credit totaled \$301 million, with a weighted average interest cost of 4.6%.

For third quarter 2005, cash dividend payments to common shareholders totaled \$25.5 million, or \$0.50 per share, which represents an increase of 2.6% over prior year per share dividend levels.

Earnings Outlook

At October 11, 2005, First Call™, a widely referenced source of consensus earnings, reported that 13 research analysts had contributed full-year 2005 FFO estimates on BRE ranging from \$2.08 to \$2.14, for a consensus average of \$2.10.

The company now expects FFO per share for the full year 2005 to range \$2.06 to \$2.14, and EPS to range \$1.11 to \$1.19. FFO per share for the fourth quarter 2005 is expected to range \$0.53 to \$0.61, and EPS to range \$0.16 to \$0.24.

The expected guidance includes approximately \$3.5 million of one-time revenue items, which the company anticipates will be received during the fourth quarter 2005. The revised lower end of the guidance range reflects slower than anticipated lease-up of two properties in Southern California and greater interest expense as a result of increased floating rates.

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

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, October 26 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# 9582414. 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 2,213 units, and joint venture interests in two additional apartment communities, totaling 488 units.

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See 3Q05 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 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. 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.