

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 FOURTH QUARTER & YEAR 2005 RESULTS

February 1, 2006 (San Francisco) – BRE PROPERTIES, INC., (NYSE:BRE) today reported operating results for the quarter and 12-month period ended December 31, 2005.

Funds from operations (FFO), the generally accepted measure of operating performance for real estate investment trusts, totaled \$32.9 million, or \$0.62 per diluted share, during fourth quarter 2005, as compared with \$23.3 million, or \$0.45 per diluted share for the quarter ended December 31, 2004. (A reconciliation of net income available to common shareholders to FFO is provided at the end of this release.) The fourth quarter 2005 FFO includes a gain on sale of a minority interest in a partnership totaling approximately \$4.6 million, or \$0.09 per share.

Net income available to common shareholders for the fourth quarter totaled \$13.9 million, or \$0.27 per diluted share, as compared with \$25.1 million, or \$0.49 per diluted share, for the same period 2004. The fourth quarter 2004 results include a net gain on property sales totaling \$19.9 million, or \$0.39 per diluted share. No property sales were recorded during fourth quarter 2005.

Adjusted EBITDA for the quarter totaled \$54.8 million, as compared with \$49.5 million in fourth quarter 2004. (A reconciliation of net income available to common shareholders to Adjusted EBITDA is provided at the end of this release.) For fourth quarter 2005, revenues totaled \$78.2 million, as compared with \$66.3 million a year ago, which excludes revenues from discontinued operations of \$5.1 million in the current period and \$9.0 million in the prior period.

For the 12-month period, FFO totaled \$113.3 million, or \$2.15 per diluted share, as compared with \$108.6 million, or \$2.10 per diluted share for the year 2004. As referenced in a news release of January 5, 2006, FFO for 2005 includes two nonroutine income items that total approximately \$5.6 million, or \$0.11 per share: (a) approximately \$4.6 million, or \$0.09 per share, of gains from the sale of a partnership interest recorded in the fourth quarter; and (b) approximately \$1.0 million, or \$0.02 per share, of income received from the settlement of bankruptcy proceedings associated with VelocityHSI in the first quarter.

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Net income available to common shareholders for the year 2005 totaled \$63.1 million, or \$1.22 per diluted share, as compared with \$61.4 million, or \$1.21 per diluted share, for 2004. The 2005 results include a net gain on sales totaling \$26.9 million, or \$0.52 per diluted share. The 2004 results include a net gain on sales totaling \$19.9 million, or \$0.39 per diluted share.

Adjusted EBITDA for 2005 totaled \$206.5 million, as compared with \$194.0 million for the same period in 2004. For the 12 months ended December 31, 2005, revenues totaled \$298.1 million, as compared with revenues of \$260.3 million for the year 2004, which excludes revenues from discontinued operations of \$23.2 million in the current period and \$36.9 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, property dispositions and a reduction in Other Expenses. Same-store net operating income (NOI) increased 12.3% for the quarter and 5.2% for the year, 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 factors 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.

Level of Investment and Overall NOI by Region				
Quarter & Year Ended December 31, 2005				
<u>Region</u>	<u># Units</u>	<u>Gross Investment</u>	<u>% Investment</u>	<u>% Q4 '05 NOI</u>
Southern California	11,220	\$1,403,425	51%	55%
Northern California	5,880	622,116	23%	24%
Seattle	3,572	394,126	14%	12%
Phoenix	1,586	120,468	4%	3%
Discontinued Operations	2,184	219,847	8%	6%
<i>(\$ amounts in 000s)</i> Total	24,442	\$2,759,982	100%	100%

Acquisition activities during 2004 and 2005 increased fourth quarter 2005 NOI by \$4.0 million, as compared with fourth quarter 2004. Development and lease-up properties generated \$700,000 in additional NOI during the quarter, as compared with fourth quarter 2004. Disposition activities during fourth quarter 2004 and first half of 2005 reduced fourth quarter 2005 NOI \$2.6 million, as compared with fourth quarter 2004.

Interest expense increased to \$20.6 million during fourth quarter 2005, from \$17.8 million in fourth quarter 2004, and to \$76.6 million, from \$66.8 million for the respective 12-month periods. The increases reflect the issuance of unsecured notes, \$100 million in first quarter 2004 and \$150 million in second quarter 2005, the assumption of approximately \$109 million of secured debt associated with acquisitions and a rising short-term interest rate environment.

General and administrative expenses increased to \$5.0 million in fourth quarter 2005, from \$3.2 million in fourth quarter 2004. For 2005, G&A expenses totaled \$17.8 million, as compared with \$12.7 million for 2004. The year-over-year increase in G&A expenses included accrued amounts for BRE's long-term incentive compensation program, increased professional fees, technology-related costs and additional staffing expense.

Other Expenses in 2005 reflect Red Hawk Ranch litigation costs, and totaled \$1.2 million, or \$0.02 per diluted share for the fourth quarter, and \$2.7 million, or \$0.05 per diluted share, for the year. In 2004, Other Expenses totaled \$5.0 million for the fourth quarter, or \$0.10 per diluted share, and \$6.8 million, or \$0.13 per diluted share for the year. The fourth quarter 2004 amounts included a charge of \$4.1 million, or \$0.08 per diluted share, related to the retirement of the company's former chief executive officer. The balance of the 2004 Other Expenses items relate to the Red Hawk Ranch litigation.

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 23,954 apartment units owned directly by BRE, same-store units totaled 19,352 for the quarter and 18,286 units for the year.

On a year-over-year basis, overall same-store operating results were affected by increased market rents and other operating metrics, consistent with management's expectations. Average same-store market rent for fourth quarter 2005 increased 7% to \$1,261 per unit, from \$1,174 per unit in fourth quarter 2004. Same-store physical occupancy levels averaged 95.4% during fourth quarter 2005, as compared with 94.8% in the same period 2004. Annual resident turnover averaged 62% during the 12 months ended December 31, 2005, as compared with 64% during the 12 months ended December 31, 2004.

On a sequential basis, same-store NOI improved 3.9% during fourth quarter 2005, as compared with third quarter 2005. Sequential same-store revenue increased 1.1%. Expenses decreased by 5.1% during the quarter, as compared with third quarter levels.

**Same-Store % Growth Results
Q4 2005 Compared with Q4 2004**

	% Change				# Units
	<u>% NOI</u>	<u>Revenue</u>	<u>Expenses</u>	<u>NOI</u>	
L.A./Orange County, California	33%	7.4%	-2.9%	12.0%	5,967
San Diego, California	24%	11.2%	6.0%	13.0%	3,711
San Francisco, California	17%	8.0%	-1.4%	12.9%	3,035
Sacramento, California	10%	9.4%	-4.6%	16.1%	2,156
Seattle, Washington	12%	6.0%	0.2%	9.1%	3,149
Phoenix, Arizona	4%	9.6%	7.7%	10.6%	1,334
Total	100%	8.4%	-0.1%	12.3%	19,352

**Same-Store % Growth Results
12 Months Ended December 31, 2005 Compared with 2004**

	% Change				# Units
	<u>% NOI</u>	<u>Revenue</u>	<u>Expenses</u>	<u>NOI</u>	
L.A./Orange County, California	28%	5.9%	3.1%	7.1%	4,901
San Diego, California	25%	7.0%	6.0%	7.3%	3,711
San Francisco, California	19%	1.2%	0.6%	1.4%	3,035
Sacramento, California	10%	3.4%	-2.6%	6.3%	2,156
Seattle, Washington	14%	2.3%	1.1%	3.0%	3,149
Phoenix, Arizona	4%	2.5%	1.1%	3.3%	1,334
Total	100%	4.2%	2.1%	5.2%	18,286

Same-Store Average Occupancy and Turnover Rates

	Physical Occupancy			Turnover Ratio	
	<u>Q4 2005</u>	<u>Q3 2005</u>	<u>Q4 2004</u>	<u>2005</u>	<u>2004</u>
L.A./Orange County, California	94.9%	94.9%	95.9%	61%	58%
San Diego, California	95.9%	95.5%	95.9%	67%	69%
San Francisco, California	96.2%	95.7%	93.0%	56%	63%
Sacramento, California	96.9%	96.5%	94.5%	69%	75%
Seattle, Washington	93.5%	94.6%	93.2%	60%	61%
Phoenix, Arizona	97.2%	94.9%	94.9%	68%	73%
Average	95.4%	95.3%	94.8%	62%	64%

Development Activity

During fourth 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, 128 units were delivered at The Heights, 104 of which were occupied. At Galleria at Towngate, 88 units were delivered, 65 of which were occupied.

BRE currently has six communities with a total of 1,536 units under construction, for a total estimated investment of \$355 million, and an estimated balance to complete totaling \$156 million. Expected delivery dates for these units range from first quarter 2006 through fourth quarter 2007. Five development communities are in Southern California; the other is located in Northern California. At December 31, 2005, BRE owned three parcels of land representing 776 units of future development, for an estimated aggregate cost of \$242.5 million upon completion. The land parcels are located in Southern California and the Seattle, Washington metro area.

Financial and Other Information

At December 31, 2005, BRE's combination of debt and equity resulted in a total market capitalization of approximately \$4.2 billion, with a debt-to-total market capitalization ratio of 37%. The company's total outstanding debt of \$1.6 billion carried a weighted average interest rate of 5.97% for the year 2005. BRE's coverage ratio of Adjusted EBITDA to interest expense was 2.7 times for the year. The weighted average maturity for outstanding debt is four years. At December 31, 2005, outstanding borrowings under the company's unsecured and secured lines of credit totaled \$376 million, with a weighted average interest cost of 4.9%.

For fourth quarter 2005, cash dividend payments to common shareholders totaled \$25.5 million, or \$0.50 per share. For the year ended December 31, 2005, cash dividend payments to common shareholders totaled \$101.7 million, or \$2.00 per share.

Subsequent to the end of the fourth quarter 2005, the company replaced its existing credit facility with a \$600 million unsecured revolving line of credit with a group of 14 lenders. The new credit facility has a four-year term with a one-year extension, which is available at the company's sole option. Based on the company's current debt ratings, the line of credit is priced at LIBOR plus 57.5 basis points. The credit facility will be used to fund acquisition and development activities as well as for general working capital purposes.

Dividend Increase

On January 25, 2006, BRE's board of directors approved a 2.5% increase for the 2006 common dividend to \$2.05 per share on an annualized basis, and \$0.5125 per share quarterly. The annual dividend represents a yield of approximately 4.1% on yesterday's closing price of \$49.90 per share.

Earnings Outlook

At January 29, 2006 First Call™, a widely referenced source of consensus earnings, reported that 13 research analysts had contributed full-year 2006 FFO estimates on BRE ranging from \$2.08 to \$2.25, for a consensus average of \$2.15.

As previously reported, management expects FFO for 2006 to range from \$2.05 to \$2.20 per share. Excluding the two nonroutine income items recorded in 2005, the projected range indicates that 2006 FFO growth could be flat to an increase of up to approximately 8.0%, as compared to 2005.

For the full year 2006, management expects EPS to be reported in a range of \$0.60 to \$0.75. EPS estimates for 2006 do not include projected gains or losses associated with property sales.

On January 30, 2006, the company announced a settlement in connection with litigation regarding one of the company's apartment communities, Red Hawk Ranch, a 453-unit property located in Fremont, Calif. Under terms of the settlement, BRE will receive an aggregate of \$17.5 million from various defendants.

Although the settlement is deemed binding, BRE has the right to rescind the settlement if full payment is not deposited into escrow by February 14, 2006. In addition, the settlement is contingent on a determination by the court that it constitutes a good faith settlement under California law.

If the settlement payments are made into escrow by February 14, 2006, and the court makes the requisite good faith determination, the settlement payment will be released to BRE from escrow, recorded as Other Income and included in reported funds from operations (FFO) per share and earnings per share (EPS). The settlement arrangement is not currently reflected in BRE's earnings guidance for 2006. In the event the settlement is realized, BRE will issue revised earnings estimates to reflect the effect of the receipt of the settlement payment on FFO and EPS.

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.

Q4 2005 Analyst Conference Call

The company will hold a conference call on Thursday, February 2 at 8:30 a.m. Pacific (11:30 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#3550683. 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.

About BRE

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 85 apartment communities totaling 23,954 units in California, Arizona, Washington and Colorado. The company currently has nine other properties in various stages of development and construction, totaling 2,312 units, and joint venture interests in two additional apartment communities, totaling 488 units.

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See 4Q05 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.