

BERKSHIRE INCOME REALTY ANNOUNCES FIRST QUARTER FFO OF \$1,775,535

BOSTON, MASSACHUSETTS - - May 15, 2008 - - Berkshire Income Realty, Inc. (AMEX: "BIR_pa", "BIRPRA", "BIR-A" "BIR.PR.A") ("Berkshire" or the "Company") reported its results for the quarter ended March 31, 2008. Financial highlights for the quarter ended March 31, 2008 include:

- The Company's Funds From Operations ("FFO") for the quarter ended March 31, 2008 were \$1,775,535 as compared to \$1,282,587 for the quarter ended March 31, 2007. The increase of \$492,948 relates principally to favorable increases in net operating income ("NOI") from property operations. NOI for the quarter ended March 31, 2008 was \$9,923,637, an increase of \$854,242, or 9.42%, from NOI of \$9,069,395 for the quarter ended March 31, 2007. The increases in NOI were partially offset by increases in interest expense of \$646,017 related to increased levels of first and second mortgage debt obtained to take advantage of favorable interest rates in the debt market.

- For the quarter ended March 31, 2008, Berkshire reported net income, before depreciation, of \$1,015,209 as compared to net income, before depreciation (including depreciation reported as part of discontinued operations), of \$871,256 for the quarter ended March 31, 2007, an increase of \$143,952. The increase in net income, before depreciation, was primarily due to increases in rental revenue, offset by smaller increases in expenses. Rental revenue increases can be attributed to increases in rental rates at properties which have undergone rehabilitation as well as general increases in market rates at a majority of the properties. Net loss for the quarter ended March 31, 2008 was \$(7,441,991) as compared to a net loss of \$(6,907,532) for the quarter ended March 31, 2007, an increase in loss of \$(534,459). In addition to the changes in net income, before depreciation, the increase in net loss also reflects an increase in depreciation expense (including depreciation reported as part of discontinued operations) of \$(678,411) related to increases in depreciable assets including two properties acquired during 2007 and capital improvements related to rehabilitation projects at a few properties.

- The Company continues to implement an investment strategy centered on the renovation and rehabilitation of properties in its portfolio as well as identifying properties for acquisition which would realize increases in value from major renovation activities. Ongoing rehabilitation projects continue to generate improved operating results as evidenced by increased rent levels of newly renovated units placed back into service at the completion of the renovation. The Company continues to monitor the existing portfolio for rehabilitation opportunities as well as considering rehabilitation projects contemplated as part of the Company's acquisition strategy for new properties. Additionally, the Company considers ground up development projects as an important component of its investment strategy and is currently constructing a 143 unit garden style multifamily apartment community on land it had previously acquired for potential development purposes.

President and CFO, David Quade comments, "*The operating results for Berkshire Income Realty for the quarter ended March 31, 2008 were positive as evidenced by increased NOI. NOI benefited from favorable rental income and occupancy trends in the majority of our operating markets during the current quarter. We continue to create value in our portfolio through our property management and renovation and rehabilitation capabilities. Additionally, we are developing a new multifamily apartment community on land previously acquired by the Company. We believe this development will add significant value to the Arboretum residential complex when it comes online in late 2008 and management will continue to pursue other development opportunities as they are identified by the Company.*"

Funds From Operations

The Company has adopted the revised definition of FFO adopted by the Board of Governors of the National Association of Real Estate Investment Trusts ("NAREIT"). FFO falls within the definition of a "non-GAAP financial measure" as stated in Item 10(e) of Regulation S-K promulgated by the SEC. Management considers FFO to be an appropriate measure of performance of an equity REIT. We calculate FFO by adjusting net income (loss) (computed in accordance with GAAP, including non-recurring items), for gains (or losses) from sales of properties, real estate related depreciation and amortization, and adjustment for unconsolidated partnerships and ventures. Management believes that in order to facilitate a clear understanding of the historical operating results of the Company; FFO should be considered in conjunction with net income as presented in the consolidated

financial statements included elsewhere herein. Management considers FFO to be a useful measure for reviewing the comparative operating and financial performance of the Company because, by excluding gains and losses related to sales of previously depreciated operating real estate assets and excluding real estate asset depreciation and amortization (which can vary among owners of identical assets in similar condition based on historical cost accounting and useful life estimates), FFO can help one compare the operating performance of a company's real estate between periods or as compared to different companies.

The Company's calculation of FFO may not be directly comparable to FFO reported by other REITs or similar real estate companies that have not adopted the term in accordance with the current NAREIT definition or that interpret the current NAREIT definition differently. FFO is not a GAAP financial measure and should not be considered as an alternative to net income (loss), the most directly comparable financial measure of our performance calculated and presented in accordance with GAAP, as an indication of our performance. FFO does not represent cash generated from operating activities determined in accordance with GAAP and is not a measure of liquidity or an indicator of our ability to make cash distributions. We believe that to further understand our performance, FFO should be compared with our reported net income and considered in addition to cash flows in accordance with GAAP, as presented in our consolidated financial statements.

The following table presents a reconciliation of net loss to FFO for the three months ended March 31, 2008 and 2007:

	Three months ended March 31,	
	2008	2007
Net loss	\$ (7,441,991)	\$ (6,907,532)
Add:		
Depreciation of real property	7,163,662	6,219,526
Minority common interest in Operating Partnership	976,100	976,100
Minority interest in properties	187,344	259,377
Amortization of acquired in-place leases and tenant relationships	65,983	371,238
Equity in loss of Multifamily Venture	529,563	608,230
Funds from operations of Multifamily Venture	495,409	-
Less:		
Funds from operations of Multifamily Venture	-	(17,220)
Minority interest in properties	-	(35,763)
Minority interest in properties share of funds from operations	(200,535)	(191,369)
Funds From Operations	<u>\$ 1,775,535</u>	<u>\$ 1,282,587</u>

FFO for the three months ended March 31, 2008 reflects an increase over FFO for the three-month period ended March 31, 2007. The increase is due mainly to increases in Net Operating Income of the properties, which was offset in part by increases in interest expense related to increased debt balances in the comparative three-month periods ended March 31, 2008 and 2007. The increased debt levels represent items of a variable nature during the comparative periods that are not adjusted to determine FFO. Due to the variable nature of items included in or excluded from net loss, past FFO results should not be considered indicative of future FFO results.

Other Non-GAAP Measures

The Company believes that the use of certain other non-GAAP measures for comparative presentation between reporting periods allows for more meaningful comparisons of the periods presented. Net loss, prior to charges for depreciation, allows for comparison of operating results absent the significant non-cash charge included in net income determined in accordance with GAAP and NOI provides a direct measure of the operating results of the Company's multifamily apartment communities.

The following table represents the reconciliation of net loss determined in accordance with GAAP to the Non-GAAP measure presented for the three months ended March 31:

	<u>2008</u>	<u>2007</u>
Net loss	\$ (7,441,991)	\$ (6,907,532)
Add:		
Depreciation	8,457,200	7,778,788
Net income, prior to charges for depreciation	<u>\$ 1,015,209</u>	<u>\$ 871,256</u>

The following table represents the reconciliation of net loss determined in accordance with GAAP to the Net Operating Income for the three months ended March 31:

	<u>2008</u>	<u>2007</u>
Net loss	\$ (7,441,991)	\$ (6,907,532)
Add:		
Depreciation	8,457,200	7,495,802
Interest	7,146,072	6,230,864
Discontinued operations	3,366	71,079
Amortization of acquired in-place leases and tenant relationships	65,983	371,238
Minority interest in properties	187,344	223,614
Equity in loss of Multifamily Venture and Limited Partnership	529,563	608,230
Minority common interest in Operating Partnership	976,100	976,100
Net operating income	<u>\$ 9,923,637</u>	<u>\$ 9,069,395</u>

The Company

The Company is a REIT whose objective is to acquire, own, operate, and rehabilitate multifamily apartment communities. The Company owns interests in twenty-five such multifamily apartment communities, of which eight are located in the Baltimore/Washington, D.C. metropolitan area, four are located in Virginia, four are located in Houston, Texas, two are located in Dallas, Texas, two are located in the Chicago, Illinois area and one is located in each of Austin, Texas, Charlotte, North Carolina, Atlanta, Georgia, Sherwood, Oregon and the Tampa, Florida area.

Forward Looking Statements

With the exception of the historical information contained in this release, the matters described herein may contain forward-looking statements that are made pursuant to the Safe Harbor provisions of the Private Securities Litigation Reform Act of 1995. Forward-looking statements involve a number of risks, uncertainties or other factors beyond the Company's control, which may cause material differences in actual results, performance or other expectations. These factors include, but are not limited to, changes in economic conditions generally and the real estate and bond markets specifically, legislative/regulatory changes (including changes to laws governing the taxation of REITs, possible sales of assets, the acquisition restrictions placed on the Company by its investment in Berkshire Multifamily Value Fund, LP, the acquisition restrictions placed on the Company by an affiliated entity Berkshire Multifamily Value Fund II, LP, availability of capital, interest rates and interest rate spreads, changes in accounting principles generally accepted in the United States of America, and policies and guidelines applicable to REITs, those set forth in Part I, Item 1A "Risk Factors" of the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2007 and other risks and uncertainties as may be detailed from time to time in the Company's public announcements and Securities and Exchange Commission filings. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof. The Company assumes no obligation to update such information.

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BERKSHIRE INCOME REALTY, INC.
CONSOLIDATED BALANCE SHEETS
(unaudited)

	March 31, 2008	December 31, 2007
ASSETS		
Multifamily apartment communities, net of accumulated depreciation of \$152,697,261 and \$144,240,061, respectively	\$ 459,657,082	\$ 464,265,061
Cash and cash equivalents	11,465,069	22,479,937
Cash restricted for tenant security deposits	1,966,687	1,953,503
Replacement reserve escrow	8,338,711	7,760,738
Prepaid expenses and other assets	10,094,303	11,026,329
Investment in Multifamily Venture and Limited Partnership Venture	16,264,888	16,794,450
Acquired in place leases and tenant relationships, net of accumulated amortization of \$7,202,539 and \$7,136,556, respectively	135,019	201,002
Deferred expenses, net of accumulated amortization of \$1,168,389 and \$1,045,194, respectively	3,755,639	3,581,610
Total assets	\$ 511,677,398	\$ 528,062,630
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities:		
Mortgage notes payable	\$ 505,637,410	\$ 506,903,882
Due to affiliates	2,187,214	1,952,547
Dividend and distributions payable	1,837,607	1,837,607
Accrued expenses and other liabilities	7,174,386	13,351,402
Tenant security deposits	1,920,065	1,955,389
Total liabilities	518,756,682	526,000,827
Commitments and contingencies	-	-
Minority interest in properties	-	-
Minority common interest in Operating Partnership	-	-
Stockholders' equity / (deficit):		
Series A 9% Cumulative Redeemable Preferred Stock, no par value, \$25 stated value, 5,000,000 shares authorized, 2,978,110 shares issued and outstanding at March 31, 2008 and December 31, 2007, respectively	70,210,830	70,210,830
Class A common stock, \$.01 par value, 5,000,000 shares authorized, 0 shares issued and outstanding at March 31, 2008 and December 31, 2007, respectively	-	-
Class B common stock, \$.01 par value, 5,000,000 shares authorized, 1,406,196 issued and outstanding at March 31, 2008 and December 31, 2007, respectively	14,062	14,062
Excess stock, \$.01 par value, 15,000,000 shares authorized, 0 shares issued and outstanding at March 31, 2008 and December 31, 2007, respectively	-	-
Accumulated deficit	(77,304,176)	(68,163,089)
Total stockholders' equity / (deficit)	(7,079,284)	2,061,803
Total liabilities and stockholders' equity / (deficit)	\$ 511,677,398	\$ 528,062,630

BERKSHIRE INCOME REALTY, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS

	For the three months ended March 31,	
	2008	2007
Revenue:		
Rental	\$ 20,242,810	\$ 18,889,523
Interest	189,074	196,392
Utility reimbursement	434,573	221,383
Other	825,021	729,720
Total revenue	<u>21,691,478</u>	<u>20,037,018</u>
Expenses:		
Operating	5,829,250	5,748,649
Maintenance	1,306,787	1,137,040
Real estate taxes	2,528,318	2,079,242
General and administrative	847,567	803,320
Management fees	1,255,919	1,199,372
Depreciation	8,457,200	7,495,802
Interest	7,146,072	6,230,864
Amortization of acquired in-place leases and tenant relationships	65,983	371,238
Total expenses	<u>27,437,096</u>	<u>25,065,527</u>
Loss before minority interest in properties, equity in loss of Multifamily Limited Partnership, minority common interest in Operating Partnership and loss from discontinued operations	(5,745,618)	(5,028,509)
Minority interest in properties	(187,344)	(223,614)
Equity in loss of Multifamily Limited Partnership	(529,563)	(608,230)
Minority common interest in Operating Partnership	(976,100)	(976,100)
Net loss from continuing operations	<u>(7,438,625)</u>	<u>(6,836,453)</u>
Discontinued operations:		
Loss from discontinued operations	(3,366)	(71,079)
Loss from discontinued operations	<u>(3,366)</u>	<u>(71,079)</u>
Net income (loss)	\$ (7,441,991)	\$ (6,907,532)
Preferred dividend	(1,675,196)	(1,675,198)
Net loss available to common shareholders	<u>\$ (9,117,187)</u>	<u>\$ (8,582,730)</u>
Net loss from continuing operations per common share, basic and diluted	<u>\$ (6.48)</u>	<u>\$ (6.05)</u>
Net loss from discontinued operations per common share, basic and diluted	<u>\$ 0.00</u>	<u>\$ (0.05)</u>
Net loss per common share, basic and diluted	<u>\$ (6.48)</u>	<u>\$ (6.10)</u>
Weighted average number of common shares outstanding, basic and diluted	<u>1,406,196</u>	<u>1,406,196</u>
Dividend declared per common share	<u>\$ 0.00</u>	<u>\$ 0.00</u>

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