

**BERKSHIRE INCOME REALTY ANNOUNCES  
FFO OF \$3,524,931 FOR PERIOD ENDED JUNE 30, 2008**

BOSTON, MASSACHUSETTS - - August 19, 2008 - - Berkshire Income Realty, Inc. (AMEX: "BIR\_pa", "BIRPRA", "BIR-A" "BIR.PR.A") ("Berkshire" or the "Company") reported its results for the periods ended June 30, 2008. Financial highlights for the three and six-month periods include:

The Company's Funds from Operations ("FFO") for the three and six months ended June 30, 2008 were \$1,749,397 and \$3,524,931, respectively, as compared to \$791,042 and \$2,072,967, respectively, for the three and six months ended June 30, 2007. The increases of \$958,355 and \$1,451,964, respectively, during the comparable three and six month periods, relate principally to increases in net operating income ("NOI") of the properties during the periods ended June 30, 2008. NOI for the three and six months ended June 30, 2008 were \$9,913,969 and \$18,935,383, respectively, as compared to \$9,246,619 and \$17,341,198, respectively, for the three and six months ended June 30, 2007. The increases in NOI were \$667,350, or 7.2% and \$1,594,185, or 9.2%, for the three and six month periods ended June 30, 2008, respectively.

- For the three and six months ended June 30, 2008, Berkshire reported net loss, before depreciation (including depreciation reported as part of discontinued operations) and gain on sale of real estate assets of \$(9,276,832) and \$(8,261,622), respectively, as compared to net income (loss), before depreciation (including depreciation reported as part of discontinued operations) and gain on sale of real estate assets of \$(702,759) and \$167,834, respectively, for the three and six months ended June 30, 2007. The increase in net loss, before depreciation (including depreciation reported as part of discontinued operations) and gain on sale of real estate assets was primarily due to a special distribution of \$10,000,000 paid during the three month period ended June 30, 2008 for which the Company is required to recognize as an expense under financial rules. Net income for the three and six months ended June 30, 2008 was \$9,639,034 and \$2,197,043, respectively, as compared to net income of \$23,119,830 and \$16,211,635, respectively, for the three and six months ended June 30, 2007.

- A presentation and reconciliation of net income, the most directly comparable financial measure calculated and presented in accordance with GAAP, to FFO, net loss before depreciation (including depreciation reported as part of discontinued operations) and gain on sale of real estate assets, and NOI is set forth on pages 2 and 3 of this press release.

- 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 the Company believes will 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 consider rehabilitation projects contemplated as part of the Company's acquisition strategy for new properties. Additionally, the Company considers ground up development projects a supplement to its investment strategy and is currently developing a 143 unit garden style multifamily apartment community on land previously acquired for potential development purposes.

President and CFO, David Quade comments: *"During the six months ended June 20, 2008, NOI of the portfolio continued to achieve incremental period over period increases primarily driven by favorable rental income and occupancy trends at the majority of our properties. Our mission of creating value for our shareholders through our property management, rehabilitation and development capabilities was evidenced by the gains realized on the sale of two properties during the period ended June 30, 2008. The sale of the St. Marin/Karrington and Berkshires at Westchase properties yielded significant gains to the Company and are attributable to the various value add capabilities of the Company."*

## Non-GAAP Financial Measures

### *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 Rule 101 of Regulation G and 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 income determined in accordance with GAAP to FFO, a non-GAAP financial measure, for the three and six months ended June 30, 2008 and 2007:

	Three months ended June 30,		Six months ended June 30,	
	2008	2007	2008	2007
Net income	\$ 9,639,034	\$ 23,119,830	\$ 2,197,043	\$ 16,211,635
Add:				
Depreciation of real property	6,113,243	6,611,275	13,276,905	12,630,905
Depreciation included in results of discontinued operations	982,405	171,147	982,405	371,043
Minority interest in Operating Partnership	10,737,100	976,100	11,713,200	1,952,200
Minority interest in properties	206,688	1,471,581	394,032	1,695,195
Amortization of acquired in-place leases and tenant relationships	50,498	380,573	116,481	751,811
Equity in loss of Multifamily Venture and Limited Partnership Venture	1,020,262	689,536	1,549,824	1,297,766
Funds from operations of Multifamily Venture and Limited Partnership Venture	272,200	-	767,609	-
Less:				
Funds from operations of Multifamily Venture and Limited Partnership Venture	-	(320,989)	-	(338,208)
Minority interest in properties share of funds from operations	(240,135)	(185,405)	(440,670)	(376,774)
Gain on disposition of real estate assets	(27,031,898)	(32,122,606)	(27,031,898)	(32,122,606)
Funds from Operations	<u>\$ 1,749,397</u>	<u>\$ 791,042</u>	<u>\$ 3,524,931</u>	<u>\$ 2,072,967</u>

FFO for the three and six months ended June 30, 2008 increased as compared to FFO for the three and six month periods ended June 30, 2007. The increases are 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 and six-month periods ended June 30, 2008 and 2007.

### Other Non-GAAP Financial 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 and gain on the sale of real estate assets, 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 income determined in accordance with GAAP to net loss, before depreciation (including depreciation reported as part of discontinued operations) and gain on sale of real estate assets, a non-GAAP financial measure, presented for the three and six months ended June 30:

	Three months ended June 30,		Six months ended June 30,	
	2008	2007	2008	2007
Net income	\$ 9,639,034	\$ 23,119,830	\$ 2,197,043	\$ 16,211,635
Add:				
Depreciation	7,836,000	7,351,984	15,590,828	14,152,801
Depreciation – Included in discontinued operations	280,032	948,033	982,405	1,926,004
Less:				
Gain on sale of real estate assets	(27,031,898)	(32,122,606)	(27,031,898)	(32,122,606)
Net loss, before depreciation (including depreciation reported as part of discontinued operations) and gain on sale of real estate assets	\$ (9,276,832)	\$ (702,759)	\$ (8,261,622)	\$ 167,834

The following table represents the reconciliation of net income determined in accordance with GAAP to NOI, a non-GAAP financial measure, for the three and six months ended June 30:

	Three months ended June 30,		Six months ended June 30,	
	2008	2007	2008	2007
Net income	\$ 9,639,034	\$ 23,119,830	\$ 2,197,043	\$ 16,211,635
Add:				
Depreciation	7,836,000	7,351,984	15,590,828	14,152,801
Interest	6,543,702	6,521,728	13,212,150	12,283,503
Amortization of acquired in-place leases and tenant relationships	50,498	380,573	116,481	746,082
Minority interest in properties	206,688	1,471,581	394,032	1,695,195
Equity in loss of Multifamily Venture and Limited Partnership	1,014,171	689,536	1,543,733	1,297,766
Minority common interest in Operating Partnership	10,737,100	976,100	11,713,200	1,952,200
Discontinued operations	918,674	857,893	1,199,814	1,124,622
Less:				
Gain on sale of real estate assets	(27,031,898)	(32,122,606)	(27,031,898)	(32,122,606)
Net operating income	\$ 9,913,969	\$ 9,246,619	\$ 18,935,383	\$ 17,341,198

### 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.

## **Contact Information:**

Berkshire Income Realty, Inc.  
One Beacon Street, Suite 1500  
Boston, Massachusetts 02108

### Attention:

James Juliano  
Telephone: 1-617-574-8382  
E-mail: [james.juliano@berkshire-group.com](mailto:james.juliano@berkshire-group.com)  
Facsimile: 1-617-423-8919

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

	June 30, 2008	December 31, 2007
<b>ASSETS</b>		
Multifamily apartment communities, net of accumulated depreciation of \$148,782,155 and \$144,240,061, respectively	\$ 411,651,846	\$ 464,265,061
Cash and cash equivalents	27,200,612	22,479,937
Cash restricted for tenant security deposits	1,850,304	1,953,503
Replacement reserve escrow	5,356,598	7,760,738
Prepaid expenses and other assets	8,534,440	11,026,329
Investment in Multifamily Limited Partnership	15,244,626	16,794,450
Investment in Mezzanine Loan Limited Liability Company	861,091	-
Acquired in place leases and tenant relationships, net of accumulated amortization of \$5,780,373 and \$7,136,556, respectively	84,521	201,002
Deferred expenses, net of accumulated amortization of \$1,184,612 and \$1,045,194, respectively	3,471,942	3,581,610
Total assets	\$ 474,255,980	\$ 528,062,630
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Liabilities:		
Mortgage notes payable	\$ 458,328,182	\$ 506,903,882
Due to affiliates	1,972,336	1,952,547
Dividend and distributions payable	1,837,607	1,837,607
Accrued expenses and other liabilities	9,670,113	13,351,402
Tenant security deposits	1,826,092	1,955,389
Total liabilities	473,634,330	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 June 30, 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 June 30, 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 June 30, 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 June 30, 2008 and December 31, 2007, respectively	-	-
Accumulated deficit	(69,603,242)	(68,163,089)
Total stockholders' equity / (deficit)	621,650	2,061,803
Total liabilities and stockholders' equity / (deficit)	\$ 474,255,980	\$ 528,062,630

	Three months ended June 30,		Six months ended June 30,	
	2008	2007	2008	2007
Revenue:				
Rental	\$ 18,560,814	\$ 17,694,549	\$ 36,743,792	\$ 34,581,496
Interest	178,595	216,445	367,669	412,837
Utility reimbursement	422,643	386,548	811,454	557,802
Other	794,795	681,476	1,512,645	1,310,795
Total revenue	<u>19,956,847</u>	<u>18,979,018</u>	<u>39,435,560</u>	<u>36,862,930</u>
Expenses:				
Operating	4,609,946	4,658,295	9,948,376	9,875,858
Maintenance	1,578,183	1,435,212	2,797,550	2,459,766
Real estate taxes	2,034,535	1,805,007	3,972,751	3,483,248
General and administrative	621,916	686,663	1,413,192	1,439,924
Management fees	1,198,298	1,147,222	2,368,308	2,262,936
Depreciation	7,836,000	7,351,984	15,590,828	14,152,801
Interest	6,543,702	6,521,728	13,212,150	12,283,503
Amortization of acquired in-place leases and tenant relationships	50,498	380,573	116,481	746,082
Total expenses	<u>24,473,078</u>	<u>23,986,684</u>	<u>49,419,636</u>	<u>46,704,118</u>
Loss before minority interest in properties, equity in income (loss) of Multifamily Venture and Mezzanine Loan Limited Liability Company, minority common interest in Operating Partnership and income (loss) from discontinued operations	(4,516,231)	(5,007,666)	(9,984,076)	(9,841,188)
Minority interest in properties	(206,688)	(1,471,581)	(394,032)	(1,695,195)
Equity in income (loss) of Multifamily Limited Partnership	(1,020,262)	(689,536)	(1,549,824)	(1,297,766)
Equity in income (loss) of Mezzanine Loan Limited Liability Company	6,091	-	6,091	-
Minority common interest in Operating Partnership	(10,737,100)	(976,100)	(11,713,200)	(1,952,200)
Net loss from continuing operations	(16,474,190)	(8,144,883)	(23,635,041)	(14,786,349)
Discontinued operations:				
Gain (loss) from discontinued operations	(918,674)	(857,893)	(1,199,814)	(1,124,622)
Gain (loss) on disposition of real estate assets	27,031,898	32,122,606	27,031,898	32,122,606
Income (loss) from discontinued operations	<u>26,113,224</u>	<u>31,264,713</u>	<u>25,832,084</u>	<u>30,997,984</u>
Net income (loss)	<u>\$ 9,639,034</u>	<u>\$ 23,119,830</u>	<u>\$ 2,197,043</u>	<u>\$ 16,211,635</u>
Preferred dividend	(1,675,197)	(1,675,198)	(3,350,396)	(3,350,398)
Net income (loss) available to common shareholders	<u>\$ 7,963,837</u>	<u>\$ 21,444,632</u>	<u>\$ (1,153,353)</u>	<u>\$ 12,861,237</u>
Net income (loss) from continuing operations per common share, basic and diluted	<u>\$ (12.91)</u>	<u>\$ (6.98)</u>	<u>\$ (19.19)</u>	<u>\$ (12.90)</u>
Net income (loss) from discontinued operations per common share, basic and diluted	<u>\$ 18.57</u>	<u>\$ 22.23</u>	<u>\$ 22.27</u>	<u>\$ 22.04</u>
Net income (loss) available to common shareholders, per common share, basic and diluted	<u>\$ 5.66</u>	<u>\$ 15.25</u>	<u>\$ 2.90</u>	<u>\$ 9.14</u>
Weighted average number of common shares outstanding, basic and diluted	<u>\$ 1,406,196</u>	<u>\$ 1,406,196</u>	<u>\$ 1,406,196</u>	<u>\$ 1,406,196</u>
Dividend declared per common share	<u>\$ 0.20</u>	<u>\$ 0.03</u>	<u>\$ 0.20</u>	<u>\$ 0.03</u>

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