

BERKSHIRE INCOME REALTY ANNOUNCES FFO OF \$5,411,032 FOR NINE MONTH PERIOD ENDED SEPTEMBER 30, 2008

BOSTON, MASSACHUSETTS - - November 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 September 30, 2008. Financial highlights for the three and nine-month periods include:

The Company's Funds from Operations ("FFO"), a non-GAAP financial measure, for the three and nine months ended September 30, 2008 were \$2,071,466 and \$5,411,032, respectively, as compared to \$2,259,707 and \$4,235,769, respectively, for the three and nine months ended September 30, 2007. FFO for the nine months ended September 30, 2008 increased as compared to FFO for the nine months ended September 30, 2007. The increase is due mainly to an increase in Net Operating Income ("NOI"), a non-GAAP financial measure, of the properties, due to increased rental revenue in the period, which was partially offset by an increase in interest expense related to increased debt balances in the comparative nine month period ended September 30, 2008. FFO for the three month period ended September 30, 2008 decreased slightly as compared to FFO for the three month period ended September 30, 2007. The decrease is due mainly to a flattening of NOI of the properties for the quarter, due to mainly to increased operating expenses in the period. NOI for the three and nine months ended September 30, 2008 were \$9,545,332 and \$28,480,717, respectively, as compared to \$9,543,210 and \$26,884,407, respectively, for the three and nine months ended September 30, 2007.

For the nine month period ended September 30, 2008, Berkshire reported net loss, before depreciation (including depreciation reported as part of discontinued operations) and gain on sale of real estate assets ("Adjusted Net Income (Loss)"), a non-GAAP financial measure, of \$(7,619,114) as compared to Adjusted Net Income (Loss) of \$1,259,465 for the nine month period ended September 30, 2007. The decrease in Adjusted Net Income (Loss) was primarily due to a special distribution of \$10,000,000 paid during the nine month period ended September 30, 2008 that the Company is required to recognize as an expense under GAAP. The net loss for the three and nine months ended September 30, 2008 was \$(7,141,559) and \$(4,944,515), respectively, as compared to net income (loss) of \$(7,107,515) and \$9,104,119, respectively, for the three and nine months ended September 30, 2007.

A presentation and reconciliation of GAAP net income (loss), the most directly comparable financial measure calculated and presented in accordance with GAAP, to FFO, Adjusted Net Income (Loss), and NOI is set forth on pages 3 and 4 of this press release.

The Company continues to implement an investment strategy centered on the acquisition of quality properties, including those that may realize increases in value from major renovation activities, the development of properties and the renovation and rehabilitation of properties currently in its portfolio. 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. Additionally, the Company continues to consider ground up development projects as a supplement to its investment strategy as it continues with the development of a 143 unit garden style multifamily apartment community on land it had previously acquired for potential development purposes.

President and CFO, David Quade comments: "During the nine months ended September 30, 2008, notwithstanding the increasingly challenging state of the national economy, the NOI results of the Company's portfolio achieved a 6% increase over the comparable nine-month period of 2007. Positive operating results through September 30, 2008 were primarily driven by strong rental income and solid occupancy levels at the majority of our properties. Although operating results remained positive through the quarter, we have begun to notice the effects of the softening economy which may lead to a moderating of rent growth and a reduction in qualified applicant inquiries at our properties. We have renewed our efforts to retain our current tenant base, and as a result, have experienced an increase in our tenant retention percentages. We believe our ability to react quickly to market conditions, both positive and negative trends, positions the Company to minimize any disruption in operating results as we navigate these uncertain economic times. During the most recently ended quarter, we continued our mission of creating value for our shareholders by redeploying capital realized from the sale of two properties earlier in the year with the acquisition of a quality high rise multifamily community in Philadelphia, Pennsylvania. The acquisition also represents the expansion into a new sub market for 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 defined 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 (loss) 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 (loss) determined in accordance with GAAP to FFO, a non-GAAP financial measure, for the three and nine months ended September 30, 2008 and 2007:

	Three months ended September 30,		Nine months ended September 30,	
	2008	2007	2008	2007
Net income (loss)	\$ (7,141,559)	\$ (7,107,515)	\$ (4,944,515)	\$ 9,104,119
Add:				
Depreciation of real property	6,745,306	6,233,408	20,022,211	17,741,909
Depreciation included in results of discontinued operations	-	717,522	797,039	2,210,969
Minority common interest in Operating Partnership	976,100	976,100	12,689,300	2,928,300
Minority interest in properties	204,270	168,000	598,302	1,863,195
Amortization of acquired in-place leases and tenant relationships	128,987	281,872	245,468	1,033,683
Equity in loss of Multifamily Limited Partnership	1,066,063	734,676	2,615,887	2,032,442
Equity in loss of Multifamily Venture	-	4,721	-	4,721
Funds from operations of Multifamily Venture and Limited Venture	275,457	6,034	1,043,066	6,034
Funds from operations of Multifamily Venture and Limited Partnership Venture	-	495,094	-	59,982
Less:				
Minority interest in properties share of funds from operations	(179,567)	(261,572)	(620,237)	(638,346)
Gain (loss) on disposition of real estate assets	(3,591)	11,367	(27,035,489)	(32,111,239)
Funds from Operations	<u>\$ 2,071,466</u>	<u>\$ 2,259,707</u>	<u>\$ 5,411,032</u>	<u>\$ 4,235,769</u>

FFO for the nine months ended September 30, 2008 increased as compared to FFO for the nine month period ended September 30, 2007. The increase is due mainly to increases in Net Operating Income of the properties, due to increased rental revenues in the comparable periods, which was partially offset by increases in interest expense related to increased debt balances in the comparative nine-month periods ended September 30, 2008 and 2007. FFO for the three months ended September 30, 2008 decreased as compared to FFO for the three month period ended September 30, 2007. The decrease is due mainly to a flattening of Net Operating Income of the properties for the quarter, due to mainly to a increased operating expenses in the comparable periods.

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 income (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 (loss) 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 (loss) determined in accordance with GAAP to Adjusted Net Income (Loss), a non-GAAP financial measure, presented for the three and nine months ended September 30, 2008 and 2007:

	Three months ended September 30,		Nine months ended September 30,	
	2008	2007	2008	2007
Net income (loss)	\$ (7,141,559)	\$ (7,107,515)	\$ (4,944,515)	\$ 9,104,119
Add:				
Depreciation	7,787,657	7,496,275	23,378,485	21,649,076
Depreciation – Included in discontinued Operations	-	691,505	982,405	2,617,509
Less:				
Gain (loss) on sale of real estate assets	(3,591)	11,367	(27,035,489)	(32,111,239)
Adjusted Net income (loss), before depreciation (including depreciation reported as part of discontinued operations) and gain on sale of real estate assets	\$ 642,507	\$ 1,091,632	\$ (7,619,114)	\$ 1,259,465

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 nine months ended September 30, 2008 and 2007:

	Three months ended September 30,		Nine months ended September 30,	
	2008	2007	2008	2007
Net income (loss)	\$ (7,141,559)	\$ (7,107,515)	\$ (4,944,515)	\$ 9,104,119
Add:				
Depreciation	7,787,657	7,496,275	23,378,485	21,649,076
Interest	6,554,605	6,871,780	19,766,756	19,155,283
Amortization of acquired in-place leases And tenant relationships	128,987	281,872	245,468	1,027,954
Minority interest in properties	204,270	168,000	598,302	1,863,195
Equity in loss of Multifamily Venture and Limited Partnership	1,022,962	739,397	2,566,695	2,037,163
Minority common interest in Operating Partnership	976,100	976,100	12,689,300	2,928,300
Discontinued operations	15,901	105,934	1,215,715	1,230,556
Less:				
Gain (loss) on sale of real estate assets	(3,591)	11,367	(27,035,489)	(32,111,239)
Net operating income	\$ 9,545,332	\$ 9,543,210	\$ 28,480,717	\$ 26,884,407

The Company

The Company is a Real Estate Investment Trust ("REIT") whose objective is to acquire, own, operate, and rehabilitate multifamily apartment communities. The Company owns interests in twenty-six such multifamily apartment communities, of which seven are located in the Baltimore/Washington, D.C. metropolitan area, five 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, Philadelphia, Pennsylvania 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 factors 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)

	September 30, 2008	December 31, 2007
ASSETS		
Multifamily apartment communities, net of accumulated depreciation of \$154,285,956 and \$144,240,061, respectively	\$ 462,403,236	\$ 464,265,061
Cash and cash equivalents	8,304,227	22,479,937
Cash restricted for tenant security deposits	1,853,232	1,953,503
Replacement reserve escrow	5,381,253	7,760,738
Prepaid expenses and other assets	9,957,254	11,026,329
Investment in Multifamily Limited Partnership	14,878,639	16,794,450
Investment in Mezzanine Loan Limited Liability Company	904,192	-
Acquired in place leases and tenant relationships, net of accumulated amortization of \$5,909,360 and \$7,136,556, respectively	617,721	201,002
Deferred expenses, net of accumulated amortization of \$1,297,941 and \$1,045,194, respectively	3,681,517	3,581,610
Total assets	\$ 507,981,271	\$ 528,062,630
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities:		
Mortgage notes payable	\$ 488,072,643	\$ 506,903,882
Revolving credit facility - affiliate	10,000,000	-
Due to affiliates	1,975,424	1,952,547
Dividend and distributions payable	1,837,607	1,837,607
Accrued expenses and other liabilities	12,109,873	13,351,402
Tenant security deposits	2,204,675	1,955,389
Total liabilities	516,200,222	526,000,827
Commitments and contingencies	-	-
Minority interest in properties	-	-
Minority common interest in Operating Partnership	-	-
Stockholders' equity:		
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 September 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 September 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 September 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 September 30, 2008 and December 31, 2007, respectively	-	-
Accumulated deficit	(78,443,843)	(68,163,089)
Total stockholders' equity	(8,218,951)	2,061,803
Total liabilities and stockholders' equity	\$ 507,981,271	\$ 528,062,630

BERKSHIRE INCOME REALTY, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(unaudited)

	Three months ended September 30,		Nine months ended September 30,	
	2008	2007	2008	2007
Revenue:				
Rental	\$ 18,951,193	\$ 18,241,631	\$ 55,694,985	\$ 52,823,127
Interest	145,303	230,983	512,972	643,820
Utility reimbursement	400,158	323,750	1,211,612	881,552
Other	781,147	842,690	2,293,792	2,153,484
Total revenue	<u>20,277,801</u>	<u>19,639,054</u>	<u>59,713,361</u>	<u>56,501,983</u>
Expenses:				
Operating	4,857,545	4,792,496	14,805,920	14,668,354
Maintenance	1,562,199	1,531,383	4,359,748	3,990,340
Real estate taxes	2,260,542	1,893,582	6,233,294	5,376,830
General and administrative	846,257	695,992	2,259,449	2,136,725
Management fees	1,205,926	1,182,391	3,574,233	3,445,327
Depreciation	7,787,657	7,496,275	23,378,485	21,649,076
Interest	6,554,605	6,871,780	19,766,756	19,155,283
Amortization of acquired in-place leases and tenant relationships	128,987	281,872	245,468	1,027,954
Total expenses	<u>25,203,718</u>	<u>24,745,771</u>	<u>74,623,353</u>	<u>71,449,889</u>
Loss before minority interest in properties, equity in income (loss) of Multifamily Limited Partnership and Mezzanine Loan Limited Liability Company, minority common interest in Operating Partnership and income (loss) from discontinued operations	(4,925,917)	(5,106,717)	(14,909,992)	(14,947,906)
Minority interest in properties	(204,270)	(168,000)	(598,302)	(1,863,195)
Equity in income (loss) of Multifamily Limited Partnership	(1,066,063)	(739,397)	(2,615,887)	(2,037,163)
Equity in income (loss) of Mezzanine Loan Limited Liability Company	43,101	-	49,192	-
Minority common interest in Operating Partnership	(976,100)	(976,100)	(12,689,300)	(2,928,300)
Net income (loss) from continuing operations	(7,129,249)	(6,990,214)	(30,764,289)	(21,776,564)
Discontinued operations:				
Income (loss) from discontinued operations	(15,901)	(105,934)	(1,215,715)	(1,230,556)
Gain on disposition of real estate assets	3,591	(11,367)	27,035,489	32,111,239
Income (loss) from discontinued operations	<u>(12,310)</u>	<u>(117,301)</u>	<u>25,819,774</u>	<u>30,880,683</u>
Net income (loss)	<u>\$ (7,141,559)</u>	<u>\$ (7,107,515)</u>	<u>\$ (4,944,515)</u>	<u>\$ 9,104,119</u>
Preferred Dividend	(1,675,144)	(1,675,197)	(5,025,539)	(5,025,595)
Net income (loss) available to common shareholders	<u>\$ (8,816,703)</u>	<u>\$ (8,782,712)</u>	<u>\$ (9,970,054)</u>	<u>\$ 4,078,524</u>
Net income (loss) from continuing operations per common share, basic and diluted	<u>\$ (6.26)</u>	<u>\$ (6.16)</u>	<u>\$ (25.45)</u>	<u>\$ (19.06)</u>
Net income (loss) from discontinued operations per common share, basic and diluted	<u>\$ (0.01)</u>	<u>\$ (0.08)</u>	<u>\$ 18.36</u>	<u>\$ 21.96</u>
Net income (loss) available to common shareholders per common share, basic and diluted	<u>\$ (6.27)</u>	<u>\$ (6.24)</u>	<u>\$ (7.09)</u>	<u>\$ 2.90</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>\$ -</u>	<u>\$ -</u>	<u>\$ 0.20</u>	<u>\$ 0.03</u>

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