

BERKSHIRE INCOME REALTY ANNOUNCES YEAR END FUNDS FROM OPERATIONS OF \$7,648,325

BOSTON, MASSACHUSETTS - - April 7, 2009 - - Berkshire Income Realty, Inc. (AMEX: "BIR_pa", "BIRPRA", "BIR-A" "BIR.PR.A") ("Berkshire" or the "Company") reported its results for the year ended December 31, 2008. Financial highlights for the year ended December 31, 2008 include:

The Company's Funds from Operations ("FFO"), a non-GAAP financial measure, for the year ended December 31, 2008 were \$7,648,325, an increase of \$665,076 or 9.5%, as compared to \$6,983,249 for the year ended December 31, 2007. The increase is due mainly to an increase in Net Operating Income ("NOI"), a non-GAAP financial measure, of the properties in the Company's portfolio, related mainly to increased rental revenues in the period. The increase in NOI was partially offset by increases in interest expense related to new debt obtained during the comparative years ended December 31.

For the year ended December 31, 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 \$(10,622,400) as compared to Adjusted Net Income (Loss) of \$3,527,278 for the year ended December 31, 2007. The decrease in Adjusted Net Income (Loss) was primarily due to a special distribution to common shareholders of \$10,000,000 and distributions to a minority partner of \$4,468,500 paid during the year ended December 31, 2008 that the Company is required to recognize as expense under GAAP.

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 2 and 3 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 rehabilitation projects, the development of properties, the renovation and rehabilitation of properties currently in its portfolio and investment in joint ventures. Ongoing rehabilitation projects continue to generate improved operating results as evidenced by increased rent levels of renovated units placed back into service at the completion of the renovation. The Company continues to consider ground up development projects as a supplement to its investment strategy as it nears completion of 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: "As you are aware, there were significant shocks to the financial system and economy during the Fourth Quarter, 2008, which has affected all businesses and consumers. While the experts have declared that the national economy has officially been in recession since December, 2007, the situation seriously deteriorated in the Fourth Quarter, 2008 with the collapse of the capital markets. Recovery forecasts are being revised outward as more unfavorable economic news continues to be reported. The effects of this severe recession have also been felt in the multifamily industry. The immediate impact has been a reduction of net effective rents, an increase in capitalization rates, and a sharp decrease in property sales. It is important to note, that the impact varies for each property based upon the (1) strength of each property's metropolitan market and submarket, (2) location, (3) quality, and (4) property management of the asset. During the Fourth Quarter, 2008 and First Quarter, 2009, individual property markets have experienced dramatic shifts resulting from major industry decline and job losses. We are reacting to the economic and liquidity shifts occurring in the marketplace by revising portfolio strategies where necessary. As we plan ahead, we are also evaluating the prospects for the multifamily industry over the next several years, such that the timing of a potential economic recovery is considered in individual property asset plans. Many multifamily consulting firms are forecasting a recovery to occur in 2011 and 2012 resulting from increased tenant demand from favorable demographics and lack of supply. In spite of the challenging markets, the Company was able to close on five transactions during the year, including one acquisition and four property sales. The Company has used a large portion of the capital from the property sales to acquire two quality properties, a high rise apartment building in suburban Philadelphia in 2008 and a newly constructed apartment building in downtown Los Angeles in 2009. Both acquisitions represent expansion into new sub-markets for the Company. During 2008, the Company was able to achieve positive NOI growth, representing a 7% increase over 2007. The positive operating results were driven primarily by strong rental income that resulted from high occupancy at our properties. To deal with the

affects of the recession and softening markets in 2009, the Company is scrutinizing property performance and indentifying programs and strategies that can enhance property performance. The Company is committed to significantly achieving better results than competitor properties in these challenging markets.”

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 Securities and Exchange Commission (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 accounting principles generally accepted in the United States of America (“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 (loss) 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) to FFO for the years ended December 31, 2008, 2007 and 2006:

	December 31,		
	2008	2007	2006
Net income (loss)	\$ 36,406,148	\$ 2,928,632	\$ (19,996,781)
Add:			
Depreciation of real property	24,618,377	26,460,337	22,007,364
Depreciation of real property included in results of discontinued operations	3,335,613	528,907	-
Minority interest in Operating Partnership	12,689,300	3,904,400	11,713,200
Minority interest in properties	5,528,481	2,031,195	1,555,595
Amortization of acquired in-place leases and tenant relationships	474,258	1,111,431	1,012,875
Amortization of acquired in-place leases and tenant relationships included in results of discontinued operations	-	21,564	154,994
Equity in loss of Multifamily Venture	3,696,790	2,955,647	-
Funds from operations of Multifamily Venture	1,319,657	100,308	-
Less:			
Equity in income of Multifamily Venture	-	-	(8,623,757)
Funds from operations of Multifamily Venture	-	-	(250,674)
Minority interest in properties share of funds from operations	(932,812)	(947,933)	(939,306)
Gain on disposition of real estate assets	(79,487,487)	(32,111,239)	-
Funds from Operations	<u>\$ 7,648,325</u>	<u>\$ 6,983,249</u>	<u>\$ 6,633,510</u>

FFO for the year ended December 31, 2008 increased \$665,076 or 9.5%, as compared to the year ended December 31, 2007. The increase is due to increased NOI of the properties in the Company's portfolio, relating mainly to increased rental revenues in the period. The increase in NOI was partially offset by increases in interest expense related to new debt obtained during the comparative years ended December 31, 2008.

Additional information regarding the Company's operating results for the years ended December 31, 2008, 2007 and 2006 can be found in our Annual Report on Form 10-K for the fiscal year ended December 31, 2008, which was filed with the SEC on March 31, 2009. The document is available on the SEC's website at www.sec.gov.

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 income, prior to charges for depreciation (including depreciation reported as part of discontinued operations) and the gain on the sale of real estate assets or interests in real estate assets, allows for comparison of operating results absent the significant non-cash charge included in GAAP net income and eliminates the unusual activity related to the gain from the sale of the real estate assets in the current year results, which presents a more meaningful comparison to the prior year results. Additionally, the Company believes NOI is a measure of operating results that is useful to investors to analyze the performance of a real estate company because it provides a direct measure of the operating results of the Company's multifamily apartment communities.

The following tables represent the reconciliation of GAAP net income (loss) to the other non-GAAP measures presented for the years ended December 31:

	2008	2007	2006
Net income (loss)	\$ 36,406,148	\$ 2,928,632	\$ (19,996,781)
Add:			
Depreciation	28,277,756	25,838,371	19,807,424
Depreciation included discontinued operations	4,181,183	6,871,514	7,421,649
Net income, prior to charges for depreciation	68,865,087	35,638,517	7,232,292
Less:			
Gain on disposition of real estate assets	(79,487,487)	(32,111,239)	-
Gain on disposition of interests in real estate assets	-	-	(10,118,056)
Net income (loss), prior to charges for depreciation, including depreciation reported as part of discontinued operations, and the gain on the sale of real estate assets or interests in real estate assets	\$ (10,622,400)	\$ 3,527,278	\$ (2,885,764)
	2008	2007	2006
Net income (loss)	\$ 36,406,148	\$ 2,928,632	\$ (19,996,781)
Add:			
Depreciation	28,277,756	25,838,371	19,807,424
Interest	23,370,634	22,032,416	15,285,340
Loss on extinguishment of debt	-	316,702	1,540,851
Amortization of intangible assets	474,258	1,111,431	1,012,876
Minority interest in properties	5,528,481	2,031,195	1,555,595
Minority common interest in Operating Partnership	12,689,300	3,904,400	11,713,200
Equity in (income) loss of Multifamily Venture and Multifamily Limited Partnership	3,696,790	2,955,647	(8,623,757)
Equity in income (loss) of Mezzanine Loan Limited Liability Company	(92,293)	-	-
Discontinued operations	2,308,279	1,920,031	2,439,590
Less:			
Gain on sale of real estate assets	(79,487,487)	(32,111,239)	-

Net Operating Income (“NOI”)

\$ 33,171,866

\$ 30,927,586

\$ 24,734,338

The Company

The Company is a REIT whose objective is to acquire, operate, and rehabilitate multifamily apartment communities. The Company owns interests in twenty-six such multifamily apartment communities, of which six 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, Tampa, Florida, Philadelphia, Pennsylvania and Los Angeles, California.

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 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, 2008 and other risks and uncertainties as may be detailed from time to time in the Company’s public announcements and SEC 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

	December 31,	
	2008	2007
ASSETS		
Multifamily apartment communities, net of accumulated depreciation of \$136,678,464 and \$144,240,061, respectively	\$ 419,002,572	\$ 464,265,061
Cash and cash equivalents	24,227,615	22,479,937
Cash restricted for tenant security deposits	1,851,400	1,953,503
Replacement reserve escrow	5,952,952	7,760,738
Prepaid expenses and other assets	9,314,446	11,026,329
Investment in Multifamily Venture and Limited Partnership	15,425,410	16,794,450
Investment in Mezzanine Loan Limited Liability Company	947,293	-
Acquired in place leases and tenant relationships, net of accumulated amortization of \$888,254 and \$7,136,556, respectively	388,935	201,002
Deferred expenses, net of accumulated amortization of \$1,244,326 and \$1,045,194, respectively.	3,306,807	3,581,610
	<u>\$ 480,417,430</u>	<u>\$ 528,062,630</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities:		
Mortgage notes payable	\$ 432,013,999	\$ 506,903,882
Due to affiliates	2,291,250	1,952,547
Dividend and distributions payable	837,607	1,837,607
Accrued expenses and other liabilities	11,724,250	13,351,402
Tenant security deposits	1,800,105	1,955,389
	<u>448,667,211</u>	<u>526,000,827</u>
Total liabilities		
Commitments and Contingencies	-	-
Minority interest in properties	293,650	-
Minority 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 December 31, 2008 and 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 December 31, 2008 and 2007, respectively	-	-
Class B common stock, \$.01 par value, 5,000,000 shares authorized; 1,406,196 issued and outstanding at December 31, 2008 and 2007, respectively	14,062	14,062
Excess stock, \$.01 par value, 15,000,000 shares authorized, 0 shares issued and outstanding at December 31, 2008 and 2007, respectively	-	-
Accumulated deficit	(38,768,323)	(68,163,089)
	<u>31,456,569</u>	<u>2,061,803</u>
Total stockholders' equity		
Total liabilities and stockholders' equity	<u>\$ 480,417,430</u>	<u>\$ 528,062,630</u>

BERKSHIRE INCOME REALTY, INC.

CONSOLIDATED STATEMENTS OF INCOME (LOSS)

	For the year ended December 31,		
	2008	2007	2006
Revenue:			
Rental	\$ 65,441,106	\$ 61,097,846	\$ 50,232,295
Interest	605,703	1,112,953	954,110
Utility reimbursement	1,365,137	1,036,912	816,975
Other	2,725,314	2,568,557	1,874,772
Total revenue	<u>70,137,260</u>	<u>65,816,268</u>	<u>53,878,152</u>
Expenses:			
Operating	17,483,627	17,483,962	13,922,874
Maintenance	4,377,041	3,977,859	3,727,139
Real estate taxes	7,608,716	6,258,985	5,347,193
General and administrative	3,008,333	2,959,250	2,417,161
Management fees	4,487,677	4,208,626	3,729,447
Depreciation	28,277,756	25,838,371	19,807,424
Interest	23,370,634	22,032,416	15,285,340
Loss on extinguishment of debt	-	316,702	1,540,851
Amortization of acquired in-place leases and tenant relationships	474,258	1,111,431	1,012,876
Total expenses	<u>89,088,042</u>	<u>84,187,602</u>	<u>66,790,305</u>
Loss before minority interest in properties, equity in income (loss) of Multifamily Venture and Limited Partnership, gain on disposition of real estate assets, minority common interest in Operating Partnership and discontinued operations	(18,950,782)	(18,371,334)	(12,912,153)
Minority interest in properties	(5,528,481)	(2,031,195)	(1,555,595)
Minority common interest in Operating Partnership	(12,689,300)	(3,904,400)	(11,713,200)
Equity in income (loss) of Multifamily Venture and Limited Partnership	(3,696,790)	(2,955,647)	8,623,757
Equity in income (loss) of Mezzanine Loan Limited Liability Company	92,293	-	-
Net loss from continuing operations	(40,773,060)	(27,262,576)	(17,557,191)
Discontinued operations:			
Loss from discontinued operations	(2,308,279)	(1,920,031)	(2,439,590)
Gain on disposition of real estate asset	79,487,487	32,111,239	-
Income (loss) from discontinued operations	<u>77,179,208</u>	<u>30,191,208</u>	<u>(2,439,590)</u>
Net income (loss)	<u>\$ 36,406,148</u>	<u>\$ 2,928,632</u>	<u>\$ (19,996,781)</u>
Preferred dividend	(6,700,682)	(6,700,792)	(6,700,793)
Net income (loss) available to common shareholders	<u>\$ 29,705,466</u>	<u>\$ (3,772,160)</u>	<u>\$ (26,697,574)</u>
Net loss from continuing operations per common share, basic and diluted	<u>\$ (33.76)</u>	<u>\$ (24.15)</u>	<u>\$ (17.25)</u>
Net income (loss) from discontinued operations per common share, basic and diluted	<u>\$ 54.89</u>	<u>\$ 21.47</u>	<u>\$ (1.73)</u>
Net loss per common share, basic and diluted	<u>\$ 21.12</u>	<u>\$ (2.68)</u>	<u>\$ (18.98)</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>
Dividends declared per common share	<u>\$ 0.20</u>	<u>\$ 0.07</u>	<u>\$ 0.20</u>

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