

**BERKSHIRE INCOME REALTY ANNOUNCES  
OPERATING RESULTS AND FFO  
FOR THE PERIOD ENDED SEPTEMBER 30, 2009**

BOSTON, MASSACHUSETTS - - November 16, 2009 - - 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, 2009. Financial highlights for the three and nine-month periods include:

The Company's Funds from Operations ("FFO") for the three and nine months ended September 30, 2009 were \$2,151,361 and \$2,123,610, respectively, as compared to \$2,071,467 and \$5,411,032, respectively, for the three and nine months ended September 30, 2008. While FFO for the three months ended September 30, 2009 were slightly higher than the FFO for the three months ended September 30, 2008, FFO for the nine months ended September 30, 2009 decreased by \$3,287,422 from the comparable nine-month period of 2008. The decrease in FFO is due primarily to the Company's impairment adjustment on its investment in the Leggat McCall Hingham Mezzanine Loan LLC (the "Mezzanine Loan LLC") pursuant to the FASB Accounting Standards Codification ("ASC") 325-20 (Equity Method of Accounting) and changes proscribed by ASC 805-10, (Business Combinations), which alters the way the Company is required to account for transaction costs associated with the acquisition of a property and the payment of damages resulting from a contractual dispute. During the nine months ended September 30, 2009, the Company recorded an impairment loss of \$1,075,192 on its investment in the Mezzanine Loan LLC, expensed \$1,183,299 in transaction costs related to the acquisition of Glo Apartments which are required to be expensed under ASC 805-10, when historically these type of costs would have been capitalized and recorded damages of \$747,992 related to the unsuccessful appeal of a contractual dispute in which the lower court ruled against the Company. There were no comparable impairment adjustments, transaction cost expenses or damages recorded in the nine-month period ended September 30, 2008. Adjusted Net Operating Income, which excludes these acquisition costs ("Adjusted NOI"), for the three months ended September 30, 2009 was \$9,828,439 as compared to \$7,888,347 for the same period ended September 30, 2008, an increase of \$1,940,092 or approximately 24.6%. Adjusted NOI for the nine months ended September 30, 2009 was \$26,929,481 as compared to \$23,712,418 for the nine months ended September 30, 2008, an increase of \$3,217,063 or approximately 13.6%. The increase was due to growth in rental revenue during the period from newly acquired or developed properties as well as net gains in rental revenue from existing properties in the portfolio. These gains were partially offset by operating expenses of the newly acquired properties as well as the unusual items previously discussed.

- For the three and nine months ended September 30, 2009, Berkshire reported net income, before depreciation (including depreciation reported as part of discontinued operations) and gain on sale of real estate assets ("Adjusted Net Income (Loss)") of \$1,937,550 and \$938,278, respectively, as compared to Adjusted Net Income (Loss) of \$1,822,878 and \$5,668,488, respectively, for the three and nine months ended September 30, 2008. The decrease in Adjusted Net Income (Loss) for the nine months ended September 30, 2009 was due primarily to changes in the accounting for acquisition transaction costs, increased losses from equity investments and increases in interest expense due to increased debt levels in the comparative periods.

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

- During this challenging economic period, in which the national economy has felt the effects of a prolonged recession, the Company has attempted to maintain an investment strategy focused on the renovation and rehabilitation of properties previously acquired and to identify assets for acquisition which the Company believes possess the potential to realize incremental gains in value from significant renovations. Two properties currently undergoing rehabilitation continue to realize improved operating results derived from increased rent levels from both new tenants as well as existing tenants who choose to move into a newly renovated unit on the same property. Due to the challenges of the economic climate, the Company evaluated previously approved renovation projects and in some cases decided to slow or delay those projects in an effort to maintain a high level of occupancy and maximize rental revenues at those properties. The Company's efforts have been successful, as year-to-date occupancy averaged over 93% for the year-to-date period ended September 30, 2009. When economic conditions improve, the Company will reevaluate rehabilitation projects currently on hold and will continue to consider additional properties contemplated in the Company's acquisition strategy.

David Quade, President and Chief Financial Officer of the Company, comments, “The efforts of the Company during the nine months ended September 30, 2009, which saw a continuation of challenging economic operating conditions, have been focused on managing property operations to maximize operating margins and maintain property values. Management has emphasized resident retention in an effort to maintain high occupancy levels at properties throughout the portfolio while maximizing rental revenue. Additionally, operating expenses have been analyzed in an effort to reduce operating expense levels and to supplement the benefits realized from the elevated occupancy levels which averaged over 93% during the period. These operating initiatives have been successful to date and we are confident that with continued improvement in the national economy, will contribute to the Company’s continued success in the future.”

## 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 Securities and Exchange Commission. Management considers FFO to be an appropriate measure of performance of an equity Real Estate Investment Trust (“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 (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) determined in accordance with GAAP to FFO, a non-GAAP financial measure, for the three and nine months ended September 30, 2009 and 2008:

	Three months ended September 30,		Nine months ended September 30,	
	2009	2008	2009	2008
Net income (loss)	\$ (6,143,768)	\$ (5,961,188)	\$ (23,145,399)	\$ 8,343,087
Add:				
Depreciation of real property	7,077,324	6,745,306	21,089,283	20,022,211
Depreciation of real property included in results of discontinued operations	-	-	-	797,039
Amortization of acquired in-place leases and tenant relationships	113,416	128,987	757,732	245,468
Equity in loss of Multifamily Venture Limited Partnership	1,046,676	1,066,063	3,257,561	2,615,887
Funds from operations of Multifamily Venture Limited Partnership	299,612	275,457	752,287	1,043,066
Less:				
Noncontrolling interest in properties share of funds from operations	(241,899)	(179,567)	(587,854)	(620,237)
Gain on disposition of real estate assets	-	(3,591)	-	(27,035,489)
Funds from Operations	\$ 2,151,361	\$ 2,071,467	\$ 2,123,610	\$ 5,411,032

FFO for the nine months ended September 30, 2009 decreased as compared to FFO for the nine-month period ended September 30, 2008. The decrease in FFO is due primarily to changes in the accounting for transaction costs under ASC 805-10 and the write-off of the Company's investment in the Mezzanine Loan LLC in the amount of \$1,075,192. ASC 805-10 requires that costs associated with acquisition transactions be expensed in the period incurred. Prior to the implementation of ASC 805-10, transaction costs were capitalized and included in the depreciable basis of acquired properties. Transaction costs for the acquisition of Glo Apartments totaled \$1,183,299, which were included in General and Administrative expense on the Consolidated Statement of Operations. Additionally, payment of a judgment against the Company of \$747,992, also contributed to the decrease in FFO in the comparable nine month 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 determined in accordance with GAAP, and Adjusted 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 net income (loss), before depreciation (including depreciation reported as part of discontinued operations) and gain on disposition of real estate assets, a non-GAAP financial measure, presented for the three and nine months ended September 30, 2009 and 2008:

	Three months ended September 30,		Nine months ended September 30,	
	2009	2008	2009	2008
Net income (loss)	\$ (6,143,768)	\$ (5,961,188)	\$ (23,145,399)	\$ 8,343,087
Add:				
Depreciation	8,081,318	6,945,770	24,083,677	20,798,984
Depreciation – Included in discontinued operations	-	841,887	-	3,561,906
Less:				
Gain on disposition of real estate assets	-	(3,591)	-	(27,035,489)
Adjusted net income (loss), before depreciation (including depreciation reported as part of discontinued operations) and gain on sale of real estate assets	<u>\$ 1,937,550</u>	<u>\$ 1,822,878</u>	<u>\$ 938,278</u>	<u>\$ 5,668,488</u>

The following table represents the reconciliation of net income (loss) determined in accordance with GAAP to Adjusted NOI, a non-GAAP financial measure, for the three and nine months ended September 30, 2009 and 2008:

	Three months ended September 30,		Nine months ended September 30,	
	2009	2008	2009	2008
Net income (loss)	\$ (6,143,768)	\$ (5,961,188)	\$ (23,145,399)	\$ 8,343,087
Add:				
Depreciation	8,081,318	6,945,770	24,083,677	20,798,984
Interest	6,732,894	5,640,983	19,684,864	17,036,620
Discontinued operations	(2,097)	114,424	160,454	1,757,053
Amortization of acquired in-place leases and tenant relationships	113,416	128,987	757,732	245,468
Equity in loss of Multifamily Venture Limited Partnership	1,046,676	1,066,063	3,257,561	2,615,887
Equity in loss (income) of Mezzanine Loan Limited Liability Company	-	(43,101)	947,293	(49,192)
Less:				
Gain on disposition of real estate assets	-	(3,591)	-	(27,035,489)
Net operating income	<u>9,828,439</u>	<u>7,888,347</u>	<u>25,746,182</u>	<u>23,712,418</u>
Add:				
Acquisition transaction costs expensed pursuant to ASC 805-10 (SFAS 141R)	-	-	1,183,299	-
Adjusted net operating income	<u>\$ 9,828,439</u>	<u>\$ 7,888,347</u>	<u>\$ 26,929,481</u>	<u>\$ 23,712,418</u>

## **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  
(unaudited)

	September 30, 2009	December 31, 2008
<b>ASSETS</b>		
Multifamily apartment communities, net of accumulated depreciation of \$160,666,556 and \$136,678,464, respectively	\$ 446,954,992	\$ 419,002,572
Cash and cash equivalents	10,660,889	24,227,615
Cash restricted for tenant security deposits	1,876,309	1,851,400
Cash restricted other	12,621,013	-
Replacement reserve escrow	2,855,457	5,952,952
Prepaid expenses and other assets	10,963,039	9,314,446
Investment in Multifamily Venture Limited Partnership	12,167,849	15,425,410
Investment in Mezzanine Loan Limited Liability Company	-	947,293
Acquired in place leases and tenant relationships, net of accumulated amortization of \$1,038,071 and \$888,254, respectively	232,008	388,935
Deferred expenses, net of accumulated amortization of \$1,772,593 and \$1,244,326, respectively	3,572,591	3,306,807
Total assets	\$ 501,904,147	\$ 480,417,430
<b>LIABILITIES AND EQUITY</b>		
Liabilities:		
Mortgage notes payable	\$ 482,369,963	\$ 432,013,999
Due to affiliates, net	2,117,453	2,291,250
Dividend and distributions payable	837,607	837,607
Accrued expenses and other liabilities	10,414,556	11,724,250
Tenant security deposits	1,898,230	1,800,105
Total liabilities	497,637,809	448,667,211
Commitments and contingencies (Note 9)	-	-
Equity:		
Noncontrolling interest in properties	707,292	293,650
Noncontrolling interest in Operating Partnership	(27,230,771)	-
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, 2009 and December 31, 2008, 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, 2009 and December 31, 2008, respectively	-	-
Class B common stock, \$.01 par value, 5,000,000 shares authorized, 1,406,196 issued and outstanding at September 30, 2009 and December 31, 2008, respectively	14,062	14,062
Excess stock, \$.01 par value, 15,000,000 shares authorized, 0 shares issued and outstanding at September 30, 2009 and December 31, 2008, respectively	-	-
Accumulated deficit	(39,435,075)	(38,768,323)
Total equity	4,266,338	31,750,219
Total liabilities and equity	\$ 501,904,147	\$ 480,417,430

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

	Three months ended September 30,		Nine months ended September 30,	
	2009	2008	2009	2008
<b>Revenue:</b>				
Rental	\$ 18,978,189	\$ 16,329,406	\$ 55,152,551	\$ 47,991,601
Interest	10,347	144,809	92,019	507,891
Utility reimbursement	430,504	333,257	1,215,602	1,016,519
Other	1,028,281	652,291	2,658,964	2,022,667
Total revenue	<u>20,447,321</u>	<u>17,459,763</u>	<u>59,119,136</u>	<u>51,538,678</u>
<b>Expenses:</b>				
Operating	4,941,356	4,357,738	14,944,595	13,122,757
Maintenance	1,358,994	1,253,946	3,643,027	3,600,259
Real estate taxes	2,133,677	2,050,884	6,651,627	5,648,965
General and administrative	990,714	812,956	4,576,468	2,198,568
Management fees	1,194,141	1,095,892	3,557,237	3,255,711
Depreciation	8,081,318	6,945,770	24,083,677	20,798,984
Interest	6,732,894	5,640,983	19,684,864	17,036,620
Amortization of acquired in-place leases and tenant relationships	113,416	128,987	757,732	245,468
Total expenses	<u>25,546,510</u>	<u>22,287,156</u>	<u>77,899,227</u>	<u>65,907,332</u>
Loss before equity in loss of Multifamily Venture Limited Partnership, Mezzanine Loan Limited Liability Company and loss from discontinued operations	(5,099,189)	(4,827,393)	(18,780,091)	(14,368,654)
Equity in loss of Multifamily Venture Limited Partnership	(1,046,676)	(1,066,063)	(3,257,561)	(2,615,887)
Equity in income (loss) of Mezzanine Loan Limited Liability Company	-	43,101	(947,293)	49,192
Loss from continuing operations	<u>(6,145,865)</u>	<u>(5,850,355)</u>	<u>(22,984,945)</u>	<u>(16,935,349)</u>
<b>Discontinued operations:</b>				
Income (loss) from discontinued operations	2,097	(114,424)	(160,454)	(1,757,053)
Gain on disposition of real estate estates	-	3,591	-	27,035,489
Income (loss) from discontinued operations	<u>2,097</u>	<u>(110,833)</u>	<u>(160,454)</u>	<u>25,278,436</u>
Net income (loss)	(6,143,768)	(5,961,188)	(23,145,399)	8,343,087
Net (income) loss attributable to noncontrolling interest in properties	26,899	(204,270)	273,465	(598,302)
Net (income) loss attributable to noncontrolling interest in Operating Partnership	7,605,835	(976,100)	27,230,771	(12,689,300)
Net income (loss) attributable to Parent Company	1,488,966	(7,141,558)	4,358,837	(4,944,515)
Preferred dividend	(1,675,197)	(1,675,143)	(5,025,589)	(5,025,539)
Net loss available to common shareholders	<u>\$ (186,231)</u>	<u>\$ (8,816,701)</u>	<u>\$ (666,752)</u>	<u>\$ (9,970,054)</u>
Net loss from continuing operations attributable to Parent Company per common share, basic and diluted	<u>\$ (0.13)</u>	<u>\$ (6.19)</u>	<u>\$ (0.36)</u>	<u>\$ (25.07)</u>
Net income (loss) from discontinued operations attributable to Parent Company per common share, basic and diluted	<u>\$ (0.00)</u>	<u>\$ (0.08)</u>	<u>\$ (0.11)</u>	<u>\$ 17.98</u>
Net loss attributable to Parent Company, per common share, basic and diluted	<u>\$ (0.13)</u>	<u>\$ (6.27)</u>	<u>\$ (0.47)</u>	<u>\$ (7.09)</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>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.20</u>

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