

**BERKSHIRE INCOME REALTY ANNOUNCES
OPERATING RESULTS AND FFO
FOR THE PERIOD ENDED JUNE 30, 2010**

BOSTON, MASSACHUSETTS - - August 17, 2010 - - 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, 2010. 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, 2010 were \$2,081,303 and \$2,854,699, respectively, as compared to \$(159,574) and \$(27,751), respectively, for the three and six months ended June 30, 2009. The increases of \$2,240,877 and \$2,882,450, respectively, during the comparable three and six month periods, primarily relate to events that occurred in the six month period ended June 30, 2009 for which there was no comparable activity recorded in the current period. The events include the Company's other-than-temporary impairment adjustment on its investment in the Leggat McCall Hingham Mezzanine Loan LLC (the "Mezzanine Loan LLC") pursuant to ASC 325-20, the Company's adoption of ASC 805-10, which changed the way the Company accounts for transaction costs related to acquisition of properties, and the recognition of a loss contingency for damages resulting from an unsuccessful appeal of a legal dispute. During the six months ended June 30, 2009, the Company recorded an other-than-temporary impairment loss of \$1,032,091 on its investment in the Mezzanine Loan LLC, expensed \$1,183,299 in transaction costs related to the acquisition of GLO Apartments ("GLO") which are required to be expensed under ASC 805-10, when historically these type of costs would have been capitalized, and recorded a loss contingency of \$747,990 related to the unsuccessful appeal of a legal dispute in which the lower court ruled against the Company. There were no comparable impairment adjustments, transaction cost expenses or loss contingencies recorded in the six-month period ended June 30, 2010.

-For the three and six months ended June 30, 2010, Berkshire reported net income (loss), before depreciation ("Adjusted Net Income (Loss)") of \$1,866,791 and \$2,287,659, respectively, as compared to Adjusted Net Income (Loss) of \$(567,490) and \$(999,272), respectively, for the three and six months ended June 30, 2009. The increases of \$2,434,281 and \$3,286,931, respectively, during the comparable three and six month periods, were primarily due to a reduction in general and administrative expenses as a result of the 2009 GLO transaction costs and reduction in a loss contingency, decreased losses from the Company's equity investment in the Mezzanine Loan LLC, and decreased amortization of acquired in-place leases and tenant relationships, partially offset by increases in interest expense due to increased debt levels in the comparable periods and increased losses from the Company's equity investment in the Multifamily Venture Limited Partnership.

- Adjusted Net Operating Income, which excludes the acquisition costs ("Adjusted NOI"), for the three months ended June 30, 2010 was \$9,972,221 as compared to \$8,548,789 for the same period ended June 30, 2009, an increase of \$1,423,432 or approximately 16.7%. Adjusted NOI for the six months ended June 30, 2010 was \$18,848,507 as compared to \$17,101,042 for the six months ended June 30, 2009, an increase of \$1,747,465 or approximately 10.2%. The increase was due to growth in rental revenue from both existing properties in the portfolio as well as properties newly acquired or developed during the comparable periods. The Same Property portfolio, properties owned and placed in service prior to January 1, 2009 ("Same Property"), had total revenue increases of approximately 1.5% for the six months ended June 30, 2010 as compared to the six months ended June 30, 2009. Same Property total operating expenses decreased approximately 1% during the same comparable periods, primarily due to savings in operating expenses such as marketing costs, electricity and gas and reduced real estate taxes. These savings were partially offset by increased maintenance expenses related primarily to snow removal and related costs incurred in the Mid-Atlantic region, where unusual storm activity took place during the six month period ended June 30, 2010.

-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), and Adjusted NOI is set forth on pages 3 and 4 of this press release.

- Current economic conditions for the multifamily industry continue to exhibit signs of improvement over the challenging environment experienced during the prolonged recession in 2009. The Company continues to emphasize strategies intended to maximize financial operating results. The strategies include implementation of property management efficiencies, improvements to the physical assets and selectively adding newer properties to the portfolio through acquisition or new development.

President and CFO David Quade comments: “Operating results remained positive through the second quarter with revenues and net operating income from our Same Property Portfolio continuing to show increases over prior year results. Net operating income of the Same Store Portfolio increased 9% over the comparable six months period of 2009 and reflects increases in revenue as well as lower operating expenses, the result of cost savings strategies implemented by management. Occupancy remained high and resulted in an average year-to-date occupancy level of over 95%. Looking ahead, improvement in the economy will allow us to begin increasing rent levels in markets where occupancy remains high and local economic trends exhibit strength.”

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 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 loss to FFO for the three and six months ended June 30, 2010 and 2009:

	Three months ended June 30,		Six months ended June 30,	
	2010	2009	2010	2009
Net loss	\$ (6,160,882)	\$ (8,784,413)	\$ (13,755,784)	\$ (17,001,631)
Add:				
Depreciation of real property	7,210,051	7,210,482	14,382,057	14,011,959
Amortization of acquired in-place leases and tenant relationships	28,218	372,127	76,262	644,316
Equity in loss of Multifamily Venture Limited Partnership	1,026,369	1,056,629	2,688,056	2,210,885
Funds from operations of Multifamily Venture Limited Partnership	239,125	250,499	(130,167)	452,675
Less:				
Noncontrolling interest in properties share of funds from operations	(261,578)	(264,898)	(405,725)	(345,955)
Funds from Operations	<u>\$ 2,081,303</u>	<u>\$ (159,574)</u>	<u>\$ 2,854,699</u>	<u>\$ (27,751)</u>

FFO for the three and six months ended June 30, 2010 increased as compared to FFO for the three and six month periods ended June 30, 2009. The increase in FFO is due primarily to the transaction costs for the acquisition of Glo of \$1,183,299 and costs accrued for the judgment in the Lakeridge legal matter of \$774,990, which were included in General and Administrative expense on the Consolidated Statement of Operations during the six months ended June 30, 2009, in addition to the other-than-temporary impairment write-off of the Company's investment in the Mezzanine Loan LLC in the amount of \$1,032,991 recorded during the same period.

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 sale of real estate assets, a non-GAAP financial measure, presented for the three and six months ended June 30, 2010 and 2009:

	Three months ended June 30,		Six months ended June 30,	
	2010	2009	2010	2009
Net loss	\$ (6,160,882)	\$ (8,784,413)	\$ (13,755,784)	\$ (17,001,631)
Add:				
Depreciation	8,027,673	8,216,923	16,043,443	16,002,359
Adjusted net income (loss) before depreciation	<u>\$ 1,866,791</u>	<u>\$ (567,490)</u>	<u>\$ 2,287,659</u>	<u>\$ (999,272)</u>

The following table represents the reconciliation of net loss determined in accordance with GAAP to Adjusted NOI, a non-GAAP financial measure, for the three and six months ended June 30, 2010 and 2009:

	Three months ended		Six months ended	
	June 30,		June 30,	
	2010	2009	2010	2009
Net loss	\$ (6,160,882)	\$ (8,784,413)	\$ (13,755,784)	\$ (17,001,631)
Add:				
Depreciation	8,027,673	8,216,923	16,043,443	16,002,359
Interest	7,050,843	6,704,661	13,796,530	12,951,970
Discontinued operations	-	4,582	-	162,551
Amortization of acquired in-place leases and tenant relationships	28,218	372,127	76,262	644,316
Equity in loss of Multifamily Limited Partnership	1,026,369	1,056,629	2,688,056	2,210,885
Equity in loss of Mezzanine Loan Limited Liability Company	-	774,075	-	947,293
Net operating income	9,972,221	8,344,584	18,848,507	15,917,743
Add:				
Acquisition transaction costs expensed pursuant to ASC 805-10	-	204,205	-	1,183,299
Adjusted net operating income	\$ 9,972,221	\$ 8,548,789	\$ 18,848,507	\$ 17,101,042

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, 2009 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)

	June 30, 2010	December 31, 2009
ASSETS		
Multifamily apartment communities, net of accumulated depreciation of \$184,762,420 and \$168,718,977, respectively	\$ 429,424,933	\$ 441,983,721
Cash and cash equivalents	14,975,843	17,956,617
Cash restricted for tenant security deposits	1,602,741	1,875,771
Cash restricted other	-	12,621,014
Replacement reserve escrow	4,375,190	3,938,646
Prepaid expenses and other assets	9,123,155	10,092,883
Investment in Multifamily Venture Limited Partnership	8,513,193	11,201,249
Acquired in place leases and tenant relationships, net of accumulated amortization of \$1,184,531 and \$1,108,269 respectively	85,548	161,810
Deferred expenses, net of accumulated amortization of \$1,989,487 and \$1,880,816, respectively	3,737,393	3,413,587
Total assets	\$ 471,837,996	\$ 503,245,298
LIABILITIES AND DEFICIT		
Liabilities:		
Mortgage notes payable	\$ 478,119,828	\$ 474,830,728
Note payable, affiliate	-	15,720,000
Due to affiliates, net	1,506,928	2,149,628
Dividend and distributions payable	837,607	837,607
Accrued expenses and other liabilities	10,208,797	11,086,062
Tenant security deposits	1,854,414	1,838,501
Total liabilities	492,527,574	506,462,526
Commitments and contingencies	-	-
Deficit:		
Noncontrolling interest in properties	(48,103)	416,382
Noncontrolling interest in Operating Partnership	(50,852,875)	(34,251,501)
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, 2010 and December 31, 2009, 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, 2010 and December 31, 2009, respectively	-	-
Class B common stock, \$.01 par value, 5,000,000 shares authorized, 1,406,196 issued and outstanding at June 30, 2010 and December 31, 2009, respectively	14,062	14,062
Excess stock, \$.01 par value, 15,000,000 shares authorized, 0 shares issued and outstanding at June 30, 2010 and December 31, 2009, respectively	-	-
Accumulated deficit	(40,013,492)	(39,607,001)
Total deficit	(20,689,578)	(3,217,228)
Total liabilities and deficit	\$ 471,837,996	\$ 503,245,298

BERKSHIRE INCOME REALTY, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS

(unaudited)

	Three months ended June 30,		Six months ended June 30,	
	2010	2009	2010	2009
Revenue:				
Rental	\$ 18,732,479	\$ 18,600,158	\$ 37,366,200	\$ 36,174,362
Interest	2,797	34,077	7,880	81,671
Utility reimbursement	434,370	401,362	848,576	785,097
Other	1,017,242	869,237	1,991,295	1,630,685
Total revenue	<u>20,186,888</u>	<u>19,904,834</u>	<u>40,213,951</u>	<u>38,671,815</u>
Expenses:				
Operating	4,343,138	4,758,956	9,740,068	10,003,239
Maintenance	1,381,093	1,299,285	2,669,193	2,284,033
Real estate taxes	2,157,824	2,477,680	4,289,232	4,559,348
General and administrative	1,008,526	1,826,433	2,145,833	3,544,356
Management fees	1,324,086	1,197,896	2,521,118	2,363,096
Depreciation	8,027,673	8,216,923	16,043,443	16,002,359
Interest, inclusive of amortization of deferred financing fees	7,050,843	6,704,661	13,796,530	12,951,970
Amortization of acquired in-place leases and tenant relationships	28,218	372,127	76,262	644,316
Total expenses	<u>25,321,401</u>	<u>26,853,961</u>	<u>51,281,679</u>	<u>52,352,717</u>
Loss before equity in loss of Multifamily Venture Limited Partnership and Mezzanine Loan Limited Liability Company and loss from discontinued operations	(5,134,513)	(6,949,127)	(11,067,728)	(13,680,902)
Equity in loss of Multifamily Venture Limited Partnership	(1,026,369)	(1,056,629)	(2,688,056)	(2,210,885)
Equity in loss of Mezzanine Loan Limited Liability Company	-	(774,075)	-	(947,293)
Loss from continuing operations	<u>(6,160,882)</u>	<u>(8,779,831)</u>	<u>(13,755,784)</u>	<u>(16,839,080)</u>
Discontinued operations:				
Loss from discontinued operations	-	(4,582)	-	(162,551)
Net loss from discontinued operations	<u>-</u>	<u>(4,582)</u>	<u>-</u>	<u>(162,551)</u>
Net loss	(6,160,882)	(8,784,413)	(13,755,784)	(17,001,631)
Net (income) loss attributable to noncontrolling interest in properties	(25,245)	43,696	98,311	246,566
Net loss attributable to noncontrolling interest in Operating Partnership	7,673,438	10,166,973	16,601,374	19,624,936
Net income attributable to Parent Company	1,487,311	1,426,256	2,943,901	2,869,871
Preferred dividend	(1,675,196)	(1,675,196)	(3,350,392)	(3,350,392)
Net loss available to common shareholders	<u>\$ (187,885)</u>	<u>\$ (248,940)</u>	<u>\$ (406,491)</u>	<u>\$ (480,521)</u>
Net loss from continuing operations attributable to Parent Company per common share, basic and diluted	<u>\$ (0.13)</u>	<u>\$ (0.17)</u>	<u>\$ (0.29)</u>	<u>\$ (0.23)</u>
Net loss from discontinued operations attributable to Parent Company per common share, basic and diluted	<u>\$ 0.00</u>	<u>\$ (0.01)</u>	<u>\$ 0.00</u>	<u>\$ (0.11)</u>
Net loss available to common shareholders per common share, basic and diluted	<u>\$ (0.13)</u>	<u>\$ (0.18)</u>	<u>\$ (0.29)</u>	<u>\$ (0.34)</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>\$ 0.00</u>

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