

**BERKSHIRE INCOME REALTY ANNOUNCES  
OPERATING RESULTS AND FUNDS FROM OPERATIONS  
FOR THE QUARTER ENDED JUNE 30, 2011**

BOSTON, MASSACHUSETTS - - August 16, 2011 - - Berkshire Income Realty, Inc. (NYSE AMEX: "BIR\_pa", "BIRPRA", "BIR-A" "BIR.PR.A") ("Berkshire" or the "Company") reported its results for the periods ended June 30, 2011. Financial highlights for the three- and six-month period ended June 30, 2011 include:

- FFO grew 32.0% for the three-months ended June 30, 2011 - The Company's Funds From Operations ("FFO"), a non-GAAP financial measure, for the three-months ended June 30, 2011 was \$3,202,193, an increase of \$776,701 or 32.0%, as compared to \$2,425,492 for the three-months ended June 30, 2010. The three-month period increase in FFO was due primarily to the incremental operations of a first quarter 2011 property acquisition, Estancia Apartment Homes, and net gains in rental revenue growth from the existing portfolio properties. FFO for the six-months ended June 30, 2011 was \$4,514,897 compared to \$3,218,847 for the comparable six-month period ended June 30, 2010.

- Same Property Net Operating Income ("Same Property NOI") , a non-GAAP financial measure, grew 6.1% - Comparative revenues of properties acquired or placed in service prior to January 1, 2010 ("Same Property") had total revenue increases of approximately 3.1% for the six-months ended June 30, 2011 as compared to the same period a year ago. In addition, total operating expenses for the Same Property portfolio decreased slightly primarily as a result of decreased real estate tax expense related to savings from successful property valuation challenges and decreased general and administrative expenses.

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 and Same Property NOI is set forth on pages 2 and 3 of this press release. For the three-month periods ended June 30, 2011 and 2010, the net loss was \$(4,902,052) and \$(5,866,166), respectively. For the six months ended June 30, 2011 and 2010, the net loss was \$(11,555,151) and \$(13,414,271), respectively.

Multifamily apartment industry fundamentals continue to be positive even in light of the recent economic turmoil both in the US and abroad. As noted by economists specializing in multifamily apartments, demand for apartments in 2010 was the best seen in years and is expected to continue in 2011. Many experts believe that in 2011 through 2013 demand for apartments will increase as favorable apartment supply and demand fundamentals, continue to be favorable.

President David Quade comments: *"We are pleased with the improvement in Berkshire's operating results and the progress with respect to our two development projects. The results during the second quarter of 2011 contributed to a strong same property net operating income increase of over 6% for the first six months of 2011. This positive result was primarily attributed to revenues, which continued to increase largely due to the Company's revenue management software. The revenue growth is further supported by the fact that the majority of our properties are located in major metropolitan markets currently experiencing strong demand for multifamily apartments. Construction at both of our ground-up development sites continues on schedule and on budget, with both of these Class A properties expected to be available for initial leasing mid-year 2013. We anticipate the multifamily apartment sector to continue its strong recovery over the near term."*

## 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 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 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 six months ended June 30, 2011 and 2010:

	Three months ended		Six months ended	
	June 30,		June 30,	
	2011	2010 Adjusted*	2011	2010 Adjusted*
Net loss	(4,902,052)	(5,866,166)	(11,555,151)	(13,414,271)
Add:				
Depreciation of real property	7,088,141	7,210,051	13,926,406	14,382,057
Amortization of acquired in-place leases and tenant relationships	185,388	28,218	389,866	76,262
Equity in loss of Multifamily Venture Limited Partnership and Multifamily Limited Liability Company	495,752	731,653	1,832,578	2,346,543
Funds from operations of Multifamily Venture Limited Partnership and Multifamily Limited Liability Company	690,700	583,314	533,586	233,981
Less:				
Noncontrolling interest in properties share of funds from operations	(355,736)	(261,578)	(612,388)	(405,725)
Funds from Operations	<u>3,202,193</u>	<u>2,425,492</u>	<u>4,514,897</u>	<u>3,218,847</u>

\* See *Notes to the Consolidated Financial Statement, Note 3 - Investment in Multifamily Venture Limited Partnership* of the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2011.

FFO for the three and six months ended June 30, 2011 increased as compared to FFO for the three- and six-month periods ended June 30, 2010. The increase in FFO is due primarily to increased revenue, general and administrative expenses related to the bond redemption fees of \$223,300 incurred during the six months ended June 30, 2010, as well as a one-time adjustment to record \$196,552 of prior period negatively amortized interest on the Glo loans during the six months ended June 30, 2010 for which there were no comparative adjustments recorded in 2011. The increase was partially offset by transaction costs for the acquisition of Estancia of \$620,779, which were included in general and administrative expense on the Consolidated Statement of operations during the six months ended June 30, 2011.

## 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.

NOI falls within the definition of a “non-GAAP financial measure” as stated in Item 10(e) of Regulation S-K promulgated by the SEC 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. 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 Company also believes it is a useful measure to facilitate the comparison of operating performance among competitors. The calculation of NOI requires classification of income statement items between operating and non-operating expenses, where operating items include only those items of revenue and expense which are directly related to the income producing activities of the properties. We believe that to achieve a more complete understanding of the Company's performance, NOI should be compared with our reported net income (loss). Management uses NOI to evaluate the operating results of properties without reflecting the effect of capital decisions such as the issuance of mortgage debt and investments in capital items; in turn, these capital decisions have an impact on interest expense and depreciation and amortization.

The following table represents the reconciliation of GAAP net loss to the other non-GAAP measures presented for the six months ended June 30, 2011 and 2010:

	Three months ended		Six months ended	
	June 30,		June 30,	
	2011	2010 Adjusted*	2011	2010 Adjusted*
Net loss	\$ (4,902,052)	\$ (5,866,166)	\$ (11,555,151)	\$ (13,414,271)
Add:				
Depreciation	7,993,074	8,027,673	15,691,428	16,043,443
Interest	7,366,708	7,050,843	14,578,999	13,796,530
Amortization of intangible assets	185,388	28,218	389,866	76,262
Equity in loss of Multifamily Venture Limited Partnership and Multifamily Limited Liability Company	495,752	731,653	1,832,578	2,346,543
Net operating income	11,138,870	9,972,221	20,937,720	18,848,507
Add:				
Net operating loss related to properties acquired after January 1, 2010 and non-property activities	567,767	1,497,071	2,177,580	2,943,882
Same property net operating income	\$ 11,706,637	\$ 11,469,292	\$ 23,115,300	\$ 21,792,389

\* See *Notes to the Consolidated Financial Statement, Note 3 - Investment in Multifamily Venture Limited Partnership* of the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2011.

## The Company

The Company is a REIT whose objective is to acquire, develop, operate, and rehabilitate multifamily apartment communities. The Company owns interests in twenty-seven such multifamily apartment communities and one multifamily development project, of which seven are located in the Baltimore/Washington, D.C. metropolitan area, five are located in Virginia, four are located in Houston, Texas, three 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, Los Angeles, California and Denver, Colorado.

## **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, especially as they may affect rental markets, 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, 2010 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.

### **Contact Information:**

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BERKSHIRE INCOME REALTY, INC.  
CONSOLIDATED BALANCE SHEETS

	June 30, 2011	December 31, 2010
	(unaudited)	(audited)
<b>ASSETS</b>		
Multifamily apartment communities, net of accumulated depreciation of \$215,736,915 and \$200,045,487, respectively	\$ 459,841,955	\$ 419,531,860
Cash and cash equivalents	10,314,878	12,893,665
Cash restricted for tenant security deposits	1,590,551	1,610,659
Replacement reserve escrow	4,148,996	3,990,924
Prepaid expenses and other assets	11,075,182	9,258,604
Investment in Multifamily Venture Limited Partnership and Multifamily Limited Liability Company	17,834,933	6,047,858
Acquired in-place leases and tenant relationships, net of accumulated amortization of \$380,950 and \$1,226,117, respectively	224,129	43,962
Deferred expenses, net of accumulated amortization of \$2,561,908 and \$2,270,646, respectively	4,541,410	3,488,897
Total assets	<u>\$ 509,572,034</u>	<u>\$ 456,866,429</u>
<b>LIABILITIES AND DEFICIT</b>		
Liabilities:		
Mortgage notes payable	\$ 511,082,014	\$ 476,386,979
Note payable, affiliate	32,100,000	—
Due to affiliates, net	2,229,862	1,820,827
Due to affiliate, incentive advisory fees	2,595,461	2,207,795
Dividend and distributions payable	837,607	837,607
Accrued expenses and other liabilities	10,501,681	11,092,336
Tenant security deposits	1,922,786	1,827,837
Total liabilities	<u>561,269,411</u>	<u>494,173,381</u>
Commitments and contingencies (Note 9)	—	—
Deficit:		
Noncontrolling interest in properties	442,053	(191,881)
Noncontrolling interest in Operating Partnership (Note 10)	(80,471,359)	(65,806,083)
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, 2011 and December 31, 2010, 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, 2011 and December 31, 2010, respectively	—	—
Class B common stock, \$.01 par value, 5,000,000 shares authorized, 1,406,196 shares issued and outstanding at June 30, 2011 and December 31, 2010, respectively	14,062	14,062
Excess stock, \$.01 par value, 15,000,000 shares authorized, 0 shares issued and outstanding at June 30, 2011 and December 31, 2010, respectively	—	—
Accumulated deficit	(41,892,963)	(41,533,880)
Total deficit	<u>(51,697,377)</u>	<u>(37,306,952)</u>
Total liabilities and deficit	<u>\$ 509,572,034</u>	<u>\$ 456,866,429</u>

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

	Three months ended		Six months ended	
	June 30,		June 30,	
	2011	2010 Adjusted*	2011	2010 Adjusted*
<b>Revenue:</b>				
Rental	\$ 20,440,643	\$ 18,732,479	\$ 40,288,924	\$ 37,366,200
Interest	2,067	2,797	4,759	7,880
Utility reimbursement	860,864	578,867	1,681,983	1,119,702
Other	1,014,641	1,017,242	1,951,308	1,991,295
Total revenue	<u>22,318,215</u>	<u>20,331,385</u>	<u>43,926,974</u>	<u>40,485,077</u>
<b>Expenses:</b>				
Operating	4,888,651	4,487,635	10,242,610	10,011,194
Maintenance	1,609,407	1,381,093	2,786,356	2,669,193
Real estate taxes	2,280,945	2,157,824	4,223,057	4,289,232
General and administrative	1,136,314	1,008,526	2,847,722	2,145,833
Management fees	1,264,028	1,198,427	2,501,843	2,395,459
Incentive advisory fees	—	125,659	387,666	125,659
Depreciation	7,993,074	8,027,673	15,691,428	16,043,443
Interest, inclusive of amortization of deferred financing fees	7,366,708	7,050,843	14,578,999	13,796,530
Amortization of acquired in-place leases and tenant relationships	185,388	28,218	389,866	76,262
Total expenses	<u>26,724,515</u>	<u>25,465,898</u>	<u>53,649,547</u>	<u>51,552,805</u>
Loss before equity in loss of Multifamily Venture Limited Partnership and Multifamily Limited Liability Company	(4,406,300)	(5,134,513)	(9,722,573)	(11,067,728)
Equity in loss of Multifamily Venture Limited Partnership and Multifamily Limited Liability Company	(495,752)	(731,653)	(1,832,578)	(2,346,543)
Net loss	(4,902,052)	(5,866,166)	(11,555,151)	(13,414,271)
Net (income) loss attributable to noncontrolling interest in properties	(100,708)	(25,245)	(118,834)	98,311
Net loss attributable to noncontrolling interest in Operating Partnership (Note 10)	6,518,343	7,385,765	14,665,276	16,268,026
Net income attributable to Parent Company	1,515,583	1,494,354	2,991,291	2,952,066
Preferred dividend	(1,675,187)	(1,675,196)	(3,350,374)	(3,350,392)
Net loss available to common shareholders	<u>\$ (159,604)</u>	<u>\$ (180,842)</u>	<u>\$ (359,083)</u>	<u>\$ (398,326)</u>
Net loss from continuing operations attributable to Parent Company per common share, basic and diluted	<u>(0.11)</u>	<u>(0.13)</u>	<u>(0.25)</u>	<u>(0.28)</u>
Net income (loss) from discontinued operations attributable to Parent Company per common share, basic and diluted	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Net loss available to common shareholders per common share, basic and diluted	<u>(0.11)</u>	<u>(0.13)</u>	<u>(0.25)</u>	<u>(0.28)</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>—</u>	<u>—</u>

\* See Notes to the Consolidated Financial Statement, Note 3 - Investment in Multifamily Venture Limited Partnership of the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2011.

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