

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

BOSTON, MASSACHUSETTS -- November 18, 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 September 30, 2011. Financial highlights for the three- and nine-month period ended September 30, 2011 include:

- FFO grew 64.3% for the three-months ended September 30, 2011 - The Company's Funds From Operations ("FFO"), a non-GAAP financial measure, for the three-months ended September 30, 2011 was \$2,517,729, an increase of \$985,155 or 64.3%, as compared to \$1,532,574 for the three-months ended September 30, 2010. FFO for the nine-months ended September 30, 2011 was \$7,032,626 compared to \$4,751,421 for the comparable nine-month period ended September 30, 2010. The increase in FFO for both periods was due to improved operating results driven primarily by solid gains in rental revenue across the portfolio. To a lesser extent, FFO was offset by increases in interest expense incurred on higher outstanding revolving credit balances related to acquisition and development activities in the periods.

- Same Property Net Operating Income ("Same Property NOI") grew 5.2% - Same Property NOI, a non-GAAP financial measure, increased as a result of growth in comparative revenues of properties acquired or placed in service prior to January 1, 2010 ("Same Property") which had total revenue increases of approximately 3.3% for the nine-months ended September 30, 2011 as compared to the same period a year ago. In addition, total operating expenses for the Same Property portfolio increased slightly primarily as a result of increased payroll expenses related to benefits costs and increased maintenance 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 September 30, 2011 and 2010, the net loss was \$(5,390,296) and \$(6,176,834), respectively. For the nine months ended September 30, 2011 and 2010, the net loss was \$(16,945,447) and \$(19,591,105), respectively.

On a national basis, the multifamily sector continues to exhibit strong fundamentals and improved performance due to increases in effective rents. These improvements are due, in large part, to favorable supply and demand dynamics, as construction of new apartment units has decreased significantly and the home ownership market has weakened due to stricter mortgage qualification standards and declining home values. Many experts believe that in 2011 through 2013 demand for apartments will be strong as the multifamily apartment supply and demand fundamentals continue to be favorable.

President David Quade comments: ***"Berkshire's operating results continue to be strong due to growth in revenues and high occupancy levels maintained throughout the portfolio. These factors have contributed to Same Property NOI growth which resulted in average increases of more than 5% for the year-to-date period. We continue to pursue value creation initiatives and are pleased with the progress of our two properties currently under development. The first project is a 603-unit multiple building project located in the up and coming NoMa section of Washington, D.C. and the second is a 231-unit mid rise apartment building in downtown Denver. The projects are on budget and are progressing on schedule with foundations complete and commencement of building construction well underway. Both projects are well located in markets that continue to exhibit positive rental trends, and this should benefit leasing activities which are expected to begin in late 2012."***

## 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 three and nine months ended September 30, 2011 and 2010:

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2011	2010 Adjusted*	2011	2010 Adjusted*
Net loss	(5,390,296)	(6,176,834)	(16,945,447)	(19,591,105)
Add:				
Depreciation of real property	6,995,432	6,779,235	20,921,838	21,161,292
Amortization of acquired in-place leases and tenant relationships	95,950	28,218	485,816	104,480
Equity in loss of Multifamily Venture Limited Partnership and Multifamily Limited Liability Company	802,017	761,278	2,634,595	3,107,821
Funds from operations of Multifamily Venture Limited Partnership and Multifamily Limited Liability Company	356,042	456,055	889,628	690,036
Less:				
Noncontrolling interest in properties share of funds from operations	(341,416)	(315,378)	(953,804)	(721,103)
Funds from Operations	<u>2,517,729</u>	<u>1,532,574</u>	<u>7,032,626</u>	<u>4,751,421</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 September 30, 2011.

FFO for the three and nine months ended September 30, 2011 increased as compared to FFO for the three- and nine-month periods ended September 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 nine months ended September 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 nine months ended September 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 nine months ended September 30, 2011 and increased interest expense incurred as a result of higher revolving credit balance outstanding during the nine months ended September 30, 2011 when compared to the same period ended September 30, 2010.

## 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 three and nine months ended September 30, 2011 and 2010:

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2011	2010 Adjusted*	2011	2010 Adjusted*
Net loss	\$ (5,390,296)	\$ (6,176,834)	\$(16,945,447)	\$(19,591,105)
Add:				
Depreciation	7,903,053	7,554,925	23,594,481	23,598,368
Interest	7,373,125	6,825,935	21,952,124	20,622,465
Amortization of intangible assets	95,950	28,218	485,816	104,480
Equity in loss of Multifamily Venture Limited Partnership and Multifamily Limited Liability Company	802,017	761,278	2,634,595	3,107,821
Net operating income	10,783,849	8,993,522	31,721,569	27,842,029
Add:				
Net operating loss related to properties acquired after January 1, 2010 and non-property activities	730,107	2,147,974	2,907,687	5,091,856
Same property net operating income	<u>\$ 11,513,956</u>	<u>\$ 11,141,496</u>	<u>\$ 34,629,256</u>	<u>\$ 32,933,885</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 September 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.

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BERKSHIRE INCOME REALTY, INC.  
CONSOLIDATED BALANCE SHEETS

	September 30, 2011	December 31, 2010
	(unaudited)	(audited)
<b>ASSETS</b>		
Multifamily apartment communities, net of accumulated depreciation of \$223,639,968 and \$200,045,487, respectively	\$ 458,746,887	\$ 419,531,860
Cash and cash equivalents	10,600,628	12,893,665
Cash restricted for tenant security deposits	1,610,022	1,610,659
Replacement reserve escrow	1,451,457	3,990,924
Prepaid expenses and other assets	12,366,828	9,258,604
Investment in Multifamily Venture Limited Partnership and Multifamily Limited Liability Company	18,322,319	6,047,858
Acquired in-place leases and tenant relationships, net of accumulated amortization of \$476,900 and \$1,226,117, respectively	128,179	43,962
Deferred expenses, net of accumulated amortization of \$2,711,670 and \$2,270,646, respectively	4,392,352	3,488,897
Total assets	\$ 507,618,672	\$ 456,866,429
<b>LIABILITIES AND DEFICIT</b>		
Liabilities:		
Mortgage notes payable	\$ 512,884,253	\$ 476,386,979
Note payable, affiliate	33,375,000	—
Due to affiliates, net	1,369,393	1,820,827
Due to affiliate, incentive advisory fees	2,914,535	2,207,795
Dividend and distributions payable	837,607	837,607
Accrued expenses and other liabilities	13,250,647	11,092,336
Tenant security deposits	1,868,387	1,827,837
Total liabilities	566,499,822	494,173,381
Commitments and contingencies (Note 9)	—	—
Deficit:		
Noncontrolling interest in properties	411,987	(191,881)
Noncontrolling interest in Operating Partnership (Note 10)	(87,454,092)	(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 September 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 September 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 September 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 September 30, 2011 and December 31, 2010, respectively	—	—
Accumulated deficit	(42,063,937)	(41,533,880)
Total deficit	(58,881,150)	(37,306,952)
Total liabilities and deficit	\$ 507,618,672	\$ 456,866,429

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

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2011	2010 Adjusted*	2011	2010 Adjusted*
Revenue:				
Rental	\$ 20,645,812	\$ 18,877,415	\$ 60,934,736	\$ 56,243,615
Interest	1,738	2,785	6,497	10,665
Utility reimbursement	848,752	580,331	2,530,735	1,700,033
Other	1,049,764	1,091,937	3,001,072	3,083,232
Total revenue	<u>22,546,066</u>	<u>20,552,468</u>	<u>66,473,040</u>	<u>61,037,545</u>
Expenses:				
Operating	5,399,595	4,786,823	15,642,205	14,798,017
Maintenance	1,649,864	1,410,435	4,436,220	4,079,628
Real estate taxes	2,206,524	2,149,371	6,429,581	6,438,603
General and administrative	914,262	1,025,223	3,761,984	3,171,056
Management fees	1,272,898	1,198,849	3,774,741	3,594,308
Incentive advisory fees	319,074	988,245	706,740	1,113,904
Depreciation	7,903,053	7,554,925	23,594,481	23,598,368
Interest, inclusive of amortization of deferred financing fees	7,373,125	6,825,935	21,952,124	20,622,465
Amortization of acquired in-place leases and tenant relationships	95,950	28,218	485,816	104,480
Total expenses	<u>27,134,345</u>	<u>25,968,024</u>	<u>80,783,892</u>	<u>77,520,829</u>
Loss before equity in loss of Multifamily Venture Limited Partnership and Multifamily Limited Liability Company	(4,588,279)	(5,415,556)	(14,310,852)	(16,483,284)
Equity in loss of Multifamily Venture Limited Partnership and Multifamily Limited Liability Company	(802,017)	(761,278)	(2,634,595)	(3,107,821)
Net loss	(5,390,296)	(6,176,834)	(16,945,447)	(19,591,105)
Net (income) loss attributable to noncontrolling interest in properties	(88,216)	(18,305)	(207,050)	80,006
Net loss attributable to noncontrolling interest in Operating Partnership (Note 10)	6,982,733	7,682,225	21,648,009	23,950,251
Net income attributable to Parent Company	1,504,221	1,487,086	4,495,512	4,439,152
Preferred dividend	(1,675,195)	(1,675,187)	(5,025,569)	(5,025,579)
Net loss available to common shareholders	<u>\$ (170,974)</u>	<u>\$ (188,101)</u>	<u>\$ (530,057)</u>	<u>\$ (586,427)</u>
Net loss from continuing operations attributable to Parent Company per common share, basic and diluted	<u>(0.12)</u>	<u>(0.13)</u>	<u>(0.38)</u>	<u>(0.42)</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>(0.12)</u>	<u>(0.13)</u>	<u>(0.38)</u>	<u>(0.42)</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 September 30, 2011.

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