

**BERKSHIRE INCOME REALTY ANNOUNCES
OPERATING RESULTS AND FUNDS FROM OPERATIONS
FOR THE QUARTER ENDED MARCH 31, 2011**

BOSTON, MASSACHUSETTS - - May 18, 2011 - - Berkshire Income Realty, Inc. (AMEX: "BIR_pa", "BIRPRA", "BIR-A" "BIR.PR.A") ("Berkshire" or the "Company") reported its results for the quarter ended March 31, 2011. Financial highlights for the three-month period ended March 31, 2011 include:

- FFO grew 65.5% - The Company's Funds from Operations ("FFO"), a non-GAAP financial measure, for the three months ended March 31, 2011 were \$1,312,704, an increase of \$519,349 or 65.5%, as compared to \$793,355 for the comparable three-month period ended March 31, 2010. The increase in FFO during the period was due primarily to the incremental contribution to FFO from a newly acquired property and net gains in rental revenue growth from existing properties in the portfolio. The Company incurred non-recurring costs of \$547,932 related to transaction costs on the acquisition of Estancia Apartment Homes during the quarter ended March 31, 2011 as compared to non-recurring costs in the comparable quarter for 2010 of \$223,300 related to bond redemption fees related to the maturity of the Glo property debt. The Company also recognized \$387,666 of accrued incentive fees in the current quarter for which there was no comparable expense in 2010.

- Same Property Net Operating Income ("Same Property NOI") grew 10.5% - Comparative revenues of properties acquired or placed in service prior to January 1, 2010 ("Same Property") had total revenue increases of approximately 2.3% for the quarter ended March 31, 2011 as compared to the quarter ended March 31, 2010. In addition, total operating expenses for the Same Store portfolio decreased by approximately 6.1% primarily as a result of decreased maintenance expense due to lower snow removal costs at certain properties as compared to 2010, savings on unit turn costs due to continued high resident retention, and decreased general and administrative expenses due to bond redemption fees of \$223,300 related to the maturity of the Glo property debt in March 2010 for which there were no comparative expenses in 2011.

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 March 31, 2011 and 2010, the net loss was \$(6,653,099) and \$(7,548,105), respectively.

Trends in the multifamily apartment industry continue to be positive and are expected to remain positive in the foreseeable future as the global economy slowly begins to expand during 2011 and continues to recover from the recent recessionary period. As noted by economists and economic advisory firms specializing in real estate, including those covering multifamily apartments, demand for apartments in 2010 was the best seen in years and is expected to continue in 2011. Experts believe that in 2011 through 2013 demand for apartments will be above trend as favorable apartment supply and demand fundamentals, decreases in home ownership market share and job growth hiring for young adults contribute to new household formations over the next five years providing a surge in prospective tenants from which the rental market is projected to benefit.

President David Quade comments: *"We've had a successful first quarter in 2011, closing on three attractive acquisitions. In January, we acquired Estancia Apartment Homes in Dallas Texas, a 207-unit Class A townhouse community. This transaction was followed up with the closing of two well located joint venture development deals. 2020 Lawrence, a 231-unit ground-up development in downtown Denver, Colorado, and NoMA, a 603-unit ground-up development in Washington, DC. These transactions demonstrate our goal of raising the quality of our investment portfolio. In addition, 2020 Lawrence and Estancia both come with low interest long-term fixed rate debt.*

Our current operating results continue to reflect the general strength in the apartment markets. Revenue continues to increase, resident retention is very high and we continue to experience savings from cost reduction initiatives without sacrificing the quality and service our tenants have come to expect."

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 months ended March 31, 2011 and 2010:

| | Three months ended | |
|--|--------------------|----------------|
| | March 31, | |
| | 2011 | 2010 Adjusted* |
| Net loss | (6,653,099) | (7,548,105) |
| Add: | | |
| Depreciation of real property | 6,838,265 | 7,172,006 |
| Amortization of acquired in-place leases and tenant relationships | 204,478 | 48,044 |
| Equity in loss of Multifamily Venture Limited Partnership | 1,336,826 | 1,614,890 |
| Funds from operations of Multifamily Venture Limited Partnership | (157,114) | (349,333) |
| Less: | | |
| Noncontrolling interest in properties share of funds from operations | (256,652) | (144,147) |
| Funds from Operations | <u>1,312,704</u> | <u>793,355</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 March 31, 2011.

FFO for the three months ended March 31, 2011 increased as compared to FFO for the three-month period ended March 31, 2010. The increase in FFO is due primarily to the increased revenue, more specifically from the newly acquired Estancia during the three-month period ended March 31, 2011 of approximately \$728,000, reduced General and Administrative expenses related to the bond redemption fees of \$223,300 incurred during the three months ended March 31, 2010 where there is no comparative expense recorded for 2011. The increase is partially offset by transaction costs for the acquisition of Estancia of \$547,932 which were included in General and Administrative expense on the Consolidated Statement of Operations during the three months ended March 31, 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.

The following table represents the reconciliation of GAAP net loss to the other non-GAAP measures presented for the three months ended March 31, 2011 and 2010:

| | Three months ended March 31, | |
|--|------------------------------|----------------------|
| | 2011 | 2010 Adjusted* |
| Net loss | \$ (6,653,099) | \$ (7,548,105) |
| Add: | | |
| Depreciation | 7,698,354 | 8,015,770 |
| Interest | 7,212,291 | 6,745,687 |
| Amortization of intangible assets | 204,478 | 48,044 |
| Equity in income (loss) of Multifamily Venture Limited Partnership and Multifamily Limited Liability Company | <u>1,336,826</u> | <u>1,614,890</u> |
| Net operating income | 9,798,850 | 8,876,286 |
| Add: | | |
| Net operating loss related to properties acquired after January 1, 2010 and non-property activities | <u>1,609,813</u> | <u>2,774,992</u> |
| Same property net operating income | <u>\$ 11,408,663</u> | <u>\$ 11,651,278</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 March 31, 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-nine 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, 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

| | March 31, 2011 | December 31, 2010 |
|--|-------------------|----------------------|
| | (unaudited) | (audited) |
| ASSETS | | |
| Multifamily apartment communities, net of accumulated depreciation of \$207,743,841 and \$200,045,487, respectively | \$ 463,711,841 | \$ 419,531,860 |
| Cash and cash equivalents | 13,819,885 | 12,893,665 |
| Cash restricted for tenant security deposits | 1,612,848 | 1,610,659 |
| Replacement reserve escrow | 4,100,708 | 3,990,924 |
| Prepaid expenses and other assets | 10,855,157 | 9,258,604 |
| Investment in Multifamily Venture Limited Partnership and Multifamily Limited Liability Company | 16,261,576 | 6,047,858 |
| Acquired in place leases and tenant relationships, net of accumulated amortization of \$195,562 and \$1,226,117 respectively | 409,517 | 43,962 |
| Deferred expenses, net of accumulated amortization of \$2,411,535 and \$2,270,646, respectively | 4,675,923 | 3,488,897 |
| Total assets | \$ 515,447,455 | \$ 456,866,429 |
| LIABILITIES AND DEFICIT | | |
| Liabilities: | | |
| Mortgage notes payable | \$ 511,277,329 | \$ 476,386,979 |
| Note payable, affiliate | 32,100,000 | — |
| Due to affiliates, net | 2,144,836 | 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 | 9,591,399 | 11,092,336 |
| Tenant security deposits | 1,899,066 | 1,827,837 |
| Total liabilities | 560,445,698 | 494,173,381 |
| Commitments and contingencies (Note 9) | — | — |
| Deficit: | | |
| Noncontrolling interest in properties | 463,240 | (191,881) |
| Noncontrolling interest in Operating Partnership (Note 10) | (73,953,016) | (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 March 31, 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 March 31, 2011 and December 31, 2010, respectively | — | — |
| Class B common stock, \$.01 par value, 5,000,000 shares authorized, 1,406,196 issued and outstanding at March 31, 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 March 31, 2011 and December 31, 2010, respectively | — | — |
| Accumulated deficit | (41,733,359) | (41,533,880) |
| Total deficit | (44,998,243) | (37,306,952) |
| Total liabilities and deficit | \$ 515,447,455 | \$ 456,866,429 |

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

| | Three months ended | |
|---|---------------------|---------------------|
| | March 31, | |
| | 2011 | 2010 Adjusted* |
| Revenue: | | |
| Rental | \$ 19,848,281 | \$ 18,633,721 |
| Interest | 2,692 | 5,083 |
| Utility reimbursement | 821,119 | 540,835 |
| Other | 936,667 | 974,053 |
| Total revenue | <u>21,608,759</u> | <u>20,153,692</u> |
| Expenses: | | |
| Operating | 5,353,959 | 5,523,559 |
| Maintenance | 1,176,949 | 1,288,100 |
| Real estate taxes | 1,942,112 | 2,131,408 |
| General and administrative | 1,711,408 | 1,137,307 |
| Management fees | 1,237,815 | 1,197,032 |
| Incentive advisory fees | 387,666 | — |
| Depreciation | 7,698,354 | 8,015,770 |
| Interest, inclusive of amortization of deferred financing fees | 7,212,291 | 6,745,687 |
| Amortization of acquired in-place leases and tenant relationships | 204,478 | 48,044 |
| Total expenses | <u>26,925,032</u> | <u>26,086,907</u> |
| Loss before equity in loss of Multifamily Venture Limited Partnership and Multifamily Limited Liability Company | (5,316,273) | (5,933,215) |
| Equity in loss of Multifamily Venture Limited Partnership and Multifamily Limited Liability Company | <u>(1,336,826)</u> | <u>(1,614,890)</u> |
| Net loss | (6,653,099) | (7,548,105) |
| Net (income) loss attributable to noncontrolling interest in properties | (18,126) | 123,556 |
| Net loss attributable to noncontrolling interest in Operating Partnership | <u>8,146,933</u> | <u>8,882,261</u> |
| Net income attributable to Parent Company | 1,475,708 | 1,457,712 |
| Preferred dividend | <u>(1,675,187)</u> | <u>(1,675,196)</u> |
| Net loss available to common shareholders | <u>\$ (199,479)</u> | <u>\$ (217,484)</u> |
| Net loss from continuing operations attributable to Parent Company per common share, basic and diluted | <u>(0.14)</u> | <u>(0.15)</u> |
| Net income (loss) from discontinued operations attributable to Parent Company per common share, basic and diluted | <u>—</u> | <u>—</u> |
| Net loss available to common shareholders per common share, basic and diluted | <u>(0.14)</u> | <u>(0.15)</u> |
| Weighted average number of common shares outstanding, basic and diluted | <u>1,406,196</u> | <u>1,406,196</u> |
| Dividend declared per common share | <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 March 31, 2011.

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