

Kayne Anderson Real Estate Advisors and Flagship Investment Group Continue Strategic Partnership for Opportunistic Self Storage Acquisitions

Closes on Six-Property Self Storage Portfolio throughout California

ARMONK, NY – January 11, 2011 – Kayne Anderson Real Estate Advisors, LLC. (“KAREA”), the private equity real estate practice of Kayne Anderson Capital Advisors investing in specialized real estate sectors, and Flagship Investment Group (“Flagship”), a Central Florida based developer, owner and operator of commercial property, have together acquired a portfolio of six operating self storage facilities totaling 3,803 units located in California’s Central Valley Region.

The acquisition was an opportunistic purchase of bank owned assets, which acquired the properties through foreclosure. KAREA, which focuses on recession-resistant, specialized, fragmented real estate sectors, primarily invests in off-campus student housing. Through its partnership with an experienced operator like Flagship, KAREA is able to expand upon its niche market strategy to take advantage of opportunistic situations in the self storage sector and other non-core real estate sectors.

“This acquisition builds on our strategic partnership with Flagship and leverages our combined expertise with carefully evaluated market conditions, to add value in a well-rounded portfolio of niche real estate to investors,” said Al Rabil, Managing Partner at Kayne Anderson Real Estate Advisors. “KAREA’s agility in negotiations and ability to provide a quick close coupled with Flagship’s operational strength worked well for all parties involved. The bank was able to offload the properties within their desired timeframe, enabling us to secure a solid discount on the asking price.”

The properties are all located in strong growth markets in California including Ceres (1,104 units), Elk Grove (386 units), Escalon (614 units), Riverbank (600 units), Soulsbyville (547 units) and Stockton (552 units) with strong upside potential. “There are a number of key areas where Flagship will initiate operational improvements including revamped marketing initiatives and updated security systems,” said Ted Bolin, Chief Executive Officer at Flagship Investment Group.

KAREA and Flagship first teamed up in October 2010 to purchase a 375,097 square foot five-property self storage portfolio in prime locations throughout Greater Orlando and Jacksonville, Florida.

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Kayne Anderson

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About Kayne Anderson Capital Advisors

Kayne Anderson Capital Advisors, L.P., is a \$11.1 billion investment management firm with over 25 years of successful investing experience in the middle markets in the energy, growth capital, real estate and mezzanine debt sectors. The firm has offices in Los Angeles, Houston, New York City and Armonk. For more information, visit www.kaynecapital.com.

About Flagship Investment Group

Flagship Investment Group is a diversified real estate company focused on self-storage, master planned communities, and hospitality. The company is headquartered in Orlando, FL. For more information please contact Chip Headley at (407) 246-1144.