

FOR IMMEDIATE RELEASE

Kayne Anderson Partners with Flagship Investment to Acquire Self Storage Facilities across Florida

Kayne Anderson Continues Building Its Portfolio in Specialized Real Estate Sectors

ARMONK, NY – October 21, 2010 – Kayne Anderson Real Estate Partners I, L.P. (“KAREP”), a private equity real estate fund launched by Kayne Anderson Capital Advisors to invest in specialized real estate sectors, today announced its joint venture with Flagship Investment Group (“Flagship”), a Central Florida based developer, owner and operator of commercial property. The nearly \$25 million acquisition boasts a five-property portfolio totaling 375,097 in square footage with 3,187 units located in prime locations throughout the Greater Orlando and Jacksonville areas including; Orange Park, Fleming Island, Clermont and Minneola.

Since December 2007, KAREP has invested primarily in off-campus student housing as part of a strategy to invest in specialized, fragmented real estate sectors, with recession resistant characteristics, where operational expertise and capital investment can be used to improve value. Through this joint venture with an experienced operator like Flagship, KAREP is able to expand upon its strategy by investing in the self-storage sector and capitalize on similar opportunistic situations to generate value.

“We are pleased to have Flagship as our operating partner in this venture. As a top player in commercial real estate, their seasoned expertise in the self-storage sector, combined with our extensive investment experience in niche sectors, will enable us to realize value in the Florida self-storage market,” said Albert Rabil, Managing Partner of KAREP. “Through a combination of capital strength, quick response, credible execution and understanding of the self-storage sector, Flagship and KAREP were able to close on these opportunities in a timely manner on terms that met the sellers’ needs.”

“This acquisition is a compelling investment for both Flagship and KAREP due to the excellent location of the properties and the strength of the industry which has very stable cash flows and low loan default and loss rates,” said Chip Headley, President and Chief Operating Officer of Flagship. “We are excited to be working with KAREP in this venture and believe that with our combined experience we can add significant value to these properties to deliver optimal returns to our investors.”

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Kayne Anderson

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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.

About Kayne Anderson Capital Advisors

Kayne Anderson Capital Advisors, L.P., is a \$10 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.