

Kayne Anderson

Real Estate Advisors



FOR IMMEDIATE RELEASE

**Kayne Anderson Real Estate Advisors Forms Strategic Partnership with Capstone Development Corp.
Building Off-Campus Student Housing Communities**

Expands its Portfolio by 727 units and 2,774 Beds with Cottage-Styled Housing, an Increasingly Pervasive Trend in Off-Campus Student Housing

ARMONK, NY – August 16, 2011 – Kayne Anderson Real Estate Advisors (“KAREA”), the private equity real estate arm of Kayne Anderson Capital Advisors, which invests in specialized real estate sectors, today announced a strategic joint venture with Capstone Development Corp. (“Capstone”), a national developer, owner and operator of both off-campus and on-campus student housing. The purpose of the strategic joint venture is to develop three student housing properties near the University of New Hampshire in Durham, NH, Texas A&M University in College Station, TX, and Kennesaw State University in Kennesaw, GA.

Market conditions for the three properties complement KAREA’s strategy of aligning with experienced development partners in public university markets which portray strong enrollment growth, limited on-campus housing supply and solid barriers to entry. The need for additional housing in Texas and Georgia is evident as Texas A&M’s student body is growing at a rate of 4.6 percent per year, and Kennesaw State University is expected to grow student enrollment by over 20 percent by 2016. While the enrollment rates at the University of New Hampshire are more steady, the student housing landscape shows a demand for higher quality, lower cost off-campus housing that is in close proximity to the University.

“Our joint venture partnership with Capstone will allow us to meet the demand for housing at the University of New Hampshire, Texas A&M, and Kennesaw State University, all of which have telling characteristics of compelling investment opportunities,” said Al Rabil, President & CEO of Kayne Anderson Real Estate Advisors. Rabil added, “Capstone’s development expertise and proven success, coupled with our knowledge of the market landscape, provides a powerful combination of skill sets.”

The University of New Hampshire and Texas A&M’s cottage-styled domiciles are rising in popularity in the student housing industry, as the individual unit buildings create a small-town, community feel and feature world-class amenities. While the property at Kennesaw is more traditional in style, the amenities at all three properties include expansive clubhouses, open green spaces, resort-style pools, state-of-the-art fitness centers, yoga/pilates studios, saunas, steam rooms, game rooms, tanning beds and tennis, volleyball and bocce ball courts.

“The Cottages of Durham” are expected to be completed in time for the 2012-2013 and will have 141 units with 619 beds. The College Station property, “The Cottages at College Station,” will be a 369-unit, 1352 bed development built in two phases. The first phase will deliver 829 beds prior to the fall 2012 academic year, while, the second phase of 523 beds will be completed by the fall 2013 academic year. Kennesaw State University’s “The Lofts of Kennesaw” is set for delivery in time for the 2012-2013 academic year, and will provide 217 units and 803 beds.

“Based upon our experience and expertise in student housing development, we anticipate these projects to be extremely successful” said Mike Mouron, President of Capstone Development Corp. Mouron said additionally, “We are pleased to partner with Kayne Anderson, as their knowledge of student housing can identify important trends and challenges even before they arise.”

The New Hampshire, Texas and Georgia properties are the first of what is hoped to be a series of joint ventures between Kayne Anderson and Capstone. The teams were brought together by Timothy Bradley of TSB Capital Advisors. KAREA now has a portfolio of 28 student housing properties totaling 13,451 beds; two multifamily properties totaling 571 units and 11 operating self-storage properties totaling 7,121 units.

###

For further information please contact:

CJP Communications, New York

Josette Robinson	212.279.3115 ext. 212	jrobinson@cjpcom.com
Olivia Offner	212.279.3115 ext. 233	ooffner@cjpcom.com

About Kayne Anderson Capital Advisors

Kayne Anderson Capital Advisors, L.P., is an \$11.5 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 Capstone Development Corp.

Now in its 21st year of business, Capstone Development Corp. is one of the various companies comprising “The Capstone Companies.” Headquartered in Birmingham, Alabama, all of these companies are focused exclusively on some aspect of student housing development, management, interior design, finance coordination, and construction. Capstone Development Corp.’s total student housing development experience – both on and off campus – reflects over \$3.0 billion in project costs or value, and 60,000+ beds. This total includes 58 on-campus partnerships to develop 36,500+ beds – *more partnerships than any student housing firm in the industry*. Capstone On-Campus Management, the on-campus management division, currently partners with 20 universities to manage 21,000 beds within on-campus housing communities.