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KBR CAPITAL PARTNERS ANNOUNCES STRATEGIC JOINT VENTURE WITH PALADIN REALTY

PALADIN-KBR TO MARKET PALADIN REIT AND DEVELOP NEW INVESTMENT OPPORTUNITIES

Palo Alto, CA – June 1, 2011: Palo Alto and New York based KBR Capital Partners, an innovative alternative investments company, has announced further advancement of its progressive multi-manager strategy, designed to deliver a diversified and distinctive array of investment opportunities to individual and institutional investors. KBR and Los Angeles-based Paladin Realty Partners, LLC have formed Paladin-KBR, LLC, a joint venture designed to expand the distribution of Paladin's REIT, Paladin Realty Income Properties, Inc., and create future public and private programs for the individual investor that employ Paladin Realty's unique investment strategies.

Paladin REIT is a publicly registered, non-traded real estate investment trust (REIT) that employs a diversified joint venture priority income strategy. The REIT currently owns and manages twelve assets, including ten multifamily properties and two office complexes, valued at more than \$160 million. KBR and Paladin Realty will work together to expand and enhance the distribution of Paladin REIT, while at the same time developing new programs under the Paladin-KBR brand.

"Paladin Realty is a top-tier real estate firm with an exceptional track record and reputation. KBR is honored to partner with a company of the caliber of Paladin Realty, and we believe that Paladin-KBR will become a leading provider of real estate investment programs for the individual investor," said Vinay Kumar, Managing Partner of KBR Capital Partners.

"KBR and its tenured and highly-regarded team bring to Paladin REIT exceptional distribution capabilities and expertise," added James Worms, Chairman of Paladin Realty Partners. "We are confident that our joint venture with KBR will allow Paladin REIT and future programs to maximize market penetration and successfully brand Paladin-KBR as an industry leader in the retail market."

"The investment real estate market and alternative investments in general have become saturated with redundant offerings, archaic structures and obsolete distribution models," said Daniel Oschin, Managing Director of KBR Capital Partners. "KBR believes Paladin REIT's unique joint venture priority income strategy, combined with KBR's innovative and dynamic distribution platform, will fulfill Paladin-KBR's mission of bringing institutional real estate investments to individual investors."

About KBR Capital Partners

KBR Capital Partners is an institutional alternative investments firm that employs a multi-manager strategy to deliver a diversified and distinctive array of investment opportunities to individual and institutional investors. KBR's principals have a history and track record of investing in a wide range of asset types and industries, and managing both institutional and private equity investments during various market conditions.

About Paladin Realty Partners, LLC

Paladin Realty Partners, LLC is private real estate investment firm that sponsors real estate investment funds on behalf of institutional investors and high net worth individuals, as well as the Paladin REIT. Founded in 1995 in partnership with former U.S. Treasury Secretary, William E. Simon, the firm is now wholly-owned by its active management team. Since its establishment, Paladin Realty's private investment funds have acquired or developed hundreds of properties, comprising a variety of product types located throughout the United States and Latin America, with a total estimated capitalization of over \$6 billion.

For additional information, please visit www.kbrcp.com