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JER PARTNERS ACQUIRES HIGHLAND HOSPITALITY CORPORATION

McLean, VA – JER Partners announced today it has completed the acquisition of Highland Hospitality Corporation (“Highland”, previously NYSE: HIH). The total enterprise value of the transaction was approximately \$2.1 billion, including \$210 million of assumed debt. Pursuant to the terms of the merger agreement entered into on April 24, 2007, Highland shareholders are entitled to receive \$19.50 in cash for each share of Highland common stock and operating partnership units they held. Each holder of Highland’s 7.875% Series A Cumulative Redeemable Preferred Stock is entitled to receive \$25.00 per share in cash plus any then accrued but unpaid dividends.

"Highland has successfully assembled a premium hotel portfolio aligned with the leading brands in the lodging industry," said Alex Gilbert, Managing Director of JER Partners. "JER's planned capital investments should position the Highland portfolio for further growth."

Highland Hospitality Corporation owns 28 full service, luxury brand and limited service hotels with an aggregate of 8,636 rooms in 14 states and the District of Columbia. Hotel brands within the portfolio include Marriott, Hilton, Ritz-Carlton, Westin, Hyatt, Sheraton, Renaissance, Crowne Plaza, Courtyard, Hilton Garden Inn, Wyndham and Residence Inn and are managed by six operators.

JER Partners is the private equity investment arm of J.E. Robert Companies, a real estate investment management company with more than 26 years of experience in sourcing, underwriting and managing a broad spectrum of real estate equity investments and debt products in North America, Europe and recently the emerging markets. Most of JER Partners' investments are in office, hospitality, retail, multi-family and industrial properties. Other areas of investment include Commercial Mortgage-Backed Securities ("CMBS"), healthcare related real estate and mezzanine financing. For more information on JER Partners, please visit <http://www.jer.com>.

Over the past 36 months, JER Partners has had an ownership position in more than 17,000 hotel rooms. Currently, JER Partners' hotel portfolio consists of more than 170 properties. These properties include those operated under the Starwood, Marriott, Hilton and Hyatt flags along with those operated by Longhouse Hospitality.