



JER INVESTORS TRUST INC. PROVIDES COMPANY UPDATE AND 2011 ANNUAL STATEMENT OF AFFAIRS

New York, NY – December 20, 2012: JER Investors Trust Inc. (Pink Sheets: JERT.PK, “JERT” or the “Company”) released its annual Statement of Affairs of the Company, including its unaudited financial information, as of and for the twelve months ended December 31, 2011.

As previously disclosed, the following events happened during the course of 2011:

- From the time of its initial public offering of shares, the Company was externally managed by JER Commercial Debt Advisers LLC. That manager has been replaced with effect from August 30, 2011. The Company’s new external manager is C-III JERIT Manager LLC (the “New Manager”), and the Company and the New Manager entered into an amended and restated management agreement dated as of August 30, 2011. The terms of the amended and restated management agreement are substantially the same as the terms of the previous management agreement between the Company and JER Commercial Debt Advisers.
- The New Manager is an indirect subsidiary of C-III Capital Partners LLC (“C-III”). C-III Capital Partners LLC is a leading commercial real estate services company engaged in a broad range of activities, including primary and special loan servicing, loan origination, fund management, principal investment, brokerage and title insurance. C-III’s principal place of business is located in Irving, TX, and it has additional offices in New York, South Carolina, Tennessee, Illinois and Virginia.
- These changes to the Company’s management were effected in connection with a transaction in which C-III purchased the commercial real estate special servicing and collateralized debt obligation (“CDO”) management businesses previously operated by J.E. Robert Company, Inc. (“JER”) and its affiliates. As a result of that transaction, affiliates of C-III have taken over the special servicing (previously performed by JER) of loans collateralizing various commercial mortgage-backed securities (“CMBS”) owned by two subsidiaries of JERIT that have issued CDOs, as well as collateral administration of those CDO entities.
- In connection with the transaction described above, C-III purchased the rights of National Australia Bank Limited (“NAB”) under a judgment entered against JERIT in August 2011 in the amount of \$29,004,598 (the “NAB Judgment”). That judgment relates to JERIT’s defaulted obligations under an interest rate swap. That default, and JERIT’s resulting obligation to NAB, were described in the Annual Report on Form 10-K filed by JERIT with the Securities and Exchange Commission on December 17, 2010.

As previously disclosed, the Company continues to have outstanding payment under:

- The NAB Judgment.
- Its junior subordinated notes with an outstanding face amount of \$70.3 million (the “Junior Subordinated Notes”).
- Its CDOs due to a failure to pay interest on certain notes payable by both CDOs as a result of continuing declines in cash flow from investments held as collateral by both CDOs.

The Company’s cash receipts continue to decline as delinquencies and special servicing transfers on loans underlying its CMBS continue to increase. Considering these circumstances, it is unlikely that the Company will be able to repay its obligations under the NAB Judgment or the Junior Subordinated Notes. Accordingly, we believe that the Company’s common shares have little, if any, value.

The Company's unrestricted cash balance was approximately \$1.77 million at December 31, 2011.

Currently, the Company's primary sources of liquidity are from its non-CDO CMBS bonds. The Company is no longer receiving distributions from its retained interests in the CDOs, and it does not expect to receive distributions from such CDOs for the foreseeable future, if ever. In addition, the timing and amounts of future distributions from the Company's investment in JER U.S. Debt Co-Investment Vehicle, L.P. ("U.S. Debt Fund") is uncertain. As a result, the Company continues to be focused on seeking to preserve liquidity by minimizing its operating costs to the extent possible.

The unaudited consolidated statement of operations as of December 31, 2011 as divided by financing sources is set out below (dollars in thousands) and is prepared on a U.S. federal income tax basis:

JER INVESTORS TRUST INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF OPERATIONS (Unaudited)

FOR THE YEAR ENDED DECEMBER 31, 2011

(dollars in thousands)

	CDO I	CDO II	Other	Total
REVENUES:				
Interest income – CMBS	\$ 12,508	\$ 17,338	\$ 2,733	\$ 32,579
Interest income – real estate loans	-	7,642	-	7,642
Interest income – cash and cash equivalents	-	10	-	10
Fee Income	-	-	246	246
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total revenues	<u>\$ 12,508</u>	<u>\$ 24,990</u>	<u>\$ 2,979</u>	<u>\$ 40,477</u>
EXPENSES:				
Interest expense	\$ 10,334	\$ 8,660	\$ 2,818	\$ 21,812
General and administrative	620	2,766	1,121	4,507
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total expenses	<u>\$ 10,954</u>	<u>\$ 11,426</u>	<u>\$ 3,939</u>	<u>\$ 26,319</u>
INCOME BEFORE OTHER EARNINGS (LOSSES)	\$ 1,554	\$ 13,564	\$ (960)	\$ 14,158
OTHER EARNINGS (LOSSES):				
Equity in earnings (losses), net, of unconsolidated entities (JER US Debt Co-Investment Vehicle LP)	\$ -	\$ -	\$ (507)	\$ (507)
Realized loss on loans	-	(284,070)	-	(284,070)
Loss on interest rate swaps	-	(12,148)	-	(12,148)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total other losses	<u>-</u>	<u>(296,218)</u>	<u>(507)</u>	<u>(296,725)</u>
NET LOSS	<u>\$ 1,554</u>	<u>\$ (282,654)</u>	<u>\$ (1,467)</u>	<u>\$ (282,567)</u>

The unaudited consolidated statement of operations as of December 31, 2011 as divided by financing sources is set out below (dollars in thousands) and is prepared on a U.S. federal income tax basis:

Balance Sheet Review by Financing Sources:**JER INVESTORS TRUST INC. AND SUBSIDIARIES****CONSOLIDATED BALANCE SHEET (Unaudited)****AS OF DECEMBER 31, 2011*****(dollars in thousands)***

	CDO I	CDO II	Other	Total
ASSETS:				
Portfolio investments				
CMBS	\$ 315,809	\$ 437,469	\$ 135,351	\$ 888,629
Mortgage notes	-	140,715	-	140,715
Real estate	-	34,320	-	34,320
Cash and cash equivalents	-	-	1,770	1,770
Restricted cash – CDO	153	1,457	-	1,610
Investment in unconsolidated entities (JER US Debt Co-Investment Vehicle LP)			4,302	4,302
Accounts receivable	-	-	359	359
Accrued interest receivable	-	-	34	34
Other assets	1,865	5,253	-	7,118
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	\$ 317,827	\$ 619,214	\$ 141,816	\$ 1,078,857
LIABILITIES:				
Junior subordinated notes	\$ -	\$ -	\$ 62,310	\$ 62,310
Notes payable	310,653	753,455	-	1,064,108
NAB judgment	-	-	29,005	29,005
Accounts payable and accrued expenses	23	30	5,243	5,296
Affiliates payable	-	-	167	167
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	\$ 310,676	\$ 753,485	\$ 96,725	\$ 1,160,886
Stockholders' equity (deficit)	\$ 7,151	\$ (134,271)	\$ 45,091	\$ (82,029)

Dividends:

The Company did not declare or pay any dividends in 2011, and given expectations of continued tax loss, it does not expect to pay dividends in the foreseeable future.

2012 Annual Meeting of Shareholders:

The 2012 annual meeting of shareholders of the Company was scheduled to be held on December 19, 2012 at 2:00 PM, Eastern Daylight Time, at the offices of C-III Capital Partners LLC at 717 Fifth Avenue, 15th Floor, New York, NY 10022, but due to a lack of quorum was adjourned to March 6, 2013 at 2:00pm. At the 2012 annual meeting, shareholders will be asked to vote upon a proposal to elect three directors to serve until the 2013 annual meeting of shareholders and until their respective successors are elected and duly qualified. In addition, this annual statement of affairs will be submitted at the 2012 annual meeting and filed in the Company's corporate records within twenty (20) calendar days following such annual meeting.

Financial Statements:

The December 31, 2011 financial statements included in this annual statement of affairs have not been and will not be audited and were prepared on a U.S. federal income tax basis. Accordingly, the Company did not prepare such financial statements in accordance with generally accepted accounting principles. However, given the current financial condition of the Company, management believes that an independent auditor would conclude that a substantial doubt about the Company's ability to continue as a going concern exists at December 31, 2011. This is consistent with conclusions reached by independent auditors with respect to the Company's 2008 and 2009 audited financial statements.

About JER Investors Trust Inc.:

JER Investors Trust Inc. is a specialty finance company that manages a portfolio of commercial real estate structured finance products. Our investments include CMBS, mezzanine loans and participations in mortgage loans, and an interest in the US Debt Fund. JER Investors Trust Inc. is organized and conducts its operations so as to qualify as a real estate investment trust ("REIT") for federal income tax purposes. For more information regarding JER Investors Trust Inc., please visit www.jerinvestorstrust.com.

Forward-Looking Statements:

This press release contains forward-looking statements based upon the Company's beliefs, assumptions and expectations of its future performance, taking into account all information currently available. These beliefs, assumptions and expectations can change as a result of many possible events or factors, not all of which are known to the Company or are within its control. If a change occurs, the Company's business, financial condition, liquidity and results of operations may vary materially from those expressed in its forward-looking statements. Factors that could cause actual results to differ materially from JER Investors Trust's expectations include, but are not limited to, the Company's ability to cover its operating cash needs, changes in the real estate and capital markets, the Company's ability to maintain existing financing arrangements, the effect of trading on the Pink Sheets, other risks included as part of the Company's Annual Report on Form 10-K for the year ended December 31, 2009 filed on December 20, 2010 and other factors which may be beyond the Company's control. The Company filed a Form 15 with the SEC on March 31, 2010 and has ceased to be an SEC reporting company. Since the Company is no longer an SEC reporting company, the information contained in previously filed SEC reports may not be current and circumstances may have changed significantly since the dates of such filings. Any forward-looking statements contained herein speak only as of the date of this press release. JER Investors Trust expressly disclaims any obligation to release publicly any updates or revisions to any forward-looking statements contained herein to reflect any change in JER Investors Trust's expectations with regard thereto or change in events, conditions or circumstances on which any statement is based.

CONTACT:

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JER INVESTORS TRUST INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET (Unaudited)
AS OF DECEMBER 31, 2011
(dollars in thousands)

ASSETS:

Portfolio investments		
CMBS	\$	888,629
Mortgage notes		140,715
Real estate		34,320
Cash and cash equivalents		1,770
Restricted cash – CDO		1,610
Investment in unconsolidated entities (JER US Debt Co-Investment Vehicle LP)		4,302
Accounts receivable		359
Accrued interest receivable		34
Other assets		<u>7,118</u>
 Total assets	\$	<u><u>1,078,857</u></u>

LIABILITIES:

Junior subordinated notes	\$	62,310
Notes payable		1,064,108
NAB judgment		29,005
Accounts payable and accrued expenses		5,296
Affiliates payable		<u>167</u>
 Total liabilities		<u><u>1,160,886</u></u>

STOCKHOLDERS' EQUITY:

Common stock, \$0.01 par value, 100,000,000 shares authorized, 5,896,498 shares issued and outstanding at December 31, 2011		57
Additional paid-in capital		413,573
Cumulative cash dividends paid		(157,705)
Cumulative stock dividends paid		(20,462)
Cumulative deficit		<u>(317,492)</u>
 Total stockholders' equity (deficit)		<u><u>(82,029)</u></u>
 Total liabilities and stockholders' equity (deficit)	\$	<u><u>1,078,857</u></u>

JER INVESTORS TRUST INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF OPERATIONS (Unaudited)
FOR THE YEAR ENDED DECEMBER 31, 2011
(dollars in thousands)

REVENUES:	
Interest income – CMBS	\$ 32,579
Interest income – real estate loans	7,642
Interest income – cash and cash equivalents	10
Fee Income	<u>246</u>
Total revenues	<u>40,477</u>
EXPENSES:	
Interest expense	21,812
General and administrative	<u>4,507</u>
Total expenses	<u>26,319</u>
INCOME BEFORE OTHER EARNINGS (LOSSES)	\$ 14,158
OTHER EARNINGS (LOSSES):	
Equity in earnings (losses), net, of unconsolidated entities (JER US Debt Co-Investment Vehicle LP)	(507)
Realized loss on loans	(284,070)
Loss on interest rate swaps	<u>(12,148)</u>
Total other losses	\$ <u>(296,725)</u>
NET LOSS	\$ <u><u>(282,567)</u></u>

JER INVESTORS TRUST INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY (Unaudited)
FOR THE YEAR ENDED DECEMBER 31, 2011
(dollars in thousands)

	Common Stock	Additional Paid-in Capital	Cumulative Cash Dividends Paid/Declared	Cumulative Stock Dividends Paid/Declared	Cumulative Earnings (Deficit)	Accumulated Other Comprehensive Income (Loss)	Total
GAAP BALANCE, December 31, 2010, as reported	\$ 57	\$ 413,573	\$ (157,705)	\$ (20,462)	\$ (306,705)	\$ (16,073)	\$ (87,315)
GAAP to Tax cumulative adjustments	-	-	-	-	271,780	16,073	287,853
TAX BALANCE, December 31, 2010, as filed	57	413,573	(157,705)	(20,462)	(34,925)	-	200,538
Income before other gains (losses)	-	-	-	-	14,158	-	14,158
Equity in earnings (losses), net, of unconsolidated joint ventures	-	-	-	-	(507)	-	(507)
Realized loss on loans	-	-	-	-	(284,070)	-	(284,070)
Loss on interest rate swaps	-	-	-	-	(12,148)	-	(12,148)
BALANCE, December 31, 2011	<u>\$ 57</u>	<u>\$ 413,573</u>	<u>\$ (157,705)</u>	<u>\$ (20,462)</u>	<u>\$ (317,492)</u>	<u>\$ -</u>	<u>\$ (82,029)</u>