

Edgar Filing: Education Realty Trust, Inc. - Form 10-K/A

Education Realty Trust, Inc.  
Form 10-K/A  
June 14, 2013

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549  
FORM 10-K/A  
Amendment No. 3  
(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE  
ACT OF 1934

For the fiscal year ended December 31, 2012

or  
 TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES  
EXCHANGE ACT OF 1934

For the transition period from to  
Commission file number 001-32417

Education Realty Trust, Inc.  
(Exact Name of Registrant as Specified in Its Charter)

Maryland 20-1352180  
(State or Other Jurisdiction of (IRS Employer  
Incorporation or Organization) Identification No.)

999 South Shady Grove Road, Suite 600 38120  
Memphis, Tennessee (Zip Code)

Registrant's Telephone Number, Including Area Code (901) 259-2500

Securities registered pursuant to Section 12(b) of the Act:

| Title of Each Class                      | Name Of Each Exchange On Which Registered |
|--|---|
| Common Stock, \$0.01 par value per share | New York Stock Exchange                   |

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.  
Yes  No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. Yes   
No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the  
Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was  
required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate web site, if any,  
every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of  
this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and  
post such files). Yes  No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405) is not  
contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information  
statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

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Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes  No

As of June 29, 2012, the last business day of the registrant's most recently completed second quarter, the aggregate market value of the registrant's common stock held by non-affiliates of the registrant was approximately \$1 billion, based on the closing sales price of \$11.08 per share as reported on the New York Stock Exchange. (For purposes of this calculation all of the registrant's directors and executive officers are deemed affiliates of the registrant.)

As of February 22, 2013, the registrant had 113,871,318 shares of common stock outstanding.

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## PART II

### DOCUMENTS INCORPORATED BY REFERENCE

To the extent stated herein, the Registrant incorporates by reference into Part III of this Annual Report on Form 10-K, or Annual Report, portions of its Definitive Proxy Statement on Schedule 14A for the 2013 Annual Meeting of Stockholders filed with the Securities and Exchange Commission.

### EXPLANATORY NOTE

#### Amendment No. 1

On March 4, 2013, Education Realty Trust, Inc. (the "Trust") filed Amendment No. 1 to the Annual Report on Form 10-K ("Amendment No. 1"), which was filed on March 1, 2013, solely to provide eXtensible Business Reporting Language (XBRL) interactive data files as Exhibit 101. The Trust furnished Exhibit 101 in accordance with the temporary hardship exemption provided by Rule 201 of Regulation S-T, which extended the date by which the interactive data file is required to be submitted by six business days.

#### Amendment No. 2

On April 1, 2013, the Trust filed Amendment No. 2 to the Annual Report on Form 10-K ("Amendment No. 2"), which amends the Trust's 2012 Annual Report. The Trust filed Amendment No. 2 to its 2012 Annual Report to include the financial statements of University Village- Greensboro, LLC ("UV- Greensboro"), an unconsolidated joint venture affiliate of the Trust in accordance with Rule 3-09 of Regulation S-X, which financial statements were not available at the time of filing of the 2012 Annual Report. This Amendment No. 2 did not affect any other items in the 2012 Annual Report.

#### Amendment No. 3

Subsequent to the issuance of the Trust's 2012 Annual Report, the Trust identified classification errors in the Consolidated Statements of Cash Flows for the years ended December 31, 2012, 2011 and 2010, included in "Item 8. Financial Statements and Supplementary Data".

As a result, the Trust is filing this Amendment No. 3 to the 2012 Annual Report for the purpose of restating its Consolidated Statements of Cash Flows for the years ended December 31, 2012, 2011 and 2010, to correct these classification errors. The restatement does not affect the total net change in cash for each of the three years in the period ended December 31, 2012, and has no impact on the Trust's consolidated balance sheets, consolidated statements of operations, consolidated statements of changes in equity, or previously reported notes to the consolidated financial statements. It also has no impact on the non-GAAP measures referred to as funds from operations, adjusted earnings before interest, taxes, depreciation and amortization or net operating income. Conforming changes have been made to selected financial data (Item 6), management's discussion and analysis of financial condition and results of operations (Item 7), and to revise management's conclusion of the effectiveness of the Trust's disclosure controls and procedures (Item 9A) included in this form 10-K/A. See Notes 17 and 19 to the accompanying consolidated financial statements included in this Amendment No. 3 for further information relating to this restatement.

The Trust has not modified or updated disclosures presented in the 2012 Annual Report, except to reflect the effects of subsequent events described in Note 18 and the restatement as described in Notes 17 and 19. Information not affected by the restatement is unchanged and reflects the disclosures made at the time of the original filing of the Form 10-K. References to the "Form 10-K/A" herein shall refer to the Form 10-K as amended by this Amendment No. 3 to the

Form 10-K.

This 10-K/A only amends and restates Items 6,7,8, 9A and 15 solely as a result of, and to reflect the restatement of the classification errors referred to above, and no other information in the 2012 Annual Report is amended hereby. Pursuant to the rules of the SEC, Item 15 of Part IV has been amended to include the currently dated certifications from the Company's Principal Executive Officer and Principal Financial Officer as required by Sections 302 and 906 of the Sarbanes Oxley Act of 2002. The certifications of the Company's Principal Executive Officer and Principal Financial Officer are attached to this Amendment No. 3 as Exhibits 31 and 32.

## Item 6. Selected Financial Data.

The following table sets forth selected financial and operating data on a consolidated historical basis for EdR.

The following information presented below does not provide all of the information contained in our financial statements, including the related notes. You should read the information below in conjunction with the historical consolidated financial statements and related notes and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” included elsewhere in this Annual Report on Form 10-K.

## STATEMENT OF OPERATIONS DATA

|  | Year Ended December 31,               |          |          |          |          |
|--|---------------------------------------|----------|----------|----------|----------|
|  | 2012                                  | 2011     | 2010     | 2009     | 2008     |
|  | (In thousands, except per share data) |          |          |          |          |
| Revenues:  |                                       |          |          |          |          |
| Collegiate housing leasing revenue   | \$131,092                             | \$98,491 | \$86,347 | \$82,448 | \$79,533 |
| Other leasing revenue  | —                                     | —        | —        | —        | 1,357    |
| Third-party development services   | 820                                   | 4,103    | 2,483    | 8,178    | 8,303    |
| Third-party management services  | 3,446                                 | 3,336    | 3,189    | 3,221    | 3,672    |
| Operating expense reimbursements   | 9,593                                 | 8,604    | 14,519   | 9,722    | 10,796   |
| Total revenues   | 144,951                               | 114,534  | 106,538  | 103,569  | 103,661  |
| Operating expenses:  |                                       |          |          |          |          |
| Collegiate housing leasing operations  | 63,194                                | 48,789   | 44,703   | 44,904   | 45,118   |
| General and administrative   | 14,176                                | 12,316   | 13,373   | 10,952   | 11,481   |
| Depreciation and amortization  | 35,436                                | 25,961   | 21,984   | 19,822   | 19,656   |
| Ground lease expense   | 6,395                                 | 5,498    | 1,528    | 207      | 105      |
| Loss on impairment   | —                                     | —        | —        | —        | 388      |
| Reimbursable operating expenses  | 9,593                                 | 8,604    | 13,603   | 9,722    | 10,796   |
| Total operating expenses   | 128,794                               | 101,168  | 95,191   | 85,607   | 87,544   |
| Operating income   | 16,157                                | 13,366   | 11,347   | 17,962   | 16,117   |
| Nonoperating expenses  | 15,322                                | 18,647   | 19,467   | 17,851   | 23,011   |
| Income (loss) from continuing operations before equity in earnings (losses) of unconsolidated entities, income taxes and discontinued operations | 835                                   | (5,281)  | (8,120)  | 111      | (6,894)  |
| Equity in earnings (losses) of unconsolidated entities   | (363)                                 | (447)    | (260)    | (1,410)  | (196)    |
| Income (loss) before income taxes and discontinued operations  | 472                                   | (5,728)  | (8,380)  | (1,299)  | (7,090)  |
| Income tax expense (benefit)   | (884)                                 | (95)     | 442      | 1,905    | 1,102    |
| Income (loss) from continuing operations   | 1,356                                 | (5,633)  | (8,822)  | (3,204)  | (8,192)  |
| Discontinued operations:   |                                       |          |          |          |          |
| Income (loss) from operations of discontinued operations   | 1,785                                 | (7,530)  | (34,080) | (3,887)  | 117      |
| Gain on sale of collegiate housing property  | 5,496                                 | 2,388    | 611      | —        | —        |
|  | 7,281                                 | (5,142)  | (33,469) | (3,887)  | 117      |

Income (loss) from discontinued  
operations

|                   |       |         |           |          |          |   |
|-------------------|-------|---------|-----------|----------|----------|---|
| Net income (loss) | 8,637 | (10,775 | ) (42,291 | ) (7,091 | ) (8,075 | ) |
|-------------------|-------|---------|-----------|----------|----------|---|

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|   |         |           |             |            |            |   |
|---|---------|-----------|-------------|------------|------------|---|
| Less: Net income (loss) attributable to the noncontrolling interests        | 216     | 239       | (233        | ) 164      | (128       | ) |
| Net income (loss) attributable to Education Realty Trust, Inc.              | \$8,421 | \$(11,014 | ) \$(42,058 | ) \$(7,255 | ) \$(7,947 | ) |
| Earnings per share information:   |         |           |             |            |            |   |
| Income (loss) per share – basic and diluted                                 |         |           |             |            |            |   |
| Continuing operations   | 0.01    | (0.08     | ) (0.16     | ) (0.09    | ) (0.28    | ) |
| Discontinued operations   | 0.07    | (0.07     | ) (0.57     | ) (0.09    | ) —        | ) |
| Net income (loss) per share   | \$0.08  | \$(0.15   | ) \$(0.73   | ) \$(0.18  | ) \$(0.28  | ) |
| Weighted average common shares outstanding – basic and diluted              | 102,317 | 75,485    | 57,536      | 40,496     | 28,513     |   |
| Distributions per common share  | \$0.34  | \$0.24    | \$0.20      | \$0.36     | \$0.82     |   |
| Amounts attributable to Education Realty Trust, Inc. – common stockholders: |         |           |             |            |            |   |
| Income (loss) from continuing operations, net of tax                        | 1,198   | (5,916    | ) (9,095    | ) (3,486   | ) (8,059   | ) |
| Income (loss) from discontinued operations, net of tax                      | 7,223   | (5,098    | ) (32,963   | ) (3,769   | ) 112      | ) |
| Net income (loss)   | \$8,421 | \$(11,014 | ) \$(42,058 | ) \$(7,255 | ) \$(7,947 | ) |

BALANCE SHEET DATA

|   | As of December 31, |           |           |           |           |
|---|--------------------|-----------|-----------|-----------|-----------|
|   | 2012               | 2011      | 2010      | 2009      | 2008      |
|   | (In thousands)     |           |           |           |           |
| Assets:                                 |                    |           |           |           |           |
| Collegiate housing properties, net      | \$1,220,266        | \$860,167 | \$698,793 | \$749,884 | \$733,507 |
| Other assets, net                       | 104,421            | 117,642   | 37,887    | 54,729    | 44,140    |
| Total assets                            | \$1,324,687        | \$977,809 | \$736,680 | \$804,613 | \$777,647 |
| Liabilities and equity:                 |                    |           |           |           |           |
| Mortgage and construction notes payable | \$398,846          | \$358,504 | \$367,631 | \$406,365 | \$442,259 |
| Other indebtedness                      | 79,000             | —         | 3,700     | —         | 32,900    |
| Other liabilities                       | 75,087             | 46,175    | 30,567    | 22,004    | 20,559    |
| Total liabilities                       | 552,933            | 404,679   | 401,898   | 428,369   | 495,718   |
| Redeemable noncontrolling interests     | 8,944              | 9,776     | 10,039    | 11,079    | 11,751    |
| Equity                                  | 762,810            | 563,354   | 324,743   | 365,165   | 270,178   |
| Total liabilities and equity            | \$1,324,687        | \$977,809 | \$736,680 | \$804,613 | \$777,647 |

OTHER DATA (UNAUDITED)





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|  | As of December 31,  |            |            |           |           |
|--|---|------------|------------|-----------|-----------|
|  | 2012  | 2011       | 2010       | 2009      | 2008      |
|  | (In thousands, except per share data and selected property information) |            |            |           |           |
| Funds from operations (FFO)(1):  |   |            |            |           |           |
| Net income (loss) attributable to Education Realty Trust, Inc.                   | \$8,421   | \$(11,014) | \$(42,058) | \$(7,255) | \$(7,947) |
| Gain on sale of collegiate housing property                                      | (5,496)   | (2,388)    | (611)      | —         | —         |
| Impairment losses  | —   | 7,859      | 33,610     | 3,173     | 2,021     |
| Loss on sale of collegiate housing assets  | —   | —          | —          | —         | 512       |
| Collegiate housing property depreciation and amortization of lease intangibles   | 37,237  | 29,101     | 29,940     | 28,522    | 28,819    |
| Equity portion of real estate depreciation and amortization on equity investees  | 225   | 412        | 479        | 512       | 496       |
| Equity portion of loss on sale of collegiate housing property on equity investee | 88  | 256        | 137        | —         | —         |
| Noncontrolling interests   | 305   | 244        | (233)      | 164       | (128)     |
| Funds from operations available to all share and unitholders                     | \$40,780  | \$24,470   | \$21,264   | \$25,116  | \$23,773  |
| Other adjustments to FFO:  |   |            |            |           |           |
| Development cost write-off, net of tax benefit                                   | —   | —          | —          | —         | 417       |
| Acquisition costs  | 1,110   | 741        | 1,467      | —         | —         |
| Ground lease straightline  | 4,364   | 4,208      | 984        | —         | —         |
| Reorganization/severance costs, net of tax                                       | —   | —          | 447        | —         | —         |
| Loss (gain) on extinguishment of debt  | —   | 757        | 1,426      | (830)     | 4,360     |
| Impact of other adjustments to FFO   | 5,474   | 5,706      | 4,324      | (830)     | 4,777     |
| FFO on participating developments:   |   |            |            |           |           |
| Interest on loan to participating development                                    | 1,830   | 1,598      | 329        | —         | —         |
| Development fees on participating development, net of costs and tax              | 91  | 887        | 128        | —         | —         |
| FFO on participating developments  | 1,921   | 2,485      | 457        | —         | —         |
| Core funds from operations available to all share and unitholders(2)             | \$48,175  | \$32,661   | \$26,045   | \$24,286  | \$28,550  |

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|  | As of December 31,  |            |           |           |           |
|--|---|------------|-----------|-----------|-----------|
|  | 2012  | 2011       | 2010      | 2009      | 2008      |
|  | (In thousands, except per share data and selected property information) |            |           |           |           |
| Cash flow information- restated <sup>(7)</sup> : |   |            |           |           |           |
| Net cash provided by operations                  | \$51,394  | \$34,037   | \$32,269  | \$33,235  | \$26,011  |
| Net cash used in investing                       | (368,948 )  | (159,813 ) | (20,474 ) | (41,638 ) | (31,656 ) |
| Net cash provided by (used in) financing         | 258,780   | 194,631    | (36,006 ) | 30,569    | 10,614    |
| Per share and distribution data:                 |   |            |           |           |           |
| Net income (loss) per share – basic and diluted  | \$0.08  | \$(0.15 )  | \$(0.73 ) | \$(0.18 ) | \$(0.28 ) |
| Cash distributions declared per share/unit       | 0.34  | 0.26       | 0.20      | 0.36      | 0.82      |
| Cash distributions declared                      | 34,491  | 18,224     | 12,295    | 15,330    | 25,797    |
| Selected community information <sup>(3)</sup> :  |   |            |           |           |           |
| Units <sup>(4)</sup>                             | 8,494   | 6,461      | 5,608     | 5,444     | 5,168     |
| Beds <sup>(4)</sup>                              | 25,003  | 19,997     | 17,853    | 17,213    | 16,547    |
| Occupancy <sup>(5)</sup>                         | 90.6  | % 92.7     | % 91.6    | % 90.4    | % 92.6    |
| Revenue per available bed <sup>(6)</sup>         | \$498   | \$444      | \$414     | \$408     | \$411     |

As defined by the National Association of Real Estate Investment Trusts (“NAREIT”), FFO represents net income (loss) (computed in accordance with accounting principles generally accepted in the United States (“GAAP”)), excluding gains (or losses) from sales of property plus real estate-related depreciation and amortization and after adjustments for unconsolidated partnerships and joint ventures. Adjustments for unconsolidated partnerships and joint ventures will be calculated to reflect funds from operations on the same basis. In October 2011, NAREIT communicated to its members that the exclusion of impairment write-downs of depreciable real estate is consistent with the definition of FFO and prior periods should be restated to be consistent with this guidance. Accordingly, we have restated all periods presented to reflect the current guidance. We present FFO available to all stockholders and unitholders because we consider it an important supplemental measure of our operating performance and believe it is frequently used by securities analysts, investors and other interested parties in the evaluation of REITs, (1) many of which present FFO when reporting their results. As such, we also exclude the impact of noncontrolling interest in our calculation. FFO is intended to exclude GAAP historical cost depreciation and amortization of real estate and related assets, which assumes that the value of real estate diminishes ratably over time. Historically, however, real estate values have risen or fallen with market conditions. Because FFO excludes depreciation and amortization unique to real estate, gains and losses from property dispositions and extraordinary items, it provides a performance measure that, when compared year over year, reflects the impact to operations from trends in occupancy rates, rental rates, operating costs, development activities and interest costs, providing perspective not immediately apparent from net income. For a reconciliation of our FFO available to our stockholders and unitholders to our net income (loss) for the years ended December 31, 2012, 2011 and 2010, see “Item 7 — Management’s Discussion and Analysis of Financial Condition and Results of Operations — Funds From Operations.”

(2) Core FFO is defined as FFO adjusted to include the economic impact of revenue on participating projects for which recognition is deferred for GAAP purposes. The adjustment for this revenue is calculated on the same percentage of completion method used to recognize revenue on third-party development projects. Core FFO also includes adjustments to exclude the impact of straight-line adjustments for ground leases, gains/losses on extinguishment of debt, transaction costs related to acquisitions and reorganization or severance costs. We believe that these adjustments are appropriate in determining Core FFO as they are not indicative of the operating performance of the Trust’s assets. In addition, management uses Core FFO in the assessment of the Trust’s operating performance and comparison to its industry peers and believes that Core FFO is a useful supplemental measure for

the investing community to use in comparing the Trust to other REITs as many REITs provide some form of adjusted or modified FFO.

The selected community information represents all owned communities for 2012 (43), 2011 (34), 2010 (28), 2009 (3)(27), and 2008 (26). This information excludes property information related to discontinued operations for all years.

(4) Represents data as of December 31.

(5) Average of the month-end occupancy rates for the period.

Revenue per available bed is equal to the total revenue divided by the sum of the design beds (including staff and (6) model beds) at the property each month. Revenue and design beds for any acquired properties are included prospectively from acquisition date.

(7) See Note 19 to the accompanying consolidated financial statements. Cash flow information for the years ended December 31, 2009 and 2008 was not impacted by the restatement.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Management's Discussion and Analysis of Financial Condition and Results of Operations, or MD&A, has been revised for the effects of the restatement of the statements of cash flows in the consolidated financial statements. See Note 19 to the accompanying consolidated financial statements included in Item 8. MD&A is designed to provide a reader of our financial statements with a narrative on our financial condition, results of operations, liquidity and certain other factors that may affect our future results from the perspective of our management. Our MD&A is presented in eleven sections:

- Overview
- Our Business Segments
- ▣ Trends and Outlook
- Critical Accounting Policies
- Results of Operations
- ▣ Liquidity and Capital Resources
- Distributions
- Off-Balance Sheet Arrangements
- Non GAAP Measures
- ▣ Inflation
- Recent Accounting Pronouncements

We believe our MD&A should be read in conjunction with the Consolidated Financial Statements and related notes included in "Item 8. Financial Statements and Supplementary Data" and the risk factors included in "Item 1A. Risk Factors" of this Annual Report.

Unless otherwise noted, this MD&A relates only to results from continuing operations. The years ended December 31, 2012, 2011 and 2010 reflect the classification of the following communities' financial results as discontinued operations: Reserve at Clemson (sold in November 2010); The Gables, Western Place, Berkeley Place and the Pointe at Southern (all sold in December 2010); Troy Place, The Reserve at Jacksonville, The Reserve at Martin, The Chase at Murray and Clemson Place (all sold in January 2011); Collegiate Village (sold in April 2011); Clayton Station (sold in June 2011); NorthPointe and The Reserve on Frankford (both sold in September 2012) and The Reserve at Star Pass (sold in December 2012).

Overview

We are a self-managed and self-advised REIT engaged in the ownership, acquisition, development and management of high-quality collegiate housing communities. We also provide collegiate housing management and development consulting services to universities, charitable foundations and other third parties. We believe that we are one of the largest private owners, developers and managers of high-quality collegiate housing communities in the United States in terms of total beds both owned and under management.

We earn income from rental payments we receive as a result of our ownership of collegiate housing communities. We also earn income by performing property management services and development consulting services for third parties through our Management Company and our Development Company, respectively.

We have elected to be taxed as a REIT for federal income tax purposes.

Our Business Segments

We define business segments by their distinct customer base and the service provided. Management has identified three reportable segments: collegiate housing leasing, development consulting services and management services. We evaluate each segment's performance based on net operating income, which is defined as income before depreciation, amortization, ground leases, impairment losses, interest expense (income), gains (losses) on extinguishment of debt, equity in earnings of unconsolidated entities, noncontrolling interests and discontinued operations. The accounting policies of the reportable segments are described in more detail in the summary of significant accounting policies in the notes to the accompanying consolidated financial statements.

#### Collegiate housing leasing

Collegiate housing leasing revenue represented approximately 96.7% of our revenue, excluding operating expense reimbursements, for the year ended December 31, 2012.

Unlike multi-family housing where apartments are leased by the unit, collegiate-housing communities are typically leased by the bed on an individual lease liability basis. Individual lease liability limits each resident's liability to his or her own rent without liability for a roommate's rent. The number of lease contracts that we administer is therefore equivalent to the number of beds occupied instead of the number of apartment units occupied. A parent or guardian is required to execute each lease as a guarantor unless the resident provides adequate proof of income and/or pays a deposit, which is usually equal to two months rent.

Due to our predominantly private bedroom accommodations and individual lease liability, the high level of student-oriented amenities and the fact that most units are furnished and typically rent includes utilities, cable television and internet service, we believe our communities in most cases can command higher per-unit and per-square foot rental rates than most multi-family communities in the same geographic markets. We are also typically able to command higher rental rates than on-campus collegiate housing, which tends to offer fewer amenities.

The majority of our leases commence mid-August and terminate the last day of July. These dates generally coincide with the commencement of the universities' fall academic term and the completion of the subsequent summer school session. As such, we are required to re-lease each community in its entirety each year, resulting in significant turnover in our tenant population from year to year. In 2012 and 2011, approximately 74.6% and 72.6%, respectively, of our leased beds were to students who were first-time residents at our communities. As a result, we are highly dependent upon the effectiveness of our marketing and leasing efforts during the annual leasing season that typically begins in November and ends in August of each year. Our communities' occupancy rates are therefore typically stable during the August to July academic year but are susceptible to fluctuation at the commencement of each new academic year.

Prior to the commencement of each new lease period, mostly during the first two weeks of August, but also during September at some communities, we prepare the units for new incoming tenants. Other than revenue generated by in-place leases for returning tenants, we do not generally recognize lease revenue during this period referred to as "Turn," as we have no leases in place. In addition, we incur significant expenses during Turn to make our units ready for occupancy. These expenses are recognized when incurred. This Turn period results in seasonality in our operating results during the third quarter of each year.

#### Development consulting services

For the year ended December 31, 2012, revenue from our development consulting services represented approximately 0.8% of our revenue, excluding operating expense reimbursements. We provide development consulting services primarily to colleges and universities seeking to modernize their on-campus collegiate housing communities, to other third-party investors and to our collegiate housing leasing segment in order to develop communities for our ownership. Our development consulting services typically include the following:

- market analysis and evaluation of collegiate housing needs and options;
- cooperation with college or university in architectural design;
- negotiation of ground lease, development agreement, construction contract, architectural contract and bond documents;
- oversight of architectural design process;
- coordination of governmental and university plan approvals;
- oversight of construction process;
- design, purchase and installation of furniture;
- pre-opening marketing to students; and
- obtaining final approvals of construction.

Fees for these services are typically 3 – 5% of the total cost of a project and are payable over the life of the construction period, which in most cases is one to two years in length. Occasionally, the development consulting contracts include

a provision whereby the Trust can participate in project savings resulting from successful cost management efforts. These revenues are recognized once all contractual terms have been satisfied and no future performance requirements exist. This typically occurs after construction is complete. As part of the development agreements, there are certain costs we pay on behalf of universities or third-party investors. These costs are included in reimbursable operating expenses and are required to be reimbursed to us by the universities or third-party investors. We recognize the expense and revenue related to these reimbursements when incurred.

These operating expenses are wholly reimbursable and therefore not considered by management when analyzing the operating performance of our development consulting services business.

#### Management services

For the year ended December 31, 2012, revenue from our management services segment represented approximately 2.5% of our revenue, excluding operating expense reimbursements. We provide management services for collegiate housing communities owned by educational institutions, charitable foundations, the Trust and others. Our management services typically cover all aspects of community operations, including residence life and student development, marketing, leasing administration, strategic relationships, information systems and accounting services. We provide these services pursuant to multi-year management agreements under which management fees are typically 3 – 5% of leasing revenue. These agreements usually have an initial term of two to five years with renewal options of like terms. As part of the management agreements, there are certain payroll and related expenses we pay on behalf of the property owners. These costs are included in reimbursable operating expenses and are required to be reimbursed to us by the property owners. We recognize the expense and revenue related to these reimbursements when incurred. These operating expenses are wholly reimbursable and therefore not considered by management when analyzing the operating performance of our management services business.

#### Trends and Outlook

##### Rents and occupancy

We manage our communities to maximize revenues, which are primarily driven by two components: rental rates and occupancy rate. We customarily adjust rental rates in order to maximize revenues, which in some cases results in a lower occupancy rate, but in most cases results in stable or increasing revenue from the community. As a result, a decrease in occupancy may be offset by an increase in rental rates and may not be material to our operations. Periodically, certain of our markets experience increases in new on-campus collegiate housing provided by colleges and universities and off-campus collegiate housing provided by private owners. This additional collegiate housing both on and off campus can create competitive pressure on rental rates and occupancy.

Our communities' occupancy rates are typically stable during the August to July academic year but are susceptible to fluctuation at the commencement of each new academic year. For the year ended December 31, 2012, same-community revenue per available bed increased to \$456 and same-community physical occupancy decreased to 91.5%, compared to same-community revenue per available bed of \$439 and same-community physical occupancy of 92.7% for the year ended December 31, 2011. The results represent averages for the Trust's portfolio, which are not necessarily indicative of every community in the portfolio. Individual communities can and do perform both above and below these averages, and, at times, an individual community may experience a decline in total revenue due to local university and economic conditions. Our management focus is to assess these situations and address them quickly in an effort to minimize the Trust's exposure and reverse any negative trends.

Our last two leasing cycles produced same-community revenue growth of nearly 5.0% in 2010 and over 7.0% in 2011. Same-community opening occupancy for the 2012/2013 lease term was 90.5% as compared to 94.7% for the 2011/2012 lease term. Net rental rates for the 2012/2013 lease term increased approximately 5.1% over the prior lease term, thus producing overall same-community revenue growth of approximately 1.0% over the prior lease term. The decline in occupancy for the 2012/2013 lease term is primarily attributable to 5 communities that were impacted by local factors, including modest declines in university enrollment.

##### Development consulting services



The Trust has historically earned more than \$5.0 million annually in third-party development revenue. However, as a result of a deterioration in the credit markets, which began in late 2008, financing of new projects became harder to obtain, and the Trust's third-party development revenue declined from \$8.2 million for the year ended December 31, 2009 to \$2.5 million in 2010 and then rebounded to \$4.1 million in 2011. For the year ended December 31, 2012, third-party development revenue was \$0.8 million. Beginning in the summer of 2010, our development team began seeing improvement in the credit markets and an increase in interest from colleges and universities that are considering new collegiate housing. We also continue to receive requests for proposals on new development projects. This improvement in the development consulting market is evidenced by the Trust's active development projects, the completion of our participating development during the second quarter of 2012 and the completion of two third-party developments in the first quarter of 2012. Furthermore, the Trust currently has one active third-party development at Mansfield University of Pennsylvania (scheduled to open in summer 2013), three third-party

developments scheduled to begin in the spring/summer of 2013 at Clarion University of Pennsylvania, East Stroudsburg University of Pennsylvania and West Chester University of Pennsylvania and was awarded a third-party development at Wichita State University in the fourth quarter of 2012 that is also scheduled to begin in 2013.

We develop collegiate housing communities for our ownership, and we plan to increase self-development activity going forward. The On-Campus Equity Plan, or The ONE Plan<sup>SM</sup>, is our private equity program for universities, which allows universities to use the Trust's equity and financial stability to develop and revitalize campus housing while preserving their credit capacity for other campus projects. This program is designed to provide the Trust's equity to solve a university's housing needs through a ground lease structure where the Trust owns the land improvements and operates the community. Others in the industry have a similar program and to date the Trust has four ONE Plan<sup>SM</sup> projects completed or underway. In December 2011, we were selected by the University of Kentucky (UK) to develop, own and manage a multi-phase project aimed at revitalizing UK's on-campus housing which could potentially include the addition of 9,000 beds within five to seven years utilizing the ONE Plan<sup>SM</sup>. Construction on Central Hall, the first building in the multi-phase project, is progressing as planned. The 601-bed, two-building, four-story community will be available for occupancy in the summer of 2013. In October 2012, the Trust received approval from the UK board of trustees and signed definitive agreements for Phase II of the project. Phase II of the project will include four communities with 2,317 beds and a total project cost of approximately \$133.7 million. All four communities are expected to open in the summer of 2014. We view our entry into the partnership with UK as a defining moment, not only for EdR, but also for our industry. Most state universities face many of the same challenges as UK, including reduced support from constrained state budgets, aged on-campus housing and demands on institutional funds for academic and support services. This declining state support for higher education is the norm rather than the exception. These external factors provide a great opportunity for our company. The volume of discussions we are having with other universities has increased over the last year as additional universities investigate this type of structure to replace their aging on-campus housing stock. We expect the volume of true third-party development contracts to be impacted as more universities avail themselves of this new program.

While considering the possible shift in the type of projects universities pursue, the amount and timing of future revenue from development consulting services will be contingent upon our ability to successfully compete in public colleges and universities' competitive procurement processes, our ability to successfully structure financing of these projects and our ability to ensure completion of construction within committed timelines and budgets. To date, we have completed construction on all of our development consulting projects in time for their targeted occupancy dates.

#### Collegiate housing operating costs

The Trust implemented focused cost control measures in late 2008 that drove a same-community operating expense decline of 4.6% for the year ended December 31, 2009 and helped keep operating expenses relatively flat during 2010. During the year ended December 31, 2011, same-community operating expenses increased approximately 2.9% compared to the year ended December 31, 2010, which included a 2.2% increase in direct operating expenses and a 5.9% increase in fixed costs primarily as a result of real estate tax refunds received in 2010. For the year ended December 31, 2012, same-community operating expenses increased approximately 2.3% compared to the same period in the prior year which is in line with our expectation and a reasonable level of growth for the foreseeable future.

#### General and administrative costs

Historically, we have presented all general and administrative ("G&A") costs, including regional and corporate costs of supporting our communities, in G&A in our consolidated statement of operations. Beginning with the three months ended March 31, 2012, we began reporting the costs to manage our owned portfolio as part of our collegiate housing operating costs and not as part of G&A costs, and previous periods presented have been reclassified for consistent presentation and comparability (see Note 2 to the accompanying consolidated financial statements). We believe the new presentation improves comparability within the industry and provides a better reflection of the total cost to

operate a property as we do not include management fees in our property operating expenses. G&A costs for the year ended December 31, 2012 were \$6.8 million, before development pursuit costs and acquisition costs, an increase of \$0.6 million, or 9.5%, when compared to the same period in the prior year. This increase is largely due to costs associated with the growth of our owned collegiate housing portfolio, the growth in our owned development activity and normal inflationary pressures.

### Asset repositioning and capital recycling

We continue to reposition and improve our owned portfolio as follows:

- In 2010 and 2011, we sold twelve communities for a combined sales price of \$112.8 million. These communities were located at mostly smaller universities with limited barriers to entry;  
Through November of 2010 and January 2012, we purchased \$256 million of assets within walking distance of universities such as the University of Virginia, University of California–Berkeley, Notre Dame, Texas Christian University and Saint Louis University;
- In 2012, we sold three communities, The Reserve at Star Pass and NorthPointe both serving the University of Arizona and The Reserve on Frankford serving Texas Tech University for net cash proceeds of approximately \$67.3 million (see Note 5 to the accompanying consolidated financial statements);  
In 2012, we purchased the collegiate housing community referred to as The Province, adjacent to the campus of East Carolina University, for \$50.0 million in cash, The District on 5th, within walking distance of the University of Arizona, for \$66.4 million in cash, Campus Village, adjacent to Michigan State University, for \$20.9 million in cash, The Province, adjacent to Kent State University for \$45 million in cash, and The Centre and The Suites at Overton Park, both adjacent to Texas Tech University for \$25.5 million in cash and \$48.5 million in assumed debt (see Note 4 to the accompanying consolidated financial statements);  
We currently have ten active owned developments with our share of aggregate development costs of \$343.8 million within walking distance of universities such as Arizona State University, University of Connecticut, University of Mississippi and the University of Colorado and directly on the campuses of University of Kentucky and the University of Texas at Austin (see Note 4 to the accompanying consolidated financial statements);
- We have improved our portfolio's median distance to edge of campus to 0.2 miles; and
- We have increased our average rental rate to \$571 per bed.

## Critical Accounting Policies

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions in certain circumstances that affect amounts reported in our financial statements and related notes. In preparing these financial statements, management has utilized all available information, including its past history, industry standards and the current economic environment, among other factors, in forming its estimates and judgments of certain amounts included in the financial statements, giving due consideration to materiality. The ultimate outcome anticipated by management in formulating its estimates may not be realized. Application of the critical accounting policies below involves the exercise of judgment and use of assumptions as to future uncertainties and, as a result, actual results could differ from these estimates. In addition, other companies in similar businesses may utilize different estimation policies and methodologies, which may impact the comparability of our results of operations and financial condition to those companies.

### Collegiate housing leasing revenue recognition

Collegiate housing leasing revenue is comprised of all revenues related to the leasing activities at our collegiate housing communities and includes revenues from leasing apartments by the bed, food services, parking space rentals and certain ancillary services.

Students are required to execute lease contracts with payment schedules that vary from per semester to monthly. Generally, a parental guarantee must accompany each executed contract. Receivables are recorded when due, while leasing revenue and related lease incentives/concessions and nonrefundable application and service fees are recognized on a straight-line basis over the term of the contracts. Balances are considered past due when payment is not received on the contractual due date. Allowances for doubtful accounts are established by management when it is determined that collection is doubtful.

### Revenue and cost recognition of development consulting services

Costs associated with the pursuit of third-party development consulting contracts are expensed as incurred until such time as we have been notified of a contract award or reimbursement that has been otherwise guaranteed by the customer. At such time, the reimbursable portion of such costs is recorded as a receivable. Development consulting revenues are recognized using the percentage of completion method as determined by construction costs incurred relative to the total estimated construction costs. Occasionally, our development consulting contracts include a provision whereby we can participate in project savings resulting from our successful cost management efforts. We recognize these revenues once all contractual terms have been satisfied and we have no future performance requirements. This typically occurs after construction is complete. Costs associated with development consulting services are expensed as incurred. We generally receive a significant percentage of our fees for development consulting services upon closing of the project financing, a portion of the fee over the construction period and the balance upon substantial completion of construction. Because revenue from these services is recognized for financial reporting purposes utilizing the percentage of completion method, differences occur between amounts received and revenues recognized. Differences also occur between amounts recognized for tax purposes and those recognized for financial reporting purposes.

We also periodically enter into joint venture arrangements whereby we provide development consulting services to third-party collegiate housing owners in an agency capacity. We recognize our portion of the earnings in each joint venture based on our ownership interest, which is reflected after net operating income in our condensed consolidated statement of operations as equity in earnings of unconsolidated entities. Our revenue and operating expenses could fluctuate from period to period based on the extent to which we utilize joint venture arrangements to provide third-party development consulting services.

### Collegiate housing property acquisitions and dispositions

Land, land improvements, buildings and improvements and furniture, fixtures and equipment are recorded at cost. Buildings and improvements are depreciated over 15 to 40 years, land improvements are depreciated over 15 years and furniture, fixtures, and equipment are depreciated over 3 to 7 years. Depreciation is computed using the straight-line method for financial reporting purposes.

Results of operations for acquired collegiate housing communities are included in the Trust's results of operations from the respective dates of acquisition. Appraisals, estimates of cash flows and other valuation techniques are used to allocate the purchase price of acquired property between land, land improvements, buildings and improvements, furniture, fixtures and equipment and identifiable intangibles such as amounts related to in-place leases. The Trust recognizes pre-acquisition costs,

which include legal and professional fees and other third-party costs related directly to the acquisition of a community when they are incurred.

Management assesses impairment of long-lived assets to be held and used whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Management uses an estimate of future undiscounted cash flows of the related asset based on its intended use to determine whether the carrying value is recoverable. If the Trust determines that the carrying value of an asset is not recoverable, the fair value of the asset is estimated and an impairment loss is recorded to the extent the carrying value exceeds estimated fair value (see Note 2 to the accompanying consolidated financial statements). Management estimates fair value using discounted cash flow models, market appraisals if available, and other market participant data.

When a collegiate housing community has met the criteria to be classified as held for sale, the fair value less cost to sell such asset is estimated. If fair value less cost to sell the asset is less than the carrying amount of the asset, an impairment charge is recorded for the estimated loss. Depreciation expense is no longer recorded once a collegiate housing community has met the held for sale criteria. The related carrying value of the community is recorded as held for sale in the accompanying consolidated balance sheet and operations of collegiate housing communities that are sold or classified as held for sale are recorded as part of discontinued operations for all periods presented.

#### Repairs and maintenance

The costs of ordinary repairs and maintenance are charged to operations when incurred. Major improvements that extend the life of an asset beyond one year are capitalized and depreciated over the remaining useful life of the asset. Planned major repair, maintenance and improvement projects are capitalized when performed. In some circumstances, the lenders require us to maintain a reserve account for future repairs and capital expenditures. These amounts are not available for current use and are recorded as restricted cash on our accompanying consolidated balance sheets.

#### Use of estimates

Significant estimates and assumptions are used by management in determining the recognition of third-party development consulting revenue under the percentage of completion method, useful lives of collegiate housing assets, the valuation of goodwill, the initial valuations and underlying allocations of purchase price in connection with collegiate housing property acquisitions, the determination of fair value for impairment assessments and in recording the allowance for doubtful accounts. Actual results could differ from those estimates.

We review our assets, including our collegiate housing communities, communities under development and goodwill for potential impairment indicators whenever events or circumstances indicate that the carrying value might not be recoverable. Impairment indicators include, but are not limited to, declines in our market capitalization, overall market factors, changes in cash flows, significant decreases in net operating income and occupancies at our operating properties, changes in projected completion dates of our development projects and sustainability of development projects. Our tests for impairment are based on the most current information available and if conditions change or if our plans regarding our assets change, it could result in additional impairment charges in the future. However, based on our plans with respect to our operating properties and those under development, we believe the carrying amounts are recoverable.

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Results of Operations for the Years Ended December 31, 2012 and 2011

The following table presents our results of operations for the years ended December 31, 2012 and 2011 (amounts in thousands):

| Segment  | Year Ended December 31, 2012 |                                 |                     |                           |           | Year Ended December 31, 2011 |                                 |                     |                           |          |
|--|------------------------------|---------------------------------|---------------------|---------------------------|-----------|------------------------------|---------------------------------|---------------------|---------------------------|----------|
|  | Collegiate Housing Leasing   | Development Consulting Services | Management Services | Adjustments/ Eliminations | Total     | Collegiate Housing Leasing   | Development Consulting Services | Management Services | Adjustments/ Eliminations | Total    |
| Revenues:  |                              |                                 |                     |                           |           |                              |                                 |                     |                           |          |
| Collegiate housing leasing revenue                 | \$131,092                    | \$—                             | \$—                 | \$—                       | \$131,092 | \$98,491                     | \$—                             | \$—                 | \$—                       | \$98,491 |
| Third-party development consulting services        | —                            | 1,018                           | —                   | (198 )                    | 820       | —                            | 5,682                           | —                   | (1,579 )                  | 4,103    |
| Third-party management services                    | —                            | —                               | 3,446               | —                         | 3,446     | —                            | —                               | 3,336               | —                         | 3,336    |
| Operating expense reimbursements                   | —                            | —                               | —                   | 9,593                     | 9,593     | —                            | —                               | —                   | 8,604                     | 8,604    |
| Total segment revenues                             | 131,092                      | 1,018                           | 3,446               | 9,395                     | 144,951   | 98,491                       | 5,682                           | 3,336               | 7,025                     | 114,534  |
| Segment operating expenses:                        |                              |                                 |                     |                           |           |                              |                                 |                     |                           |          |
| Collegiate housing leasing operations              | 63,194                       | —                               | —                   | —                         | 63,194    | 48,789                       | —                               | —                   | —                         | 48,789   |
| General and administrative                         | —                            | 3,528                           | 2,779               | (44 )                     | 6,263     | —                            | 2,998                           | 2,667               | (75 )                     | 5,590    |
| Reimbursable operating expenses                    | —                            | —                               | —                   | 9,593                     | 9,593     | —                            | —                               | —                   | 8,604                     | 8,604    |
| Total segment operating expenses                   | 63,194                       | 3,528                           | 2,779               | 9,549                     | 79,050    | 48,789                       | 2,998                           | 2,667               | 8,529                     | 62,983   |
| Segment net operating income (loss) <sup>(1)</sup> | \$67,898                     | \$(2,510 )                      | \$667               | \$(154 )                  | \$65,901  | \$49,702                     | \$2,684                         | \$669               | \$(1,504 )                | \$51,551 |

<sup>(1)</sup> The following is a reconciliation of the reportable segments' net operating income to the Trust's consolidated income (loss) before income taxes and discontinued operations for the year ended December 31:

|   | 2012      | 2011      |
|---|-----------|-----------|
| Net operating income for reportable segments          | \$65,901  | \$51,551  |
| Other unallocated general and administrative expenses | (7,913 )  | (6,726 )  |
| Depreciation and amortization                         | (35,436 ) | (25,961 ) |



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|   |         |           |   |
|---|---------|-----------|---|
| Ground leases   | (6,395  | ) (5,498  | ) |
| Nonoperating expenses   | (15,322 | ) (18,647 | ) |
| Equity in earnings (losses) of unconsolidated entities        | (363    | ) (447    | ) |
| Income (loss) before income taxes and discontinued operations | \$472   | \$ (5,728 | ) |

Collegiate housing leasing

Collegiate housing operating statistics for owned communities and same-communities for the years ended December 31, 2012 and 2011 were as follows:

|  | Year Ended<br>December 31,<br>2012 <sup>(9)</sup> | Year Ended<br>December 31,<br>2011 <sup>(9)</sup> | Favorable<br>(Unfavorable) |
|--|---|---|----------------------------|
| Owned communities:                         |   |   |                            |
| Occupancy                                  |   |   |                            |
| Physical <sup>(1)</sup>                    | 90.6  | % 92.7  | % (210) bps                |
| Economic <sup>(2)</sup>                    | 87.4  | % 87.8  | % (40) bps                 |
| NarPAB <sup>(3)</sup>                      | \$464   | \$433   | \$31                       |
| Other income per avail. bed <sup>(4)</sup> | \$34  | \$11  | \$23                       |
| RevPAB <sup>(5)</sup>                      | \$498   | \$444   | \$54                       |
| Operating expense per bed <sup>(6)</sup>   | \$240   | \$220   | \$(20)                     |
| Operating margin <sup>(7)</sup>            | 51.8  | % 50.5  | % 130 bps                  |
| Design Beds <sup>(8)</sup>                 | 263,002   | 221,663   | 41,339                     |
| Same-communities <sup>(10)</sup> :         |   |   |                            |
| Occupancy                                  |   |   |                            |
| Physical <sup>(1)</sup>                    | 91.5  | % 92.7  | % (120) bps                |
| Economic <sup>(2)</sup>                    | 87.6  | % 88.2  | % (60) bps                 |
| NarPAB <sup>(3)</sup>                      | \$430   | \$414   | \$16                       |
| Other income per avail. bed <sup>(4)</sup> | \$26  | \$25  | \$1                        |
| RevPAB <sup>(5)</sup>                      | \$456   | \$439   | \$17                       |
| Operating expense per bed <sup>(6)</sup>   | \$223   | \$218   | \$(5)                      |
| Operating margin <sup>(7)</sup>            | 51.1  | % 50.2  | % 90 bps                   |
| Design Beds <sup>(8)</sup>                 | 214,301   | 214,301   | —                          |

(1) Represents a weighted average of the month-end occupancies for the respective period.

(2) Represents the effective occupancy calculated by taking net apartment rent accounted for on a GAAP basis for the respective period divided by market rent for the respective period.

(3) Net apartment rent per available bed ("NarPAB") represents GAAP net apartment rent for the respective period divided by the sum of the design beds in the portfolio for each of the included months.

(4) Represents other GAAP-based income for the respective period divided by the sum of the design beds in the portfolio for each of the included months. Other income includes service/application fees, late fees, termination fees, parking fees, transfer fees, damage recovery, utility recovery and other miscellaneous fees.

(5) Revenue per available bed ("RevPAB") represents total revenue (net apartment rent plus other income) for the respective period divided by the sum of the design beds in the portfolio for each of the included months.

(6) Represents property-level operating expense excluding management fees, depreciation and amortization and ground/facility lease fees divided by the sum of the design beds for each of the included months

(7) Represents operating income divided by revenue.

(8) Represents the sum of the monthly design beds in the portfolio during the period. Design beds are total beds (including staff and model beds) in the portfolio.

(9) This information excludes property information related to discontinued operations.

(10) Represents operating statistics for communities that were operating for the full year ended December 31, 2012 and 2011.

Total revenue in the collegiate housing leasing segment was \$131.1 million for the year ended December 31, 2012. This represents an increase of \$32.6 million, or 33.1%, from the same period in 2011. This increase included \$28.8 million of revenue related to 17 new communities, which increased the portfolio to more than 25,000 beds, and \$3.8 million of revenue from a 4.0% increase in same-community revenue. The same-community revenue growth was driven by a 5.1% improvement in net rental rates, a 1.4% decline in occupancies and a 0.3% increase in other rental revenue.

As discussed above, beginning with the three months ended March 31, 2012, we are reporting in all periods presented regional and corporate costs to support our owned portfolio as part of our collegiate housing operating costs and not as part of G&A costs. Operating expenses in the collegiate housing leasing segment increased \$14.4 million, or 29.5%, to \$63.2 million for the year ended December 31, 2012 as compared to the same period in 2011. The 17 new communities added \$13.3 million of operating expenses over the same period in the prior year. In addition, same-community operating expenses increased \$1.1 million, or 2.3%, over the same period in the prior year.

#### Development consulting services

The following table represents the development consulting projects that were active during the years ended December 31, 2012 and 2011:

| Project  | Beds | Fee Type        | Segment Revenues |         | Difference |
|--|------|-----------------|------------------|---------|------------|
|  |      |                 | 2012             | 2011    |            |
|  |      |                 | (in thousands)   |         |            |
| Indiana University of Pennsylvania – Phase IV                      | 596  | Development fee | \$—              | \$456   | \$(456)    |
| Colorado State University – Pueblo II                              | 500  | Development fee | —                | 1       | (1)        |
| Centennial Hall  | 454  | Development fee | 182              | 273     | (91)       |
| East Stroudsburg University  | 969  | Development fee | 136              | 1,886   | (1,750)    |
| Mansfield University of Pennsylvania                               | 634  | Development fee | 35               | 1,362   | (1,327)    |
| Mansfield University of Pennsylvania - Phase II                    | 684  | Development fee | 417              | —       | 417        |
| Miscellaneous consulting fees                                      | —    | Consulting fee  | 50               | 125     | (75)       |
| Third-party development consulting services total                  |      |                 | 820              | 4,103   | (3,283)    |
| Participating project – Science + Technology Park at Johns Hopkins | 572  | Development fee | 198              | 1,579   | (1,381)    |
| Development consulting services total                              |      |                 | \$1,018          | \$5,682 | \$(4,664)  |

Development consulting services revenue decreased \$4.7 million, or 82.1%, to \$1.0 million for the year ended December 31, 2012 as compared to the same period in 2011. Third-party development consulting revenue decreased \$3.3 million from the prior year due to less development activity on two active third-party development consulting projects offset by \$0.4 million of revenue related to the Mansfield University of Pennsylvania - Phase II project which was begun in the third quarter of 2012. The Science + Technology Park at Johns Hopkins (see Note 2 to the accompanying consolidated financial statements) contributed \$1.4 million to the decline in revenue as the project was completed early in the third quarter of 2012. Due to the fact that the Trust is guaranteeing the construction loan and extending a second mortgage to the development, all revenue on the project is being deferred in the accompanying consolidated financial statements until the second mortgage is repaid and the Trust no longer guarantees the debt. Since management considers these fees when assessing the performance of the segment, they are included in the segment financial statements above and deferred in the adjustments/eliminations column. If the construction loan and second mortgage had been repaid prior to December 31, 2012, the Trust would have recognized development services revenue net of costs of \$1.9 million, guarantee fee revenue of \$3.0 million and interest income of \$3.8 million since the commencement of the project.

General and administrative expenses increased \$0.5 million, or 17.7%, for the year ended December 31, 2012 compared to the prior year. This increase is primarily due to additional payroll costs, net of capitalized payroll on owned developments, related to the increased development activity discussed under "Trends and Outlook" above. Internal development project costs related to the Science + Technology Park at Johns Hopkins discussed above are deferred in the accompanying consolidated financial statements until the revenue associated with this project is recognized. As such, these expenses are eliminated in the adjustments/eliminations column of the segment financial statements.

#### Management services

Total management services revenue increased \$0.1 million, or 3.3%, for the year ended December 31, 2012 when compared to the same period in 2011. Existing contracts produced a net increase in fee revenue and five additional contracts, including one community for which development was completed in the fourth quarter of 2011 and four new management contracts added in 2012, further contributed to the increase, which was offset by the loss of three management contracts associated with the sales of the communities. Beginning with the three months ended March 31, 2012, we are no longer including intersegment revenues related to the management of our owned portfolio in the management services segment for all periods presented due to the fact that the costs to manage our owned portfolio are now included in collegiate housing operating costs as discussed above.

G&A costs for our management services segment increased \$0.1 million, or 4.2%, for the year ended December 31, 2012 compared to the same period in the prior year primarily due to the growth of the company.

#### Other unallocated general and administrative expenses

Other unallocated G&A costs increased \$1.2 million, or 17.6%, during the year ended December 31, 2012 over the same period in the prior year primarily due to costs associated with the growth of our owned portfolio.

#### Depreciation and amortization

Depreciation and amortization increased \$9.5 million, or 36.5%, during the year ended December 31, 2012 over the same period in the prior year. This increase relates mainly to the purchase of 17 new properties since January 1, 2011 as discussed above.

#### Ground lease expense

For the year ended December 31, 2012, the cost of ground leases increased \$0.9 million or 16.3%, compared to the same period in the prior year, due to the addition of GrandMarc at Westberry Place at Texas Christian University in the fourth quarter of 2011. This community is subject to a 53-year ground lease with a fixed-floor annual rent increase. The Trust recognizes ground lease expense on a straight-line basis over the life of the lease.

#### Nonoperating expenses

For the year ended December 31, 2012, nonoperating expenses decreased \$3.3 million or 17.8% as compared to the same period in the prior year. Interest expense decreased \$2.9 million primarily related to the capitalization of interest on our eleven owned development projects and a \$11.2 million net reduction in mortgage and construction debt since December 31, 2011 excluding debt of \$48.5 million that was assumed in December 2012 (see Note 10 to the accompanying consolidated financial statements). Also contributing to the decrease was a loss on extinguishment of debt of \$0.4 million taken in the first quarter of 2011 related to the repayment of \$35.5 million of variable rate debt.

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Results of Operations for the Years Ended December 31, 2011 and 2010

The following table presents our results of operations for the years ended December 31, 2011 and 2010 (amounts in thousands):

| Segment  | Year Ended December 31, 2011 |                                 |                     |                           |          | Year Ended December 31, 2010 |                                 |                     |                           |          |
|--|------------------------------|---------------------------------|---------------------|---------------------------|----------|------------------------------|---------------------------------|---------------------|---------------------------|----------|
|  | Collegiate Housing Leasing   | Development Consulting Services | Management Services | Adjustments/ Eliminations | Total    | Collegiate Housing Leasing   | Development Consulting Services | Management Services | Adjustments/ Eliminations | Total    |
| Revenues:  |                              |                                 |                     |                           |          |                              |                                 |                     |                           |          |
| Collegiate housing leasing revenue                 | \$98,491                     | \$—                             | \$—                 | \$—                       | \$98,491 | \$86,347                     | \$—                             | \$—                 | \$—                       | \$86,347 |
| Third-party development consulting services        | —                            | 5,682                           | —                   | (1,579)                   | 4,103    | —                            | 2,788                           | —                   | (305)                     | 2,483    |
| Third-party management services                    | —                            | —                               | 3,336               | —                         | 3,336    | —                            | —                               | 3,189               | —                         | 3,189    |
| Operating expense reimbursements                   | —                            | —                               | —                   | 8,604                     | 8,604    | —                            | 916                             | —                   | 13,603                    | 14,519   |
| Total segment revenues                             | 98,491                       | 5,682                           | 3,336               | 7,025                     | 114,534  | 86,347                       | 3,704                           | 3,189               | 13,298                    | 106,538  |
| Segment operating expenses:                        |                              |                                 |                     |                           |          |                              |                                 |                     |                           |          |
| Collegiate housing leasing operations              | 48,789                       | —                               | —                   | —                         | 48,789   | 44,703                       | —                               | —                   | —                         | 44,703   |
| General and administrative                         | —                            | 2,998                           | 2,667               | (75)                      | 5,590    | —                            | 2,885                           | 3,227               | (170)                     | 5,942    |
| Reimbursable operating expenses                    | —                            | —                               | —                   | 8,604                     | 8,604    | —                            | —                               | —                   | 13,603                    | 13,603   |
| Total segment operating expenses                   | 48,789                       | 2,998                           | 2,667               | 8,529                     | 62,983   | 44,703                       | 2,885                           | 3,227               | 13,433                    | 64,248   |
| Segment net operating income (loss) <sup>(1)</sup> | \$49,702                     | \$2,684                         | \$669               | \$(1,504)                 | \$51,551 | \$41,644                     | \$819                           | \$(38)              | \$(135)                   | \$42,290 |

<sup>(1)</sup> The following is a reconciliation of the reportable segments' net operating income to the Trust's consolidated loss before income taxes and discontinued operations for the year ended December 31:

|   |          |          |
|---|----------|----------|
| Net operating income for reportable segments          | 2011     | 2010     |
|   | \$51,551 | \$42,290 |
| Other unallocated general and administrative expenses | (6,726)  | (7,431)  |

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|  |          |   |          |   |
|--|----------|---|----------|---|
| Depreciation and amortization                          | (25,961  | ) | (21,984  | ) |
| Ground leases  | (5,498   | ) | (1,528   | ) |
| Nonoperating expenses                                  | (18,647  | ) | (19,467  | ) |
| Equity in earnings (losses) of unconsolidated entities | (447     | ) | (260     | ) |
| Loss before income taxes and discontinued operations   | \$(5,728 | ) | \$(8,380 | ) |



Collegiate housing leasing

Collegiate housing operating statistics for owned communities and same-communities for the years ended December 31, 2011 and 2010 were as follows:

|   | Year Ended<br>December 31,<br>2011 <sup>(9)</sup> | Year Ended<br>December 31,<br>2010 <sup>(9)</sup> | Favorable<br>(Unfavorable) |
|---|---|---|----------------------------|
| Owned communities:                                |   |   |                            |
| Occupancy   |   |   |                            |
| Physical <sup>(1)</sup>                           | 92.7  | % 91.6  | % 110 bps                  |
| Economic <sup>(2)</sup>                           | 87.8  | % 87.0  | % 80 bps                   |
| NarPAB <sup>(3)</sup>                             | \$433   | \$390   | \$43                       |
| Other income per avail. bed <sup>(4)</sup>        | \$11  | \$24  | \$(13 )                    |
| RevPAB <sup>(5)</sup>                             | \$444   | \$414   | \$30                       |
| Property operating expense per bed <sup>(6)</sup> | \$220   | \$214   | \$(6 )                     |
| Operating margin <sup>(7)</sup>                   | 50.5  | % 48.2  | % 230 bps                  |
| Design Beds <sup>(8)</sup>                        | 221,663   | 208,480   | 13,183                     |
| Same communities <sup>(10)</sup> :                |   |   |                            |
| Occupancy   |   |   |                            |
| Physical <sup>(1)</sup>                           | 92.7  | % 91.5  | % 120 bps                  |
| Economic <sup>(2)</sup>                           | 88.6  | % 87.3  | % 160 bps                  |
| NarPAB <sup>(3)</sup>                             | \$406   | \$389   | \$17                       |
| Other income per avail. bed <sup>(4)</sup>        | \$24  | \$24  | \$—                        |
| RevPAB <sup>(5)</sup>                             | \$430   | \$413   | \$17                       |
| Property operating expense per bed <sup>(6)</sup> | \$200   | \$215   | \$15                       |
| Operating margin <sup>(7)</sup>                   | 53.6  | % 47.9  | % 570 bps                  |
| Design Beds <sup>(8)</sup>                        | 206,613   | 206,557   | 56                         |

(1) Represents a weighted average of the month-end occupancies for the respective period.

(2) Represents the effective occupancy calculated by taking net apartment rent accounted for on a GAAP basis for the respective period divided by market rent for the respective period.

(3) Represents GAAP net apartment rent for the respective period divided by the sum of the design beds in the portfolio for each of the included months.

(4) Represents other GAAP-based income for the respective period divided by the sum of the design beds in the portfolio for each of the included months. Other income includes service/application fees, late fees, termination fees, parking fees, transfer fees, damage recovery, utility recovery and other miscellaneous fees.

(5) Represents total revenue (net apartment rent plus other income) for the respective period divided by the sum of the design beds in the portfolio for each of the included months.

(6) Represents property-level operating expense excluding management fees, depreciation and amortization and ground/facility lease fees divided by the sum of the design beds for each of the included months.

(7) Represents operating income divided by revenue.

(8)

Represents the sum of the monthly design beds in the portfolio during the period. Design beds are total beds (including staff and model beds) in the portfolio.

(9) This information excludes property information related to discontinued operations.

(10) Represents operating statistics for communities that were operating for the full years ended December 31, 2011 and 2010.

Total revenue in the collegiate housing leasing segment was \$98.5 million for the year ended December 31, 2011, an increase of \$12.1 million, or 14.1%, from the same period in 2010. This increase included \$8.5 million related to the new communities, GrandMarc at the Corner, Wertland Square and Jefferson Commons, all located in Charlottesville, Virginia, The Berk located in Berkeley, California, University Village Towers located in Riverside, California, Lotus Center located in Boulder, Colorado, Irish Row located in South Bend,

Indiana, GrandMarc at Westberry Place located in Ft. Worth, Texas and 3949 Lindell located in St. Louis, Missouri, and \$3.7 million from a 4.3% increase in same-community revenue. The same-community revenue growth was driven by a 1.3% improvement in occupancies, a 2.9% increase in net rental rates and a 0.1% increase in other rental revenue.

Operating expenses in the collegiate housing leasing segment increased \$4.1 million, or 9.1%, to \$48.8 million for the year ended December 31, 2011 as compared to the same period in 2010. The nine new communities discussed above added \$3.0 million of operating expenses over the prior year. In addition, same-community operating expenses increased \$1.1 million, or 2.4%, over the same period in the prior year primarily due to real estate tax refunds recorded in the same period in 2010 and an increase in payroll, marketing and cable/internet expenses.

#### Development consulting services

The following table represents the development consulting projects that were active during the years ended December 31, 2011 and 2010:

| Project  | Beds | Segment Revenues |         | Difference |
|--|------|------------------|---------|------------|
|  |      | 2011             | 2010    |            |
|  |      | (in thousands)   |         |            |
| University of Michigan   | 896  | \$—              | \$1     | \$(1 )     |
| Indiana University of Pennsylvania – Phase IV                      | 596  | 456              | 641     | (185 )     |
| Colorado State University – Pueblo II                              | 500  | 1                | 531     | (530 )     |
| SUNY College of Environmental Science and Forestry                 | 454  | 273              | 802     | (529 )     |
| East Stroudsburg University  | 969  | 1,886            | 231     | 1,655      |
| Mansfield University of Pennsylvania                               | 634  | 1,362            | 52      | 1,310      |
| Miscellaneous consulting fees                                      | —    | 125              | 225     | (100 )     |
| Third-party development consulting services total                  |      | 4,103            | 2,483   | 1,620      |
| Participating project – Science + Technology Park at Johns Hopkins | 572  | 1,579            | 305     | 1,274      |
| Development consulting services total                              |      | \$5,682          | \$2,788 | \$2,894    |

Development consulting services revenue increased \$2.9 million, or 103.8%, to \$5.7 million for the year ended December 31, 2011 as compared to the same period in 2010. Third-party development consulting revenue increased \$1.6 million from the prior year due to more development activity on two active third-party development consulting projects. The Science + Technology Park at Johns Hopkins (see Note 2 to the accompanying consolidated financial statements) contributed \$1.3 million of additional revenue. Due to the fact the Trust is guaranteeing the construction loan and extending a second mortgage to the development, all revenue on the project is being deferred in the accompanying consolidated financial statements until the second mortgage is repaid and the Trust no longer guarantees the debt. Since management considers these fees when assessing the performance of the segment, they are included in the segment financial statements above and deferred in the adjustments/eliminations column. If the construction loan and second mortgage had been repaid prior to December 31, 2011, the Trust would have recognized development services revenue net of costs of \$1.7 million, guarantee fee revenue of \$3.0 million and interest income of \$1.9 million since the commencement of the project.

General and administrative expenses increased \$0.1 million, or 3.9%, for the year ended December 31, 2011 compared to the same period in the prior year. This increase is primarily due to additional payroll costs related to the increased development activity. Internal development project costs related to the Science + Technology Park at Johns Hopkins discussed above are deferred in the accompanying consolidated financial statements until the revenue associated with this project is recognized. As such, these expenses are eliminated in the adjustments/eliminations column of the segment financial statements.

Management services

Total management services revenue increased \$0.1 million, or 4.6%, for the year ended December 31, 2011 when compared to the prior year due to a net increase in fee revenue for existing contracts offset by the sale of the Fontainebleau collegiate housing community joint venture in the third quarter of 2010.

General and administrative costs for our management services segment decreased \$0.6 million, or 17.4% for the year ended December 31, 2011 as compared to the same period in 2010, primarily due to a reduction in payroll and benefits. Excluding the impact of restructuring costs recorded in 2010, general and administrative expenses increased 4.5% over the prior year.

#### Other unallocated general and administrative expenses

For the year ended December 31, 2011, other unallocated general and administrative expenses decreased \$0.7 million or 9.5% to \$6.7 million compared to the prior year primarily due to \$1.5 million in acquisition costs related to the purchase of The GrandMarc at The Corner (Charlottesville) in the fourth quarter of 2010 offset by \$0.7 million in acquisition costs for the purchase of various collegiate housing communities incurred during 2011.

#### Depreciation and amortization

Depreciation and amortization increased \$4.0 million, or 18.1%, during the year ended December 31, 2011 over the same period in the prior year. This increase relates primarily to the purchase of nine new properties discussed above.

#### Ground lease expense

For the year ended December 31, 2011, the cost of ground leases increased \$4.0 million, compared to the same period in the prior year, due to the addition of The GrandMarc at The Corner (Charlottesville) in the fourth quarter of 2010. This community is subject to a 99-year ground lease with a fixed-floor annual rent increase. The Trust recognizes ground lease expense on a straight-line basis over the life of the lease.

#### Nonoperating expenses

For the year ended December 31, 2011, interest expense declined \$1.5 million, or 7.8%, when compared to the same period in the prior year primarily due to the repayment of variable rate debt of \$35.5 million that was outstanding under the Master Secured Credit Facility with proceeds from the sale of five collegiate housing communities (see Note 10 to the accompanying consolidated financial statements) and the sale of the interest rate cap associated with this variable rate debt in January of 2011. These decreases were offset by the loss on extinguishment of debt of \$0.4 million incurred in the first quarter of 2011 (see Note 10 to the accompanying consolidated financial statements) and a decline in interest income of \$0.2 million.

#### Equity in earnings of unconsolidated entities

Equity in earnings of unconsolidated entities represents our share of the net income or loss related to investments in unconsolidated entities that own collegiate housing communities. For the year ended December 31, 2011, equity in losses was \$0.4 million compared to \$0.3 million in the prior year.

## Liquidity and Capital Resources

### Fourth Amended Revolver, Master Secured Credit Facility and other indebtedness

On January 14, 2013, the Operating Partnership entered into a Fourth Amended and Restated Credit Agreement (the “Fourth Amended Revolver”). The Fourth Amended Revolver amended and restated the existing unsecured revolving credit facility dated September 21, 2011. The previous facility (the “Third Amended Revolver”) was unsecured, had a maximum availability of \$175 million and was scheduled to mature on September 21, 2014. The Fourth Amended Revolver is unsecured, has a maximum availability of \$375 million and within the first four years of the agreement may be expanded to \$500 million upon satisfaction of certain conditions. The Fourth Amended Revolver matures on January 14, 2017, provided that the Operating Partnership may extend the maturity date for one year subject to certain conditions.

Availability under the Third Amended Revolver was limited to a “borrowing base availability” equal to the lesser of (i) 60% of the property asset value (as defined in the agreement) and (ii) the loan amount, which would produce a debt service coverage ratio of no less than 1.40. As of December 31, 2012, our borrowing base was \$175.0 million, and we had \$79.0 million outstanding under the Third Amended Revolver; thus, our remaining borrowing base availability was \$96.0 million. During the year ended December 31, 2012, the Trust repaid \$62.0 million outstanding under the Third Amended Revolver with proceeds from our August 2012 common stock offering discussed below. As of December 31, 2012, our borrowing base availability would have been \$252.3 million considering the expansion under the Fourth Amended Revolver discussed above.

The Trust served as the guarantor for any funds borrowed by the Operating Partnership under the Third Amended Revolver. The interest rate per annum applicable to the Third Amended Revolver was, at the Operating Partnership’s option, equal to a base rate or LIBOR plus an applicable margin based upon our leverage. As of December 31, 2012, the interest rate applicable to the Third Amended Revolver was 1.84%.

The Third Amended Revolver contained customary affirmative and negative covenants and contained financial covenants that, among other things, required the Trust and its subsidiaries to maintain certain minimum ratios of “EBITDA” (earnings before payment or charges of interest, taxes, depreciation, amortization or extraordinary items) as compared to interest expense and total fixed charges. The financial covenants also included consolidated net worth and leverage ratio tests, and the Trust was prohibited from making distributions in excess of 95% of FFO except to comply with the legal requirements to maintain its status as a REIT. As of December 31, 2012, the Trust was in compliance with all covenants of the Third Amended Revolver.

As of December 31, 2012, the Trust had outstanding mortgage and construction indebtedness of \$395.8 million (excluding unamortized debt premium of \$3.1 million). Of the total, \$89.1 million and \$36.3 million relates to construction and variable rate mortgage debt, respectively, that is described below, and \$34.8 million pertains to outstanding mortgage debt that is secured by the underlying collegiate housing properties or leaseholds bearing interest at fixed rates ranging from 4.92% to 5.99%. The remaining \$235.6 million of the outstanding mortgage indebtedness relates to the Fannie Mae master secured credit facility that the Trust entered into on December 31, 2008 and expanded on December 2, 2009 (the “Master Secured Credit Facility”), which bears interest at a weighted average fixed rate of 5.88%. During the year ended December 31, 2011, we repaid \$35.5 million of variable rate debt that was outstanding under the Master Secured Credit Facility with proceeds from the sale of five collegiate housing communities (see Note 10 to the accompanying consolidated financial statements).

In December 2012, in connection with the acquisition of the Suites at Overton Park and the Centre at Overton Park collegiate housing communities, both adjacent to Texas Tech University in Lubbock, Texas, we assumed \$25.1 million and \$23.3 million of fixed rate mortgage debt, respectively. The loan for the Suites at Overton Park bears interest at 4.2% and initially matures on April 1, 2016. The loan for the Centre at Overton Park bears interest at 5.6%

and initially matures on January 1, 2017. If no event of default has occurred by the initial maturity dates we have the option to extend the maturity dates one year at a base rate plus a 2.5% margin. Principal and interest are paid on a monthly basis for both loans.

As of December 31, 2012, we had outstanding variable rate mortgage debt of \$36.3 million that was assumed in connection with the acquisition of the GrandMarc at Westberry Place collegiate housing community located at Texas Christian University during 2011. The interest rate per year applicable to the loan is equal to a base rate plus a 4.85% margin, in total not to exceed 7.5% per year, and principal and interest are paid on a monthly basis. The loan matures on January 1, 2020. As of December 31, 2012, the interest rate applicable to the loan was 4.95%.

As of December 31, 2012, we had borrowed \$16.4 million on a construction loan related to the development of a wholly-owned collegiate housing community in Storrs, Connecticut (The Oaks on the Square). The interest rate per year applicable to the loan is, at the option of the Trust, equal to a base rate plus a 1.25% margin or LIBOR plus a 2.25% margin and is interest only

through October 30, 2015. As of December 31, 2012, the interest rate applicable to the loan was 2.46%. On October 30, 2015, if certain conditions for extension are met, we have the option to extend the loan until October 31, 2016. On October 30, 2016, if certain conditions are met, we have the option to extend the loan until October 31, 2017. During the extension periods, if applicable, principal and interest are to be repaid on a monthly basis.

As of December 31, 2012, the Trust had borrowed \$32.7 million on a construction loan related to the development of a jointly owned collegiate housing community in Tuscaloosa, Alabama (East Edge). We are the majority owner and managing member of the joint venture and manage the community now that it is completed. The loan bears interest equal to LIBOR plus a 2.4% margin and is interest only through June 30, 2014. As of December 31, 2012, the interest rate applicable to the loan was 2.61%. On June 15, 2014, if the debt service ratio is not less than 1.15 to 1 and an extension fee of 12.5 basis points of the total outstanding principal is paid to the lender, we can extend the loan until June 30, 2015. On June 15, 2015, if the debt service ratio is not less than 1.25 to 1 and an extension fee of 12.5 basis points of the total outstanding principal is paid to the lender, we can extend the loan until June 30, 2016. During the first and second extension periods, if applicable, principal and interest are to be repaid on a monthly basis.

As of December 31, 2012, the Trust had \$8.5 million outstanding on a construction loan related to the development of a wholly-owned collegiate housing community at Syracuse University (University Village Apartments on Colvin). The loan bears interest equal to LIBOR plus a 1.1% margin and was interest only through September 29, 2011. On September 29, 2011, the Trust extended the maturity date until September 29, 2013. Going forward, a debt service coverage ratio, calculated annually on a rolling 12-month basis, of not less than 1.25 to 1 must be maintained with principal and interest being repaid on a monthly basis. As of December 31, 2012, the interest rate applicable to the loan was 1.31%.

As of December 31, 2012, the Trust had \$12.0 million outstanding on a construction loan related to the development of a second wholly-owned collegiate housing community at Syracuse University (Campus West). The interest rate per year applicable to the loan is, at the option of the Trust, equal to a base rate plus a 0.95% margin or LIBOR plus a 1.95% margin and is interest only through November 30, 2014. As of December 31, 2012, the interest rate applicable to the loan was 2.16%. Once the project is complete and the debt service coverage ratio of not less than 1.30 to 1 is maintained, the interest rate will be reduced to a base rate plus a 0.80% margin or LIBOR plus 1.80% margin at the option of the Trust. If certain conditions for extension are met, the Trust has the option to extend the loan twice for an additional year. During the extension periods, if applicable, principal and interest are to be repaid on a monthly basis.

As of December 31, 2012, the Trust had borrowed \$10.6 million on a construction loan related to the development of a jointly owned collegiate housing community near the University of Mississippi (The Retreat). The Trust is the majority owner and managing member of the joint venture and will manage the community when completed. The interest rate per year applicable to the loan is, at the option of the Trust, equal to a base rate plus a 1.10% margin or LIBOR plus a 2.10% margin and is interest only through June 12, 2015. As of December 31, 2012, the interest rate applicable to the loan was 2.31%. Once the project is complete and a debt service coverage ratio of not less than 1.30 to 1 is maintained, the interest rate will be reduced to a base rate plus a 0.80% margin or LIBOR plus a 1.80% margin at the option of the Trust. If certain conditions for extension are met, the Trust has the option to extend the loan twice for an additional year. During the extension periods, if applicable, principal and interest are to be repaid on a monthly basis.

As of December 31, 2012, the Trust had borrowed \$8.9 million on a construction loan related to the development of a jointly owned collegiate housing community near the Arizona State University-Downtown Phoenix campus. The Trust is the majority owner and managing member of the joint venture and will manage the community when completed. The loan bears interest equal to LIBOR plus a 2.25% margin and is interest only through March 20, 2015. As of December 31, 2012, the interest rate applicable to the loan was 2.50%. On March 20, 2015, if the debt service ratio is not less than 1.35 to 1 and an extension fee of 0.25% of the total outstanding principal is paid to the lender, the Trust may extend the loan until March 20, 2016. On March 20, 2016, if the debt service ratio is not less than 1.45 to 1



and an extension fee of 0.25% of the total outstanding principal is paid to the lender, the Trust can extend the loan until March 20, 2017. During the first and second extension periods, if applicable, principal and interest are to be repaid on a monthly basis.

During the year ended December 31, 2012, the Trust repaid in full \$27.0 million of mortgage debt secured by the collegiate housing community referred to as The Lofts located near the University of Central Florida in Orlando, Florida. The debt had a fixed interest rate of 5.59% and was due to mature in May 2014. The Trust also repaid \$10.2 million and \$4.1 million on construction loans related to the development of a wholly-owned collegiate housing community near Southern Illinois University (The Reserve at Saluki Pointe-Carbondale). The loans bore interest equal to LIBOR plus 1.1% and 2.0% margins, respectively, and were due to mature on June 28, 2012. The mortgage debt and construction loans were repaid with proceeds from the Third Amended Revolver and cash on hand.

During the year ended December 31, 2012, the Trust repaid in full \$34.0 million of mortgage debt secured by the collegiate housing community referred to as Campus Lodge located near the University of Florida in Gainesville, Florida. The debt had a fixed interest rate of 6.97%, an effective interest rate of 5.48% and was due to mature in May 2012. The mortgage debt was repaid with cash on hand.

During the year ended December 31, 2011, the Trust repaid \$18.8 million of mortgage debt bearing a fixed interest rate of 5.55% that was due to mature in March 2012 and was secured by the collegiate housing community referred to as NorthPointe in Tucson, Arizona. The mortgage debt was repaid with proceeds received in connection with the stock offering that was conducted in November 2011 (see Note 2 to the accompanying consolidated financial statements).

#### Liquidity outlook and capital requirements

During the year ended December 31, 2012, we generated \$51.4 million of cash from operations, received proceeds of \$220.4 million from equity offerings through a follow-on offering conducted in August 2012 and our at-the-market program, received proceeds of \$67.3 million related to the sale of three collegiate housing communities, borrowed \$71.2 million on mortgage and construction loans and borrowed a net \$79.0 million on our unsecured revolving credit facility. When combined with \$75.8 million of existing cash, we were able to invest \$22.6 million of capital into existing communities, acquire seven communities for an aggregate of \$239.1 million, invest \$11.8 million in joint ventures, repay \$79.2 million of mortgage and construction debt, make a \$3.0 million mezzanine loan to acquire a purchase option to acquire a property, invest \$157.8 million in assets under development and distribute \$34.0 million to our stockholders and unitholders in order to end the year with approximately \$17.0 million in cash.

Our current liquidity needs include funds for distributions to our stockholders and unitholders, including those required to maintain our REIT status and satisfy our current annual distribution target of \$0.40 per share/unit, funds for capital expenditures, funds for debt repayment and, potentially, funds for new property acquisition and development. We generally expect to meet our short-term liquidity requirements through cash provided by operations, debt refinancing, existing cash, recycling through potential asset sales and raising additional equity capital. We believe that these sources of capital will be sufficient to provide for our short-term capital needs.

Distributions for the year ended December 31, 2012 totaled \$34.0 million, or \$0.34, per weighted average share/unit, compared to cash provided by operations of \$51.4 million, or \$0.50, per weighted average share/unit.

Based on our closing share price of \$10.64 on December 31, 2012, our total enterprise value was \$1.7 billion. With net debt (total debt less cash) of \$457.7 million as of December 31, 2012, our debt to enterprise value was 27.4% compared to 22.9% as of December 31, 2011. With gross assets of \$1.5 billion, which excludes accumulated depreciation of \$175.3 million, our debt to gross assets ratio was 31.7% as of December 31, 2012 as compared to 31.3% as of December 31, 2011.

Management believes that it has strengthened the Trust's balance sheet through the follow-on equity offerings in August of 2012 and January and November of 2011, selling 17.3 million shares, 13.2 million shares and 14.4 million shares, respectively, all including the underwriters' overallotment option to purchase additional shares, for net proceeds of \$180.9 million, \$91.7 million and \$124.4 million, respectively. A portion of the net proceeds was used to repay approximately \$117.1 million of debt with the remaining proceeds used to fund the Trust's current developments and acquisitions, fund future acquisitions and developments and for general corporate purposes.

As discussed in Note 2 to the accompanying consolidated financial statements, we implemented an at-the-market equity distribution program during the second quarter of 2010. As of December 31, 2011, the Trust had sold 5.9 million shares of common stock under the agreements for net proceeds of \$49.3 million and reached the aggregate offering amount of \$50.0 million. On September 20, 2011, the Trust entered into the 2011 equity distribution agreement. Similar to the 2010 equity distribution agreements, the Trust may issue and sell shares of its common

stock having an aggregate offering amount of up to \$50.0 million. As of December 31, 2012, the Trust had sold 4.8 million shares of common stock under the 2011 equity distribution program for net proceeds of approximately \$49.2 million and reached the aggregate offering amount of \$50.0 million. The Trust used the net proceeds to repay debt, fund its development pipeline, fund potential future acquisitions and for general corporate purposes. On May 22, 2012, the Trust entered into two additional equity distribution agreements similar to the previous agreements discussed above. Under the 2012 agreements the Trust may issue and sell shares of its common stock having an aggregate offering amount of \$50 million. As of December 31, 2012, the Trust had sold \$0.1 million shares of common stock under the 2012 agreements for net proceeds of approximately \$1.1 million.

An additional source of capital, subject to appropriate market conditions, is the targeted disposition of non-strategic properties. We continually assess all of our communities, the markets in which they are located and the colleges and universities they serve, to determine if any dispositions are necessary or appropriate. The net proceeds from the sale of any asset would provide additional capital that would most likely be used to pay down debt and possibly finance acquisition/development growth or other operational needs.

The Trust completed the sale of five communities in January 2011 (see Note 5 to the accompanying consolidated financial statements). These transactions culminated a significant repositioning of the Trust's portfolio that began in the fourth quarter of 2010. The five communities had over 1,900 beds and were at mostly smaller universities with limited barriers to entry. With a total sales price of approximately \$46.1 million, the dispositions reduced outstanding debt by \$16.1 million and provided net cash proceeds, after costs, of approximately \$29.7 million.

In the second quarter of 2011, we completed the sale of two non-core assets, Collegiate Village, serving Macon State University, and Clayton Station, serving Clayton State University, for an aggregate sale price of \$28.0 million (see Note 5 to the accompanying consolidated financial statements). The net proceeds of approximately \$27.8 million were used to fund development and acquisition activity and for general working capital purposes.

In the third quarter of 2012, we completed the sale of NorthPointe, located in Tucson, Arizona, and The Reserve on Frankford, located in Lubbock, Texas, for an aggregate sales price of \$44.0 million. In the fourth quarter of 2012, we completed the sale of Star Pass, also located in Tucson, Arizona for an aggregate sales price of \$25.5 million (see Note 5 to the accompanying consolidated financial statements). The net proceeds of approximately \$67.2 million were used to fund development and acquisition activity and for general working capital purposes.

We intend to invest in additional communities only as suitable opportunities arise. We also plan to develop communities for our ownership and management. In the short term, we intend to fund any acquisitions or developments with working capital, borrowings under first mortgage property secured debt, construction loans or borrowings under our Fourth Amended Revolver. We intend to finance property acquisitions and development projects over the longer term with cash from operations, the proceeds from potential asset sales, additional issuances of common or preferred stock, private capital in the form of joint ventures, debt financing and issuances of Operating Partnership Units. There can be no assurance, however, that such funding will be obtained on reasonable terms, or at all, particularly in light of current capital market conditions.

During 2011, we completed eight collegiate housing community acquisitions (see Note 4 to the accompanying consolidated financial statements) for approximately \$193.4 million after acquisition costs. The Trust funded these acquisitions with assumed debt of \$36.9 million and existing cash, including cash proceeds generated by the January and November 2011 common stock offerings and sales of collegiate housing communities as discussed above.

We have ten active development projects that we are developing for our ownership with our share of aggregate development costs of \$343.8 million. Through December 31, 2012, \$186.7 million of the anticipated costs had been incurred and funded.

In January 2012, we completed the purchase of The Reserve on Stinson, near the University of Oklahoma in Norman, Oklahoma for a purchase price of \$22.9 million. We previously owned a 10% equity interest in the community and managed the property prior to the acquisition. The Reserve on Stinson has 612 beds and is less than a half-mile from campus.

In the third quarter of 2012 we completed the purchase of The Province, near East Carolina University in Greenville, North Carolina for a purchase price of \$50.0 million. In the fourth quarter of 2012 we completed the purchase of The District on 5th serving the University of Arizona, Campus Village serving Michigan State University, The Province at Kent State serving Kent State University and The Suites at Overton Park and The Centre at Overton Park both serving

Texas Tech University for a combined purchase price of \$206.3 million and a total 2,581 beds (see Note 4 to the accompanying consolidated financial statements). The Trust funded these acquisitions with assumed debt of \$48.5 million and existing cash, including cash proceeds generated by the August 2012 common stock offering (see Notes 2 and 10 to the accompanying consolidated financial statements) and sales of collegiate housing communities as discussed above.

On September 7, 2012, the Trust filed an automatic shelf registration statement, which permits us to issue an unlimited number of securities, including equity or debt securities, from time to time in one or more transactions, depending on market conditions and terms. The registration statement was automatically effective on September 7, 2012.

### Predevelopment expenditures

Our third-party development consulting activities have historically required us to fund predevelopment expenditures such as architectural fees, permits and deposits. Because the closing of a development project's financing is often subject to third-party delay, we cannot always predict accurately the liquidity needs of these activities. We frequently incur these predevelopment expenditures before a financing commitment has been obtained and, accordingly, bear the risk of the loss of these predevelopment expenditures if financing cannot ultimately be arranged on acceptable terms. However, we typically obtain a guarantee of repayment of these predevelopment expenditures from the project owner, but no assurance can be given that we would be successful in collecting the amount guaranteed in the event that project financing is not obtained. When we develop projects for ownership, as opposed to our third-party development services, the Trust bears all exposure to risks and capital requirements for these developments.

### Long-term liquidity requirements

Our long-term liquidity requirements consist primarily of funds necessary for scheduled debt maturities, renovations and other non-recurring capital expenditures that are needed periodically for our communities. We expect to meet these needs through existing working capital, cash provided by operations, additional borrowings under our Fourth Amended Revolver, net proceeds from potential asset sales, the issuance of equity instruments, including common or preferred stock, Operating Partnership Units or additional debt, if market conditions permit. We believe these sources of capital will be sufficient to provide for our long-term capital needs. Market conditions, however, may make additional capital more expensive for us. There can be no assurance that we will be able to obtain additional financing under satisfactory conditions, or at all, or that we will make any investments in additional communities. Our Fourth Amended Revolver is a material source to satisfy our long-term liquidity requirements. As such, compliance with the financial and operating debt covenants is material to our liquidity. As of December 31, 2012, we were in compliance with all covenants related to our Third Amended Revolver.

### Capital expenditures

The historical recurring capital expenditures, excluding discontinued operations, at our wholly-owned communities are set forth as follows:

|   | As of and for the Years Ended |          |          |
|---|-------------------------------|----------|----------|
|   | December 31,                  |          |          |
|   | 2012                          | 2011     | 2010     |
| Total units   | 5,608                         | 5,264    | 5,264    |
| Total beds  | 17,854                        | 16,541   | 16,540   |
| Total recurring capital expenditures (in thousands) | \$4,824                       | \$4,390  | \$4,123  |
| Average per unit                                    | \$763.95                      | \$834.03 | \$783.28 |
| Average per bed                                     | \$270.20                      | \$265.42 | \$249.28 |

Recurring capital expenditures exclude capital spending on renovations, community repositioning or other major periodic projects. Capital expenditures associated with newly developed communities are typically capitalized as part of their development costs. As a result, such communities typically require little to no recurring capital expenditures until their second year of operation or later.

Additionally, we are required by certain of our lenders to contribute contractual amounts annually to reserves for capital repairs and improvements at the mortgaged communities.

These contributions are typically less than, but could exceed, the amount of capital expenditures actually incurred during any given year at such communities.



Commitments

The following table summarizes our contractual obligations as of December 31, 2012 (amounts in thousands):

|   | Less than<br>1 Year | 1 – 3<br>Years | 3 – 5<br>Years | More than<br>5 Years | Total       |
|---|---------------------|----------------|----------------|----------------------|-------------|
| Contractual Obligations:                              |                     |                |                |                      |             |
| Long-Term Debt Obligations(1)                         | \$37,919            | \$120,251      | \$131,486      | \$106,122            | \$395,778   |
| Contractual Interest Obligations(2)                   | 18,179              | 28,840         | 18,786         | 10,650               | 76,455      |
| Operating Lease and Future<br>Purchase Obligations(3) | 12,387              | 19,014         | 14,992         | 503,015              | 549,408     |
| Capital Reserve Obligations(4)                        | 1,234               | 2,119          | 1,250          | 894                  | 5,497       |
| Total   | \$69,719            | \$170,224      | \$166,514      | \$620,681            | \$1,027,138 |

Includes required monthly principal amortization and amounts due at maturity on first mortgage debt secured by (1) collegiate housing properties and any amounts due under the Fourth Amended Revolver and construction loan agreements.

Includes contractual fixed-rate interest payments as well as estimates of variable rate interest payments based on (2) the variable interest rates effective as of December 31, 2012. The Trust has \$89,103 of variable rate debt as of December 31, 2012.

(3) Includes future minimum lease commitments under operating lease obligations (includes long-term ground leases) and future purchase obligations for advertising.

(4) Includes future annual contributions to the capital reserve as required by certain mortgage debt.

Long-term indebtedness

As of December 31, 2012, 20 of our communities were unencumbered by mortgage debt.

As of December 31, 2012, we had outstanding mortgage and construction indebtedness of \$398.8 million (net of unamortized debt premium of \$3.1 million). The scheduled future maturities of this indebtedness as of December 31, 2012 were as follows (in thousands):

|  |           |
|--|-----------|
| Year   |           |
| 2013   | \$37,919  |
| 2014   | 72,912    |
| 2015   | 47,339    |
| 2016   | 91,729    |
| 2017   | 39,757    |
| Thereafter   | 106,122   |
| Total  | 395,778   |
| Debt premium   | 3,068     |
| Outstanding as of December 31, 2012, net of debt premium | \$398,846 |

As of December 31, 2012, the outstanding mortgage and construction debt had a weighted average interest rate of 4.86% and carried an average term to maturity of 3.62 years.



The Trust had \$79.0 million outstanding under the Third Amended Revolver as of December 31, 2012. As discussed above, the Third Amended Revolver was replaced with the Fourth Amended Revolver in January 2013. The Fourth Amended Revolver has a term of four years and matures on January 14, 2017, and provides that the Operating Partnership may extend the maturity date one year subject to certain conditions. The Fourth Amended Revolver requires interest only payments through maturity. The interest rate per annum applicable to the Fourth Amended Revolver is, at the Operating Partnership's option, equal to a base rate or LIBOR plus an applicable margin based upon our leverage. The interest rate applicable to the Third Amended Revolver as of December 31, 2012 was 1.84%.

## Distributions

We are required to distribute 90% of our REIT taxable income (excluding the deduction for dividends paid and net capital gains) on an annual basis in order to qualify as a REIT for federal income tax purposes. Accordingly, we intend to make, but are not contractually bound to make, regular quarterly distributions to holders of our common stock and Operating Partnership Units. All such distributions are authorized at the discretion of our Board. We may be required to use borrowings under our Fourth Amended Revolver, if necessary, to meet REIT distribution requirements, avoid the imposition of federal income and excise taxes and maintain our REIT status. Additionally, we may make certain distributions consisting of both cash and shares to meet REIT distribution requirements. We consider market factors and our performance in addition to REIT requirements in determining distribution levels. During the third quarter of 2011, our Board increased the annual dividend target 40% from \$0.20 to \$0.28 per share/unit becoming effective with the August 16, 2011 dividend. During July of 2012, our Board increased the annual dividend target 43% from \$0.28 to \$0.40 per share/unit becoming effective with the August 15, 2012 dividend.

As discussed above, our Board declared a fourth quarter distribution of \$0.10 per share of common stock for the quarter ended December 31, 2012. The distribution is payable on February 15, 2013 to stockholders of record at the close of business on January 31, 2013.

## Off-Balance Sheet Arrangements

The Operating Partnership entered into a letter of credit agreement in conjunction with the closing of the acquisition of a collegiate housing community at the University of Florida. As of December 31, 2012, the mortgage debt on this community was repaid (see Note 10 to the accompanying consolidated financial statements), and the \$1.5 million letter of credit is no longer outstanding.

The Operating Partnership serves as non-recourse, carve-out guarantor for secured third-party debt in the amount of \$24.3 million, held by one unconsolidated joint venture. The Operating Partnership is liable to the lender for any loss, damage, cost, expense, liability, claim or other obligation incurred by the lender arising out of or in connection with certain non-recourse exceptions in connection with the debt. Pursuant to the operating agreement, the joint venture partner agreed to indemnify, defend and hold harmless the Trust with respect to such obligations, except to the extent such obligations were caused by the willful misconduct, gross negligence, fraud or bad faith of the Operating Partnership or its employees, agents or affiliates.

Therefore, exposure under the guarantee for obligations not caused by the willful misconduct, gross negligence, fraud or bad faith of the Operating Partnership or its employees, agents or affiliates is not expected to exceed the Operating Partnership's proportionate interest in the related mortgage debt.

In connection with the development agreement entered into on July 14, 2010 for a project at the Science + Technology Park at Johns Hopkins Medical Institute (see Note 2 to the accompanying consolidated financial statements) the Trust has committed to provide a guarantee of repayment of a \$42.0 million third-party construction loan for a \$3.0 million fee. The guarantee fee will not be recognized until the second mortgage loan is repaid. The project will have a \$2.5 million reserve to fund any operating or debt service shortfalls that is to be replenished annually by East Baltimore Development, Inc., until a 1.10 debt service coverage ratio is achieved for twelve consecutive months. The second mortgage loan and related debt service are the first at risk if such reserve is not adequate to cover operating expenses and debt service on the construction loan.

In connection with the condominium agreement related to The Oaks on the Square project in Storrs, Connecticut (see Note 4 to the accompanying consolidated financial statements) the Operating Partnership and LeylandAlliance LLC have jointly committed to provide a guarantee of repayment of a \$46.4 million construction loan to develop the residential and retail portions of the project. As of December 31, 2012 and December 31, 2011, \$22.7 million and \$1.5

million, respectively, had been drawn on the construction loan of which \$6.3 million and \$0.6 million, respectively, is attributable to LeylandAlliance LLC. These amounts are not included in our accompanying consolidated financial statements.

## Non GAAP Measures

### Funds From Operations (FFO)

As defined by the National Association of Real Estate Investment Trusts (“NAREIT”), FFO represents net income (loss) (computed in accordance with GAAP), excluding gains (or losses) from sales of property, plus real estate related depreciation and amortization and after adjustments for unconsolidated partnerships and joint ventures. Adjustments for unconsolidated partnerships and joint ventures are calculated to reflect funds from operations on the same basis. In October 2011, NAREIT communicated to its members that the exclusion of impairment write-downs of depreciable real estate is consistent with the definition of FFO, and prior periods should be restated to be consistent with this guidance. Accordingly, we have restated all periods presented to reflect the current guidance. We present FFO available to all stockholders and unitholders because we consider it to be an important supplemental measure of our operating performance and believe it is frequently used by securities analysts, investors and other interested parties in the evaluation of REITs, many of which present FFO when reporting their results. As such, we also exclude the impact of noncontrolling interests in our calculation. FFO is intended to exclude GAAP historical cost depreciation and amortization of real estate and related assets, which assumes that the value of real estate diminishes ratably over time. Historically, real estate values have risen or fallen with market conditions. Because FFO excludes depreciation and amortization unique to real estate, gains and losses from property dispositions and extraordinary items, it provides a performance measure that, when compared year over year, reflects the impact to operations from trends in occupancy rates, rental rates, operating costs, development activities and interest costs, providing perspective not immediately apparent from net income.

We compute FFO in accordance with standards established by the Board of Governors of NAREIT in its March 1995 White Paper (as amended in November 1999, April 2002 and by the October 2011 guidance described above), which may differ from the methodology for calculating FFO utilized by other equity REITs and, accordingly, may not be comparable to such other REITs. Further, FFO does not represent amounts available for management’s discretionary use because of needed capital replacement or expansion, debt service obligations or other commitments and uncertainties. We believe that net income is the most directly comparable GAAP measure to FFO available to stockholders and unitholders. FFO should not be considered as an alternative to net income (loss) (computed in accordance with GAAP) as an indicator of our financial performance or to cash flow from operating activities (computed in accordance with GAAP) as an indicator of our liquidity, nor is it indicative of funds available to fund our cash needs, including our ability to make distributions.

The Trust also uses core funds from operations, or Core FFO, as an operating performance measure. Core FFO is defined as FFO adjusted to include the economic impact of revenue on participating projects for which recognition is deferred for GAAP purposes. The adjustment for this revenue is calculated on the same percentage of completion method used to recognize revenue on third-party development projects. Core FFO also includes adjustments to exclude the impact of straight-line adjustments for ground leases, gains/losses on extinguishment of debt, transaction costs related to acquisitions and reorganization or severance costs. We believe that these adjustments are appropriate in determining Core FFO as they are not indicative of the operating performance of the Trust’s assets. In addition, management uses Core FFO in the assessment of the Trust’s operating performance and comparison to its industry peers and believes that Core FFO is a useful supplemental measure for the investing community to use in comparing the Trust to other REITs as many REITs provide some form of adjusted or modified FFO.



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The following table presents a reconciliation of FFO and Core FFO available to our stockholders and unitholders to net income (loss) for the years ended December 31, 2012, 2011 and 2010 (amounts in thousands):

|   | 2012     | 2011        | 2010        |
|---|----------|-------------|-------------|
| Net income (loss) attributable to Education Realty Trust, Inc.                        | \$8,421  | \$(11,014 ) | \$(42,058 ) |
| Gain on sale of collegiate housing assets   | (5,496 ) | (2,388 )    | (611 )      |
| Loss on impairment of collegiate housing assets                                       | —        | 7,859       | 33,610      |
| Real estate related depreciation and amortization                                     | 37,237   | 29,101      | 29,940      |
| Real estate depreciation and amortization included in equity in earnings of investees | 225      | 412         | 479         |
| Equity portion of loss on sale of collegiate housing property on equity investee      | 88       | 256         | 137         |
| Noncontrolling interests  | 305      | 244         | (233 )      |
| FFO   | 40,780   | 24,470      | 21,264      |
| FFO adjustments:  |          |             |             |
| Loss on extinguishment of debt  | —        | 757         | 1,426       |
| Acquisition costs   | 1,110    | 741         | 1,467       |
| Straight-line adjustment for ground leases  | 4,364    | 4,208       | 984         |
| Reorganization/severance costs, net of taxes  | —        | —           | 447         |
| FFO adjustments:  | 5,474    | 5,706       | 4,324       |
| FFO on Participating Developments:  |          |             |             |
| Interest on loan to Participating Development   | 1,830    | 1,598       | 329         |
| Development fees on Participating Development, net of costs and taxes                 | 91       | 887         | 128         |
| FFO on Participating Developments:  | 1,921    | 2,485       | 457         |
| Core FFO  | \$48,175 | \$32,661    | \$26,045    |

Net Operating Income (NOI)

We believe NOI is a useful measure of our collegiate housing operating performance. We define NOI as rental and other community-level revenues earned from our collegiate housing communities less community-level operating expenses, excluding management fees, depreciation, amortization, ground lease expense and impairment charges and including regional and other corporate costs of supporting the communities. Other REITs may use different methodologies for calculating NOI, and accordingly, the Trust's NOI may not be comparable to other REITs. We believe that this measure provides an operating perspective not immediately apparent from GAAP operating income or net income. The Trust uses NOI to evaluate performance on a community-by-community basis because it allows management to evaluate the impact that factors such as lease structure, lease rates and tenant base, which vary by property, have on the Trust's operating results. However, NOI should only be used as an alternative measure of the Trust's financial performance.



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The following is a reconciliation of our GAAP operating income to NOI for years ended December 31, 2012, 2011 and 2010 (in thousands):

|   | For the Year ended December 31, |          |          |
|---|---------------------------------|----------|----------|
|   | 2012                            | 2011     | 2010     |
| Operating income                                      | \$16,157                        | \$13,366 | \$11,347 |
| Less: Third-party development services revenue        | 820                             | 4,103    | 2,483    |
| Less: Third-party management services revenue         | 3,446                           | 3,336    | 3,189    |
| Less: Operating expense reimbursements                | —                               | —        | 916      |
| Plus: General and administrative expenses             | 14,176                          | 12,316   | 13,373   |
| Plus: Ground leases                                   | 6,395                           | 5,498    | 1,528    |
| Plus: Depreciation and amortization                   | 35,436                          | 25,961   | 21,984   |
| Plus: Loss on impairment of collegiate housing assets | —                               | —        | —        |
| NOI   | \$67,898                        | \$49,702 | \$41,644 |

Adjusted earnings before interest, taxes, depreciation and amortization (Adjusted EBITDA)

Adjusted EBITDA is defined as net income or loss excluding: (1) straight line adjustment for ground leases; (2) acquisition costs; (3) depreciation and amortization; (4) loss on impairment of collegiate housing assets; (5) gain on sale of collegiate housing assets; (6) interest expense; (7) other non-operating expense (income); (8) income tax expense (benefit); (9) non-controlling interest; and (10) applicable expenses related to discontinued operations. We consider Adjusted EBITDA useful to an investor in evaluating and facilitating comparisons of our operating performance between periods and between REITs by removing the impact of our capital structure (primarily interest expense) and asset base (primarily depreciation and amortization) from our operating results.

The following is a reconciliation of our GAAP net income (loss) to Adjusted EBITDA for the years ended December 31, 2012, 2011 and 2010 (in thousands):

|   | For the Year ended December 31, |            |            |
|---|---------------------------------|------------|------------|
|   | 2012                            | 2011       | 2010       |
| Net income (loss) attributable to common stockholders                     | \$8,421                         | \$(11,014) | \$(42,058) |
| Straight line adjustment for ground leases                                | 4,364                           | 4,208      | 984        |
| Acquisition costs   | 1,110                           | 741        | 1,467      |
| Depreciation and amortization   | 35,436                          | 25,961     | 21,984     |
| Depreciation and amortization – discontinued operations                   | 2,438                           | 3,594      | 8,395      |
| Loss on impairment of collegiate housing assets – discontinued operations | 88                              | 7,859      | 33,610     |
| Gain on sale of collegiate housing assets – discontinued operations       | (5,496)                         | (2,388)    | (611)      |
| Interest expense, net   | 14,390                          | 17,274     | 18,729     |
| Interest expense – discontinued operations                                | —                               | 1,044      | 3,395      |
| Other nonoperating expense (income)                                       | 932                             | 1,373      | 738        |
| Income tax expense (benefit)  | (884)                           | (95)       | 442        |
| Non-controlling interest  | 216                             | 239        | (233)      |
| Applicable expenses (income) related to discontinued operations           | —                               | 472        | 1,551      |
| Adjusted EBITDA   | \$61,015                        | \$49,268   | \$48,393   |

Inflation

Our collegiate housing leases typically do not have terms that extend beyond twelve months. Accordingly, although on a short-term basis we would be required to bear the impact of rising costs resulting from inflation, we have the opportunity to raise rental rates at least annually to offset such rising costs. However, our ability to raise rental rates



may be limited by a weak economic environment, increased competition from new collegiate housing in our primary markets and/or a reduction in student enrollment at our principal colleges and universities.

## Recent Accounting Pronouncements

In May 2011, the Financial Accounting Standards Board ("FASB") issued new authoritative guidance resulting in common fair value measurement and disclosure requirements in GAAP and International Financial Reporting Standards. Consequently, some of the amendments clarify the FASB's intent about the application of existing fair value measurement requirements. Other amendments change a particular principle or requirement for measuring fair value or for disclosing information about fair value measurements. The guidance is effective for financial statements issued for fiscal years and interim periods beginning after December 15, 2011 and is applied prospectively. The adoption had no material impact on the Trust's consolidated financial statements, but resulted in additional fair value measurement disclosures (see Note 2 to the accompanying consolidated financial statements).

In September 2011, the FASB issued new authoritative guidance to simplify how entities test for goodwill impairment. The new guidance allows an entity the option to first assess qualitative factors to determine whether the existence of events or circumstances leads to a determination that it is more likely than not that the fair value of a reporting unit is less than its carrying amount. If, after assessing the totality of events or circumstances, an entity determines it is not more likely than not that the fair value of a reporting unit is less than its carrying amount, then performing the two-step goodwill impairment test is unnecessary. However, if the entity concludes otherwise, it is required to proceed with performing step one of the goodwill impairment test and step two if necessary. Under the new guidance, an entity is no longer permitted to carry forward its detailed calculation of a reporting unit's fair value as previously permitted. The guidance is effective for financial statements issued for fiscal years and interim periods beginning after December 15, 2011, and early adoption is permitted. The adoption had no material impact on the Trust's consolidated financial statements as the Trust will continue to assess goodwill impairment based on quantitative measures.

In December 2011, the FASB updated the guidance related to Property, Plant and Equipment – Real Estate Sales to eliminate diversity in practice regarding whether in-substance real estate should be derecognized when the parent ceases to have a controlling financial interest in a subsidiary that is in-substance real estate because of a default of the subsidiary on its nonrecourse debt. The updated guidance clarifies that the accounting for such transactions is based on substance rather than form, and a reporting entity generally would not satisfy the requirements to derecognize the in-substance real estate before the legal transfer of the real estate to the lender and the extinguishment of the related nonrecourse debt. The guidance is effective for financial statements issued for fiscal years and interim periods beginning after June 15, 2012. The adoption had no material impact on the Trust's consolidated financial statements.

## Item 8. Financial Statements and Supplementary Data.

### Management's Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rules 13a-15(f) and 15d-15(f). Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting as of December 31, 2012 based upon the guidelines established in Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Our internal control over financial reporting includes policies and procedures that provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external reporting purposes in accordance with accounting principles generally accepted in the United States of America.

Based on the results of our evaluation, our management initially concluded that our internal control over financial reporting was effective as of December 31, 2012. However, as a result of the classification errors identified in our

consolidated statements of cash flows, discussed in Note 19 to the consolidated financial statements, and management's determination that there is a material weakness of controls in this area, as described below, the Chief Executive Officer and Chief Financial Officer have subsequently concluded that the company's internal controls over financial reporting were not effective as of December 31, 2012. Management has reviewed the results of its assessment with our Audit Committee.

A material weakness in internal control over financial reporting is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of a company's annual or interim financial statements will not be prevented or detected on a timely basis by the company's internal controls. Management identified classification errors in our consolidated statements of cash flows that have caused the company to restate its financial

statements for the year ended December 31, 2012. The resulting restatement is more fully described in Note 19 in the consolidated financial statements included in this Amendment No. 3.

We are committed to a strong internal control environment and are currently taking steps to remediate this material weakness. Specifically, management will address the presentation of new transactions in the statement of cash flows at the time the accounting for new transactions is reviewed and approved and support its conclusions with relevant guidance. We intend to implement this process immediately and to complete remediation by September 30, 2013. We believe that this remediation action will represent significant improvement in our internal controls over financial reporting.

As a result of this amended report of management on internal control over financial reporting, Deloitte & Touche LLP, the company's independent registered public accounting firm, which also audited the company's consolidated financial statements included in this Amendment No. 3, has issued an updated attestation report on the company's internal control over financial reporting, which is included below.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of  
Education Realty Trust, Inc.  
Memphis, Tennessee

We have audited the accompanying consolidated balance sheets of Education Realty Trust, Inc. and subsidiaries (the "Trust") as of December 31, 2012 and 2011, and the related consolidated statements of operations, changes in equity, and cash flows for each of the three years in the period ended December 31, 2012. We also have audited the Trust's internal control over financial reporting as of December 31, 2012, based on criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission. The Trust's management is responsible for these financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying management's report on internal control over financial reporting. Our responsibility is to express an opinion on these financial statements and an opinion on the Trust's internal control over financial reporting based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

A company's internal control over financial reporting is a process designed by, or under the supervision of, the company's principal executive and principal financial officers, or persons performing similar functions, and effected by the company's board of directors, management, and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Trust as of December 31, 2012 and 2011, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2012 in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 19 to the consolidated financial statements, the accompanying consolidated financial statements have been restated to correct certain errors in the consolidated statements of cash flows.

In our report dated February 28, 2013, we also expressed an unqualified opinion on internal control over financial reporting. As described in the following paragraph, a material weakness was subsequently identified as a result of the restatements of the previously issued financial statements. Accordingly, management has revised its assessment about the effectiveness of the Trust's internal control over financial reporting and our present opinion on the effectiveness of the Trust's internal control over financial reporting as of December 31, 2012, as expressed herein, is different from that expressed in our previous report.

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis. The following material weakness has been identified and included in management's assessment: deficiency in the operating effectiveness of the Trust's internal controls involving the review of the consolidated statements of cash flows for accuracy and completeness. This material weakness was considered in determining the nature, timing, and extent of audit tests applied in our audit of the consolidated financial statements and financial statement schedule as of and for the year ended December 31, 2012, of the Trust and this report does not affect our opinion above on such consolidated financial statements.

In our opinion, because of the effect of the material weakness identified above on the achievement of the objectives of the control criteria, the Trust did not maintain effective internal control over financial reporting as of December 31, 2012, based on the criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission.

/s/ DELOITTE & TOUCHE LLP

Memphis, Tennessee

February 28, 2013 (June 14, 2013 as to the effects of the restatements and subsequent events discussed in Notes 17, 18 and 19)

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## CONSOLIDATED BALANCE SHEETS

As of December 31,

|   | 2012   | 2011       |
|---|--|------------|
|   | (Amounts in thousands, except<br>share and per share data) |            |
| Assets:   |  |            |
| Collegiate housing properties, net  | \$1,061,002  | \$803,519  |
| Assets under development  | 159,264  | 56,648     |
| Corporate office furniture, net   | 3,007  | 574        |
| Cash and cash equivalents   | 17,039   | 75,813     |
| Restricted cash   | 6,410  | 4,826      |
| Student contracts receivable, net   | 708  | 347        |
| Receivable from managed third parties   | 629  | 933        |
| Notes receivable  | 21,000   | 18,000     |
| Goodwill and other intangibles, net   | 4,455  | 3,965      |
| Other assets  | 51,173   | 13,184     |
| Total assets  | \$1,324,687  | \$977,809  |
| Liabilities:  |  |            |
| Mortgage and construction loans, net of unamortized premium   | \$398,846  | \$358,504  |
| Unsecured revolving credit facility   | 79,000   | —          |
| Accounts payable  | 1,749  | 3,933      |
| Accrued expenses  | 55,374   | 27,833     |
| Deferred revenue  | 17,964   | 14,409     |
| Total liabilities   | 552,933  | 404,679    |
| Commitments and contingencies (see Note 16)   |  |            |
| Redeemable noncontrolling interests   | 8,944  | 9,776      |
| Equity:   |  |            |
| Common stock, \$.01 par value, 200,000,000 shares authorized, 113,062,452 and 91,800,688 shares issued and outstanding as of December 31, 2012 and 2011, respectively | 1,131  | 918        |
| Preferred shares, \$0.01 par value, 50,000,000 shares authorized, no shares issued and outstanding  |  |            |
| Additional paid-in capital  | 849,878  | 662,657    |
| Accumulated deficit   | (93,287  | ) (101,708 |
| Total Education Realty Trust, Inc. stockholders' equity   | 757,722  | 561,867    |
| Noncontrolling interests  | 5,088  | 1,487      |
| Total equity  | 762,810  | 563,354    |
| Total liabilities and equity  | \$1,324,687  | \$977,809  |



## CONSOLIDATED STATEMENTS OF OPERATIONS

Years Ended December 31,

|   | 2012  | 2011       | 2010         |
|---|---|------------|--------------|
|   | (Amounts in thousands, except share and per share data) |            |              |
| Revenues:   |   |            |              |
| Collegiate housing leasing revenue  | \$ 131,092  | \$ 98,491  | \$ 86,347    |
| Third-party development consulting services   | 820   | 4,103      | 2,483        |
| Third-party management services   | 3,446   | 3,336      | 3,189        |
| Operating expense reimbursements  | 9,593   | 8,604      | 14,519       |
| Total revenues  | 144,951   | 114,534    | 106,538      |
| Operating expenses:   |   |            |              |
| Collegiate housing leasing operations   | 63,194  | 48,789     | 44,703       |
| Development and management services   | 6,268   | 5,506      | 5,268        |
| General and administrative  | 7,908   | 6,810      | 8,105        |
| Depreciation and amortization   | 35,436  | 25,961     | 21,984       |
| Ground lease expense  | 6,395   | 5,498      | 1,528        |
| Reimbursable operating expenses   | 9,593   | 8,604      | 13,603       |
| Total operating expenses  | 128,794   | 101,168    | 95,191       |
| Operating income  | 16,157  | 13,366     | 11,347       |
| Nonoperating expenses:  |   |            |              |
| Interest expense  | 14,390  | 17,274     | 18,729       |
| Amortization of deferred financing costs  | 1,215   | 1,197      | 1,152        |
| Loss on extinguishment of debt  | —   | 351        | —            |
| Interest income   | (283)   | ) (175)    | ) (414)      |
| Total nonoperating expenses   | 15,322  | 18,647     | 19,467       |
| Income (loss) before equity in earnings (losses) of unconsolidated entities, income taxes and discontinued operations | 835   | (5,281)    | ) (8,120)    |
| Equity in earnings (losses) of unconsolidated entities  | (363)   | ) (447)    | ) (260)      |
| Income (loss) before income taxes and discontinued operations   | 472   | (5,728)    | ) (8,380)    |
| Income tax expense (benefit)  | (884)   | ) (95)     | ) 442        |
| Income (loss) from continuing operations  | 1,356   | (5,633)    | ) (8,822)    |
| Discontinued operations:  |   |            |              |
| Income (loss) from operations of discontinued operations  | 1,785   | (7,530)    | ) (34,080)   |
| Gain on sale of collegiate housing property   | 5,496   | 2,388      | 611          |
| Income (loss) from discontinued operations  | 7,281   | (5,142)    | ) (33,469)   |
| Net income (loss)   | 8,637   | (10,775)   | ) (42,291)   |
| Less: Net income (loss) attributable to the noncontrolling interests  | 216   | 239        | (233)        |
| Net income (loss) attributable to Education Realty Trust, Inc.  | \$ 8,421  | \$(11,014) | ) \$(42,058) |



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|   | 2012  | 2011       | 2010       |
|---|---|------------|------------|
|   | (Amounts in thousands, except share and per share data) |            |            |
| Earnings (loss) per share information:  |   |            |            |
| Income (loss) attributable to Education Realty Trust, Inc. common stockholders per share – basic and diluted: |   |            |            |
| Continuing operations   | \$0.01  | \$(0.08)   | \$(0.16)   |
| Discontinued operations   | 0.07  | (0.07)     | (0.57)     |
| Net loss attributable to Education Realty Trust, Inc. common stockholders per share                           | \$0.08  | \$(0.15)   | \$(0.73)   |
| Weighted average common shares outstanding – basic  | 101,243,974   | 75,485,418 | 57,535,698 |
| Weighted average common shares outstanding – diluted  | 102,316,958   | 75,485,418 | 57,535,698 |
| Amounts attributable to Education Realty Trust, Inc. – common stockholders:                                   |   |            |            |
| Income (loss) from continuing operations, net of tax  | \$1,198   | \$(5,916)  | \$(9,095)  |
| Income (loss) from discontinued operations, net of tax  | 7,223   | (5,098)    | (32,963)   |
| Net income (loss)   | \$8,421   | \$(11,014) | \$(42,058) |
| Distributions per common share  | \$0.34  | \$0.24     | \$0.20     |

## CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Years Ended December 31,

(Amounts in thousands, except shares)

|  | Common Stock |         | Additional<br>Paid-In<br>Capital | Accumulated<br>Deficit | Noncontrolling<br>Interests | Total     |
|--|--------------|---------|----------------------------------|------------------------|-----------------------------|-----------|
|  | Shares       | Amount  |                                  |                        |                             |           |
| Balance, December 31, 2009   | 56,705,605   | \$567   | \$410,455                        | \$(48,636 )            | \$ 2,779                    | \$365,165 |
| Proceeds from issuances of<br>common stock, net of offering<br>costs | 1,802,931    | 19      | 12,435                           | —                      | —                           | 12,454    |
| Common stock issued to<br>officers and directors                     | 34,000       | —       | 336                              | —                      | —                           | 336       |
| Common stock issued to retire<br>PIUs                                | 50,826       | 1       | 196                              | —                      | —                           | 197       |
| Amortization of restricted stock                                     | 63,694       | —       | 619                              | —                      | —                           | 619       |
| Cash dividends   | —            | —       | (11,477 )                        | —                      | (22 )                       | (11,499 ) |
| PIUs forfeited and redeemed  | —            | —       | 2,286                            | —                      | (2,767 )                    | (481 )    |
| Net income (loss)  | —            | —       | —                                | (42,058 )              | 10                          | (42,048 ) |
| Balance, December 31, 2010   | 58,657,056   | 587     | 414,850                          | (90,694 )              | —                           | 324,743   |
| Common stock issued to<br>officers and directors                     | 44,280       | —       | 360                              | —                      | —                           | 360       |
| Proceeds from issuances of<br>common stock, net of offering<br>costs | 32,996,205   | 330     | 264,004                          | —                      | —                           | 264,334   |
| Amortization of restricted stock                                     | 103,147      | 1       | 1,165                            | —                      | —                           | 1,166     |
| Cash dividends   | —            | —       | (17,722 )                        | —                      | —                           | (17,722 ) |
| Noncontrolling interests in joint<br>ventures                        | —            | —       | —                                | —                      | 1,487                       | 1,487     |
| Net loss   | —            | —       | —                                | (11,014 )              | —                           | (11,014 ) |
| Balance, December 31, 2011   | 91,800,688   | 918     | 662,657                          | (101,708 )             | 1,487                       | 563,354   |
| Common stock issued to<br>officers and directors                     | 32,286       | —       | 360                              | —                      | —                           | 360       |
| Proceeds from issuances of<br>common stock, net of offering<br>costs | 20,987,826   | 210     | 220,055                          | —                      | —                           | 220,265   |
| Amortization of restricted stock                                     | 241,652      | 3       | 765                              | —                      | —                           | 768       |
| Cash dividends   | —            | —       | (33,959 )                        | —                      | —                           | (33,959 ) |
| Return of equity to<br>noncontrolling interests                      | —            | —       | —                                | —                      | (349 )                      | (349 )    |
| Contributions from<br>noncontrolling interests                       | —            | —       | —                                | —                      | 4,039                       | 4,039     |
| Net income (loss)  | —            | —       | —                                | 8,421                  | (89 )                       | 8,332     |
| Balance, December 31, 2012   | 113,062,452  | \$1,131 | \$849,878                        | \$(93,287 )            | \$ 5,088                    | \$762,810 |

## CONSOLIDATED STATEMENTS OF CASH FLOWS

Years Ended December 31,

|  | Restated <sup>(1)</sup> |             |              |
|--|-------------------------|-------------|--------------|
|  | 2012                    | 2011        | 2010         |
|  | (Amounts in thousands)  |             |              |
| Operating activities:  |                         |             |              |
| Net income (loss)  | \$8,637                 | \$(10,775)  | ) \$(42,291) |
| Adjustments to reconcile net income (loss) to net cash provided by operating activities: |                         |             |              |
| Depreciation and amortization  | 35,436                  | 25,961      | 21,984       |
| Depreciation included in discontinued operations   | 2,438                   | 3,594       | 8,396        |
| Deferred tax expense (benefit)   | 1,043                   | (197)       | ) (841)      |
| Loss on disposal of assets   | 99                      | 22          | 32           |
| Gain on sale of collegiate housing property in discontinued operations                   | (5,496)                 | ) (2,388)   | ) (611)      |
| Noncash rent expense related to the straight-line adjustment for long-term ground leases | 4,364                   | 4,208       | 984          |
| Loss on impairment of collegiate housing properties included in discontinued operations  | —                       | 7,859       | 33,610       |
| Loss on extinguishment of debt   | —                       | 351         | —            |
| Loss on extinguishment of debt included in discontinued operations                       | —                       | 406         | 1,426        |
| Amortization of deferred financing costs   | 1,215                   | 1,197       | 1,152        |
| Amortization of deferred financing costs included in discontinued operations             | —                       | 48          | 124          |
| Loss on interest rate cap  | —                       | 5           | 235          |
| Amortization of unamortized debt premiums  | (80)                    | ) (390)     | ) (398)      |
| Distributions of earnings from unconsolidated entities                                   | 195                     | 264         | 388          |
| Noncash compensation expense related to stock-based incentive awards                     | 2,041                   | 1,502       | 783          |
| Equity in losses of unconsolidated entities  | 363                     | 447         | 260          |
| Change in operating assets and liabilities (net of acquisitions):                        |                         |             |              |
| Student contracts receivable   | (19)                    | ) (239)     | ) (20)       |
| Management fees receivable   | 304                     | (406)       | ) (250)      |
| Other assets   | (9,009)                 | ) (1,497)   | ) (1,606)    |
| Accounts payable and accrued expenses  | 5,721                   | 1,451       | 6,286        |
| Accounts receivable (payable) affiliate  | —                       | —           | 18           |
| Deferred revenue   | 4,142                   | 2,614       | 2,608        |
| Net cash provided by operating activities  | 51,394                  | 34,037      | 32,269       |
| Investing activities:  |                         |             |              |
| Property acquisitions, net of cash acquired  | (239,065)               | ) (156,463) | ) (45,500)   |
| Purchase of corporate furniture and fixtures   | (3,106)                 | ) (173)     | ) (173)      |
| Restricted cash  | (1,584)                 | ) (35)      | ) (212)      |
| Insurance proceeds received on property losses   | 3,900                   | —           | —            |
| Investment in collegiate housing properties  | (22,599)                | ) (22,129)  | ) (17,978)   |
| Proceeds from sale of collegiate housing properties                                      | 67,261                  | 73,821      | 51,522       |
| Payments on notes receivable   | 1,800                   | 75          | 2,148        |
| Loans to developments  | (3,000)                 | ) (8,128)   | ) (9,872)    |
| Earnest money deposits   | (3,000)                 | ) (75)      | ) —          |
| Investment in assets under development   | (157,840)               | ) (46,966)  | ) (1,146)    |

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|  |          |            |           |   |
|--|----------|------------|-----------|---|
| Distributions from unconsolidated entities | 82       | 285        | 777       |   |
| Investments in unconsolidated entities     | (11,797  | ) (25      | ) (40     | ) |
| Net cash used in investing activities      | (368,948 | ) (159,813 | ) (20,474 | ) |

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|  | Restated <sup>(1)</sup> |           |           |
|--|-------------------------|-----------|-----------|
|  | 2012                    | 2011      | 2010      |
|  | (Amounts in thousands)  |           |           |
| Financing activities:  |                         |           |           |
| Payment of mortgage and construction notes                             | (79,185                 | ) (58,225 | ) (38,337 |
| Borrowings under mortgage and construction loans                       | 71,156                  | 12,558    | —         |
| Debt issuance costs  | (1,026                  | ) (1,527  | ) 6       |
| Debt extinguishment costs  | —                       | (562      | ) (1,354  |
| Borrowings on line of credit   | 141,000                 | —         | 31,700    |
| Repayments of line of credit   | (62,000                 | ) (3,700  | ) (28,000 |
| Proceeds from issuance of common stock                                 | 220,441                 | 265,318   | 12,599    |
| Payment of offering costs  | (805                    | ) (1,007  | ) (158    |
| Return of equity to noncontrolling interests                           | (349                    | ) —       | —         |
| Contributions from noncontrolling interests                            | 4,039                   | —         | —         |
| Redemption of noncontrolling interests                                 | —                       | —         | (167      |
| Dividends and distributions paid to common and restricted stockholders | (33,959                 | ) (17,722 | ) (11,477 |
| Dividends and distributions paid to noncontrolling interests           | (532                    | ) (502    | ) (818    |
| Net cash provided by (used in) financing activities                    | 258,780                 | 194,631   | (36,006   |
| Net (decrease) increase in cash and cash equivalents                   | (58,774                 | ) 68,855  | (24,211   |
| Cash and cash equivalents, beginning of period                         | 75,813                  | 6,958     | 31,169    |
| Cash and cash equivalents, end of period                               | \$17,039                | \$75,813  | \$6,958   |
| Supplemental disclosure of cash flow information:                      |                         |           |           |
| Interest paid  | \$18,402                | \$19,526  | \$19,764  |
| Income taxes paid  | \$76                    | \$339     | \$1,456   |
| Supplemental disclosure of noncash activities:                         |                         |           |           |
| Redemption of redeemable noncontrolling interests from unit holder     | \$606                   | \$—       | \$—       |

<sup>(1)</sup> See Note 19 for further discussion of the restatement.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Amounts in thousands, except share and per share data)

### 1. Organization and description of business

Education Realty Trust, Inc. (the “Trust”) was organized in the state of Maryland on July 12, 2004 and commenced operations as a real estate investment trust (“REIT”) effective with the initial public offering (the “Offering”) that was completed on January 31, 2005. Under the Trust’s Articles of Incorporation, as amended, the Trust is authorized to issue up to 200 million shares of common stock and 50 million shares of preferred stock, each having a par value of \$0.01 per share.

The Trust operates primarily through a majority-owned Delaware limited partnership, Education Realty Operating Partnership, LP (the “Operating Partnership”). The Operating Partnership owns, directly or indirectly, interests in collegiate housing communities located near major universities in the United States.

The Trust also provides real estate facility management, development and other advisory services through the following subsidiaries of the Operating Partnership:

• EDR Management Inc. (“Management Company”), a Delaware corporation performing collegiate housing management activities; and

• EDR Development LLC (“Development Company”), a Delaware limited liability company providing development consulting services for third party collegiate housing communities.

The Trust is subject to the risks involved with the ownership and operation of residential real estate near major universities throughout the United States. The risks include, among others, those normally associated with changes in the demand for housing by students at the related universities, competition for tenants, creditworthiness of tenants, changes in tax laws, interest rate levels, the availability of financing and potential liability under environmental and other laws.

### 2. Summary of significant accounting policies

#### Basis of presentation and principles of consolidation

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States (“GAAP”). The accompanying consolidated financial statements of the Trust represent the assets and liabilities and operating results of the Trust and its majority owned subsidiaries.

The Trust, as the sole general partner of the Operating Partnership, has the responsibility and discretion in the management and control of the Operating Partnership, and the limited partners of the Operating Partnership, in such capacity, have no authority to transact business for, or participate in the management activities of the Operating Partnership. Accordingly, the Trust accounts for the Operating Partnership using the consolidation method.

All intercompany balances and transactions have been eliminated in the accompanying consolidated financial statements.

#### Use of estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities



at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates and assumptions are used by management in determining the recognition of third-party development consulting services revenue under the percentage of completion method, useful lives of collegiate housing assets, the valuation of goodwill, the initial valuations and underlying allocations of purchase price in connection with collegiate housing property acquisitions, the determination of fair value for impairment assessments and in the recording of the allowance for doubtful accounts. Actual results could differ from those estimates.

#### Reclassifications

Certain prior period amounts have been reclassified to conform to the current period presentation. In the consolidated statements of operations, regional and corporate costs of supporting our owned communities had previously been included in general and administrative expenses. In 2012, the Trust reclassified regional and corporate costs of supporting our owned

communities to collegiate housing leasing operations. The reclassification was not material to our consolidated financial statements and had no impact on our previously reported net income, changes in equity, financial position or net cash flows from operations.

#### Cash and cash equivalents

All highly-liquid investments with a maturity of 3 months or less when purchased are considered cash equivalents. Restricted cash is excluded from cash for the purpose of preparing the consolidated statements of cash flows. The Trust maintains cash balances in various banks. At times, the amounts of cash may exceed the amount the Federal Deposit Insurance Corporation ("FDIC") insures. As of December 31, 2012, the Trust had no cash on deposit that was uninsured by the FDIC or in excess of the FDIC limits.

#### Restricted cash

Restricted cash includes escrow accounts held by lenders for the purpose of paying taxes, insurance, principal and interest and funding capital improvements.

#### Distributions

The Trust pays regular quarterly cash distributions to stockholders. These distributions are determined quarterly by the Board of Directors ("Board") based on the operating results, economic conditions, capital expenditure requirements, the REIT annual distribution requirements of the Internal Revenue Code of 1986, as amended (the "Code"), leverage covenants imposed by our revolving credit facility and other debt documents, and any other matters the Board deems relevant. Distributions for the year ended December 31, 2012 totaled \$34.0 million, or \$0.34, per weighted average share/unit of which \$0.24 was treated as a non-taxable return of capital and \$0.10 was treated as ordinary dividend income for income tax purposes.

#### Notes receivable

During the year ended December 31, 2012, the Trust entered into a mezzanine loan and purchase option agreement with Landmark Properties Holdings, LLC ("Landmark") for the purpose of developing a cottage-style collegiate housing community at Pennsylvania State University in State College, Pennsylvania. The community will be wholly owned by Landmark and a construction loan will be used to fund 80% of the development. The Trust provided \$3.0 million of mezzanine financing at an interest rate of 10% per annum and was granted an option to purchase the community in 2013, 2014 or 2015. As of December 31, 2012, the mezzanine financing is recorded in notes receivable in the accompanying consolidated balance sheet. In the event the Trust does not exercise the purchase option by 2015, the mezzanine loan will be due at the earlier of when written notice is received by Landmark from the Trust or when the construction loan is repaid. The mezzanine loan is secured by 100% of Landmark's equity interest in the Pennsylvania State University development and Landmark's equity interest in the joint venture currently being developed near the University of Mississippi campus.

On July 14, 2010, the Trust entered into definitive agreements for the development, financing and management of a \$60.7 million, 20-story, 572-bed graduate collegiate housing complex at the Science + Technology Park at Johns Hopkins Medical Institute. The Trust developed and manages the building, which was constructed on land owned by Johns Hopkins University and leased to a subsidiary of East Baltimore Development, Inc., a nonprofit partnership of private and public entities dedicated to Baltimore's urban revitalization. Under terms of the agreements, the Trust (a) received development and construction oversight fees and reimbursement of pre-development expenses, (b) invested in the form of an \$18.0 million second mortgage, (c) received a \$3.0 million fee for providing a repayment guarantee of the construction first mortgage and (d) received a 10-year management contract. As of December 31, 2012 and 2011, the note receivable for the second mortgage had a balance of \$18.0 million and is recorded in notes receivable in the accompanying consolidated balance sheets. The Trust does not have an ownership interest in any form that would require consolidation. Due to its financing commitments to the project along with other factors, the Trust will not

recognize the development services revenue, guarantee fee revenue and interest income earned on the second mortgage until the second mortgage is repaid, and the Trust no longer has a substantial continuing financial involvement. If the construction loan and second mortgage had been repaid prior to December 31, 2012, the Trust would have recognized development services revenue net of costs of \$1.9 million, guarantee fee revenue of \$3.0 million and interest income of \$3.8 million since the commencement of the project.

### Collegiate housing properties

Land, land improvements, buildings and improvements, and furniture, fixtures and equipment are recorded at cost. Buildings and improvements are depreciated over 15 to 40 years, land improvements are depreciated over 15 years and furniture, fixtures, and equipment are depreciated over 3 to 7 years. Depreciation is computed using the straight-line method for financial reporting purposes over the estimated useful life.

Acquired collegiate housing communities' results of operations are included in the Trust's results of operations from the respective dates of acquisition. Appraisals, estimates of cash flows and valuation techniques are used to allocate the purchase price of acquired property between land, land improvements, buildings and improvements, furniture, fixtures and equipment and identifiable intangibles such as amounts related to in-place leases. Acquisition costs are expensed as incurred and are included in general and administrative costs in the accompanying consolidated statements of operations.

Management assesses impairment of long-lived assets to be held and used whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Management uses an estimate of future undiscounted cash flows of the related asset based on its intended use to determine whether the carrying value is recoverable. If the Trust determines that the carrying value of an asset is not recoverable, the fair value of the asset is estimated and an impairment loss is recorded to the extent the carrying value exceeds estimated fair value. Management estimates fair value using discounted cash flow models, market appraisals if available, and other market participant data.

When a collegiate housing community has met the criteria to be classified as held for sale, the fair value less cost to sell such asset is estimated. If the fair value less cost to sell the asset is less than the carrying amount of the asset, an impairment charge is recorded for the estimated loss. Depreciation expense is no longer recorded once a collegiate housing community has met the held for sale criteria. Operations of collegiate housing communities that are sold or classified as held for sale are recorded as part of discontinued operations for all periods presented. During the years ended December 31, 2012, 2011 and 2010, 15 properties were classified as part of discontinued operations in the accompanying consolidated statements of operations for all periods presented. All 15 of these properties were sold by December 31, 2012 (see Note 5).

### Deferred financing costs

Deferred financing costs represent costs incurred in connection with acquiring debt facilities. The deferred financing costs incurred for years ended December 31, 2012 and 2011 were \$0.9 million and \$1.7 million, respectively, and are being amortized over the terms of the related debt using a method that approximates the effective interest method. There were no deferred financing costs incurred during the year ended December 31, 2010. Amortization expense totaled \$1.2 million for all of the years ended December 31, 2012, 2011 and 2010. As of December 31, 2012 and 2011, accumulated amortization totaled \$5.7 million and \$5.1 million, respectively. Deferred financing costs, net of amortization, are included in other assets in the accompanying consolidated balance sheets (see Note 7).

### Common stock issuances and offering costs

Specific incremental costs directly attributable to the issuance of common stock are charged against the gross proceeds of the related issuance. Accordingly, underwriting commissions and other stock issuance costs are reflected as a reduction of additional paid-in capital in the accompanying consolidated statement of changes in equity.

On August 14, 2012, the Trust completed a follow-on offering of 17.3 million shares of its common stock, which included 2.3 million shares purchased by the underwriters pursuant to an option to purchase additional shares. The Trust received approximately \$180.9 million in net proceeds from the offering after deducting the underwriting

discount and other offering expenses. The Trust used the net proceeds to repay the unsecured revolving credit facility (see Note 10) and to fund the acquisition of The Province at East Carolina University, The District on 5th serving the University of Arizona, Campus Village serving Michigan State University, The Province at Kent State serving Kent State University and The Suites at Overton Park and The Centre at Overton Park both serving Texas Tech University (see Note 4).

On November 8, 2011, the Trust completed a follow-on offering of 14.4 million shares of its common stock, which includes 1.9 million shares purchased by the underwriters pursuant to an overallotment option. The Trust received approximately \$124.4 million in net proceeds from the offering after deducting the underwriting discount and other offering expenses. On January 10, 2011, the Trust completed a follow-on offering of 13.2 million shares of its common stock, which includes 1.7 million shares purchased by the underwriters pursuant to an overallotment option. The Trust received approximately \$91.7 million in net proceeds from the offering after deducting the underwriting discount and other offering expenses. The Trust used the net

proceeds from the 2011 offerings to repay debt, fund its development pipeline, fund acquisitions and for general corporate purposes.

On June 2, 2010, the Trust entered into two equity distribution agreements. Pursuant to the terms and conditions of the agreements, the Trust could issue and sell shares of its common stock having an aggregate offering amount of up to \$50 million. Sales of the common stock depended upon market conditions and other factors determined by the Trust and were made in transactions that were deemed to be “at-the-market” offerings as defined in Rule 415 under the Securities Act of 1933, as amended. The Trust had no obligation to sell any of the common stock, and could at any time suspend offers under the agreements or terminate the agreements. As of December 31, 2011, the Trust had sold 5.9 million shares of common stock under the agreements for net proceeds of \$49.3 million and reached the aggregate offering amount of \$50 million. On September 20, 2011, the Trust entered into the 2011 equity distribution agreement. Similar to the equity distribution agreements discussed above, the Trust could issue and sell shares of its common stock having an aggregate offering amount of up to \$50 million. As of December 31, 2012, the Trust had sold 4.8 million shares of common stock under the 2011 equity distribution program for net proceeds of approximately \$49.2 million and reached the aggregate offering amount of \$50 million. On May 22, 2012, the Trust entered into two additional equity distribution agreements similar to the previous agreements discussed above. Under the 2012 agreements, the Trust could issue and sell shares of its common stock having an aggregate offering amount of \$50 million. As of December 31, 2012, the Trust had sold \$0.1 million shares of common stock under the 2012 agreements for net proceeds of approximately \$1.1 million. The Trust used the net proceeds to repay debt, fund its development pipeline, fund acquisitions and for general corporate purposes.

On May 19, 2010, the Trust’s stockholders approved the Education Realty Trust, Inc. Employee Stock Purchase Plan (the “ESPP”) which became effective on July 1, 2010. Pursuant to the ESPP, all employees of the Trust are eligible to make periodic purchases of common stock through payroll deductions. Subject to the discretion of the compensation committee of the Board, the purchase price per share of common stock purchased by employees under the ESPP is 85% of the fair market value on the applicable purchase date. The Trust reserved 300,000 shares of common stock for sale under the ESPP. The aggregate cost of the ESPP (generally the 15% discount on the shares purchased) is recorded by the Trust as a period expense. For the years ended December 31, 2012, 2011 and 2010, total compensation expense relating to the ESPP was \$25,345, \$24,338, and \$12,605 respectively.

#### Debt premiums/discounts

Differences between the estimated fair value of debt and the principal value of debt assumed in connection with collegiate housing property acquisitions are amortized over the term of the related debt as an offset to interest expense using the effective interest method. As of December 31, 2012 and 2011, the Trust had net unamortized debt premiums of \$3.1 million and \$9,508, respectively. These amounts are included in mortgage and construction loans in the accompanying consolidated balance sheets.

#### Income taxes

The Trust qualifies as a REIT under the Code. The Trust is generally not subject to federal, state and local income taxes on any of its taxable income that it distributes if it distributes at least 90% of its REIT taxable income for each tax year to its stockholders and meets certain other requirements. If the Trust fails to qualify as a REIT for any taxable year, the Trust will be subject to federal, state and local income taxes (including any applicable alternative minimum tax) on its taxable income.

The Trust has elected to treat certain of its subsidiaries, including the Management Company, as taxable REIT subsidiaries (each a “TRS”). A TRS is subject to federal, state and local income taxes. The Management Company provides management services and through the Development Company, provides development services, which if directly provided by the Trust would jeopardize the Trust’s REIT status. Deferred tax assets and liabilities are

recognized based on the difference between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis. Deferred tax assets and liabilities are measured using enacted tax rates in effect in the years in which those temporary differences are expected to reverse.

The Trust had no unrecognized tax benefits as of December 31, 2012, 2011 and 2010. As of December 31, 2012, the Trust did not expect to record any unrecognized tax benefits. The Trust, and its subsidiaries, file federal and state income tax returns. As of December 31, 2012, open tax years generally included tax years for 2009, 2010 and 2011. The Trust's policy is to include interest and penalties related to unrecognized tax benefits in general and administrative expenses. As of December 31, 2012, 2011 and 2010, the Trust had no interest or penalties recorded related to unrecognized tax benefits.

Noncontrolling interests

As of December 31, 2012, the Trust entered into three joint venture agreements to develop, own and manage properties near the University of Alabama, Arizona State University-Phoenix and The University of Mississippi. The Trust is deemed to be the primary beneficiary of these communities; therefore, the Trust accounts for the joint ventures using the consolidation method of accounting. Our joint venture partners' investments in the joint ventures are accounted for as noncontrolling interests in the accompanying consolidated balance sheets and statements of changes in equity and net income attributable to noncontrolling interests in the accompanying consolidated statements of operations.

The units of limited partnership of the Operating Partnership ("Operating Partnership Units"), units of limited partnership of University Towers Operating Partnership, LP ("University Towers Operating Partnership Units") and profits interest units ("PIUs") (see Note 9) are referred to as noncontrolling interests. The Trust follows the guidance issued by the Financial Accounting Standards Board ("FASB") regarding the classification and measurement of redeemable securities. The Operating Partnership Units and the University Towers Operating Partnership Units are redeemable at the option of the holder and essentially have the same characteristics as common stock as they participate in net income and distributions. Accordingly, the Trust has determined that the Operating Partnership Units and the University Towers Operating Partnership Units meet the requirements to be classified outside of permanent equity and are therefore classified as redeemable noncontrolling interests in the accompanying consolidated balance sheets and net income attributable to noncontrolling interests in the accompanying consolidated statements of operations. The value of redeemable noncontrolling interests is reported at the greater of fair value or historical cost at the end of each reporting period. As of December 31, 2012, the Trust reported the redeemable noncontrolling interests at historical cost, which was greater than fair value.

The following table sets forth the activity with the redeemable noncontrolling interests for the years ended December 31, 2012 and 2011 (in thousands):

|   |         |          |
|---|---------|----------|
|   | 2012    | 2011     |
| Beginning balance – redeemable noncontrolling interests               | \$9,776 | \$10,039 |
| Net income (loss) attributable to redeemable noncontrolling interests | 305     | 239      |
| Redemption of operating partnership units                             | (607    | ) —      |
| Distributions attributable to redeemable noncontrolling interests     | (530    | ) (502   |
| Ending balance – redeemable noncontrolling interests                  | \$8,944 | \$9,776  |

Earnings per share

Basic earnings per share is calculated by dividing net earnings available to common stock by weighted average shares of common stock outstanding. Diluted earnings per share is calculated similarly, except that it includes the dilutive effect of the assumed exercise of potentially dilutive securities. The Trust follows the authoritative guidance regarding the determination of whether certain instruments are participating securities. All unvested share-based payment awards that contain nonforfeitable rights to dividends or dividend equivalents are included in the computation of earnings per share under the two-class method. This results in shares of unvested restricted stock being included in the computation of basic earnings per share for all periods presented.

The following table reconciles the basic and diluted weighted average shares for the year ended December 31, 2012:

|   |             |
|---|-------------|
| Basic weighted average shares of common stock outstanding   | 101,243,974 |
| Operating Partnership Units                                 | 865,727     |
| University Towers Operating Partnership Units               | 207,257     |
| Diluted weighted average shares of common stock outstanding | 102,316,958 |





As of December 31, 2011 and 2010, the following potentially dilutive securities were outstanding but were not included in the computation of diluted earnings per share because the effects of their inclusion would be anti-dilutive:

|   | 2011      | 2010      |
|---|-----------|-----------|
| Operating Partnership Units                   | 903,738   | 903,738   |
| University Towers Operating Partnership Units | 207,257   | 207,257   |
| Total potentially dilutive securities         | 1,110,995 | 1,110,995 |

A reconciliation of the numerators and denominators for the basic and diluted earnings per share computation is not presented, as the Trust reported a loss from continuing operations for the years ended December 31, 2011 and 2010, and therefore the effect of the inclusion of all potentially dilutive securities would be anti-dilutive when computing diluted earnings per share; thus, the computation for both basic and diluted earnings per share is the same.

#### Repairs, maintenance and major improvements

The costs of ordinary repairs and maintenance are charged to operations when incurred. Major improvements that extend the life of an asset are capitalized and depreciated over the remaining useful life of the asset. Planned major repair, maintenance and improvement projects are capitalized when performed. In some circumstances, the lenders require the Trust to maintain a reserve account for future repairs and capital expenditures. These amounts are classified as restricted cash in the accompanying consolidated balance sheets as the funds are not available for use.

#### Goodwill and other intangible assets

Goodwill is tested annually for impairment as of December 31, and is tested for impairment more frequently if events and circumstances indicate that the assets might be impaired. An impairment loss is recognized to the extent that the carrying amount exceeds the asset's fair value. The accumulated impairment loss recorded by the Trust as of December 31, 2008 was \$0.4 million. No additional impairment has been recorded through December 31, 2012. The carrying value of goodwill was \$3.1 million as of December 31, 2012 and 2011, of which \$2.1 million was recorded on the management services segment and \$0.9 million was recorded on the development consulting services segment. Goodwill is not subject to amortization. Other intangible assets generally include in-place leases and management contracts acquired in connection with acquisitions and are amortized over the estimated life of the lease/contract term. The carrying value of other intangible assets was \$1.4 million and \$0.9 million as of December 31, 2012 and 2011, respectively.

#### Investment in unconsolidated entities

The Operating Partnership accounts for its investments in unconsolidated joint ventures using the equity method whereby the costs of an investment is adjusted for the Trust's share of earnings of the respective investment reduced by distributions received. The earnings and distributions of the unconsolidated joint ventures are allocated based on each owner's respective ownership interests. These investments are classified as other assets or accrued expenses, depending on whether the distributions exceed the Trust's contributions and share of earnings in the joint ventures, in the accompanying consolidated balance sheets (see Note 8). As of December 31, 2012, the Trust had investments, directly or indirectly, in the following unconsolidated joint ventures that are accounted for under the equity method:

- 1313 5th Street MN Holdings, LLC, a Delaware limited liability company, 50% owned by the Operating Partnership;
- Elauwit Networks, a South Carolina limited liability company, 10% owned by the Operating Partnership; and
- University Village-Greensboro LLC, a Delaware limited liability company, 25% owned by the Operating Partnership;

As of December 31, 2011, the Trust had investments, directly or indirectly, in the following unconsolidated joint ventures that are accounted for under the equity method:

• University Village-Greensboro LLC, a Delaware limited liability company, 25% owned by the Operating Partnership;  
• WEDR Riverside Investors LLC, a Delaware limited liability company, 10% owned by the Operating Partnership;  
and  
• WEDR Stinson Investors V, LLC, a Delaware limited liability company, 10% owned by the Operating Partnership.

## Comprehensive income

The Trust follows the authoritative guidance issued by the FASB relating to the reporting and display of comprehensive income and its components. For all periods presented, comprehensive income (loss) is equal to net income (loss).

## Revenue recognition

The Trust recognizes revenue related to leasing activities at the collegiate housing communities owned by the Trust, management fees related to managing third-party collegiate housing communities, development consulting fees related to the general oversight of third-party collegiate housing development and operating expense reimbursements for payroll and related expenses incurred for third-party collegiate housing communities managed by the Trust.

Collegiate housing leasing revenue — Collegiate housing leasing revenue is comprised of all activities related to leasing and operating the collegiate housing communities and includes revenues from leasing apartments by the bed, food services, parking lot rentals and providing certain ancillary services. This revenue is reflected in collegiate housing leasing revenue in the accompanying consolidated statements of operations. Students are required to execute lease contracts with payment schedules that vary from annual to monthly payments. Generally, the Trust requires each executed leasing contract to be accompanied by a signed parental guarantee. Receivables are recorded when billed. Revenues and related lease incentives and nonrefundable application and service fees are recognized on a straight-line basis over the term of the contracts. At certain collegiate housing facilities, the Trust offers parking lot rentals to the tenants. The related revenues are recognized on a straight-line basis over the term of the related agreement.

Due to the nature of the Trust's business, accounts receivable result primarily from monthly billings of student rents. Payments are normally received within 30 days. Balances are considered past due when payment is not received on the contractual due date. Allowances for uncollectible accounts are established by management when it is determined that collection is doubtful. Such allowances are reviewed periodically based upon experience. The following table reconciles the allowance for doubtful accounts as of and for the years ended December 31, 2012, 2011 and 2010 (in thousands):

|                                      | 2012   | 2011     | 2010     |
|--------------------------------------|--------|----------|----------|
| Balance, beginning of period         | \$133  | \$129    | \$207    |
| Provision for uncollectible accounts | 1,128  | 1,079    | 1,567    |
| Deductions                           | (1,119 | ) (1,075 | ) (1,645 |
| Balance, end of period               | \$142  | \$133    | \$129    |

Third-party development services revenue — The Trust provides development consulting services in an agency capacity with third parties whereby the fee is determined based upon the total construction costs. Total fees vary from 3 – 5% of the total estimated costs, and the Trust typically receives a portion of the fees up front. These fees, including the up-front fee, are recognized using the percentage of completion method in proportion to the contract costs incurred by the owner over the course of construction of the respective projects. Occasionally, the development consulting contracts include a provision whereby the Trust can participate in project savings resulting from successful cost management efforts. These revenues are recognized once all contractual terms have been satisfied and no future performance requirements exist. This typically occurs after construction is complete. For the years ended December 31, 2012 and 2011, there was \$0.2 million and \$0.5 million revenue recognized, respectively, related to cost savings agreements on development projects. There was no cost savings revenue recognized for the year ended December 31, 2010.

Third-party management services revenue — The Trust enters into management contracts to manage third-party collegiate housing communities. Management revenues are recognized when earned in accordance with each

management contract. Incentive management fees are recognized when the incentive criteria have been met.

Operating expense reimbursements — The Trust pays certain payroll and related costs to operate third-party collegiate housing communities that are managed by the Trust. Under the terms of the related management agreements, the third-party property owners reimburse these costs. The amounts billed to the third-party owners are recognized as revenue.

#### Costs related to development consulting services

Costs associated with the pursuit of third-party development consulting contracts are expensed as incurred, until such time that management has been notified of a contract award. At such time, the reimbursable costs are recorded as receivables and are reflected as other assets in the accompanying consolidated balance sheets (see Note 7).

Costs directly associated with internal development projects are capitalized as part of the cost of the project.

#### Advertising expense

Advertising expenses are charged to income during the period incurred. The Trust does not use direct response advertising. Advertising expense was \$3.2 million, \$2.5 million and \$2.5 million for the years ended December 31, 2012, 2011 and 2010, respectively.

#### Segment information

The Trust discloses certain operating and financial data with respect to separate business activities within its enterprise. The Trust has identified three reportable business segments: collegiate housing leasing, collegiate housing development consulting services and collegiate housing management services.

#### Stock-based compensation

On May 4, 2011, the Trust's stockholders approved the Education Realty Trust, Inc. 2011 Omnibus Equity Incentive Plan (the "2011 Plan"). The 2011 Plan replaced the Education Realty Trust, Inc. 2004 Incentive Plan ("2004 Plan") in its entirety. The 2011 Plan is described more fully in Note 9. The Trust recognizes compensation costs related to share-based payments in the accompanying consolidated financial statements in accordance with authoritative guidance.

#### Fair value measurements

The Trust follows the guidance contained in FASB ASC 820, Fair Value Measurements and Disclosures. Fair value is generally defined as the exit price at which an asset or liability could be exchanged in a current transaction between willing unrelated parties, other than in a forced liquidation or sale. The guidance establishes a fair value hierarchy, giving the highest priority to quoted prices in active markets and the lowest priority to unobservable data, and requires disclosures for assets and liabilities measured at fair value based on their level in the hierarchy.

The fair value framework requires the categorization of assets and liabilities into three levels based upon the assumptions used to value the assets or liabilities. Level 1 provides the most reliable measure of fair value, whereas Level 3 generally requires significant management judgment. The three levels are defined as follows:

- Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.
- Level 2 - Observable inputs other than those included in Level 1, for example, quoted prices for similar assets or liabilities in active markets or quoted prices for identical assets or liabilities in inactive markets.
- Level 3 - Unobservable inputs reflecting management's own assumption about the inputs used in pricing the asset or liability at the measurement date.

Fair value measurements on a recurring basis include the interest rate cap (see Note 10). The fair value of the interest rate cap was determined using available market information or other appropriate valuation methodologies and was classified as Level 2 as defined in the authoritative guidance. As the cap was sold back to the bank during 2011, there was no value recorded in the accompanying balance sheets as of December 31, 2012 and 2011.

Non-financial assets measured at fair value on a nonrecurring basis consist of real estate assets and investments in partially owned entities that have been written-down to estimated fair value when it has been determined that asset values are not recoverable during 2012 and 2011. The fair values of these assets are determined using discounted cash flow models, market appraisals if available, and other market participant data. Footnote 6 provides details for the impairment charges recorded during the year ended December 31, 2011.

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| (in thousands)     | As of December 31, 2012 |         |         |         | As of December 31, 2011 |         |         |          |
|--------------------|-------------------------|---------|---------|---------|-------------------------|---------|---------|----------|
|                    | Total                   | Level 1 | Level 2 | Level 3 | Total                   | Level 1 | Level 2 | Level 3  |
| Real estate assets | \$—                     | \$—     | \$—     | \$—     | \$14,750                | \$—     | \$—     | \$14,750 |

Financial assets and liabilities that are not measured at fair value in our consolidated financial statements include mezzanine notes receivable and debt. Estimates of the fair values of these instruments are based on our assessments of available market information and valuation methodologies, including discounted cash flow analyses. The table below summarizes the carrying amounts and fair values of these financial instruments as of December 31, 2012 and 2011.

| (in thousands)                                | As of December 31, 2012 |                      |          |         |
|---|-------------------------|----------------------|----------|---------|
|   | Carrying value          | Estimated Fair Value |          |         |
|   |                         | Level 1              | Level 2  | Level 3 |
| Mezzanine notes receivable                    | \$21,000                | \$—                  | \$23,772 | \$—     |
| Unsecured revolving credit facility           | 79,000                  | —                    | 79,000   | —       |
| Variable rate mortgage and construction loans | 125,436                 | —                    | 125,436  | —       |
| Fixed rate mortgage and construction loans    | 270,342                 | —                    | 290,409  | —       |

  

| (in thousands)                                | As of December 31, 2011 |                      |          |         |
|---|-------------------------|----------------------|----------|---------|
|   | Carrying value          | Estimated Fair Value |          |         |
|   |                         | Level 1              | Level 2  | Level 3 |
| Mezzanine notes receivable                    | \$18,000                | \$—                  | \$18,000 | \$—     |
| Unsecured revolving credit facility           | —                       | —                    | —        | —       |
| Variable rate mortgage and construction loans | 72,701                  | —                    | 72,701   | —       |
| Fixed rate mortgage and construction loans    | 285,794                 | —                    | 299,281  | —       |

The Trust discloses the fair value of financial instruments for which it is practicable to estimate. The Trust does not hold or issue financial instruments for trading purposes. The Trust considers the carrying amounts of cash and cash equivalents, restricted cash, student contracts receivable, accounts payable and accrued expenses to approximate fair value due to the short maturity of these instruments. The carrying value of restricted cash approximates its fair value based on the nature of our assessment of the ability to recover these amounts. Due to the short-term nature of these investments, Level 1 and Level 2 inputs are utilized to estimate the fair value of these financial instruments.

#### Recent accounting pronouncements

In May 2011, the FASB issued new authoritative guidance resulting in common fair value measurement and disclosure requirements in GAAP and International Financial Reporting Standards. Consequently some of the amendments clarify the FASB's intent about the application of existing fair value measurement requirements. Other amendments change a particular principle or requirement for measuring fair value or for disclosing information about fair value measurements. The guidance is effective for financial statements issued for fiscal years and interim periods beginning after December 15, 2011 and is applied prospectively. The adoption had no material impact on the Trust's consolidated financial statements, but resulted in additional fair value measurement disclosures.

In September 2011, the FASB issued new authoritative guidance to simplify how entities test for goodwill impairment. The new guidance allows an entity the option to first assess qualitative factors to determine whether the existence of events or circumstances leads to a determination that it is more likely than not that the fair value of a reporting unit is less than its carrying amount. If, after assessing the totality of events or circumstances, an entity determines it is not more likely than not that the fair value of a reporting unit is less than its carrying amount, then performing the two-step goodwill impairment test is unnecessary. However, if the entity concludes otherwise, it is



required to proceed with performing step one of the goodwill

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impairment test and step two if necessary. Under the new guidance, an entity is no longer permitted to carry forward its detailed calculation of a reporting unit's fair value as previously permitted. The guidance is effective for financial statements issued for fiscal years and interim periods beginning after December 15, 2011, and early adoption is permitted. The adoption had no material impact on the Trust's consolidated financial statements as the Trust will continue to assess goodwill impairment based on quantitative measures.

In December 2011, the FASB updated the guidance related to Property, Plant and Equipment – Real Estate Sales to eliminate diversity in practice regarding whether in-substance real estate should be derecognized when the parent ceases to have a controlling financial interest in a subsidiary that is in-substance real estate because of a default of the subsidiary on its nonrecourse debt. The updated guidance clarifies that the accounting for such transactions is based on substance rather than form, and a reporting entity generally would not satisfy the requirements to derecognize the in-substance real estate before the legal transfer of the real estate to the lender and the extinguishment of the related nonrecourse debt. The guidance is effective for financial statements issued for fiscal years and interim periods beginning after June 15, 2012. The adoption had no material impact on the Trust's consolidated financial statements.

### 3. Income taxes

Deferred income taxes result from temporary differences between the carrying amounts of assets and liabilities of the TRSs for financial reporting purposes and the amounts used for income tax purposes. Significant components of the deferred tax assets and liabilities as of December 31, 2012 and 2011, respectively, are as follows (in thousands):

|                                 | 2012  | 2011    |
|---------------------------------|-------|---------|
| Deferred tax assets:            |       |         |
| Deferred revenue                | \$717 | \$525   |
| Depreciation and amortization   | —     | 109     |
| Accrued expenses                | 159   | 245     |
| Straight line rent              | 69    | 15      |
| Restricted stock amortization   | —     | 538     |
| Total deferred tax assets       | 945   | 1,432   |
| Deferred tax liabilities:       |       |         |
| Depreciation and amortization   | (493  | ) —     |
| Restricted stock amortization   | (63   | ) —     |
| Total deferred tax liabilities: | (556  | ) —     |
| Net deferred tax assets         | \$389 | \$1,432 |

Significant components of the income tax provision (benefit) for the years ended December 31, 2012, 2011 and 2010, respectively, are as follows (in thousands):

|                            | 2012   | 2011    | 2010     |
|----------------------------|--------|---------|----------|
| Deferred:                  |        |         |          |
| Federal                    | \$895  | \$(169  | ) \$(719 |
| State                      | 148    | (28     | ) (122   |
| Deferred expense (benefit) | 1,043  | (197    | ) (841   |
| Current:                   |        |         |          |
| Federal                    | (1,326 | ) (199  | ) 1,028  |
| State                      | (601   | ) 301   | 255      |
| Current (benefit) expense  | (1,927 | ) 102   | 1,283    |
| Total (benefit) provision  | \$(884 | ) \$(95 | ) \$442  |

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TRS earnings or losses subject to tax consisted of \$1.9 million loss, \$0.9 million loss and \$1.0 million earnings for the years ended December 31, 2012, 2011 and 2010, respectively. The reconciliation of income tax attributable to income before noncontrolling interest computed at the U.S. statutory rate to income tax provision is as follows (in thousands):

|  |         |           |         |
|--|---------|-----------|---------|
|  | 2012    | 2011      | 2010    |
| Tax provision at U.S. statutory rates on TRS income subject to tax | \$(566) | ) \$(293) | ) \$357 |
| State income tax, net of federal benefit                           | (312)   | ) 319     | 48      |
| Other  | (6)     | ) (121)   | ) 37    |
| Tax (benefit) provision  | \$(884) | ) \$(95)  | ) \$442 |

4. Acquisition and development of real estate investments

During the year ended December 31, 2012, the Trust completed the following seven collegiate housing community acquisitions:

| Name                                  | Primary University Served                              | Acquisition Date | # of Beds | # of Units | Purchase Price (in thousands) |
|---------------------------------------|--|------------------|-----------|------------|-------------------------------|
| The Reserve on Stinson <sup>(1)</sup> | University of Oklahoma<br>Norman, Oklahoma             | Jan 2012         | 612       | 204        | \$22,954                      |
| The Province                          | East Carolina University<br>Greenville, North Carolina | Sept 2012        | 728       | 235        | \$50,000                      |
| The District on 5th                   | University of Arizona<br>Tucson, Arizona               | Oct 2012         | 764       | 208        | \$66,442                      |
| Campus Village <sup>(2)</sup>         | Michigan State University<br>East Lansing, Michigan    | Oct 2012         | 355       | 106        | \$20,900                      |
| The Province                          | Kent State University<br>Kent, Ohio                    | Nov 2012         | 596       | 246        | \$45,000                      |
| The Suites at Overton Park            | Texas Tech University<br>Lubbock, Texas                | Dec 2012         | 465       | 298        | \$37,000                      |
| The Centre at Overton Park            | Texas Tech University<br>Lubbock, Texas                | Dec 2012         | 401       | 278        | \$37,000                      |

<sup>(1)</sup> The Operating Partnership had a 10% equity investment in the entity that previously owned The Reserve on Stinson collegiate housing community and also managed the property prior to the acquisition.

The Trust entered into a 32-year ground lease, with the option to extend the lease 20 additional years subject to <sup>(2)</sup>certain conditions, which requires an increase in annual rent expense to be determined on predetermined adjustment dates based on the consumer price index for the life of the lease.

Combined acquisition costs for these purchases were \$1.1 million and are included in general and administrative costs in the accompanying consolidated statement of operations for the year ended December 31, 2012. The Trust funded these acquisitions with assumed debt of \$48.5 million and existing cash, including cash proceeds generated by the August 2012 and November 2011 common stock offerings (see Note 2) and sales of collegiate housing communities (see Note 5). A summary follows of the fair values of the assets acquired and the liabilities assumed as of the dates of the acquisitions (in thousands):

|                               |                                  |                        |   |          |           |
|-------------------------------|----------------------------------|------------------------|---|----------|-----------|
|                               | The Province at<br>East Carolina | The District<br>on 5th | The Suites and<br>Centre at<br>Overton Park | Other    | Total     |
| Collegiate housing properties | \$49,609                         | \$65,997               | \$76,678                                    | \$88,129 | \$280,413 |
| Other assets                  | 502                              | 475                    | 4,830                                       | 971      | 6,778     |

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|                           |          |          |          |          |           |   |
|---------------------------|----------|----------|----------|----------|-----------|---|
| Current liabilities       | (531     | ) (545   | ) (1,651 | ) (1,356 | ) (4,083  | ) |
| Mortgage debt             | —        | —        | (51,625  | ) —      | (51,625   | ) |
| Total net assets acquired | \$49,580 | \$65,927 | \$28,232 | \$87,744 | \$231,483 |   |

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The amounts of the 2012 acquisitions' revenue and net income (loss) included in the Trust's accompanying consolidated statement of operations for the year ended December 31, 2012, and the unaudited pro forma revenue and net income (loss) of the combined entity had the acquisition date been January 1, 2011, are as follows:

|  | Revenue        | Net income (loss) | Net income (loss) attributable to common stockholders per share - basic and diluted |
|--|----------------|-------------------|---|
|  | (in thousands) |                   |   |
| Actual from date of acquisition – 12/31/12                       | \$ 7,830       | \$ 1,549          | \$ 0.02   |
| 2012 supplemental pro forma for 1/1/12 – 12/31/12 <sup>(1)</sup> | \$ 157,375     | \$ 10,568         | \$ 0.10   |
| 2011 supplemental pro forma for 1/1/11 – 12/31/11 <sup>(1)</sup> | \$ 126,430     | \$ (12,490 )      | \$ (0.17 )  |

Supplemental pro forma earnings for the year ended December 31, 2012 were adjusted to exclude \$1.1 million of (1) acquisition-related costs incurred in 2012. Supplemental pro forma earnings for the year ended December 31, 2011 were adjusted to include these charges.

Also in 2012, the Trust purchased the land and parking garage associated with the University Towers residence hall for \$7.5 million and simultaneously terminated the ground lease.

During the year ended December 31, 2011, the Trust completed the following eight collegiate housing community acquisitions:

| Name  | Primary University Served                          | Acquisition Date | # of Beds | # of Units | Purchase Price (in thousands) |
|---|--|------------------|-----------|------------|-------------------------------|
| Wertland Square                             | University of Virginia<br>Charlottesville, VA      | Mar 2011         | 152       | 50         | \$ 16,600                     |
| Jefferson Commons                           | University of Virginia<br>Charlottesville, VA      | Mar 2011         | 82        | 22         | \$ 6,400                      |
| Westminster House                           | University of California<br>Berkeley, California   | May 2011         | 167       | 55         | \$ 16,000                     |
| University Village Towers <sup>(1)</sup>    | University of California<br>Riverside, California  | Sept 2011        | 554       | 149        | \$ 38,100                     |
| Lotus Lofts                                 | University of Colorado<br>Boulder, Colorado        | Nov 2011         | 40        | 9          | \$ 6,000                      |
| Irish Row                                   | University of Notre<br>Dame<br>South Bend, Indiana | Nov 2011         | 326       | 127        | \$ 27,500                     |
| GrandMarc at Westberry Place <sup>(2)</sup> | Texas Christian<br>University<br>Ft. Worth, Texas  | Dec 2011         | 562       | 244        | \$ 55,100                     |
| 3949 Lindell                                | Saint Louis University<br>St. Louis, Missouri      | Dec 2011         | 256       | 197        | \$ 28,500                     |

(1) The Operating Partnership had a 10% equity investment in the entity that previously owned the University Village Towers collegiate housing community and also managed the property prior to the acquisition.

The Trust entered into a 53-year ground lease which requires an increase in annual rent expense to be determined on predetermined adjustment dates based on the greater of 3% or the consumer price index for the life of the lease.

(2) The Trust recognizes the minimum 3% annual increase in rent expense on a straight-line basis. For the year ended December 31, 2011, the Trust recognized \$34,366 in the accompanying consolidated statement of operations related to the ground lease.

Combined acquisition costs for these purchases were \$0.7 million and are included in general and administrative costs in the accompanying consolidated statement of operations for the year ended December 31, 2011. The Trust funded these acquisitions with assumed debt of \$36.9 million and existing cash, including cash proceeds generated by the January and November 2011 common stock offerings (see Note 2) and sales of collegiate housing communities (see Note 5). A summary follows of the fair values of the assets acquired and the liabilities assumed as of the dates of the acquisitions (in thousands):

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|                               | University<br>Village Towers | GrandMarc at<br>Westberry<br>Place | Other     | Total     |
|-------------------------------|------------------------------|------------------------------------|-----------|-----------|
| Collegiate housing properties | \$37,881                     | \$53,935                           | \$100,386 | \$192,202 |
| Other assets                  | 268                          | 1,146                              | 570       | 1,984     |
| Current liabilities           | (286 )                       | (434 )                             | (1,654 )  | (2,374 )  |
| Mortgage debt                 | —                            | (36,930 )                          | —         | (36,930 ) |
| Total net assets acquired     | \$37,863                     | \$17,717                           | \$99,302  | \$154,882 |

The amounts of the 2011 acquisitions' revenue and net loss included in the Trust's accompanying consolidated statement of operations for the year ended December 31, 2011, and the unaudited pro forma revenue and net loss of the combined entity had the acquisition date been January 1, 2010, are as follows:

|  | Revenue        | Net<br>income<br>(loss) | Net income (loss) attributable to<br>common stockholders per share-<br>basic and diluted |
|--|----------------|-------------------------|--|
|  | (in thousands) |                         |  |
| Actual from date of acquisition – 12/31/11                       | \$4,505        | \$935                   | \$0.01   |
| 2011 supplemental pro forma for 1/1/11 – 12/31/11 <sup>(1)</sup> | \$140,426      | \$(7,503 )              | \$(0.10 )  |
| 2010 supplemental pro forma for 1/1/10 – 12/31/10 <sup>(1)</sup> | \$134,910      | \$(40,144 )             | \$(0.70 )  |

Supplemental pro forma earnings for the year ended December 31, 2011 were adjusted to exclude \$0.7 million of (1) acquisition-related costs incurred in 2011. Supplemental pro forma earnings for the year ended December 31, 2010 were adjusted to include these charges.

In July 2012, the 3949 Lindell collegiate housing community at Saint Louis University was damaged by fire. The Trust is in the process of rebuilding this community. As of December 31, 2012, the Trust had incurred \$5.2 million in costs for the project.

In March 2012, the financing was finalized for the agreement executed in June 2011 between the Trust and Summa West, LLC to develop, own and manage a new collegiate housing community near Arizona State University-Downtown Phoenix campus. The Trust is the majority owner and managing member of the joint venture and will manage the community once completed. As of December 31, 2012, the Trust and Summa West, LLC had incurred \$30.2 million in costs for the project. During the years ended December 31, 2012 and 2011, capitalized interest costs of approximately \$0.5 million and \$0.1 million, respectively, and capitalized internal development project costs of approximately \$0.1 million and \$17,782, respectively, were incurred related to the development. The community is expected to open in the summer of 2013.

In January 2012, the Trust entered into a joint venture agreement with Landmark Properties to develop, own and manage a new cottage-style collegiate housing community near the University of Mississippi campus (The Retreat). The Trust is the majority owner and managing member of the joint venture and will manage the community once completed. As of December 31, 2012, the Trust and Landmark Properties had incurred \$22.4 million in costs for the project. During the year ended December 31, 2012, capitalized interest costs of approximately \$0.3 million and capitalized internal development project costs of approximately \$0.1 million were incurred related to the development. The community is expected to open in the summer of 2013.

In December 2011, the Trust was selected by the University of Kentucky to develop, own and manage new collegiate housing on its campus. This project will be financed through the Trust's On-Campus Equity Plan, or the ONE Plan<sup>SM</sup>. As of December 31, 2012, the Trust had incurred \$17.8 million in costs for Phase I and II of the project, with Phase I expected to open in the summer of 2013 and Phase II in the summer of 2014. During the year ended December 31, 2012, the Trust capitalized interest costs and internal development costs of \$0.2 million and \$0.3 million, respectively,

related to the development.

In November 2011, the Trust purchased a collegiate housing community near the University of Colorado, Boulder. The Trust is developing adjacent housing on the existing land, which is expected to open in the summer of 2014. As of December 31, 2012, the Trust had incurred \$0.5 million in project costs. During the years ended December 31, 2012 and 2011, the Trust capitalized interest costs of \$13,800 and \$933, respectively, and internal development project costs of \$22,878 and \$7,376, respectively, related to the development.

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In February 2011, the Trust was selected by Syracuse University to develop, own and manage new collegiate housing on its campus. This was the Trust's second on-campus development at Syracuse University and third project financed through the ONE Plan <sup>SM</sup>. As of December 31, 2012, the Trust had incurred \$27.3 million in costs for the project, which opened in August 2012. During the years ended December 31, 2012 and 2011, interest costs of \$0.3 million and \$0.1 million, respectively, and internal development project costs of \$0.1 million for both periods, were capitalized related to the development.

Also, in February 2011, the Trust executed an agreement with the Edwards Companies to develop, own and manage a new collegiate housing community at the University of Alabama in Tuscaloosa. The Edwards Companies developed the housing, which is owned jointly by the two companies. The Trust is the majority owner and manages the community. As of December 31, 2012, the Trust and the Edwards Companies had incurred \$42.0 million in costs for the project, which opened in August 2012. During the years ended December 31, 2012 and 2011, interest costs of approximately \$0.3 million and \$0.1 million, respectively, and internal development project costs of approximately \$0.1 million for both periods, were capitalized related to the development.

In July 2010, the University of Texas Board of Regents selected the Trust to be the ground tenant to develop, own and manage a new high-rise collegiate housing community near the core of the University of Texas at Austin campus. As of December 31, 2012, the Trust had incurred \$40.6 million in costs for the project, which is expected to open in July of 2013. During the years ended December 31, 2012 and 2011, the Trust capitalized interest costs of \$0.9 million and \$0.2 million, respectively, and internal development project costs of \$0.2 million for both years, related to the development.

In September of 2010, LeylandAlliance LLC and the Trust entered into an agreement to develop the first two phases of Storrs Center, a mixed-use town center project, adjacent to the University of Connecticut. The Trust will develop, own and manage the collegiate housing communities in these first two phases and both phases will include commercial and residential offerings.

The first phase opened in August 2012 and second phase is scheduled to be completed in 2013. As of December 31, 2012, the Trust had incurred \$37.4 million in project costs. During the years ended December 31, 2012 and 2011, the Trust capitalized interest costs of \$0.8 million and \$0.3 million, respectively, and internal development project costs of \$0.1 million and \$0.2 million, respectively, related to the development.

All costs related to the development of collegiate housing communities are classified as assets under development in the accompanying consolidated balance sheets until the community is completed and opened. The Trust has expenditures for assets under development accrued in accounts payable and accrued expenses of \$0.7 million and \$19.3 million, respectively, as of December 31, 2012. As of December 31, 2011, the Trust had expenditures for assets under development accrued in accounts payable and accrued expenses of \$1.7 million and \$5.3 million, respectively.

##### 5. Disposition of real estate investments and discontinued operations

In 2012, the Trust sold The Reserve at Star Pass and NorthPointe, both located in Tucson, Arizona, and The Reserve on Frankford, located in Lubbock, Texas, for an aggregate sales price of \$69.5 million, resulting in net proceeds of approximately \$67.3 million after closing costs.

In 2011, the Trust sold the Collegiate Village, located in Macon, Georgia, and Clayton Place, located in Morrow, Georgia, respectively, for an aggregate sales price of \$28.0 million resulting in net proceeds of approximately \$27.8 million after closing costs.

In October 2010, the Trust entered into two separate sales agreements to sell nine collegiate housing communities with a net carrying value of \$83.5 million. The first agreement closed on December 8, 2010 and included the following four properties:

- The Gables serving Western Kentucky University in Bowling Green, Kentucky;
- Western Place, serving Western Kentucky University in Bowling Green, Kentucky;
- Berkeley Place, serving Clemson University in Clemson, South Carolina;  
and
- The Pointe at Southern, serving Georgia Southern University in Statesboro,  
Georgia.

The gross sales price for the first agreement was \$38.7 million with net proceeds of approximately \$20.5 million after repayment of related debt of \$17.3 million and other closing costs.

The second agreement closed on January 19, 2011 and included the following five properties :

- Troy Place, serving Troy University in Troy, Alabama;
- The Reserve at Jacksonville, serving Jacksonville State University in Jacksonville, Alabama;
- The Reserve at Martin, serving University of Tennessee at Martin in Martin, Tennessee;
- The Chase at Murray, serving Murray State University in Murray, Kentucky; and
- Clemson Place, serving Clemson University in Clemson, South Carolina.

The sales price was \$46.1 million, and the Trust received net proceeds of approximately \$29.7 million after the repayment of related debt of \$16.1 million and other closing costs.

Accordingly, the results of operations of all fourteen properties are included in discontinued operations in the accompanying consolidated statements of operations for all periods presented. The Trust ceased depreciation on the properties when they met the held for sale criteria.

On April 7, 2009, the Trust sold the College Station collegiate housing community for a sales price of \$2.6 million. The Trust received proceeds of \$0.3 million and a note receivable of \$2.3 million. Payments of principal and interest, at a rate of 6% per annum, were due on a monthly basis, and the resulting net gain on disposition of approximately \$0.4 million was deferred against the note receivable until the debt was paid in full. In April 2012, the note receivable was repaid at a discount, and the Trust recognized a gain on the sale of \$0.2 million.

The following table summarizes the income (loss) from discontinued operations, net of noncontrolling interests, and the related realized gains on sales of real estate from discontinued operations, net of noncontrolling interests, for the years ended December 31, 2012, 2011 and 2010 (in thousands):

|  | 2012    | 2011     | 2010        |
|--|---------|----------|-------------|
| Collegiate housing leasing revenue   | \$9,224 | \$11,629 | \$29,593    |
| Other leasing revenue  | —       | 414      | 191         |
| Collegiate housing leasing operating expenses  | (5,001  | ) (6,621 | ) (16,858   |
| Depreciation and amortization  | (2,438  | ) (3,594 | ) (8,396    |
| Loss on impairment   | —       | (7,859   | ) (33,610   |
| Interest expense   | —       | (1,045   | ) (3,450    |
| Amortization of deferred financing costs   | —       | (48      | ) (124      |
| Loss on extinguishment of debt   | —       | (406     | ) (1,426    |
| Noncontrolling interests   | (16     | ) 74     | 515         |
| Income (loss) from discontinued operations attributable to Education Realty Trust, Inc.  | \$1,769 | \$(7,456 | ) \$(33,565 |
| Gain on sale of collegiate housing property  | \$5,496 | \$2,388  | \$611       |
| Noncontrolling interests   | (42     | ) (30    | ) (9        |
| Gain on sale of collegiate housing property attributable to Education Realty Trust, Inc. | \$5,454 | \$2,358  | \$602       |

6. Collegiate housing properties and assets under development

Collegiate housing properties consist of the following as of December 31, 2012 and 2011, respectively (in thousands):

|   | 2012        | 2011       |
|---|-------------|------------|
| Land  | \$115,818   | \$83,133   |
| Land improvements   | 71,580      | 58,577     |
| Construction in progress  | 208,142     | 43,715     |
| Buildings   | 943,279     | 789,492    |
| Furniture, fixtures and equipment                               | 56,757      | 51,586     |
|   | 1,395,576   | 1,026,503  |
| Less accumulated depreciation                                   | (175,310 )  | (166,336 ) |
| Collegiate housing properties and assets under development, net | \$1,220,266 | \$860,167  |

Following is certain information related to investment in collegiate housing properties as of December 31, 2012 (amounts in thousands):

| Property <sup>(4)</sup>                 | Encumbrances | Initial Cost |                            |          | Cost Capitalized Subsequently | Total Costs |                            |          | Accumulated Depreciation | Date of Acquisition/Construction |
|---|--------------|--------------|----------------------------|----------|-------------------------------|-------------|----------------------------|----------|--------------------------|----------------------------------|
|   |              | Land         | Buildings and Improvements | Total    |                               | Land        | Buildings and Improvements | Total    |                          |                                  |
| University Towers                       | \$ 25,000    | \$—          | \$ 28,652                  | \$28,652 | \$ 14,152                     | \$ 2,364    | \$ 40,440                  | \$42,804 | \$ 10,540                | 01/31/2005                       |
| The District on 5th                     | —            | 2,601        | 63,396                     | 65,997   | 4                             | 2,601       | 63,400                     | 66,001   | 651                      | 10/04/2012                       |
| Campus Village                          | —            | 2,650        | 18,077                     | 20,727   | 66                            | 2,650       | 18,143                     | 20,793   | 141                      | 10/18/2012                       |
| The Province at Kent State              | —            | 4,239        | 40,441                     | 44,680   | —                             | 4,239       | 40,441                     | 44,680   | 207                      | 11/16/2012                       |
| The Reserve at Athens                   | 7,366        | 1,740        | 17,985                     | 19,725   | 1,325                         | 1,740       | 19,310                     | 21,050   | 5,106                    | 01/31/2005                       |
| Players Club                            | —            | 727          | 7,498                      | 8,225    | 1,909                         | 727         | 9,407                      | 10,134   | 2,643                    | 01/31/2005                       |
| The Suites at Overton Park              | 25,118       | 4,384        | 33,281                     | 37,665   | —                             | 4,384       | 33,281                     | 37,665   | 77                       | 12/07/2012                       |
| The Centre at Overton Park              | 23,333       | 3,781        | 35,232                     | 39,013   | —                             | 3,781       | 35,232                     | 39,013   | 75                       | 12/07/2012                       |
| The Pointe at South Florida             | —            | 3,508        | 30,510                     | 34,018   | 5,231                         | 3,508       | 35,741                     | 39,249   | 10,466                   | 01/31/2005                       |
| The Reserve on Perkins                  | 14,731       | 913          | 15,795                     | 16,708   | 3,314                         | 913         | 19,109                     | 20,022   | 5,774                    | 01/31/2005                       |
| The Commons at Knoxville <sup>(1)</sup> | 20,711       | 4,630        | 18,386                     | 23,016   | 2,587                         | 4,586       | 21,017                     | 25,603   | 6,349                    | 01/31/2005                       |
| The Reserve at Tallahassee              | —            | 2,743        | 21,176                     | 23,919   | 4,277                         | 2,743       | 25,453                     | 28,196   | 7,337                    | 01/31/2005                       |

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|   |        |           |        |       |       |        |        |        |            |
|---|--------|-----------|--------|-------|-------|--------|--------|--------|------------|
| The Pointe at Western College               | —      | 1,096,647 | 31,743 | 4,129 | 1,096 | 34,776 | 35,872 | 9,654  | 01/31/2005 |
| Station at W. Lafayette <sup>(2)</sup>      | 18,610 | 1,887,528 | 21,415 | 2,915 | 1,887 | 22,443 | 24,330 | 6,884  | 01/31/2005 |
| The Commons on Kinnear <sup>(7)</sup>       | 12,756 | 1,327,803 | 22,130 | 1,943 | 1,327 | 22,746 | 24,073 | 6,186  | 01/31/2005 |
| The Pointe at Penn State <sup>(2)</sup>     | 27,286 | 2,153,094 | 37,245 | 4,035 | 2,151 | 39,129 | 41,280 | 10,863 | 01/31/2005 |
| The Reserve at Columbia <sup>(1)</sup>      | 14,270 | 1,072,134 | 27,205 | 3,790 | 1,071 | 29,924 | 30,995 | 8,047  | 01/31/2005 |
| The Lofts                                   | —      | 2,803,117 | 36,918 | 1,872 | 2,801 | 35,989 | 38,790 | 9,260  | 01/31/2005 |
| The Reserve on West 31st                    | —      | 1,896,920 | 16,816 | 5,319 | 1,896 | 20,239 | 22,135 | 5,846  | 01/31/2005 |
| Campus Creek                                | —      | 2,252,604 | 23,855 | 2,506 | 2,251 | 24,110 | 26,361 | 6,960  | 02/22/2005 |
| Pointe West                                 | 9,824  | 2,318,924 | 13,242 | 1,344 | 2,318 | 12,268 | 14,586 | 3,805  | 03/17/2005 |
| Campus Lodge                                | —      | 2,744,415 | 47,161 | 2,338 | 2,746 | 46,753 | 49,499 | 11,949 | 06/07/2005 |
| The Province                                | —      | 4,434,173 | 49,609 | —     | 4,436 | 45,173 | 49,609 | 499    | 09/21/2012 |
| College Grove <sup>(1)</sup>                | 14,100 | 1,334,270 | 20,604 | 3,791 | 1,334 | 23,061 | 24,395 | 7,422  | 04/27/2005 |
| The Reserve on South College <sup>(3)</sup> | 8,083  | 1,744,784 | 12,528 | 3,224 | 1,744 | 14,008 | 15,752 | 4,552  | 07/06/2005 |

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| Property <sup>(4)</sup>                     | Initial Cost |        |                            |        | Total Costs                   |        |                            |        | Accumulated Depreciation <sup>(5)</sup> | Date of Acquisition <sup>(5)</sup><br>Construction |
|---|--------------|--------|----------------------------|--------|-------------------------------|--------|----------------------------|--------|---|--|
|   | Encumbrances | Land   | Buildings and Improvements | Total  | Cost Capitalized Subsequently | Land   | Buildings and Improvements | Total  |   |  |
| The Avenue at Southern <sup>(1)</sup>       | 8,239        | 2,028  | 10,675                     | 12,703 | 3,902                         | 2,028  | 14,577                     | 16,605 | 4,315                                   | 06/15/20   |
| The Reserve at Saluki Pointe <sup>(6)</sup> | —            | 1,099  | 32,377                     | 33,476 | 1,215                         | 1,099  | 33,592                     | 34,691 | 4,652                                   | 08/01/20   |
| University Apartments on Colvin             | 8,527        | —      | 25,792                     | 25,792 | (190 )                        | —      | 25,602                     | 25,602 | 3,105                                   | 08/01/20   |
| University of Texas – Austin                | —            | —      | 40,571                     | 40,571 | —                             | —      | 40,571                     | 40,571 | —                                       | 08/01/20   |
| Oaks on the Square                          | 16,435       | 1,800  | 35,633                     | 37,433 | —                             | 1,800  | 35,633                     | 37,433 | 297                                     | 09/27/20   |
| Carrollton Crossing <sup>(7)</sup>          | 3,920        | 682    | 12,166                     | 12,848 | 1,401                         | 682    | 13,567                     | 14,249 | 3,079                                   | 01/01/20   |
| River Pointe <sup>(3)</sup>                 | 6,964        | 837    | 17,746                     | 18,583 | 1,668                         | 837    | 19,414                     | 20,251 | 4,594                                   | 01/01/20   |
| Cape Trails <sup>(3)</sup>                  | 7,343        | 445    | 11,207                     | 11,652 | 1,763                         | 445    | 12,970                     | 13,415 | 2,981                                   | 01/01/20   |
| GrandMarc at the Corner                     | —            | —      | 45,384                     | 45,384 | 850                           | —      | 46,234                     | 46,234 | 3,144                                   | 10/22/20   |
| Campus West                                 | 11,960       | —      | 27,262                     | 27,262 | —                             | —      | 27,262                     | 27,262 | 374                                     | 03/01/20   |
| Wertland Square                             | —            | 3,230  | 13,285                     | 16,515 | 559                           | 3,230  | 13,844                     | 17,074 | 808                                     | 03/15/20   |
| Jefferson Commons                           | —            | 1,420  | 4,915                      | 6,335  | 146                           | 1,420  | 5,061                      | 6,481  | 297                                     | 03/15/20   |
| East Edge                                   | 32,672       | 10,420 | 31,592                     | 42,012 | —                             | 10,420 | 31,592                     | 42,012 | 427                                     | 03/01/20   |
| The Berk                                    | —            | 2,687  | 13,718                     | 16,405 | 545                           | 2,687  | 14,263                     | 16,950 | 769                                     | 05/23/20   |
| ASU Phoenix                                 | 8,869        | 3,093  | 27,081                     | 30,174 | —                             | 3,093  | 27,081                     | 30,174 | —                                       | 07/01/20   |
| Lotus Lofts                                 | —            | 5,245  | 1,286                      | 6,531  | —                             | 5,245  | 1,286                      | 6,531  | 31                                      | 11/14/20   |
| University Village Towers                   | —            | 3,434  | 34,424                     | 37,858 | 49                            | 3,434  | 34,473                     | 37,907 | 1,312                                   | 09/22/20   |
| Irish Row                                   | —            | 2,637  | 24,679                     | 27,316 | 118                           | 2,637  | 24,797                     | 27,434 | 901                                     | 11/01/20   |
| GrandMarc at Westberry Place                | 36,333       | —      | 53,935                     | 53,935 | 709                           | —      | 54,644                     | 54,644 | 1,783                                   | 12/08/20   |
| 3949 Lindell                                | —            | 3,822  | 24,448                     | 28,270 | (9,552 )                      | 3,822  | 14,896                     | 18,718 | 375                                     | 12/21/20   |
| The Retreat                                 | 10,639       | 4,743  | 17,694                     | 22,437 | —                             | 4,743  | 17,694                     | 22,437 | —                                       | 06/14/20   |
| The Reserve on Stinson <sup>(2)</sup>       | 22,689       | 2,111  | 20,609                     | 22,720 | 375                           | 2,111  | 20,984                     | 23,095 | 773                                     | 01/27/20   |
| Central Hall                                | —            | —      | —                          | —      | 11,197                        | —      | 11,197                     | 11,197 | —                                       | 11/01/20   |
| Champions Court II                          | —            | —      | —                          | —      | 1,495                         | —      | 1,495                      | 1,495  | —                                       | 11/01/20   |
| Haggin Hall                                 | —            | —      | —                          | —      | 296                           | —      | 296                        | 296    | —                                       | 11/01/20   |
| Champions Court I                           | —            | —      | —                          | —      | 1,948                         | —      | 1,948                      | 1,948  | —                                       | 11/01/20   |
|   | —            | —      | —                          | —      | 2,884                         | —      | 2,884                      | 2,884  | \$—                                     | 11/01/20   |

|  |           |           |             |             |          |           |             |             |           |   |
|--|-----------|-----------|-------------|-------------|----------|-----------|-------------|-------------|-----------|---|
| Woodland<br>Glen<br>Land<br>acquisition for<br>future<br>development | —         | 4,791     | 308         | 5,099       | —        | 4,791     | 308         | 5,099       | \$—       | — |
| Totals   | \$395,778 | \$113,498 | \$1,190,629 | \$1,304,127 | \$91,449 | \$115,818 | \$1,279,758 | \$1,395,576 | \$175,310 |   |

- (1) The Commons at Knoxville, The Reserve at Columbia, College Grove and The Avenue at Southern are cross-collateralized against the \$57.3 million outstanding loan discussed in Note 10.
  - (2) The Pointe at Penn State, The Reserve on Stinson and College Station at West Lafayette are cross-collateralized against the \$68.6 million outstanding loan discussed in Note 10.
  - (3) The Reserve on South College, River Pointe and Cape Trails are cross-collateralized against the \$22.4 million outstanding loan discussed in Note 10.
- All properties are of garden-style collegiate housing communities except for University Towers which is a traditional residence hall, University of Texas-Austin, which will be a high-rise building, The Retreat, which will be a cottage-style community and Oaks on the Square, which will be a mixed use town center and main street development project located in Storrs, Connecticut.
- (4)
  - (5) Assets have useful lives ranging from 3 to 40 years.
  - (6) The first phase of The Reserve at Saluki Pointe, which included 528 beds, was completed in August 2008. The second phase, which included 240 beds, was completed in August 2009.
  - (7) Carrollton Crossing and The Commons on Kinnear are cross-collateralized against the \$16.7 million outstanding loan discussed in Note 10.

The following table reconciles the historical cost of the Trust's investment in collegiate housing properties for the years ended December 31, 2012, 2011 and 2010 (in thousands):

|   | 2012         | 2011         | 2010       |
|---|--------------|--------------|------------|
| Balance, beginning of period                              | \$ 1,026,503 | \$ 855,151   | \$ 891,391 |
| Collegiate housing acquisitions or completed developments | 353,966      | 192,178      | 45,194     |
| Collegiate housing dispositions                           | (104,117 )   | (90,072 )    | (66,639 )  |
| Impairment loss   | —            | (7,859 )     | (33,610 )  |
| Additions   | 120,058      | 77,474       | 19,124     |
| Disposals   | (834 )       | (369 )       | (309 )     |
| Balance, end of period                                    | \$ 1,395,576 | \$ 1,026,503 | \$ 855,151 |

The following table reconciles the accumulated depreciation of the Trust's investment in collegiate housing properties for the years ended December 31, 2012, 2011 and 2010 (in thousands):

|                                 | 2012       | 2011       | 2010       |
|---------------------------------|------------|------------|------------|
| Balance, beginning of period    | \$ 166,336 | \$ 156,358 | \$ 141,507 |
| Depreciation                    | 35,708     | 28,568     | 29,849     |
| Disposals                       | (771 )     | (347 )     | (278 )     |
| Collegiate housing dispositions | (25,963 )  | (18,243 )  | (14,720 )  |
| Balance, end of period          | \$ 175,310 | \$ 166,336 | \$ 156,358 |

When the Trust determines that an asset is not recoverable, management estimates fair value using discounted cash flow models, market appraisals if available, and other market participant data. There were no impairment losses in 2012. During 2011 and 2010, management determined that the carrying value of various collegiate housing communities may not be recoverable due to a decline in estimated net operating income and/or the potential sale of these assets. The fair value of these properties was estimated and management recorded an impairment loss of \$7.9 million and \$33.6 million, respectively. As the related properties were subsequently sold the impairment loss is recorded in discontinued operations the accompanying consolidated statements of operations.

#### 7. Corporate office furniture and other assets

As of December 31, 2012 and 2011, the Trust had corporate office furniture with a historical cost of \$5.0 million and \$3.5 million, and accumulated depreciation of \$2.0 million and \$2.9 million, respectively. Depreciation is computed using the straight-line method for financial reporting purposes over the estimated useful lives of the related assets, generally 3 to 7 years. Depreciation expense totaled \$0.6 million, \$0.5 million and \$0.4 million for the years ended December 31, 2012, 2011 and 2010, respectively.

Other assets consisted of the following as of December 31, 2012 and 2011 (in thousands):

|   | 2012     | 2011   |
|---|----------|--------|
| Accounts receivable related to pre-development costs    | \$ 3,464 | \$ 104 |
| Receivable for construction loan guarantee (see Note 2) | 3,000    | 3,000  |
| Prepaid expenses  | 824      | 902    |
| Deferred tax asset                                      | 945      | 1,432  |
| Deferred financing costs                                | 3,373    | 3,646  |
| Investments in unconsolidated entities                  | 11,796   | 29     |
| Note receivable (see Note 5)                            | —        | 2,300  |
| Deposit   | 3,000    | —      |



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|   |          |          |
|---|----------|----------|
| Insurance proceeds receivable (see Note 16) | 14,665   | —        |
| Other                                       | 10,106   | 1,771    |
| Total other assets                          | \$51,173 | \$13,184 |

8. Investments in unconsolidated entities

As of December 31, 2012 and 2011, the Trust had investments in unconsolidated entities (see Note 2). The Trust participates in major operating decisions of these entities; therefore, the equity method is used to account for these investments.

The following is a summary of financial information for the Trust's unconsolidated joint ventures (in thousands):

|   |  |          |          |          |   |
|---|--|----------|----------|----------|---|
| Financial Position:                                 |  | 2012     | 2011     |          |   |
| As of December 31,                                  |  |          |          |          |   |
| Total assets  |  | \$42,942 | \$48,305 |          |   |
| Total liabilities                                   |  | 25,394   | 47,104   |          |   |
| Equity  |  | \$17,548 | \$1,201  |          |   |
| Trust's investment in unconsolidated entities       |  | \$11,796 | \$29     |          |   |
| Results of Operations:                              |  | 2012     | 2011     | 2010     |   |
| For the years ended December 31,                    |  |          |          |          |   |
| Revenues  |  | \$3,847  | \$9,748  | \$13,464 |   |
| Net loss  |  | (4,013   | ) (3,951 | ) (2,989 | ) |
| Trust's equity in losses of unconsolidated entities |  | \$(363   | ) \$(447 | ) \$(260 | ) |

As of December 31, 2012 and 2011, the Trust had \$1.5 million and \$0.9 million, respectively, in liabilities related to investments in unconsolidated entities where distributions exceeded contributions and equity in earnings; therefore, these investments are classified in accrued expenses in the accompanying consolidated balance sheets (see Note 2).

In December 2012 the Trust invested in a collegiate housing development with GEM Realty Capital to jointly develop and own new off-campus collegiate housing. The trust is a 50% owner and will manage the community once the development is completed. The Trust also purchased a 10% interest in Elauwit Networks, a provider of Internet access, high definition video

and telephone service, in order to secure reliable and advanced technology services for its owned and third-party managed collegiate housing communities. The Trust accounts for these investments under the equity method.

During the year ended December 31, 2012 the Trust purchased the majority of the assets from the WEDR Stinson Investors V, LLC joint venture for \$22.9 million (see Note 4). The Trust recognized \$0.1 million as its portion of the loss on the investment as part of equity in earnings (losses) of unconsolidated entities in the consolidated statement of operations and recorded its share of the proceeds from the sale of \$45,000 as a distribution in the accompanying consolidated financial statements.

During the year ended December 31, 2011, the Trust purchased the majority of the assets from the WEDR Riverside Investors V, LLC joint venture for \$38.1 million (see Note 4). During the year ended December 31, 2010, the majority of the assets of the APF EDR, LP and APF EDR Food Services LP joint ventures were sold to an unrelated third party. During the years ended December 31, 2011 and 2010, the Trust recognized \$0.3 million and \$0.1 million, respectively, as its portion of the losses on the investments as part of equity in losses of unconsolidated entities in the accompanying consolidated statement of operations and recorded its share of the proceeds from the sales of \$0.2 million and \$0.7 million, respectively, as distributions in the accompanying consolidated financial statements.

## 9. Incentive plans

On May 4, 2011, the Trust's stockholders approved the Education Realty Trust, Inc. 2011 Omnibus Equity Incentive Plan (the "2011 Plan"). The purpose of the 2011 Plan is to promote the interests of the Trust and its stockholders by attracting, motivating and retaining talented executive officers, employees and directors of the Trust and linking their compensation to the long-term interests of the Trust and its stockholders. The 2011 Plan replaced the Education Realty Trust, Inc. 2004 Incentive Plan ("2004 Plan") in its entirety and authorizes the grant of the 315,000 shares that remained available for grant under the 2004 plan, as well as 3,147,500 additional shares. As of December 31, 2012, the Trust had 3,315,339 shares of its common stock reserved for issuance pursuant to the 2011 Plan. Automatic increases in the number of shares available for issuance are not provided. The 2011 Plan provides for the grant of stock options, restricted stock, restricted stock units ("RSUs"), stock appreciation rights, other stock-based incentive awards to employees, directors and other key persons providing services to the Trust.

A restricted stock award is an award of the Trust's common stock that is subject to restrictions on transferability and other restrictions as the Trust's compensation committee determines in its sole discretion on the date of grant. The restrictions may lapse over a specified period of employment or the satisfaction of pre-established criteria as the compensation committee may determine. Except to the extent restricted under the award agreement, a participant awarded restricted stock will have all of the rights of a stockholder as to those shares, including, without limitation, the right to vote and the right to receive dividends or distributions on the shares. Restricted stock is generally taxed at the time of vesting. As of December 31, 2012 and 2011, unearned compensation related to restricted stock totaled \$1.0 million and \$1.2 million, respectively, and will be recorded as expense over the applicable vesting period. The value is determined based on the market value of the Trust's common stock on the grant date. During the years ended December 31, 2012, 2011 and 2010, compensation expense of \$0.9 million, \$0.7 million and \$0.4 million, respectively, was recognized in the accompanying consolidated statements of operations, related to the vesting of restricted stock. Effective January 1, 2012 and January 1, 2011, the Trust adopted the 2012 Long-Term Incentive Plan (the "2012 LTIP") and the 2011 Long-Term Incentive Plan (the "2011 LTIP"), respectively. The purpose of the 2012 LTIP and 2011 LTIP is to attract, retain and motivate the executive officers and certain key employees of the Trust to promote the long-term growth and profitability of the Trust. On January 1, 2012 and 2011, the Trust issued 70,595 and 135,500, respectively, of time vested restricted stock to executives and key employees under the 2012 LTIP and 2011 LTIP. The restricted stock granted under the 2012 LTIP and the 2011 LTIP will vest ratably over three years as long as the participants remain employed by the Trust.

A restricted stock unit ("RSU") award is an award that will vest based upon the Trust's achievement of total stockholder returns at specified levels as compared to the average total stockholder returns of a peer group of companies and/or the National Association of Real Estate Investment Trusts Equity Index over three years (the "Performance Period"). At the end of the Performance Period, the compensation committee of the Board will determine the level and the extent to which the performance goal was achieved. RSUs that satisfy the performance goal will be converted into fully-vested shares of the Trust's common stock and the Trust will receive a tax deduction for the compensation expense at the time of vesting. Prior to vesting, the participants are not eligible to vote or receive dividends or distributions on the RSUs. On January 1, 2012, the Trust granted the specific dollar amount of \$1.1 million of performance vested equity awards that are denominated in cash and will convert to common stock at the end of the performance period to executives and key employees under the 2012 LTIP described above. The number of shares of common stock to be issued will be determined on the date of vesting based on the performance level achieved and the price per share of our common stock. On January 1, 2011, the Trust granted 203,250 performance vested RSUs to executives and key employees under the 2011 LTIP described above. As of December 31, 2012 and 2011, unearned compensation related to RSUs totaled \$0.8 million and \$0.8 million, respectively, and will be recorded as expense over the applicable vesting period. The value was determined using a Monte Carlo simulation technique. During the years ended December 31, 2012, 2011 and 2010, compensation expense of \$0.7 million, \$0.5 million and \$0.2 million, respectively, was recognized in the accompanying consolidated statements of operations, related to the vesting of RSUs. On December 31, 2012, 198,750 of fully-vested shares of common stock were issued pursuant to the vesting of RSUs granted in 2010.

Total stock-based compensation recognized in general and administrative expense in the accompanying consolidated statements of operations for the years ended December 31, 2012, 2011 and 2010 was \$2.0 million, \$1.5 million and \$0.8 million, respectively. Additionally during the years ended December 31, 2012 and 2011, the Trust issued 32,287 and 44,280 shares, respectively, to its independent directors pursuant to the 2011 Plan discussed above.

A summary of the stock-based incentive plan activity as of and for the years ended December 31, 2012, 2011 and 2010 is as follows:

|                                     | PIUs      | Stock Awards(1) | Total     |
|-------------------------------------|-----------|-----------------|-----------|
| Outstanding as of December 31, 2009 | 275,000   | 216,000         | 491,000   |
| Granted                             | —         | 436,826         | 436,826   |
| Retired                             | (275,000) | —               | (275,000) |
| Outstanding as of December 31, 2010 | —         | 652,826         | 652,826   |
| Granted                             | —         | 389,280         | 389,280   |
| Retired                             | —         | (7,020)         | (7,020)   |
| Outstanding as of December 31, 2011 | —         | 1,035,086       | 1,035,086 |
| Granted                             | —         | 102,882         | 102,882   |
| Retired                             | —         | (85,917)        | (85,917)  |
| Outstanding as of December 31, 2012 | —         | 1,052,051       | 1,052,051 |
| Vested as of December 31, 2012      | —         | 662,895         | 662,895   |

(1)Includes restricted stock and RSU awards.

## 10. Debt

### Revolving credit facility

On September 21, 2011, the Operating Partnership entered into a Third Amended and Restated Credit Agreement (the "Third Amended Revolver"). The Third Amended Revolver amended and restated the existing secured revolving credit facility dated November 20, 2009. The previous facility (the "Second Amended Revolver") had a maximum availability

of \$95 million and was scheduled to mature on November 20, 2012. The Third Amended Revolver is unsecured, has a maximum availability of \$175 million and, within the first three years of the agreement, may be expanded to \$315 million upon satisfaction of certain conditions. The Third Amended Revolver matures on September 21, 2014, provided that the Operating Partnership may extend the maturity date for one year subject to certain conditions.

Availability under the Third Amended Revolver is limited to a “borrowing base availability” equal to the lesser of (i) 60% of the property asset value (as defined in the agreement) and (ii) the loan amount, which would produce a debt service coverage ratio of no less than 1.40. As of December 31, 2012, our borrowing base was \$175.0 million, and we had \$79.0 million outstanding under the Third Amended Revolver; thus, our remaining borrowing base availability was \$96.0 million.

The Trust serves as the guarantor for any funds borrowed by the Operating Partnership under the Third Amended Revolver. The interest rate per annum applicable to the Third Amended Revolver is, at the Operating Partnership’s option, equal to a base rate or the London InterBank Offered Rate (“LIBOR”) plus an applicable margin based upon our leverage. As of December 31, 2012, the interest rate applicable to the Third Amended Revolver was 1.84%. If amounts are drawn, due to the fact the Third Amended Revolver bears interest at variable rates, cost approximates the fair value.

The Third Amended Revolver contains customary affirmative and negative covenants and contains financial covenants that, among other things, require the Trust and its subsidiaries to maintain certain minimum ratios of EBITDA (earnings before payment or charges of interest, taxes, depreciation, amortization or extraordinary items) as compared to interest expense and total fixed charges. The financial covenants also include consolidated net worth and leverage ratio tests, and the Trust is prohibited from making distributions in excess of 95% of funds from operations except to comply with the legal requirements to maintain its status as a REIT. As of December 31, 2012, the Trust was in compliance with all covenants of the Third Amended Revolver.

During the year ended December 31, 2011, the Trust used \$3.7 million of the proceeds received in connection with the stock offering that was conducted in January 2011 (see Note 2) to repay the outstanding balance of the Second Amended Revolver.

#### Mortgage and construction debt

As of December 31, 2012, the Trust had mortgage and construction notes payable consisting of the following which were secured by the underlying collegiate housing properties or leaseholds of:

| Property  | Outstanding as of<br>at<br>December 31,<br>2012<br>(in thousands) | Interest Rate | Maturity Date | Amortization |
|---|---|---------------|---------------|--------------|
| University Towers   | \$25,000  | 5.99          | % 7/1/2013    | 30 Year      |
| The Avenue at Southern/The Reserve at<br>Columbia/ The Commons at Knoxville/College<br>Grove <sup>(2)</sup> | 57,320  | 6.02          | % 1/1/2019    | 30 Year      |
| The Reserve at Athens <sup>(2)</sup>  | 7,366   | 4.96          | % 1/1/2015    | 30 Year      |
| The Reserve at Perkins <sup>(2)</sup>   | 14,731  | 5.99          | % 1/1/2014    | 30 Year      |
| The Suites at Overton Park  | 25,118  | 4.16          | % 4/1/2016    | 30 Year      |
| The Centre at Overton Park  | 23,333  | 5.60          | % 1/1/2017    | 30 Year      |
| College Station at W. Lafayette/The Pointe at<br>Penn State/The Reserve on Stinson <sup>(2)</sup>           | 68,585  | 6.02          | % 1/1/2016    | 30 Year      |
| Pointe West   | 9,824   | 4.92          | % 8/1/2014    | 30 Year      |
| University Village Apartments on Colvin   | 8,527   | 1.31          | % 9/29/2013   | 30 Year      |
| Carrollton Crossing/The Commons on<br>Kinnear <sup>(2)</sup>  | 16,676  | 5.45          | % 1/1/2017    | 30 Year      |
| River Pointe/Cape Trails/The Reserve on South<br>College <sup>(2)</sup>                                     | 22,390  | 5.67          | % 1/1/2020    | 30 Year      |
| The Oaks on the Square  | 16,435  | 2.46          | % 10/30/2015  | (1)          |
| Campus West   | 11,960  | 2.16          | % 11/30/2014  | (1)          |
| East Edge   | 32,672  | 2.61          | % 6/30/2014   | (1)          |
| ASU Phoenix   | 8,869   | 2.50          | % 3/20/2015   | (1)          |
| The Retreat   | 10,639  | 2.31          | % 7/1/2015    | (1)          |
| GrandMarc at Westberry Place  | 36,333  | 4.95          | % 1/1/2020    | 30 Year      |
| Total debt /weighted average rate   | 395,778   | 4.86          | %             |              |
| Unamortized premium   | 3,068   |               |               |              |
| Total net of unamortized premium  | 398,846   |               |               |              |
| Less current portion  | (37,919   | )             |               |              |
| Total long-term debt, net of current portion  | \$360,927   |               |               |              |

- (1) Represents construction debt that is interest only through the maturity date. See the footnotes below regarding the applicable extension periods.
- (2) Represents loans under the Master Secured Credit Facility as defined below.

The Trust also has a credit facility with Fannie Mae (the "Master Secured Credit Facility") that was entered into on December 31, 2008 and expanded on December 2, 2009. The Trust was in compliance with all financial covenants, including consolidated net worth and liquidity tests, contained in the Master Secured Credit Facility as of December 31, 2012. During the year ended

December 31, 2011, the Trust repaid \$35.5 million of variable rate debt that was outstanding under the Master Secured Credit Facility with proceeds from the sale of five collegiate housing communities (see Note 5).

In order to hedge the interest rate risk associated with the variable rate loans under the Master Secured Credit Facility, the Operating Partnership purchased an interest rate cap from the Royal Bank of Canada on December 22, 2008 for \$0.1 million. During the year ended December 31, 2011, the Trust sold the cap back to the bank for \$45,000 when the variable rate debt discussed above was repaid. The notional amount of the cap was \$49.9 million and the cap rate was 7.0% per annum. The Operating Partnership chose not to designate the cap as a hedge and recognized all gains or losses associated with this derivative instrument in earnings. The Trust was in compliance with all financial covenants, including consolidated net worth and liquidity tests, contained in the Master Secured Credit Facility as of December 31, 2012.

In December 2012, in connection with the acquisition of the Suites at Overton Park and the Centre at Overton Park collegiate housing communities, both adjacent to Texas Tech University in Lubbock, Texas, the Trust assumed \$25.1 million and \$23.3 million of fixed rate mortgage debt, respectively. The loan for the Suites at Overton Park bears interest at 4.2% and initially matures on April 1, 2016. The loan for the Centre at Overton Park bears interest at 5.6% and initially matures on January 1, 2017. If no event of default has occurred by the initial maturity dates we have the option to extend the maturity dates one year at a base rate plus a 2.5% margin. Principal and interest are paid on a monthly basis for both loans.

As of December 31, 2012, the Trust had outstanding variable rate mortgage debt of \$36.3 million that was assumed in connection with the acquisition of the GrandMarc at Westberry Place collegiate housing community located at Texas Christian University. The interest rate per year applicable to the loan is equal to a base rate plus a 4.85% margin, in total not to exceed 7.5% per year, and principal and interest are paid on a monthly basis. The loan matures on January 1, 2020. As of December 31, 2012, the interest rate applicable to the loan was 4.95%.

As of December 31, 2012, the Trust had borrowed \$16.4 million on a construction loan related to the development of a wholly-owned collegiate housing community in Storrs, Connecticut (The Oaks on the Square). The interest rate per year applicable to the loan is, at the option of the Trust, equal to a base rate plus a 1.25% margin or LIBOR plus a 2.25% margin and is interest only through October 30, 2015. As of December 31, 2012, the interest rate applicable to the loan was 2.46%. On October 30, 2015, if certain conditions for extension are met, we have the option to extend the loan until October 31, 2016. On October 30, 2016, if certain conditions are met, we have the option to extend the loan until October 31, 2017. During the extension periods, if applicable, principal and interest are to be repaid on a monthly basis.

As of December 31, 2012, the Trust had borrowed \$32.7 million on a construction loan related to the development of a jointly owned collegiate housing community in Tuscaloosa, Alabama (East Edge). We are the majority owner and managing member of the joint venture and manage the community now that it is completed. The loan bears interest equal to LIBOR plus a 240 basis point margin and is interest only through June 30, 2014. As of December 31, 2012, the interest rate applicable to the loan was 2.61%. On June 15, 2014, if the debt service ratio is not less than 1.15 to 1 and an extension fee of 225 basis points of the total outstanding principal is paid to the lender, we can extend the loan until June 30, 2015. On June 15, 2015, if the debt service ratio is not less than 1.25 to 1 and an extension fee of 12.5 basis points of the total outstanding principal is paid to the lender, we can extend the loan until June 30, 2016. During the first and second extension periods, if applicable, principal and interest are to be repaid on a monthly basis.

As of December 31, 2012, the Trust had \$8.5 million outstanding on a construction loan related to the development of a wholly-owned collegiate housing community at Syracuse University (University Village Apartments on Colvin). The loan bears interest equal to LIBOR plus a 110 basis point margin and was interest only through September 29, 2011. On September 29, 2011, the Trust extended the maturity date until September 29, 2013. Going forward, a debt service coverage ratio, calculated annually on a rolling 12 month basis, of not less than 1.25 to 1 must be maintained

with principal and interest being repaid on a monthly basis. As of December 31, 2012, the interest rate applicable to the loan was 1.31%.

As of December 31, 2012, the Trust had \$12.0 million outstanding on a construction loan related to the development of a second wholly-owned collegiate housing community at Syracuse University (Campus West). The interest rate per year applicable to the loan is, at the option of the Trust, equal to a base rate plus a 0.95% margin or LIBOR plus a 1.95% margin and is interest only through November 30, 2014. As of December 31, 2012, the interest rate applicable to the loan was 2.16%. Once the project is complete and the debt service coverage ratio of not less than 1.30 to 1 is maintained, the interest rate will be reduced to a base rate plus a 0.80% margin or LIBOR plus 1.80% margin at the option of the Trust. If certain conditions for extension are met, the Trust has the option to extend the loan twice for an additional year. During the extension periods, if applicable, principal and interest are to be repaid on a monthly basis.



As of December 31, 2012, the Trust had borrowed \$10.6 million on a construction loan related to the development of a jointly owned collegiate housing community near the University of Mississippi (The Retreat). The Trust is the majority owner and managing member of the joint venture and will manage the community when completed. The interest rate per year applicable to the loan is, at the option of the Trust, equal to a base rate plus a 1.10% margin or LIBOR plus a 2.10% margin and is interest only through June 12, 2015. As of December 31, 2012, the interest rate applicable to the loan was 2.31%. Once the project is complete and a debt service coverage ratio of not less than 1.30 to 1 is maintained, the interest rate will be reduced to a base rate plus a 0.80% margin or LIBOR plus a 1.80% margin at the option of the Trust. If certain conditions for extension are met, the Trust has the option to extend the loan twice for an additional year. During the extension periods, if applicable, principal and interest are to be repaid on a monthly basis.

As of December 31, 2012, the Trust had borrowed \$8.9 million on a construction loan related to the development of a jointly owned collegiate housing community near the Arizona State University-Downtown Phoenix campus. The Trust is the majority owner and managing member of the joint venture and will manage the community when completed. The loan bears interest equal to LIBOR plus a 225 basis point margin and is interest only through March 20, 2015. As of December 31, 2012, the interest rate applicable to the loan was 2.50%. On March 20, 2015, if the debt service ratio is not less than 1.35 to 1 and an extension fee of 0.25% of the total outstanding principal is paid to the lender, the Trust may extend the loan until March 20, 2016. On March 20, 2016, if the debt service ratio is not less than 1.45 to 1 and an extension fee of 0.25% of the total outstanding principal is paid to the lender, the Trust can extend the loan until March 20, 2017. During the first and second extension periods, if applicable, principal and interest are to be repaid on a monthly basis.

During the year ended December 31, 2012, the Trust repaid in full \$27.0 million of mortgage debt secured by the collegiate housing community referred to as The Lofts located near the University of Central Florida in Orlando, Florida. The debt had a fixed interest rate of 5.59% and was due to mature in May 2014. The Trust also repaid \$10.2 million and \$4.1 million on construction loans related to the development of a wholly-owned collegiate housing community near Southern Illinois University (The Reserve at Saluki Pointe-Carbondale). The loans bore interest equal to LIBOR plus 110 and 200 basis point margins, respectively, and were due to mature on June 28, 2012. The mortgage debt and construction loans were repaid with proceeds from the Third Amended Revolver and cash on hand.

During the year ended December 31, 2012, the Trust repaid in full \$34.0 million of mortgage debt secured by the collegiate housing community referred to as Campus Lodge located near the University of Florida in Gainesville, Florida. The debt had a fixed interest rate of 6.97%, an effective interest rate of 5.48% and was due to mature in May 2012. The mortgage debt was repaid with cash on hand.

During the year ended December 31, 2011, the Trust repaid \$18.8 million of mortgage debt bearing a fixed interest rate of 5.55% that was due to mature in March 2012 and was secured by the collegiate housing community referred to as NorthPointe in Tucson, Arizona. The mortgage debt was repaid with proceeds received in connection with the stock offering that was conducted in November 2011 (see Note 2).

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As of December 31, 2011, the Trust had mortgage and construction notes payable consisting of the following which were secured by the underlying collegiate housing properties or leaseholds of:

| Property   | Outstanding as of<br>December 31,<br>2011<br>(in thousands) | Interest Rate | Maturity Date | Amortization |
|--|---|---------------|---------------|--------------|
| University Towers  | \$25,000  | 5.99          | % 7/1/2013    | 30 Year      |
| The Avenue at Southern/The Reserve at<br>Columbia/ The Commons at Knoxville/College<br>Grove | 58,131  | 6.02          | % 1/1/2019    | 30 Year      |
| The Reserve at Perkins   | 14,940  | 5.99          | % 1/1/2014    | 30 Year      |
| The Lofts  | 27,000  | 5.59          | % 5/1/2014    | 30 Year      |
| College Station at W. Lafayette/The Pointe at<br>Penn State/The Reserve at Star Pass         | 69,555  | 6.02          | % 1/1/2016    | 30 Year      |
| Campus Lodge   | 34,017  | 6.97          | % 5/1/2012    | 30 Year      |
| Pointe West  | 10,041  | 4.92          | % 8/1/2014    | 30 Year      |
| The Reserve on Frankford   | 7,485   | 4.96          | % 1/1/2015    | 30 Year      |
| The Reserve at Saluki Pointe – Phase I   | 10,312  | 1.38          | % 6/28/2012   | 30 Year      |
| The Reserve at Saluki Pointe – Phase II  | 4,135   | 2.28          | % 6/28/2012   | 30 Year      |
| University Village Apartments on Colvin  | 8,766   | 1.38          | % 9/29/2013   | 30 Year      |
| Carrollton Crossing/The Commons on Kinnear   | 16,920  | 5.45          | % 1/1/2017    | 30 Year      |
| River Pointe/Cape Trails/The Reserve on South<br>College                                     | 22,705  | 5.67          | % 1/1/2020    | 30 Year      |
| The Oaks on the Square   | 928   | 2.48          | % 10/30/2015  | (1)          |
| East Edge  | 11,630  | 2.68          | % 7/1/2014    | (2)          |
| GrandMarc at Westberry Place   | 36,930  | 4.85          | % 1/1/2020    | 30 Year      |
| Total debt /weighted average rate  | 358,495   | 5.44          | %             |              |
| Unamortized premium  | 9   |               |               |              |
| Total net of unamortized premium   | 358,504   |               |               |              |
| Less current portion   | (52,288   | )             |               |              |
| Total long-term debt, net of current portion   | \$306,216   |               |               |              |

The construction debt encumbering The Oaks on the Square is interest only through October 30, 2015, the initial (1) maturity date. The Trust has the ability to extend the construction loan 2 years if certain criteria are met on the initial maturity date.

(2) The construction debt encumbering East Edge is interest only through July 1, 2014, the initial maturity date. The Trust has the ability to extend the construction loan 2 years if certain criteria are met on the initial maturity date.

The following table reconciles the carrying amount of mortgage and construction notes payable as of and for the years ended December 31, 2012, 2011 and 2010 (in thousands):

|                              | 2012      | 2011      | 2010      |
|------------------------------|-----------|-----------|-----------|
| Balance, beginning of period | \$358,504 | \$367,631 | \$406,365 |
| Additions                    | 119,607   | 49,488    | —         |
| Repayments of principal      | (79,185   | ) (58,225 | ) (38,336 |
| Amortization of premium      | (80       | ) (390    | ) (398    |
| Balance, end of period       | \$398,846 | \$358,504 | \$367,631 |



The scheduled maturities of outstanding mortgage and construction indebtedness as of December 31, 2012 are as follows (in thousands):

|  |           |
|--|-----------|
| Year   |           |
| 2013   | \$37,919  |
| 2014   | 72,912    |
| 2015   | 47,339    |
| 2016   | 91,729    |
| 2017   | 39,757    |
| Thereafter   | 106,122   |
| Total  | 395,778   |
| Debt premium   | 3,068     |
| Outstanding as of December 31, 2012, net of debt premium | \$398,846 |

As of December 31, 2012, the outstanding mortgage and construction debt had a weighted average interest rate of 4.86% and carried a weighted average term of 3.62 years.

## 11. Segments

The Trust defines business segments by their distinct customer base and service provided. The Trust has identified three reportable segments: collegiate housing leasing, development consulting services and management services. Management evaluates each segment's performance based on net operating income, which is defined as income before depreciation, amortization, ground leases, impairment losses, interest expense (income), gains (losses) on extinguishment of debt, equity in earnings of unconsolidated entities and noncontrolling interests. The accounting policies of the reportable segments are the same as those described in the summary of significant accounting policies. Intercompany fees are reflected at the contractually stipulated amounts. Discontinued operations are not included in segment reporting as management addresses these items on a corporate level. The following tables represent the Trust's segment information for the years ended December 31, 2012, 2011 and 2010 (amounts in thousands):

| Segment                                     | Year Ended December 31, 2012 |                                 |                     |                           |           | Year Ended December 31, 2011 |                                 |                     |                           |          |
|---|------------------------------|---------------------------------|---------------------|---------------------------|-----------|------------------------------|---------------------------------|---------------------|---------------------------|----------|
|   | Collegiate Housing Leasing   | Development Consulting Services | Management Services | Adjustments/ Eliminations | Total     | Collegiate Housing Leasing   | Development Consulting Services | Management Services | Adjustments/ Eliminations | Total    |
| Revenues:                                   |                              |                                 |                     |                           |           |                              |                                 |                     |                           |          |
| Collegiate housing leasing revenue          | \$131,092                    | \$—                             | \$—                 | \$—                       | \$131,092 | \$98,491                     | \$—                             | \$—                 | \$—                       | \$98,491 |
| Third-party development consulting services | —                            | 1,018                           | —                   | (198 )                    | 820       | —                            | 5,682                           | —                   | (1,579 )                  | 4,103    |
| Third-party management services             | —                            | —                               | 3,446               | —                         | 3,446     | —                            | —                               | 3,336               | —                         | 3,336    |
| Operating expense reimbursements            | —                            | —                               | —                   | 9,593                     | 9,593     | —                            | —                               | —                   | 8,604                     | 8,604    |
| Total segment revenues                      | 131,092                      | 1,018                           | 3,446               | 9,395                     | 144,951   | 98,491                       | 5,682                           | 3,336               | 7,025                     | 114,534  |
| Segment operating expenses:                 |                              |                                 |                     |                           |           |                              |                                 |                     |                           |          |
| Collegiate housing leasing operations       | 63,194                       | —                               | —                   | —                         | 63,194    | 48,789                       | —                               | —                   | —                         | 48,789   |
| General and administrative                  | —                            | 3,528                           | 2,779               | (44 )                     | 6,263     | —                            | 2,998                           | 2,667               | (75 )                     | 5,590    |
| Reimbursable operating expenses             | —                            | —                               | —                   | 9,593                     | 9,593     | —                            | —                               | —                   | 8,604                     | 8,604    |
| Total segment operating expenses            | 63,194                       | 3,528                           | 2,779               | 9,549                     | 79,050    | 48,789                       | 2,998                           | 2,667               | 8,529                     | 62,983   |
| Segment net operating                       | \$67,898                     | \$(2,510)                       | \$667               | \$(154)                   | \$65,901  | \$49,702                     | \$2,684                         | \$669               | \$(1,504)                 | \$51,551 |

income (loss)(1)

Total segment

assets, as of

|              |             |         |          |     |             |           |         |         |     |           |
|--------------|-------------|---------|----------|-----|-------------|-----------|---------|---------|-----|-----------|
| December 31, | \$1,257,476 | \$5,695 | \$10,218 | \$— | \$1,273,389 | \$879,199 | \$3,007 | \$5,399 | \$— | \$887,605 |
|--------------|-------------|---------|----------|-----|-------------|-----------|---------|---------|-----|-----------|

2012 and 2011

(2)(3)

The following is a reconciliation of the reportable segments' net operating income to the Trust's consolidated (1) income (loss) before income taxes and discontinued operations for the year ended December 31 (amounts in thousands):

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|   | 2012     | 2011      |
|---|----------|-----------|
| Net operating income for reportable segments                  | \$65,901 | \$51,551  |
| Other unallocated general and administrative expenses         | (7,913   | ) (6,726  |
| Depreciation and amortization                                 | (35,436  | ) (25,961 |
| Ground leases   | (6,395   | ) (5,498  |
| Nonoperating expenses   | (15,322  | ) (18,647 |
| Equity in earnings (losses) of unconsolidated entities        | (363     | ) (447    |
| Income (loss) before income taxes and discontinued operations | \$472    | \$(5,728) |

(2) Reconciliation of segment assets to the Trust's total assets:

|  |             |           |
|--|-------------|-----------|
| Total segment assets, end of period (includes goodwill of \$2,149 related to management services and \$921 related to development consulting services) | \$1,273,389 | \$887,605 |
| Unallocated corporate amounts:   |             |           |
| Cash   | 8,436       | 66,469    |
| Notes receivable (see Note 2)  | 21,000      | 18,000    |
| Investments in unconsolidated entities (see Note 8)  | 11,796      | 29        |
| Deposit (see Note 16)  | 3,000       | —         |
| Other assets   | 6,017       | 3,993     |
| Deferred financing costs, net  | 1,049       | 1,713     |
| Total assets, end of period  | \$1,324,687 | \$977,809 |

The increase in segment assets related to collegiate housing leasing is primarily related to the purchase of seven (3) additional communities and the continued development of eleven collegiate housing communities for the Trust's ownership offset by the sale of three collegiate housing communities during the year ended December 31, 2012.

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| Segment  | Year Ended December 31, 2011 |                                 |                     |                           |           | Year Ended December 31, 2010 |                                 |                     |                           |           |
|--|------------------------------|---------------------------------|---------------------|---------------------------|-----------|------------------------------|---------------------------------|---------------------|---------------------------|-----------|
|  | Collegiate Housing Leasing   | Development Consulting Services | Management Services | Adjustments/ Eliminations | Total     | Collegiate Housing Leasing   | Development Consulting Services | Management Services | Adjustments/ Eliminations | Total     |
| Revenues:  |                              |                                 |                     |                           |           |                              |                                 |                     |                           |           |
| Collegiate housing leasing revenue                     | \$98,491                     | \$—                             | \$—                 | \$—                       | \$98,491  | \$86,347                     | \$—                             | \$—                 | \$—                       | \$86,347  |
| Third-party development consulting services            | —                            | 5,682                           | —                   | (1,579 )                  | 4,103     | —                            | 2,788                           | —                   | (305 )                    | 2,483     |
| Third-party management services                        | —                            | —                               | 3,336               | —                         | 3,336     | —                            | —                               | 3,189               | —                         | 3,189     |
| Operating expense reimbursements                       | —                            | —                               | —                   | 8,604                     | 8,604     | —                            | 916                             | —                   | 13,603                    | 14,519    |
| Total segment revenues                                 | 98,491                       | 5,682                           | 3,336               | 7,025                     | 114,534   | 86,347                       | 3,704                           | 3,189               | 13,298                    | 106,538   |
| Segment operating expenses:                            |                              |                                 |                     |                           |           |                              |                                 |                     |                           |           |
| Collegiate housing leasing operations                  | 48,789                       | —                               | —                   | —                         | 48,789    | 44,703                       | —                               | —                   | —                         | 44,703    |
| General and administrative                             | —                            | 2,998                           | 2,667               | (75 )                     | 5,590     | —                            | 2,885                           | 3,227               | (170 )                    | 5,942     |
| Reimbursable operating expenses                        | —                            | —                               | —                   | 8,604                     | 8,604     | —                            | —                               | —                   | 13,603                    | 13,603    |
| Total segment operating expenses                       | 48,789                       | 2,998                           | 2,667               | 8,529                     | 62,983    | 44,703                       | 2,885                           | 3,227               | 13,433                    | 64,248    |
| Segment net operating income (loss)                    | \$49,702                     | \$2,684                         | \$669               | \$(1,504 )                | \$51,551  | \$41,644                     | \$819                           | \$(38 )             | \$(135 )                  | \$42,290  |
| (1)  |                              |                                 |                     |                           |           |                              |                                 |                     |                           |           |
| Total segment assets, as of December 31, 2011 and 2010 | \$879,199                    | \$3,007                         | \$5,399             | \$—                       | \$887,605 | \$713,940                    | \$2,778                         | \$4,427             | \$—                       | \$721,145 |
| (2)(3)   |                              |                                 |                     |                           |           |                              |                                 |                     |                           |           |

The following is a reconciliation of the reportable segments' net operating income to the Trust's consolidated (1)income (loss) before income taxes and discontinued operations for the year ended December 31 (amounts in thousands):

|  | 2011     | 2010     |
|--|----------|----------|
| Net operating income for reportable segments | \$51,551 | \$42,290 |



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|  |          |   |          |   |
|--|----------|---|----------|---|
| Other unallocated general and administrative expenses  | (6,726   | ) | (7,431   | ) |
| Depreciation and amortization                          | (25,961  | ) | (21,984  | ) |
| Ground leases  | (5,498   | ) | (1,528   | ) |
| Nonoperating expenses                                  | (18,647  | ) | (19,467  | ) |
| Equity in earnings (losses) of unconsolidated entities | (447     | ) | (260     | ) |
| Loss before income taxes and discontinued operations   | \$(5,728 | ) | \$(8,380 | ) |

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(2) Reconciliation of segment assets to the Trust's total assets:

|  |           |           |
|--|-----------|-----------|
| Total segment assets, end of period (includes goodwill of \$2,149 related to management services and \$921 related to development consulting services) | \$887,605 | \$721,145 |
| Unallocated corporate amounts:   |           |           |
| Cash   | 66,469    | 748       |
| Loan to participating property (see Note 2)  | 18,000    | 9,872     |
| Other assets   | 4,022     | 3,752     |
| Deferred financing costs, net  | 1,713     | 1,163     |
| Total assets, end of period  | \$977,809 | \$736,680 |

(3) The increase in segment assets related to collegiate housing leasing is primarily related to the purchase of eight additional communities and the continued development of six collegiate housing communities for the Trust's ownership offset by the sale of seven collegiate housing communities during the year ended December 31, 2011 (see Note 5).

## 12. Related party transactions

The Trust incurs certain common costs on behalf of Allen & O'Hara, Inc. ("A&O"), which is 100% owned by the chairman of the Board of the Trust. These costs relate to human resources, information technology, legal services and certain management personnel. Prior to January 1, 2012, the Trust allocated the costs to A&O based on time and effort expended. Indirect costs were allocated monthly in an amount that approximates what management believes costs would have been had A&O operated on a stand-alone basis. For each of the years ended December 31, 2011 and 2010, the Trust incurred common costs on behalf of A&O in the amount of \$0.1 million. For the year ended December 31, 2012, the Trust charged A&O a fee of \$54,000 for the services provided.

Prior to December 2012, the Trust engaged A&O to procure furniture, fixtures and equipment from third party vendors for its owned and managed properties and for third-party owners in connection with its development consulting projects. The Trust incurred a service fee in connection with this arrangement and the expense totaled \$0.2 million for each of the years ended December 31, 2012, 2011 and 2010. As of December 2012, the Trust will no longer engage A&O to perform these services.

## 13. Lease commitments and unconditional purchase obligations

The Trust has various long-term ground lease agreements with terms ranging from 40 to 99 years. Some of these agreements contain an annual increase to rent expense equal to the greater of 3% or the increase in the consumer price index. Additionally, the Trust leases corporate office space and the agreement contains rent escalation clauses based on pre-determined annual rate increases. The Trust recognizes rent expense under the straight-line method over the terms of the leases. Any difference between the straight-line rent amounts and amounts payable under the leases' terms are recorded as deferred rent in accrued expenses in the accompanying consolidated balance sheets. As of December 31, 2012 and 2011, deferred rent totaled \$10.5 million and \$5.2 million, respectively.

The Trust has various operating leases for furniture, office and technology equipment which expire at varying times through fiscal year 2016. Rental expense under the operating lease agreements totaled \$0.8 million, \$0.6 million and \$0.6 million for the years ended December 31, 2012, 2011 and 2010. Furthermore, the Trust has entered into various contracts for advertising which will expire at varying times through fiscal year 2013.

Future minimum rental payments required under operating leases that have initial or remaining noncancellable lease terms as well as future minimum payments required under advertising contracts that have noncancellable terms in excess of one year as of December 31, 2012 are as follows (in thousands):

| Year Ending | Advertising | Leases   |
|-------------|-------------|----------|
| 2012        | \$176       | \$12,387 |
| 2013        | 24          | 10,294   |
| 2014        | —           | 8,720    |
| 2015        | —           | 7,492    |
| 2016        | —           | 7,500    |
| Thereafter  | —           | 503,015  |

## 14. Employee savings plan

The Trust's eligible employees may participate in a 401(k) savings plan (the "Plan"). Participants may contribute up to 15% of their earnings to the Plan. Employees are eligible to participate in the Plan on the first day of the next calendar

quarter following six months of service and reaching 21 years of age. Additionally a matching contribution of 50% is provided on eligible employees' contributions up to the first 3% of compensation. Employees vest in the matching contribution over a 3-year period. Matching contributions were approximately \$0.2 million for each of the years ended December 31, 2012, 2011 and 2010.

## 15. Accrued expenses

Accrued expenses consist of the following as of December 31, 2012 and 2011 (in thousands):

|  | 2012     | 2011     |
|--|----------|----------|
| Payroll  | \$2,070  | \$2,611  |
| Real estate taxes  | 5,421    | 3,850    |
| Interest   | 1,780    | 1,827    |
| Utilities  | 1,111    | 893      |
| Ground leases  | 9,554    | 5,191    |
| Construction loan guarantee                                  | 3,000    | 3,000    |
| Assets under development                                     | 19,312   | 5,330    |
| Deferred revenue related to insurance proceeds (See Note 16) | 3,860    | —        |
| Other  | 9,266    | 5,131    |
| Total accrued expenses                                       | \$55,374 | \$27,833 |

## 16. Commitments and contingencies

In July 2012, the Trust's 3949 Lindell community located in St. Louis, Missouri was partially destroyed by a fire, which is currently in the process of being rebuilt. This fire caused substantial business interruption and property damage, both of which are covered under the Trust's existing insurance policies. Management anticipates that the ultimate proceeds received from insurance will exceed the book value of the property destroyed, and accordingly a gain on insurance settlement will be recorded in a future period. Management anticipates that the gain will be recorded during 2013, once all contingencies have been resolved and the amount of the gain is determinable.

The Operating Partnership entered into a letter of credit agreement in conjunction with the closing of the acquisition of a collegiate housing community at the University of Florida. As of December 31, 2012, the mortgage debt on this community was repaid (see Note 10), and the \$1.5 million letter of credit is no longer outstanding.

The Operating Partnership serves as non-recourse, carve-out guarantor, for secured third party debt in the amount of \$24.3 million, held by one unconsolidated joint venture. The Operating Partnership is liable to the lender for any loss, damage, cost, expense, liability, claim or other obligation incurred by the lender arising out of or in connection with certain non-recourse exceptions in connection with the debt. Pursuant to the respective operating agreement, the joint venture partner agreed to indemnify, defend and hold harmless the Trust with respect to such obligations, except to the extent such obligations were caused by the willful misconduct, gross negligence, fraud or bad faith of the Operating Partnership or its employees, agents or affiliates. Therefore, exposure under the guarantee for obligations not caused by the willful misconduct, gross negligence, fraud or bad faith of the Operating Partnership or its employees, agents or affiliates is not expected to exceed the Operating Partnership's proportionate interest in the related mortgage debt of \$6.1 million.

In connection with the development agreement entered into on July 14, 2010 for a project at the Science + Technology Park at Johns Hopkins Medical Institute (see Note 2), the Trust has committed to provide a guarantee of repayment of a \$42.0 million third-party construction loan for a \$3.0 million fee of which the carrying value approximates fair value. The guarantee fee will not be recognized until the second mortgage loan is repaid. The project will have a \$2.5 million reserve to fund any operating or debt service shortfalls that are to be replenished annually by East Baltimore Development, Inc., until a 1.10 debt service coverage ratio is achieved for twelve consecutive months. The second mortgage loan and related debt service are the first at risk if such reserve is not adequate to cover operating expenses and debt service on the construction loan.

In connection with the condominium agreement related to The Oaks on the Square project in Storrs, Connecticut (see Note 4) the Operating Partnership and LeylandAlliance LLC have jointly committed to provide a guarantee of repayment of a \$46.4 million construction loan to develop the residential and retail portions of the project. As of December 31, 2012 and 2011, \$22.7 million and \$1.5 million, respectively, had been drawn on the construction loan of which \$6.3 million and \$0.6 million, respectively, is attributable to LeylandAlliance LLC; these amounts are not included in our accompanying consolidated financial statements.

As owners and operators of real estate, environmental laws impose ongoing compliance requirements on the Trust. The Trust is not aware of any environmental matters or liabilities with respect to the collegiate housing communities that would have a material adverse effect on the Trust's consolidated financial condition or results of operations.

In the normal course of business, the Trust is subject to claims, lawsuits and legal proceedings. While it is not possible to ascertain the ultimate outcome of such matters, in management's opinion, the liabilities, if any, are not expected to have a material effect on our financial position, results of operations or liquidity.

Under the terms of the limited partnership agreement of University Towers Operating Partnership, LP, so long as the contributing owners of such property hold at least 25% of the University Towers Partnership Units, the Trust has agreed to maintain certain minimum amounts of debt on the property to avoid triggering gain to the contributing owners. If the Trust fails to do this, the Trust must repay the contributing owners the amount of taxes they incur.

After being awarded a development consulting contract, the Trust will enter into predevelopment consulting contracts with educational institutions to develop collegiate housing communities on their behalf. The Trust will enter into reimbursement agreements that provide for the Trust to be reimbursed for the predevelopment costs incurred prior to the institution's governing body formally approving the final development contract. As of December 31, 2012 and 2011, the Trust had reimbursable predevelopment costs of \$3.5 million and \$0.1 million, respectively, which are reflected in other assets in the accompanying consolidated balance sheets.

17. Quarterly financial information (unaudited)

Quarterly financial information for the years ended December 31, 2012 and 2011 is summarized below (in thousands, except per share data):

| 2012  | 1st Quarter | 2nd Quarter | 3rd Quarter | 4th Quarter | Total       |
|---|-------------|-------------|-------------|-------------|-------------|
| Revenues  | \$34,931    | \$33,219    | \$33,683    | \$43,118    | \$144,951   |
| Operating expenses  | 28,979      | 29,577      | 35,731      | 34,507      | 128,794     |
| Nonoperating expenses   | 4,438       | 3,729       | 3,533       | 3,622       | 15,322      |
| Equity in earnings (losses) of unconsolidated entities <sup>(1)</sup> | (263        | ) (38       | ) (39       | ) (23       | ) (363      |
| Income taxes expense/(benefit)  | (75         | ) (404      | ) (638      | ) 233       | (884        |
| Noncontrolling interests  | 226         | (80         | ) (119      | ) 189       | 216         |
| Discontinued operations <sup>(3)</sup>                                | 788         | 897         | 5,352       | 244         | 7,281       |
| Net income attributable to Education Realty Trust, Inc.               | \$1,888     | \$1,256     | \$489       | \$4,788     | \$8,421     |
| Net income per share-basic and diluted                                | \$0.02      | \$0.01      | \$0.01      | \$0.04      | \$0.08      |
| <br>  |             |             |             |             |             |
| 2011  | 1st Quarter | 2nd Quarter | 3rd Quarter | 4th Quarter | Total       |
| Revenues  | \$27,973    | \$26,813    | \$27,055    | \$32,693    | \$114,534   |
| Operating expenses  | 22,891      | 23,481      | 28,291      | 26,505      | 101,168     |
| Nonoperating expenses   | 5,061       | 4,606       | 4,491       | 4,489       | 18,647      |
| Equity in earnings (losses) of unconsolidated entities <sup>(2)</sup> | 5           | (23         | ) (390      | ) (39       | ) (447      |
| Income taxes expense/(benefit)  | 153         | (371        | ) (60       | ) 183       | (95         |
| Noncontrolling interests  | 211         | (60         | ) (91       | ) 179       | 239         |
| Discontinued operations <sup>(3)</sup>                                | 993         | 1,442       | (500        | ) (7,077    | ) (5,142    |
| Net income (loss) attributable to Education Realty Trust, Inc.        | \$655       | \$576       | \$(6,466    | ) \$(5,779  | ) \$(11,014 |
| Net income (loss) per share-basic and diluted                         | \$0.01      | \$0.01      | \$(0.09     | ) \$(0.07   | ) \$(0.15   |

(1) Equity in earnings (losses) for the 1st quarter of 2012 include the Trust's \$88 share of the loss on the sale of assets.

(2) Equity in earnings (losses) for the 3rd quarter of 2011 include the Trust's \$256 share of the loss on the sale of assets.

All quarterly information presented above for 2012 and 2011 reflects the classification of the properties sold during (3) 2012 and 2011 in discontinued operations (see Note 5). Discontinued operations for the 4th quarter of 2011 includes an impairment loss of \$7,859.

Subsequent to the issuance of the Trust's Form 10-Q for the quarterly periods ended March 31, 2012, June 30, 2012 and September 30, 2012, the Trust identified presentation errors in the condensed consolidated statements of cash flows. These errors related to the cash flow presentation of payables, accrued expenses and return of equity to and contributions from noncontrolling interests attributable to assets under development. These errors had no impact on net cash flow, and did not impact the Trust's condensed consolidated balance sheets, condensed consolidated statements of operations, condensed consolidated statements of changes in equity, funds from operations or other information provided in the previously filed Quarterly Reports on Form 10-Q for the quarterly periods ended March



31, 2012, June 30, 2012 and September 30, 2012.

In relation to assets under development, for the three months ended March 31, 2012, six months ended June 30, 2012 and nine months ended September 30, 2012, the Trust incorrectly overstated cash paid for investments in assets under development in the investing activities section of the condensed consolidated statements of cash flows by \$2.2 million, \$8.5 million and \$9.0 million, respectively, which also resulted in a corresponding overstatement of the change in operating assets and liabilities in net cash provided by operating activities. These overstatements were the result of the change in accrued expenses related to assets under development for the three, six and nine months ended March 31, 2012, June 30, 2012 and September 30, 2012,

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respectively, that were improperly included as a source of cash from operating activities and as a use of cash for investment activities. The Trust also returned equity of \$0.3 million to noncontrolling interests during the three months ended March 31, 2012, six months ended June 30, 2012 and nine months ended September 30, 2012 and received contributions from noncontrolling interests of \$0.2 million, \$1.4 million and \$4.0 million for the three months ended March 31, 2012, six months ended June 30, 2012 and nine months ended September 30, 2012, respectively, related to certain assets under development. These returns of equity and contributions from noncontrolling interests were incorrectly netted against investment in assets under development in the investing activities section of the condensed consolidated statement of cash flows. Under GAAP, the correct presentation is to reflect the gross amount invested in assets under development and include the cash outflow or inflow in return of equity to noncontrolling interests or contributions from noncontrolling interests, respectively, in the financing activities section of the condensed consolidated statement of cash flows.

The table below presents the balances as originally reported, along with the adjustments and restated amount in the condensed consolidated statements of cash flows for the three, six and nine months ended March 31, 2012, June 30, 2012 and September 30, 2012, respectively.

Three months ended March 31, 2012

(Amounts in thousands)

|  | As<br>Previously<br>Reported | Adjustments |         | As Restated  |
|--|------------------------------|-------------|---------|--------------|
| Operating activities:                        |                              |             |         |              |
| Change in operating assets and liabilities   | \$ (11 )                     | (2,158 )    | (a)     | \$ (2,169 )  |
| Net cash provided by operating activities    | 12,652                       | (2,158 )    |         | 10,494       |
| Investing activities:                        |                              |             |         |              |
| Investment in assets under development       | (30,245 )                    | 2,261       | (a) (b) | (27,984 )    |
| Net cash used in investing activities        | (57,125 )                    | 2,261       |         | (54,864 )    |
| Financing activities:                        |                              |             |         |              |
| Return of equity to noncontrolling interests | —                            | (321 )      | (b)     | (321 )       |
| Contributions from noncontrolling interests  | —                            | 218         | (b)     | 218          |
| Net cash used in financing activities        | \$ (10,035 )                 | (103 )      |         | \$ (10,138 ) |

(a) Represents \$2,158 of the cash source reported in accounts payable and accrued expenses that was attributable to the change in accounts payable and accrued expenses related to assets under development that should have reduced the amount reported as investments in assets under development.

(b) The Trust received \$218 in contributions from noncontrolling interests and returned capital of \$321 to noncontrolling interests related to assets under development. The net \$103 use of cash should not have been included in assets under development and the respective contributions and distributions should have been reported separately in the financing section of the condensed consolidated statement of cash flow.

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Six months ended June 30, 2012

(Amounts in thousands)

|  | As<br>Previously<br>Reported | Adjustments |            | As Restated |
|--|------------------------------|-------------|------------|-------------|
| Operating activities:                        |                              |             |            |             |
| Change in operating assets and liabilities   | \$ 5,238                     | (8,515      | )(c)       | \$ (3,277 ) |
| Net cash provided by operating activities    | 29,755                       | (8,515      | )          | 21,240      |
| Investing activities:                        |                              |             |            |             |
| Investment in assets under development       | (70,659 )                    | 7,474       | (c)<br>(d) | (63,185 )   |
| Net cash used in investing activities        | (101,412 )                   | 7,474       |            | (93,938 )   |
| Financing activities:                        |                              |             |            |             |
| Return of equity to noncontrolling interests | —                            | (321        | )(d)       | (321 )      |
| Contributions from noncontrolling interests  | —                            | 1,362       | (d)        | 1,362       |
| Net cash provided by financing activities    | \$ 4,258                     | 1,041       |            | \$ 5,299    |

(c) Represents \$8,515 of the cash source reported in accounts payable and accrued expenses that was attributable to the change in accounts payable and accrued expenses related to assets under development that should have reduced the amount reported as investments in assets under development.

The Trust received \$1,362 in contributions from noncontrolling interests and returned capital of \$321 to noncontrolling interests related to assets under development. The net \$1,041 source of cash should not have been (d) included in assets under development and the respective contributions and distributions should have been reported separately in the financing section of the condensed consolidated statement of cash flows.

Nine months ended September 30, 2012

(Amounts in thousands)

|  | As<br>Previously<br>Reported | Adjustments |         | As Restated |
|--|------------------------------|-------------|---------|-------------|
| Operating activities:                        |                              |             |         |             |
| Change in operating assets and liabilities   | \$ 12,373                    | (8,960      | )(e)    | \$ 3,413    |
| Net cash provided by operating activities    | 43,062                       | (8,960      | )       | 34,102      |
| Investing activities:                        |                              |             |         |             |
| Investment in assets under development       | (107,793 )                   | 5,242       | (e) (f) | (102,551 )  |
| Net cash used in investing activities        | (151,892 )                   | 5,242       |         | (146,650 )  |
| Financing activities:                        |                              |             |         |             |
| Return of equity to noncontrolling interests | —                            | (321        | )(f)    | (321 )      |
| Contributions from noncontrolling interests  | —                            | 4,039       | (f)     | 4,039       |
| Net cash provided by financing activities    | \$ 160,640                   | 3,718       |         | \$ 164,358  |

(e) Represents \$8,960 of the cash source reported in accounts payable and accrued expenses that was attributable to the change in accounts payable and accrued expenses related to assets under development that should have reduced the amount reported as investment in assets under development.

The Trust received \$4,039 in contributions from noncontrolling interests and returned capital of \$321 to noncontrolling interests related to assets under development. The net \$3,718 source of cash should not have been (f) included in assets under development and the respective contributions and distributions should have been reported separately in the financing section of the condensed consolidated statement of cash flow.

The Trust will correct the three month period ended March 31, 2012 by filing an updated Quarterly Report on Form 10-Q/A for the period ended March 31, 2013, and will correct prospectively the affected prior periods for the errors described above upon the filing of its future Quarterly Reports on Forms 10-Q for the six and nine month periods ended June 30, 2013 and September 30, 2013.

18. Subsequent events

Our Board declared a fourth quarter distribution of \$0.10 per share of common stock for the quarter ended on December 31, 2012. The distribution was paid on February 15, 2013 to stockholders of record at the close of business on January 31, 2013.

On January 14, 2013, the Operating Partnership entered into an amended and restated credit agreement. The previous facility was unsecured, had a maximum availability of \$175 million and was scheduled to mature on September 21, 2014. The amended and restated credit agreement is unsecured, has a maximum availability of \$375 million and within the first four years of the agreement may be expanded to \$500 million upon satisfaction of certain conditions. The amended and restated credit agreement matures on January 14, 2017, provided that the Operating Partnership may extend the maturity date for one year subject to certain conditions.

In April 2013, the Trust entered into a presale agreement with a private developer that obligates the Trust to purchase a newly developed collegiate housing community adjacent to Florida International University for \$43.5 million as long as the developer completes the project in time for fall 2014 occupancy.

#### 19. Restatement of consolidated financial statements

Subsequent to the issuance of the Education Realty Trust, Inc (the "Trust") Annual Report on Form 10-K for the year ended December 31, 2012 ("2012 10-K"), the Trust identified classification errors in the Consolidated Statements of Cash Flows for the years ended December 31, 2012, 2011 and 2010.

In relation to community acquisitions, debt assumed in the amounts of \$48.5 million and \$36.9 million in December 2012 and December 2011, respectively, was reflected as cash used for property acquisitions in the investing activities section and as cash provided by borrowings under mortgage and construction loans in the financing activities section of the consolidated statements of cash flows. Under GAAP, the correct presentation is to exclude those amounts from both investing activities and financing activities for the respective periods since the debt assumptions did not involve the generation or expenditure of cash. Also in 2012, the Trust paid the mortgage lender \$2.7 million for a rental achievement reserve in connection with the assumption of debt discussed above. This amount was reflected as an adjustment to net income to determine net cash provided by operating activities. Under GAAP this additional payment should be included as part of the cost of property acquisitions, net of cash acquired in the investing activities section of the statement of cash flows.

In relation to community dispositions, \$16.3 million and \$25.8 million of cash proceeds from dispositions in January 2011 and October 2010, respectively, was used at closing to repay mortgage debt secured by certain communities being sold and to pay related debt extinguishment costs. These payoff amounts were netted against the gross proceeds from these properties in the proceeds from sale of collegiate housing properties in the investing activities section and, consequently, were not included as a use in the payment of mortgage and construction notes and debt extinguishment costs in the financing activities section of the consolidated statements of cash flows. Under GAAP, the correct presentation is to include the entire cash consideration received as proceeds from sale of collegiate housing properties in the investing activities section and report the amount of the proceeds used to repay debt and pay debt extinguishment costs as payment of mortgage and construction notes and debt extinguishment costs, respectively, in the financing activities section of the consolidated statements of cash flows. The debt extinguishment costs were correctly recorded as a loss on extinguishment of debt in the Trust's statement of operations and appropriately added back to net income in determining net cash provided by operating activities.

For the year ended December 31, 2011, \$7.0 million of the cash source reported from changes in accounts payable and accrued expenses in operating activities was attributable to changes in accrued expenses related to assets under development. This amount should have reduced the amount reported as investment in assets under development in the financing activities section of the consolidated statement of cash flows. Similarly, for the year ended December 31, 2012, \$9.2 million of cash outflow reported in accounts payable and accrued expenses in operating activities related to assets under development. This amount should have been excluded from operating activities and should have increased the amount reported as investments in assets under development in the financing section of the consolidated statement of cash flows. In 2012, the Trust received \$4.0 million in contributions from noncontrolling interests and returned equity to noncontrolling interests of \$0.3 million related to certain projects under development. The net contribution of \$3.7 million of cash inflow was incorrectly netted against investment in assets under development in the investing activities section of the consolidated statement of cash flows, effectively showing the investments net of noncontrolling interests. Under GAAP, the correct presentation is to reflect the gross amount invested in assets under development and include the contributions and the return of equity in the financing activities section of the consolidated statement of cash flows.

Also in 2012, the Trust reported \$5.0 million in investing activities from insurance proceeds related to a deferred gain it had on the balance sheet and incorrectly adjusted other assets as opposed to accounts payable and accrued expenses in operating activities. As such the cash used for other assets and the cash source from accounts payable and accrued expenses were both overstated by \$5.0 million. Furthermore, the Trust subsequently determined that the adjustment for insurance proceeds related to the deferred gain should have only been \$3.9 million, meaning insurance proceeds in the investing section as reported were overstated by \$1.1 million and cash from accounts payable and accrued expenses was understated by the same amount.

The tables below presents the affected sections of the consolidated statements of cash flows and include the amounts as previously reported in the respective periods in the 2012 10-K, the noted adjustment to correct the errors described above and the amounts as restated.



## SUMMARY INFORMATION OF CONSOLIDATED STATEMENT OF CASH FLOWS

Year Ended December 31, 2012

(Amounts in thousands)

|  | As<br>Previously<br>Reported<br>(a) | Adjustments<br>(b) |         | As Restated |
|--|-------------------------------------|--------------------|---------|-------------|
| Operating activities:                            |                                     |                    |         |             |
| Other assets                                     | \$ (16,750 )                        | 7,741              | (f) (g) | \$ (9,009 ) |
| Accounts payable and accrued expenses            | 421                                 | 5,300              | (c) (g) | 5,721       |
| Net cash provided by operating activities        | 38,353                              | 13,041             |         | 51,394      |
| Investing activities:                            |                                     |                    |         |             |
| Property acquisitions, net of cash acquired      | (284,775 )                          | 45,710             | (d) (f) | (239,065 )  |
| Insurance proceeds on property losses            | 5,000                               | (1,100 )           | (g)     | 3,900       |
| Investment in assets under development           | (144,950 )                          | (12,890 )          | (c)(e)  | (157,840 )  |
| Net cash used in investing activities            | (400,668 )                          | 31,720             |         | (368,948 )  |
| Financing activities:                            |                                     |                    |         |             |
| Borrowings under mortgage and construction loans | 119,607                             | (48,451 )          | (d)     | 71,156      |
| Return of equity to noncontrolling interests     | —                                   | (349 )             | (e)     | (349 )      |
| Contributions from noncontrolling interests      | —                                   | 4,039              | (e)     | 4,039       |
| Net cash provided by financing activities        | \$ 303,541                          | (44,761 )          |         | \$ 258,780  |

Notes to financial table (amounts in thousands):

(a) Reflects amounts as previously reported in the 2012 10-K.

(b) Reflects the adjustment necessary to present the cash flow category in accordance with GAAP.

Represents \$9,200 of cash outflow reported in accounts payable and accrued expenses in operating activities related to assets under development. This amount should have been excluded from operating activities and (c) increased the amount reported as investment in assets under development in the investing activities section of the consolidated statement of cash flows.

(d) This amount represents \$48,451 of debt assumed as part of the acquisition of two communities in December of 2012.

The Trust received \$4,039 in contributions from noncontrolling interests and returned equity to noncontrolling interests of \$349 related to certain projects under development. The net contribution of \$3,690 of cash inflow (e) should have been reported as financing activities and not netted against investment in assets under development in the investing activities section of the consolidated statement of cash flows.

The Trust paid the mortgage lender \$2,741 for a rental achievement reserve in connection with the assumption of (f) debt discussed in (d) above. Under GAAP this additional payment should be included as part of the cost of Property acquisitions, net of cash acquired in the investing activities section of the statement of cash flows.

The Trust reported \$5,000 in investing activities from insurance proceeds related to a deferred gain it had on the consolidated balance sheet and incorrectly adjusted other assets as opposed to Accounts payable and accrued expenses in the operating activities section of the consolidated statement of cash flows. As such the cash used for (g) other assets and the cash source from accounts payable and accrued expenses were both overstated by \$5,000. The Trust subsequently determined that the insurance proceeds that should have been reclassified related to the deferred gain was only \$3,900, meaning insurance proceeds in the investing activities section as reported were overstated by the difference of \$1,100 and cash from accounts payable and accrued expenses was understated by the same amount.





## SUMMARY INFORMATION OF CONSOLIDATED STATEMENT OF CASH FLOWS

Year Ended December 31, 2011

(Amounts in thousands)

|   | As Previously<br>Reported<br>(h) | Adjustments<br>(i) |     | As Restated |
|---|----------------------------------|--------------------|-----|-------------|
| Operating activities:                               |                                  |                    |     |             |
| Accounts payable and accrued expenses               | \$ 8,500                         | (7,049 )           | (l) | \$ 1,451    |
| Net cash provided by operating activities           | 41,086                           | (7,049 )           |     | 34,037      |
| Investing activities:                               |                                  |                    |     |             |
| Property acquisitions, net of cash acquired         | (193,393 )                       | 36,930             | (j) | (156,463 )  |
| Proceeds from sale of collegiate housing properties | 57,515                           | 16,306             | (k) | 73,821      |
| Investment in assets under development              | (54,015 )                        | 7,049              | (l) | (46,966 )   |
| Net cash used in investing activities               | (220,098 )                       | 60,285             |     | (159,813 )  |
| Financing activities:                               |                                  |                    |     |             |
| Payment of mortgage and construction notes          | (42,130 )                        | (16,095 )          | (k) | (58,225 )   |
| Borrowings under mortgage and construction loans    | 49,488                           | (36,930 )          | (j) | 12,558      |
| Debt extinguishment costs                           | (351 )                           | (211 )             | (k) | (562 )      |
| Net cash provided by financing activities           | \$ 247,867                       | (53,236 )          |     | \$ 194,631  |

Notes to financial table:

(h) Reflects amounts as previously reported in the 2012 10-K.

(i) Reflects the adjustment necessary to present the cash flow category in accordance with GAAP.

(j) This amount represents the total debt assumed as part of the acquisition of a community in December 2011.

(k) The \$16,306 represents the portion of cash consideration from property dispositions in January 2011 that was used at closing to repay mortgage debt of \$16,095 and pay debt extinguishment costs of \$211. These amounts were incorrectly excluded from proceeds from sale of collegiate housing properties, payment of mortgage and construction debt and Debt extinguishment costs as reported.

(l) This amount represents the increase in accounts payable and accrued expenses on assets under development that should have been excluded from operating activities and should have reduced investment in assets under development in the investing activities section of the consolidated statement of cash flows.

## SUMMARY INFORMATION OF CONSOLIDATED STATEMENT OF CASH FLOWS

Year Ended December 31, 2010

(Amounts in thousands)

|   | As<br>Previously<br>Reported<br>(m) | Adjustments<br>(n) |     | As Restated  |
|---|-------------------------------------|--------------------|-----|--------------|
| Investing activities:                               |                                     |                    |     |              |
| Proceeds from sale of collegiate housing properties | \$ 25,682                           | 25,840             | (o) | \$ 51,522    |
| Net cash used in investing activities               | (46,314 )                           | 25,840             |     | (20,474 )    |
| Financing activities:                               |                                     |                    |     |              |
| Payment of mortgage and construction notes          | (13,222 )                           | (25,115 )          | (o) | (38,337 )    |
| Debt extinguishment costs                           | (629 )                              | (725 )             | (o) | (1,354 )     |
| Net cash provided by financing activities           | \$ (10,166 )                        | (25,840 )          |     | \$ (36,006 ) |

Notes to financial table:

(m) Reflects amounts as previously reported in the 2012 10-K.

(n) Reflects the adjustment necessary to present the cash flow category in accordance with GAAP.

The \$25,840 represents the portion of cash consideration from property dispositions in the fourth quarter of 2010 that was used at closing to repay mortgage debt of \$25,115 and pay debt extinguishment costs of \$725. These amounts were incorrectly excluded from proceeds from sale of collegiate housing properties, payment of mortgage and construction debt and debt extinguishment costs as reported.

Item 9A. Controls and Procedures.

Disclosure Controls and Procedures

The Trust maintains disclosure controls and procedures that are designed to ensure that information required to be disclosed in the Trust's filings under the Securities Exchange Act of 1934 (the "Exchange Act") is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and to ensure that such information is accumulated and communicated to the Trust's management, including its Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. The Trust also has investments in unconsolidated entities which are not under its control. Consequently, the Trust's disclosure controls and procedures with respect to these entities are necessarily more limited than those it maintains with respect to its consolidated subsidiaries.

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, had evaluated the effectiveness of the design and operation of the Trust's disclosure controls and procedures (as defined in Rule 13a-15(e) or 15d-15(e) of the Exchange Act) as of December 31, 2012. Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer had concluded that, as of December 31, 2012, the Trust's disclosure controls and procedures were effective in causing material information relating to the Trust to be recorded, processed, summarized and reported by management on a timely basis and to ensure the quality and timeliness of our public disclosures with SEC disclosure obligations.

In connection with the restatement of our statements of cash flows described Note 19 to the accompanying consolidated financial statements, our management re-evaluated the effectiveness of the Trust's disclosure controls and procedures as of December 31, 2012. As a result of that reevaluation, our management has determined that due to the material weakness in internal control over financial reporting described in Management's Report on Internal Control Over Financial Reporting included in Item 8, Financial Statements and Supplementary Data, of this Annual Report, the Trust's disclosure controls and procedures were not effective as of such date.

We are committed to a strong internal control environment and are currently taking steps to remediate this material weakness. Specifically, management will address the presentation of new transactions in the statement of cash flows at the time the accounting for new transactions is reviewed and approved and support its conclusions with relevant guidance. We intend to implement this process immediately and to complete remediation by September 30, 2013. We believe that this remediation action will represent significant improvement in our internal control environment.

Changes in Internal Control Over Financial Reporting

There were no changes in the Trust's internal control over financial reporting (as defined in Rule 13a-15(f) and 15d-15(f) of the Exchange Act) during the quarter ended December 31, 2012 that materially affected, or are reasonably likely to materially affect, the Trust's internal control over financial reporting.

Management's Report on Internal Control Over Financial Reporting

Management's report on our internal control over financial reporting is included in Item 8, Financial Statements and Supplementary Data, of this Annual Report.

PART IV

Item 15. Exhibits and Financial Statement Schedules.

(a)List of Documents Filed.

1.Financial Statements

All financial statements as set forth under Item 8 of this Annual Report on Form 10-K/A.

2.Financial Statement Schedules

The financial statements of University Village- Greensboro, LLC required by Rule 3-09 of Reg. S-X were provided as Exhibit 99.1 to Amendment No. 2 of the Trust's 2012 Annual Report.

3.Exhibits

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The list of exhibits filed as part of this Annual Report on Form 10-K is submitted in the Exhibit Index in response to Item 601 of Regulation S-K.

(b)Exhibits.

The exhibits filed in response to Item 601 of Regulation S-K are listed on the Exhibit Index attached hereto.

(c)None.

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Education Realty Trust, Inc.

Date: June 14, 2013

By: /s/ Randy Churchey

Randy Churchey

President, Chief Executive Officer and Director

INDEX TO EXHIBITS

| Exhibit<br>Number | Description  |
|-------------------|--|
| 3.1               | Second Articles of Amendment and Restatement of Education Realty Trust, Inc. (Incorporated by reference to Exhibit 3.1 to the Trust's Amendment No. 2 to its Registration Statement on Form S-11 (File No. 333-119264), filed on December 10, 2004.)   |
| 3.2               | Amended and Restated Bylaws of Education Realty Trust, Inc. (Incorporated by reference to Exhibit 3.2 to the Trust's Current Report on Form 8-K, filed on February 20, 2009.)  |
| 4.1               | Form of Certificate for Common Stock of Education Realty Trust, Inc. (Incorporated by reference to Exhibit 4.1 to the Trust's Annual Report on Form 10-K filed on March 16, 2010.)   |
| 10.1              | Amended and Restated Agreement of Limited Partnership of Education Realty Operating Partnership, LP. (Incorporated by reference to Exhibit 10.1 to the Trust's Annual Report on Form 10-K, filed on March 16, 2009.)   |
| 10.2              | First Amendment to Amended and Restated Agreement of Limited Partnership of Education Realty Operating Partnership, LP. (Incorporated by reference to Exhibit 10.2 to the Trust's Quarterly Report on Form 10-Q, filed on August 1, 2008.)   |
| 10.3              | Amended and Restated Agreement of Limited Partnership of University Towers Operating Partnership, LP. (Incorporated by reference to Exhibit 10.2 to the Trust's Registration Statement on Form S-11 (File No. 333-119264), filed on September 24, 2004.)   |
| 10.4(1)           | Education Realty Trust, Inc. 2004 Incentive Plan. (Incorporated by reference to Exhibit 10.3 to the Trust's Amendment No. 4 to its Registration Statement on Form S-11. (File No. 333-119264), filed on January 11, 2005.)   |
| 10.5(1)           | Form of Indemnification Agreement between Education Realty Trust, Inc. and its directors and officers. (Incorporated by reference to Exhibit 10.4 to the Trust's Amendment No. 1 to its Registration Statement on Form S-11 (File No. 333-119264), filed on November 4, 2004.)   |
| 10.6(1)           | Executive Employment Agreement between Education Realty Trust, Inc. and Randall L. Churchey, effective as of January 1, 2010. (Incorporated by reference to Exhibit 10.1 to the Trust's Current Report on Form 8-K, filed on January 12, 2010.)  |
| 10.7(1)           | Executive Employment Agreement between Education Realty Trust, Inc. and Randall H. Brown, effective as of January 1, 2011. (Incorporated by reference to Exhibit 10.1 to the Trust's Current Report on Form 8-K, filed on January 3, 2011.)  |
| 10.8(1)           | Amended and Restated Executive Employment Agreement between Education Realty Trust, Inc. and Thomas Trubiana, effective as of January 1, 2013. (Incorporated by reference to Exhibit 10.1 to the Trust's Current Report on Form 8-K, filed on January 2, 2013.)  |
| 10.9(1)           | Executive Employment Agreement between Education Realty Trust, Inc. and J. Drew Koester, effective as of January 1, 2011. (Incorporated by reference to Exhibit 10.3 to the Trust's Current Report on Form 8-K, filed on January 3, 2011.)   |
| 10.10(1)          | Executive Employment Agreement between Education Realty Trust, Inc. and Christine Richards, effective as of January 1, 2011. (Incorporated by reference to Exhibit 10.4 to the Trust's Current Report on Form 8-K, filed on January 3, 2011.)  |
| 10.11(1)          | Restricted Stock Award Agreement between Education Realty Trust, Inc. and Randall L. Churchey, dated as of January 12, 2010. (Incorporated by reference to Exhibit 10.2 to the Trust's Current Report on Form 8-K, filed on January 12, 2010.)   |
| 10.12             | Contribution Agreement dated as of September 24, 2004, by and among University Towers Operating Partnership, LP, Allen & O'Hara, Inc., Paul O. Bower, Clyde C. Porter, Robert D. Bird, Thomas J. Hickey, Barbara S. Hays and Hays Enterprises III, Ltd. (Incorporated by reference to Exhibit 10.8 to the Trust's Amendment No. 2 to its Registration Statement on Form S-11 (File No. 333-119264), filed on December 10, 2004.) |
| 10.13             |  |



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Contribution Agreement dated as of September 20, 2004, by and between Melton E. Valentine, Jr. and University Towers Operating Partnership, LP. (Incorporated by reference to Exhibit 10.9 to the Trust's Amendment No. 2 to its Registration Statement on Form S-11 (File No. 333-119264), filed on December 10, 2004.)

- 10.14(1) Incentive Compensation Plan for Executive Officers. (Incorporated by reference to Exhibit 10.38 to the Trust's Annual Report on Form 10-K, filed on March 16, 2010.)
- 10.15(1) Form of Restricted Stock Award Agreement. (Incorporated by reference to Exhibit 10.1 to the Trust's Current Report on Form 8-K filed on August 17, 2006.)
- 10.16(1) Education Realty Trust, Inc. 2010 Long-Term Incentive Plan. (Incorporated by reference to Exhibit 10.40 to the Trust's Annual Report on Form 10-K, filed on March 16, 2010.)

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| Exhibit Number | Description  |
|----------------|--|
| 10.17(1)       | Form of Restricted Stock Award Agreement (Time-Vested Restricted Stock) for the Education Realty Trust, Inc. 2010 Long-Term Incentive Plan. (Incorporated by reference to Exhibit 10.41 to the Trust's Annual Report on Form 10-K, filed on March 16, 2010.)   |
| 10.18(1)       | Form of Restricted Stock Unit Award Agreement (Performance-Vested Restricted Stock) for the Education Realty Trust, Inc. 2010 Long-Term Incentive Plan. (Incorporated by reference to Exhibit 10.42 to the Trust's Annual Report on Form 10-K, filed on March 16, 2010.)   |
| 10.19(1)       | Restricted Stock Award Agreement between Education Realty Trust, Inc. and Randall L. Churchey, dated as of April 13, 2010. (Incorporated by reference to Exhibit 10.1 to the Trust's Current Report on Form 8-K, filed on April 14, 2010.)   |
| 10.20(1)       | Education Realty Trust, Inc. 2011 Long-Term Incentive Plan. (Incorporated by reference to Exhibit 10.6 to the Trust's Current Report on Form 8-K, filed on January 3, 2011.)   |
| 10.21(1)       | Form of Restricted Stock Award Agreement (Time-Vested Restricted Stock) for the Education Realty Trust, Inc. 2011 and 2012 Long-Term Incentive Plans. (Incorporated by reference to Exhibit 10.7 to the Trust's Current Report on Form 8-K, filed on January 3, 2011.)   |
| 10.22(1)       | Form of Restricted Stock Unit Award Agreement (Performance-Vested Restricted Stock) for the Education Realty Trust, Inc. 2011 Long-Term Incentive Plan. (Incorporated by reference to Exhibit 10.8 to the Trust's Current Report on Form 8-K, filed on January 3, 2011.)   |
| 10.23          | Promissory Note, 929 N. Wolfe Street LLC and Education Realty Operating Partnership, LP, dated as of July 14, 2010. (Incorporated by reference to Exhibit 10.4 to the Trust's Quarterly Report on Form 10-Q, filed on August 6, 2010.)   |
| 10.24          | Purchase and Sale Agreement, by and between EDR Berkeley Place Limited Partnership, Western Place, LLC, Statesboro Place, LLC, EDR BG, LP and KAREP REIT I, Inc. dated as of October 8, 2010. (Incorporated by reference to Exhibit 10.1 to the Trust's Quarterly Report on Form 10-Q, filed on November 5, 2010.)   |
| 10.25          | Purchase and Sale Agreement, by and between Troy Place (DE), LLC, Jacksonville Place (DE), LLC, Martin Place (DE), LLC, Murray Place (DE), LLC, EDR Clemson Place Limited Partnership and KAREP REIT I, Inc. (Incorporated by reference to Exhibit 10.2 to the Trust's Quarterly Report on Form 10-Q, filed on November 5, 2010.)  |
| 10.26          | Agreement to Guarantee Loan, entered into as of July 14, 2010, by and between 929 N. Wolfe Street LLC and Education Realty Operating Partnership, LP. (Incorporated by reference to Exhibit 10.4 to the Trust's Quarterly Report on Form 10-Q, filed on November 5, 2010.)   |
| 10.27          | Master Credit Facility Agreement, dated as of December 31, 2008, by and among Education Realty Trust, Inc., Education Realty Operating Partnership, LP and certain subsidiaries, and Red Mortgage Capital, Inc. (Incorporated by reference to Exhibit 10.35 to the Trust's Annual Report on Form 10-K, filed on March 16, 2009.)   |
| 10.28          | Amended and Restated Master Credit Facility Agreement, dated as of December 2, 2009, by and among Education Realty Trust, Inc., Education Realty Operating Partnership, LP and certain subsidiaries, Red Mortgage Capital, Inc. and Fannie Mae. (Incorporated by reference to Exhibit 10.1 to the Trust's Current Report on Form 8-K, filed on December 8, 2009.)                    |
| 10.29          | Amendment No. 1 to Amended and Restated Master Credit Facility Agreement, dated as of February 25, 2010, by and among Education Realty Trust, Inc., Education Realty Operating Partnership, LP and certain subsidiaries, Red Mortgage Capital, Inc. and Fannie Mae. (Incorporated by reference to Exhibit 10.45 to the Trust's Annual Report on Form 10-K, filed on March 16, 2010.) |
| 10.30(1)       | Amendment No. 1 to the Education Realty Trust, Inc. 2004 Incentive Plan. (Incorporated by reference to Exhibit 10.47 to the Trust's Annual Report on Form 10-K, filed on March 16, 2010.)  |
| 10.31          | Education Realty Trust Deferred Compensation Plan, effective as of October 1, 2011. (Incorporated by reference to Exhibit 10.55 to the Trust's Annual Report on Form 10-K, filed on March 8, 2012.)  |
| 10.32          |  |

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Third Amended and Restated Credit Agreement, dated as of September 21, 2011, among Education Realty Operating Partnership, LP, and certain of its subsidiaries as borrowers, the lenders party thereto and KeyBank, National Association as administrative agent. (Incorporated by reference to Exhibit 10.1 to the Trust's Current Report on Form 8-K filed on September 26, 2011.)

10.33(1)

Education Realty Trust, Inc. 2012 Long-Term Incentive Plan. (Incorporated by reference to Exhibit 10.57 to the Trust's Annual Report on Form 10-K, filed on March 8, 2012).

10.34(1)

Amendment to the Education Realty Trust, Inc. 2010 and 2011 Long-Term Incentive Plans.

(Incorporated by reference to Exhibit 10.58 to the Trust's Annual Report on Form 10-K, filed on March 8, 2012).

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| Exhibit Number | Description   |
|----------------|---|
| 10.35          | First Amendment to Third Amended and Restated Credit Agreement, dated as of August 7, 2012, among Education Realty Operating Partnership, LP, and certain of its subsidiaries as borrowers, the lenders party thereto and KeyBank, National Association as administrative agent. (Incorporated by reference to Exhibit 10.1 to the Trust's Quarterly Report on Form 10-Q, filed on November 6, 2012.) |
| 10.36          | Fourth Amended and Restated Credit Agreement, dated as of January 4, 2013, among Education Realty Operating Partnership, LP, and certain of its subsidiaries as borrowers, the lenders party thereto and KeyBank, National Association as administrative agent. (Incorporated by reference to Exhibit 10.1 to the Trust's Current Report on Form 8-K, filed on January 15, 2013.)                     |
| 10.37(1)       | Education Realty Trust, Inc. 2013 Long-Term Incentive Plan (2)  |
| 10.38(1)       | Education Realty Trust, Inc. Annual Incentive Plan (2)  |
| 10.39(1)       | Education Realty Trust, Inc. 2011 Omnibus Equity Incentive Plan. (Incorporated by reference to Exhibit 99.1 to the Trust's Registration Statement on Form S-8 (file No. 333-173932), filed on May 4, 2011.)   |
| 11             | Statement Regarding Computation of Per Share Earnings (included within Annual Report on Form 10-K).   |
| 12             | Statement Regarding Computation of Ratios (2)   |
| 14             | Code of Business Conduct and Ethics (Incorporated by reference to Exhibit 14 to the Trust's Annual Report on Form 10-K, filed on March 16, 2009.)   |
| 21.1           | List of Subsidiaries of the Trust (2)   |
| 23.1           | Consent of Independent Registered Public Accounting Firm, Deloitte & Touche LLP, filed herewith.  |
| 23.2           | Consent of Independent Auditors, Dixon Hughes Goodman LLP (2).  |
| 31.1           | Certificate of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, filed herewith.   |
| 31.2           | Certificate of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, filed herewith.   |
| 32.1           | Certificate of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, furnished herewith.   |
| 32.2           | Certificate of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, furnished herewith.   |
|                | 101. INS XBRL Instance Document*  |
|                | 101. SCH XBRL Taxonomy Extension Schema Document*   |
|                | 101.CAL XBRL Taxonomy Extension Calculation Linkbase Document*  |
|                | 101.LAB XBRL Taxonomy Extension Label Linkbase Document*  |
|                | 101.PRE XBRL Taxonomy Extension Presentation Linkbase Document*   |
|                | 101.DEF XBRL Taxonomy Extension Definition Linkbase Document*   |
| 99.1           | Financial statements of University Village- Greensboro, LLC for the year ended December 31, 2012 (2)  |

(1) Denotes a management contract or compensatory plan, contract or arrangement.

(2) Previously filed as like-numbered exhibit to the initial filing or an amendment and incorporated by reference.

\* Attached as Exhibit 101 to this Annual Report on Form 10-K are the following materials, formatted in XBRL (eXtensible Business Reporting Language): (i) the Consolidated Balance Sheets as of December 31, 2012 and 2011, (ii) the Consolidated Statements of Operations for the years ended December 31, 2012, 2011 and 2010, (iii) the Consolidated Statements of Changes in Equity for the years ended December 31, 2012, 2011 and 2010, (iv) the Consolidated Statements of Cash Flows for the years ended December 31, 2012, 2011 and 2010 and (v) the Notes to Consolidated Financial Statements.

Pursuant to Rule 406T of Regulation S-T, the Interactive Data Files on Exhibit 101 hereto are deemed not filed or part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933, as

amended, are deemed not filed for purposes of Section 18 of the Securities and Exchange Act of 1934, as amended, and otherwise are not subject to liability under those sections.