

Education Realty Trust, Inc.  
Form 10-Q/A  
June 17, 2013  
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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549  
FORM 10-Q/A  
Amendment 1  
(Mark One)

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

For the quarterly period ended March 31, 2013

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

(State or Other Jurisdiction of Incorporation or Organization)

20-1352180

(I.R.S. Employer Identification No.)

999 South Shady Grove Road, Suite 600, Memphis,

Tennessee

(Address of Principal Executive Offices)

38120

(Zip Code)

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

Not Applicable

(Former Name, Former Address and Former Fiscal Year, if Changed Since Last Report)

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 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 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)

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

As of May 3, 2013, the latest practicable date, the Registrant had outstanding 114,020,736 shares of common stock,  
\$0.01 par value per share.

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EXPLANATORY NOTE

Subsequent to the issuance of the Trust's Form 10-Q for the quarterly period ended March 31, 2013, the Trust identified classification errors in the Condensed Consolidated Statements of Cash Flows for the three months ended March 31, 2012.

As a result, and as described further in Note 11 to the accompanying condensed consolidated financial statements included in this amendment No. 1 to this Form 10-Q, the Trust has restated its previously issued condensed consolidated statement of cash flow for the three months ended March 31, 2012, to correct these classification errors. The net change in cash for all periods reported was not impacted. Furthermore, these classification errors did not impact the Trust's condensed consolidated balance sheets, condensed consolidated statements of operations, condensed consolidated statements of changes in equity or previously reported notes to the condensed consolidated financial statements. It also did not impact the non-GAAP measures referred to as funds from operations, adjusted earnings before interest, taxes, depreciation and amortization and net operating income.

The Trust has not modified or updated disclosures presented in this Form 10-Q, except to reflect the effects of the restatement. Accordingly, this Amendment No. 1 to the Form 10-Q for the quarterly period ended March 31, 2013 does not reflect events occurring after the original filing date of the Form 10-Q and does not modify or update those disclosures affected by subsequent events, except as specifically referenced herein. Information not affected by the restatement is unchanged and reflects the disclosures made at the time of the original filing of the Form 10-Q. References to the "Form 10-Q/A" herein shall refer to the Form 10-Q as amended by this Amendment No. 1 to the Form 10-Q. This Form 10-Q/A only amends and restates Part I, Item 1. Financial Statements as a result of the restatement of the classification errors referred to above, and no other information in the Form 10-Q is amended hereby.

Item 4 was updated to revise management's conclusion on the effectiveness of the Trust's disclosure controls and procedures, and pursuant to the rules of the SEC, Part II, Item 6 also 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. 1 as Exhibits 31 and 32.

Part I — Financial Information

Item 1. Financial Statements.

CONDENSED CONSOLIDATED BALANCE SHEETS

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

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|   | March 31, 2013<br>(Unaudited) | December 31,<br>2012 |
|---|-------------------------------|----------------------|
| <b>ASSETS</b>   |                               |                      |
| Assets:   |                               |                      |
| Collegiate housing properties, net  | \$1,074,400                   | \$1,061,002          |
| Assets under development  | 193,295                       | 159,264              |
| Corporate office furniture, net   | 3,068                         | 3,007                |
| Cash and cash equivalents   | 14,508                        | 17,039               |
| Restricted cash   | 7,031                         | 6,410                |
| Student contracts receivable, net   | 551                           | 708                  |
| Receivable from managed third parties   | 664                           | 629                  |
| Notes receivable  | 21,000                        | 21,000               |
| Goodwill and other intangibles, net   | 3,861                         | 4,455                |
| Other assets  | 38,550                        | 51,173               |
| Total assets  | \$1,356,928                   | \$1,324,687          |
| <b>LIABILITIES AND EQUITY</b>   |                               |                      |
| Liabilities:  |                               |                      |
| Mortgage and construction loans, net of unamortized premium/discount  | \$420,645                     | \$398,846            |
| Unsecured revolving credit facility   | 96,633                        | 79,000               |
| Accounts payable  | 1,523                         | 1,749                |
| Accrued expenses  | 49,805                        | 55,374               |
| Deferred revenue  | 16,907                        | 17,964               |
| Total liabilities   | 585,513                       | 552,933              |
| Commitments and contingencies (see Note 6)  |                               |                      |
| Redeemable noncontrolling interests   | 9,014                         | 8,944                |
| Equity:   |                               |                      |
| Common stock, \$0.01 par value per share, 200,000,000 shares authorized, 113,762,914 and 113,062,452 shares issued and outstanding as of March 31, 2013 and December 31, 2012, respectively | 1,139                         | 1,131                |
| Preferred stock, \$0.01 par value per share, 50,000,000 shares authorized, no shares issued and outstanding   | —                             | —                    |
| Additional paid-in capital  | 846,088                       | 849,878              |
| Accumulated deficit   | (89,978                       | ) (93,287 )          |
| Total Education Realty Trust, Inc. stockholders' equity   | 757,249                       | 757,722              |
| Noncontrolling interests  | 5,152                         | 5,088                |
| Total equity  | 762,401                       | 762,810              |
| Total liabilities and equity  | \$1,356,928                   | \$1,324,687          |
| See accompanying notes to the condensed consolidated financial statements.  |                               |                      |

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## CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(Amounts in thousands, except per share data)

(Unaudited)

|  | Three months<br>ended March<br>31, 2013 | Three months<br>ended March<br>31, 2012 |
|--|---|---|
| Revenues:  |   |   |
| Collegiate housing leasing revenue   | \$41,404                                | \$31,631                                |
| Third-party development consulting services  | 391                                     | 328                                     |
| Third-party management services  | 969                                     | 853                                     |
| Operating expense reimbursements   | 3,858                                   | 2,118                                   |
| Total revenues   | 46,622                                  | 34,930                                  |
| Operating expenses:  |   |   |
| Collegiate housing leasing operations  | 18,589                                  | 13,746                                  |
| Development and management services  | 1,771                                   | 1,616                                   |
| General and administrative   | 2,023                                   | 2,117                                   |
| Depreciation and amortization  | 11,128                                  | 7,872                                   |
| Ground lease expense   | 1,588                                   | 1,511                                   |
| Reimbursable operating expenses  | 3,858                                   | 2,118                                   |
| Total operating expenses   | 38,957                                  | 28,980                                  |
| Operating income   | 7,665                                   | 5,950                                   |
| Nonoperating expenses:   |   |   |
| Interest expense   | 4,054                                   | 4,110                                   |
| Amortization of deferred financing costs   | 420                                     | 348                                     |
| Interest income  | (119)                                   | (21)                                    |
| Total nonoperating expenses  | 4,355                                   | 4,437                                   |
| Income before equity in earnings of unconsolidated entities, income taxes and discontinued operations  | 3,310                                   | 1,513                                   |
| Equity in (losses) of unconsolidated entities  | (20)                                    | (263)                                   |
| Income before income taxes and discontinued operations   | 3,290                                   | 1,250                                   |
| Income tax (benefit)   | (237)                                   | (75)                                    |
| Income from continuing operations  | 3,527                                   | 1,325                                   |
| Income (loss) from discontinued operations   | (49)                                    | 789                                     |
| Net income   | 3,478                                   | 2,114                                   |
| Less: Net income attributable to the noncontrolling interests  | 169                                     | 226                                     |
| Net income attributable to Education Realty Trust, Inc.  | \$3,309                                 | \$1,888                                 |
| Earnings per share information:  |   |   |
| Income attributable to Education Realty Trust, Inc. common stockholders per share – basic and diluted: |   |   |
| Continuing operations  | \$0.03                                  | \$0.01                                  |
| Discontinued operations  | —                                       | 0.01                                    |
| Net income attributable to Education Realty Trust, Inc. common stockholders per share                  | \$0.03                                  | \$0.02                                  |
| Weighted average shares of common stock outstanding – basic  | 113,635                                 | 92,839                                  |
| Weighted average shares of common stock outstanding – diluted  | 114,673                                 | 93,937                                  |
| Amounts attributable to Education Realty Trust, Inc. – common stockholders:                            |   |   |
| Income from continuing operations, net of tax  | \$3,358                                 | \$1,107                                 |
| Income (loss) from discontinued operations, net of tax   | (49)                                    | 781                                     |
| Net income attributable to Education Realty Trust, Inc.  | \$3,309                                 | \$1,888                                 |

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|   |        |        |
|---|--------|--------|
| Distributions per share of common stock | \$0.10 | \$0.07 |
|---|--------|--------|

See accompanying notes to the condensed consolidated financial statements.

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## CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(Amounts in thousands, except share data)

(Unaudited)

|  | Common Stock |         | Additional<br>Paid-In<br>Capital | Accumulated<br>Deficit | Noncontrolling<br>Interest | Total     |
|--|--------------|---------|----------------------------------|------------------------|----------------------------|-----------|
|  | Shares       | Amount  |                                  |                        |                            |           |
| Balance, December 31, 2011   | 91,800,688   | \$918   | \$662,657                        | \$(101,708 )           | \$ 1,487                   | \$563,354 |
| Proceeds from issuances of<br>common stock, net of offering<br>costs | 2,003,709    | 20      | 20,638                           | —                      | —                          | 20,658    |
| Amortization of restricted stock                                     | 6,550        | —       | 184                              | —                      | —                          | 184       |
| Cash dividends   | —            | —       | (6,465 )                         | —                      | —                          | (6,465 )  |
| Return of equity to<br>noncontrolling interests                      | —            | —       | —                                | —                      | (321 )                     | (321 )    |
| Contributions from<br>noncontrolling interests                       | —            | —       | —                                | —                      | 218                        | 218       |
| Net income (loss)  | —            | —       | —                                | 1,888                  | (14 )                      | 1,874     |
| Balance, March 31, 2012  | 93,810,947   | \$938   | \$677,014                        | \$(99,820 )            | \$ 1,370                   | \$579,502 |
| Balance, December 31, 2012   | 113,062,452  | \$1,131 | \$849,878                        | \$(93,287 )            | \$ 5,088                   | \$762,810 |
| Proceeds from issuances of<br>common stock, net of offering<br>costs | 710,000      | 8       | 7,478                            | —                      | —                          | 7,486     |
| Amortization of restricted stock                                     | (9,538 )     | —       | 80                               | —                      | —                          | 80        |
| Cash dividends   | —            | —       | (11,348 )                        | —                      | —                          | (11,348 ) |
| Contributions from<br>noncontrolling interests                       | —            | —       | —                                | —                      | 65                         | 65        |
| Net income (loss)  | —            | —       | —                                | 3,309                  | (1 )                       | 3,308     |
| Balance, March 31, 2013  | 113,762,914  | \$1,139 | \$846,088                        | \$(89,978 )            | \$ 5,152                   | \$762,401 |

See accompanying notes to the condensed consolidated financial statements.

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## CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Amounts in thousands)

(Unaudited)

|  | Three months<br>ended March 31,<br>2013 | Three months<br>ended March 31,<br>2012<br>Restated <sup>(1)</sup> |
|--|---|--|
| Operating activities:  |   |  |
| Net income   | \$3,478                                 | \$2,114  |
| Adjustments to reconcile net income to net cash provided by operating activities:        |   |  |
| Depreciation and amortization  | 11,128                                  | 7,872  |
| Depreciation included in discontinued operations   | —                                       | 787  |
| Loss on disposal of assets   | 12                                      | 4  |
| Noncash rent expense related to the straight-line adjustment for long-term ground leases | 1,093                                   | 1,061  |
| Amortization of deferred financing costs   | 420                                     | 348  |
| Amortization of unamortized debt premiums  | (190)                                   | (115)  |
| Distributions of earnings from unconsolidated entities                                   | 37                                      | 49   |
| Noncash compensation expense related to stock-based incentive awards                     | 552                                     | 280  |
| Equity in losses of unconsolidated entities  | 20                                      | 263  |
| Change in operating assets and liabilities   | 3,309                                   | (2,169)  |
| Net cash provided by operating activities  | 19,859                                  | 10,494   |
| Investing activities:  |   |  |
| Property acquisitions, net of cash acquired  | —                                       | (22,948)   |
| Purchase of corporate furniture and fixtures   | (106)                                   | (803)  |
| Restricted cash  | (621)                                   | (313)  |
| Insurance proceeds on property losses  | 10,459                                  | —  |
| Investment in collegiate housing properties  | (2,072)                                 | (2,861)  |
| Earnest money deposits   | (125)                                   | —  |
| Investment in assets under development   | (62,032)                                | (27,984)   |
| Distributions from unconsolidated entities   | —                                       | 45   |
| Investments in unconsolidated entities   | (1,351)                                 | —  |
| Net cash used in investing activities  | (55,848)                                | (54,864)   |
| Financing activities:  |   |  |
| Payment of mortgage and construction notes   | (1,180)                                 | (35,051)   |
| Payment of offering costs  | (98)                                    | (215)  |
| Debt issuance costs  | (2,199)                                 | (26)   |
| Borrowing on long-term debt  | 23,170                                  | 11,002   |
| Repayments of line of credit   | (5,000)                                 | —  |
| Borrowings on line of credit   | 22,633                                  | —  |
| Proceeds from common stock offering  | 7,584                                   | 20,866   |
| Return of equity to noncontrolling interests   | —                                       | (321)  |
| Contributions from noncontrolling interests  | —                                       | 218  |
| Dividends and distributions paid to common and restricted stockholders                   | (11,348)                                | (6,465)  |
| Dividends and distributions paid to noncontrolling interests                             | (104)                                   | (146)  |
| Net cash provided by (used in) financing activities                                      | 33,458                                  | (10,138)   |
| Net decrease in cash and cash equivalents  | (2,531)                                 | (54,508)   |
| Cash and cash equivalents, beginning of period   | 17,039                                  | 75,813   |
| Cash and cash equivalents, end of period   | \$14,508                                | \$21,305   |



(1) See Note 11 for further discussion of the restatement.

See accompanying notes to the condensed consolidated financial statements.

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|  | Three months<br>ended March<br>31, 2013 | Three months<br>ended March<br>31, 2012 |
|--|---|---|
| Supplemental disclosure of cash flow information:                  |   |   |
| Interest paid  | \$5,310                                 | \$5,076                                 |
| Income taxes paid  | \$150                                   | \$1                                     |
| Supplemental disclosure of noncash activity:                       |   |   |
| Redemption of redeemable noncontrolling interests from unit holder | \$—                                     | \$424                                   |

See accompanying notes to the condensed consolidated financial statements.

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

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 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 wholly-owned subsidiaries of the Operating Partnership:

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

• EdR Development LLC (the “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 condensed 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 condensed 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 condensed consolidated financial statements.

Interim financial information

The accompanying unaudited interim financial statements include all adjustments, consisting only of normal recurring adjustments that, in the opinion of management, are necessary for a fair presentation of the Trust’s financial position,

results of operations and cash flows for such periods. Because of the seasonal nature of the business, the operating results and cash flows are not necessarily indicative of results that may be expected for any other interim periods or for the full fiscal year. These financial statements should be read in conjunction with the Trust's consolidated financial statements and related notes included in the Trust's Annual Report on Form 10-K for the year ended December 31, 2012, as amended, filed with the Securities and Exchange Commission (the "SEC") on March 1, 2013.

#### 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

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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.

### Cash and cash equivalents

All highly-liquid investments with a maturity of three months or less when purchased are considered cash equivalents. Restricted cash is excluded from cash for the purpose of preparing the condensed 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 March 31, 2013, 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 purposes 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.

### Notes receivable

During the year ended December 31, 2012, the Trust entered in to 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 March 31, 2013 and December 31, 2012, the mezzanine financing is recorded in notes receivable in the accompanying condensed consolidated balance sheets. 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 (see Note 7).

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 March 31, 2013 and

December 31, 2012, the note receivable for the second mortgage had a balance of \$18.0 million and is recorded in notes receivable in the accompanying condensed 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 March 31, 2013, 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 \$4.2 million since the commencement of the project.

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### 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 condensed 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 three months ended March 31, 2013 and 2012, three properties were classified as discontinued operations in the accompanying condensed consolidated statements of operations for all periods presented. All three of these properties were sold by December 31, 2012 (see Note 8).

### 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 condensed consolidated balance sheets as the funds are not available for use.

### Ground leases

In conjunction with certain acquisitions, the Trust has entered into long-term ground leases which require an increase in annual rent expense based on the greater of 3% or the consumer price index for the life of the lease. The Trust recognizes the minimum 3% annual increase in rent expense on a straight-line basis. For the three months ended March 31, 2013 and 2012, the Trust recognized \$1.6 million and \$1.5 million in rent expense, respectively, in the accompanying condensed consolidated statement of operations related to these ground leases.

Investment in unconsolidated entities

The Operating Partnership accounts for its investments in unconsolidated joint ventures and limited liability companies using the equity method whereby the cost 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 and limited liability companies 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 condensed consolidated balance sheets (see Note 3).

Deferred financing costs

Deferred financing costs represent costs incurred in connection with acquiring debt facilities. These costs are amortized over the terms of the related debt using a method that approximates the effective interest method. Deferred financing costs, net of amortization, are included in other assets in the accompanying condensed consolidated balance sheets.



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### 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 condensed consolidated statements 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 a portion of the net proceeds to repay the unsecured revolving credit facility (see Note 4) 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 7).

On September 20, 2011, 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, 2012, the Trust had sold 4.8 million shares of common stock under the 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 March 31, 2013, the Trust had sold 0.8 million shares of common stock under the 2012 agreements for net proceeds of approximately \$8.7 million. The Trust is using the net proceeds to repay debt, fund its development pipeline, fund potential future 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. There was no compensation expense recorded for the three months ended March 31, 2013. For the three months ended March 31, 2012, total compensation expense relating to the ESPP was \$7,117.

### 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 March 31, 2013 and December 31, 2012, the Trust had net unamortized debt premiums of \$2.9 million and \$3.1 million, 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 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.

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The Trust had no unrecognized tax benefits as of March 31, 2013 and 2012. As of March 31, 2013, 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 March 31, 2013, open tax years generally included 2009, 2010, 2011 and 2012. The Trust's policy is to include interest and penalties related to unrecognized tax benefits in general and administrative expenses. As of March 31, 2013 and 2012, the Trust had no interest or penalties recorded related to unrecognized tax benefits.

## Noncontrolling interests

As of March 31, 2013, the Trust had entered into four joint venture agreements to develop, own and manage properties near Duke University, The University of Alabama, Arizona State University – Downtown Phoenix and The University of Mississippi. The Trust is deemed to be the primary beneficiary of these communities; therefore, the Trust accounts for these 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 condensed consolidated balance sheets and statements of changes in equity and net income attributable to noncontrolling interests in the accompanying condensed consolidated statements of operations.

The units of limited partnership of the Operating Partnership ("Operating Partnership Units") and units of limited partnership of University Towers Operating Partnership, LP ("University Towers Operating Partnership Units") 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 condensed consolidated balance sheets and net income attributable to noncontrolling interests in the accompanying condensed 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 March 31, 2013, the Trust reported the redeemable noncontrolling interests at historical cost, which was greater than fair value. During the three months ended March 31, 2012, 43,832 Operating Partnership Units were redeemed for 43,832 shares of common stock.

## Earnings per share

Basic earnings per share is calculated by dividing net earnings available to shares of 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 three months ended March 31, 2013 and 2012:

|   | 2013        | 2012       |
|---|-------------|------------|
| Basic weighted average shares of common stock outstanding | 113,635,485 | 92,838,737 |
| Operating Partnership Units                               | 830,342     | 891,075    |
| University Towers Operating Partnership Units             | 207,257     | 207,257    |

|   |             |            |
|---|-------------|------------|
| Diluted weighted average shares of common stock outstanding | 114,673,084 | 93,937,069 |
|---|-------------|------------|

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### 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 March 31, 2013. The carrying value of goodwill was \$3.1 million as of March 31, 2013 and December 31, 2012, 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 \$0.8 million and \$1.4 million as of March 31, 2013 and December 31, 2012, respectively.

### 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 is equal to net income.

### 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 condensed 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.

**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 recognition typically occurs after construction is complete. There was no cost savings revenue recognized for the three months ended March 31, 2013. For the three months ended March 31, 2012, there was \$0.2 million of revenue recognized related to cost savings agreements on development projects.

**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 condensed consolidated balance sheets.

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

## 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.

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. The fair values of these assets are determined using discounted cash flow models, market appraisals if available, and other market participant data. There was no impairment recorded as of March 31, 2013 and December 31, 2012.

Financial assets and liabilities that are not measured at fair value in our condensed 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 tables below summarize the carrying amounts and fair values of these financial instruments as of March 31, 2013 and December 31, 2012.

|   | As of March 31, 2013    |                      |          |         |
|---|-------------------------|----------------------|----------|---------|
|   | Carrying value          | Estimated Fair Value |          |         |
| (in thousands)                                |                         | Level 1              | Level 2  | Level 3 |
| Mezzanine notes receivable                    | \$21,000                | \$—                  | \$23,429 | \$—     |
| Unsecured revolving credit facility           | 96,633                  | —                    | 96,633   | —       |
| Variable rate mortgage and construction loans | 148,382                 | —                    | 148,382  | —       |
| Fixed rate mortgage and construction loans    | 269,385                 | —                    | 288,105  | —       |
|   | As of December 31, 2012 |                      |          |         |
|   | Carrying value          | Estimated Fair Value |          |         |
| (in thousands)                                |                         | 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  | —       |

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.



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## Recent accounting pronouncements

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 condensed consolidated financial statements.

## 3. Investments in unconsolidated entities

During the three months ended March 31, 2013, the Trust had investments, directly or indirectly, in the following active unconsolidated joint ventures. The Trust participates in major operating decisions of these joint ventures; therefore, the equity method of accounting is used to account for these investments.

- 1313 5th Street MN Holdings, LLC, a Delaware limited liability company, 50% owned by the Operating Partnership;
- Joint investment in land, 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;

During the three months ended March 31, 2012, the Trust had investments, directly or indirectly, in the following active unconsolidated joint ventures.

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

The following is a summary of financial information for the Trust's unconsolidated joint ventures for the three months ended March 31, 2013 and 2012:

|  | 2013           | 2012    |
|--|----------------|---------|
|  | (In thousands) |         |
| Results of Operations:                                 |                |         |
| Revenues   | \$948          | \$1,172 |
| Net loss   | (79)           | (2,189) |
| Equity in earnings (losses) of unconsolidated entities | \$(20)         | \$(263) |

As of March 31, 2013 and December 31, 2012, the Trust had \$13.1 million and \$11.7 million in investments in unconsolidated entities classified in other assets in the accompanying condensed consolidated balance sheets, respectively. As of March 31, 2013 and December 31, 2012, the Trust had \$1.6 million and \$1.5 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 condensed consolidated balance sheets (see Note 2).

During the three months ended March 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 7). 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 condensed consolidated statement of operations and recorded its share of the proceeds from the sale of \$45,000 as a distribution in the condensed consolidated financial statements.

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4. Debt

Revolving credit facility

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 Fourth 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 March 31, 2013, our borrowing base was \$375.0 million, and we had \$96.6 million outstanding under the Fourth Amended Revolver; thus, our remaining borrowing base availability was \$278.4 million.

The Trust serves as the guarantor for any funds borrowed by the Operating Partnership under the Fourth Amended Revolver. The interest rate per annum applicable to the Fourth 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 March 31, 2013, the interest rate applicable to the Fourth Amended Revolver was 1.66%. If amounts are drawn down, due to the fact the Fourth Amended Revolver bears interest at variable rates, cost approximates the fair value.

The Fourth 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 March 31, 2013, the Trust was in compliance with all covenants of the Fourth Amended Revolver.

Mortgage and construction debt

As of March 31, 2013, the Trust had outstanding mortgage and construction indebtedness of \$417.8 million (excluding an unamortized debt premium of \$2.9 million, as described in Note 2). Of the total, \$112.2 million and \$36.2 million relate to variable rate construction and mortgage debt, respectively, which is described below, and \$48.3 million relates to the purchase of The Suites at Overton Park and The Centre at Overton Park collegiate housing communities described below. The remaining \$221.1 million pertains to fixed rate mortgage debt that includes \$34.8 million of debt that is secured by underlying collegiate housing properties bearing interest at fixed rates ranging from 4.92% to 5.99% and \$186.3 million pertains 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%. 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 March 31, 2013.

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 the Trust has 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 March 31, 2013, the Trust had outstanding variable rate mortgage debt of \$36.2 million that was assumed in connection with the acquisition of the GrandMarc at Westberry 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 March 31, 2013, the interest rate applicable to the loan was 4.95%.

As of March 31, 2013, the Trust had borrowed \$23.4 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

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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 March 31, 2013, the interest rate applicable to the loan was 2.46%. On October 30, 2015, if certain conditions for extension are met, the Trust has the option to extend the loan until October 31, 2016. On October 30, 2016, if certain conditions are met, the Trust has 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 March 31, 2013, the Trust had borrowed \$33.1 million on a construction loan related to the development of a jointly owned collegiate housing community in Tuscaloosa, Alabama (East Edge). The Trust is the majority owner and managing member of the joint venture and manages 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 March 31, 2013, 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, the Trust may 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, the Trust 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 March 31, 2013, 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 March 31, 2013, the interest rate applicable to the loan was 1.31%.

As of March 31, 2013, the Trust had \$12.3 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 March 31, 2013, the interest rate applicable to the loan was 2.16%. 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 March 31, 2013, the Trust had borrowed \$17.6 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 (see Note 7). 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 March 31, 2013, 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 1.8% 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 March 31, 2013, the Trust had borrowed \$17.3 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 (see Note 7). The loan bears interest equal to LIBOR plus a 225 basis point margin and is interest only through March 20, 2015. As of March 31, 2013, the interest rate applicable to the loan was 2.46%. 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.

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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.

The scheduled maturities of outstanding mortgage and construction indebtedness as of March 31, 2013 are as follows:

| Fiscal Year Ending                                    | (In thousands) |
|---|----------------|
| 2013 (9 months ending December 31, 2013)              | \$36,765       |
| 2014  | 73,700         |
| 2015  | 69,719         |
| 2016  | 91,729         |
| 2017  | 39,757         |
| Thereafter  | 106,097        |
| Total   | 417,767        |
| Debt premium  | 2,878          |
| Outstanding as of March 31, 2013, net of debt premium | \$420,645      |

As of March 31, 2013, the outstanding mortgage and construction debt had a weighted average interest rate of 4.72% and carried a weighted average term to maturity of 3.3 years.

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## 5. 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. Discontinued operations are not included in segment reporting as management addresses those items on a corporate level. The following table represents segment information for the three months ended March 31, 2013 and 2012:

| Segment                                     | Three Months Ended March 31, 2013<br>(In thousands) |                                       |                        |                                       | Three Months Ended March 31, 2012 |                                       |                        |                                       |
|---|---|---------------------------------------|------------------------|---------------------------------------|-----------------------------------|---------------------------------------|------------------------|---------------------------------------|
|   | Collegiate<br>Housing<br>Leasing                    | Development<br>Consulting<br>Services | Management<br>Services | Adjustments/<br>Eliminations<br>Total | Collegiate<br>Housing<br>Leasing  | Development<br>Consulting<br>Services | Management<br>Services | Adjustments/<br>Eliminations<br>Total |
| Segment revenues:                           |   |                                       |                        |                                       |                                   |                                       |                        |                                       |
| Collegiate housing leasing revenue          | \$41,404  | \$—                                   | \$—                    | \$—\$41,404                           | \$31,631                          | \$—                                   | \$—                    | \$— \$31,631                          |
| Third-party development consulting services | —   | 391                                   | —                      | — 391                                 | —                                 | 450                                   | —                      | (122 ) 328                            |
| Third-party management services             | —   | —                                     | 969                    | — 969                                 | —                                 | —                                     | 853                    | — 853                                 |
| Operating expense reimbursements            | —   | —                                     | —                      | 3,858 3,858                           | —                                 | —                                     | —                      | 2,118 2,118                           |
| Total segment revenues                      | 41,404  | 391                                   | 969                    | 3,858 6,622                           | 31,631                            | 450                                   | 853                    | 1,996 34,930                          |
| Segment operating expenses:                 |   |                                       |                        |                                       |                                   |                                       |                        |                                       |
| Collegiate housing leasing operations       | 18,589  | —                                     | —                      | — 18,589                              | 13,746                            | —                                     | —                      | — 13,746                              |
| General and administrative                  | —   | 1,127                                 | 644                    | — 1,771                               | —                                 | 876                                   | 697                    | (17 ) 1,556                           |
| Reimbursable operating expenses             | —   | —                                     | —                      | 3,858 3,858                           | —                                 | —                                     | —                      | 2,118 2,118                           |
| Total segment operating expenses            | 18,589  | 1,127                                 | 644                    | 3,858 4,218                           | 13,746                            | 876                                   | 697                    | 2,101 17,420                          |
| Segment net operating                       | \$22,815  | \$(736 )                              | \$325                  | \$—\$22,404                           | \$17,885                          | \$(426 )                              | \$156                  | \$(105 ) \$17,510                     |



income (loss) <sup>(1)</sup>

Total segment

assets as of

March 31, 2013 \$1,292,499 \$6,004 \$10,978 \$—\$1,309,481 \$1,257,476 \$5,695 \$10,218 \$— \$1,273,389  
and December  
31, 2012 <sup>(2)</sup>

(1) The following is a reconciliation of the reportable segments' net operating income to the Trust's consolidated income before income taxes and discontinued operations for the three months ended March 31:

|  | 2013     | 2012     |   |
|--|----------|----------|---|
| Net operating income for reportable segments           | \$22,404 | \$17,510 |   |
| Other unallocated general and administrative expenses  | (2,023   | ) (2,177 | ) |
| Depreciation and amortization                          | (11,128  | ) (7,872 | ) |
| Ground leases  | (1,588   | ) (1,511 | ) |
| Nonoperating expenses                                  | (4,355   | ) (4,437 | ) |
| Equity in earnings (losses) of unconsolidated entities | (20      | ) (263   | ) |
| Income before income taxes and discontinued operations | \$3,290  | \$1,250  |   |

(2) The increase in segment assets related to collegiate housing leasing is primarily related to the continued development of eleven communities for ownership by the Trust.

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6. Commitments and contingencies

In July 2012, the Trust's 3949 community located in St. Louis, Missouri was 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 March 31, 2013, the mortgage debt on this community was repaid (see Note 4), 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 \$24.2 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 \$6.0 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 has a \$2.5 million reserve to fund any operating or debt service shortfalls that is 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 7) 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 March 31, 2013 and December 31, 2012, \$32.7 million and \$22.7 million, respectively, had been drawn on the construction loan of which \$9.3 million and \$6.3 million, respectively, is attributable to LeylandAlliance LLC; these amounts are not included in our accompanying condensed 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 any 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 March 31, 2013 and December 31, 2012, the Trust had reimbursable predevelopment costs of \$2.1 million and \$3.5 million, respectively, which are reflected in other assets in the accompanying condensed consolidated balance sheets.

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## 7. 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 | Contract 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. 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 and sales of collegiate housing communities. A summary follows of the allocation of the purchase price to the fair values of the assets acquired and the liabilities assumed as of the dates of the acquisitions (in thousands):

|                               | The Province<br>at East<br>Carolina | The District<br>on 5th | The Suites<br>and Centre<br>at Overton<br>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     |
| 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 condensed consolidated statement of operations for the three months ended March 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<br>income<br>(loss) | Net income (loss)<br>attributable to common<br>stockholders per share<br>- basic and diluted |
|---|----------------|-------------------------|--|
|   | (in thousands) |                         |  |
| Actual from date of acquisition – 3/31/12                       | \$ 651         | \$ 85                   | \$ —   |
| 2012 supplemental pro forma for 1/1/12 – 3/31/12 <sup>(1)</sup> | \$ 38,172      | \$ 3,346                | \$ 0.04  |
| 2011 supplemental pro forma for 1/1/11 – 3/31/11 <sup>(1)</sup> | \$ 30,794      | \$ (409 )               | \$ (0.01 )   |

Supplemental pro forma earnings for the three months ended March 31, 2012 were adjusted to exclude \$1.1 million<sup>(1)</sup> of acquisition-related costs incurred in 2012. Supplemental pro forma earnings for the three months ended March 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.

In March 2013, the Trust announced an agreement with Javelin 19 Investments, LLC ("Javelin 19") to develop, own and manage a new collegiate housing community near Duke University. The Trust is the majority owner and managing member of the joint venture and will manage the community once completed. As of March 31, 2013, the Trust and Javelin 19 had incurred \$6.1 million in costs for the project. During the three months ended March 31, 2013, the Trust capitalized interest costs of \$0.1 million and capitalized internal development project costs of approximately \$16,854. The community is expected to open in the summer of 2014.

In July 2012, the 3949 collegiate housing community at Saint Louis University was damaged by fire. The Trust is in the process of rebuilding this community. As of March 31, 2013, the Trust had incurred \$12.6 million in costs for the project. During the three months ended March 31, 2013, the Trust capitalized internal development costs of \$2,968.

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 March 31, 2013, the Trust and Summa West, LLC had incurred \$38.5 million in costs for the project. During the three months ended March 31, 2013 and 2012, the Trust capitalized interest costs of approximately \$0.2 million and \$0.1 million, respectively, and internal development project costs of approximately \$16,754 and \$0.1 million, respectively, 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 March 31, 2013, the Trust and Landmark Properties had incurred \$29.4 million in costs for the project. During the three months ended March 31, 2013 and 2012, the Trust capitalized interest costs of approximately \$0.1 million and \$32,195, respectively, and internal development project costs of approximately \$8,829 and \$3,842, respectively, 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 March 31, 2013, the Trust had incurred \$31.0 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 three months ended March 31, 2013 and 2012, the Trust capitalized interest costs of approximately \$0.2 million and \$972, respectively, and internal development project costs of approximately \$0.1 million for both periods 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 March 31, 2013, the Trust had incurred \$2.5 million in project costs. During the three months ended March 31, 2013 and 2012, the Trust capitalized interest costs of approximately \$9,531 and \$1,139, respectively, and internal development project costs of approximately \$14,120 and \$3,458, respectively, related to the development.

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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 March 31, 2013, the Trust had incurred \$53.0 million in costs for the project, which is expected to open in the summer of 2013. During the three months ended March 31, 2013 and 2012, the Trust capitalized interest costs of approximately \$0.5 million and \$0.1 million, respectively, and internal development project costs of approximately \$22,266 and \$37,144, respectively, 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 the summer of 2013. As of March 31, 2013, the Trust had incurred \$20.2 million in project costs for the second phase. During the three months ended March 31, 2013 and 2012, the Trust capitalized interest costs of \$0.1 million and \$0.2 million, respectively, and internal development project costs of approximately \$19,948 and \$29,302, respectively, related to the development.

All costs related to the development of collegiate housing communities are classified as assets under development in the accompanying condensed consolidated balance sheets until the community is completed and opens.

#### 8. 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 \$67.2 million after closing costs.

Accordingly, the results of operations of all three 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 three months ended March 31, 2013 and 2012 (in thousands):

|   | 2013  | 2012     |
|---|-------|----------|
| Collegiate housing leasing revenue  | \$—   | \$2,975  |
| Collegiate housing leasing operating expenses   | (49   | ) (1,399 |
| Depreciation and amortization   | —     | (787     |
| Interest expense  | —     | —        |
| Amortization of deferred financing costs  | —     | —        |
| Noncontrolling interests  | —     | (8       |
| Income (loss) from discontinued operations attributable to Education Realty Trust, Inc. | \$(49 | ) \$781  |
| Gain on sale of collegiate housing property   | —     | —        |

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|  |     |     |
|--|-----|-----|
| Noncontrolling interests   | —   | —   |
| Gain on sale of collegiate housing property attributable to Education Realty Trust, Inc. | \$— | \$— |



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9. Incentive plan

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 March 31, 2013, the Trust had 3,249,548 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 and 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 compensation committee of the Board 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 our compensation committee may determine. Except to the extent restricted under the award agreement, a participant awarded shares of 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 March 31, 2013 and December 31, 2012, unearned compensation related to restricted stock totaled \$1.5 million and \$1.0 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 three months ended March 31, 2013 and 2012, compensation expense of \$0.2 million was recognized in the accompanying condensed consolidated statements of operations, related to the vesting of restricted stock. Effective January 1, 2013 and January 1, 2012, the Trust adopted the 2013 Long-Term Incentive Plan (the "2013 LTIP") and 2012 Long-Term Incentive Plan (the "2012 LTIP"), respectively. The purpose of the 2013 LTIP and 2012 LTIP is to attract, retain and motivate the executive officers and certain key employees of the Trust and to promote the long-term growth and profitability of the Trust. On January 1, 2013 and 2012, the Trust issued 65,791 and 70,595, respectively, of time vested restricted stock to executives and key employees under the 2013 LTIP and 2012 LTIP. The restricted stock granted under the 2013 LTIP and the 2012 LTIP will vest ratably over three years as long as the participants remain employed by the Trust.

An 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 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 distributions on the RSUs. On January 1, 2013, the Trust granted 122,180 performance vested RSUs to executives and key employees under the 2013 LTIP described above. On January 1, 2012, the Trust granted the specific dollar amount of \$1.1 million of performance vested RSUs 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. As of March 31, 2013 and December 31, 2012, unearned compensation related to RSUs totaled \$1.8 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 three months ended March 31, 2013 and 2012, compensation expense of \$0.2 million was recognized in the accompanying condensed consolidated statements of operations, related to the vesting of RSUs.



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Total stock-based compensation recognized in general and administrative expense in the accompanying condensed consolidated statements of operations for the three months ended March 31, 2013 and 2012 was \$0.6 million and \$0.5 million, respectively. A summary of the stock-based incentive plan activity as of and for the three months ended March 31, 2013 is as follows:

|                                     | Stock<br>Awards <sup>(1)</sup> |
|-------------------------------------|--------------------------------|
| Outstanding as of December 31, 2012 | 1,052,051                      |
| Granted                             | 187,971                        |
| Retired                             | (36,201 )                      |
| Outstanding as of March 31, 2013    | 1,203,821                      |
| Vested as of March 31, 2013         | 749,558                        |

<sup>(1)</sup> Includes restricted stock and RSU awards where a specific amount of RSUs were granted.

10. Subsequent events

Our Board declared a distribution of \$0.10 per share of common stock for the quarter ended March 31, 2013. The distribution is payable on May 15, 2013 to stockholders of record at the close of business on April 30, 2013.

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.

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## 11. Restatement of condensed consolidated financial statements

Subsequent to the issuance of the Trust's Form 10-Q for the quarterly period ended March 31, 2013, the Trust identified classification errors in the condensed consolidated statements of cash flows for the three months ended March 31, 2012. 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 or funds from operations provided in the previously filed Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2013.

In relation to assets under development, for the three months ended March 31, 2012, the Trust incorrectly overstated cash paid for investments in assets under development in the investing activities section of the condensed consolidated statement of cash flows by \$2.2 million, 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 months ended March 31, 2012 that was 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 and received contributions of \$0.2 million from noncontrolling interests for the three months ended March 31, 2012 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 affected sections of the condensed consolidated statement of cash flows and includes the amounts as previously reported in the Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2013, the noted adjustment to correct the errors described above and the amounts as restated.

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:                        |                              |               |              |
| Investments 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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Item 4. Controls and Procedures.

Management's Evaluation of 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.

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 March 31, 2013. Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer had concluded that, as of March 31, 2013, 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 for the quarterly period ended March 31, 2012 described in Note 11 to the accompanying condensed 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, the Trust's disclosure controls and procedures were not effective as of such date and the material weakness had not been remediated as of March 31, 2013.

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 March 31, 2013 that materially affected, or are reasonably likely to materially affect, the Trust's internal control over financial reporting.

PART II — Other Information

SIGNATURES

Pursuant to the requirements 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 (Principal Executive Officer)

Date: June 14, 2013

By /s/ Randall H. Brown  
Randall H. Brown  
Executive Vice President, Chief Financial  
Officer and Treasurer  
(Principal Financial Officer)

Date: June 14, 2013

By /s/ J. Drew Koester  
J. Drew Koester  
Senior Vice President, Assistant Secretary and Chief Accounting  
Officer  
(Principal Accounting Officer)

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EXHIBIT INDEX

Exhibit No.

|         |  |
|---------|--|
| 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 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).   |
| 10.2    | Fourth Amended and Restated Credit Agreement, dated as of January 14, 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). |
| 10.3    | Education Realty Trust, Inc. 2013 Long-Term Incentive Plan (Incorporated by reference to Exhibit 10.37 to the Trust's Annual Report on Form 10-K, filed on March 1, 2013).   |
| 10.4    | Education Realty Trust, Inc. Annual Incentive Plan (Incorporated by reference to Exhibit 10.38 to the Trust's Annual Report on Form 10-K, filed on March 1, 2013).   |
| 12      | Consolidated Ratio of Earnings to Fixed Charges (previously filed as exhibit 12 to the initial filing and incorporated herein by reference).   |
| 31.1    | Certification of Chief Executive Officer pursuant to Rule 13a-14(a) of the Exchange Act (filed herewith).  |
| 31.2    | Certification of Chief Financial Officer pursuant to Rule 13a-14(a) of the Exchange Act (filed herewith).  |
| 32.1    | Chief Executive Officer certification pursuant to 18 U.S.C. Section 1350, adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished herewith).  |
| 32.2    | Chief Financial Officer certification pursuant to 18 U.S.C. Section 1350, adopted 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\*

Attached as Exhibit 101 to this Quarterly Report on Form 10-Q are the following materials, formatted in XBRL (eXtensible Business Reporting Language): (i) the Condensed Consolidated Balance Sheets as of March 31, 2013 and December 31, 2012, (ii) the Condensed Consolidated Statements of Operations for the three months ended March 31, 2013 and 2012, (iii) the Condensed Consolidated Statements of Changes in Equity for the three months ended March 31, 2013 and 2012, (iv) the Condensed Consolidated Statements of Cash Flows for the three months ended March 31, 2013 and 2012 and (v) the Notes to the Condensed 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.

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