Education Realty Trust, Inc.
Form 10-Q
August 01, 2016
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-Q
(Mark
One)

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

For the quarterly period ended June 30, 2016
or

o 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.
Education Realty Operating Partnership, LP

(Exact Name of Registrant as Specified in Its Charter)

Maryland	20-1352180
Delaware	20-1352332
(State or Other Jurisdiction of Incorporation or Organization)	(IRS Employer Identification No.)
999 South Shady Grove Road, Suite 600 Memphis, Tennessee	38120
(Address of Principal Executive Offices)	(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.
Education Realty Trust, Inc. Yes x No o
Education Realty Operating Partnership, LP Yes x No o

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

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):

Education Realty Trust, Inc.

Large accelerated filer x	Accelerated filer o
Non-accelerated filer o (Do not check if a smaller reporting company)	Smaller reporting company o

Education Realty Operating Partnership, LP

Large accelerated filer o	Accelerated filer o
Non-accelerated filer x (Do not check if a smaller reporting company)	Smaller reporting company o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act).
Education Realty Trust, Inc. Yes o No x
Education Realty Operating Partnership, LP Yes o No x

As of July 29, 2016, Education Realty Trust, Inc. had 73,049,412 shares of common stock outstanding.

EXPLANATORY NOTE

This report combines the reports on Form 10-Q for the quarterly period ended June 30, 2016 of Education Realty Trust, Inc. and Education Realty Operating Partnership, LP. Unless stated otherwise or the context otherwise requires, references to “EdR” mean only Education Realty Trust, Inc., a Maryland corporation, and references to "EROP" mean only Education Realty Operating Partnership, LP, a Delaware limited partnership. References to the "Trust," "we," "us," or "our" mean collectively EdR, EROP and those entities/subsidiaries owned or controlled by EdR and/or EROP. References to the "Operating Partnership" mean collectively EROP and those entities/subsidiaries owned or controlled by EROP. The following chart illustrates our corporate structure:

The general partner of EROP is Education Realty OP GP, Inc. (the “OP GP”), an entity that is indirectly wholly-owned by EdR. As of June 30, 2016, OP GP held an ownership interest in EROP of less than 1%. The limited partners of EROP are Education Realty OP Limited Partner Trust, a wholly-owned subsidiary of EdR, and other limited partners consisting of current and former members of management. The OP GP, as the sole general partner of EROP, has the responsibility and discretion in the management and control of the Operating Partnership, and the limited partners of EROP, in such capacity, have no authority to transact business for, or participate in the management activities of the Operating Partnership. Management operates EdR and the Operating Partnership as one business. The management of EdR consists of the same members as the management of the Operating Partnership.

The Trust is structured as an umbrella partnership real estate investment trust (“UPREIT”) and EdR contributes all net proceeds from its various equity offerings to the Operating Partnership. In return for those contributions, EdR receives an equal number of partnership units of EROP (the “OP Units”). Contributions of properties to the Trust can be structured as tax-deferred transactions through the issuance of OP Units. Holders of OP Units may tender their OP Units for redemption by the Operating Partnership in exchange for cash equal to the market price of EdR's common stock at the time of redemption or, at EdR's option, for shares of EdR's common stock. Pursuant to the partnership agreement of EROP, the number of shares to be issued upon the redemption of OP Units is equal to the number of OP Units being redeemed. Additionally, for every one share of common stock offered and sold by EdR for cash, EdR must contribute the net proceeds to EROP and, in return, EROP will issue one OP Unit to EdR.

The Trust believes that combining the quarterly reports on Form 10-Q of EdR and the Operating Partnership into this single report provides the following benefits:

- enhances investors' understanding of the Trust by enabling investors to view the business of EdR and the Operating Partnership as a whole in the same manner as management views and operates the business;
- eliminates duplicative disclosure and provides a more streamlined and readable presentation since a substantial portion of the disclosure applies to both EdR and the Operating Partnership; and
- creates time and cost efficiencies through the preparation of one combined report instead of two separate reports.

EdR consolidates the Operating Partnership for financial reporting purposes, and EdR essentially has no assets or liabilities other than its investment in the Operating Partnership. Therefore, the assets and liabilities of EdR and the Operating Partnership are the same on their respective financial statements. However, the Trust believes it is important to understand the few differences between EdR and the Operating Partnership in the context of how the entities operate as a consolidated company. All of the Trust's property ownership, development and related business operations are conducted through the Operating Partnership. EdR also issues public equity from time to time and guarantees certain debt of EROP. EdR does not have any indebtedness, as all debt is incurred by the Operating Partnership. The Operating Partnership holds all of the assets of the Trust, including the Trust's ownership interests in its joint ventures. The Operating Partnership conducts the operations of the business and is structured as a partnership with no publicly traded equity. Except for the net proceeds from EdR's equity offerings, which are contributed to the capital of EROP in exchange for OP Units on the basis of one share of common stock for one OP Unit, the Operating Partnership generates all remaining capital required by the Trust's business, including as a result of the incurrence of indebtedness. These sources include, but are not limited to, the Operating Partnership's working capital, net cash provided by operating activities, borrowings under its credit facilities, proceeds from mortgage indebtedness and debt issuances, and proceeds received from the disposition of certain properties. Noncontrolling interests, stockholders' equity, and partners' capital are the main areas of difference between the condensed consolidated financial statements of the Trust and those of the Operating Partnership. The noncontrolling interests in the Operating Partnership's financial statements consist of the interests of unaffiliated partners in various consolidated joint ventures. The noncontrolling interests in the Trust's financial statements include the same noncontrolling interests at the Operating Partnership level. The differences between stockholders' equity and partners' capital result from differences in the type of equity issued by EdR and the Operating Partnership.

To help investors understand the significant differences between the Trust and the Operating Partnership, this report provides separate condensed consolidated financial statements for the Trust and the Operating Partnership. A single set of consolidated notes to such financial statements is presented that includes separate discussions for the Trust and the Operating Partnership when applicable (for example, noncontrolling interests, stockholders' equity or partners' capital, earnings per share or unit, etc.). A combined Management's Discussion and Analysis of Financial Condition and Results of Operations section is also included that presents discrete information related to each entity, as applicable.

In order to highlight the differences between the Trust and the Operating Partnership, the separate sections in this report for the Trust and the Operating Partnership specifically refer to the Trust and the Operating Partnership. In the sections that combine disclosure of the Trust and the Operating Partnership, this report refers to actions or holdings as being actions or holdings of the Trust. Although the Operating Partnership is generally the entity that directly or indirectly enters into contracts and joint ventures and holds assets and debt, reference to the Trust is appropriate because the Trust operates its business through the Operating Partnership. The separate discussions of the Trust and the Operating Partnership in this report should be read in conjunction with each other to understand the results of the Trust on a consolidated basis and how management operates the Trust.

Education Realty Trust, Inc.
Education Realty Operating Partnership, LP
Form 10-Q
For the Quarter Ended June 30, 2016
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PART I - Financial Information

Item 1. Financial Statements.

EDUCATION REALTY TRUST, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(Amounts in thousands, except share and per share data)
(Unaudited)

	June 30, 2016	December 31, 2015
Assets:		
Collegiate housing properties, net	$1,898,602	$1,774,796
Assets under development	265,337	117,384
Cash and cash equivalents	230,402	33,742
Restricted cash	8,674	9,784
Other assets	63,457	66,125
Total assets	$2,466,472	$2,001,831
Liabilities:		
Mortgage and construction loans, net of unamortized premium and deferred financing costs	$98,369	$204,511
Unsecured revolving credit facility	—	—
Unsecured term loan, net of unamortized deferred financing costs	186,643	186,518
Unsecured senior notes, net of unamortized deferred financing costs	247,808	247,678
Accounts payable and accrued expenses	114,403	85,670
Deferred revenue	11,890	19,024
Total liabilities	659,113	743,401
Commitments and contingencies (see Note 7)	—	—
Redeemable noncontrolling interests	11,828	13,560
Equity:		
Common stock, $0.01 par value per share, 200,000,000 shares authorized, 71,760,137 and 56,879,003 shares issued and outstanding as of June 30, 2016 and December 31, 2015, respectively	718	569
Preferred shares, $0.01 par value per share, 50,000,000 shares authorized, no shares issued and outstanding	—	—
Additional paid-in capital	1,791,014	1,263,603
Retained earnings (accumulated deficit)	—	(21,998)
Accumulated other comprehensive loss	(9,963)	(5,475)
Total Education Realty Trust, Inc. stockholders' equity	1,781,769	1,236,699
Noncontrolling interests	13,762	8,171
Total equity	1,795,531	1,244,870
Total liabilities and equity	$2,466,472	$2,001,831

See accompanying notes to the condensed consolidated financial statements.

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EDUCATION REALTY TRUST, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME
(Amounts in thousands, except per share data)
(Unaudited)

	Three months ended June 30,		Six months ended June 30,	
	2016	2015	2016	2015
Revenues:				
Collegiate housing leasing revenue	$61,690	$53,734	$131,873	$114,117
Third-party development consulting services	467	444	950	1,041
Third-party management services	697	780	1,591	1,833
Operating expense reimbursements	2,286	2,366	4,105	4,462
Total revenues	65,140	57,324	138,519	121,453
Operating expenses:				
Collegiate housing leasing operations	26,166	22,868	51,055	47,008
Development and management services	2,728	2,507	5,249	5,209
General and administrative	3,079	2,559	6,188	5,198
Depreciation and amortization	19,099	15,911	36,615	31,777
Ground lease expense	2,296	2,170	5,605	5,018
Reimbursable operating expenses	2,286	2,366	4,105	4,462
Total operating expenses	55,654	48,381	108,817	98,672
Operating income	9,486	8,943	29,702	22,781
Nonoperating (income) expenses:				
Interest expense	3,635	5,451	8,298	11,392
Amortization of deferred financing costs	457	491	937	1,007
Interest income	(200)	(67)	(274)	(105)
Loss on extinguishment of debt	216	—	10,136	—
Total nonoperating expenses	4,108	5,875	19,097	12,294
Income before equity in earnings (losses) of unconsolidated entities, income taxes and gain on sale of collegiate housing properties	5,378	3,068	10,605	10,487
Equity in earnings (losses) of unconsolidated entities	107	(202)	(137)	(396)
Income before income taxes and gain on sale of collegiate housing properties	5,485	2,866	10,468	10,091
Income tax expense	89	90	140	168
Income before gain on sale of collegiate housing properties	5,396	2,776	10,328	9,923
Gain on sale of collegiate housing properties	12,083	—	23,956	—
Net income	17,479	2,776	34,284	9,923
Less: Net (loss) income attributable to the noncontrolling interests	(176)	(141)	(40)	65
Net income attributable to Education Realty Trust, Inc.	$17,655	$2,917	$34,324	$9,858

See accompanying notes to the condensed consolidated financial statements.

	Three months ended June 30,		Six months ended June 30,	
	2016	2015	2016	2015
Comprehensive income:				
Net income	$17,479	$2,776	$34,284	$9,923
Other comprehensive loss:				
(Loss) gain on cash flow hedging derivatives	(1,042)	2,091	(4,488)	(348)
Comprehensive income	$16,437	$4,867	$29,796	$9,575
Less: Comprehensive (loss) income attributable to the noncontrolling interests	(176)	(141)	(40)	65
Comprehensive income attributable to Education Realty Trust, Inc.	$16,613	$5,008	$29,836	$9,510
Earnings per share information:				
Net income attributable to Education Realty Trust, Inc. common stockholders per share – basic	$0.26	$0.06	$0.53	$0.20
Net income attributable to Education Realty Trust, Inc. common stockholders per share – diluted	$0.26	$0.06	$0.52	$0.20
Distributions per share of common stock	$0.37	$0.36	$0.74	$0.72
Weighted average common shares outstanding:				
Weighted average common shares outstanding – basic	68,025	48,514	65,352	48,345
Weighted average common shares outstanding – diluted	68,293	48,832	65,629	48,665

See accompanying notes to the condensed consolidated financial statements.

EDUCATION REALTY TRUST, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Amounts in thousands, except shares)
(Unaudited)

	Common Stock		Additional Paid-In Capital	Retained Earnings (Accumulated Deficit)	Accumulated Other Comprehensive Loss	Noncontrolling Interests	Total
	Shares	Amount					
Balance, December 31, 2014	47,999,427	$ 480	$1,034,683	$ (41,909)	$ (4,465)	$ 3,029	$991,818
Proceeds from issuance of common stock, net of offering costs	331,395	3	11,564	—	—	—	11,567
Amortization of restricted stock and long-term incentive plan awards	7,191	—	855	—	—	—	855
Common stock issued to officers and directors	12,300	—	408	—	—	—	408
Cash dividends	—	—	(34,706)	—	—	(152)	(34,858)
Contributions from noncontrolling interests	—	—	—	—	—	1,667	1,667
Adjustments to reflect redeemable noncontrolling interests at fair value	—	—	1,074	—	—	—	1,074
Comprehensive income (loss)	—	—	—	9,858	(348)	(59)	9,451
Balance, June 30, 2015	48,350,313	$ 483	$1,013,878	$ (32,051)	$ (4,813)	$ 4,485	$981,982
Balance, December 31, 2015	56,879,003	$ 569	$1,263,603	$ (21,998)	$ (5,475)	$ 8,171	$1,244,870
Proceeds from issuance of common stock, net of offering costs	14,866,378	149	567,322	—	—	—	567,471
Amortization of restricted stock and long-term incentive plan awards	3,956	—	1,431	—	—	—	1,431
Common stock issued to officers and directors	10,800	—	450	—	—	—	450
Cash dividends	—	—	(35,538)	(12,326)	—	(125)	(47,989)
Contributions from noncontrolling interests	—	—	—	—	—	10,073	10,073
Purchase of noncontrolling interests	—	—	(4,253)	—	—	(4,211)	(8,464)
Adjustments to reflect redeemable noncontrolling interests at fair value	—	—	(2,001)	—	—	—	(2,001)
Comprehensive income (loss)	—	—	—	34,324	(4,488)	(146)	29,690
Balance, June 30, 2016	71,760,137	$ 718	$1,791,014	$ —	$ (9,963)	$ 13,762	$1,795,531

See accompanying notes to the condensed consolidated financial statements.
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EDUCATION REALTY TRUST, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Amounts in thousands)
(Unaudited)

	Six months ended June 30,	
	2016	2015
Operating activities:		
Net income	$34,284	$9,923
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	36,615	31,777
Loss on disposal of assets	20	—
Gain on sale of collegiate housing properties	(23,956)	—
Noncash rent expense related to the straight-line adjustment for long-term ground leases	2,373	2,401
Loss on extinguishment of debt	10,136	—
Amortization of deferred financing costs	937	1,007
Amortization of unamortized debt premiums	(49)	(419)
Distributions of earnings from unconsolidated entities	178	89
Noncash compensation expense related to stock-based incentive awards	2,021	1,319
Equity in losses of unconsolidated entities	137	396
Change in operating assets and liabilities (net of acquisitions)	(2,553)	(848)
Net cash provided by operating activities	60,143	45,645
Investing activities:		
Property acquisitions	(210,649)	(9,367)
Purchase of corporate assets	(585)	(447)
Restricted cash	1,110	(2,746)
Investment in collegiate housing properties	(13,782)	(7,063)
Proceeds from sale of collegiate housing properties	94,951	—
Advances under notes receivable	—	(2,257)
Collections on notes receivable	1,667	—
Earnest money deposits	(530)	(1,327)
Investment in assets under development	(133,286)	(90,280)
Distributions from unconsolidated entities	266	692
Investments in unconsolidated entities	—	(391)
Net cash used in investing activities	(260,838)	(113,186)

See accompanying notes to the condensed consolidated financial statements.

	Six months ended June 30,	
	2016	2015
Financing activities:		
Payment of mortgage and construction loans	(134,231)	(67,011)
Borrowings under construction loans	28,083	42,481
Debt issuance costs	(92)	(48)
Debt extinguishment costs	(10,290)	—
Borrowings on line of credit	—	116,000
Repayments of line of credit	—	(2,000)
Proceeds from issuance of common stock	567,257	10,660
Payment of offering costs	(574)	(99)
Purchase and return of equity to noncontrolling interests	(11,374)	—
Contributions from noncontrolling interests	7,112	1,691
Dividends and distributions paid to common and restricted stockholders	(47,864)	(34,706)
Dividends and distributions paid to noncontrolling interests	(357)	(517)
Repurchases of common stock for payments of restricted stock tax withholding	(315)	(213)
Net cash provided by financing activities	397,355	66,238
Net increase (decrease) in cash and cash equivalents	196,660	(1,303)
Cash and cash equivalents, beginning of period	33,742	18,385
Cash and cash equivalents, end of period	$230,402	$17,082
Supplemental disclosure of cash flow information:		
Interest paid, net of amounts capitalized	$8,891	$8,452
Income taxes paid	$142	$—
Supplemental disclosure of noncash activities:		
Redemption of redeemable noncontrolling interests from unit holder to shares of common stock	$938	$960
Capital expenditures in accounts payable and accrued expenses related to developments	$36,544	$21,463

See accompanying notes to the condensed consolidated financial statements.

EDUCATION REALTY OPERATING PARTNERSHIP, L.P. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(Amounts in thousands, except unit data)
(Unaudited)

	June 30, 2016	December 31, 2015
Assets:		
Collegiate housing properties, net	$1,898,602	$1,774,796
Assets under development	265,337	117,384
Cash and cash equivalents	230,402	33,742
Restricted cash	8,674	9,784
Other assets	63,457	66,125
Total assets	$2,466,472	$2,001,831
Liabilities:		
Mortgage and construction loans, net of unamortized premium and deferred financing costs	$98,369	$204,511
Unsecured revolving credit facility	—	—
Unsecured term loans, net of unamortized deferred financing costs	186,643	186,518
Unsecured senior notes, net of unamortized deferred financing costs	247,808	247,678
Accounts payable and accrued expenses	114,403	85,670
Deferred revenue	11,890	19,024
Total liabilities	659,113	743,401
Commitments and contingencies (see Note 7)	—	—
Redeemable limited partner units	9,051	8,312
Redeemable noncontrolling interests	2,777	5,248
Partners' capital:		
General partner - 6,920 units outstanding as of June 30, 2016 and December 31, 2015, respectively	183	184
Limited partners - 71,753,217 and 56,872,083 units issued and outstanding as of June 30, 2016 and December 31, 2015, respectively	1,791,549	1,241,990
Accumulated other comprehensive loss	(9,963)	(5,475)
Total partners' capital	1,781,769	1,236,699
Noncontrolling interests	13,762	8,171
Total partners' capital	1,795,531	1,244,870
Total liabilities and partners' capital	$2,466,472	$2,001,831

See accompanying notes to the condensed consolidated financial statements.
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EDUCATION REALTY OPERATING PARTNERSHIP, L.P. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME
(Amounts in thousands, except per unit data)
(Unaudited)

	Three months ended June 30,		Six months ended June 30,	
	2016	2015	2016	2015
Revenues:				
Collegiate housing leasing revenue	$61,690	$53,734	$131,873	$114,117
Third-party development consulting services	467	444	950	1,041
Third-party management services	697	780	1,591	1,833
Operating expense reimbursements	2,286	2,366	4,105	4,462
Total revenues	65,140	57,324	138,519	121,453
Operating expenses:				
Collegiate housing leasing operations	26,166	22,868	51,055	47,008
Development and management services	2,728	2,507	5,249	5,209
General and administrative	3,079	2,559	6,188	5,198
Depreciation and amortization	19,099	15,911	36,615	31,777
Ground lease expense	2,296	2,170	5,605	5,018
Reimbursable operating expenses	2,286	2,366	4,105	4,462
Total operating expenses	55,654	48,381	108,817	98,672
Operating income	9,486	8,943	29,702	22,781
Nonoperating (income) expenses:				
Interest expense	3,635	5,451	8,298	11,392
Amortization of deferred financing costs	457	491	937	1,007
Interest income	(200)	(67)	(274)	(105)
Loss on extinguishment of debt	216	—	10,136	—
Total nonoperating expenses	4,108	5,875	19,097	12,294
Income before equity in earnings (losses) of unconsolidated entities, income taxes and gain on sale of collegiate housing properties	5,378	3,068	10,605	10,487
Equity in earnings (losses) of unconsolidated entities	107	(202)	(137)	(396)
Income before income taxes and gain on sale of collegiate housing properties	5,485	2,866	10,468	10,091
Income tax expense	89	90	140	168
Income before gain on sale of collegiate housing properties	5,396	2,776	10,328	9,923
Gain on sale of collegiate housing properties	12,083	—	23,956	—
Net income	17,479	2,776	34,284	9,923
Less: Net (loss) income attributable to the noncontrolling interests	(229)	(152)	(151)	14
Net income attributable to Education Realty Operating Partnership L.P.	$17,708	$2,928	$34,435	$9,909

See accompanying notes to the condensed consolidated financial statements.

	Three months ended June 30,		Six months ended June 30,	
	2016	2015	2016	2015
Comprehensive income:				
Net income	$17,479	$2,776	$34,284	$9,923
Other comprehensive income:				
(Loss) gain on cash flow hedging derivatives	(1,042)	2,091	(4,488)	(348)
Comprehensive income	16,437	4,867	29,796	9,575
Less: Comprehensive (loss) income attributable to the noncontrolling interests	(229)	(152)	(151)	14
Comprehensive income attributable to unitholders	$16,666	$5,019	$29,947	$9,561
Earnings per unit information:				
Net income attributable to unitholders – basic	$0.26	$0.06	$0.53	$0.20
Net income attributable to unitholders - diluted	$0.26	$0.06	$0.52	$0.20
Weighted average units outstanding:				
Weighted average units outstanding – basic	68,224	48,763	65,560	48,596
Weighted average units outstanding – diluted	68,293	48,832	65,629	48,665

See accompanying notes to the condensed consolidated financial statements.

EDUCATION REALTY OPERATING PARTNERSHIP, L.P. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN PARTNERS' CAPITAL AND NONCONTROLLING INTERESTS
(Amounts in thousands, except units)
(Unaudited)

	General Partner		Limited Partners		Accumulated Other Comprehensive Loss	Noncontrolling Interests	Total
	Units	Amount	Units	Amount			
Balance, December 31, 2014	6,920	$ 191	47,992,507	$993,063	$ (4,465)	$ 3,029	$991,818
Vesting of restricted stock and restricted stock units	—	—	12,300	408	—	—	408
Issuance of units in exchange for contributions of equity offering proceeds and redemption of units	—	—	331,395	11,567	—	—	11,567
Amortization of restricted stock and long-term incentive plan awards	—	—	7,191	855	—	—	855
Distributions	—	(5)	—	(34,701)	—	(152)	(34,858)
Contributions from noncontrolling interests	—	—	—	—	—	1,667	1,667
Adjustments to reflect redeemable noncontrolling interests at fair value	—	—	—	1,074	—	—	1,074
Comprehensive income (loss)	—	2	—	9,856	(348)	(59)	9,451
Balance, June 30, 2015	6,920	$ 188	48,343,393	$982,122	$ (4,813)	$ 4,485	$981,982
Balance, December 31, 2015	6,920	$ 184	56,872,083	$1,241,990	$ (5,475)	$ 8,171	$1,244,870
Vesting of restricted stock and restricted stock units	—	—	10,800	450	—	—	450
Issuance of units in exchange for contributions of equity offering proceeds and redemption of units	—	—	14,866,378	567,471	—	—	567,471
Amortization of restricted stock and long-term incentive plan awards	—	—	3,956	1,431	—	—	1,431
Distributions	—	(3)	—	(47,861)	—	(125)	(47,989)
Contributions from noncontrolling interests	—	—	—	—	—	10,073	10,073
Purchase of noncontrolling interests	—	—	—	(4,253)	—	(4,211)	(8,464)
Adjustments to reflect redeemable noncontrolling interests at fair value	—	—	—	(2,001)	—	—	(2,001)
Comprehensive income (loss)	—	2	—	34,322	(4,488)	(146)	29,690
Balance, June 30, 2016	6,920	$ 183	71,753,217	$1,791,549	$ (9,963)	$ 13,762	$1,795,531

See accompanying notes to the condensed consolidated financial statements.
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EDUCATION REALTY OPERATING PARTNERSHIP, L.P. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Amounts in thousands)
(Unaudited)

	Six months ended June 30,	
	2016	2015
Operating activities:		
Net income	$34,284	$9,923
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	36,615	31,777
Loss on disposal of assets	20	—
Gain on sale of collegiate housing properties	(23,956)	—
Noncash rent expense related to the straight-line adjustment for long-term ground leases	2,373	2,401
Loss on extinguishment of debt	10,136	—
Amortization of deferred financing costs	937	1,007
Amortization of unamortized debt premiums	(49)	(419)
Distributions of earnings from unconsolidated entities	178	89
Noncash compensation expense related to stock-based incentive awards	2,021	1,319
Equity in losses of unconsolidated entities	137	396
Change in operating assets and liabilities (net of acquisitions)	(2,553)	(848)
Net cash provided by operating activities	60,143	45,645
Investing activities:		
Property acquisitions	(210,649)	(9,367)
Purchase of corporate assets	(585)	(447)
Restricted cash	1,110	(2,746)
Investment in collegiate housing properties	(13,782)	(7,063)
Proceeds from sale of collegiate housing properties	94,951	—
Advances under notes receivable	—	(2,257)
Collections on notes receivable	1,667	—
Earnest money deposits	(530)	(1,327)
Investment in assets under development	(133,286)	(90,280)
Distributions from unconsolidated entities	266	692
Investments in unconsolidated entities	—	(391)
Net cash used in investing activities	(260,838)	(113,186)
Financing activities:		
Payment of mortgage and construction loans	(134,231)	(67,011)
Borrowings under construction loans	28,083	42,481
Debt issuance costs	(92)	(48)
Debt extinguishment costs	(10,290)	—
Borrowings on line of credit	—	116,000
Repayments of line of credit	—	(2,000)
Proceeds from issuance of common units in exchange for contributions	567,257	10,660
Payment of offering costs	(574)	(99)
Purchase and return of equity to noncontrolling interests	(11,374)	—

See accompanying notes to the condensed consolidated financial statements.

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	Six months ended June 30,	
	2016	2015
Contributions from noncontrolling interests	7,112	1,691
Distributions paid on unvested restricted stock and long-term incentive plan awards	(176)	(72)
Distributions paid to unitholders	(47,688)	(34,634)
Distributions paid to noncontrolling interests	(357)	(517)
Repurchases of units for payments of restricted stock tax withholding	(315)	(213)
Net cash provided by financing activities	397,355	66,238
Net increase (decrease) in cash and cash equivalents	196,660	(1,303)
Cash and cash equivalents, beginning of period	33,742	18,385
Cash and cash equivalents, end of period	$230,402	$17,082
Supplemental disclosure of cash flow information:		
Interest paid, net of amounts capitalized	$8,891	$8,452
Income taxes paid	$142	$—
Supplemental disclosure of noncash activities:		
Redemption of redeemable noncontrolling interests from unit holder to shares of common stock	$938	$960
Capital expenditures in accounts payable and accrued expenses related to developments	$36,544	$21,463

See accompanying notes to the condensed consolidated financial statements.

EDUCATION REALTY TRUST, INC. AND SUBSIDIARIES
EDUCATION REALTY OPERATING PARTNERSHIP, L.P. AND SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

1. Organization and description of business

Education Realty Trust, Inc. ("EdR" and collectively with its consolidated subsidiaries, the “Trust”) was organized in the state of Maryland on July 12, 2004 and commenced operations effective with the initial public offering that was completed on January 31, 2005. Through the Trust's controlling interest in both the sole general partner and the majority owning limited partner of Education Realty Operating Partnership L.P. ("EROP" and collectively with its consolidated subsidiaries, the "Operating Partnership"), the Trust is one of the largest developers, owners and managers of collegiate housing communities in the United States in terms of beds owned and under management. The Trust is a self-administered and self-managed real estate investment trust ("REIT") that is publicly traded on the New York Stock Exchange under the ticker symbol "EDR." Under the 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 sole general partner of EROP is Education Realty OP GP, Inc. (“OP GP”), an entity that is indirectly wholly-owned by EdR. As of June 30, 2016, OP GP held an ownership interest in EROP of less than 1%. The limited partners of EROP are Education Realty OP Limited Partner Trust, a wholly-owned subsidiary of EdR, and other limited partners consisting of current and former members of management. OP GP, as the sole general partner of EROP, has the responsibility and discretion in the management and control of EROP, and the limited partners of EROP, in such capacity, have no authority to transact business for, or participate in the management activities of EROP. Management operates the Trust and the Operating Partnership as one business. The management of the Trust consists of the same members as the management of the Operating Partnership. EdR consolidates the Operating Partnership for financial reporting purposes, and EdR does not have significant assets other than its investment in the Operating Partnership. Therefore, the assets and liabilities of the Trust and the Operating Partnership are the same on their respective financial statements. Unless otherwise indicated, the accompanying Notes to the Condensed Consolidated Financial Statements apply to both the Trust and the Operating Partnership.

The Trust also provides real estate facility management, development and other advisory services through one of our taxable REIT subsidiaries ("TRS"), EDR Management Inc. (our “Management Company”), a Delaware corporation performing collegiate housing management activities. EDR Development LLC (our “Development Company”), a Delaware limited liability company and wholly owned subsidiary of the Management Company providing development consulting services for third-party collegiate housing communities, is a disregarded entity for federal income tax purposes and all assets owned and income earned by our Development Company are deemed to be owned and earned by our Management Company.

2. Summary of significant accounting policies

Basis of presentation

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.

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

Principles of consolidation

In February 2015, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2015-02, Consolidation (Topic 810) ("ASU 2015-02"), which amends the consolidation requirements in ASC 810, Consolidation, and makes changes to both the variable interest model and the voting model of consolidation. Under ASU 2015-02, companies will need to reevaluate whether an entity meets the criteria to be considered a variable interest entity (“VIE”) or whether the consolidation of an entity should be assessed under the voting model. All legal entities are subject to reevaluation under the revised consolidation model. Specifically, ASU 2015-02 modifies the evaluation of whether limited partnerships and similar legal entities are VIEs or voting interest entities, and eliminates the presumption in the previous

voting model that a general partner should consolidate a limited partnership or similar entity unless the presumption can be overcome. ASU 2015-02 was effective for the Trust and the Operating Partnership as of January 1, 2016. The adoption of the new standard did not result in the consolidation of entities not previously consolidated or the deconsolidation of any entities previously consolidated.

The Trust accounts for interests in partnerships, joint ventures and other similar entities in which it holds an ownership interest in accordance with the amended guidance. The Trust first evaluates whether each entity is a VIE. Under the VIE model, the Trust consolidates an entity when it has control to direct the activities of the VIE and where it is determined to be the primary beneficiary. Under the voting interest model, the Trust consolidates an entity when it controls the entity through the ownership of a majority voting interest.

Upon adoption, the Operating Partnership and certain properties that have noncontrolling interests (see Note 8) became VIEs as the limited partners of these entities lack substantive kick-out rights and substantive participating rights. The Trust continues to consolidate these entities as the primary beneficiary because it directs the activities that most significantly impact the economic performance of the VIEs and has an obligation to absorb potentially significant losses or the right to receive potentially significant benefits of the VIEs. EdR has the power and economic exposure through the rights held by OP GP as it relates to the Operating Partnership, while EROP has power and economic exposure through its role as the property manager and equity interest holder of certain properties with noncontrolling interests (see Note 8).

All of the Trust's property ownership, development and related business operations are conducted through the Operating Partnership. See the assets and liabilities of the Operating Partnership in the accompanying condensed consolidated financial statements.

Interim financial information

The accompanying unaudited interim condensed consolidated 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, 2015, as filed with the Securities and Exchange Commission (the "SEC") on February 29, 2016.

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 periods. Actual results could differ from those estimates.

Notes receivable

On August 26, 2013, the Trust provided a $0.5 million promissory loan to College Park Apartments, Inc. ("CPA"), the Trust's partner in the unconsolidated joint venture University Village-Greensboro LLC (see Note 5), at an interest rate of 10% per annum and a maturity date of August 1, 2020. Under the loan, CPA can make one draw per calendar quarter. As of June 30, 2016 and December 31, 2015, the outstanding balance was $0.5 million for both periods. The loan is secured by CPA's interest in the joint venture.

On March 20, 2015, the Trust provided a $1.7 million promissory loan to Concord Eastridge, Inc, the Trust's partner in the joint venture at Roosevelt Point, at an interest rate equal to 2% plus London InterBank Offered Rate ("LIBOR") per annum compounded monthly and a maturity date of March 1, 2017. The loan was secured by Concord Eastridge's interest in the joint venture. As of December 31, 2015, $1.7 million was outstanding. In February 2016, the Trust acquired Concord Eastridge, Inc.'s remaining partnership interest for $4.9 million in cash. The outstanding promissory loan was repaid in full at closing.

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.

The Trust capitalizes interest based on the weighted average interest costs of total debt, and internal development costs while developments are ongoing, as assets under development. When the property opens, these costs, along with other direct costs of the development, are transferred into the applicable asset category and depreciation commences.

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 other valuation techniques are used to allocate the purchase price of acquired property between land, land improvements, buildings and improvements, furniture, fixtures and equipment and identifiable intangibles such as amounts related to in-place leases. Acquisition costs are expensed as incurred and are included in general and administrative expenses in the accompanying condensed consolidated statements of income and comprehensive income.

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. During the six months ended June 30, 2016 and 2015, there were no impairment losses recognized.

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. Dispositions that represent a strategic shift in the business will qualify for treatment as discontinued operations. The property dispositions during the six months ended June 30, 2016 did not qualify for treatment as discontinued operations and, as a result, the operations of the properties are included in continuing operations in the accompanying condensed consolidated statements of income and comprehensive income.

Redeemable noncontrolling interests (the Trust) / redeemable limited partners (EROP)

The Trust follows the guidance issued by the FASB regarding the classification and measurement of redeemable securities. The Trust classifies redeemable noncontrolling interests, which include redeemable interests in consolidated joint ventures and units of limited partnership interest in University Towers Operating Partnership, LP and in the Operating Partnership in the mezzanine section of the accompanying condensed consolidated balance sheets.

In the accompanying condensed consolidated balance sheets of the Operating Partnership, the redeemable units of limited partnership in the Operating Partnership are classified as redeemable limited partners and the redeemable interests in consolidated joint ventures and units of limited partnership in University Towers Operating Partnership, LP are classified as redeemable noncontrolling interests. The redeemable noncontrolling interest units / redeemable limited partner units are adjusted to the greater of carrying value or fair market value based on the price per share of EdR's common stock at the end of each respective reporting period.

Common stock issuances and offering costs

Specific incremental costs directly attributable to the issuance of EdR 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.

The Trust is structured as an umbrella partnership REIT ("UPREIT") and contributes all proceeds from its various equity offerings to EROP. For every one share of common stock offered and sold by EdR for cash, EdR must contribute the net proceeds to EROP and, in return, EROP will issue one OP Unit to EdR.

During October 2014, the Trust entered into agreements to establish an at-the-market equity offering program ("ATM Program") authorized to sell a maximum of $150.0 million in additional shares of EdR common stock. The Trust sold approximately 2.3 million shares under these distribution agreements during the six months ended June 30, 2016 and received net proceeds of approximately $93.5 million. The Trust sold 0.3 million shares under these distribution agreements during the six months ended June 30, 2015 and received net proceeds of $10.6 million.

On January 15, 2016, the Trust completed a follow-on equity offering of approximately 6.3 million shares of EdR common stock. The Trust received approximately $215.1 million in net proceeds from the offering after deducting the underwriting discount and other offering expenses payable by the Trust. Of the total net proceeds, approximately $108.5 million was used to pay off $98.2 million of fixed rate mortgage debt bearing an average effective interest rate of 5.4% and $10.3 million of prepayment penalties associated with the early extinguishment of debt.

On March 24, 2016, we issued approximately 0.5 million shares of our common stock for a total of approximately $20.0 million pursuant to the direct stock purchase component of the Amended and Restated Dividend Reinvestment and Direct Stock Purchase Plan.

On May 2, 2016, the Trust entered into agreements to establish a new ATM Program authorized to sell a maximum of $300.0 million in additional shares of EdR common stock. The Trust sold approximately 5.7 million shares under these distribution agreements during the six months ended June 30, 2016 and received net proceeds of approximately $238.3 million.

Income taxes

EdR qualifies as a REIT under the Internal Revenue Code of 1986, as amended (the "Code"). EdR is generally not subject to federal, state and local income taxes on any of its taxable income that it distributes if it distributes at least 90% of its REIT taxable income for each tax year to its stockholders and meets certain other requirements. If EdR fails to qualify as a REIT for any taxable year, EdR 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 TRSs. 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 EdR’s REIT status. Deferred tax assets and liabilities are recognized based on the difference between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis. Deferred tax assets and liabilities are measured using enacted tax rates in effect in the years in which those temporary differences are expected to reverse.

The Trust had no unrecognized tax benefits as of June 30, 2016 and December 31, 2015. The Trust and its subsidiaries file federal and state income tax returns. As of June 30, 2016, open tax years generally included tax years for 2012, 2013, 2014 and 2015. The Trust’s policy is to include interest and penalties related to unrecognized tax benefits in general and administrative expenses. For each of the six months ended June 30, 2016 and 2015, the Trust had no interest or penalties recorded related to unrecognized tax benefits.

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 carrying value of 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 is $0.4 million. No additional impairment has been recorded through June 30, 2016. The carrying value of goodwill was $3.1 million as of June 30, 2016 and December 31, 2015, 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 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 $0.5 million and $0.2 million as of June 30, 2016 and December 31, 2015, respectively.

Investment in unconsolidated entities

The Trust accounts for its investments in unconsolidated joint ventures using the equity method whereby the costs of an investment are adjusted for the Trust’s share of earnings of the respective investment reduced by distributions received. The earnings and distributions of the unconsolidated joint ventures are allocated based on each owner’s respective ownership interests. These investments are classified as other assets or accrued expenses, depending on whether the distributions exceed

the Trust's contributions and share of earnings in the joint ventures, in the accompanying condensed consolidated balance sheets (see Note 5).

Earnings per share

Earnings per Share - The Trust

Basic earnings per share is calculated by dividing net earnings available to common stockholders by weighted average shares of common stock outstanding, including outstanding units in the Operating Partnership designated as LTIP Units ("LTIP Units"). 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 and LTIP Units being included in the computation of basic earnings per share for all periods presented.

Earnings per OP Unit - EROP

Basic earnings per unit is calculated by dividing net earnings available to unitholders by the weighted average number of OP Units and LTIP Units outstanding. Diluted earnings per unit is calculated similarly, except that it includes the dilutive effect of the assumed exercise of potentially dilutive securities. EROP follows the authoritative guidance regarding the determination of whether certain instruments are participating securities.

Recent accounting pronouncements

In March 2016, the FASB issued ASU 2016-09, Compensation - Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting ("ASU 2016-09"), which simplifies several aspects of the accounting for employee share-based payment transactions for both public and nonpublic entities, including the accounting for income taxes, forfeitures, and statutory tax withholding requirements, as well as classification in the statement of cash flows. ASU 2016-09 is effective for annual reporting periods beginning after December 15, 2016, and interim periods within those years. The Trust is currently evaluating the impact of this guidance.

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842) ("ASU 2016-02"), which requires a lessee to recognize in the statement of financial position a liability to make lease payments (the lease liability) and a right-of-use asset representing its right to use the underlying asset for the lease term. ASU 2016-02 is effective for annual reporting periods beginning after December 15, 2018, and interim periods within those years, on a modified prospective basis. The Trust is currently evaluating the impact of this guidance.

In May 2014, the FASB issued ASU 2014-09, Revenue from Contracts with Customers (Topic 606) ("ASU 2014-09"), as amended by ASU 2015-04 to defer the effective date. The guidance outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance, including the guidance on real estate derecognition for most transactions. ASU 2014-09 provides that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. ASU 2014-09 will be effective for annual reporting periods beginning after December 15, 2017, and interim periods within those years and permits the use of either the retrospective or cumulative effect transition method. Early adoption is permitted for annual reporting periods beginning after December 15, 2016. Since the issuance of ASU 2014-09, the FASB has issued ASU 2016-08 that is intended to improve the understandability of the implementation guidance regarding principal versus agent considerations and has issued ASU 2016-10 to clarify the identification of performance obligations and the implementation guidance related to licensing. The effective dates of these

amendments are the same as ASU 2014-09. The Trust is currently evaluating the provisions of this guidance.

3. Acquisition and development of real estate investments

Acquisition of collegiate housing properties

2016 Acquisitions

During the six months ended June 30, 2016, the Trust completed the following two collegiate housing property acquisitions:

Name	Primary University Served	Acquisition Date	# of Beds	# of Units	Contract Price (in thousands)
Lokal	Colorado State University, Colorado	March 2016	194	79	$ 24,600
The Hub at Madison	University of Wisconsin, Wisconsin	May 2016	1,036	341	$ 188,500

Combined acquisition costs for these purchases were $0.1 million and are included in general and administrative expenses in the accompanying condensed statements of income and comprehensive income for the six months ended June 30, 2016. These acquisitions were funded from proceeds of the sale of 605 West (see Note 4), the follow-on equity offering completed in January 2016 (see Note 2) and shares sold under the ATM program (see Note 2).

Due to the timing of the completion of the acquisitions, work is still ongoing to determine the fair value of the assets and liabilities as of the acquisition date, and as a result, the following amounts are preliminary. Below is the preliminary allocation of the purchase price to the fair values of assets acquired and liabilities assumed as of the date of the acquisition (in thousands):

	Lokal	The Hub at Madison	Total
Collegiate housing property	$24,350	$192,412	$216,762
In-place leases	152	1,008	1,160
Other assets	3	87	90
Current liabilities	(148)	(7,442)	(7,590)
Total net assets acquired	$24,357	$186,065	$210,422

The $2.7 million difference between the contracted price of $213.1 million and the net assets set forth in the table above includes contingent consideration estimated at $5.3 million representing additional purchase price related to future operating performance of the property and future tax assessments. Of this amount, $3.1 million was paid out subsequent to the acquisition. At June 30, 2016, the remaining contingent consideration of $2.2 million was determined based on the probability of achieving of certain operating performance metrics; the estimated range of possible outcomes is between $0.0 million and $4.5 million. The remaining difference represents working capital and other liabilities that were not part of the contractual purchase price, but were acquired.

The unaudited pro forma information had the acquisition date been January 1, 2016 is as follows (in thousands, except per share and per unit amounts):

	Six months ended June 30, 2016 [1]
Total revenue	$146,604
Net income attributable to the Trust	$37,991
Net income attributable to common shareholders - basic and diluted	$0.58

Net income attributable to EROP	$38,112
Net income attributable to unitholders - basic and diluted	$0.58

(1) As the Lokal and the Hub at Madison first opened for the 2015/2016 lease year (August 2015), supplemental pro forma revenue and net income information is not available for the period January 1, 2015 - June 30, 2015.

During the six months ended June 30, 2016, the Trust also entered into binding agreements to acquire the following collegiate housing communities located in Fort Collins, Colorado serving Colorado State University for total consideration of $24.0 million:

- Pura Vida Place, which has 52 units consisting of 100 beds; and
- Carriage House, which has 54 units consisting of 94 beds.

The Trust also entered into binding agreements to acquire ownership interests in The Hub at Tucson II, which is currently under development and will have 104 units consisting of 311 beds serving the University of Arizona in Tucson, Arizona, for a cash consideration of approximately $50.0 million. The development is expected to open in the fall of 2016.

2015 Acquisitions

During the year ended December 31, 2015, the Trust completed the following two collegiate housing property acquisitions:

Name	Primary University Served	Acquisition Date	# of Beds	# of Units	Contract Price (in thousands)
The Commons on Bridge	University of Tennessee Knoxville, Tennessee	June 2015	150	51	$ 9,700
The Province at Boulder	University of Colorado Boulder, Colorado	Sept 2015	317	84	$ 48,800

Below is the allocation of the purchase price to the fair values of assets acquired and liabilities assumed as of the date of acquisition (in thousands):

	The Commons on Bridge	The Province at Boulder	Total
Collegiate housing properties	$ 9,624	$48,522	$58,146
In-place leases	76	278	354
Other assets	5	85	90
Current liabilities	(338)	(376)	(714)
Total net assets acquired	$ 9,367	$48,509	$57,876

The $0.6 million difference between contracted price of $58.5 million and the net assets set forth in the table above represents working capital and other liabilities that were not part of the contractual purchase price, but were acquired.

In conjunction with the acquisition of the The Province at Boulder, the Trust entered into a reverse Section 1031 like-kind exchange agreement with a third party intermediary, which, for a maximum of 180 days, allowed us to defer for tax purposes gains on the sale of other properties identified and sold within this period. Until the earlier of the termination of the exchange agreements or 180 days after the respective acquisition date, the third party intermediary is the legal owner of the property; however, the Trust controlled the activities that most significantly impact the property and retained all of the economic benefits and risks associated with the property. Therefore, at the date of the acquisition, it was determined that the Trust was the primary beneficiary of this VIE and consolidated the property and its operations as of the respective acquisition date. As of December 31, 2015, this VIE had total assets of $48.6 million and liabilities of $0.3 million.

The reverse Section 1031 like-kind exchange was completed during March 2016 in connection with the sale of 605 West (see Note 4). The Trust is now the legal owner of The Province at Boulder.

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The unaudited pro forma information had the acquisition date for the 2015 acquisitions been January 1 of the respective year is as follows and is not indicative of results that would have occurred or which may occur (in thousands, except per share and per unit amounts):

	Six months ended June 30,	
	2015	2014
Total revenue	$123,728	$105,131
Net income attributable to the Trust	$10,965	$3,415
Net income attributable to common shareholders - basic and diluted	$0.23	$0.09
Net income attributable to EROP	$11,021	$3,537
Net income attributable to unitholders - basic and diluted	$0.23	$0.09

A summary of actual revenue and net income from the 2016 and 2015 property acquisitions included in the accompanying consolidated statements of income and comprehensive income since the respective dates of acquisition is as follows (in thousands):

	Six months ended June 30,	
	2016	2015
2016 Acquisitions		
Revenue	$1,644	
Net income	$1,016	
2015 Acquisitions		
Revenue		$ 42
Net income		$ 30

Development of collegiate housing properties

During 2015, the Trust developed the following communities which opened during the 2015/2016 lease year. The costs incurred to date for our owned communities represent the balance capitalized in collegiate housing properties, net as of December 31, 2015 (dollars in thousands):

Name	Primary University Served	Bed Count	Costs Incurred as of December 31, 2015	Internal Development Costs Capitalized	Interest Costs Capitalized	Internal Development Costs Capitalized	Interest Costs Capitalized
				Six months ended June 30, 2015		Three months ended June 30, 2015	
Woodland Glen III, IV & V	University of Kentucky	1,610	$103,458	$190	$ 1,855	$102	$ 1,056
The Oaks on the Square - Phase IV	University of Connecticut	391	44,325	107	405	60	243
The Retreat at Louisville	University of Louisville	656	43,935	116	382	59	222
Total - owned communities		2,657	191,718	413	2,642	221	1,521
Georgia Heights [1]	University of Georgia	292	51,639	127	219	78	112
Total joint ventures		292	51,639	127	219	78	112
Total		2,949	$243,357	$540	$ 2,861	$299	$ 1,633

[1] The costs above represent total costs incurred for the joint venture development. The Trust holds a 50% interest in the joint venture and manages the community. The Trust does not consolidate the joint venture and its investment in

the community of $10.2 million and $10.4 million as of June 30, 2016 and December 31, 2015, respectively, is classified as other assets in the accompanying condensed consolidated balance sheets.

The following represents a summary of active developments as of June 30, 2016, including internal development costs and interest costs capitalized (dollars in thousands):

Name	Primary University Served	Bed Count	Costs Incurred as of June 30, 2016	Internal Development Costs Capitalized Six months ended June 30, 2016	Interest Costs Capitalized	Internal Development Costs Capitalized Three months ended June 30, 2016	Interest Costs Capitalized
Holmes Hall and Boyd Hall (formerly Limestone Park I & II)	University of Kentucky	1,141	$82,671	$162	$ 1,421	$79	$ 788
Retreat at Oxford - Phase II	University of Mississippi	350	25,585	40	448	19	253
University Flats	University of Kentucky	771	27,860	103	331	52	214
Lewis Hall	University of Kentucky	346	3,903	104	28	33	26
Boise State University	Boise State University	656	6,851	128	34	35	25
Retreat at Blacksburg - Phase I & II	Virginia Polytechnic Institute and State University	829	60,533	74	554	42	346
SkyVue	Michigan State University	824	36,009	125	377	40	245
The Local: Downtown	Texas State University	304	9,268	111	149	37	65
Avid Square	Oklahoma State University	475	10,041	54	64	45	64
Northern Michigan University	Northern Michigan University	1,200	932	25	1	25	1
Maplewood	Cornell University	850	577	10	1	10	1
Undeveloped land		—	1,107	—	—	—	—
Total active projects under development		7,746	$265,337	$936	$ 3,408	$417	$ 2,028

As of June 30, 2016, the Trust is contractually obligated to fund remaining amounts under guaranteed maximum price contracts with the general contractor of approximately $333.1 million to complete these developments.

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 opened.

4. Disposition of real estate investments

During the six months ended June 30, 2016, the following communities were sold for approximately $96.6 million. The Trust received combined net proceeds of approximately $95.0 million after deducting closing costs and recognized a $24.0 million gain on these dispositions.

The net income attributable to these properties is included in the continuing operations in the accompanying condensed consolidated statements of income and comprehensive income through the date of disposition.

Name	Primary University Served	Disposition Date	# of Beds	# of Units	Gross Sales Price
605 West	Duke University	March 2016	384	340	$ 54,550
The Reserve at Athens	University of Georgia	June 2016	612	200	25,000
The Commons at Tallahassee	Florida State University	June 2016	732	252	17,000

5. Investments in unconsolidated entities

As of June 30, 2016 and December 31, 2015, the Trust had investments in the following unconsolidated joint ventures (see Note 2), which are accounted for under the equity method:

- a 50% interest in 1313 5th Street MN Holdings, LLC, a Delaware limited liability company, which owns the collegiate housing property referred to as The Marshall at the University of Minnesota;
- a 50% interest in West Clayton Athens GA Owner, LLC, a Delaware limited liability company, which owns the collegiate housing property referred to as Georgia Heights at the University of Georgia;
- a 25% interest in University Village-Greensboro LLC, a Delaware limited liability company, which owns the collegiate housing property referred to as University Village - Greensboro; and
- a 14% interest in Elauwit Networks, a South Carolina limited liability company, which is a student housing technology services provider.

The Trust participates in major operating decisions of, but does not control, these entities; therefore, the equity method is used to account for these investments.

The following is a summary of the results of operations related to the unconsolidated joint ventures for the six months ended June 30, 2016 and 2015 (unaudited, in thousands):

Results of Operations of Unconsolidated Entities: For the six months ended June 30,	2016	2015
Revenues	$17,023	$16,050
Net income (loss)[1]	$151	$(944)
Equity in losses of unconsolidated entities	$(137)	$(396)

[1] Net income (loss) for the period equals income (loss) from continuing operations.

As of June 30, 2016 and December 31, 2015, the Trust had $27.3 million and $28.1 million, respectively, of investments in unconsolidated entities classified in other assets in the accompanying condensed consolidated balance sheets. As of June 30, 2016 and December 31, 2015, liabilities are recorded totaling $1.8 million and $2.0 million, respectively, related to investments in unconsolidated entities where distributions exceeded contributions and equity in earnings and the Trust has historically provided financial support; therefore, these investments are classified in accounts payable and accrued expenses in the accompanying condensed consolidated balance sheets (see Note 2).

6. Debt

Revolving credit facility

On November 19, 2014, the Operating Partnership entered into a Fifth Amended and Restated Credit Agreement (the “Fifth Amended Revolver”). The Fifth Amended Revolver amended and restated that certain Fourth Amended and Restated Credit Agreement (the "Fourth Amended Revolver"). The Fifth Amended Revolver has a maximum availability of $500.0 million and an accordion feature to $1.0 billion, which may be exercised during the first four years subject to satisfaction of certain conditions. The Fifth Amended Revolver is scheduled to mature on November 19, 2018 with a one-year extension option, provided that certain conditions are met.
EdR serves as the guarantor for any funds borrowed by the Operating Partnership under the Fifth Amended Revolver. The interest rate per annum applicable to the Fifth Amended Revolver is, at the Operating Partnership’s option, equal to a base rate or the LIBOR plus an applicable margin based upon our leverage. As of June 30, 2016, the interest rate applicable to the Fifth Amended Revolver was 1.72%. If amounts are drawn, due to the fact that the Fifth Amended Revolver bears interest at variable rates, cost approximates the fair value. In addition, the Operating Partnership also incurs an unused fee equal to either 0.15% or 0.25% of the unused balance, based on amounts outstanding. As of

June 30, 2016, there was no outstanding balance under the Fifth Amended Revolver, thus, our remaining availability was $500.0 million.

The Fifth Amended Revolver contains customary affirmative and negative covenants and contains financial covenants that, among other things, require the maintenance of 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 distributions are prohibited in excess of

95% of funds from operations ("FFO") except to comply with the legal requirements to maintain REIT status. As of June 30, 2016, the Operating Partnership was in compliance with all covenants of the Fifth Amended Revolver.

Unsecured term loan facility

On January 13, 2014, the Operating Partnership and certain subsidiaries entered into an unsecured term loan facility under a Credit Agreement (the "Credit Agreement"), which was subsequently amended and restated on November 19, 2014 (the "Amended and Restated Credit Agreement"). The Amended and Restated Credit Agreement removed certain subsidiaries as borrowers and amended certain financial covenants to align with the Fifth Amended Revolver.

Under the Amended and Restated Credit Agreement, the unsecured term loans have an aggregate principal amount of $187.5 million, consisting of a $122.5 million Tranche A term loan with a seven-year maturity (the “Tranche A Term Loan”) and a $65.0 million Tranche B term loan with a five-year maturity (the “Tranche B Term Loan” and, together with the Tranche A Term Loan, the “Term Loans”). The Tranche A Term Loan matures on January 13, 2021 and the Tranche B Term Loan matures on January 13, 2019. The Credit Agreement contains an accordion feature pursuant to which the Borrowers may request that the total aggregate amount of the Term Loans be increased to $250.0 million, which may be allocated to Tranche A or Tranche B, subject to certain conditions, including obtaining commitments from any one or more lenders to provide such additional commitments. The Operating Partnership used proceeds from the Term Loan to repay a portion of the outstanding balance under the Fourth Amended Revolver.

The interest rate per annum on the Tranche A Term Loan is, at the Operating Partnership’s option, equal to a base rate or LIBOR plus an applicable margin ranging from 155 to 225 basis points. The interest rate per annum on the Tranche B Term Loan is, at the Operating Partnership’s option, equal to a base rate or LIBOR plus an applicable margin ranging from 120 to 190 basis points. The applicable margin for the Term Loans is based on leverage. At June 30, 2016 and December 31, 2015, the outstanding balance under the Term Loans was $186.6 million and $186.5 million, respectively, which is presented net of unamortized deferred financing costs of $0.9 million and $1.0 million, respectively, in the accompanying condensed consolidated balance sheets.

The Amended and Restated Credit Agreement contains customary affirmative and restrictive covenants substantially similar to those contained in the Fifth Amended Revolver. EdR serves as the guarantor for any funds borrowed under the Amended and Restated Credit Agreement. As of June 30, 2016, the Operating Partnership was in compliance with all covenants of the Credit Agreement.

In connection with entering into the Credit Agreement, the Operating Partnership entered into multiple interest rate swaps with notional amounts totaling $187.5 million to hedge the interest payments on the LIBOR-based Term Loans (see Note 10). As of June 30, 2016, the effective interest rate on the Tranche A Term Loan was 3.85% (weighted average swap rate of 2.30% plus the current margin of 1.55%) and the effective interest rate on the Tranche B Term Loan was 2.86% (weighted average swap rate of 1.66% plus the current margin of 1.20%).

Unsecured senior notes

On November 24, 2014, the Operating Partnership completed the public offering of $250.0 million aggregate principal amount of unsecured senior notes (the "Unsecured Senior Notes") under an existing shelf registration statement. The 10-year Unsecured Senior Notes were issued at 99.991% of par value with a coupon of 4.6% per annum and are fully and unconditionally guaranteed by EdR. Interest on the Unsecured Senior Notes is payable semi-annually on June 1 and December 1 of each year. The Unsecured Senior Notes will mature on December 1, 2024. At June 30, 2016 and December 31, 2015, the outstanding balance under the Unsecured Senior Notes was $247.8 million and $247.7 million, respectively, which is presented net of unamortized deferred financing costs of $2.2 million and $2.3 million, respectively, in the accompanying condensed consolidated balance sheets. The terms of Unsecured Senior Notes contain certain covenants that restrict the ability of EdR and the Operating Partnership to incur additional secured and

unsecured indebtedness. In addition, the Operating Partnership must maintain a minimum ratio of unencumbered asset value to unsecured debt, as well as a minimum interest coverage level. As of June 30, 2016, the Operating Partnership was in compliance with all covenants.

Mortgage and construction debt

As of June 30, 2016 and December 31, 2015, mortgage and construction notes payable consist of the following, which were secured by the underlying collegiate housing properties (amounts in thousands):

Property	Outstanding Balance at June 30, 2016	Outstanding Balance at December 31, 2015	Interest Rate at June 30, 2016	Interest Rate Type	Maturity Date	
Master Secured Credit Facility	$—	$75,858	n/a			
The Centre at Overton Park	—	22,351	n/a			
University Towers	33,300	33,650	2.60 %	Variable	7/1/2017	(2)
Mortgage Debt	33,300	56,001	2.60 % (1)			
The Retreat at Louisville	—	35,672	n/a			
The Oaks on the Square - Phase IV	27,770	27,553	2.45 %	Variable	10/20/2017	
The Retreat at Blacksburg - Phase I	38,246	10,380	2.51 %	Variable	2/4/2019	
Construction Loans	66,016	73,605	2.48 % (1)			
Total mortgage and construction debt / weighted average rate	99,316	205,464	2.52 % (1)			
Unamortized premium and deferred financing costs	(947)	(953)				
Total net of unamortized premium and deferred financing costs	98,369	204,511				
Less current portion	(642)	(35,446)				
Total mortgage and construction debt, net of current portion	$97,727	$169,065				

(1) Represents the weighted average interest rate as of June 30, 2016.

(2) During the three months ended June 30, 2016, the Operating Partnership extended the mortgage debt for one year and incurred an extension fee of approximately $67 thousand.

Master Secured Credit Facility

The Operating Partnership had a credit facility with Fannie Mae (the "Master Secured Credit Facility") that was entered into on December 31, 2008 and expanded on December 2, 2009. All notes under the Master Secured Credit Facility contained cross-default provisions; all properties securing the notes were cross-collateralized.

In January 2016, the Operating Partnership prepaid in full the two remaining ten-year notes under the Master Secured Credit Facility with proceeds from the January 2016 follow-on equity offering (see Note 2). One of the prepaid notes had a principal balance of $21.3 million, was set to mature on January 1, 2020 and had a fixed interest rate of 5.67%. The second prepaid note had a principal balance of $54.5 million, was set to mature on January 1, 2019 and had a fixed interest rate of 6.02%. The Operating Partnership incurred a prepayment penalty of $9.3 million in connection with the prepayments. Concurrent with the repayment, the Master Secured Credit Facility was terminated and all encumbered properties were released as collateral.

Mortgage debt and construction loans

In January 2016, the Operating Partnership repaid in full the fixed-rate mortgage debt with a principal balance of $22.3 million that was assumed in connection with the 2012 acquisition of The Centre at Overton Park. The interest rate was 5.6% per annum and the mortgaged debt was scheduled to mature on January 1, 2017. A prepayment penalty of $1.0 million was incurred in connection with the prepayment.

On June 30, 2016, the Operating Partnership repaid in full variable rate construction debt with an outstanding principal balance of $35.7 million related to the development of The Retreat at Louisville. The effective interest rate at the repayment date was 2.5% and the loan was scheduled to mature on August 1, 2017.

All mortgage and construction loans contain customary financial covenants, such as minimum debt service ratios. As of June 30, 2016, the Operating Partnership was in compliance with all covenants.

The following table reconciles the carrying amount of mortgage and construction notes payable, net of unamortized deferred financing costs, for the six months ended June 30, 2016 and the year ended December 31, 2015 (in thousands):

	June 30, 2016	December 31, 2015
Balance, beginning of period	$204,511	$248,128
Additions to principal	28,083	65,491
Repayments of principal	(134,231)	(108,179)
Amortization of debt premium	(49)	(843)
Write-off of debt premium related to debt pay off	(523)	(70)
(Increase) decrease in deferred financing costs, net	578	(16)
Balance, end of period	$98,369	$204,511

The scheduled maturities of outstanding indebtedness (excluding the Fifth Amended Revolver) as of June 30, 2016 are as follows (in thousands):

Year	
2016 (six months ending December 31, 2016)	$350
2017	60,720
2018	—
2019	103,246
2020	—
2021	122,500
Thereafter	250,000
Total	536,816
Unamortized deferred financing costs	(3,996)
Outstanding as of June 30, 2016, net of unamortized deferred financing costs	$532,820

7. Commitments and contingencies

For its third-party development projects, the Trust commonly provides alternate housing and project cost guarantees, subject to certain conditions. Alternate housing guarantees generally require the university to provide on-campus housing or the Trust to provide substitute living quarters and transportation for students to and from the university if the project is not complete by an agreed-upon date. Under project cost guarantees, the Trust is responsible for the construction costs of a project in excess of an approved budget. The budget consists primarily of costs included in the general contractors' guaranteed maximum price contract ("GMP"). In most cases, the GMP obligates the general contractor, subject to force majeure and approved change orders, to provide completion date guarantees and to cover cost overruns and liquidated damages. In addition, the GMP is typically secured with payment and performance bonds.

The Operating Partnership and various joint venture partners have jointly and severally guaranteed partial repayment on third-party mortgage and construction debt secured by the following underlying collegiate housing properties, all of which are unconsolidated joint ventures. 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 guaranties for obligations not caused by the willful misconduct, gross negligence, fraud or bad faith of the Operating Partnership or its employees, agents or affiliates is not expected to exceed the Operating Partnership's proportionate interest in the related mortgage debt in the case of the non-recourse, carve-out guaranty, or in the Operating Partnership's proportionate interest in the partial repayment guaranty, as applicable.

The following summarizes the Operating Partnership's exposure under such guaranties (dollars in thousands):

		June 30, 2016				December 31, 2015			
		Joint Venture Balance		Operating Partnership's Proportionate Interest		Joint Venture Balance		Operating Partnership's Proportionate Interest	
	Ownership Percent	Loan Balance	Partial Repayment Guarantee	Loan Balance	Partial Repayment Guarantee	Loan Balance	Partial Repayment Guarantee	Loan Balance	Partial Repayment Guarantee
University Village - Greensboro	25 %	$23,118	n/a	$5,780	n/a	$23,297	n/a	$5,824	n/a
The Marshall	50 %	56,275	8,767	28,138	4,384	56,507	8,767	28,254	4,384
Georgia Heights	50 %	34,748	7,230	17,374	3,615	31,430	7,230	15,715	3,615

During October 2014, the Operating Partnership and LeylandAlliance LLC entered into a $38.0 million construction loan for the fourth phase of the The Oaks on the Square project (see Note 3). The Operating Partnership and LeylandAlliance LLC jointly committed to provide a guarantee of repayment for the construction loan. As of June 30, 2016, $34.3 million had been drawn on the construction loan, of which $6.5 million was attributable to LeylandAlliance LLC, and has not been included in our 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 condensed consolidated financial condition or results of operations.

We are not currently a party to, nor are any of our communities the subject of material pending legal proceedings. In the normal course of business, the Trust is subject to claims, lawsuits and legal proceedings. While it is not possible to ascertain the ultimate outcome of such matters, in management's opinion, the liabilities, if any, are not expected to have a material effect on our financial position, results of operations or liquidity.

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

After being awarded a development consulting contract, the Trust will enter into predevelopment consulting contracts with educational institutions to develop collegiate housing communities on their behalf. The Trust will enter into reimbursement agreements that provide for the Trust to be reimbursed for the predevelopment costs incurred prior to the institution’s governing body formally approving the final development contract. As of June 30, 2016 and December 31, 2015, the Trust had reimbursable predevelopment costs of $3.5 million and $1.9 million, respectively, which are reflected in other assets in the accompanying condensed consolidated balance sheets.

As described in Note 3, the Trust has entered into binding agreements to acquire interests in three collegiate housing communities for an aggregate cash consideration of $74.0 million.

8. Noncontrolling interests

Operating Partnership

Joint Ventures: As of June 30, 2016, EROP had entered into four joint venture agreements to develop, own and manage the following collegiate housing communities: The Retreat at Blacksburg near Virginia Polytechnic Institute and State University, The Local: Downtown near Texas State University, SkyVue near Michigan State University, and Avid Square near Oklahoma State University. All of these joint ventures are VIEs that meet the criteria for consolidation (see Note 2).

EROP's joint venture partner's investments in The Retreat at Blacksburg, The Local: Downtown, SkyVue and Avid Square joint ventures are accounted for as noncontrolling interests in the accompanying condensed consolidated balance sheets and statements of changes in partner's capital and noncontrolling interests and net income (loss) attributable to noncontrolling interests in the accompanying condensed consolidated statements of income and comprehensive income.

As of December 31, 2015, EROP's joint venture partner's investment in 605 West met the requirements to be classified outside of permanent equity, and was therefore classified as redeemable noncontrolling interests in the accompanying condensed consolidated balance sheets and net income (loss) attributable to noncontrolling interests in the accompanying condensed consolidated statements of income and comprehensive income due to the partner's ability to put their ownership interests to EROP as stipulated in the operating agreements. On March 11, 2016, EROP acquired the joint venture partner's interest and sold this property for a gross sales price of $54.6 million (see Note 4).

At December 31, 2015, EROP held a 95% ownership interest in the Roosevelt Point collegiate housing property serving Arizona State University: Downtown Phoenix Campus and a 75% ownership interest in The Retreat at Louisville collegiate housing property serving The University of Louisville. During the six months ended June 30, 2016, EROP purchased the remaining 5% ownership interest in Roosevelt Point and 25% ownership interest in The Retreat at Louisville.

EROP also owns a 72.7% interest in University Towers Operating Partnership, LP. This entity is considered a VIE that meets the criteria for consolidation (see Note 2). The units of the limited partnership interest of University Towers Operating Partnership, LP (“University Towers Operating Partnership Units”) are also classified as noncontrolling interests. The University Towers Operating Partnership Units are redeemable at the option of the holder and they participate in net income and distributions. Accordingly, EROP has determined that the University Towers Operating Partnership Units meet the requirements to be classified outside of permanent equity, and are therefore also classified as redeemable noncontrolling interests in the accompanying condensed consolidated balance sheets. Income related to such units are recorded as net income attributable to noncontrolling interests in the accompanying condensed consolidated statements of income and comprehensive income. As of June 30, 2016, there were 69,086 University Towers Operating Partnership Units outstanding.

The following table sets forth activity with the redeemable noncontrolling interests for the six months ended June 30, 2016 and 2015 (in thousands):

	Six months ended June 30,	
	2016	2015
Beginning balance	$5,248	$4,431
Net income (loss)	(5)	73
Contributions from redeemable noncontrolling interests	—	26
Adjustments to report redeemable noncontrolling interests at fair value	518	(95)
Purchase and return of equity to noncontrolling partner's interest	(2,910)	—
Distributions	(74)	(132)
Ending balance	$2,777	$4,303

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 June 30, 2016 and December 31, 2015, EROP reported the redeemable noncontrolling interests at fair value, which was greater than historical cost.

Redeemable Limited Partner Units: The OP Units that EROP is required, either by contract or securities law, to deliver registered shares of common stock of the Trust or cash, at the general partner's discretion, to the exchanging Operating Partnership unitholder are classified as redeemable limited partner units in the mezzanine section of the

accompanying condensed consolidated balance sheets of the Operating Partnership. The redeemable limited partner units are reported at the greater of fair value or historical cost at the end of each reporting period. As of June 30, 2016 and December 31, 2015, EROP reported the redeemable limited partner units at fair value, which was greater than historical cost.

During the six months ended June 30, 2016 and 2015, 25,000 OP Units were redeemed in each period for 25,000 shares of the Trust's common stock. As of June 30, 2016 and December 31, 2015, there were 199,308 and 224,308 OP Units outstanding.

Below is a table summarizing the activity of redeemable limited partners' unit for the six months ended June 30, 2016 and 2015 (in thousands):

	Six months ended June 30,	
	2016	2015
Beginning balance	$8,312	$10,081
Net income	111	51
Distributions	(161)	(236)
Reclassification of vested LTIP Units to redeemable limited partner	244	—
Conversion of redeemable limited partner units into common stock	(938)	(960)
Adjustments to report redeemable limited partner units at fair value	1,483	(978)
Ending balance	$9,051	$7,958

The Trust

The Trust accounts for the joint ventures noted above as VIEs and consolidates such entities in the same manner as EROP. The noncontrolling interests of the Trust include the third-party equity interests in the joint venture properties at The Retreat at Blacksburg, The Local: Downtown, SkyVue and Avid Square as discussed above, which are presented as a component of equity in the Trust’s accompanying condensed consolidated balance sheets. The Trust's equity interests in the joint venture properties at Roosevelt Point and The Retreat at Louisville are presented as a component of equity in the Trust’s accompanying condensed consolidated balance sheets at December 31, 2015.

The Trust’s redeemable noncontrolling interests include: (1) the redeemable limited partners presented in the accompanying condensed consolidated balance sheets of EROP; and (2) the University Towers Operating Partnership Units which are presented as redeemable noncontrolling interests in the accompanying condensed consolidated balance sheets of EROP. The redeemable noncontrolling interests are reported at the greater of fair value or historical cost at the end of each reporting period. As of June 30, 2016 and December 31, 2015, EROP reported the redeemable noncontrolling interests at fair value, which was greater than historical cost.

9. Incentive plans

On May 4, 2011, the Trust’s stockholders approved the Education Realty Trust, Inc. 2011 Omnibus Equity Incentive Plan (the "2011 Plan"). The purpose of the 2011 Plan is to promote the interests of the Trust and its stockholders by attracting, motivating and retaining talented executive officers, employees and directors of the Trust and linking their compensation to the long-term interests of the Trust and its stockholders. The 2011 Plan authorizes the grant of the 105,000 shares that remained available for grant under the previous plan, as well as 1,049,167 additional shares. As of June 30, 2016, the Trust had 509,812 shares of its common stock reserved for issuance pursuant to the 2011 Plan. Automatic increases in the number of shares available for issuance are not provided. The 2011 Plan provides for the grant of stock options, restricted stock, restricted stock units (“RSUs”), stock appreciation rights, other stock-based incentive awards to employees, directors and other key persons providing services to the Trust.

A restricted stock award is an award of the Trust’s common stock that is subject to restrictions on transferability and other restrictions as the Trust’s compensation committee determines in its sole discretion on the date of grant. The restrictions may lapse over a specified period of employment or the satisfaction of pre-established criteria as the compensation committee may determine. Except to the extent restricted under the award agreement, a participant awarded restricted stock will have all of the rights of a stockholder as to those shares, including, without limitation, the right to vote and the right to receive dividends or distributions on the shares. As of June 30, 2016 and December 31, 2015, unearned compensation related to restricted stock totaled $0.1 million and $0.2 million, respectively, and will be recorded as expense over the applicable vesting period. The value is determined based on the market value of the Trust’s common stock on the grant date. During the six months ended June 30, 2016 and 2015,

compensation expense of $0.1 million and $0.2 million, respectively, was recognized in the accompanying condensed consolidated statements of income and comprehensive income, related to the vesting of restricted stock. During the three months ended June 30, 2016 and 2015, compensation expense of $0.1 million for each period was recognized in the accompanying condensed consolidated statements of income and comprehensive income, related to the vesting of restricted stock.

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 Equity Index over three years (the “Performance Period”). At the end of the Performance Period, the compensation committee of the Board will determine the level and the extent to which the performance goal was achieved. RSUs that satisfy the performance goal will be converted into fully-vested shares of the Trust’s common stock and the Trust will receive a tax deduction for the compensation expense at the time of vesting. Prior to vesting, the participants are not eligible to vote or receive dividends or distributions on the RSUs. As of June 30, 2016 and December 31, 2015, unearned compensation related to RSUs totaled $0.3 million and $0.6 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 six months ended June 30, 2016 and 2015, compensation expense of $0.3 million and $0.4 million, respectively, was recognized in the accompanying condensed consolidated statements of income and comprehensive income, related to the vesting of RSUs. During the three months ended June 30, 2016 and 2015, compensation expense of $0.1 million and $0.2 million, respectively, was recognized in the accompanying condensed consolidated statements of income and comprehensive income, related to the vesting of RSUs. On January 1, 2016, 10,776 fully-vested shares of common stock were issued upon vesting of RSUs granted in 2013.

The Trust's 2015 Long-Term Incentive Plan ("2015 LTIP"), adopted in February 2015, and 2016 Long-Term Incentive Plan ("2016 LTIP"), adopted in February 2016, provide that 25% of a participant’s award consists of a time-vested grant of LTIP Units in the Operating Partnership subject to the rights, preferences and other privileges as designated in the partnership agreement of the Operating Partnership (the “Partnership Agreement”). Similar to the treatment of restricted stock, the time-vested 2015 and 2016 LTIP Units vest over a three-year period and are valued for award purposes at a value equal to the price of the Trust's stock on the grant date. The time-vested 2015 and 2016 LTIP Units are entitled to voting and distribution rights from the effective date of the grant in accordance with the Partnership Agreement, but are non-transferable and non-convertible until fully vested.

The remaining 75% of a participant’s award consists of a grant of performance-based 2015 and 2016 LTIP Units. The vesting of performance-based 2015 and 2016 LTIP Units is dependent upon the Trust's achievement of six performance criteria approved by the compensation committee, over a three-year period, with a minimum, threshold and maximum performance standard for each performance criterion. Three of the performance criteria are based on market conditions and three have performance vesting conditions under ASC 718, "Compensation - Stock Compensation". The fair value of the awards subject to market conditions was determined using a Monte Carlo simulation technique. The fair value of the awards subject to performance conditions was calculated based on the closing market value of EdR's common stock on the grant date. The probability of achieving the performance conditions is assessed quarterly. The performance-based 2015 and 2016 LTIP Units are entitled to voting and distribution rights from the effective date of the grant in accordance with the operating agreement of the Operating Partnership, but are non-transferable and non-convertible until fully vested. After the determination of the achievement of the performance criteria, any performance-based 2015 and 2016 LTIP Units that were awarded but did not become vested LTIP Units will be canceled. Once fully vested, the 2015 and 2016 LTIP Units may be converted to OP Units in the Operating Partnership and thereafter, at the election of the unitholder, may be tendered for redemption into shares of EdR’s stock or cash, at the discretion of the general partner, in accordance with the terms of the Partnership Agreement.

Compensation expense recognized in general and administrative expense in the accompanying condensed consolidated statements of income and comprehensive income related to the LTIP Units was $1.3 million and $0.4 million for the six months ended June 30, 2016 and 2015, respectively. Compensation expense recognized in general and administrative expense in the accompanying condensed consolidated statements of income and comprehensive income related to the LTIP Units was $0.9 million and $0.2 million for the three months ended June 30, 2016 and 2015, respectively. As of June 30, 2016 and December 31, 2015, unearned compensation related to LTIP Units totaled $5.5 million and $2.1 million, respectively, and will be recorded as expense over the applicable vesting period.

Compensation expense for the three and six months ended June 30, 2016 includes an adjustment to increase life-to-date expense of the performance conditions under the 2015 LTIP and 2016 LTIP due to a change in the probability of achieving certain performance conditions.

Total stock-based compensation expense recognized in general and administrative expense in the accompanying condensed consolidated statements of income and comprehensive income for the six months ended June 30, 2016 and 2015 was $1.7 million and $1.1 million, respectively. Total stock-based compensation expense recognized in general and administrative expense in the accompanying condensed consolidated statements of income and comprehensive income for the three months ended June 30, 2016 and 2015 was $1.1 million and $0.6 million, respectively.

A summary of the stock-based incentive plan activity as of and for the six months ended June 30, 2016 and 2015 is as follows:

	Restricted Stock Awards	Weighted-Average Grant Date Fair Value Per Restricted Stock Award	RSU Awards	Weighted-Average Grant Date Fair Value Per RSU	LTIP Units	Weighted-Average Grant Date Fair Value Per LTIP Unit
Outstanding as of December 31, 2014	46,810 (1)	$ 27.94	146,911	$ 20.58	—	$ —
Granted	—	—	—	—	155,778	18.83
Vested	(17,774)	27.76	—	—	—	—
Surrendered	(3,467)	29.72	—	—	—	—
Outstanding as of June 30, 2015	25,569 (1)	$ 28.32	146,911	$ 20.58	155,778	$ 18.83
Outstanding as of December 31, 2015	25,569 (1)	$ 28.32	146,911	$ 20.58	155,774	$ 18.83
Granted	—	—	—	—	131,745	26.20
Vested	(10,199)	31.92	(10,776)	22.95	(7,067)	18.83
Surrendered	(7,508)	31.92	(43,596)	22.95	—	—
Outstanding as of June 30, 2016	7,862 (1)	$ 26.46	92,539	$ 19.20	280,452	$ 22.29

(1) Represents unvested shares of restricted stock awards as of the date indicated.

10. Derivatives and hedging activities

Cash Flow Hedges of Interest Rate Risk

The objectives in using interest rate derivatives are to add stability to interest expense and to manage the exposure to interest rate movements. To accomplish this objective, interest rate swaps are used as part of the interest rate risk management strategy. During the six months ended June 30, 2016 and 2015, such derivatives were used to hedge the variable cash flows associated with existing variable-rate debt. As of June 30, 2016, six interest rate swaps were outstanding with a combined notional amount of $187.5 million that were designated as cash flow hedges of interest rate risk. The counter-parties to such swaps are major financial institutions.

The effective portion of changes in the fair value of derivatives designated and that qualify as cash flow hedges is recorded in accumulated other comprehensive loss and is subsequently reclassified into earnings in the period that the hedged forecasted transaction affects earnings. The ineffective portion of the change in fair value of the derivatives, which is immaterial for all periods presented, is recognized directly in earnings. During the next twelve months, an additional $3.0 million is estimated to be reclassified to earnings as an increase to interest expense. As of June 30, 2016 and December 31, 2015, the fair value of the derivatives is a liability of $10.0 million and $5.5 million, respectively, and is included in accounts payable and accrued expenses in the accompanying condensed consolidated balance sheets.

The following table discloses the effect of the derivative instruments on the condensed consolidated statements of income and comprehensive income for the six months ended June 30, 2016 and 2015 (in thousands):

	Derivatives in Cash Flow Hedging Relationships	Amount of Loss Recognized in OCI on Derivative (Effective Portion)	Location of Loss Reclassified from Accumulated OCI into Income (Effective Portion)	Amount of Loss Reclassified from Accumulated OCI into Income (Effective Portion)
2016	Interest rate contracts	$ (6,044)	Interest expense	$ 1,556
2015	Interest rate contracts	$ (2,136)	Interest expense	$ 1,788

The following table discloses the effect of the derivative instruments on the condensed consolidated statements of income and comprehensive income for the three months ended June 30, 2016 and 2015 (in thousands):

	Derivatives in Cash Flow Hedging Relationships	Amount of (Loss) Gain Recognized in OCI on Derivative (Effective Portion)	Location of Loss Reclassified from Accumulated OCI into Income (Effective Portion)	Amount of Loss Reclassified from Accumulated OCI into Income (Effective Portion)
2016	Interest rate contracts	$ (1,815)	Interest expense	$ 773
2015	Interest rate contracts	$ 1,195	Interest expense	$ 897

The above contracts are subject to enforceable master netting arrangements that provide a right of offset with each counterparty; however, no offsetting positions exist due to certain duplicate terms across all contracts. Therefore, the derivatives are not subject to offset in the accompanying condensed consolidated balance sheets.

Credit-risk-related Contingent Features

The Operating Partnership has agreements with each of its derivative counterparties that contain a provision where if the Operating Partnership defaults on any of its indebtedness, including default where repayment of the indebtedness has not been accelerated by the lender, then the Operating Partnership could also be declared in default on its derivative obligations. In addition, the Operating Partnership has agreements with each of its derivative counterparties that contain a provision where the Operating Partnership could be declared in default on its derivative obligations if repayment of the underlying indebtedness is accelerated by the lender due to the Operating Partnership's default on the indebtedness.

As of June 30, 2016 and December 31, 2015, the fair value of derivatives related to these agreements, which includes accrued interest, but excludes any adjustment for nonperformance risk, was a liability of $10.4 million and $5.8 million, respectively. As of June 30, 2016, the Operating Partnership has not posted any collateral related to these agreements. If the Operating Partnership had breached any of these provisions at June 30, 2016, it could have been required to settle its obligations under the agreements at their termination value of $10.4 million.

11. Earnings per share/unit

Earnings per Share - The Trust

The following is a summary of the components used in calculating earnings per share for the three and six months ended June 30, 2016 and 2015 (amounts in thousands, except per share data):

	Three months ended June 30,		Six months ended June 30,	
	2016	2015	2016	2015
Numerator - basic and diluted earnings per share:				
Net income attributable to common shareholders	$17,655	$2,917	$34,324	$9,858
Denominator:				
Basic weighted average shares of common stock outstanding	68,025	48,514	65,352	48,345
OP Units	199	249	208 (1)	251 (1)
University Towers Operating Partnership Units	69	69	69	69
Diluted weighted average shares of common stock outstanding	68,293	48,832	65,629	48,665

	Three months ended June 30,		Six months ended June 30,	
	2016	2015	2016	2015
Earnings per share - basic:				
Net income attributable to common shareholders	$0.26	$0.06	$0.53	$0.20
Earnings per share - diluted:				
Net income attributable to common shareholders	$0.26	$0.06	$0.52	$0.20
Distributions declared per common share	$0.37	$0.36	$0.74	$0.72

(1) Includes the impact of weighted average number of OP Units outstanding during the period.

Earnings per Unit - EROP

The following is a summary of the components used in calculating earnings per unit for the three and six months ended June 30, 2016 and 2015 (amounts in thousands, except per unit data):

	Three months ended June 30,		Six months ended June 30,	
	2016	2015	2016	2015
Numerator - basic and diluted earnings per unit:				
Net income attributable to unitholders	$17,708	$2,928	$34,435	$9,909
Denominator:				
Weighted average units outstanding	67,737	48,358	65,085	48,218
Redeemable Operating Partnership units	199	249	208	251
LTIP units	288	156	267	127
Weighted average units outstanding - basic	68,224	48,763	65,560	48,596
Redeemable University Towers Operating Partnership Units	69	69	69	69
Weighted average units outstanding - diluted	68,293	48,832	65,629	48,665
Earnings per unit - basic:				
Net income attributable to unitholders	$0.26	$0.06	$0.53	$0.20
Earnings per unit - diluted:				
Net income attributable to unitholders	$0.26	$0.06	$0.52	$0.20
Distributions declared per unit	$0.37	$0.36	$0.74	$0.72

12. Fair Value of Financial Instruments

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 in ASC 820, Fair Value Measurements and Disclosures ("ASC 820") 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. Fair value is estimated relating to impairment assessments based upon an income capitalization approach (which considers prevailing market capitalization rates and operations of the community) or the negotiated sales price, if applicable. Based upon the inputs used to value properties under the income capitalization approach, valuations under this method are classified within Level 3 of the fair value hierarchy. For the communities for which the estimated fair value was based on negotiated sales prices, the valuation is classified within Level 2 of the fair value hierarchy.

As discussed in Note 10, interest rate swaps are used to manage interest rate risk. The valuation of these instruments is determined using widely accepted valuation techniques, including discounted cash flow analysis on the expected cash flows of each derivative. This analysis reflects the contractual terms of the derivatives, including the period to maturity, and uses observable market-based inputs, including interest rate curves and implied volatilities. The fair values of interest rate swaps are determined using the market standard methodology of netting the discounted future fixed cash receipts (or payments) and the discounted expected variable cash payments (or receipts). The variable cash payments (or receipts) are based on an expectation of future interest rates (forward curves) derived from observable market interest rate curves.

To comply with the provisions of ASC 820, credit valuation adjustments are incorporated to appropriately reflect both nonperformance risk and the respective counterparty’s nonperformance risk in the fair value measurements. In adjusting the fair value of the derivative contracts for the effect of nonperformance risk, the Trust has considered the impact of netting and any applicable credit enhancements, such as collateral postings, thresholds, mutual puts and guarantees.

Although the Trust has determined that the majority of the inputs used to value its derivatives fall within Level 2 of the fair value hierarchy, the credit valuation adjustments associated with its derivatives utilize Level 3 inputs, such as estimates of current credit spreads to evaluate the likelihood of default by itself and its counterparties. The Trust has determined that the significance of the impact of the credit valuation adjustments made to its derivative contracts, which determination was based on the fair value of each individual contract, was not significant to the overall valuation. As a result, all of the Trust's derivatives held as of June 30, 2016 and December 31, 2015 were classified as Level 2 of the fair value hierarchy.

The Trust determined that the contingent consideration recognized in connection with the acquisition of the Hub at Madison (see Note 3 to the accompanying condensed consolidated financial statements) is a recurring fair value adjustment. Due to the timing of the completion of the acquisition, the allocation of the purchase price is preliminary; however, the preliminary determination of fair value was based on an assessment of the probability of achieving certain operating performance metrics, such as net operating income, and applying a discount rate equal to the Trust's weighted average cost of capital. As the performance period extends over two years, it is expected that the fair value will be adjusted at each reporting date. The estimated range of final payout is $0.0 million to $4.5 million. The Trust has determined that the inputs used to value the contingent consideration fall within Level 3 of the fair value hierarchy, as such represent unobservable inputs.

The table below presents the assets and liabilities measured at fair value on a recurring basis, aggregated by the level in the fair value hierarchy within which those measurements fall and summarizes the carrying amounts and fair values of these financial instruments as of June 30, 2016 and December 31, 2015 (in thousands):

		Estimated Fair Value		
	Carrying value	Level 1	Level 2	Level 3

June 30, 2016:			
Derivative financial instruments (liability position)	$ 9,963	$ —$9,963	$ —
Deferred compensation plan assets	429	429 —	—
Contingent consideration (recorded in accrued expenses)	2,129	——	2,129
December 31, 2015:			
Derivative financial instruments (liability position)	$ 5,475	$ —$5,475	$ —
Deferred compensation plan assets	318	318 —	—

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 assessments of available market information and valuation methodologies, including discounted cash flow analyses. Due to the fact that our unsecured

revolving credit facility, unsecured term loan facility and variable rate mortgage and construction loans bear interest at variable rates, carrying value approximates the fair value.

The table below summarizes the gross carrying amounts and fair values of these financial instruments as of June 30, 2016 and December 31, 2015 (in thousands):

	June 30, 2016			
	Carrying value	Estimated Fair Value		
		Level 1	Level 2	Level 3
Notes receivable	$500	$—	$ 443	$ —
Senior unsecured notes	250,000	—	257,699	—
Unsecured term loan facility	187,500	—	187,500	—
Variable rate mortgage and construction loans	99,316	—	99,316	—

	December 31, 2015			
	Carrying value	Estimated Fair Value		
		Level 1	Level 2	Level 3
Notes receivable	$2,167	$—	$2,104	$ —
Senior unsecured notes	250,000	—	246,793	—
Unsecured term loan facility	187,500	—	187,500	—
Variable rate mortgage and construction loans	107,255	—	107,255	—
Fixed rate mortgage loans	98,209	—	110,851	—

The Trust discloses the fair value of financial instruments for which it is practicable to estimate. 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.

13. 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 following table represents the Trust's segment information for the three and six months ended June 30, 2016 and 2015 (in thousands):

	Three months ended June 30,		Six months ended June 30,	
	2016	2015	2016	2015
Collegiate Housing Leasing:				
Collegiate housing leasing revenue	$61,690	$53,734	$131,873	$114,117
Collegiate housing leasing operations	26,166	22,868	51,055	47,008
Net operating income	$35,524	$30,866	$80,818	$67,109
Total segment assets at end of period [1]	$2,191,350	$1,813,219	$2,191,350	$1,813,219
Development Consulting Services:				
Third-party development consulting services	$467	$444	$950	$1,041
General and administrative [3]	656	878	1,285	1,712
Net operating loss	$(189)	$(434)	$(335)	$(671)
Total segment assets at end of period[2]	$6,292	$5,828	$6,292	$5,828
Management Services:				
Third-party management services	$697	$780	$1,591	$1,833
General and administrative [3]	567	685	1,140	1,470
Net operating income	$130	$95	$451	$363
Total segment assets at end of period[2]	$10,520	$9,981	$10,520	$9,981
Reconciliations:				
Segment revenue	$62,854	$54,958	$134,414	$116,991
Operating expense reimbursements	2,286	2,366	4,105	4,462
Total segment revenues	$65,140	$57,324	$138,519	$121,453
Segment operating expenses	$27,389	$24,431	$53,480	$50,190
Reimbursable operating expenses	2,286	2,366	4,105	4,462
Total segment operating expenses	$29,675	$26,797	$57,585	$54,652
Segment net operating income	$35,465	$30,527	$80,934	$66,801
Other unallocated general and administrative expenses [4]	(4,584)	(3,503)	(9,012)	(7,225)
Depreciation and amortization	(19,099)	(15,911)	(36,615)	(31,777)
Ground lease	(2,296)	(2,170)	(5,605)	(5,018)
Nonoperating expenses	(4,108)	(5,875)	(19,097)	(12,294)
Equity in earnings (losses) of unconsolidated entities	107	(202)	(137)	(396)
Income before income taxes and gain on sale of collegiate housing properties	$5,485	$2,866	$10,468	$10,091

[1] The increase in segment assets related to the collegiate housing segment during the six months ended June 30, 2016 as compared to the same period in 2015 is primarily related to the opening of five new communities, three property acquisitions and continued development of thirteen communities for ownership by the Trust offset by the sale of four collegiate housing communities.

[2] Total segment assets also include goodwill of $2,149 related to management services and $921 related to development consulting services.

[3] General and administrative expenses for the development consulting services and management services segments represent those expenses that are directly attributable to these segments and also include an allocation of corporate general and administrative expenses based on the extent of effort or resources expended.

[4] Other unallocated general and administrative expenses includes costs directly attributable to our owned developments and corporate general and administrative expenses that are not allocated to any of the segments.

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14. Subsequent events

On July 15, 2016, the Board declared a second quarter distribution of $0.38 per share of common stock and OP Unit for the quarter ended June 30, 2016. The distributions will be paid on August 15, 2016 to stockholders and unitholders of record at the close of business on July 29, 2016.

During July 2016, the Trust sold 1.3 million shares under the 2016 ATM program for net proceeds of $57.9 million, which exhausted the availability under the ATM Program established on May 2, 2016.

During July 2016, the Trust entered into an agreement to acquire a 700-bed community adjacent to a tier-one university for approximately $80.0 million. Closing is subject to normal due diligence and is targeted for October 2016.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

The following discussion should be read in conjunction with the financial statements and notes thereto appearing elsewhere in this Quarterly Report on Form 10-Q ("Report") and the audited consolidated financial statements and notes thereto and Management's Discussion and Analysis of Financial Condition and Results of Operations contained in our Annual Report on Form 10-K for the year ended December 31, 2015. Certain statements contained in this Report are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995, including but not limited to statements related to plans for future acquisitions or dispositions, our business and investment strategy, market trends and projected capital expenditures. When used in this Report, the words "expect," "anticipate," "intend," "plan," "believe," "seek," "estimate, "would," "could," "should," and similar expressions are generally intended to identify forward-looking statements. You should not place undue reliance on these forward-looking statements, which reflect our opinions only as of the date of this Report. We assume no obligation to update or supplement forward-looking statements that become untrue because of subsequent events. Forward-looking statements are subject to risks, uncertainties and other factors that could cause actual results to differ materially from future results expressed or implied by such forward-looking statements. For further information about these and other factors that could affect our future results, please see "Forward-Looking Statements" and "Item 1A. Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2015, as well as risks, uncertainties and other factors discussed in this Report and other documents filed by us with the Securities Exchange Commission ("SEC"). Investors are cautioned that any forward-looking statements are not guarantees of future performance and involve risks and uncertainties, and that actual results may differ materially from those contemplated by such forward-looking statements.

All references to "we," "our," "us," "EdR," "Trust" and the "Company" in this Report mean Education Realty Trust, Inc. and it consolidated subsidiaries including Education Realty Operating Partnership, LP (the "Operating Partnership"), except where it is made clear that the term means only Education Realty Trust, Inc.

Overview

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

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

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

Our Business Segments

We define business segments by their distinct customer base and the service provided. Management has identified three reportable segments: collegiate housing leasing, development consulting services and management services. We evaluate each segment's performance based on net operating income, which is defined as income before depreciation, amortization, ground leases, impairment losses, interest expense (income), gains (losses) on extinguishment of debt, equity in earnings of unconsolidated entities and noncontrolling interests. The accounting policies of the reportable segments are described in more detail in the summary of significant accounting policies in the notes to the accompanying condensed consolidated financial statements and in our Annual Report on Form 10-K for the year ended December 31, 2015.

Collegiate housing leasing

Collegiate housing leasing revenue represented 98.1% of our total revenues, excluding operating expense reimbursements and other adjustments/eliminations included in our segment reporting, for the six months ended June 30, 2016.

Unlike multi-family housing where apartments are leased by the unit, collegiate-housing communities are typically leased by the bed on an individual lease liability basis. Individual lease liability limits each resident’s liability to his or her own rent without liability for a roommate’s rent. The number of lease contracts that we administer is therefore equivalent to the number of beds occupied instead of the number of apartment units occupied. A parent or guardian is required to execute each lease as a

guarantor unless the resident provides adequate proof of income and/or pays a deposit, which is usually equal to two months' rent.

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

The majority of our leases commence in mid-August of each year and terminate the last day of July of each year. These dates generally coincide with the commencement of the universities' fall academic term and the completion of the subsequent summer school session. As such, we are required to re-lease each community in its entirety each year, resulting in significant turnover in our resident population from year to year. In the 2015-2016 leasing cycle and the 2014-2015 cycle, approximately 74.3% and 72.2%, respectively, of our beds were leased to students who were first-time residents at our communities. As a result, we are highly dependent upon the effectiveness of our marketing and leasing efforts during the annual leasing season that typically begins in October and ends in August of each year. Our communities' occupancy rates are therefore typically stable during the August to July academic year but are susceptible to fluctuation at the commencement of each new academic year.

Prior to the commencement of each new lease period, primarily during the first two weeks of August, but also during September at some communities, we prepare the units for new incoming residents. Other than revenue generated by in-place leases for renewing residents, we do not generally recognize lease revenue during this period referred to as "Turn," as we have no leases in place. In addition, we incur significant expenses during Turn to make our units ready for occupancy. These expenses are recognized when incurred. This Turn period results in seasonality in our operating results during the third quarter of each year. In addition, several of our properties (University Towers, The Berk, University Village on Colvin and all of the University of Kentucky properties) operate under nine or 10 month leases. During certain periods in the summer months, no rent revenue is recognized, resulting in seasonality in our operating results during that time.

Development consulting services

For the six months ended June 30, 2016, revenue from our development consulting services represented 0.7% of our total revenues, excluding operating expense reimbursements and other adjustments/eliminations included in our segment reporting. We provide development consulting services primarily to colleges and universities seeking to modernize their on-campus collegiate housing communities, to other third-party investors and to our collegiate housing leasing segment in order to develop communities for our ownership. Our development consulting services typically include the following:

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

Fees for these services are typically 3 – 5% of the total cost of a project and are payable over the life of the construction period, which in most cases is one to two years in length. Occasionally, the development consulting contracts include a provision whereby we can participate in project savings resulting from successful cost management efforts. These revenues are recognized once all contractual terms have been satisfied and no future performance requirements exist. This typically occurs after construction is complete. As part of the development agreements, there are certain costs we pay on behalf of universities or third-party investors. These costs are included in reimbursable operating expenses and are required to be reimbursed to us by the universities or third-party investors. We recognize the expense and revenue related to these reimbursements when incurred. These operating expenses are wholly reimbursable and therefore not considered by management when analyzing the operating performance of our development consulting services business.

Management services

For the six months ended June 30, 2016, revenue from our management services segment represented 1.2% of our total revenues, excluding operating expense reimbursements and other adjustments/eliminations included in our segment reporting. We provide management services for collegiate housing communities owned by educational institutions, charitable foundations, ourselves and others. Our management services typically cover all aspects of community operations, including residence life and student development, marketing, leasing administration, strategic relationships, information systems and accounting services. We provide these services pursuant to multi-year management agreements under which management fees are typically 3 – 5% of leasing revenue. These agreements usually have an initial term of two to five years with renewal options of like terms. As part of the management agreements, there are certain payroll and related expenses we pay on behalf of the property owners. These costs are included in reimbursable operating expenses and are required to be reimbursed to us by the property owners. We recognize the expense and revenue related to these reimbursements when incurred. These operating expenses are wholly reimbursable and therefore not considered by management when analyzing the operating performance of our management services business.

Trends and Outlook

Rents and occupancy

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

After three consecutive years of declining new supply, we currently anticipate the volume of 2017 new supply in our markets to be more than the 2016 levels. Even with more beds entering our markets, the rate of new supply is projected to only exceed enrollment growth by 40 basis points. This difference is consistent with what we experienced the last four years, during which time we averaged 4.0% increases in same-community revenue. These results speak both to the quality of our newer well-located portfolio of communities as well as the modernization that continues to occur in the industry. We believe that the growth characteristics of our well-located portfolio, which has produced a compounded annual revenue growth of 3.7% over the last six years, has not changed significantly.

We define our same-community portfolio as properties that were owned and operating for the full years ended as of December 31, 2016 and 2015 and are not conducting substantial development or redevelopment activities and were not classified as discontinued operations or sold during the respective periods. We sold three properties during the six months ended June 30, 2016. We also sold one property during the year ended December 31, 2015. These four properties are excluded from same-community results for the six months ended June 30, 2016 and 2015 (see Note 4 to the accompanying condensed consolidated financial statements).

Our community occupancy rates are typically stable during the August to July academic year but are susceptible to fluctuation at the commencement of each new academic year. Management reviews both occupancy and rate per occupied bed to assess markets and combined, overall revenue growth. For the six months ended June 30, 2016, same-community revenue per occupied bed increased to $815 and same-community physical occupancy increased to 90.5%, compared to same-community revenue per occupied bed of $785 and same-community physical occupancy of 90.2% for the six months ended June 30, 2015. The results represent averages for the same-community portfolio, which are not necessarily indicative of every community in the portfolio. Individual communities can and do perform

both above and below these averages, and, at times, an individual community may experience a decline in total revenue due to local university and economic conditions. Our management focus is to assess these situations and address them quickly in an effort to minimize the exposure and reverse any negative trends.

The same-community leasing portfolio opened the 2015-2016 lease term with a 3.8% increase in rental revenue. Opening occupancy was up 40 basis points to 97.0% and net rental rates opened the term 3.4% above the prior year. New-communities opened the 2015-2016 lease term with an average occupancy of 95.5%.

Development consulting services

Third-party development consulting services

For the six months ended June 30, 2016 and 2015, third-party development revenue was $1.0 million for each period. In recent years, we have had approximately two to three third-party development consulting projects per year. As more universities are turning toward private industry to fund and own new collegiate housing projects, we expect to see an increase in equity deals and future third-party fee volume to remain around these historical levels. In the first quarter of 2016, we delivered a third-party development project at Clarion University of Pennsylvania. We are currently providing third-party development services with a project under construction at the University of California, Berkeley, for the Bowles Hall Foundation, which is expected to open this fall. We have also begun construction on third-party developments at East Stroudsburg University - Pennsylvania Phase II, Texas A&M - Commerce and Shepherd University with delivery targeted for the summer of 2017.

ONE Plan^{SM} developments

We develop collegiate housing communities on- and off-campus for our ownership, and we expect this to be a significant part of our external growth going forward. The ONE Plan^{SM} is our private equity program which allows universities to use our equity and financial stability to develop and revitalize campus housing while preserving their credit capacity for other campus projects. This program is designed to provide our equity to solve a university’s housing needs through a ground lease structure where we typically own the land improvements and operate the community. Others in the industry have similar programs and to date we have 15 ONE Plan^{SM} projects representing 20 communities completed or underway. In December 2011, we were selected by the University of Kentucky ("UK") to negotiate the potential revitalization of UK's entire campus housing portfolio and expansion of UK's campus housing portfolio to more than 9,000 beds within five to seven years. We refer to this project as the UK Campus Housing Revitalization Plan. To date, we have delivered 4,592 beds for $264.4 million of development costs in the first three phases at UK. Construction on the 2016 and 2017 deliveries is on-track to deliver 2,258 beds for a total cost of $184.8 million. We view our entry into the partnership with UK as a defining moment, not only for EdR, but also for our industry. Most state universities face many of the same challenges as UK, including reduced support from constrained state budgets, aged on-campus housing and demands on institutional funds for academic and support services. We believe declining state support for higher education will continue to be the norm rather than the exception. These external factors provide a great opportunity for the Trust. As universities see the progress of the UK Campus Revitalization Plan, the volume of discussions we are having with other universities continues to increase as they investigate this type of structure to replace their aging on-campus housing stock.

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

Collegiate housing operating costs

In 2014 and 2013, same-community operating expenses increased 2.6% and 4.2%, respectively. In 2015, same-community operating expenses increased approximately 5.0%. This increase was mainly driven by higher real estate taxes. During the first quarter of 2015, the Company recognized $0.8 million in real estate taxes related to a tax assessment covering several prior assessment years. Without the tax assessment in the prior year, total same-community operating expenses would have increased 3.4% over the prior year, which is in line with our expectations for 2016 growth. We expect full year same-community operating expenses to increase between 2.5-3.5% going forward, which we believe is a reasonable level of growth for the foreseeable future.

General and administrative costs

General and administrative expenses include costs such as payroll, home office rent, training, professional and legal fees and other public company costs. Costs directly associated with the management of our owned portfolio along with allocated corporate general and administrative expenses based on the extent of effort or resources expensed are presented in collegiate housing leasing operations on the accompanying condensed consolidated statements of income and comprehensive income.

Costs directly associated with our management and development services along with allocated corporate general and administrative expenses based the extent of effort or resources expended are presented in development and management services in the accompanying condensed consolidated statements of income and comprehensive income.

Unallocated general and administrative costs for the six months ended June 30, 2016 and 2015 were $5.5 million (excluding development pursuit costs and acquisition costs of $0.7 million) and $4.2 million (excluding development pursuit costs and acquisition costs of $1.0 million), respectively, an increase of $1.3 million, or 29.8%. This increase during 2016 is consistent with our growth in assets and revenue and allows us to appropriately prepare for future growth, such as the announced development pipeline and pending acquisitions. While we expect general and administrative costs to continue double digit increases for the remainder of 2016, we expect that growth rate to moderate going forward.

Asset repositioning and capital recycling

Since 2009, we have acquired $1.1 billion of collegiate housing communities, completed $674.3 million of developments and disposed of $486.9 million of collegiate housing communities. These transactions have improved our median distance to campus to 0.1 miles and increased our average rental rate to $797. Currently, 83% of our beds and 87% of our community net operating income ("NOI") are located on or pedestrian to campus.

During the six months ended June 30, 2016, we completed the acquisition of two collegiate housing properties for an aggregate purchase price of $213.1 million, resulting in an increase to our portfolio by 1,230 beds. We also sold three housing communities consisting of 1,728 beds for gross sales price of $96.6 million. The Trust received net proceeds of $95.0 million after deducting closing costs and recognized a $24.0 million gain on these dispositions.

During the six months ended June 30, 2016, the Trust entered into binding agreements for the acquisitions of two collegiate housing properties serving Colorado State University, Pura Vida Place and Carriage House, for combined consideration of approximately $24.0 million. The properties have 106 units consisting of 194 beds. These acquisitions are expected to close in the third quarter of 2016.

We also entered into a binding agreement to acquire ownership interests in a collegiate housing development, The Hub at Tucson II, which will have 104 units consisting of 311 beds serving the University of Arizona in Tucson, Arizona, and is expected to close in two phases. The first phase is expected to close in the fall of 2016 once development is complete, and the second phase is expected to close in the third quarter of 2017, for cash consideration of approximately $50.0 million.

Each of the pending acquisitions described above is subject to certain customary closing conditions. We can provide no assurances that these transactions will be completed on the terms we expect or at all.

We continue to add to the size and quality of our portfolio with new developments. Construction is proceeding as expected on the following 2016, 2017 and 2018 deliveries (dollars in thousands):

Active Projects	Project Type	Bed Count	Total Project Development Cost	EdR's Ownership Percentage	EdR's Share of Development Cost	EdR's Share of Development Cost to be Funded
2016 Deliveries						
University of Kentucky - Holmes Hall and Boyd Hall (formerly Limestone Park I & II)	ONE Plan	1,141	$ 83,911	100%	$ 83,911	$ 4,510
University of Mississippi - The Retreat - Phase II	Wholly Owned	350	26,161	100%	26,161	1,728
Virginia Polytechnic Institute and State University - Retreat at Blacksburg - Phases I & II	Joint Venture	829	64,433	75%	48,325	8,478
Total - 2016 Deliveries		2,320	$ 174,505		$ 158,397	$ 14,716
2017 Deliveries						
University of Kentucky - University Flats	ONE Plan	771	$ 74,038	100%	$ 74,038	$ 49,951
Boise State University	ONE Plan	656	39,763	100%	39,763	34,673
University of Kentucky - Lewis Hall	ONE Plan	346	26,935	100%	26,935	23,771
Michigan State University - SkyVue	Joint Venture	824	89,906	90%	80,915	54,129
Texas State University - The Local: Downtown	Joint Venture	304	29,631	80%	23,705	16,980
Oklahoma State University - Avid Square	Joint Venture	475	47,227	70%	33,059	24,730
Northern Michigan University	ONE Plan	800	50,267	100%	50,267	50,267
Total - 2017 Deliveries		4,176	$ 357,767		$ 328,682	$ 254,501
2018 Deliveries						
University of Pittsburgh	Joint Venture	723	106,098	80%	84,878	84,878
Florida State University - Players Club redevelopment	Wholly Owned	592	37,458	100%	37,458	37,458
Northern Michigan University	ONE Plan	400	25,133	100%	25,133	25,133
Total - 2018 Deliveries		1,715	$ 168,689		$ 147,469	$ 147,469
Total Active Projects		8,211	$ 700,961		$ 634,548	$ 416,686

Critical Accounting Policies

There have been no significant changes to our critical accounting policies as disclosed in the Annual Report on Form 10-K for the year ended December 31, 2015, filed with the SEC on February 29, 2016.

Recent Accounting Pronouncements

A discussion of recent accounting pronouncements is included in Note 2 of the accompanying condensed consolidated financial statements.

Results of Operations for the six months ended June 30, 2016 and 2015

The following table presents our results of operations for the six months ended June 30, 2016 and 2015 (dollars in thousands):

	Six months ended June 30,			
	2016	2015	Change ($)	Change (%)
Collegiate Housing Leasing:				
Collegiate housing leasing revenue	$131,873	$114,117	$17,756	15.6 %
Collegiate housing leasing operating expenses	51,055	47,008	4,047	8.6 %
Net operating income	$80,818	$67,109	$13,709	20.4 %
Development Consulting Services:				
Third-party development consulting services	$950	$1,041	$(91)	(8.7)%
General and administrative[1]	1,285	1,712	(427)	(24.9)%
Net operating loss	$(335)	$(671)	$336	(50.1)%
Management Services:				
Third-party management services	$1,591	$1,833	$(242)	(13.2)%
General and administrative[1]	1,140	1,470	(330)	(22.4)%
Net operating income	$451	$363	$88	24.2 %
Reconciliations:				
Segment revenue	$134,414	$116,991	$17,423	14.9 %
Operating expense reimbursements	4,105	4,462	(357)	(8.0)%
Total segment revenues	$138,519	$121,453	$17,066	14.1 %
Segment operating expenses	$53,480	$50,190	$3,290	6.6 %
Reimbursable operating expenses	4,105	4,462	(357)	(8.0)%
Total segment operating expenses	$57,585	$54,652	$2,933	5.4 %
Segment net operating income	$80,934	$66,801	$14,133	21.2 %
Other unallocated general and administrative expenses[2]	(9,012)	(7,225)	(1,787)	24.7 %
Depreciation and amortization	(36,615)	(31,777)	(4,838)	15.2 %
Ground lease	(5,605)	(5,018)	(587)	11.7 %
Nonoperating expenses	(19,097)	(12,294)	(6,803)	55.3 %
Equity in losses of unconsolidated entities	(137)	(396)	259	(65.4)%
Income before income taxes and gain on sale of collegiate housing properties	$10,468	$10,091	$377	3.7 %

[1] General and administrative expenses for the development consulting services and management services segments represent those expenses that are directly attributable to these segments and also include an allocation of corporate general and administrative expenses based on the extent of effort or resources expended.

[2] Other unallocated general and administrative expenses includes costs directly attributable to our owned developments and corporate general and administrative expenses that are not allocated to any of the segments.

Collegiate housing leasing

Collegiate housing operating statistics for total communities and same-communities for the six months ended June 30, 2016 and 2015 were as follows:

	Six months ended June 30,		Favorable (Unfavorable)	
	2016	2015		
Total communities:				
Occupancy				
Physical[1]	88.7 %	90.2 %	(150)	bps
Economic[2]	89.9 %	90.8 %	(90)	bps
NarPOB[3]	$753	$714	$ 39	
Other income per occupied bed[4]	$54	$48	$ 6	
RevPOB[5]	$807	$762	$ 45	
Operating expense per bed[6]	$277	$283	$ 6	
Operating margin[7]	61.3 %	58.8 %	250	bps
Design Beds[8]	184,096	165,972	18,124	
Same-communities[9]:				
Occupancy				
Physical[1]	90.5 %	90.2 %	30	bps
Economic[2]	91.9 %	91.4 %	50	bps
NarPOB[3]	$758	$734	$ 24	
Other income per occupied bed[4]	$57	$51	$ 6	
RevPOB[5]	$815	$785	$ 30	
Operating expense per bed[6]	$287	$283	$ (4)	
Operating margin[7]	61.1 %	60.1 %	100	bps
Design Beds[8]	149,280	149,280	—	

[1] Represents a weighted average of the month-end occupancies for the respective period.
[2] Represents the effective occupancy calculated by taking net apartment rent accounted for on a GAAP basis for the respective period divided by market rent for the respective period.
[3] Net apartment rent per occupied bed ("NarPOB") represents GAAP net apartment rent for the respective period divided by the sum of the occupied beds in the portfolio for each of the included months.
[4] Represents other GAAP-based income for the respective period divided by the sum of the occupied beds in the portfolio for each of the included months. Other income includes service/application fees, late fees, termination fees, parking fees, transfer fees, damage recovery, utility recovery and other miscellaneous fees.
[5] Revenue per occupied bed ("RevPOB") represents total revenue (net apartment rent plus other income) for the respective period divided by the sum of the occupied beds in the portfolio for each of the included months.
[6] Represents property-level operating expense excluding management fees, depreciation and amortization and ground/facility lease fees divided by the sum of the design beds for each of the included months.
[7] Represents operating income divided by revenue.
[8] Represents the sum of the monthly design beds in the portfolio during the period. Design beds are total beds (including staff and model beds) in the portfolio.
[9] Represents operating statistics for communities that were owned by us and were operating for the full year ended December 31, 2015. The same community portfolio excludes properties that are sold or have met the held for sale accounting treatment.

The following table shows the impact of the same-communities, acquisitions and developments and communities sold during the period on collegiate housing leasing revenue and operating expenses for the six months ended June 30, 2016 (in thousands):

	Collegiate Housing Leasing Revenue	Collegiate Housing Leasing Operating Expenses
Six months ended June 30, 2015	$114,117	$47,008
Increase in same-community	4,330	613
Increase from 2015 development deliveries	11,136	2,308
Increase from 2015 acquisitions	2,544	802
Increase from 2016 acquisitions	1,644	691
Pre-opening expense on future developments	—	646
Decrease from sold communities	(1,898)	(1,013)
Six months ended June 30, 2016	$131,873	$51,055

The increase in same-community revenue of $4.3 million, or 4.1%, was attributable to a 3.1% increase in rental rates, a 0.3% improvement in occupancy and a 0.7% growth in other income. Same-community operating expenses increased $0.6 million, or 1.5%, over the prior year due to an increase in real estate taxes, maintenance and repairs and utilities expenses.

The increase from the 2015 acquisitions and development deliveries relates to a full six months of operating results in the current period compared to the prior year. Sold-communities reflects the impact to operating results of the communities sold in 2016 and 2015.

Development consulting services

The following table represents the development consulting revenue recognized by project for the six months ended June 30, 2016 and 2015:

			Segment Revenues		
Project	Beds	Fee Type	2016	2015	Difference
			(in thousands)		
Clarion University of Pennsylvania	728	Development fee	$30	$775	$ (745)
Athens – Georgia Heights	292	Development fee	—	85	(85)
Wichita State University	784	Development fee	—	10	(10)
Shepherd University	298	Development fee	36	—	36
Bowles Hall	186	Development fee	764	19	745
Purchasing fees	—	Purchasing fee	120	152	(32)
Third-party development consulting services total			$950	$1,041	$ (91)

Third-party development consulting services revenue decreased $0.1 million to $1.0 million for the six months ended June 30, 2016 as compared to the same period in 2015. Third-party development consulting revenue fluctuates based on the number and timing of development jobs. There were no revenues associated with cost savings for the six months ended June 30, 2016.

General and administrative expenses for the segment decreased $0.4 million, or 24.9%, for the six months ended June 30, 2016 compared to the same period in the prior year. General and administrative expenses generally fluctuate based on the number and timing of development jobs; however, a portion of general and administrative expenses are incurred prior to the commencement of construction of the development, including costs necessary to propose,

negotiate and structure the third-party development deals.

Management services

Total management services revenue decreased $0.2 million, or 13.2%, as compared to the same period in the prior year. General and administrative expenses for our management services segment decreased $0.3 million, or 22.4%, for the six months ended June 30, 2016 compared to the same period in the prior year. This decrease correlates to the decrease in the number of managed communities over the prior year and is partially due to the continued growth of our owned portfolio and a reduction in general and administrative expenses related to third-party management services.

Other unallocated general and administrative expenses

Other unallocated general and administrative expenses increased $1.8 million, or 24.7%, during the six months ended June 30, 2016 over the same period in the prior year. The increase includes approximately $0.3 million in acquisition and development pursuit costs, with the remainder related primarily to payroll costs as a result of growth in our portfolio, and increased on- and off- campus development pursuit activity.

Depreciation and amortization

Depreciation and amortization increased $4.8 million, or 15.2%, during the six months ended June 30, 2016 as compared to the same period in the prior year. This increase relates primarily to nine new communities (acquisitions or developments placed in service) opened since January 1, 2015, partially offset by sold communities.

Ground lease expense

For the six months ended June 30, 2016, the cost of ground leases increased $0.6 million, or 11.7%, compared to the same period in the prior year. This increase relates primarily to the opening of three communities on the campus of the University of Kentucky in 2015. We recognize ground lease expense on a straight-line basis over the life of the related ground lease.

Nonoperating expenses

Nonoperating expenses consist of the following for the six months ended June 30, 2016 and 2015 (dollars in thousands):

	Six Months Ended June 30,			
	2016	2015	Change ($)	Change (%)
Interest expense	$(8,298)	$(11,392)	$3,094	(27.2)%
Amortization of deferred financing costs	(937)	(1,007)	70	(7.0)%
Interest income	274	105	169	161.0 %
Loss on extinguishment of debt	(10,136)	—	(10,136)	NM
Total nonoperating expenses	$(19,097)	$(12,294)	$(6,803)	55.3 %

Total nonoperating expenses increased $6.8 million for the six months ended June 30, 2016 compared to the same period in 2015 due to a $10.1 million loss on extinguishment of debt incurred in relation to the payoff of $98.2 million of mortgage loans during the first quarter of 2016 and a $35.7 million construction loan during the second quarter of 2016 (see Note 6 to the accompanying condensed consolidated financial statements) offset by a $3.1 million decrease in interest expense over prior year directly related to the payoff of mortgage and construction debt during 2015 and 2016.

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Results of Operations for the three months ended June 30, 2016 and 2015

The following table presents our results of operations for the three months ended June 30, 2016 and 2015 (dollars in thousands):

	Three months ended June 30,			
	2016	2015	Change ($)	Change (%)
Collegiate Housing Leasing:				
Collegiate housing leasing revenue	$61,690	$53,734	$7,956	14.8 %
Collegiate housing leasing operating expenses	26,166	22,868	3,298	14.4 %
Net operating income	$35,524	$30,866	$4,658	15.1 %
Development Consulting Services:				
Third-party development consulting services	$467	$444	$23	5.2 %
General and administrative[1]	656	878	(222)	(25.3)%
Net operating loss	$(189)	$(434)	$245	(56.5)%
Management Services:				
Third-party management services	$697	$780	$(83)	(10.6)%
General and administrative[1]	567	685	(118)	(17.2)%
Net operating income	$130	$95	$35	36.8 %
Reconciliations:				
Segment revenue	$62,854	$54,958	$7,896	14.4 %
Operating expense reimbursements	2,286	2,366	(80)	(3.4)%
Total segment revenues	$65,140	$57,324	$7,816	13.6 %
Segment operating expenses	$27,389	$24,431	$2,958	12.1 %
Reimbursable operating expenses	2,286	2,366	(80)	(3.4)%
Total segment operating expenses	$29,675	$26,797	$2,878	10.7 %
Segment net operating income	$35,465	$30,527	$4,938	16.2 %
Other unallocated general and administrative expenses[2]	(4,584)	(3,503)	(1,081)	30.9 %
Depreciation and amortization	(19,099)	(15,911)	(3,188)	20.0 %
Ground lease	(2,296)	(2,170)	(126)	5.8 %
Nonoperating expenses	(4,108)	(5,875)	1,767	(30.1)%
Equity in earnings (losses) of unconsolidated entities	107	(202)	309	(153.0)%
Income before income taxes and gain on sale of collegiate housing properties	$5,485	$2,866	$2,619	91.4 %

[1] General and administrative expenses for the development consulting services and management services segments represent those expenses that are directly attributable to these segments and also include an allocation of corporate general and administrative expenses based on the extent of effort or resources expended.

[2] Other unallocated general and administrative expenses includes costs directly attributable to our owned developments and corporate general and administrative expenses that are not allocated to any of the segments.

Collegiate housing leasing

Collegiate housing operating statistics for total communities and same-communities for the three months ended June 30, 2016 and 2015 were as follows:

	Three months ended June 30,		Favorable (Unfavorable)
	2016	2015	
Total communities:			
Occupancy			
Physical[1]	82.0 %	84.5 %	(250) bps
Economic[2]	82.8 %	84.9 %	(210) bps
NarPOB[3]	$749	$712	$ 37
Other income per occupied bed[4]	$63	$53	$ 10
RevPOB[5]	$812	$765	$ 47
Operating expense per bed[6]	$282	$275	$ (7)
Operating margin[7]	57.6 %	57.4 %	20 bps
Design Beds[8]	92,702	83,058	9,644
Same-communities[9]:			
Occupancy			
Physical[1]	84.4 %	83.9 %	50 bps
Economic[2]	85.2 %	84.9 %	30 bps
NarPOB[3]	$754	$733	$ 21
Other income per occupied bed[4]	$65	$57	$ 8
RevPOB[5]	$819	$790	$ 29
Operating expense per bed[6]	$291	$274	$ (17)
Operating margin[7]	57.8 %	58.7 %	(90) bps
Design Beds[8]	74,640	74,640	—

[1] Represents a weighted average of the month-end occupancies for the respective period.
[2] Represents the effective occupancy calculated by taking net apartment rent accounted for on a GAAP basis for the respective period divided by market rent for the respective period.
[3] Net apartment rent per occupied bed ("NarPOB") represents GAAP net apartment rent for the respective period divided by the sum of the occupied beds in the portfolio for each of the included months.
[4] Represents other GAAP-based income for the respective period divided by the sum of the occupied beds in the portfolio for each of the included months. Other income includes service/application fees, late fees, termination fees, parking fees, transfer fees, damage recovery, utility recovery and other miscellaneous fees.
[5] Revenue per occupied bed ("RevPOB") represents total revenue (net apartment rent plus other income) for the respective period divided by the sum of the occupied beds in the portfolio for each of the included months.
[6] Represents property-level operating expense excluding management fees, depreciation and amortization and ground/facility lease fees divided by the sum of the design beds for each of the included months.
[7] Represents operating income divided by revenue.
[8] Represents the sum of the monthly design beds in the portfolio during the period. Design beds are total beds (including staff and model beds) in the portfolio.
[9] Represents operating statistics for communities that were owned by us and were operating for the full year ended December 31, 2015. The same community portfolio excludes properties that are sold or have met the held for sale accounting treatment.

The following table shows the impact of the same-communities, acquisitions and developments and communities sold during the period on collegiate housing leasing revenue and operating expenses for the three months ended June 30, 2016 (in thousands):

	Collegiate Housing Leasing Revenue	Collegiate Housing Leasing Operating Expenses
Three months ended June 30, 2015	$53,734	$22,868
Increase in same-community	2,085	1,316
Increase from 2015 development deliveries	4,281	1,323
Increase from 2015 acquisitions	1,241	354
Increase from 2016 acquisitions	1,640	688
Pre-opening expense on future developments	—	344
Decrease from sold communities	(1,291)	(727)
Three months ended June 30, 2016	$61,690	$26,166

The increase in same-community revenue of $2.1 million, or 4.2%, was driven from a 2.6% increase in rental rates, a 0.5% improvement in occupancy and a 1.1% growth in other income. Same-community operating expenses increased $1.3 million, or 6.4%, over the prior year due to an increase in real estate taxes, utilities, and general and administrative expenses.

The increase from the 2015 acquisitions and development deliveries relates to a full quarter of operating results in the three months ended June 30, 2016 compared to a partial quarter of operating results during the same period in the prior year. Sold-communities reflects the impact to operating results of the communities sold in 2016 and 2015.

Development consulting services

The following table represents the development consulting revenue recognized by project for the three months ended June 30, 2016 and 2015:

			Segment Revenues		
Project	Beds	Fee Type	2016	2015	Difference
			(in thousands)		
Clarion University of Pennsylvania	728	Development fee	$28	$381	$ (353)
Athens - Georgia Heights	292	Development fee	—	44	(44)
Bowles Hall	186	Development fee	313	19	294
Shepherd University	298	Development fee	36	—	36
Purchasing fees	—	Purchasing fee	90	—	90
Third-party development consulting services total			$467	$444	$ 23

Third-party development consulting services revenue of $0.5 million for the three months ended June 30, 2016 was consistent with the same period in 2015. Third-party development consulting revenue fluctuates based on the number and timing of development jobs.

General and administrative expenses for the segment decreased $0.2 million, or 25.3%, for the three months ended June 30, 2016 compared to the same period in the prior year. General and administrative expenses fluctuate based on the number and timing of development jobs.

Management services

Management services revenue decreased $0.1 million, or 10.6% as compared to the same period in the prior year. General and administrative expenses for our management services segment decreased $0.1 million, or 17.2%, during the three months ended June 30, 2016 when compared to the same period in 2015. This decrease correlates to the decrease in the number of managed communities over the prior year and is partially due to the continued growth of our owned portfolio and a reduction in general and administrative expenses related to third-party management services.

Other unallocated general and administrative expenses

Other unallocated general and administrative expenses increased $1.1 million, or 30.9%, during the three months ended June 30, 2016 over the same period in the prior year. The increase includes approximately $0.6 million in acquisition and development pursuit costs, with the remainder related primarily to payroll costs as a result of growth in our portfolio and increased on- and off- campus development pursuit activity.

Depreciation and amortization

Depreciation and amortization increased $3.2 million, or 20.0%, during the three months ended June 30, 2016 as compared to the same period in the prior year. This increase relates primarily to nine new properties (acquisitions or developments) opened since January 1, 2015, partially offset by sold communities.

Ground lease expense

For the three months ended June 30, 2016, the cost of ground leases increased $0.1 million, or 5.8%, compared to the same period in the prior year. This increase relates primarily to the opening of three communities on the campus of the University of Kentucky in 2015. We recognize ground lease expense on a straight-line basis over the life of the related ground lease.

Nonoperating expenses

Nonoperating expenses consist of the following for the three months ended June 30, 2016 and 2015 (dollars in thousands):

	Three Months Ended June 30,			
	2016	2015	Change ($)	Change (%)
Interest expense	$(3,635)	$(5,451)	$1,816	(33.3)%
Amortization of deferred financing costs	(457)	(491)	34	(6.9)%
Interest income	200	67	133	198.5 %
Loss on extinguishment of debt	(216)	—	(216)	— %
Total nonoperating income (expenses)	$(4,108)	$(5,875)	$1,767	(30.1)%

Total nonoperating expenses decreased $1.8 million for the three months ended June 30, 2016 compared to the same period in 2015. This decrease is due to a $1.8 million decrease in interest expense over the prior year due to the significant amount of mortgage and construction debt prepaid in 2016.

Legal Proceedings

We are not currently a party to, nor are any of our communities the subject of, pending material legal proceedings. 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.

Non-GAAP Measures

Funds From Operations (FFO)

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

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

We also use core funds from operations ("Core FFO") as an operating performance measure. Core FFO available to stockholders and unitholders is defined as FFO adjusted to exclude the impact of straight-line adjustments for ground leases, gains/losses on extinguishment of debt, transaction costs related to acquisitions, and severance costs. We believe that these adjustments are appropriate in determining Core FFO as they are not indicative of the operating performance of our assets. In addition, management uses Core FFO in the assessment of our operating performance and comparison to its industry peers and believes that Core FFO is a useful supplemental measure for the investing community to use in comparing our results to other REITs as many REITs provide some form of adjusted or modified FFO.

The following table presents a reconciliation of GAAP net income to FFO and Core FFO available to our stockholders and unitholders to net income for the three and six months ended June 30, 2016 and 2015 (in thousands):

	Three months ended June 30,		Six months ended June 30,	
	2016	2015	2016	2015
Net income attributable to Education Realty Trust, Inc.	$17,655	$2,917	$34,324	$9,858
Gain on sale of collegiate housing properties	(12,083)	—	(23,956)	—
Real estate related depreciation and amortization	18,695	15,517	35,808	31,040
Equity portion of real estate depreciation and amortization on equity investees	657	423	1,323	843
Noncontrolling interests	(88)	(90)	117	122
FFO available to stockholders and unitholders	24,836	18,767	47,616	41,863
FFO adjustments:				
Loss on extinguishment of debt	216	—	10,136	—
Acquisition costs	178	90	238	90
Straight-line adjustment for ground leases	1,187	1,200	2,373	2,401
FFO adjustments	1,581	1,290	12,747	2,491
Core FFO available to stockholders and unitholders	$26,417	$20,057	$60,363	$44,354

Net Operating Income (NOI)

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

The following is a reconciliation of our GAAP operating income to NOI for the three and six months ended June 30, 2016 and 2015 (in thousands):

	Three months ended June 30,		Six months ended June 30,	
	2016	2015	2016	2015
Operating income	$9,486	$8,943	$29,702	$22,781
Less: Third-party development services revenue	467	444	950	1,041
Less: Third-party management services revenue	697	780	1,591	1,833
Plus: Development and management services expenses	2,728	2,507	5,249	5,209
Plus: General and administrative expenses	3,079	2,559	6,188	5,198
Plus: Ground leases	2,296	2,170	5,605	5,018
Plus: Depreciation and amortization	19,099	15,911	36,615	31,777
NOI	$35,524	$30,866	$80,818	$67,109

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

Adjusted EBITDA is defined as GAAP net income excluding: (1) straight line adjustment for ground leases; (2) acquisition costs; (3) depreciation and amortization; (4) loss on impairment of collegiate housing assets; (5) gain on sale of collegiate housing properties; (6) interest expense and income; (7) amortization of deferred financing costs; (8) income tax expense (benefit); (9) non-controlling interest; and (10) loss on extinguishment of debt. We consider Adjusted EBITDA useful to an investor in evaluating and facilitating comparisons of our operating performance between periods and between REITs by removing the impact of our capital structure (primarily interest expense) and asset base (primarily depreciation and amortization) from our operating results. The following is a reconciliation of our GAAP net income to Adjusted EBITDA for the trailing twelve months ended June 30, 2016 (in thousands):

	Six Months Ended June 30, 2016	Plus: Year Ended December 31, 2015	Less: Six Months ended June 30, 2015	Trailing Twelve Months ended June 30, 2016
Net income attributable to Education Realty Trust, Inc. common stockholders	$34,324	$19,911	$9,858	$44,377
Straight line adjustment for ground leases	2,373	4,782	2,401	4,754
Acquisition costs	238	293	90	441
Depreciation and amortization	36,615	68,022	31,777	72,860
Gain on sale of collegiate housing properties	(23,956)	(2,770)	—	(26,726)
Interest expense	8,298	24,449	11,392	21,355
Amortization of deferred financing costs	937	2,089	1,007	2,019
Interest income	(274)	(213)	(105)	(382)
Loss on extinguishment of debt	10,136	403	—	10,539
Income tax expense	140	347	168	319
Noncontrolling interests	(40)	171	65	66
Adjusted EBITDA	$68,791	$117,484	$56,653	$129,622

Debt to gross assets

Debt to gross assets is defined as total debt, excluding the unamortized debt premium and deferred financing costs, divided by gross assets, or total assets excluding accumulated depreciation on real estate assets. We consider debt to gross assets useful to an investor in evaluating our leverage and in assessing our capital structure, because it excludes noncash items such as accumulated depreciation and provides a more accurate depiction of our capital structure.

The following is a reconciliation of our GAAP total assets to gross assets as of June 30, 2016 and December 31, 2015 (dollars in thousands):

	June 30, 2016	December 31, 2015
Mortgage and construction loans, excluding unamortized premium and deferred financing costs of $947 and $953 as of June 30, 2016 and December 31, 2015, respectively	99,316	205,464
Unsecured term loan, excluding unamortized deferred financing costs of $857 and $982 as of June 30, 2016 and December 31, 2015, respectively	187,500	187,500
Unsecured Senior Notes, excluding unamortized deferred financing costs of $2,192 and $2,322 as of June 30, 2016 and December 31, 2015, respectively	250,000	250,000
Total debt, excluding unamortized premium and deferred financing costs	$536,816	$642,964
Total assets	$2,466,472	$2,001,831
Accumulated depreciation[(1)]	284,681	270,993
Gross assets	$2,751,153	$2,272,824
Debt to gross assets	19.5 %	28.3 %

[(1)] Represents accumulated depreciation on real estate assets.

Liquidity and Capital Resources

Cash and cash flows

As of June 30, 2016, we had $230.4 million cash on hand compared to $33.7 million cash on hand as of December 31, 2015.

During the six months ended June 30, 2016, we generated $60.1 million of cash from operations compared to $45.6 million over the same period in 2015. This increase of $14.5 million is mostly attributable to a $13.7 million increase in community NOI over prior year.

During the six months ended June 30, 2016, we used $260.8 million of cash in investing activities compared to $113.2 million over the same period in 2015. This increase in cash used for investing activities of $147.7 million is mostly attributable to the following:

- an increase in cash used to acquire collegiate housing properties of $201.3 million, and
- an increase in cash spent on development activities of $43.0 million, partially offset by
- an increase in cash generated from the disposition of collegiate housing properties of $95.0 million (three dispositions in 2016 with none in 2015).

During the six months ended June 30, 2016, we generated $397.4 million of cash from financing activities compared to $66.2 million during the same period in 2015. This increase of $331.1 million is mostly attributable to:

- a significant increase in cash received from common stock offerings of $556.6 million during the six months ended June 30, 2016 compared to the same period in 2015, offset by
- an increase in repayments of mortgage and construction loans during the six months ended June 30, 2016 of $67.2 million compared to the same period in 2015, and
- a decrease in net borrowings on the line of credit of $114.0 million.

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Liquidity outlook and capital requirements

Our short-term liquidity needs include funds for distributions to our stockholders and unitholders, including those required to maintain our REIT status and satisfy our current annual distribution target of $1.52 per share to our stockholders and per OP Unit to the Operating Partnership unitholders, funds for capital expenditures, funds for our active development projects, funds for debt repayment and, potentially, funds for new property acquisitions and development. We generally expect to meet our short-term liquidity requirements through existing cash provided by operations, draws on our revolving credit facility or other new debt, debt refinancing and recycling capital through potential asset sales. We believe that these sources of capital will be sufficient to provide for our short-term capital needs. We have managed our balance sheet so that all capital needs, including announced and committed development deals, are pre-funded by our balance sheet capacity. During November 2014, we obtained investment grade credit ratings and completed our inaugural public offering of Senior Unsecured Notes, as further discussed below. We will continue to monitor both the debt and equity markets and in the future anticipate accessing capital through our at-the-market equity offering program, additional follow on equity offerings or additional offerings of public unsecured notes.

In November 2015, we completed a follow-on equity offering selling 8.1 million shares of our common stock for net proceeds of approximately $270.1 million. This offering, a subsequent offering in January 2016, where we sold an additional 6.3 million shares of our common stock for net proceeds of approximately $215.1 million, and sales of common stock under our 2014 at-the-market equity offering program ("ATM Program") which generated $93.5 million during the six months ended June 30, 2016, improved our leverage metrics and provided additional balance sheet capacity to fund our current development pipeline and future acquisitions and development opportunities.

The Operating Partnership used $85.1 million of the proceeds from the January 2016 follow-on equity offering to prepay the two remaining notes under the Master Secured Credit Facility (see Note 6 to the accompanying condensed consolidated financial statements). One of the prepaid notes had a principal balance of $21.3 million at December 31, 2015, was set to mature on January 1, 2020 and had a fixed interest rate of 5.67%. The second prepaid note had a principal balance of $54.5 million, was set to mature on January 1, 2019 and had a fixed interest rate of 6.02%. The Operating Partnership incurred an aggregate prepayment penalty of $9.3 million in connection with the prepayment of these notes. In addition, the Operating Partnership repaid in full fixed-rate mortgage debt of $23.7 million that was collateralized by The Suites at Overton Park collegiate housing community. The interest rate was equal to 4.16% and the mortgage debt was scheduled to mature on April 1, 2016.

Remaining proceeds from the January 2016 offering and ATM Program proceeds will be used by the Operating Partnership for general corporate purposes, which include funding its development pipeline.

Distributions for the six months ended June 30, 2016 totaled $47.9 million, or $0.68 per share to our stockholders and $0.4 million, or $0.68 per OP Unit, to the Operating Partnership unitholders compared to cash provided by operations of $60.1 million, or $0.84 per weighted average share/unit.

Based on our closing share price of $46.14 on June 30, 2016, our total enterprise value was $3.6 billion. With net debt (total debt less cash) of $306.4 million as of June 30, 2016, our debt to enterprise value was 8.4% compared to 22.0% as of December 31, 2015. With gross assets of $2.8 billion, which excludes accumulated depreciation of $284.7 million, our debt to gross assets ratio was 19.5% as of June 30, 2016 as compared to 28.3% as of December 31, 2015.

ATM Program

In October 2014, we entered into agreements to establish the ATM Program to sell a maximum of $150.0 million in additional shares of EdR common stock. The Trust sold 2.3 million shares under these distribution agreements during the three months ended June 30, 2016 and received net proceeds of $93.5 million. The Trust used the net proceeds to

fund its development pipeline and for general corporate purposes.

On May 2, 2016, we entered into agreements to establish a new ATM Program authorized to sell a maximum of $300.0 million in additional shares of EdR common stock. The Trust sold approximately 5.7 million shares under these distribution agreements during the six months ended June 30, 2016 and received net proceeds of approximately $238.3 million. During July 2016, the Trust sold 1.3 million shares for net proceeds of $57.9 million, which exhausted this $300.0 million ATM Program.

Revolving credit facility

As described in Note 6 to the accompanying condensed consolidated financial statements, on November 19, 2014, the Operating Partnership entered into a Fifth Amended and Restated Credit Agreement (the “Fifth Amended Revolver”), which has a maximum availability of $500.0 million and an accordion feature to $1.0 billion. The Fifth Amended Revolver contains customary affirmative and negative covenants and financial covenants, including restrictions on distributions. As of June 30, 2016, we were in compliance with all covenants of the Fifth Amended Revolver and had availability of $500.0 million as no amounts were outstanding. The interest rate applicable to the Fifth Amended Revolver was 1.72% at June 30, 2016.

Unsecured term loan facility

On January 13, 2014, the Operating Partnership entered into an unsecured term loan facility, which was subsequently amended and restated on November 19, 2014 (see Note 6 to the accompanying condensed consolidated financial statements), at which time EROP became the sole borrower. Under the Amended and Restated Credit Agreement (the "Credit Agreement"), the unsecured term loans have an aggregate principal amount of $187.5 million (with an accordion feature to $250.0 million), consisting of a $122.5 million Tranche A term loan with a seven-year maturity and a $65.0 million Tranche B term loan with a five-year maturity (collectively, the “Term Loans”).

The Credit Agreement contains customary affirmative and restrictive covenants substantially similar to those contained in the Fifth Amended Revolver. EdR serves as the guarantor for any funds borrowed by the Borrower under the Credit Agreement. As of June 30, 2016, we were in compliance with all covenants of the Credit Agreement.

In connection with entering into the Credit Agreement, the Operating Partnership entered into multiple interest rate swaps with notional amounts totaling $187.5 million to hedge the interest payments on the LIBOR-based Term Loans (see Note 6 to the accompanying condensed consolidated financial statements). As of June 30, 2016, the effective interest rate on the Tranche A Term Loan was 3.85% (weighted average swap rate of 2.30% plus the current margin of 1.55%) and the effective interest rate on the Tranche B Term Loan was 2.86% (weighted average swap rate of 1.66% plus the current margin of 1.20%).

Unsecured Senior Notes

On November 24, 2014, the Operating Partnership completed the public offering of $250.0 million unsecured senior notes (the "Unsecured Senior Notes") (see Note 6 to the accompanying condensed consolidated financial statements). The 10-year Unsecured Senior Notes were issued at 99.991% of par value with a coupon of 4.6% per annum and are fully and unconditionally guaranteed by EdR. Interest on the Unsecured Senior Notes is payable semi-annually on June 1 and December 1 of each year, with the first payment beginning on June 15, 2015. The Unsecured Senior Notes will mature on December 1, 2024. Net proceeds from the sale of the Unsecured Senior Notes were approximately $247.0 million, after deducting the underwriting discount and offering expenses payable by the Operating Partnership. The terms of Unsecured Senior Notes contain certain covenants that restrict the ability of the Trust and the Operating Partnership to incur additional secured and unsecured indebtedness. In addition, the Operating Partnership must maintain a minimum ratio of unencumbered asset value to unsecured debt, as well as minimum interest coverage level. As of June 30, 2016, we were in compliance with all covenants.

Acquisition, disposition and development activity

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

acquisition/development growth or other operational needs.

During the six months ended June 30, 2016, we sold the 605 West collegiate housing community located in Durham, North Carolina, which serves Duke University, The Reserve at Athens located in Athens, Georgia, which serves the University of Georgia, and The Commons at Tallahassee located in Tallahassee, Florida, which serves Florida State University. These three communities were sold for a combined gross sales price of approximately $96.6 million (see Note 4 to the accompanying condensed consolidated financial statements). We received combined net proceeds of approximately $95.0 million after deducting closing costs and recognized a $24.0 million gain on these dispositions as reflected in the accompanying condensed consolidated statements of income and comprehensive income for the six months ended June 30, 2016. Prior to the sale, we acquired our joint venture partner's interest in 605 West for $2.1 million.

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

During the six months ended June 30, 2016, we completed the following acquisitions:

Name	Primary University Served	Acquisition Date	# of Beds	# of Units	Contract Price (in thousands)
Lokal	Colorado State University, Colorado	March 31, 2016	194	79	$ 24,600
The Hub at Madison	University of Wisconsin, Wisconsin	May 12, 2016	1,036	341	$ 188,500

Combined acquisition costs for these purchases were $0.1 million and are included in general and administrative expenses in the accompanying condensed statements of income and comprehensive income for the six months ended June 30, 2016. These acquisitions were funded from proceeds of property dispositions, the January 2016 follow-on equity offering and proceeds from shares sold under the ATM Program.

During the six months ended June 30, 2016, we entered into binding agreements for the acquisitions of two collegiate housing properties serving Colorado State University, Pura Vida Place and Carriage House, for combined consideration of approximately $24.0 million. The properties have 106 units consisting of 194 beds. These acquisitions are expected to close in the third quarter of 2016. We also entered into an agreement to acquire interests in and provide financing for The Hub at Tucson II development, which will have 311 beds serving the University of Arizona in Tucson, Arizona, and is expected to close in two phases. The first phase is expected to close in the fall of 2016 once development is complete, and the second phase is expected to close in the third quarter of 2017.

Each of the pending or planned acquisitions described above is subject to certain customary closing conditions. We can provide no assurances that these transactions will be completed on the terms we expect or at all.

We currently have thirteen active development projects that we are developing for our ownership with our share of aggregate development costs of $634.5 million. As of June 30, 2016, $217.9 million of the anticipated costs had been funded.

Predevelopment expenditures

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

Long-term liquidity requirements

Our long-term liquidity requirements consist primarily of funds necessary for scheduled debt maturities, distributions, acquisitions, developments, renovations and other non-recurring capital expenditures that are needed periodically for our communities. We expect to meet these needs through existing working capital, cash provided by operations, additional borrowings under our Fifth Amended Revolver, net proceeds from potential asset sales, the issuance of equity securities, including common or preferred stock, OP Units or additional debt, if market conditions permit.

Commitments

For the six months ended June 30, 2016, our commitments, contingencies and contractual obligations were not materially different from the amounts reported for the year ended December 31, 2015, except for the net decrease in long-term debt (which excludes the Fifth Amended Revolver) of $106.1 million (see Note 6 to the accompanying condensed consolidated financial statements). As a result of the decrease in long-term debt, our contractual interest obligations have declined $25.0 million since December 31, 2015.

In relation to the binding agreements entered into by the Trust to acquire the three collegiate housing communities mentioned above, the Trust is contractually obligated to pay approximately $74.0 million.

We have entered into four guaranteed maximum price contracts during the six months ended June 30, 2016, which increased our contractual obligations by $105.4 million.

Long-term indebtedness

As of June 30, 2016, 56, or 97%, of our communities were unencumbered by mortgage or construction debt. As of June 30, 2016, we had outstanding long-term indebtedness of $532.8 million (net of unamortized deferred financing costs of $4.0 million). The scheduled future maturities of this indebtedness as of June 30, 2016 were as follows (in thousands):

Year	
Six months ending December 31, 2016	$350
2017	60,720
2018	—
2019	103,246
2020	—
2021	122,500
Thereafter	250,000
Total	536,816
Unamortized deferred financing costs	(3,996)
Outstanding as of June 30, 2016, net of unamortized deferred financing costs	$532,820

As of June 30, 2016, the outstanding mortgage and construction debt had a weighted average interest rate of 2.52% and carried an average term to maturity of 1.70 years.

We had no amounts outstanding under the Fifth Amended Revolver as of June 30, 2016. The Fifth Amended Revolver matures on November 19, 2018, and provides that EROP may extend the maturity date by one year subject to certain conditions. The Fifth Amended Revolver requires interest-only payments through maturity. The interest rate per annum applicable to the Fifth Amended Revolver is, at EROP's option, equal to a base rate or LIBOR plus an applicable margin based upon our leverage. The interest rate applicable to the Fifth Amended Revolver as of June 30, 2016 was 1.72%.

Distributions

We are required to distribute 90% of our REIT taxable income (excluding the deduction for dividends paid and net capital gains) on an annual basis in order to qualify as a REIT for federal income tax purposes. Accordingly, we intend to make, but are not contractually bound to make, regular quarterly distributions to holders of our common stock and OP Units. All such distributions are authorized at the sole discretion of the Board. We may be required to use borrowings under our Fifth Amended Revolver, if necessary, to meet REIT distribution requirements, avoid the imposition of federal income and excise taxes and maintain our REIT status. Additionally, we may make certain

distributions consisting of both cash and shares to meet REIT distribution requirements. We consider market factors and our performance in addition to REIT requirements in determining distribution levels. Our current annual dividend target is $1.52 per share to our stockholders and per OP Unit to the Operating Partnership.

On July 15, 2016, the Board declared a second quarter distribution of $0.38 per share of common stock and OP Unit for the quarter ended June 30, 2016. The distributions will be paid on August 15, 2016 to stockholders and unitholders of record at the close of business on July 29, 2016.

Off-Balance Sheet Arrangements

The Operating Partnership and various joint venture partners have jointly and severally guaranteed partial repayment on third-party mortgage and construction debt secured by certain underlying collegiate housing properties, all of which are held by unconsolidated joint ventures. 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 guaranties for obligations not caused by the willful misconduct, gross negligence, fraud or bad faith of the Operating Partnership or its employees, agents or affiliates are not expected to exceed the Operating Partnership's proportionate interest in the related mortgage debt in the case of the non-recourse, carve-out guaranty, or in the Operating Partnership's proportionate interest in the partial repayment guaranty, as applicable.

The following summarizes the Operating Partnership's exposure under such guaranties (amounts in thousands):

		June 30, 2016				December 31, 2015			
		Joint Venture Balance		Operating Partnership's Proportionate Interest		Joint Venture Balance		Operating Partnership's Proportionate Interest	
	Ownership Percent	Loan Balance	Partial Repayment Guarantee	Loan Balance	Partial Repayment Guarantee	Loan Balance	Partial Repayment Guarantee	Loan Balance	Partial Repayment Guarantee
University Village - Greensboro	25 %	$23,118	n/a	$5,780	n/a	$23,297	n/a	$5,824	n/a
The Marshall	50 %	56,275	8,767	28,138	4,384	56,507	8,767	28,254	4,384
Georgia Heights	50 %	34,748	7,230	17,374	3,615	31,430	7,230	15,715	3,615

During October 2014, the Operating Partnership and LeylandAlliance LLC entered into a $38.0 million construction loan for the fourth phase of the The Oaks on the Square project (see Note 3 to the accompanying condensed consolidated financial statements). The Operating Partnership and LeylandAlliance LLC jointly committed to provide a guarantee of repayment for the construction loan. As of June 30, 2016, $34.3 million had been drawn on the construction loan, of which $6.5 million was attributable to LeylandAlliance LLC, and has not been included in our accompanying condensed consolidated financial statements.

Inflation

Our collegiate housing leases typically do not have terms that extend beyond twelve months. Accordingly, although on a short-term basis we would be required to bear the impact of rising costs resulting from inflation, we have the opportunity to raise rental rates at least annually to offset such rising costs. However, our ability to raise rental rates may be limited by a weak economic environment, increased competition from new collegiate housing in our primary markets and/or a reduction in student enrollment at our principal colleges and universities.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

Our future income, cash flows and fair values relevant to financial instruments are dependent upon prevailing market interest rates. Market risk refers to the risk of loss from adverse changes in market prices and interest rates. Our interest rate risk objective is to limit the impact of interest rate fluctuations on earnings and cash flows and to lower

our overall borrowing costs. To achieve this objective, we manage exposure to fluctuations in market interest rates for its borrowings through the use of fixed rate debt instruments to the extent that reasonably favorable rates are obtainable. In addition, we use interest rate swaps to effectively convert a portion of its variable rate debt to fixed rate, thus reducing the impact of changes in interest rates on interest payments (see Notes 6 and 10 to the accompanying condensed consolidated financial statements). We did not enter into derivatives or other financial instruments for trading or speculative purposes.

For fixed rate debt, interest rate changes affect the fair market value but do not impact net income to common stockholders or cash flows. Conversely, for floating rate debt, interest changes generally do not affect the fair market value but do impact net income to common stockholders and cash flows, assuming other factors are held constant. As of June 30, 2016, we had fixed rate debt of $250.0 million. Holding other variables constant, a 100 basis point increase in interest rates would cause a $17.1

million decline in the fair value for our fixed rate debt. Conversely, a 100 basis point decrease in interest rates would cause a $18.6 million increase in the fair value of our fixed rate debt.

As of June 30, 2016, the effect of our hedge agreements was to fix the interest rate on $187.5 million variable rate term loans. Had the hedge agreements not been in place during the six months ended June 30, 2016, our interest costs would have been approximately $1.5 million lower, based on balances and reported interest rates through the period as the variable interest rates were lower than effective interest rates on the hedge agreements.

No material changes have occurred with regards to market risk since our Annual Report on Form 10-K for the year ended December 31, 2015, as filed with the SEC on February 29, 2016.

Item 4. Controls and Procedures.

Education Realty Trust, Inc.

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

Our management, under the supervision of our Chief Executive Officer and Chief Financial Officer, 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 June 30, 2016. Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer had concluded that, as of June 30, 2016, 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.

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 June 30, 2016 that materially affected, or are reasonably likely to materially affect, the Trust's internal control over financial reporting.

Education Realty Operating Partnership, LP

Evaluation of Disclosure Controls and Procedures

The Operating Partnership maintains disclosure controls and procedures that are designed to ensure that information required to be disclosed in the Trust's filings under 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 Operating Partnership's management, including its Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. The Operating Partnership also has investments in unconsolidated entities which are not under its control. Consequently, the Operating Partnership disclosure controls and procedures with respect to these entities are necessarily more limited than those it maintains

with respect to its consolidated subsidiaries.

Our management, under the supervision of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of the design and operation of the Operating Partnership's disclosure controls and procedures (as defined in Rule 13a-15(e) or 15d-15(e) of the Exchange Act) as of June 30, 2016. Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer had concluded that, as of June 30, 2016, the Operating Partnership's disclosure controls and procedures were effective in causing material information relating to the Operating Partnership 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.

Changes in Internal Control Over Financial Reporting

There were no changes in the Operating Partnership'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 June 30, 2016 that materially affected, or are reasonably likely to materially affect, the Operating Partnership's internal control over financial reporting.

PART II - Other Information

Item 1. Legal Proceedings.

We are not currently a party to, nor are any of our communities the subject of, pending material legal proceedings. 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.

Item 1A. Risk Factors

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.

The discussion of the Trust’s business and operations should be read together with the risk factors contained in Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2015, which describes various risks and uncertainties to which we are or may be subject. These risks and uncertainties have the potential to affect the Trust’s business, financial condition, results of operations, cash flows and prospects in a material adverse manner.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

Issuer Repurchases of Equity Securities

During the six months ended June 30, 2016, certain of our employees surrendered shares of common stock owned by them to satisfy their statutory minimum federal and state tax obligations associated with vesting of restricted shares of common stock and restricted stock units issued under the Education Realty Trust, Inc. 2011 Omnibus Equity Incentive Plan (the "2011 Plan"). There were no repurchases during the three months ended June 30, 2016.

The following table summarizes all of these repurchases during the second quarter of 2016:

Period	Total Number of Shares Purchased[1]	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number (or Approximate Dollar Value) of Shares that May Yet Be Purchased Under the Plans or Programs
April 1 – 30, 2016	—	$ ——	—	
May 1 – 31, 2016	—	$ ——	—	
June 1 – 30, 2016	—	$ ——	—	
Total	—	$ ——	—	

[1] Theses amounts represent shares surrendered by certain employees to satisfy statutory minimum federal and state tax obligations in connection with the vesting of restricted shares of common stock and restricted stock units.

Amended and Restated Dividend Reinvestment and Direct Stock Purchase Plan

In September 2012, the Trust adopted the Amended and Restated Dividend Reinvestment and Direct Stock Purchase Plan (the "DRSPP"), which offers the following:

- automatic reinvestment of some or all of the cash distributions paid on common stock, shares of other classes of stock that we might issue in the future and units of limited partnership interest;
- an opportunity to make an initial purchase of our common stock and to acquire additional shares over time; and
- safekeeping of shares and accounting for distributions received and reinvested at no cost.

Shares of common stock purchased under the DRSPP will be either issued by EdR or acquired directly from third parties in the open market or in privately negotiated transactions. Subject to certain conditions and at our sole discretion, the discount from market prices, if any, on all shares of common stock purchased directly from us will range from 0% to 5%.

We will determine the source of shares available through the DRSPP based on market conditions, relative transaction costs and our need for additional capital. To the extent the DRSPP acquires shares of common stock directly from EdR, we will receive additional capital for general corporate purposes.

During the three months ended June 30, 2016, in connection with the DRSPP, we directed the plan administrator to purchase 268 shares of our common stock in the open market for a total of $11,271 pursuant to the dividend reinvestment component of the DRSPP with respect to our dividend for the second quarter of 2016. We also directed the plan administrator to purchase 349 shares of our common stock for $14,831 in the aggregate in the open market for investors pursuant to the direct stock purchase component of the DRSPP. The following chart summarizes these purchases of our common stock for the three months ended June 30, 2016.

Period	Total Number of Shares Purchased[(1)]	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number (or Approximate Dollar Value) of Shares that May Yet Be Purchased Under the Plans or Programs
April 1 – 30, 2016	82	$ 40.39	—	—
May 1 – 31, 2016	323	$ 41.95	—	—
June 1 – 30, 2016	212	$ 43.34	—	—
Total	617	$ 42.31	—	—

[(1)] All shares of common stock were purchased in the open market pursuant to the terms of our DRSPP. Our Board of Directors authorized the issuance or purchase of 4,000,000 shares of common stock under the DRSPP.

Recent Sales of Unregistered Securities

None.

Item 3. Defaults Upon Senior Securities.

Not Applicable.

Item 4. Mine Safety Disclosures.

Not Applicable.

Item 5. Other Information.

None.

Item 6. Exhibits.

The exhibits on the accompanying Exhibit Index are filed, furnished or incorporated by reference (as stated therein) as part of this Report.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Education Realty Trust, Inc.

Date: August 1, 2016 By: /s/ Randy Churchey
Randy Churchey
Chief Executive Officer and Chairman of the Board of Directors

By: /s/ Edwin B. Brewer, Jr.
Edwin B. Brewer, Jr.
Executive Vice President and Chief Financial Officer

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Education Realty Operating Partnership, LP

By: Education Realty OP GP, Inc., its general partner

Date: August 1, 2016 By: /s/ Randy Churchey
Randy Churchey
Chief Executive Officer and Chairman of the Board of Directors

By: /s/ Edwin B. Brewer, Jr.
Edwin B. Brewer, Jr.
Executive Vice President and Chief Financial Officer

INDEX TO EXHIBITS

Exhibit Number	Description
3.1	Second Articles of Amendment and Restatement of Education Realty Trust, Inc., as supplemented (Incorporated by reference to Exhibit 3.1 to the Trust's Quarterly Report on Form 10-Q, filed on November 7, 2014).
3.2	Amended and Restated Bylaws of Education Realty Trust, Inc., as amended (Incorporated by reference to Exhibit 3.2 to the Trust's Quarterly Report on Form 10-Q, filed on November 7, 2014).
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).
4.2	Indenture by and among Education Realty Operating Partnership, LP, Education Realty Trust, Inc., as guarantor, and U.S. Bank National Association, as trustee, dated November 7, 2014 (Incorporated by reference to Exhibit 4.6 the Trust's and the Operating Partnership's joint Registration Statement on Form S-3 (File No. 333-199988), filed on November 7, 2014).
4.3	First Supplemental Indenture by and among Education Realty Operating Partnership, LP, Education Realty Trust, Inc., as guarantor, and U.S. Bank National Association, as trustee (Incorporated by reference to Exhibit 4.1 to the Trust's and the Operating Partnership's Current Report on Form 8-K, filed on November 25, 2014).
31.1	Education Realty Trust, Inc. - Certificate of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.*
31.2	Education Realty Trust, Inc. - Certificate of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.*
31.3	Education Realty Operating Partnership, LP - Certificate of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.*
31.4	Education Realty Operating Partnership, LP - Certificate of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.*
32.1	Education Realty Trust, Inc. - Certificate of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, furnished herewith.
32.2	Education Realty Trust, Inc. - Certificate of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, furnished herewith.
32.3	Education Realty Operating Partnership, LP - Certificate of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, furnished herewith.
32.4	Education Realty Operating Partnership, LP - Certificate of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, furnished herewith.
101.	INS XBRL Instance Document**
101.	SCH XBRL Taxonomy Extension Schema Document**
101.	CAL XBRL Taxonomy Extension Calculation Linkbase Document**
101.	LAB XBRL Taxonomy Extension Label Linkbase Document**
101.	PRE XBRL Taxonomy Extension Presentation Linkbase Document**
101.	DEF XBRL Taxonomy Extension Definition Linkbase Document**

* Filed herewith.

** 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 unaudited Condensed Consolidated Balance Sheets as of June 30, 2016 and December 31, 2015, (ii) the unaudited Condensed Consolidated Statements of Income and Comprehensive Income for the three and six months ended June 30, 2016 and 2015, (iii) the unaudited Condensed Consolidated Statements of Changes in Equity for the six months ended June 30, 2016 and 2015, (iv) the unaudited Condensed Consolidated Statements of Cash Flows for the six months ended June 30, 2016 and 2015 and (v) the Notes to Condensed Consolidated Financial Statements (unaudited).

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