

Education Realty Trust, Inc.  
Form 10-Q  
May 08, 2012

**UNITED STATES**

**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**FORM 10-Q**

**(Mark One)**

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

For the quarterly period ended March 31, 2012

**Or**

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number: **001-32417**

**Education Realty Trust, Inc.**

(Exact Name of Registrant as Specified in Its Charter)

Maryland 20-1352180  
(State or Other Jurisdiction of Incorporation or Organization) (I.R.S. 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

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530 Oak Court Drive, Suite 300, Memphis, Tennessee 38117

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

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

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

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

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

(Do not check if a smaller reporting company)

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

As of May 3, 2012, the latest practicable date, the Registrant had outstanding 94,760,756 shares of common stock, \$0.01 par value per share.

**EDUCATION REALTY TRUST, INC.**

**FORM 10-Q**

**QUARTER ENDED MARCH 31, 2012**

**TABLE OF CONTENTS**

	Page
<b>PART I — FINANCIAL INFORMATION</b>	<b>2</b>
Item 1. Financial Statements (unaudited)	2
Condensed Consolidated Balance Sheets of Education Realty Trust, Inc. and Subsidiaries as of March 31, 2012 and December 31, 2011	2
Condensed Consolidated Statements of Operations of Education Realty Trust, Inc. and Subsidiaries for the three months ended March 31, 2012 and 2011	3
Condensed Consolidated Statements of Changes in Equity of Education Realty Trust, Inc. and Subsidiaries for the three months ended March 31, 2012 and 2011	4
Condensed Consolidated Statements of Cash Flows of Education Realty Trust, Inc. and Subsidiaries for the three months ended March 31, 2012 and 2011	5
Notes to Condensed Consolidated Financial Statements	7
Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations	25
Item 3. Quantitative and Qualitative Disclosures About Market Risk	44
Item 4. Controls and Procedures	45
<b>PART II — OTHER INFORMATION</b>	<b>45</b>
Item 1. Legal Proceedings	45
Item 1A. Risk Factors.	45
Item 2. Unregistered Sales of Equity Securities and Use of Proceeds	46
Item 3. Defaults Upon Senior Securities	46
Item 4. Mine Safety Disclosures	46

Item 5. Other Information	46
Item 6. Exhibits	46
Signatures	47

**Part I — Financial Information****Item 1. Financial Statements.****CONDENSED CONSOLIDATED BALANCE SHEETS**

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

(Unaudited)

	March 31, 2012	December 31, 2011
<b>ASSETS</b>		
Assets:		
Collegiate housing properties, net	\$ 821,137	\$ 803,519
Assets under development	86,364	56,648
Corporate office furniture, net	1,281	574
Cash and cash equivalents	21,305	75,813
Restricted cash	5,139	4,826
Student contracts receivable, net	264	347
Receivable from managed third parties	593	933
Notes receivable	18,000	18,000
Goodwill and other intangibles, net	3,590	3,965
Other assets	15,351	13,184
Total assets	\$ 973,024	\$ 977,809
<b>LIABILITIES AND EQUITY</b>		
Liabilities:		
Mortgage and construction loans, net of unamortized premium/discount	\$ 334,340	\$ 358,504
Accounts payable	2,302	3,933
Accrued expenses	34,578	27,833
Deferred revenue	12,856	14,409
Total liabilities	384,076	404,679
Commitments and contingencies (see Note 6)	—	—
Redeemable noncontrolling interests	9,446	9,776
Equity:		
Common stock, \$0.01 par value per share, 200,000,000 shares authorized, 93,810,947 and 91,800,688 shares issued and outstanding as of March 31, 2012 and December 31, 2011, respectively	938	918
	—	—

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Preferred stock, \$0.01 par value per share, 50,000,000 shares authorized, no shares issued and outstanding		
Additional paid-in capital	677,014	662,657
Accumulated deficit	(99,820 )	(101,708 )
Total Education Realty Trust, Inc. stockholders' equity	578,132	561,867
Noncontrolling interests	1,370	1,487
Total equity	579,502	563,354
Total liabilities and equity	\$ 973,024	\$ 977,809

*See accompanying notes to the condensed consolidated financial statements.*

**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**

(Amounts in thousands, except per share data)

(Unaudited)

	Three months ended March 31, 2012	Three months ended March 31, 2011
Revenues:		
Collegiate housing leasing revenue	\$ 34,606	\$ 26,700
Third-party development consulting services	328	1,276
Third-party management services	853	834
Operating expense reimbursements	2,118	1,855
Total revenues	37,905	30,665
Operating expenses:		
Collegiate housing leasing operations	15,154	12,314
Development and management services	1,616	1,331
General and administrative	2,117	1,373
Depreciation and amortization	8,659	6,740
Ground lease expense	1,511	1,366
Reimbursable operating expenses	2,118	1,855
Total operating expenses	31,175	24,979
Operating income	6,730	5,686
Nonoperating expenses:		
Interest expense	4,110	4,742
Amortization of deferred financing costs	348	284
Interest income	(21)	(45)
Loss on extinguishment of debt	—	351
Total nonoperating expenses	4,437	5,332
Income before equity in earnings (losses) of unconsolidated entities, income taxes and discontinued operations	2,293	354
Equity in earnings (losses) of unconsolidated entities	(263)	5
Income before income taxes and discontinued operations	2,030	359
Income tax expense (benefit)	(75)	154
Income from continuing operations	2,105	205
Income from discontinued operations	9	661
Net income	2,114	866
Less: Net income attributable to the noncontrolling interests	226	211
Net income attributable to Education Realty Trust, Inc.	\$ 1,888	\$ 655
Earnings per share information:		
Income attributable to Education Realty Trust, Inc. common stockholders per share — basic and diluted:		
Continuing operations	\$ 0.02	\$ 0.00
Discontinued operations	—	0.01

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Net income attributable to Education Realty Trust, Inc. common stockholders per share	\$ 0.02	\$ 0.01
Weighted average shares of common stock outstanding – basic	92,839	70,852
Weighted average shares of common stock outstanding – diluted	93,937	71,963
Amounts attributable to Education Realty Trust, Inc. – common stockholders:		
Income from continuing operations, net of tax	\$ 1,879	\$ 2
Income from discontinued operations, net of tax	9	653
Net income	\$ 1,888	\$ 655
Distributions per share of common stock	\$ 0.07	\$ 0.05

*See accompanying notes to the condensed consolidated financial statements.*

**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

(Amounts in thousands, except share data)

(Unaudited)

	Common Stock		Additional	Accumulated	Noncontrolling	Total
	Shares	Amount	Paid-In Capital	Deficit	Interest	
Balance, December 31, 2010	58,657,056	\$ 587	\$ 414,850	\$ (90,694 )	\$ —	\$ 324,743
Proceeds from issuances of common stock, net of offering costs	13,231,236	132	91,646	—	—	91,778
Amortization of restricted stock	26,834	—	304	—	—	304
Cash dividends	—	—	(3,609 )	—	—	(3,609 )
Net income	—	—	—	655	—	655
Balance, March 31, 2011	71,915,126	\$ 719	\$ 503,191	\$ (90,039 )	\$ —	\$ 413,871
Balance, December 31, 2011	91,800,688	\$ 918	\$ 662,657	\$ (101,708 )	\$ 1,487	\$ 563,354
Proceeds from issuances of common stock, net of offering costs	2,003,709	20	20,638	—	—	20,658
Amortization of restricted stock	6,550	—	184	—	—	184
Cash dividends	—	—	(6,465 )	—	—	(6,465 )
Return of equity to noncontrolling interests	—	—	—	—	(321 )	(321 )
Contributions from noncontrolling interests	—	—	—	—	218	218
Net income (loss)	—	—	—	1,888	(14 )	1,874
Balance, March 31, 2012	93,810,947	\$ 938	\$ 677,014	\$ (99,820 )	\$ 1,370	\$ 579,502

*See accompanying notes to the condensed consolidated financial statements.*

**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**

(Amounts in thousands)

(Unaudited)

	Three months ended March 31, 2012	Three months ended March 31, 2011
Operating activities:		
Net income	\$ 2,114	\$ 866
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	8,659	6,740
Depreciation included in discontinued operations	—	266
Deferred tax benefit	—	(288 )
Loss on disposal of assets	4	—
Gain on sale of collegiate housing property in discontinued operations	—	(944 )
Loss on extinguishment of debt	—	351
Loss on extinguishment of debt included in discontinued operations	—	406
Noncash rent expense related to the straight-line adjustment for long-term ground leases	1,061	1,053
Amortization of deferred financing costs	348	284
Amortization of deferred financing costs included in discontinued operations	—	2
Loss on interest rate cap	—	5
Amortization of unamortized debt premiums	(115 )	(98 )
Distributions of earnings from unconsolidated entities	49	70
Noncash compensation expense related to stock-based incentive awards	280	360
Equity in (earnings) losses of unconsolidated entities	263	(5 )
Change in operating assets and liabilities	(11 )	(4,399 )
Net cash provided by operating activities	12,652	4,669
Investing activities:		
Property acquisitions, net of cash acquired	(22,948 )	(23,000 )
Purchase of corporate furniture and fixtures	(803 )	—
Restricted cash	(313 )	1,759
Investment in collegiate housing properties	(2,861 )	(2,221 )
Proceeds from sale of collegiate housing properties	—	29,372
Payments on notes receivable	—	12
Loan to participating development	—	(3,547 )
Investment in assets under development	(30,245 )	(2,060 )