University of Kentucky and Education Realty Trust, Inc.
Lease Agreement – Phase III-A
Summary of Terms
June 19, 2015

1. Lease of one site on south campus (University Drive and Complex Drive) to an affiliate of Education Realty Trust, Inc. (“EdR”) guaranteed by Education Realty Operating Partnership, LP, for development and management of student-housing facility

2. Estimated development cost: $74 million (100% equity funded by EdR)

3. University shall approve any material changes to plans and specifications

4. Occupancy: August 2017

5. A single facility including:
   a. 771 beds
   b. 6 multi-purpose spaces
   c. 1 club room with kitchen
   d. 1 administrative space for Residence Life staff

6. EdR will seek LEED-Silver certification for facility

7. Term: 75 years
   a. University shall have the option to terminate the lease upon payment of an early termination fee

8. Room Configurations Unit Type and Initial Residential Rental Rate

| Table A |
|------------------|-----|----------------|
| Room Configuration Unit Type | # Beds | 2017-18 Rate |
| Per Bed, Per Semester |
| 4 bedroom, 2 bath, apartment | 600 | $4,727 |
| 2 bedroom, 1 bath, apartment | 18 | $4,813 |
| RA, 1 private bedroom, 1 bath apartment | 13 | $4,813 |
| Resident Director, 2 bedroom, 1 bath apartment | 1 | $4,813 |
| Per Unit, Per Month |
| Studio apartment | 59 | $929 |
| 1 bedroom, 1 bath, apartment | 80 | $1,039 |
| Total | 771 |
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(Continued)

9. Residential Rental Rates:
   a. 2017-18: New apartment unit types in Phase III-A
      a. See Table A in item 8.
   b. Effective 2018-19: Annual rate increase limited to the greater of:
      a) 4% or
      b) 2-yr rolling average increase in consumer price index or
      c) Percentage rate increase of university-owned housing

10. EdR Financial Requirements:
    a. EdR shall not mortgage, pledge, or encumber the facilities or property
    b. Allocate $218 per bed per year for Replacement Reserve during the first year;
       allocations to increase over time by an amount sufficient to ensure the facilities are
       maintained in a first class manner

11. UK Financial Requirement:
    a. UK shall fund utility infrastructure improvements as identified in the lease agreement
    b. UK shall provide residence life programming, including resident advisors and
       resident hall director

12. Financial Return:
    a. Annual lease income of 5.25% of total revenue
    b. 25% of net income in each year in which EdR achieves an overall 9% internal rate of
       return

13. Rights, Risk and Other Requirements:
    a. EdR assumes construction and operating risks
    b. EdR must comply with University’s existing vendor contracts
    c. University may audit EdR’s financial records
14. EdR shall pay prevailing hourly rates for the construction

15. University retains all naming rights

16. Dispute resolution process:
   a. Good faith negotiation
   b. Private mediation
   c. Legal action

17. Operating Responsibilities:
   a. EdR responsible for maintenance and operation related to the facility, except lawn care and snow removal to be provided by UK
   b. EdR and UK jointly responsible for insuring facility at replacement value
   c. Fire, safety, and sewer provided by UK
   d. UK Residence Life will staff the facility with a resident director and resident advisors

18. Tenant Default:
   a. If EdR defaults, UK has a number of remedies, including: pursue legal action for damages, specific performance, terminate lease, or require EdR to market and transfer the lease to a third party
   b. Tenant defaults include: failure to pay rent; failure to observe and perform terms; bankruptcy; abandonment; failure to discharge liens; assignment of lease in violation of terms

19. Change of Control and Early Termination Fee requirements for Qualified Assignee and terms of a Permitted Assignment

20. Facility exempt from property tax

21. Students living in all student housing are governed by the Code of Student Conduct