University of Kentucky and Education Realty Trust, Inc.
Lease Agreement – Phase III-B
Summary of Terms
February 19, 2016

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: $37.1 million ($26.9M 100% equity funded by EdR; $2.5M funded by gift from T.W. Lewis Foundation; $7.7M funded by University of Kentucky fund balances)

3. University shall approve any material changes to plans and specifications
   Occupancy: August 2017

4. A single facility including:
   a. 346 beds
   b. 20,050 SF for Honors – includes 4 classrooms, offices, and commons area
      a. 11 multi-purpose spaces
      b. 1 laundry
      c. 2 administrative spaces for Residence Life staff

5. EdR will seek LEED-Silver certification for facility

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

7. Room Configurations Unit Type and Initial Residential Rental Rate

<table>
<thead>
<tr>
<th>Table A</th>
<th>Room Configuration Unit Type</th>
<th># Beds</th>
<th>2017-18 Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2 bedroom, 1 bath (rate per bed, per semester)</td>
<td>330</td>
<td>$4,266</td>
</tr>
<tr>
<td></td>
<td>RA, 1 bedroom, 1 bath (rate per semester)</td>
<td>15</td>
<td>$4,266</td>
</tr>
<tr>
<td></td>
<td>Resident Director, 2 bedroom, 1 bath apartment (rate per semester)</td>
<td>1</td>
<td>$4,266</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>346</td>
<td></td>
</tr>
</tbody>
</table>

   a. 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
8. 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

9. UK Financial Requirement:
   a. UK shall fund $10.2M -- $2.5M funded by gift from T. W. Lewis Foundation and $7.7 M funded by University of Kentucky fund balances -- as identified in the lease agreement
   b. UK shall provide residence life programming, including resident advisors and resident hall director

10. 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

11. 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

12. EdR shall pay prevailing hourly rates for the construction

13. University retains all naming rights

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

15. 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
16. 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

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

18. Facility exempt from property tax

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