REGAL BELOIT CORP
Form 4
October 02, 2006

FORM 4

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. *See* Instruction 1(b).

OMB APPROVAL

OMB Number:	3235-0287
Expires:	January 31, 2005
Estimated average burden hours per response...	0.5

(Print or Type Responses)

1. Name and Address of Reporting Person *
KAPLAN KENNETH F

(Last) (First) (Middle)

2415 LOOKOUT DRIVE

(Street)

BELOIT, WI 53511

(City) (State) (Zip)

2. Issuer Name **and** Ticker or Trading Symbol
REGAL BELOIT CORP [RBC]

3. Date of Earliest Transaction (Month/Day/Year)
09/22/2006

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

_____ Director _____ 10% Owner
_____ Officer (give title below) __X__ Other (specify below)
Former Officer

6. Individual or Joint/Group Filing(Check Applicable Line)
_X_ Form filed by One Reporting Person
___ Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1.Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)		4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)			5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474 (9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(*e.g.*, puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security	2. Conversion or Exercise	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any	4. Transaction Code	5. Number of	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Underlying	8. Price of Derivative Security	9. Nu Deriv Secur

(Instr. 3)	Price of Derivative Security	(Month/Day/Year)	(Instr. 8)		Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)				Securities (Instr. 3 and 4)		(Instr. 5)	Bene Owne Follo Repo Trans (Instr
			Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares		

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
KAPLAN KENNETH F 2415 LOOKOUT DRIVE BELOIT, WI 53511				Former Officer

Signatures

Kenneth F. Kaplan	10/02/2006
**Signature of Reporting Person	Date

Explanation of Responses:

* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

Remarks:

Employed by the Company, but no longer an Officer

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.
Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number. — — — 2,036 2,036

Total segment operating expenses

14,273 842 1,811 892 17,818 13,990 749 1,711 931 17,381

Net operating income (loss)

14,121 (194) (39) — 13,888 13,977 1,084 73 (530) 14,604

Nonoperating expenses(1)

12,963 (25) — — 12,938 12,367 (31) — — 12,33

Income (loss) before equity in earnings of unconsolidated entities, income taxes and discontinued operations

1,158 (169) (39) — 950 1,610 1,115 73 (530) 2,268

Equity in earnings of unconsolidated entities

7 — — — 7 48 (2) — —

Income (loss) before income taxes and discontinued operations(2)

$1,165 $(169) $(39) $— $957 $1,658 $1,113 $73 $(530) $2,314

(1) Nonoperating expenses include interest expense, interest income, gains (losses) on the extinguishment of debt, amortization of deferred financing costs, depreciation, amortization of intangibles and impairment losses on assets. Certain expenses, which are classified as operating expenses in the condensed consolidated financial statements, are classified as nonoperating expenses for presentation purposes above based on how management evaluates segment operating performance.

(2) The following is a reconciliation of the reportable segments' income before income taxes and discontinued operations to the Trust's consolidated income (loss) before income taxes and discontinued operations for the three months ended June 30:

		2010	2009
Income before income taxes and discontinued operations for reportable segments	$	957	2,314
Other unallocated corporate expenses		(1,661)	(1,632)
Income (loss) before income taxes and discontinued operations	$	(704)	682

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Student housing leasing

Student housing operating statistics for wholly-owned communities and same-communities for the three months ended June 30, 2010 and 2009 were as follows:

		Three months ended June 30, 2010		Three months ended June 30, 2009 (8)		Favorable (Unfavorable)
Wholly-owned communities:						
Occupancy						
Physical (1)		85.8%		85.8%		—
Economic (2)		83.4%		84.6%		(120)bps
NARPAB (3)	$	350	$	352	$	(2)
Other income per avail. bed (4)	$	22	$	24	$	(2)
RevPAB (5)	$	372	$	376	$	(4)
Operating expense per bed (6)	$	173	$	174	$	1
Operating margin (9)		53.5%		53.8%		(30)bps
Design Beds (7)		76,362		74,346		2,016
Same-communities:						
Occupancy						
Physical (1)		86.7%		85.6%		110bps
Economic (2)		84.9%		84.2%		70bps
NARPAB (3)	$	347	$	350	$	(3)
Other income per avail. bed (4)	$	23	$	24	$	(1)
RevPAB (5)	$	370	$	374	$	(4)
Operating expense per bed (6)	$	173	$	173	$	—
Operating margin (9)		53.2%		53.8%		(60)bps
Design Beds (7)		72,762		72,762		—

(1) Physical occupancy represents a weighted average of the month-end occupancies for the respective period.

(2) Economic occupancy 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) NarPAB represents GAAP net apartment rent for the respective period divided by the sum of the design 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 design 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) Represents total revenue (net apartment rent plus other income) for the respective period divided by the sum of the design beds in the portfolio for each of the included months.

(6) Represents property-level operating expense excluding management fees, depreciation and amortization divided by the sum of the design beds for each of the included months.

(7) Represents the sum of the monthly design beds in the portfolio during the period.

(8) This information excludes property information related to College Station (discontinued operations).

(9) Represents operating income divided by revenue.

Total revenue in the student housing leasing segment was $28,394 for the three months ended June 30, 2010. This represents an increase of $427, or 1.5%, from the same period in 2009. The increase in student housing leasing revenue included $716 related to the new communities, University Village on Colvin (Syracuse) and The Reserve at Saluki Pointe (Carbondale). In addition revenue at Place-communities increased 3.7%, or $194, on a 3.3% improvement in occupancies, a decline in rental rates of approximately 0.1% and a 0.5% increase in other rental revenue. These increases were offset by a $483, or 2.2%, decline in Legacy-community revenue, which was the result of a 2.1% decline in rental rates, a 0.5% decline in other rental revenue and a 0.4% increase in occupancy.

Operating expenses in the student housing leasing segment increased $283, or 2.0%, to $14,273 for the three months ended June 30, 2010 as compared to the same period in 2009. The growth in operating expenses was the result of an increase of $236 related to the new communities, University Village on Colvin and The Reserve at Saluki Pointe, while operating expenses at the Place-communities increased $59 primarily due to higher utilities. Operating expenses at the Legacy-communities were relatively flat.

Development consulting services

The following table represents the development consulting projects that were active during the three months ended June 30, 2010 and 2009:

Project	Beds	Fee Type	Recognized Earnings 2010	2009	Difference
University of Michigan	896	Development fee	$ —	$ 121	$ (121)
SUNY College of Environmental Science & Forestry	454	Development Fee	67	—	67
Fontainebleu Renovation Project	435	Development fee	—	4	(4)
West Chester— Phase I	1,197	Development fee	—	469	(469)
Indiana University of Pennsylvania — Phase III	1,084	Development fee	—	266	(266)
Indiana University of Pennsylvania — Phase IV	596	Development fee	202	53	149
Colorado State University — Pueblo I	253	Development fee	—	159	(159)
Colorado State University — Pueblo II	500	Development fee	154	187	(33)
Miscellaneous consulting fees	—	Consulting fee	225	—	225
Third-party development consulting services			648	1,259	(611)
Southern Illinois University— Carbondale	768	Construction oversight fee	—	51	(51)
Syracuse University	432	Development fee	—	523	(523)
Intersegment development services			—	574	(574)
Development consulting services			$ 648	$ 1,833	$ (1,185)

Development consulting services revenue decreased $1,185, or 64.6%, to $648 for the three months ended June 30, 2010 as compared to the same period in 2009. Third-party development consulting revenue declined $611 from the prior year as credit market conditions in 2009 delayed the financing and the commencement of construction on previously awarded projects, resulting in only three active third-party development jobs so far this year. However, the decrease in active third-party development consulting revenue was offset by $225 in revenue related to consulting services that were unrelated to an active development project. The intersegment revenue decline relates to two internal developments that were completed in the third quarter of 2009. As these fees relate to development services performed on projects owned by the Trust, they are eliminated in the accompanying condensed consolidated financial statements.

General and administrative expenses increased $93 or 12.4% for the quarter. This increase is primarily due to an increase in third-party development pursuit costs of $120 offset by a decrease in payroll and benefits.

Management services

Total management services revenue remained essentially flat for the three months ended June 30, 2010 when compared to the same period in 2009 due to a consistent number of management contracts each period and relatively flat revenue at those projects.

General and administrative costs for our third-party management services segment increased $100 as compared to the same period in 2009 due to $227 of severance costs incurred in the second quarter of 2010. Excluding these costs general and administrative expenses were reduced 7.4% from the prior year.

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Unallocated corporate expenses

Unallocated corporate expenses represent general and administrative expenses that are not allocated to any of our business segments. For the three months ended June 30, 2010, unallocated corporate expenses remained essentially flat at $1,661 for the quarter.

Nonoperating expenses

Nonoperating expenses increased $602 or 4.9% for the three months ended June 30, 2010, compared to the same period in 2009. This increase includes an $830 gain on extinguishment of debt in the prior year related to the reduction in mortgage debt on certain Place-communities and $416 in additional depreciation and amortization related to the two new communities. Offsetting these increases was a decline in interest expense as a result of the July 2009 repayment of the Amended Revolver and a reduction in mortgage debt.

Equity in earnings of unconsolidated entities

Equity in earnings of unconsolidated entities represents our share of the net income or loss related to four investments in unconsolidated entities that own student housing communities. For the three months ended June 30, 2010, equity in earnings was $7 compared to $46 in the prior year. The main drivers of the decrease were a decline in occupancy and an increase in interest expense at our joint venture property in Greensboro, North Carolina.

Funds from Operations (FFO)

As defined by the National Association of Real Estate Investment Trusts (“NAREIT”), Funds from Operations, FFO, represents net income (loss) (computed in accordance with GAAP), excluding gains (or losses) from sales of property, plus real estate related depreciation and amortization and after adjustments for unconsolidated partnerships and joint ventures. Adjustments for unconsolidated partnerships and joint ventures will be calculated to reflect funds from operations 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 interest 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, however, real estate values have risen or fallen with market conditions. Because FFO excludes depreciation and amortization unique to real estate, gains and losses from property 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 and April 2002), 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.

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The following table presents a reconciliation of FFO available to our stockholders and unitholders to net income for the three and six months ended June 30, 2010 and 2009:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2010	2009	2010	2009
Net income (loss) attributable to Education Realty Trust, Inc.	$ (590)	$ 231	$ (420)	$ 664
Student housing property depreciation and amortization of lease intangibles	7,373	6,954	14,683	13,959
Equity portion of real estate depreciation and amortization on equity investees	124	122	248	244
Depreciation and amortization of discontinued operations	—	—	—	25
Noncontrolling interests	(12)	(53)	199	157
Funds from operations	$ 6,895	$ 7,254	$ 14,710	$ 15,049

Liquidity and Capital Resources

Second Amended Revolver, Master Secured Credit Facility and other indebtedness

On November 20, 2009, the Operating Partnership entered into a Second Amended and Restated Credit Agreement (the “Second Amended Revolver”). The Second Amended Revolver amended and restated the existing secured revolving credit facility agreement dated March 30, 2006 (the “Amended Revolver”). The previous facility had a maximum availability of $100,000 and was scheduled to mature on March 30, 2010. The Second Amended Revolver has a maximum availability of $95,000 and within the first two years of the date of execution of the agreement may be, upon satisfaction of certain conditions, expanded to a total of $150,000.

Availability under the Second Amended Revolver is limited to a “borrowing base availability” equal to the lesser of (i) 60% of the property asset value (as defined in the agreement) of the properties securing the facility and (ii) the loan amount which would produce a debt service coverage ratio of no less than 1.40. As of June 30, 2010, our borrowing base was $43,364, we had no amounts outstanding under the Second Amended Revolver and we had letters of credit outstanding of $1,500 (see Note 6 to our accompanying condensed consolidated financial statements); thus, our remaining borrowing base availability was $41,864. The Trust has five communities unencumbered by debt of which two are eligible to be included in the pool of properties pledged as collateral against borrowings under the Second Amended Revolver. The Trust estimates that the borrowing base availability would increase by approximately $10,100 if these two communities were included.

At June 30, 2010, the Trust had ten properties unencumbered by mortgage debt. Five of the ten properties have, however, been pledged as collateral against any borrowings under our Second Amended Revolver.

The Trust serves as the guarantor for any funds borrowed by the Operating Partnership under the Second Amended Revolver. Additionally, the Second Amended Revolver is secured by a cross-collateralized, first mortgage lien on five otherwise unmortgaged properties. The Second Amended Revolver matures on November 20, 2012, provided that the Operating Partnership may extend the maturity date for one year subject to certain conditions. The interest rate per annum applicable to the Second Amended Revolver is, at the Operating Partnership’s option, equal to a base rate or London InterBank Offered Rate (“LIBOR”) plus an applicable margin based upon our leverage.

The Second Amended Revolver contains customary affirmative and negative covenants and contains financial covenants that, among other things, require the Trust and its subsidiaries to maintain certain minimum ratios of “EBITDA” (earnings before payment or charges of interest, taxes, depreciation, amortization or extraordinary items) as compared to interest expense and total fixed charges. The financial covenants also include consolidated net worth and leverage ratio tests.

The Trust is prohibited from making distributions unless either of the following conditions is met: (a) after giving effect to the distribution, the total leverage ratio is less than or equal to 65% prior to November 20, 2012, and less than or equal to 60% thereafter; or (b) the distribution, when considered along with all other distributions for the last 3 quarters, does not exceed 90% of funds from operations for the applicable period.

At June 30, 2010, the Trust had outstanding mortgage and construction indebtedness of $398,645 (excluding unamortized debt premium of $598). $23,895 relates to construction debt that is disclosed below and $325,775 pertains to outstanding mortgage debt that is secured by the underlying student housing properties or leaseholds and bears interest at fixed rates ranging from 4.92% to 6.97%. The remaining $48,975 bears interest at variable rates based on the 30-day LIBOR plus an applicable margin (3.67%).

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At June 30, 2010, we had borrowed $10,759 and $4,310 on construction loans with availability of $11,000 and $12,285, respectively, related to the development of a wholly owned student apartment community near Southern Illinois University (Carbondale) (see Note 7). The loans bear interest equal to LIBOR plus 110 and 200 basis point margins, respectively, and were interest only through June 14, 2010. On June 14, 2010, the Trust paid down $5,013 of the outstanding construction debt and extended the maturity date until June 28, 2012. Going forward, annually, a debt service coverage ratio calculated on a rolling 12 months basis, of not less than 1.25 to 1, must be maintained with principal and interest being repaid on a monthly basis.

At June 30, 2010, the Trust had $8,826 outstanding on a $14,300 construction loan related to the development of a wholly-owned student apartment community at Syracuse University (see Note 7 to our accompanying condensed consolidated financial statements). The loan bears interest equal to LIBOR plus a 110 basis point margin and is interest only through September 29, 2011. Commencing with the quarter ended June 30, 2011, and annually thereafter, a debt service coverage ratio calculated on a rolling 12 month basis, of not less than 1.25 to 1, must be maintained in order to extend the loan until September 29, 2013, with principal and interest being repaid on a monthly basis.

Liquidity outlook and capital requirements

During the six months ended June 30, 2010, we generated $12,503 of cash from operations, received proceeds of $2,078 related to notes receivable, and when combined with $31,169 of existing cash, we were able to invest $8,275 of capital into existing communities, distribute $6,250 to our stockholders and unitholders, repay $5,013 in construction debt and end the quarter with $23,348 of cash.

Our current 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 $0.20 per share/unit, funds for capital expenditures, funds for debt repayment and, potentially, funds for new property acquisition and development. We generally expect to meet our short-term liquidity requirements through cash provided by operations, debt refinancing, existing cash, recycling capital by way of potential asset sales and raising additional equity capital.

Distributions for the six months ended June 30, 2010 totaled $6,250 or $0.10 per weighted average share/unit, compared to cash provided by operations of $12,503, or $0.22 per weighted average share/unit. Our current targeted annual dividend rate is $0.20 per share/unit.

Based on our closing share price of $6.03 on June 30, 2010, our total enterprise value was $725,759. With net debt (total debt less cash) of $375,297 at June 30, 2010, our debt to enterprise value was 51.7% compared to 57.2% at December 31, 2009. With gross assets of $947,083, which excludes accumulated depreciation of $156,028, our debt to gross assets was 42.1% at June 30, 2010 as compared to 42.9% at December 31, 2009.

Management believes that it has strengthened the Company’s balance sheet through its follow-on equity offering in July 2009 and the successful pay down and refinancing of the debt related to the Place-communities in December 2009. These steps have relieved near-term pressure on our balance sheet and, coupled with our current annual dividend rate of $0.20 as established by our Board of Directors in 2009, the Company is positioned to take advantage of growth opportunities by way of acquisition and development, both on and off campus.

As discussed in Note 2 to the condensed consolidated financial statements, the Trust implemented an at-the-market equity distribution program during the second quarter. The Trust may sell shares of its common stock having an aggregate offering amount of up to $50,000. During the quarter ended June 30, 2010, the Trust sold no shares of common stock pursuant to the equity distribution program. Sales of common stock will depend upon market conditions and other factors to be determined by the Trust.

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An additional source of capital, subject to appropriate market conditions, is the targeted disposition of non-strategic properties. We continually assess all of our properties, 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 which would most likely be used to pay down debt and possibly finance acquisition/development growth or other operational needs.

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 working capital, borrowings under first mortgage property secured debt, construction loans or our Second Amended Revolver. We intend to finance property acquisitions and development projects over the longer term with cash from operations, the proceeds from potential asset sales, additional issuances of common or preferred stock, private capital in the form of joint ventures, debt financing and issuances of units in our Operating Partnership. There can be no assurance, however, that such funding will be obtained on reasonable terms, or at all, particularly in light of current capital market conditions.

Our existing universal shelf registration statement permits us to issue up to $250,000 in securities, including equity or debt securities, from time to time in one or more transactions depending on market conditions and terms. As of June 30, 2010, $200,000 of securities registered remains available for issuance.

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.

In 2007, we began developing projects for the Trust's ownership. In 2009 we established the ONE Plan, under which the Company uses its equity and financial stability to fund and own projects on university land. We plan to utilize both to increase self-development activity going forward. We opened two wholly-owned, self-developed communities in August of 2008 and 2009 which serve Southern Illinois University and Syracuse University, respectively. In July 2010, the University of Texas Board of Regents selected the Trust to be the ground tenant to develop, own and manage a new high-rise apartment community near the core of the University of Texas at Austin campus. This will be the Trust's third wholly owned development and second project under the ONE Plan.   As opposed to our third-party development services, all exposure to risks and capital requirements for these developments remain with the Trust.

Long-term liquidity requirements

Our long-term liquidity requirements consist primarily of funds necessary for scheduled debt maturities, renovations and other non-recurring capital expenditures that are needed periodically for our communities as well as potential community acquisitions and developments. We expect to meet these needs through existing working capital, cash provided by operations, additional borrowings under our Second Amended Revolver, net proceeds from potential asset sales, the issuance of equity instruments, including common or preferred stock, Operating Partnership units or additional debt, if market conditions permit. We believe these sources of capital will be sufficient to provide for our long-term capital needs. Current market conditions (or a continuing deterioration in such conditions), however, may make additional capital more expensive for us. There can be no assurance that we will be able to obtain additional financing under satisfactory conditions, or at all, or that we will make any investments in additional communities. Our Second Amended Revolver is a material source to satisfy our long-term liquidity requirements. As such, compliance with the financial and operating debt covenants is material to our liquidity.

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Commitments

The following table summarizes our contractual obligations as of June 30, 2010:

	Payment due by Period				
	Less than 1 Year	1-3 Years	3-5 Years	More than 5 Years	Total
Commitments and Contractual Obligations:					
Long-Term Debt Obligations(1)	$ 2,166	$ 96,437	$ 133,143	$ 166,899	$ 398,645
Contractual Interest Obligations(2)	10,946	39,539	26,546	24,746	101,777
Operating Lease and Future Purchase Obligations (3)	3,661	9,260	3,353	203	16,477
Capital Reserve Obligations(4)	898	3,523	2,861	3,052	10,334
Total	$ 17,671	$ 148,759	$ 165,903	$ 194,900	$ 527,233

(1) Includes required monthly principal amortization and amounts due at maturity on first mortgage debt secured by student housing properties and amounts due under the Second Amended Revolver and construction loan agreements. The first mortgage debt does not include $598 of unamortized debt premium.

(2) Includes contractual fixed-rate interest payments as well as estimates of variable rate interest payments based on variable interest rates effective as of June 30, 2010. The Trust has $72,870 of variable rate debt as of June 30, 2010.

(3) Includes future minimum lease commitments under operating lease obligations and future purchase obligations for advertising.

(4) Includes future annual contributions to the capital reserve as required by certain mortgage debt.

Distributions

We are required to distribute 90% of our REIT taxable income (excluding the deduction for dividends paid and 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 Operating Partnership units. All such distributions are authorized at the discretion of our board of directors. We may be required to use borrowings under our Second Amended Revolver, if necessary, to meet REIT distribution requirements 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.

In conjunction with our follow-on common stock offering in July of 2009, the board of directors lowered the annual dividend target from $0.41 to $0.20 per share/unit effective with the November 16, 2009 dividend.

Our board of directors declared a second quarter distribution of $0.05 per share of common stock for the quarter ending on June 30, 2010. The distribution is payable on August 16, 2010 to stockholders of record at the close of business on July 30, 2010.

Off-Balance Sheet Arrangements

On May 10, 2006, the Operating Partnership guaranteed $23,200 of construction debt held by University Village-Greensboro LLC in order to receive a 25% ownership stake in the joint venture with College Park Apartments. Construction was completed and the student housing community was occupied in August 2007. In June of 2010 the construction loan was refinanced and the Operating Partnership no longer guarantees the debt.

As of June 30, 2010, we hold investments in four unconsolidated entities that have third-party mortgage and construction indebtedness totaling $110,549 at June 30, 2010. The Trust does not guarantee this debt.

On July 14, 2010, the Trust entered into definitive agreements for the development, financing and management of a $60,000, 20-story, 572-bed graduate student housing complex at the Science + Technology Park at Johns Hopkins Medical Institute ("Johns Hopkins"). The Trust extended an $18,000 second mortgage loan to the owner. In addition the Trust has committed to provide a guarantee of repayment of a $42,000 third-party construction loan if such is ultimately obtained. The Company has also committed to fund the $42,000 construction loan if such financing cannot be obtained from a third-party lender. Accordingly, in the event that the construction financing is not obtained from a third-party lender, the Company would provide the entire $60,000 necessary to finance the Project.

Inflation

Our student 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 student 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. The Trust's interest rate risk objective is to limit the impact of interest rate fluctuations on earnings and cash flows and to lower its overall borrowing costs. To achieve this objective, the Trust manages its 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.

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. At June 30, 2010, we had fixed rate debt of $325,775. Holding other variables constant a 100 basis point increase in interest rates would cause a $13,499 decline in the fair value for our fixed rate debt. Conversely, a 100 basis point decrease in interest rates would cause a $14,404 increase in the fair value of our fixed rate debt. At June 30, 2010, 81.7% of the outstanding principal amounts of our mortgage notes payable on the properties we own have fixed interest rates with a weighted average rate of 5.91% and an average term to maturity of 5.11 years.

At June 30, 2010, we had borrowed $10,759 and $4,310 on construction loans with availability of $11,000 and $12,285, respectively, related to the development of a wholly owned student apartment community near Southern Illinois University (Carbondale). The loans bear interest equal to LIBOR plus 110 and 200 basis point margins, respectively, and were interest only through June 14, 2010. On June 14, 2010, the Trust paid down $5,013 of the outstanding construction debt and extended the maturity date until June 28, 2012. Going forward, annually, a debt service coverage ratio calculated on a rolling 12 months basis, of not less than 1.25 to 1, must be maintained with principal and interest being repaid on a monthly basis.

At June 30, 2010, the Trust had $8,826 outstanding on a $14,300 construction loan related to the development of a wholly-owned student apartment community at Syracuse University. The loan bears interest equal to LIBOR plus a 110 basis point margin and is interest only through September 29, 2011. Commencing with the quarter ended June 30, 2011, and annually thereafter, a debt service coverage ratio calculated on a rolling 12 month basis, of not less than 1.25 to 1, must be maintained in order to extend the loan until September 29, 2013, with principal and interest being repaid on a monthly basis.

Additionally, in 2008, we borrowed $49,874 to refinance mortgage debt. The loans bear interest at 30-day LIBOR plus an applicable margin and mature on January 1, 2014. At June 30, 2010, $48,975 remained outstanding on this variable rate debt. In order to hedge the interest rate risk associated with these loans, the Operating Partnership purchased an interest rate cap from the Royal Bank of Canada on December 22, 2008 for $120. The interest rate cap effectively limits the interest rate on $49,874 of the refinanced mortgage debt at 7.0% per annum through December 31, 2013. The Operating Partnership has chosen not to designate the cap as a hedge and will recognize all gain or loss associated with this derivative instrument in earnings.

We do not, and do not expect to, use derivatives for trading or speculative purposes, and we expect to enter into contracts only with major financial institutions.

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Item 4. Controls and Procedures.

Management's Evaluation of Disclosure Controls and Procedures

The Trust maintains disclosure controls and procedures that are designed to ensure that information required to be disclosed in the Trust's filings under the Securities Exchange Act of 1934 (the "Exchange Act") is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and to ensure that such information is accumulated and communicated to the Trust's management, including its Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. 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, with the participation of our Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the design and operation of the Trust's disclosure controls and procedures pursuant to Rules 13a-15(e) and 15d-15(e) of the Exchange Act. Based on their evaluation as of June 30, 2010, our Chief Executive Officer and Chief Financial Officer have concluded that the Trust's disclosure controls and procedures were effective.

Changes in Internal Control Over Financial Reporting

During the three months ended June 30, 2010, the Trust continued with the implementation of a financial reporting analyses package. There were no other changes in the Trust's internal control over financial reporting that materially affected, or are reasonably likely to materially affect, the Trust's internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act).

PART II

OTHER INFORMATION

Item 1. Legal Proceedings

In the normal course of business, we are 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, in excess of amounts provided or covered by insurance, are not expected to have a material adverse effect on our financial position, results of operations or liquidity.

Item 1A. Risk factors

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, 2009 and in Part II, Item 1A of our Quarterly Report on Form 10-Q for the quarter ended March 31, 2010 which describe 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 Purchases of Equity Securities

During the three months ended June 30, 2010, in connection with our Amended and Restated Dividend Reinvestment and Stock Purchase Plan ("DRSPP") for our common stockholders, we directed the plan administrator to purchase 352 shares of our common stock for approximately $2 in the open market pursuant to the dividend reinvestment component of the plan with respect to our dividend for the second quarter of 2010. We also directed the plan administrator to purchase 1,651 shares of our common stock for approximately $11 in the open market for investors pursuant to the direct stock purchase component of the plan. The following chart summarizes these purchases of our common stock for the three months ended June 30, 2010.

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, 2010	357	$ 6.71		
May 1-31, 2010	827	6.94		
June 1-30, 2010	819	6.65		
Total	2,003	$ 6.78		

(1) All shares 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.

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Item 3. Defaults upon Senior Securities.

None.

Item 4. [Removed and Reserved.]

Item 5. Other Information.

As previously announced in the Trust's Current Report on Form 8-K which was filed with the SEC on July 19, 2010, the Trust will file the construction loan and guaranty, as applicable, relating to the Johns Hopkins project when such agreements have been finalized and executed. See "Trends and Outlooks – Development consulting services" and "Off-Balance Sheet Arrangements."

Item 6. Exhibits.

The exhibits listed 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, 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 5, 2010	By /s/ Randy Churchey Randy Churchey President, Chief Executive Officer and Director (Principal Executive Officer)
Date: August 5, 2010	By /s/ Randall H. Brown Randall H. Brown Executive Vice President, Chief Financial Officer, Treasurer and Secretary (Principal Financial Officer)
Date: August 5, 2010	By /s/ J. Drew Koester J. Drew Koester Vice President, Assistant Secretary and Chief Accounting Officer (Principal Accounting Officer)

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EXHIBIT INDEX

Exhibit No.	
3.1	Second Articles of Amendment and Restatement of Education Realty Trust, Inc. (Incorporated by reference to Exhibit 3.1 to the Trust's Amendment No. 2 to its Registration Statement on Form S-11 (File No. 333-119264), filed on December 10, 2004).
3.2	Amended and Restated Bylaws of Education Realty Trust, Inc. (Incorporated by reference to Exhibit 3.2 to the Trust's Current Report on Form 8-K, filed on February 20, 2009).
4.1	Form of Certificate for Common Stock of Education Realty Trust, Inc. (Incorporated by reference to Exhibit 4.1 to the Trust's Annual Report on Form 10-K, filed on March 16, 2010).
10.1	Education Realty Trust, Inc. Restricted Stock Award Agreement, dated April 13, 2010, between Education Realty Trust, Inc. and Randall L. Churchey (Incorporated by reference to Exhibit 10.1 the Trust's Current Report on Form 8-K, filed on April 14, 2010).
10.2	Equity Distribution Agreement, dated June 2, 2010, between Education Realty Trust, Inc., Education Realty Operating Partnership, LP and KeyBanc Capital Markets Inc. (Incorporated by reference to Exhibit 1.1 the Trust's Current Report on Form 8-K, filed on June 2, 2010).
10.3	Equity Distribution Agreement, dated June 2, 2010, between Education Realty Trust, Inc., Education Realty Operating Partnership, LP and UBS Securities LLC (Incorporated by reference to Exhibit 1.2 the Trust's Current Report on Form 8-K, filed on June 2, 2010).
10.4	Second Mortgage (filed herewith).
12	Statement Regarding Computation of Ratios (filed herewith).
31.1	Certification Chief Executive Officer pursuant to Rule 13a-14(a) of the Exchange Act (filed herewith).
31.2	Certification of Chief Financial Officer pursuant to Rule 13a-14(a) of the Exchange Act (filed herewith).
32.1	Chief Executive Officer certification pursuant to 18 U.S.C. Section 1350, adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished herewith).
32.2	Chief Financial Officer certification pursuant to 18 U.S.C. Section 1350, adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished herewith).