

The logo for Seeking Alpha, with the text 'Seeking Alpha' in white and a gold Greek letter alpha symbol to the right, all on a dark red background.

## Education Realty Trust Inc. Q2 2008 Earnings Call Transcript

### Question-and-Answer Session

---

#### Operator

Thank you, sir. We will now begin the question-and-answer session. (Operator Instructions). And our first question comes from Karin Ford with KeyBanc Capital Markets. Go ahead, please.

#### Karin Ford - KeyBanc Capital Markets

Hi, good morning, guys. First question just relates to your comments on the increase in bad debt. Can you give us what percentage of revenues bad debt was in the quarter and a comparison to where it was in 2Q '07 and 1Q '08?

#### Craig Cardwell

Absolutely, Karin. This is Craig Cardwell. It's 0.03 of a percent presently. A year ago, it was 0.01 of a percent. On an annualized basis last year, it was for the total 12 months it was 0.06 of a percent, which we think is really excellent, and we don't see any reason for it to trend any higher than that on a full year basis. So, does that answer the question?

#### Karin Ford - KeyBanc Capital Markets

It does. You mentioned you thought it was a product of the decline in occupancy. Do you think it has anything to do with students reneging on leases due to losing their student loans?

#### Craig Cardwell

No.

#### Karin Ford - KeyBanc Capital Markets

Or any type of enrollment decline?

#### Craig Cardwell

No. No. No, not at all. Actually, it's a function of what happened at basically two properties where we had to do a little bit of internal management cleanup, and we didn't really quite have the right resident profile there. And it was from this last academic year, which is now being completed, so we actually evicted some people that needed to probably be evicted before they were. That affected the occupancy side, and then obviously they hadn't paid, so then it created a little bad debt. But that cleanout part is being finished or perfected, so going forward we feel very good about the couple of

markets where that happened. So, we don't see this as part of a student loan crisis or any kind of challenged economy.

**Karin Ford - KeyBanc Capital Markets**

Okay, fair enough. The three properties that had some supply and enrollment issues; can you just talk about why you think enrollment is flat or declining at those colleges?

**Craig Cardwell**

Okay, well, two of the three there is really not an enrollment issue. It's all supply.

**Karin Ford - KeyBanc Capital Markets**

Okay.

**Craig Cardwell**

And those are Western Michigan University, the University of Florida, and the University of Mississippi, and we think this is probably the end of what we think has been a overdevelopment cycle, because we think going forward a lot of these developers are not going to have the cash to do the things that they've done. We think they started some last product developments that they got going before what we see as a credit crunch has now emerged and put some new property that will open this fall in some of those markets.

Copyright © 2008 CNET Networks, Inc. All Rights Reserved.