Campus Crest Communities, Inc.
Form S-11
May 14, 2010

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As filed with the Securities and Exchange Commission on May 14, 2010

Registration Statement No. 333-

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

Form S-11
FOR REGISTRATION
UNDER
THE SECURITIES ACT OF 1933
OF SECURITIES OF CERTAIN REAL ESTATE COMPANIES

CAMPUS CREST COMMUNITIES, INC.
(Exact Name of Registrant as Specified in Governing Instruments)

2100 Rexford Road, Suite 414
Charlotte, NC 28211
(704) 496-2500
(Address, Including Zip Code and Telephone Number, Including Area Code, of Registrant s Principal Executive Offices)

Ted W. Rollins
Chief Executive Officer
2100 Rexford Road, Suite 414
Charlotte, NC 28211
(704) 496-2500
(Name, Address, Including Zip Code and Telephone Number, Including Area Code, of Agent for Service)

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Approximate date of commencement of proposed sale to the public: As soon as practicable after the effective date of this Registration Statement.

If any of the Securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act, check the following box. o

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If delivery of the prospectus is expected to be made pursuant to Rule 434, check the following box. o

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 o	Accelerated filer o	Non-accelerated filer þ (Do not check if a smaller reporting company)	Smaller reporting company o

CALCULATION OF REGISTRATION FEE

Title of Securities to be Registered	**Proposed Maximum Aggregate Offering (1)(2)**	**Amount of Registration Fee (1)**
Common Stock, $0.01 par value per share	$ 385,250,000	$ 27,468.33

(1)

Estimated solely for the purpose of determining the registration fee in accordance with Rule 457(o) of the Securities Act of 1933, as amended.

(2) Includes the offering price of shares of common stock that may be purchased by the underwriters upon the exercise of their overallotment option.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, or until the Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

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Subject to Completion
Preliminary Prospectus dated May 14, 2010

PROSPECTUS

Shares

Campus Crest Communities, Inc.

Common Stock

Campus Crest Communities, Inc. is a self-managed, self-administered, vertically-integrated developer, builder, owner and manager of high-quality, purpose-built student housing. Prior to this offering, our business was conducted through Campus Crest Group, LLC, which is wholly-owned and controlled by Ted W. Rollins, our co-chairman and chief executive officer, and Michael S. Hartnett, our co-chairman and chief investment officer, and certain members of their families. Upon completion of this offering and our formation transactions, we will own interests in 27 student housing properties containing approximately 13,580 beds. As of February 28, 2010, our properties had an average age of approximately 1.7 years.

This is our initial public offering. We are offering shares of our common stock, $0.01 par value per share. We expect the initial public offering price of our common stock to be between $ and $ per share. Currently, no public market exists for our common stock. We expect to apply to have our common stock listed on The New York Stock Exchange under the symbol .

Upon completion of this offering and our formation transactions, Ted W. Rollins, our co-chairman and chief executive officer, and Michael S. Hartnett, our co-chairman and chief investment officer, will own indirectly an aggregate of units of limited partnership interests in our operating partnership which, on a fully-diluted basis, will represent approximately % of our outstanding common stock.

We are organized as a Maryland corporation and intend to elect and qualify to be taxed as a real estate investment trust for U.S. federal income tax purposes commencing with our taxable year ending December 31, 2010. Subject to certain exceptions described in this prospectus, upon completion of this offering, our charter will provide that no person may own, or be deemed to own, more than 9.8% by vote or value, whichever is more restrictive, of either our outstanding common stock or our outstanding capital stock in the aggregate.

Investing in our common stock involves significant risks. You should read the section entitled Risk Factors beginning on page 22 of this prospectus for a discussion of the risks that you should consider before investing in our common stock.

Per

	Share	Total
Public offering price	$	$
Underwriting discount	$	$
Proceeds, before expenses, to us	$	$

The underwriters may purchase up to an additional shares of our common stock at the initial public offering price less the underwriting discount, within 30 days from the date of this prospectus to cover overallotments, if any.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The underwriters expect to deliver the common stock on or about , 2010.

RAYMOND JAMES

The date of this prospectus is , 2010

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You should rely only on the information contained in this prospectus or in any free writing prospectus prepared by us. We have not, and the underwriters have not, authorized anyone to provide you with any additional or different information. If anyone provides you with additional or different information, you should not rely on it. We are not, and the underwriters are not, making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should assume that the information appearing in this prospectus is accurate only as of the date on the front cover of this prospectus or such other date as specified herein. Our business, financial condition, liquidity, funds from operations, or FFO, results of operations and prospects may have changed since such dates.

Unless the context otherwise requires, references to company, we, us and our refer to (i) Campus Crest Communiti Inc., a Maryland corporation, and its consolidated subsidiaries, including Campus Crest Communities Operating Partnership, LP, a Delaware limited partnership, through which we will conduct substantially all of our business, which we refer to as our operating partnership, except where it is clear from the context that the term means only the

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issuer of the common stock, Campus Crest Communities, Inc., and (ii) with respect to the period prior to the completion of this offering, the business of our predecessor entities through which Campus Crest Group, LLC, a North Carolina limited liability company, or Campus Crest Group, carried out the development, construction, ownership and management of the properties that we will own interests in upon completion of this offering and our formation transactions; references to predecessor entities refer to one or more of the joint venture arrangements that owned our properties and the entities through which Campus Crest Group carried out our business; references to MXT Capital refer to MXT Capital, LLC, a Delaware limited liability company, which is wholly-owned and controlled by Ted W. Rollins, our co-chairman and chief executive officer, and Michael S. Hartnett, our co-chairman and chief investment officer, and certain members of their families, and is the sole owner of Campus Crest Group; references to the Ricker Group refer to Carl H. Ricker, Jr. and the vehicles through which Mr. Ricker or an affiliated party held interests in our predecessor entities; references to HSRE refer to Harrison Street Real Estate Capital and its affiliates that held interests in our predecessor entities; references to common stock refer to shares of common stock, $0.01 par value per share, in Campus Crest Communities, Inc.; and references to OP units refer to limited partnership units in our operating partnership that are exchangeable, subsequent to the one-year anniversary of the completion of this offering, for cash or, at our option, common stock on a one-for-one basis. Unless otherwise indicated, the information contained in this prospectus assumes that (a) the common stock to be sold in this offering is sold at $ per share, the mid-point of the price range set forth on the cover page of this prospectus, and (b) the underwriters overallotment option is not exercised.

Industry and Market Data

We use market data, industry forecasts and projections throughout this prospectus. We have obtained portions of this information from a market study prepared for us by Michael Gallis & Associates (MGA), a North Carolina-based strategic planning and design firm, in connection with this offering. The forecasts and projections are based on MGA s experience and data published by the U.S. Department of Education and other sources, and there is no assurance that any of the projections will be accurate. We believe that the study is reliable, but we have not independently verified the information in the study nor have we ascertained any underlying assumptions relied upon therein. While we are not aware of any misstatements regarding the industry data presented herein, estimates involve risks and uncertainties and are subject to change based on various factors, including those discussed under the heading Risk Factors.

PROSPECTUS SUMMARY

This summary highlights selected information appearing elsewhere in this prospectus. It is not complete and does not contain all of the information that you should consider before making a decision to invest in our common stock. This prospectus includes information regarding our business and detailed financial data, as well as information about the common stock we are offering. You should read this prospectus in its entirety, including Risk Factors and the financial statements and related notes appearing elsewhere in this prospectus, before deciding to purchase our common stock.

Our Company

Campus Crest Communities, Inc. is a self-managed, self-administered, vertically-integrated developer, builder, owner and manager of high-quality, purpose-built student housing. Prior to this offering, our business was conducted through Campus Crest Group, which is wholly-owned and controlled by Ted W. Rollins, our co-chairman and chief executive officer, and Michael S. Hartnett, our co-chairman and chief investment officer, and certain members of their families. We intend to elect and qualify to be taxed as a real estate investment trust, or REIT, for U.S. federal income tax purposes commencing with our taxable year ending December 31, 2010.

We believe that we are one of the largest vertically-integrated developers, builders, owners and managers of high-quality, purpose-built student housing properties in the United States based on beds owned and under management. Upon completion of this offering and our formation transactions, we will own interests in 27 recently built student housing properties. These properties are located in 11 states, contain approximately 5,048 apartment units and 13,580 beds, and had an average age of 1.7 years as of February 28, 2010. Twenty-one of these properties, containing approximately 3,920 apartment units and 10,528 beds, will be wholly-owned, and six of these properties, containing approximately 1,128 apartment units and 3,052 beds, will be owned through a joint venture with HSRE, in which we will have a 49.9% interest. Three of these joint venture properties are under construction, with completion and occupancy expected for the 2010-2011 academic year. As of February 28, 2010, the average occupancy for our 24 operating properties was approximately 85% and the average monthly rental revenue per occupied bed was approximately $459. Our properties are primarily located in medium-sized college and university markets, which we believe are underserved and are experiencing enrollment growth.

We were formed to continue and expand the student housing business of Campus Crest Group, which has been engaged in this business since 2004. All of our properties have been developed, built and managed by Campus Crest Group. All of our properties operate under *The Grove*® brand and have, in general, been based upon a common prototypical building design. We believe that the use of this prototypical building design, which we have built approximately 410 times, allows us to efficiently deliver a uniform and proven student housing product in multiple markets. Furthermore, we believe that our brand and associated lifestyle are effective differentiators that create higher visibility and appeal for our properties within their markets.

In addition to our existing properties, we actively seek new development opportunities. We expect that, subject to completion of this offering, we will acquire land and commence building properties for our own account on five identified sites that we have under contract, with completion targeted for the 2011-2012 academic year. For each of these five sites, we have conducted significant pre-development activities and are in the process of obtaining the necessary zoning and site plan approvals. In total, we have identified over 200 markets and approximately 80 specific sites within these markets as potential future development opportunities, and our current business plan contemplates the development of approximately five to seven new student housing properties per year. No assurance can be given that we will not adjust our business plan

as it relates to development, or that any particular development opportunity will be undertaken or completed in accordance with our current expectations.

Our company is led by our co-founders Ted W. Rollins and Michael S. Hartnett, each of whom has over 20 years of real estate investment and operating experience, including the development and management of over 13,000 student housing beds. They are supported by over 400 full and part time employees who carry out our development, construction, property management and asset management activities.

Our principal executive offices are located at 2100 Rexford Road, Suite 414, Charlotte, NC 28211. Our telephone number is (704) 496-2500. Our website is located at www.gogrove.com. The information on our website is not part of this prospectus. We have included our website address only as an inactive textual reference and do not intend this to be an active link to our website.

Market Opportunity

We believe that attractive investment opportunities exist in the student housing market due to various factors impacting the supply, demand and profit potential of this market in the United States. These factors include:

Significant and Sustainable Growth in College Enrollments. Based on information from the National Center for Education Statistics and the U.S. Census Bureau, college enrollments are projected to grow at a faster rate than the overall population through 2017. This growth is expected to be driven primarily by: (i) the significant growth of the college-aged population in the U.S. fueled by the Echo Boom generation (*i.e.*, the children of the Baby Boomers), (ii) an increase in the percentage of graduating high school students choosing to enroll in college and (iii) a trend toward longer college enrollments.

Outsourcing Pressure Due to Institutional Budgetary Constraints. We believe that budget shortfalls and funding constraints at colleges and universities have reduced the availability of capital to build new student housing supply commensurate with enrollment increases. Thus, colleges and universities are increasingly relying on private developers to offer on-campus and off-campus student housing options to support enrollment growth.

Obsolescence of Existing Dormitory-Style Student Housing. Increasingly, on-campus, dormitory-style student housing facilities are becoming obsolete and are in need of significant renovation or replacement. Traditional dormitory-style housing typically consists of shared rooms, communal bathroom facilities and limited (if any) amenities and parking. We believe that such facilities do not meet the needs and preferences of modern-day college students, who generally have a higher standard of living and an increased focus on privacy, amenities and other lifestyle considerations than previous generations of students.

Highly Fragmented Ownership with Diminishing Competition and Costs. The student housing industry is highly fragmented, which provides opportunities for consolidation. Moreover, the recent economic environment has reduced the availability of construction financing, which has restricted the number of new competitors entering the industry and created opportunities for well-capitalized firms specializing in student housing. Meanwhile, as competition has become constrained, excess capacity in the residential and commercial construction markets has lowered material and labor costs for firms able to access capital for new projects.

Availability of Attractive, Long-Term Financing through Freddie Mac and Fannie Mae. Despite tightening credit markets, stabilized student housing properties continue generally to have access to long-term debt financing through Federal Home Loan Mortgage Corporation, or Freddie Mac, and Federal National Mortgage Association, or Fannie Mae.

Our Competitive Strengths

We believe that we distinguish ourselves from other developers, builders, owners and managers of student housing properties through the following competitive strengths:

Experienced Management Team with Demonstrated Track Record. Our senior executive officers have an average of 16 years of real estate investment, advisory and management experience. Our management team has overseen the financing, development, construction and management of student housing properties with an aggregate cost of approximately $500 million and has grown our business to approximately 13,580 beds (including 1,544 beds under development with completion and occupancy expected for the 2010-2011 academic year) since its inception in 2004.

Modern, Well-Located Portfolio. The average age of our student housing properties is approximately 1.7 years as of February 28, 2010, and all of our properties offer student-tenants bed-bath parity (private bathrooms) and a variety of modern amenities. In addition, our properties are located in close proximity to, or on, the campuses of the schools from which they draw student-tenants, with an average distance to campus of approximately 0.6 miles, thereby offering the best of both worlds amenity-rich, apartment-style living and near, or on, campus convenience.

Attractive, Branded Properties. All of our properties operate under *The Grove*® brand, and use the federally registered trademark, *The Grove*® or *The Grove Fully Loaded College Living*®, to identify and promote the properties. All of our properties offer our student-tenants private bedrooms with en suite bathrooms, full furnishings, full kitchens with modern appliances, washers and dryers inside each unit, state-of-the-art technology, ample parking, and a broad array of other on-site amenities, such as resort-style swimming pools, tanning booths, basketball and volleyball courts, game rooms, coffee bars and community clubhouses with regularly planned social activities. We strive to offer not just an apartment but an entire lifestyle and community experience designed to appeal to the modern-day college student. We believe that *The Grove*® experience, coupled with our focused branding and marketing initiatives, differentiates our properties from those of our competitors.

Proven and Scalable Business Model. We believe that our vertically-integrated business model provides a competitive advantage, enabling us to deliver properties economically while maintaining consistent quality in buildings and amenities. We believe that our use of a prototypical building design and volume purchasing, as well as our established relationships with student-housing focused regional subcontractors, provide us with an ability to achieve economies that may not be available to many competitors. We continue to refine our processes and systems in an effort to reduce costs and improve quality, having overseen the construction of the same prototypical residential building approximately 410 times during the last six years.

Focus on Underserved College Markets. We generally focus on medium-sized college and university markets. While total enrollments in these markets are generally lower than enrollments in larger educational markets, the overall market dynamics are often more favorable. For example, the enrollment growth rates in these markets often tend to be higher than in the larger educational markets. Moreover, the supply of competitive alternative housing stock, both multi-family apartments and purpose-built student housing, often tends to be lower in these markets.

Conservative Capitalization. Upon the completion of this offering and the application of the net proceeds therefrom, we will have total consolidated indebtedness of approximately $132.3 million, resulting in a debt to total market capitalization ratio of approximately %. In addition, upon completion of this offering, we expect to obtain a -year, $ million senior secured revolving credit facility, providing us with the capability to fund identified future growth opportunities.

Our Business and Growth Strategies

Our objective is to maximize total returns to our stockholders through the pursuit of the following business and growth strategies:

Utilize Our Vertically-Integrated Platform. Our vertically-integrated platform performs each key function in the student housing value chain: project development, project construction, property management and asset management. Our vertically-integrated platform allows us to become familiar with every facet of our student housing properties. We believe that the ongoing feedback and accountability facilitated by our vertically-integrated platform allow us to improve efficiency, reduce costs, control project timing and enhance the overall quality of our properties.

Target Attractive Markets. Prior to investing in a market, we conduct extensive due diligence to assess the market s attractiveness (*e.g.*, demographics and student population trends), as well as the available supply of on- and off-campus housing alternatives. We utilize a proprietary underwriting model with over 60 inputs to evaluate the relative attractiveness of each market, which we then use to prioritize development opportunities. While our market strategy considers a variety of factors, we generally focus on markets where: (i) total student enrollment exceeds 8,000, (ii) a majority of the student population resides off-campus and (iii) sites that are in close proximity to campus can be purchased or leased at a reasonable cost. Our due diligence process and investment criteria are designed to identify markets in which we can operate successfully and profitably.

Optimize Our Properties and Brand Value. A key element of our strategy is to optimize the student lifestyle experience at our properties and strengthen the value of our brand, *The Grove*®, through a consistent set of operating principles. We strive to offer properties that are designed to meet the unique needs of student-tenants, and to offer a variety of social activities and other programs that build a sense of community at our properties. We believe that our focus on enhancing student lifestyle and promoting a sense of community at our properties drives improved occupancy and allows us to charge premium rents.

Development Growth. We believe that our vertically-integrated platform, our proprietary underwriting model and our construction and general contracting experience will allow us to generate attractive risk-adjusted returns through the development and construction of high-quality student housing properties. For these reasons, among others, we anticipate that in-house development will remain the primary driver of our growth. We expect that, subject to completion of this offering, we will acquire land and commence building properties for our own account on five sites that we have under contract, with completion targeted for the 2011-2012 academic year. Additionally, our current business plan contemplates the development of approximately five to seven new student housing properties per year from our identified pipeline of opportunities. No assurance can be given that we will not adjust our business plan as it relates to development, or that any particular development opportunity will be undertaken or completed in accordance with our current expectations.

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Acquisition Growth. We may also seek to grow by acquiring student housing properties from third parties. Generally, we anticipate that any properties acquired from third parties would meet our investment criteria for development properties and fit into our overall strategy in terms of property quality, proximity to campus, bed-bath parity and availability of amenities. However, we may also seek to make opportunistic acquisitions of properties that we believe we can purchase at attractive pricing, reposition and operate successfully.

Summary Risk Factors

An investment in our common stock involves various risks. You should carefully consider the matters discussed in Risk Factors beginning on page 22 of this prospectus before making a decision to invest in our common stock. Some of the risks include the following:

- Developing properties will expose us to additional risks beyond those associated with owning and operating student housing properties, and could materially and adversely affect us.

- We rely on our relationships with the colleges and universities from which our properties draw student-tenants and the policies and reputations of these schools; any deterioration in our relationships with such schools or changes in the schools admissions or residency policies or reputations could materially and adversely affect us.

- Our results of operations are subject to risks inherent in the student housing industry, such as an annual leasing cycle and limited leasing period, which could materially and adversely affect us.

- Competition from other student housing properties, including on-campus housing and traditional multi-family housing located in close proximity to the colleges and universities from which we draw student-tenants, may reduce the demand for our properties, which could materially and adversely affect us.

- Our success depends on key personnel whose continued service is not guaranteed, and their departure could materially and adversely affect us.

- Adverse economic conditions and dislocation in the credit markets have had a material and adverse effect on us and may continue to materially and adversely affect us.

- The current economic environment could reduce enrollment and limit the demand for our properties, which could materially and adversely affect us.

- In the past we have experienced significant losses and negative cash flows from operations; if these trends continue, we could be materially and adversely affected.

- If we are unable to acquire properties on favorable terms, our future growth could be materially and adversely affected.

- Our strategy of investing in properties located in medium-sized college and university markets may not be successful, which could materially and adversely affect us.

- Our indebtedness exposes us to a risk of default and will reduce our free cash flow, which could materially and adversely affect us.

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Joint venture investments could be materially and adversely affected by our lack of sole decision-making authority, our reliance on our co-venturers financial condition and disputes between our co-venturers and us.

Our management team has not previously operated a REIT, and this inexperience could materially and adversely affect us.

Our performance and the value of our properties are subject to risks associated with real estate and with the real estate industry, which could materially and adversely affect us.

Provisions of our charter allow our board of directors to authorize the issuance of additional securities, which may limit the ability of a third party to acquire control of us through a transaction that our stockholders believe to be in their best interest.

Provisions of Maryland law may limit the ability of a third party to acquire control of us, which, in turn, may negatively affect our stockholders ability to realize a premium over the market price of our common stock.

The ownership limitations in our charter may restrict or prevent you from engaging in certain transfers of our common stock, which may delay or prevent a change in control of us that our stockholders believe to be in their best interest.

We may not be able to make our initial distributions or maintain our initial, or any subsequent, distribution rate.

A public market for our common stock may never develop and your ability to sell your shares of our common stock may be limited.

Common stock eligible for future sale may adversely affect the market price of our common stock.

Future offerings of debt or equity securities ranking senior to our common stock may limit our operating and financial flexibility and may adversely affect the market price of our common stock.

We have not obtained appraisals of our properties in connection with this offering and the price we pay to our existing investors for their interests in our predecessor entities may exceed our properties market value.

Our failure to qualify or remain qualified as a REIT could have a material and adverse effect on us and the market price of our common stock.

To qualify and remain qualified as a REIT, we will likely rely on the availability of equity and debt capital to fund our business.

Complying with REIT requirements may cause us to forgo otherwise attractive investment opportunities, which could materially and adversely affect us.

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Our Properties

The following table presents certain summary information about the 21 properties that we will own 100% interests in and the six joint venture properties that we will own 49.9% interests in upon completion of this offering and our formation transactions. All properties were developed and built by us.

	City	State	Year Opened	Primary University Served	Fall 2009 Overall Enrollment	Distance to Campus (miles)	Occupancy as of February 28, 2010	Number of Units	Number of Beds
	Wholly-Owned Properties								
	Asheville	NC	2005	University of NC - Asheville	3,695	0.1	94%	154	448
	Carrollton	GA	2006	University of West Georgia	11,500	0.1	97%	168	492
	Las Cruces	NM	2006	New Mexico State University	18,497	0.4	84%	168	492
	Milledgeville	GA	2006	Georgia College & State University	6,633	0.1	98%	168	492
	Abilene	TX	2007	Abilene Christian University	4,838	0.5	75%	192	504
	Ellensburg	WA	2007	Central Washington University	10,187	0.5	99%	192	504
	Greeley	CO	2007	University of Northern Colorado	12,711	1.0	74%	192	504
	Jacksonville	AL	2007	Jacksonville State University	9,351	0.2	80%	192	504
	Mobile Phase I (1)	AL	2007	University of South Alabama	14,522	On-Campus	93%	192	504
0	Mobile Phase II (1)	AL	2008	University of South Alabama	14,522	On-Campus	96%	192	504
1	Nacogdoches	TX	2007	Stephen F. Austin University	12,845	0.4	96%	196	522
2	Cheney	WA	2008	Eastern Washington University	11,302	0.5	97%	192	512
3	Jonesboro	AR	2008	Arkansas State University	12,156	0.2	73%	192	504
4	Lubbock	TX	2008	Texas Tech University	30,049	2.1	79%	192	504
5	Stephenville	TX	2008	Tarleton State University	8,598	0.8	97%	192	504
6	Troy	AL	2008	Troy University	6,679	0.4	94%	192	514
7	Waco	TX	2008	Baylor University	14,614	0.8	89%	192	504
8	Wichita	KS	2008	Wichita State University	14,823	1.1	79%	192	504
9	Wichita Falls	TX	2008	Midwestern State University	6,341	1.2	65%	192	504
0	Murfreesboro	TN	2009	Middle Tennessee State	25,188	0.8	90%	186	504
1	San Marcos	TX	2009	Texas State University	30,816	1.7	98%	192	504
ub	**Total of Wholly Owned Properties**				**13,327** (2)	**0.6** (2)	**88%** (2)	**3,920**	**10,528**

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	City	State	Year Opened	Primary University Served	Fall 2009 Overall Enrollment	Distance to Campus (miles)	Occupancy as of February 28, 2010	Number of Units	Number of Beds
	Joint Venture Properties 49.9% Ownership Interest								
22	Lawrence [3]	KS	2009	University of Kansas	29,242	1.6	64%	172	500
23	Moscow [1]	ID	2009	University of Idaho	11,957	0.5	45%	192	504
24	San Angelo	TX	2009	Angelo State University	6,387	0.3	86%	192	504
25	Conway [4]	AR	2010	University of Central Arkansas	11,781	0.4	NA	180	504
26	Huntsville [4]	TX	2010	Sam Houston State University	16,772	0.2	NA	192	504
27	Statesboro [4]	GA	2010	Georgia Southern University	19,086	0.7	NA	200	536
Sub Total of Joint Venture Properties					**15,871**(2)	**0.6**(2)	**65%** (2)	**1,128**	**3,052**
Total Properties					**13,892**(2)	**0.6**(2)	**85%** (2)	**5,048**	**13,580**

(1) Property subject to a ground lease.

(2) Average.

(3) Occupancy based on 300 beds available for the 2009-2010 academic year; the property has been expanded and now has a total of 500 beds available for the 2010-2011 academic year.

(4) Property currently under construction, with completion and occupancy expected for the 2010-2011 academic year.

Our Financing Strategy

Upon the completion of this offering and the application of the net proceeds therefrom, we will have total consolidated indebtedness of approximately $132.3 million. At such time, we intend to enter into a -year, $ million senior secured revolving credit facility, which we will use to fund identified future growth opportunities, including the five properties that we expect to commence building immediately after completion of this offering.

We generally intend to limit our ratio of debt to total market capitalization to not greater than %, although our charter places no limit on the amount of indebtedness that we may incur and we may exceed this level from time to time. We intend to finance our long-term growth with common and preferred equity issuances and debt financing having staggered maturities. Our debt may include mortgage debt secured by our properties, as well as unsecured debt, and such debt may require us to pay fixed or floating rates of interest. We will seek to utilize Freddie Mac and Fannie Mae long-term debt financing for stabilized properties to the extent possible. In addition to our three joint venture properties currently under construction, we may also seek in the future to finance development projects through unconsolidated joint ventures with third parties.

Structure and Formation

We were formed as a Maryland corporation on March 1, 2010. Our operating partnership was formed as a Delaware limited partnership on March 4, 2010. Through our wholly-owned subsidiary, Campus Crest Communities GP, LLC, we are the sole general partner of our operating partnership, and we will conduct substantially all of our business through our operating partnership. Upon completion of this offering and our formation transactions, we will own a % limited partnership interest in our operating partnership. MXT Capital, which is wholly-owned and controlled by Ted W. Rollins, our co-chairman and chief executive officer, and Michael S. Hartnett, our co-chairman and chief investment officer, and certain members of their families, will own a % limited partnership interest in our operating partnership. The Ricker Group, which owned interests in our predecessor entities prior to the consummation of our formation transactions, will in the aggregate own a % limited partnership interest in our operating

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partnership. Certain third-party investors, who owned interests in our predecessor entities prior to the consummation of our formation transactions, will in the aggregate own a % limited partnership interest in our operating partnership.

Certain of our officers and directors will own restricted common stock, representing approximately % of our common stock outstanding after completion of this offering.

Formation Transactions

Prior to our formation transactions, all of the interests in our properties were owned by Campus Crest Group and third-party investors, including the Ricker Group and HSRE.

Concurrently with this offering, we will engage in the following formation transactions, which are designed to:

- consolidate the ownership of our properties and the student housing business of Campus Crest Group into our operating partnership and its wholly-owned subsidiaries;
- facilitate this offering; and
- enable us to qualify as a REIT for federal income tax purposes commencing with our taxable year ending December 31, 2010.

Set forth below is an overview of our formation transactions:

- Pursuant to the terms of a contribution agreement, MXT Capital will contribute to our operating partnership its student housing business and interests in the predecessor entities in exchange for OP units, representing a % limited partnership interest in our operating partnership.

The contribution agreement states that MXT Capital will provide us with certain representations and warranties with respect to its ownership interests being contributed to our operating partnership and certain other matters, and that MXT Capital will indemnify us with respect to losses resulting from breaches of its representations, warranties and covenants and for any real estate transfer or mortgage recording tax liabilities that we may incur; these indemnification obligations generally are subject to a $250,000 deductible and capped at an amount equal to the aggregate consideration received by MXT Capital pursuant to the contribution agreement (other than the tax liability indemnity, which is not subject to either the deductible or the cap) and are limited to claims brought within eighteen months from the completion of this offering.

- Campus Crest Group will distribute to MXT Capital its interests in two parcels of land consisting of 20.2 acres, with associated indebtedness of approximately $1.9 million, on which we have decided not to build student housing properties; MXT Capital has agreed not to build student housing properties on these parcels in the future.
- Campus Crest Group will distribute to MXT Capital its interest in an entity that will own a minority interest in a 1999 Pilatus PC-12 single-engine turboprop airplane. Upon completion of this offering, we will lease this aircraft on payment terms structured to equal our pro rata carrying and operating costs of the aircraft based on our actual usage.
- Pursuant to the terms of a contribution agreement, the Ricker Group will contribute to our operating partnership its interests in the predecessor entities and the entire ownership

interest in the entities that own fee interests in certain properties that were subject to ground leases with the Ricker Group prior to the completion of our formation transactions in exchange for approximately $26.7 million and 266,667 OP units, representing a % limited partnership interest in our operating partnership.

The contribution agreement states that the Ricker Group will provide us with certain representations and warranties with respect to its ownership interests being contributed to our operating partnership and certain other matters, and that the Ricker Group will indemnify us with respect to losses resulting from breaches of its representations, warranties and covenants; these indemnification obligations generally are subject to a $250,000 deductible and capped at an amount equal to the aggregate consideration received by the Ricker Group pursuant to the contribution agreement and are limited to claims brought within eighteen months from the completion of this offering.

Pursuant to the terms of contribution agreements and purchase and sale agreements, certain third-party investors will contribute to our operating partnership all of their interests in the predecessor entities in exchange for approximately $10.7 million and 53,000 OP units, representing a % limited partnership interest in our operating partnership. Under the terms of these agreements, these third-party investors will also provide us with certain limited representations and warranties with respect to their ownership interests being contributed to our operating partnership and will indemnify us for any losses resulting from breaches of their representations, warranties and covenants.

In exchange for approximately $28.6 million, HSRE will sell to our operating partnership (i) all of its interests in each of The Grove at Milledgeville and The Grove at San Marcos, with the result that we will own a 100% interest in each of these properties and (ii) a 49.8% interest in a joint venture that will own 100% of each of The Grove at Conway, The Grove at Huntsville, The Grove at Lawrence, The Grove at Moscow, The Grove at San Angelo and The Grove at Statesboro, with the result that we will own a 49.9% interest in these properties.

The number of OP units and cash amounts to be received by the parties specified above have been fixed and are not subject to change based upon the public offering price of the common stock to be sold in this offering or any other factor.

As a result of our formation transactions:

we will own approximately % of the outstanding OP units, MXT Capital will own approximately % of the outstanding OP units, the Ricker Group will own approximately % of the outstanding OP units and certain third-party investors will own, in the aggregate, approximately % of the outstanding OP units;

our operating partnership will own 100% interests in 21 of our properties;

our operating partnership will own an indirect 49.9% interest in The Grove at Conway, The Grove at Huntsville, The Grove at Lawrence, The Grove at Moscow, The Grove at San Angelo and The Grove at Statesboro; and

we will own each of the entities through which Campus Crest Group conducted its student housing activities.

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Consequences of this Offering and Our Formation Transactions

The following diagram depicts the ownership structure of our company, our operating partnership, certain subsidiaries through which we will conduct our development, construction, property management and asset management activities, and our joint venture with HSRE, upon completion of this offering and our formation transactions:

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Benefits to Related Parties

In connection with this offering and our formation transactions, MXT Capital, the Ricker Group and certain of our executive officers, members of our management team and members of our board of directors will receive material financial and other benefits, as described below. Each of Ted W. Rollins, our co-chairman and chief executive officer, and Michael S. Hartnett, our co-chairman and chief investment officer, will, through his respective ownership of MXT Capital, be entitled to participate in the benefits realized by MXT Capital in connection with our formation transactions. In addition, Carl H. Ricker, Jr. will, through his ownership in the Ricker Group, be entitled to participate in the benefits realized by the Ricker Group in connection with our formation transactions. For a more detailed discussion of these benefits, see Management and Certain Relationships and Related Party Transactions.

Our operating partnership will issue to MXT Capital OP units in exchange for MXT Capital s contribution to our operating partnership of the interests owned by MXT Capital in the predecessor entities and its student housing business.

MXT Capital will enter into a tax protection agreement with us. Pursuant to the tax protection agreement, we will agree not to sell, exchange or otherwise dispose of any of our properties for a period of years, or the tax protection period, in a transaction that would cause MXT Capital or its members to realize taxable gain that was built-in, or the built-in gain, to such properties at the time of their contribution to our operating partnership. All of our properties will have such built-in gain. If we sell one or more of our properties during the tax protection period, we will be required to pay to MXT Capital an amount equal to the federal, state and local taxes imposed on the built-in gain allocated to it or its members, with the amount of such taxes being computed based on the highest applicable federal, state and local marginal tax rates, as well as any grossed up taxes imposed on such payments. Consequently, our ability to sell or dispose of our properties will be substantially restricted by this obligation to make payments to MXT Capital during the tax protection period if we sell a property.

The tax protection agreement will also require us to maintain a minimum level of indebtedness of $ throughout the tax protection period in order to allow a sufficient amount of debt to be allocable to MXT Capital and its members to avoid certain adverse tax consequences. If we fail to maintain such minimum indebtedness throughout the tax protection period, and as a consequence MXT Capital or its members incur federal, state or local tax liabilities, we will be required to make indemnifying payments to them, computed in the manner described in the preceding paragraph.

We will enter into a registration rights agreement with MXT Capital pursuant to which we will agree, among other things, to register the resale of any common stock that may be exchanged for the OP units issued in our formation transactions. This agreement requires us to seek to register all common stock that may be exchanged for OP units effective as of that date which is 12 months following completion of this offering on a shelf registration statement under the Securities Act of 1933, as amended, or the Securities Act.

MXT Capital will receive Campus Crest Group s interests in two parcels of land consisting of 20.2 acres, with associated indebtedness of approximately $1.9 million, on which we have decided not to build student housing properties.

We will pay the Ricker Group approximately $26.7 million of the net proceeds from this offering and our operating partnership will issue to the Ricker Group 266,667 OP units in exchange for the Ricker Group s contribution to our operating partnership of the interests

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owned by the Ricker Group in the predecessor entities and in the entities that have entered into ground leases with us relating to eight properties.

Approximately $6.0 million of the net proceeds from this offering will be used to repay indebtedness owed by us to RHR, LLC, an entity owned by MXT Capital and the Ricker Group; RHR, LLC will, in turn, immediately repay an equal amount of indebtedness owed by it to an unaffiliated third party on substantially the same terms and conditions as the loan from RHR, LLC to us.

Approximately $4.0 million of the net proceeds from this offering will be used to repay our indebtedness to Capital Bank, an entity in which the Ricker Group has an ownership interest and of which Carl H. Ricker, Jr. is a director.

Each of Ted W. Rollins, Michael S. Hartnett and Carl H. Ricker, Jr. will be released from certain personal guarantees with respect to mortgage and construction indebtedness with aggregate principal amounts of $ million, $ million and $ million, respectively, and from personal guarantees with respect to the RHR, LLC and Capital Bank indebtedness described above.

Indebtedness incurred by two entities through which MXT Capital conducts aspects of its business will be repaid by MXT Capital. MXT Capital will receive $4.5 million of the net proceeds from this offering, which it will immediately use to make capital contributions to these entities. These entities will, in turn, immediately use the capital contributions received from MXT Capital solely to repay indebtedness.

Our executive officers and certain members of our management team will receive material benefits, including:

- a grant of 216,000 shares of restricted common stock pursuant to the Campus Crest Communities, Inc. 2010 Incentive Award Plan, or the 2010 Incentive Award Plan (including 100,000 shares of restricted common stock granted in exchange for awards outstanding under Campus Crest Group s deferred compensation plan);

- employment agreements providing for salary, bonus and other benefits, including severance upon a termination of employment under certain circumstances, as described under Management Employment Agreements;

- indemnification by us for certain liabilities and expenses incurred as a result of actions brought, or threatened to be brought, against them as officers; and

- upon the completion of this offering we have agreed to pay to Donald L. Bobbitt, Jr., an executive vice president and our chief financial officer, and Howard J. Weissman, a senior vice president and our corporate controller, cash bonuses of $200,000 and $125,000, respectively.

Each of our non-employee directors will receive material benefits, including:

- annual and per-meeting fees described under Management Director Compensation; and

- indemnification by us for certain liabilities and expenses incurred as a result of actions brought, or threatened to be brought, against him as a director.

Restrictions on Ownership of Our Capital Stock

Our charter, subject to certain exceptions and after the application of certain attribution rules, prohibits any person from directly or indirectly owning more than 9.8% by vote or value, whichever is more restrictive, of either our outstanding common stock or our outstanding capital stock in the aggregate, which we refer to in this prospectus collectively as the stock ownership limits. Our charter also prohibits any person from directly or indirectly owning any class of our capital stock if such ownership would result in us being closely held under Section 856(h) of the Internal Revenue Code of 1986, as amended, or the Internal Revenue Code, or otherwise cause us to fail to qualify as a REIT.

Our charter generally provides that any capital stock owned or transferred in violation of the foregoing restrictions will be deemed to be transferred to a charitable trust for the benefit of a charitable beneficiary, and the purported owner or transferee will acquire no rights in such stock. If the foregoing is ineffective for any reason to prevent a violation of these restrictions, then our charter provides that the transfer of such shares will be void.

No person may transfer our capital stock or any interest in our capital stock if the transfer would result in our capital stock being beneficially owned by fewer than 100 persons on or after the first day of our second taxable year. Our charter provides that any attempt to transfer our capital stock in violation of this minimum will be void.

Lock-up Agreements

We, each of our executive officers and directors, MXT Capital and Carl H. Ricker, Jr. have agreed with the underwriters not to offer, sell or otherwise dispose of any common stock or any securities convertible into or exercisable or exchangeable for common stock (including OP units) or any rights to acquire common stock for a period of one year after the date of this prospectus, without the prior written consent of Raymond James & Associates, Inc., the representative of the underwriters, subject to limited exceptions.

Our Distribution Policy

We generally need to distribute at least 90% of our REIT taxable income each year (subject to certain adjustments) to our stockholders in order to qualify as a REIT under the Internal Revenue Code. We intend to pay regular quarterly cash distributions to holders of our common stock, however, the amount of such distributions, if any, will be authorized by our board of directors based upon a variety of factors, such as our actual financial condition, cash flows, liquidity, FFO, results of operations, prospects, economic conditions or other factors.

Our Tax Status

In connection with this offering, we intend to elect to be treated as a REIT under Sections 856 through 859 of the Internal Revenue Code commencing with our taxable year ending on December 31, 2010. Our qualification as a REIT depends upon our ability to meet on a continuing basis, through actual investment and operating results, various complex requirements under the Internal Revenue Code relating to, among other things, the sources of our gross income, the composition and values of our assets, our distribution levels and the diversity of ownership of our stock. We believe that we will be organized in conformity with the requirements for qualification and taxation as a REIT under the Internal Revenue Code and that our intended manner of operation will enable us to meet the requirements for qualification and taxation as a REIT.

As a REIT, we generally will not be subject to U.S. federal income tax on our taxable income that we distribute currently to our stockholders. If we fail to qualify as a REIT in any taxable year and do not qualify for certain statutory relief provisions, we will be subject to U.S. federal income tax at regular corporate rates and generally will be precluded from qualifying as a REIT for the subsequent four taxable years following the year during which we lost our REIT qualification. Accordingly, our failure to qualify as a REIT could materially and adversely affect us, including our ability to make distributions to our stockholders in the future. Even if we qualify as a REIT, we may be subject to some U.S. federal, state and local taxes on our income or property and the income of our taxable REIT subsidiaries will be subject to taxation at normal corporate rates. See Federal Income Tax Considerations.

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SUMMARY SELECTED HISTORICAL AND PRO FORMA FINANCIAL INFORMATION

You should read the following summary selected historical and pro forma financial information in conjunction with Management s Discussion and Analysis of Financial Condition and Results of Operations, the audited historical combined financial statements of our Predecessor (as defined below) and notes thereto, and our unaudited pro forma condensed consolidated financial statements and notes thereto. The summary selected historical and pro forma financial information contained in this section is not intended to replace the audited and unaudited financial statements included elsewhere in this prospectus.

Our Predecessor shall mean certain entities and their consolidated subsidiaries controlled by Campus Crest Group, LLC, which carried out the development, construction, ownership and management of the properties that we will own interests in upon completion of this offering, including its interests in two joint ventures with HSRE.

The summary selected historical combined statement of operations and cash flows for the years ended December 31, 2009, 2008 and 2007 and the summary selected historical combined balance sheet information for the years ended December 31, 2009 and 2008 have been derived from the audited historical combined financial statements of our Predecessor, included elsewhere in this prospectus. The summary selected pro forma condensed consolidated statement of operations for the year ended December 31, 2009 and the summary selected pro forma condensed consolidated balance sheet information as of December 31, 2009 have been derived from our unaudited pro forma condensed consolidated financial statements, included elsewhere in this prospectus.

The summary selected pro forma condensed consolidated statement of operations and balance sheet information set forth below has been adjusted to reflect our formation transactions, the sale of the common stock offered hereby, the receipt of the estimated net proceeds from this offering, after deducting the underwriting discount and other estimated offering expenses payable by us, and the use of the estimated net proceeds as described under Use of Proceeds. The unaudited pro forma condensed consolidated financial information as of and for the year ended December 31, 2009 is presented as if this offering, the use of net proceeds therefrom and our formation transactions all had occurred on December 31, 2009 for the purposes of the unaudited pro forma condensed consolidated balance sheet information and on January 1, 2009 for the purposes of the unaudited pro forma condensed consolidated statement of operations.

The summary selected historical combined and pro forma condensed consolidated financial information set forth below and the financial statements included elsewhere in this prospectus do not necessarily reflect what our results of operations, financial condition or cash flows would have been if we had operated as a stand-alone company during all periods presented, and, accordingly, such information should not be relied upon as an indicator of our future performance, financial condition or liquidity.

	Pro Forma Campus Crest Communities, Inc. Year Ended December 31, 2009 (unaudited)	Historical Campus Crest Communities Predecessor Year Ended December 31, 2009	2008 (in thousands)	2007
Revenues:				
Student housing leasing	$ 45,021	$ 43,708	$ 30,813	$ 15,598
Student housing services	2,289	2,265	798	110
Development, construction and management services	24,540	60,711	2,505	
Total revenues	71,850	106,684	34,116	15,708
Operating expenses:				
Student housing operations	23,707	23,155	14,890	7,470
Development, construction and management services	24,847	60,200	2,147	
General and administrative	6,450	5,617	5,422	3,467
Ground leases	264	264	224	40
Write-off of pre-development costs	1,211	1,211	203	
Depreciation and amortization	18,598	18,371	13,573	5,765
Total operating expenses	75,077	108,818	36,459	16,742
Equity in loss of uncombined entities	(565)	(59)		
Operating loss	(3,792)	(2,193)	(2,343)	(1,034)
Nonoperating income (expenses):				
Interest expense	(8,646)	(15,871)	(14,946)	(6,583)
Change in fair value of interest rate derivatives	90	797	(8,758)	(2,115)
Income taxes	(73)			
Other income (expense)	44	44	(50)	100
Total nonoperating expenses	(8,585)	(15,030)	(23,754)	(8,598)
Net loss	(12,377)	(17,223)	(26,097)	(9,632)
Net loss attributable to noncontrolling interest	(864)	(10,486)	(870)	(2,083)
Net loss attributable to Predecessor	$ (11,513)	$ (6,737)	$ (25,227)	$ (7,549)

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	Pro Forma Campus Crest Communities, Inc. As of December 31, 2009 (unaudited)	Historical Campus Crest Communities Predecessor As of December 31, 2009	2008
		(in thousands)	
Student housing properties	$ 368,229	$ 347,157	$ 326,217
Accumulated depreciation	(38,999)	(38,999)	(20,794)
Development in process	3,300	3,300	15,742
Investment in real estate, net	332,530	311,458	321,165
Other assets	48,272	20,338	20,990
Total assets	$ 380,802	$ 331,796	$ 342,155
Mortgage and construction loans	$ 132,304	$ 329,102	$ 322,426
Lines of credit and other debt		14,070	9,237
Other liabilities	26,764	31,340	32,606
Total liabilities	159,068	374,512	364,269
Equity			
Owners equity (deficit)	271,754	(50,090)	(42,502)
Noncontrolling interest	(50,020)	7,374	20,388
Total equity	221,734	(42,716)	(22,114)
Total liabilities and equity	$ 380,802	$ 331,796	$ 342,155

Other Data:

	Pro Forma Campus Crest Communities, Inc. Year Ended December 31, 2009 (unaudited)
Funds from operations (FFO[1]):	
Net loss	$ (11,513)
Net loss attributable to noncontrolling interest	(864)
Real estate related depreciation and amortization	18,432
Equity portion of real estate related depreciation and amortization on equity investees	355

FFO	$	6,410

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	Historical Campus Crest Communities Predecessor As of December 31,		
	2009	2008	2007
Cash flow information:			
Net cash provided by (used in) operations	$ 4,353	$ 1,264	$ (1,209)
Net cash used in investing	(23,552)	(148,385)	(113,043)
Net cash provided by financing	11,060	144,781	126,061

Selected Property Information:

	As of December 31,		
	2009	2008	2007
Units	4,476	3,542	1,814
Beds	12,036	9,520	4,966
Occupancy	84%	78%	91%

(1) FFO is used by industry analysts and investors as a supplemental operating performance measure for REITs. We calculate FFO in accordance with the definition that was adopted by the Board of Governors of the National Association of Real Estate Investment Trusts, or NAREIT. FFO, as defined by NAREIT, represents net income (loss) determined in accordance with accounting principles generally accepted in the United States of America, or GAAP, excluding extraordinary items as defined under GAAP and gains or losses from sales of previously depreciated operating real estate assets, plus specified non-cash items, such as real estate asset depreciation and amortization, and after adjustments for unconsolidated partnerships and joint ventures. We use FFO as a supplemental performance measure because, in excluding real estate-related depreciation and amortization and gains and losses from property dispositions, it provides a performance measure that, when compared year over year, captures trends in occupancy rates, rental rates and operating expenses. We also believe that, as a widely recognized measure of the performance of equity REITs, FFO will be used by investors as a basis to compare our operating performance with that of other REITs. However, because FFO excludes depreciation and amortization and captures neither the changes in the value of our properties that result from use or market conditions nor the level of capital expenditures necessary to maintain the operating performance of our properties, all of which have real economic effects and could materially and adversely impact our results from operations, the utility of FFO as a measure of our performance is limited. While FFO is a relevant and widely used measure of operating performance of equity REITs, other equity REITs may use different methodologies for calculating FFO and, accordingly, FFO as disclosed by such other REITs may not be comparable to FFO published herein. Therefore, we believe that in order to facilitate a clear understanding of our historical operating results, FFO should be examined in conjunction with net income (loss) as presented in the combined financial statements and the other financial statements included elsewhere in this prospectus. FFO should not be considered as an alternative to net income (loss) (computed in accordance with GAAP) as an indicator of the properties 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 pay dividends or make distributions.

THE OFFERING

Common stock offered by us	shares(1)
Common stock to be outstanding after this offering	shares(1)(2)
Common stock and OP units to be outstanding after this offering	shares/units(1)(2)(3)
Use of proceeds	We will contribute the net proceeds from this offering to our operating partnership, which will use the proceeds as follows: approximately $215.8 million to reduce outstanding mortgage and construction loan indebtedness and pay associated costs; approximately $4.0 million to repay unsecured indebtedness to Capital Bank; approximately $6.0 million to repay unsecured indebtedness to RHR, LLC; RHR, LLC will, in turn, immediately repay an equal amount of indebtedness owed by it to an unaffiliated third party on substantially the same terms and conditions as the loan from RHR, LLC to us; approximately $4.5 million will be paid to MXT Capital, which will immediately use such amount to make capital contributions to certain entities that will, in turn, immediately use the capital contributions solely to repay indebtedness; approximately $28.6 million to acquire interests in our properties from HSRE and satisfy associated obligations to HSRE; approximately $26.7 million to acquire interests in our properties from the Ricker Group (in addition to 266,667 OP units); approximately $10.7 million to acquire interests in our properties from certain third-party investors (in addition to 53,000 OP units); and approximately $ million for working capital and general corporate purposes.
Ownership and transfer restrictions	Our charter, subject to certain exceptions, prohibits any person from directly or indirectly owning more than 9.8% by vote or value, whichever is more restrictive, of either our outstanding common stock or our outstanding capital stock in the aggregate. See Description of Capital Stock Restrictions on Ownership and Transfer.

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Risk factors	Investing in our common stock involves significant risks. You should carefully read and consider the information set forth under Risk Factors and all other information in this prospectus before investing in our common stock.
Proposed New York Stock Exchange symbol	

(1) Excludes shares of common stock issuable upon exercise of the underwriters overallotment option.

(2) Includes the grant of 100,000 shares of restricted common stock to certain of our executive officers and certain members of our management team in exchange for awards outstanding under Campus Crest Group s deferred compensation plan and a grant of 116,000 shares of restricted common stock to certain of our executive officers and certain members of our management team.

(3) Includes the issuance of an aggregate of OP units to MXT Capital, the Ricker Group and certain third-party investors in connection with our formation transactions.

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RISK FACTORS

Investment in our common stock involves significant risks. You should therefore carefully consider the material risks of an investment in our common stock that are discussed in this section, as well as the other information contained in this prospectus, before making an investment decision. The occurrence of any of the following risks could materially and adversely affect our financial condition, results of operations, cash flow, per share trading price and ability to satisfy our debt service obligations and pay dividends or distributions to you and could cause you to lose all or a significant part of your investment. Some statements in this prospectus, including statements in the following risk factors, constitute forward-looking statements. Please refer to the section entitled Cautionary Note Regarding Forward-Looking Statements.

Risks Related to Our Business and Properties

Developing properties will expose us to additional risks beyond those associated with owning and operating student housing properties, and could materially and adversely affect us.

Our future growth will depend, in part, upon our ability to successfully complete the three properties that we are currently building and the five identified sites that we have under contract and expect to commence building upon completion of this offering and to successfully identify and plan additional development opportunities. Our development activities may be adversely affected by:

- abandonment of development opportunities after expending significant cash and other resources to determine feasibility, requiring us to expense costs incurred in connection with the abandoned project;
- construction costs of a project exceeding our original estimates;
- failure to complete development projects on schedule or in conformity with building plans and specifications;
- lower than anticipated occupancy and rental rates at a newly completed property, which rates may not be sufficient to make the property profitable;
- the lack of available construction financing on favorable terms or at all;
- the lack of available permanent financing upon completion of a property financed through construction loans, on expected terms or at all;
- failure to complete lease-up as anticipated;
- failure to obtain, or delays in obtaining, necessary zoning, land use, building, occupancy and other required governmental permits and authorizations;
- liability for injuries and accidents occurring during the construction process and for environmental liabilities including those that may result from off-site disposal of construction materials; and
- strikes, inclement weather, government regulations and other conditions beyond our control that delay construction or otherwise increase the cost of development.

Our development activities may be adversely affected by circumstances beyond our control, including: work stoppages; labor disputes; shortages of qualified trades people, such as carpenters, roofers, electricians and plumbers; changes in laws relating to union organizing activity; lack of adequate utility infrastructure and services; our reliance on local subcontractors, who may not be adequately capitalized or insured; and shortages, delay in availability, or fluctuations in prices of, building materials. Any of these circumstances could give rise to delays in the start or completion of, or could increase the cost of, developing one or more of our properties. If we are unable to recover these increased costs by raising our lease rates, our financial performance and liquidity could be materially and adversely affected.

Additionally, due to the amount of time required for planning, constructing and leasing of development properties, we may not realize a significant cash return for several years. If any of the above events occur, the development of properties may hinder our growth and have an adverse effect on our results of operations and cash flows. In addition, new development activities, regardless of whether or not they are ultimately successful, typically require substantial time and attention from management.

Maintaining our development capabilities involves significant expense, including compensation expense for our development personnel and related overhead. To the extent we cease or limit our development activity, this expense will not be offset by revenues from our development activity.

Our properties located in Conway, Arkansas, Huntsville, Texas and Statesboro, Georgia are currently under construction and subject to the risks described above. Upon completion, in aggregate, these properties will comprise approximately 11.4% of our total available beds.

In the event we do not complete the construction of these properties by the beginning of the 2010-2011 academic year, the student-tenants with whom we have signed leases may require us to provide them with alternative housing. We have not made any arrangements for such alternative housing and we would likely incur significant expenses in the event we are obligated to provide such housing. If construction is not completed prior to the beginning of the 2010-2011 academic year, these student-tenants may also attempt to break their leases and our occupancy at, and rental revenue from, these properties for the 2010-2011 academic year may suffer, which could materially and adversely affect us.

In addition, 12 of our properties are subject to liens or claims for materials or labor relating to disputes with subcontractors or other parties that were involved in the development and construction process. We have recorded a liability of approximately $2.6 million related to these liens and claims as of December 31, 2009. There can be no assurance that we will not be required to pay amounts greater than our currently recorded liabilities in order to obtain the release of the liens or settle these claims. Further, we may not be able to obtain long-term financing for these properties until the liens are released.

We expect that, subject to completion of this offering, we will acquire land and commence building properties for our own account on five identified sites that we have under contract, with completion targeted for the 2011-2012 academic year. For each of these five sites, we have conducted significant pre-development activities and are in the process of obtaining the necessary zoning and site plan approvals. These and any other developments will be subject to the development risks described above with regard to the three properties that are currently under development.

We may develop properties in geographic regions within the United States in which we do not currently operate. To the extent we choose to develop properties in new geographic regions, we will not possess the same level of familiarity with development in these markets, which could

adversely affect our ability to develop such properties successfully or at all or to achieve expected performance, which could materially and adversely affect us.

We rely on our relationships with the colleges and universities from which our properties draw student-tenants and the policies and reputations of these schools; any deterioration in our relationships with such schools or changes in the schools admissions or residency policies or reputations could materially and adversely affect us.

We rely on our relationships with colleges and universities for referrals of prospective student-tenants or for mailing lists of prospective student-tenants and their parents. Many of these schools own and operate on-campus student housing which compete with our properties for student-tenants. The failure to maintain good relationships with these schools could therefore have a material adverse effect on us. If schools refuse to provide us with referrals or to make lists of prospective student-tenants and their parents available to us or increase the cost of these lists, the lack of such referrals, lists or increased cost could have a material adverse effect on us.

Changes in admission and housing policies could adversely affect us. For example, if a school reduces the number of student admissions or requires that a certain class of students (*e.g.*, freshman) live in on-campus housing, the demand for beds at our properties may be reduced and our occupancy rates may decline. While we may engage in marketing efforts to compensate for any such policy changes, we may not be able to effect such marketing efforts prior to the commencement of the annual lease-up period, or our additional marketing efforts may not be successful, which could reduce the demand for our properties and materially and adversely affect us.

It is also important that the schools from which our properties draw student-tenants maintain good reputations and are able to attract the desired number of incoming students. Any degradation in a school s reputation could inhibit its ability to attract students and reduce the demand for our properties.

Our results of operations are subject to risks inherent in the student housing industry, such as an annual leasing cycle and limited leasing period; which could materially and adversely affect us.

We generally lease our properties for 11.5-month terms. Therefore, our properties must be entirely re-leased each year, exposing us to more leasing risk than property lessors that lease their properties for longer terms. Student housing properties are also typically leased during a limited leasing period that generally begins in January and ends in August of each year. We are therefore highly dependent on the effectiveness of our marketing and leasing efforts and personnel during this leasing period. We will be subject to heightened leasing risk at properties under development and at properties we may acquire in the future due to our lack of experience leasing such properties. Any significant difficulty in leasing our properties would adversely affect our results of operations, financial condition and ability to pay distributions on our common stock and would likely have a negative impact on the trading price of our common stock.

Additionally, student-tenants may be more likely to default on their lease obligations during the summer months, which could further reduce our revenues during this period. Although we typically require a student-tenant s lease obligations to be guaranteed by a parent, we may have to spend considerable effort and expense in pursuing payment upon a defaulted lease, and our efforts may not be successful.

Competition from other student housing properties, including on-campus housing and traditional multi-family housing located in close proximity to the colleges and universities

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from which we draw student-tenants may reduce the demand for our properties, which could materially and adversely affect us.

Our properties compete with properties owned by universities, colleges, national and regional student housing businesses and local real estate concerns. On-campus student housing has inherent advantages over off-campus student housing (such as the majority of our properties), due to its physical location on the campus and integration into the academic community, which may cause student-tenants to prefer on-campus housing to off-campus housing. Additionally, colleges and universities may have financial advantages that allow them to provide student housing on more attractive terms than we are able to. For example, colleges and universities can generally avoid real estate taxes and borrow funds at lower interest rates than private, for-profit real estate concerns, such as us.

There are a number of student housing properties that are located near or in the same general vicinity of many of our properties and that compete directly with our properties. Such competing student housing properties may be newer, located closer to campus, charge less rent, possess more attractive amenities, offer more services or offer shorter lease terms or more flexible lease terms than our properties. Competing properties could reduce demand for our properties and materially and adversely affect us.

Revenue at a particular property could also be adversely affected by a number of other factors, including the construction of new on-campus and off-campus housing, decreases in the general levels of rents for housing at competing properties, decreases in the number of students enrolled at one or more of the colleges or universities from which the property draws student-tenants and other general economic conditions.

Although we believe no participant in the student housing industry holds a dominant market share, we will compete with larger national companies, colleges and universities that have greater resources and superior access to capital. Furthermore, we believe that a number of other large national companies with substantial financial and marketing resources may be potential entrants in the student housing business. The activities of any of these companies, colleges or universities could cause an increase in competition for student-tenants and for the acquisition, development and management of other student housing properties, which could reduce the demand for our properties.

Our success depends on key personnel whose continued service is not guaranteed, and their departure could materially and adversely affect us.

We are dependent upon the efforts of our key personnel, particularly those of Ted W. Rollins, our co-chairman and chief executive officer, and Michael S. Hartnett, our co-chairman and chief investment officer. These individuals have extensive experience in our business, including sourcing attractive investment opportunities, development activities, financing activities, university relations and leasing. Messrs. Rollins and Hartnett have directed the operations of our predecessor entities and each has over 20 years of experience in providing service-enriched housing and approximately seven years of student housing experience. The loss of the services of either Mr. Rollins or Mr. Hartnett could materially and adversely affect us.

Adverse economic conditions and dislocation in the credit markets have had a material and adverse effect on us and may continue to materially and adversely affect us.

We have recently experienced unprecedented levels of volatility in the capital markets, a reduction in the availability of credit and intense recessionary pressures, which have had an adverse effect on our results of operations and our ability to borrow funds. For example, lenders are generally imposing more stringent lending standards and applying more conservative valuations to properties. This has limited the amount of indebtedness we have been able to obtain, and has impeded our ability to develop new properties and to replace construction financing with permanent financing. If these conditions continue, our business and our growth strategy may be materially and adversely affected.

The challenging economic environment may continue to adversely affect us by, among other things, limiting or eliminating our access to financing, which would adversely affect our ability to develop and refinance properties and pursue acquisition opportunities. Significantly more stringent lending standards and higher interest rates may reduce our returns on investment and increase our interest expense, which could adversely affect our financial performance and liquidity. Additionally, the limited amount of financing currently available may reduce the value of our properties, limit our ability to borrow against such properties and, should we choose to sell a property, impair our ability to dispose of such property at an attractive price or at all, which could materially and adversely affect us.

The current economic environment could reduce enrollment and limit the demand for our properties, which could materially and adversely affect us.

A continuation of ongoing economic conditions that adversely affect household disposable income, such as high unemployment levels, weak business conditions, reduced access to credit, increasing tax rates and high fuel and energy costs, could reduce overall student leasing or cause student-tenants to shift their leasing practices as students may determine to forego college or live at home and commute to college.

In addition, as a result of general economic weakness, many students may be unable to obtain student loans on favorable terms. If student loans are not available or their costs are prohibitively high, enrollment numbers for schools from which we draw student-tenants may decrease, resulting in a decrease in the demand for, and consequently the occupancy rates at and rental revenue from, our properties. Accordingly, the continuation or deterioration of current economic conditions could materially and adversely affect us.

In the past we have experienced significant losses and negative cash flows from operations; if these trends continue, we could be materially and adversely affected.

We have recently incurred significant losses and negative cash flows from operations. These results have had a negative impact on our financial condition. Although we anticipate that upon the completion of this offering and our formation transactions we will be adequately capitalized and be able to resume our historical levels of development activity, there can be no assurance that our business will become profitable in the future and additional losses and negative cash flows from operations will not be incurred. If these trends continue in the future, our financial performance, liquidity and our ability to operate our business as a going concern could be materially and adversely affected.

If we are unable to acquire properties on favorable terms, our future growth could be materially and adversely affected.

Our future growth will depend, in part, upon our ability to acquire new properties on favorable terms. Acquisition opportunities may not be available to us on terms that we deem acceptable, and we may be unsuccessful in consummating acquisition opportunities. Our ability

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to acquire properties on favorable terms and successfully operate them may be adversely affected by:

- an inability to obtain financing on attractive terms or at all;
- competition from other real estate investors;
- increased purchase prices and decreased expected yields due to competition from other potential acquirers;
- the need to make significant and unexpected capital expenditures to improve or renovate acquired properties;
- an inability to quickly and efficiently integrate acquisitions, particularly any acquisitions of portfolios of properties, into our existing operations;
- market conditions may result in higher than expected vacancy rates and lower than expected rental rates at acquired properties; and
- acquisition of properties subject to liabilities but without any recourse, or with only limited recourse, to the sellers, or with liabilities that are unknown to us, such as liabilities for clean-up of undisclosed environmental contamination, claims by tenants, vendors or other persons dealing with the former owners of our properties.

Our failure to identify and consummate property acquisitions on attractive terms or the failure of any acquired properties to meet our expectations could materially and adversely affect our future growth.

Our strategy of investing in properties located in medium-sized college and university markets may not be successful, which could materially and adversely affect us.

Our business strategy involves investing in properties located in medium-sized college and university markets, which are smaller than larger educational markets. Larger educational markets, such as Boston, Massachusetts or Washington, D.C., often have multiple colleges and universities that have larger enrollments than schools located in medium-sized college and university markets and attract students nationally and internationally. The colleges and universities that our properties draw student-tenants from typically have smaller enrollments than schools in larger educational markets and tend to attract students from within the region in which the school is located. If the schools in our markets experience reduced enrollment, for example due to adverse economic conditions, or are unable to attract sufficient students to achieve a desired class size, the pool of prospective student-tenants for our properties will be reduced. This could have the result of reducing our occupancy and lowering the revenue from our properties, which could materially and adversely affect our financial performance and liquidity.

Our indebtedness exposes us to a risk of default and will reduce our free cash flow, which could materially and adversely affect us.

Upon completion of this offering and the application of the net proceeds therefrom, our total consolidated indebtedness will be approximately $132.3 million. We also expect to incur significant additional indebtedness in connection with the development activities that we expect to undertake upon completion of this offering. Our debt service obligations will expose us to the risk of default and reduce cash available to invest in our business or pay distributions that are necessary to qualify and remain qualified as a REIT. Although we intend to limit the sum of the

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outstanding principal amount of our consolidated indebtedness to not more than % of our total market capitalization, our board of directors may modify or eliminate this limitation at any time without the approval of our stockholders. Furthermore, our charter does not contain any limitation on the amount of indebtedness that we may incur. In the future we may incur substantial indebtedness in connection with the development or acquisition of additional properties.

In addition, the tax protection agreement will require us to maintain a minimum level of indebtedness of $ throughout the tax protection period in order to allow a sufficient amount of debt to be allocable to MXT Capital and its members to avoid certain adverse tax consequences. If we fail to maintain such minimum indebtedness throughout the tax protection period, and as a consequence MXT Capital or its members incur federal, state or local tax liabilities, we would be required to make indemnifying payments to them, which would inhibit our ability to reduce our indebtedness below the amount required to be maintained.

Our indebtedness and the limitations imposed on us by our indebtedness could have significant adverse consequences, including the following:

- we may be unable to borrow additional funds as needed or on favorable terms;
- we may be unable to refinance our indebtedness at maturity or the refinancing terms may be less favorable than the terms of the indebtedness being refinanced;
- we may be forced to dispose of one or more of our properties, possibly on disadvantageous terms;
- we may default on our payment or other obligations as a result of insufficient cash flow or otherwise, which may result in a cross-default on our other obligations, and the lenders or mortgagees may foreclose on our properties that secure their loans and receive an assignment of rents and leases;
- to the extent that we incur unhedged floating rate debt, we will have exposure to interest rate risk; and
- foreclosures could create taxable income without accompanying cash proceeds, a circumstance which could hinder our ability to meet the distribution requirements necessary to enable us to qualify and remain qualified for taxation as a REIT.

Compliance with the provisions our debt agreements, including the financial and other covenants, such as the maintenance of specified financial ratios, could limit our flexibility and a default under these agreements could result in a requirement that we repay indebtedness, which could severely affect our liquidity and increase our financing costs, which could materially and adversely affect us. We are currently not in compliance with certain covenants under the loan documentation relating to various lending arrangements to which we are party. See Management s Discussion and Analysis of Financial Condition and Results of Operations Liquidity and Capital Resources Consents or Waivers Under our Loan Documents. We have obtained waivers for these covenant violations and intend to repay a substantial portion of our outstanding indebtedness with a portion of the net proceeds from this offering; upon completion of this offering and the application of the net proceeds therefrom, we expect to be in compliance with all applicable debt covenants. However, if we do not complete this offering, we would need to access alternative capital resources to meet our cash requirements, and there is no assurance that we would be successful in doing so. An inability to refinance maturing indebtedness or obtain

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alternative financing would have a material adverse affect on our business and financial condition.

Joint venture investments could be materially and adversely affected by our lack of sole decision-making authority, our reliance on our co-venturers financial condition and disputes between our co-venturers and us.

Our properties located in Lawrence, Kansas, Moscow, Idaho, San Angelo and Huntsville, Texas, Conway, Arkansas and Statesboro, Georgia, comprising approximately 22.5% of our beds, will be held in a joint venture with HSRE. Additionally, we anticipate that we will enter into other joint ventures in the future. We may not have a controlling interest in a joint venture and may share responsibility with our co-venturer for managing the property held by the joint venture. Under such circumstances, we may not have sole decision-making authority regarding the joint venture s property. Investments in joint ventures, under certain circumstances, involve risks not present when we invest in a property without the involvement of a third party. For example, our co-venturer may have economic or other business interests or goals which are inconsistent with our business interests or goals, and may be in a position to take actions contrary to our preferences, policies or objectives. Additionally, it is possible that our co-venturer might become bankrupt, fail to fund its share of required capital contributions or block or delay decisions that we believe are necessary. Such investments may also have the potential risk of impasses on decisions, such as sales, because neither we nor our co-venturers may have full control over the joint venture. Disputes between us and our co-venturer may result in litigation or arbitration that would increase our expenses and divert the attention of our officers and directors from other aspects of our business. Consequently, actions by or disputes with our co-venturers might result in subjecting properties owned by the joint venture vehicle to additional risk. In addition, we may in certain circumstances be liable for the actions of our third-party co-venturers. Any of foregoing factors could materially and adversely affect our joint-venture investments.

Our management team has not previously operated a REIT, and this inexperience could materially and adversely affect us.

Our management team has not operated a business that has sought to qualify for taxation as a REIT or in compliance with the numerous technical restrictions and limitations set forth in the Internal Revenue Code applicable to REITs. In addition, managing a portfolio of assets under the REIT requirements of the Internal Revenue Code may limit the types of investments we are able to make or the activities that we may undertake. We may not be able to operate a REIT as profitably as a more experienced management team.

Our investment in properties subject to ground leases exposes us to the potential loss of such properties upon the expiration or termination of the ground leases, and the realization of such loss could materially and adversely affect us. Our properties at the University of South Alabama are also subject to a right of first refusal that may inhibit our ability to sell them.

Our properties located on the campus of the University of South Alabama are subject to ground leases with affiliates of the university. We have another property located in Moscow, Idaho which is also subject to a ground lease. In addition, we may invest in additional properties that are subject to ground leases. As the lessee under a ground lease, we are exposed to the possibility of losing our leasehold interest in the land on which our buildings are located. A ground lease may not be renewed upon the expiration of its current term or terminated by the lessor pursuant to the terms of the lease if we do not meet our obligations thereunder.

In the event of an uncured default under either of our existing ground leases, the lessor may terminate our leasehold interest in the land on which our buildings are located. Any termination of our existing ground leases, unless in conjunction with the exercise of a purchase option, would also result in termination of our management agreement relating to the property. If we lose the leasehold interest in any of our properties, we could be materially and adversely affected.

Our properties located at the University of South Alabama are also subject to a right of first refusal pursuant to which the ground lessor entity related to the university has a right to purchase our leasehold interest in the relevant property in the event we decide to accept an offer to sell either property to a third party. This may inhibit our ability to sell these properties. Further, our right to transfer one of the on-campus properties is subject to the consent of the ground lessor, which consent may not be unreasonably withheld.

We may face risks associated with purchasing undeveloped land, and the occurrence of any of these risks could materially and adversely affect us.

We typically do not hold land for future development. We do, however, enter into purchase and sale agreements for undeveloped land from time to time in anticipation of obtaining construction financing and commencing development activities. A delay in obtaining construction financing may result in a delay in closing the acquisition of undeveloped land pursuant to a purchase and sale agreement. This may require us to pay to the seller of the land additional money in the form of an earnest money deposit, which may not be refundable or applicable against the purchase price.

It is possible that we will purchase property for development based on an erroneous estimate of the demand for student housing in the relevant market. This could result in us paying a purchase price for a property that ultimately proves to be in excess of such property s value. As a result, we may acquire land for development at a cost that we may not be able to recover fully or on which we cannot build and develop a profitable student housing property. Real estate markets are highly uncertain and the value of such undeveloped land may fluctuate as a result of changing market conditions. Carrying costs can be significant and can result in losses or reduced margins. As a result, we may incur impairments on any land we acquire.

We may incur losses on interest rate swap and hedging arrangements, which could materially and adversely affect us.

We may in the future enter into agreements to reduce the risks associated with increases in interest rates. Although these agreements may partially protect against rising interest rates, they also may reduce the benefits to us if interest rates decline. If an arrangement is not indexed to the same rate as the indebtedness that is hedged, we may be exposed to losses to the extent the rate governing the indebtedness and the rate governing the hedging arrangement change independently of each other. Finally, nonperformance by the other party to the arrangement may subject us to increased credit risks. The occurrence of any of the foregoing could materially and adversely affect us.

Our inability to pass-through increases in taxes or other real estate costs to our student-tenants could materially and adversely affect our financial performance and liquidity.

We generally are not able to pass through to our student-tenants under existing leases increases in taxes, including real estate and income taxes, or other real estate related costs, such as insurance or maintenance. Consequently, unless we are able to off-set any such increases with sufficient revenues, our financial performance and liquidity may be materially and adversely affected by any such increases.

The prior performance of our predecessor entities may not be indicative of our future performance.

All of our properties have been acquired or developed by our predecessor entities within the past six years and have limited operating histories. Consequently, the historical operating results of our properties and the financial data set forth in this prospectus may not be indicative of our future performance. The operating performance of the properties may decline and we could be materially and adversely affected.

As a result of operating as a public company, we will incur significant increased costs and our management will be required to devote substantial time to new compliance requirements, which could materially and adversely affect us.

We have never operated as a public company. As a public company, we will incur significant legal, accounting and other expenses, as well as expend significant management time, relating to various requirements applicable to public companies that were not applicable to our predecessor as a closely held private company. The Securities Exchange Act of 1934, as amended, or the Exchange Act, the Sarbanes-Oxley Act of 2002, or the Sarbanes-Oxley Act, and the New York Stock Exchange, or the NYSE, rules impose numerous requirements relating to a public company s corporate governance and disclosure obligations. Compliance with these requirements will require us to hire additional employees, adopt new policies, procedures and controls, and cause us to incur significant costs. For example, we will be required to have specified board committees, adopt internal controls over financial reporting and disclosure controls and procedures, and file annual, quarterly and other reports and information with the SEC. If we identify any issues in complying with requirements applicable to public companies, we would likely incur additional costs remediating those issues and such costs could be significant, and the existence of those issues could materially and adversely affect us, our reputation or investor perception of us. It could also make it more difficult and expensive for us to obtain director and officer liability insurance, and we could be required to accept reduced policy limits and insurance coverage or incur substantially higher costs to obtain the same or similar coverage. As a result, it could become more difficult for us to attract and retain qualified persons to serve on our board of directors or as executive officers. Any of the foregoing costs or factors could materially and adversely affect us.

We will be subject to the requirements of Section 302 and 404 of the Sarbanes-Oxley Act, which may be costly and challenging.

Our management will be required to deliver a report that assesses the effectiveness of our internal controls over financial reporting, pursuant to Section 302 of the Sarbanes-Oxley Act, as of December 31 subsequent to the year in which the registration statement of which this prospectus forms a part becomes effective. Internal controls are intended to allow management or employees in the normal course of performing their functions to prevent or detect misstatements on a timely basis. There is a deficiency in internal controls when their design or operation does not permit such prevention or detection. Section 404 of the Sarbanes-Oxley Act requires our independent registered public accounting firm to deliver an attestation report on the operating effectiveness of our internal controls over financial reporting in conjunction with their opinion on our audited financial statements as of the same date.

Substantial work on our part is required to implement appropriate processes, document the system of internal control over key processes, assess their design, remediate any deficiencies identified and test their operation. This process is expected to be both costly and challenging. Our Predecessor had not previously prepared consolidated financial statements. Additionally, the financial statements of some of the entities that are included in our Predecessor s financial

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statements were not individually audited. Consequently, it was necessary to consolidate numerous financial statements, some of which were unaudited, in anticipation of the audit of our Predecessor s financial statements. In the course of such audit, it became necessary to prepare and record a number of adjustments to account balances that were identified as a result of the audit process itself. As a closely held private company our Predecessor has not been required to operate in compliance with the foregoing requirements of the Sarbanes-Oxley Act. We will be required to hire additional staff, and design and implement additional controls in order to comply with these requirements. We intend to bring our operations into compliance with Section 404 of the Sarbanes-Oxley Act within one year following the completion of this offering as required, and comply with the other mandates of the Sarbanes-Oxley Act, but there can be no assurance that such compliance will be achieved or maintained.

We cannot give any assurances that we will successfully remediate any material weaknesses identified in connection with our compliance with the provisions of Sections 302 and 404 of the Sarbanes-Oxley Act. The existence of any material weakness would preclude a conclusion by management and our registered independent public accounting firm that we maintained effective internal control over financial reporting. Our management may be required to devote significant time and incur significant expense to remediate any material weaknesses that may be discovered and may not be able to remediate any material weaknesses in a timely manner. The existence of a material weakness in our internal control over financial reporting could also result in errors in our financial statements that could require us to restate our financial statements, cause us to fail to meet our reporting obligations and cause stockholders to lose confidence in our reported financial information, all of which could lead to a decline in the trading price of our common stock.

Reporting of on-campus crime statistics required of colleges and universities may negatively impact our properties.

Federal and state laws require colleges and universities to publish and distribute reports of on-campus crime statistics, which may result in negative publicity and media coverage associated with crimes occurring in the vicinity of, or on the premises of, our on-campus properties. Reports of crime or other negative publicity regarding the safety of the students residing on, or near, our properties may have an adverse effect on both our on-campus and off-campus properties.

We may be subject to liabilities from litigation which could materially and adversely affect us.

We may become involved in legal proceedings, including consumer, employment, tort or commercial litigation that, if decided adversely to or settled by us and not adequately covered by insurance, could result in liabilities that could materially and adversely affect us.

Risks Related to the Real Estate Industry

Our performance and the value of our properties are subject to risks associated with real estate and with the real estate industry, which could materially and adversely affect us.

Our ability to make distributions to our stockholders depends on our ability to generate cash revenues in excess of our expenses, including expenses associated with our development activities, indebtedness and capital expenditure requirements. The occurrence of certain events and conditions that are generally applicable to owners and operators of real estate, many of which are beyond our control, could materially and adversely affect us. These events and conditions include:

- adverse national, regional and local economic conditions;

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- rising interest rates;
- oversupply of student housing in our markets, increased competition for student-tenants or reduction in demand for student housing;
- inability to collect rent from student-tenants;
- vacancies at our properties or an inability to lease our properties on favorable terms;
- inability to finance property development and acquisitions on favorable terms;
- increased operating costs, including insurance premiums, utilities and real estate taxes;
- the need for capital expenditures at our properties;
- costs of complying with changes in governmental regulations;
- the relative illiquidity of real estate investments; and
- civil unrest, acts of God, including earthquakes, floods, hurricanes and other natural disasters, which may result in uninsured losses, and acts of war or terrorism.

In addition, periods of economic slowdown or recession, such as the one the global economy is currently experiencing, rising interest rates or declining demand for real estate, or the public perception that any of these events may occur, could result in a general decline in occupancy rates and rental revenue or an increased incidence of defaults under our existing leases, which could impair the value of our properties or reduce our cash flow.

Illiquidity of real estate investments could significantly impede our ability to sell our properties or otherwise respond to adverse changes in the performance of our properties, which could materially and adversely affect us.

From time to time, we may determine that it is in our best interest to sell one or more of our properties. However, because real estate investments are relatively illiquid, we may encounter difficulty in finding a buyer in a timely manner should we desire to sell one of our properties, especially if market conditions are poor at such time. Selling real estate has been difficult recently, since the availability of credit has become more limited, as lending standards have become more stringent. As a result, potential buyers have experienced difficulty in obtaining financing necessary to purchase a property. In addition, our properties are specifically designed for use as student housing, which could limit their marketability or affect their values for alternative uses. Consequently, should we desire to sell one or more of our properties, our ability to do so promptly or on terms that we deem to be acceptable may be limited, which could materially and adversely affect us.

We also may be required to expend funds to correct defects or to make improvements before a property can be sold. We cannot assure you that we will have funds available to correct any such defects or to make any such improvements. In connection with any future property acquisitions, we may agree to provisions that materially restrict our ability to sell the property for a period of time or impose other restrictions, such as a limitation on the amount of debt that can be secured by or repaid with respect to such property.

In addition, in order to qualify for taxation as a REIT and to maintain such qualification, the Internal Revenue Code limits our ability to sell properties held for less than two years, which

may cause us to incur losses thereby reducing our cash flows. These factors and any others that would impede our ability to respond to adverse changes in the performance of any of our properties or a need for liquidity could materially and adversely affect us.

Finally, MXT Capital will enter into a tax protection agreement with us that significantly restricts our ability to sell our properties. Pursuant to the tax protection agreement, we will agree not to sell, exchange or otherwise dispose of any of our properties for the tax protection period in a transaction that would cause MXT Capital or its members to realize built-in gain to such properties at the time of their contribution to our Operating Partnership. All of our properties will have such built-in gain. If we sell one or more of our properties during the tax protection period, we will be required to pay to MXT Capital an amount equal to the federal, state and local taxes imposed on the built-in gain allocated to it or its members, with the amount of such taxes being computed based on the highest applicable federal, state and local marginal tax rates, as well as any grossed up taxes imposed on such payments.

Increases in property taxes would increase our operating costs, which could materially and adversely affect our financial performance and liquidity.

Each of our properties will be subject to real and personal property taxes. These taxes may increase as tax rates change and as the properties are assessed or reassessed by taxing authorities. If property taxes increase, our operating costs will increase, and therefore our financial performance and liquidity could be materially and adversely affected.

We could incur significant costs related to government regulation and private litigation over environmental matters, which could materially and adversely affect us.

Under various environmental laws, including the Comprehensive Environmental Response, Compensation and Liability Act, or CERCLA, a current or previous owner or operator of real estate may be liable for contamination resulting from the release or threatened release of hazardous or toxic substances or petroleum at that property. Additionally, an entity that arranges for the disposal or treatment of a hazardous or toxic substance or petroleum at another property may be held jointly and severally liable for the cost of investigating and cleaning up such property or other affected property. Such parties are known as potentially responsible parties, or PRPs. These environmental laws often impose liability regardless of whether the PRP knew of, or was responsible for, the presence of the contaminants, and the costs of any required investigation or cleanup of these substances can be substantial. PRPs may also be liable to parties who have claims for contribution in connection with any such contamination, such as other PRPs or state and federal governmental agencies. The liability is generally not limited under such laws and therefore could easily exceed the property s value and the assets of the liable party.

The presence of contamination, hazardous materials or environmental issues, or the failure to remediate such conditions, at a property may expose us to third-party liability for personal injury or property damage, remediation costs or adversely affect our ability to sell, lease or develop the property or to borrow using the property as collateral, which could materially and adversely affect us.

Environmental laws also impose ongoing compliance requirements on owners and operators of real estate. Environmental laws potentially affecting us address a wide variety of matters, including, but not limited to, asbestos-containing building materials, or ACBMs, storage tanks, storm water and wastewater discharges, lead-based paint, radon, wetlands and hazardous wastes. Failure to comply with these laws could result in fines and penalties or expose us to third-party liability, which could materially and adversely affect us. Some of our properties may have conditions that are subject to these requirements and we could be liable for such fines or

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penalties or liable to third parties, as described below in Business and Properties Regulation Environmental Matters.

The conditions at some of our properties may expose us to liability and remediation costs related to environmental matters, which could materially and adversely affect us.

Certain of our properties may contain, or may have contained, ACBMs. Environmental laws require that ACBMs be properly managed and maintained, and may impose fines and penalties on building owners and operators for failure to comply with these requirements. Also, some of our properties may contain, or may have contained, or are adjacent to or near other properties that may contain or may have contained storage tanks for the storage of petroleum products or other hazardous or toxic substances. Any of these conditions create the potential for the release of these contaminants. Third parties may be permitted by law to seek recovery from owners or operators for personal injury associated with exposure to these or other contaminants. Furthermore, some of our properties include regulated wetlands on undeveloped portions of such properties and mitigated wetlands on or near our properties, the existence of which can delay or impede development or require costs to be incurred to mitigate the impact of any disturbance. Absent appropriate permits, we can be held responsible for restoring wetlands and be required to pay fines and penalties, which could materially and adversely affect us.

Over the past several years there have been an increasing number of lawsuits against owners and operators of properties alleging personal injury and property damage caused by the presence of mold in real estate. Mold growth can occur when excessive moisture accumulates in buildings or on building materials, particularly if the moisture problem remains undiscovered or is not addressed over a period of time. Concern about indoor exposure to mold has been increasing as some molds have been shown to produce airborne toxins and irritants and exposure to these and other types of molds may lead to adverse health effects and symptoms, including allergic or other reactions. Some of our properties may contain microbial matter such as mold and mildew. The presence of significant mold at any of our properties could require us to undertake a costly remediation program to contain or remove the mold from the affected property and could expose us to liability from student-tenants, employees and others if property damage or health concerns arise, which could materially and adversely affect us.

If any of our properties are not properly connected to a water or sewer system, or if the integrity of such systems are breached, microbial matter or other contamination can develop. If this were to occur, we could incur significant remedial costs and we could also be subject to private damage claims and awards, which could be material. If we become subject to claims in this regard, it could materially and adversely affect us and our insurability for such matters in the future.

Independent environmental consultants have conducted Phase I environmental site assessments on all of our properties. These Phase I environmental site assessments are intended to evaluate information regarding the environmental condition of the surveyed property and surrounding properties based generally on visual observations, interviews and the review of publicly available information. These assessments do not typically take into account all environmental issues including, but not limited to, testing of soil or groundwater, a comprehensive asbestos survey or an invasive inspection for the presence of lead-based paint, radon or mold contamination. As a result, these assessments may have failed to reveal all environmental conditions, liabilities, or other compliance issues affecting our properties. Material environmental conditions, liabilities, or compliance issues may have arisen after the assessments were conducted or may arise in the future.

In addition, future laws, ordinances or regulations may impose material additional environmental liabilities. We cannot assure you that the cost of future environmental compliance or remedial measures will not affect our ability to make distributions to our stockholders or that such costs or other remedial measures will not be material to us.

In the event we decided to sell one of our properties, the presence of hazardous substances on such property may limit our ability to sell it on favorable terms or at all, and we may incur substantial remediation costs.

The discovery of material environmental liabilities at one or more of our properties could subject us to unanticipated significant costs, which could materially and adversely affect us.

We may incur significant costs complying with the Americans with Disabilities Act, the Fair Housing Amendments Act and similar laws, which could materially and adversely affect us.

Under the Americans with Disabilities Act of 1990, or the ADA, all public accommodations must meet various federal requirements related to access and use by disabled persons. Compliance with the ADA s requirements may require modifications to our properties, such as the removal of access barriers or restrict our ability to renovate or develop our properties in the manner we desire. In addition, in June 2008, the Department of Justice proposed a substantial number of changes to the accessibility guidelines under the ADA. In January of 2009, President Obama suspended final publication and implementation of these regulations, pending comprehensive review by his administration. If implemented as proposed, the new guidelines could cause some of our properties to incur costly measures to become fully compliant.

Additional federal, state and local laws may also require us to make similar modifications or impose similar restrictions on us. For example, the Fair Housing Amendments Act of 1988, or FHAA, requires apartment properties first occupied after March 13, 1990 to be accessible to the handicapped.

We have not conducted an audit or investigation of all of our properties to determine our compliance with present requirements of the ADA, FHAA or any similar laws. Noncompliance with any of these laws could result in us incurring significant costs to make substantial modifications to our properties or in the imposition of fines or an award or damages to private litigants. We cannot predict the ultimate amount of the cost of compliance with the ADA, FHAA or other legislation. If we incur substantial costs to comply with the ADA, FHAA or any other legislation, we could be materially and adversely affected.

We may incur significant costs complying with other regulatory requirements, which could materially and adversely affect us.

Our properties are subject to various federal, state and local regulatory requirements, such as state and local fire and life safety requirements. If we fail to comply with these various requirements, we might incur governmental fines or private damage awards. Furthermore, existing requirements could change and require us to make significant unanticipated expenditures, which could materially and adversely affect us.

Uninsured losses or losses in excess of insured limits could materially and adversely affect us.

We carry comprehensive liability, fire, extended coverage, terrorism and rental loss insurance covering all of our properties. Our insurance includes coverage for earthquake damage to properties located in seismically active areas, windstorm damage to properties exposed to hurricanes, and terrorism insurance on all of our properties. In each case, we believe the coverage

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limits and applicable deductibles are commercially reasonable. All insurance policies are subject to coverage extensions that are typical for our business. We do not carry insurance for generally uninsured losses such as loss from riots or acts of God.

In the event we experience a loss which is uninsured or which exceeds our policy limits, we could lose the capital invested in the damaged property as well as the anticipated future cash flows from such property. In addition, we might nevertheless remain obligated for any mortgage debt or other financial obligations related to the property. Inflation, changes in building codes and ordinances, environmental considerations and other factors might also keep us from using insurance proceeds to replace or renovate a property after it has been damaged or destroyed. Under such circumstances, the insurance proceeds we receive might be inadequate to restore our economic position with respect to the damaged or destroyed property. Furthermore, in the event of a substantial loss at one or more of our properties that is covered by one or more policies, the remaining insurance under these policies, if any, could be insufficient to adequately insure our other properties. In such event, securing additional insurance policies, if possible, could be significantly more expensive than our current policies. Any loss of these types may materially and adversely affect us.

Future terrorist attacks in the U.S. could reduce the demand for, and the value of, our properties, which could materially and adversely affect us.

Future terrorist attacks in the U.S., such as the attacks that occurred in New York and Washington, D.C. on September 11, 2001, and acts of war, or threats of the same, could reduce the demand for, and the value of, our properties. Any such event in any of the markets in which our properties are located would make it difficult for us to maintain the affected property s occupancy or to re-lease the property at rates equal to or above historical rates, which could materially and adversely affect us.

In addition, terrorist attacks could directly impact the value of our properties through damage, destruction, loss, or increased security costs, and the availability of insurance for such acts may be limited or prohibitively expensive. If we receive casualty proceeds, we may not be able to reinvest such proceeds profitably or at all, and we may be forced to recognize taxable gain on the affected property, which could materially and adversely affect us.

Risks Related to Our Company and Structure

Provisions of our charter allow our board of directors to authorize the issuance of additional securities, which may limit the ability of a third party to acquire control of us through a transaction that our stockholders believe to be in their best interest.

Upon completion of this offering, our charter will authorize our board of directors to issue up to 90,000,000 shares of common stock and up to 10,000,000 shares of preferred stock. In addition, our board of directors may, without stockholder approval, amend our charter to increase the aggregate number of our shares or the number of shares of any class or series that we have the authority to issue and to classify or reclassify any unissued common stock or preferred stock and to set the preferences, rights and other terms of the classified or reclassified stock. As a result, our board of directors may authorize the issuance of additional stock or establish a series of common or preferred stock that may have the effect of delaying, deferring or preventing a change in control of our company, including through a transaction at a premium over the market price of our common stock, even if our stockholders believe that a change in control through such a transaction is in their best interest.

Provisions of Maryland law may limit the ability of a third party to acquire control of us, which, in turn, may negatively affect our stockholders ability to realize a premium over the market price of our common stock.

Certain provisions of the Maryland General Corporation Law, or the MGCL, may have the effect of inhibiting a third party from making a proposal to acquire us or of impeding a change in control under circumstances that otherwise could provide our stockholders with the opportunity to realize a premium over the market price of our common stock, including:

The Maryland Business Combination Act that, subject to limitations, prohibits certain business combinations between us and an interested stockholder (defined generally as any person who beneficially owns 10% or more of the voting power of our voting capital stock) or an affiliate of any interested stockholder for five years after the most recent date on which the stockholder becomes an interested stockholder, and thereafter imposes special appraisal rights and special stockholder voting requirements on these combinations; and

The Maryland Control Share Acquisition Act that provides that our control shares (defined as shares which, when aggregated with other shares controlled by the stockholder, entitle the stockholder to exercise one of three increasing ranges of voting power in electing directors) acquired in a control share acquisition (defined as the direct or indirect acquisition of ownership or control of control shares) have no voting rights except to the extent approved by our stockholders by the affirmative vote of at least two-thirds of all the votes entitled to be cast on the matter, excluding all interested shares.

By resolution of our board of directors, we have opted out of the business combination provisions of the MGCL and provided that any business combination between us and any other person is exempt from the business combination provisions of the MGCL, provided that the business combination is first approved by our board of directors (including a majority of directors who are not affiliates or associates of such persons). Pursuant to a provision in our bylaws, we have opted out of the control share provisions of the MGCL. However, our board of directors may by resolution elect to opt in to the business combination provisions of the MGCL and we may, by amendment to our bylaws, opt in to the control share provisions of the MGCL in the future.

Additionally, Title 3, Subtitle 8 of the MGCL permits our board of directors, without stockholder approval and regardless of what is currently provided in our charter or bylaws, to implement certain takeover defenses, such as a classified board, some of which we do not yet have. These provisions may have the effect of inhibiting a third party from making an acquisition proposal for us or of delaying, deferring or preventing a change in control of us that otherwise could provide our stockholders with the opportunity to realize a premium over the market price of our common stock.

The ownership limitations in our charter may restrict or prevent you from engaging in certain transfers of our common stock, which may delay or prevent a change in control of us that our stockholders believe to be in their best interest.

In order for us to qualify as a REIT for each taxable year after 2010, no more than 50% in value of the outstanding shares of our common stock may be owned, directly or indirectly, by five or fewer individuals (as defined in the federal income tax laws to include various kinds of entities) during the last half of any taxable year. Attribution rules in the Internal Revenue Code determine if any individual or entity actually or constructively owns our common stock under this requirement. Additionally, at least 100 persons must beneficially own shares of our common stock during at least 335 days of a taxable year for each taxable year after 2010. To assist us in qualifying as a REIT, our charter contains a stock ownership limit which provides that, subject to certain exceptions, no person or entity may beneficially own, or be deemed to own by virtue of the applicable constructive ownership provisions of the Internal Revenue Code, more than 9.8% by vote or value, whichever is more restrictive, of either our outstanding common stock or our outstanding capital stock in the aggregate. Generally, any of our shares of common stock owned by affiliated owners will be added together for purposes of the stock ownership limit.

If anyone transfers shares of our stock in a way that would violate the stock ownership limit or prevent us from qualifying as a REIT under the federal income tax laws, those shares instead will be transferred to a trust for the benefit of a charitable beneficiary and will be either redeemed by us or sold to a person whose ownership of the shares will not violate the stock ownership limit or we will consider the transfer to be null and void from the outset, and the intended transferee of those shares will be deemed never to have owned the shares. Anyone who acquires shares of our common stock in violation of the stock ownership limit or the other restrictions on transfer in our charter bears the risk of suffering a financial loss when the shares are redeemed or sold if their market price falls between the date of purchase and the date of redemption or sale.

The constructive ownership rules under the Internal Revenue Code are complex and may cause stock owned actually or constructively by a group of related individuals or entities to be owned constructively by one individual or entity. As a result, the acquisition of less than 9.8% of our stock (or the acquisition of an interest in an entity that owns, actually or constructively, our stock) by an individual or entity, could, nevertheless cause that individual or entity, or another individual or entity, to own constructively in excess of 9.8% of our outstanding stock and therefore they would be subject to the stock ownership limit. Our charter, however, allows exceptions to be made to this limitation if our board of directors determines that such exceptions will not jeopardize our tax status as a REIT.

In addition, the stock ownership limit and the other restrictions on transfer in our charter may have the effect of delaying, deferring or preventing a third party from acquiring control of us, whether such a transaction involved a premium price for our common stock or otherwise was in the best interest of our stockholders.

Our rights and the rights of our stockholders to take action against our directors and officers are limited, which could limit the recourse available in the event actions are taken that are not in the best interest of our stockholders.

Maryland law provides that a director has no liability in connection with the director s management of the business and affairs of a corporation if he or she performs his or her duties in good faith, in a manner he or she reasonably believes to be in the best interests of the corporation and with the care that an ordinarily prudent person in a like position would use under similar circumstances. In addition, our charter exculpates our directors and officers from liability to us and our stockholders for money damages except for liability resulting from actual receipt of an improper benefit in money, property or services or active and deliberate dishonesty established by a final judgment and which is material to the cause of action. Our charter authorizes us to indemnify our directors and officers for actions taken by them in those capacities to the maximum extent permitted by Maryland law. Our bylaws require us to indemnify each director or officer, to the maximum extent permitted by Maryland law, in the defense of any proceeding to which he or she is made, or threatened to be made, a party by reason of his or her service to us. In addition, we may be obligated to fund the defense costs incurred by our directors and officers. As a result, we and our stockholders may have more limited rights against our directors and officers, which could limit the recourse available in the event actions are taken that are not in our stockholders best interest.

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Our charter contains provisions that make removal of our directors difficult, which could make it difficult for our stockholders to effect changes to our management that our stockholders believe to be in their best interest.

Our charter provides that a director may be removed only for cause (as defined in our charter) and then only by the affirmative vote of at least two-thirds of the votes entitled to be cast generally in the election of directors. Our charter also provides that vacancies on our board of directors may be filled only by a majority of the remaining directors in office, even if less than a quorum. These requirements prevent stockholders from removing directors except for cause and with a substantial affirmative vote and from replacing directors with their own nominees. As a result, a change in the management of our company that our stockholders believe is in their best interest may be delayed, deferred or prevented.

Our board of directors has approved very broad investment guidelines for us and will not review or approve each investment decision made by our management team.

Our management team is authorized to follow broad investment guidelines and, therefore, has great latitude in determining which are the proper investments for us, as well as the individual investment decisions. Our management team may make investments with lower rates of return than those anticipated under current market conditions and/or may make investments with greater risks to achieve those anticipated returns.

The ability of our board of directors to change some of our policies without the consent of our stockholders may lead to the adoption of policies that are not in the best interest of our stockholders.

Our major policies, including our policies with respect to investments, leverage, financing, growth, debt and capitalization, will be determined by our board of directors or those committees or officers to whom our board of directors may delegate such authority. Our board of directors will also establish the amount of any dividends or distributions that we may pay to our stockholders. Our board of directors or the committees or officers to which such decisions may be delegated will have the ability to amend or revise these and our other policies at any time without stockholder vote. Accordingly, our stockholders may not have control over changes in our policies, and we may adopt policies that may not prove to be in the best interests of our stockholders.

As a result of our formation transactions, which were not negotiated on an arm s length basis, our existing investors will receive substantial economic benefits from this offering.

MXT Capital will receive OP units for the contribution of its interests in the predecessor entities and its student housing business and $4.5 million of the net proceeds from this offering will be used for the repayment of certain indebtedness. Ted W. Rollins, our co-chairman and chief executive officer, and Michael S. Hartnett, our co-chairman and chief investment officer, by virtue of their indirect ownership in MXT Capital, and therefore the various entities that own interests in the predecessor entities, will be entitled to receive a significant portion of the benefits of this offering received by MXT Capital. MXT Capital, through Campus Crest Group, and the Ricker Group were the principal prior owners of our predecessor entities and MXT Capital played a significant role in structuring our formation. In the course of structuring our formation, MXT Capital had the ability to influence the type and level of benefits that it and our executive officers would receive from us. It also had the ability to influence the other terms of our formation transactions, including, without limitation, the representations and warranties that it made to us in our formation transactions and the indemnities that it provided to us for breaches of such representations and warranties. In addition, as a result of this offering and the application of the net proceeds therefrom, Mr. Rollins and Mr. Hartnett will be released from certain personal guarantees with respect to mortgage and construction indebtedness with aggregate principal amounts of $ million and $ million, respectively, and from personal guarantees with respect to the RHR, LLC and Capital Bank indebtedness, as described below. MXT Capital will also receive Campus Crest Group s interests in two parcels of land consisting of 20.2 acres, with associated indebtedness of approximately $1.9 million, on which we have decided not to build student housing properties. In addition, we will enter into a registration rights agreement with MXT Capital pursuant to which we will agree, among other things, to register the resale of any common stock that may be exchanged for the OP units issued in our formation transactions.

The Ricker Group will receive approximately $26.7 million from the net proceeds from this offering and 266,667 OP units for the contribution of its interests in the predecessor entities and its interest in the entities that own fee interests in certain properties that were subject to ground leases such that our operating partnership will have, following the completion of this offering and our formation transactions, fee simple title to the real estate that is the subject of the leases. Following this transfer, none of the predecessor entities other than Campus Crest at Mobile, LLC and Campus Crest at Mobile Phase II, LLC (which own The Grove at Mobile in Mobile, AL) and Campus Crest at Moscow, LLC (which owns The Grove at Moscow in Moscow, ID) shall be subject to any ground lease. In addition, as a result of this offering and the use of the net proceeds therefrom, Mr. Ricker will be released from certain personal guarantees with respect to mortgage and construction indebtedness in the aggregate amount of $ million, and from personal guarantees with respect to the RHR, LLC and Capital Bank indebtedness described below.

Certain third-party investors will receive in aggregate approximately $10.7 million from the net proceeds from this offering and approximately 53,000 OP units for the contribution of their interests in the predecessor entities.

We will use approximately $4.0 million of the net proceeds from this offering to repay our indebtedness to Capital Bank, an entity in which the Ricker Group has an ownership interest and of which Carl H. Ricker, Jr. is a director.

We will use approximately $6.0 million of the net proceeds from this offering to repay indebtedness owed by us to RHR, LLC, an entity owned by MXT Capital and the Ricker Group. RHR, LLC will, in turn, immediately repay an equal amount of indebtedness owed by it to an unaffiliated third party on substantially the same terms and conditions as the loan from RHR, LLC to us.

Since we did not conduct arm s length negotiations with our existing investors with respect to the terms of our formation transactions, the terms of the agreements we reached with these investors may not be as favorable to us as if they were so negotiated.

Members of our management and board of directors will be holders of OP units, and their interests may differ from those of our stockholders.

After the consummation of this offering, members of our management and board of directors will also be direct or indirect holders of OP units. As holders of OP units, they may have conflicting interests with our stockholders. For example, they may have different tax positions from our stockholders, which could influence their decisions regarding whether and when to dispose of assets, whether and when to incur new indebtedness or refinance existing indebtedness and how to structure future transactions. As a result, our management and board of directors may implement policies or make decisions that are not in the best interest of our stockholders.

Members of our management will be beneficiaries of a tax protection agreement that will significantly restrict our ability to sell our properties and may require us to maintain indebtedness that we otherwise would not.

MXT Capital will enter into a tax protection agreement with us. Pursuant to the tax protection agreement, we will agree not to sell, exchange or otherwise dispose of any of our properties during the tax protection period in a transaction that would cause MXT Capital or its members to realize built-in gain. All of our properties will have such built-in gain. If we sell one or more of our properties during the tax protection period, we will be required to pay to MXT Capital an amount equal to the federal, state and local taxes imposed on the built-in gain allocated to it or its members, with the amount of such taxes being computed based on the highest applicable federal, state and local marginal tax rates, as well as any grossed up taxes imposed on such payments. Consequently, our ability to sell or dispose of our properties will be substantially restricted by this obligation to make payments to MXT Capital during the tax protection period if we sell a property.

The tax protection agreement will also require us to maintain a minimum level of indebtedness of $ throughout the tax protection period in order to allow a sufficient amount of debt to be allocable to MXT Capital and its members to avoid certain adverse tax consequences. If we fail to maintain such minimum indebtedness throughout the tax protection period, and as a consequence MXT Capital or its members incur federal, state or local tax liabilities, we will be required to make indemnifying payments to them, computed in the manner described in the preceding paragraph.

We will enter into employment agreements with certain of our executive officers that will require us to make payments in the event such officer s employment is terminated by us without cause or by such officer for good reason. This may make it difficult for us to effect changes to our management or limit the ability of a third party to acquire control of us that would otherwise be in the best interest of our stockholders.

The employment agreements that we will enter into with certain of our executive officers upon completion of this offering provide benefits under certain circumstances that could make it more difficult for us to terminate these officers. Therefore, even if we sought to replace these officers, it may not be economically viable for us to do so. Furthermore, because an acquiring company would likely seek to replace these officers with their own personnel, these employment agreements could have the effect of delaying, deterring or preventing a change in control of our company that would otherwise be in the best interest of our stockholders.

After the consummation of this offering and our formation transactions, our primary assets will be our general partner interest in our operating partnership and OP units and, as a result, we will depend on distributions from our operating partnership to pay dividends and expenses.

After the consummation of this offering and our formation transactions, we will be a holding company and will have no material assets other than our general partner interest and OP units. We intend to cause our operating partnership to make distributions to its limited partners, including us, in an amount sufficient to allow us to qualify as a REIT for federal income tax purposes and to pay all our expenses. To the extent we need funds and our operating partnership is restricted from making distributions under applicable law, agreement or otherwise, or if our operating partnership is otherwise unable to provide such funds, the failure to make such distributions could adversely affect our liquidity and financial condition and our ability to make distributions to our stockholders.

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We operate through a partnership structure, which could materially and adversely affect us.

Our primary property-owning vehicle is our operating partnership, of which we are the sole general partner. Our acquisition of properties through our operating partnership in exchange, in part, for OP units may permit certain tax deferral advantages to the sellers of those properties. Since the properties contributed to our operating partnership may have unrealized gain attributable to the difference between the fair market value and adjusted tax basis in such properties prior to contribution, the sale of such properties could cause material and adverse tax consequences to the limited partners who contributed such properties. Although we, as the sole general partner of our operating partnership, generally have no obligation to consider the tax consequences of our actions to any limited partner, we have agreed to indemnify MXT Capital for certain tax consequences related to our properties and there can be no assurance that our operating partnership will not acquire properties in the future subject to material restrictions designed to minimize the adverse tax consequences to the limited partners who contribute such properties. Such restrictions could result in significantly reduced flexibility to manage our properties, which could materially and adversely affect us.

We have fiduciary duties as sole general partner of our operating partnership which may result in conflicts of interest in representing your interests as stockholders of our company.

After the consummation of this offering, conflicts of interest could arise in the future as a result of the relationship between us, on the one hand, and our operating partnership or any partner thereof, on the other. We, as the sole general partner of our operating partnership, will have fiduciary duties to the other limited partners in our operating partnership under Delaware law. At the same time, our directors and officers have duties to us and our stockholders under applicable Maryland law in connection with their management of us. Our duties as the sole general partner of our operating partnership may come in conflict with the duties of our directors and officers to us and our stockholders. For example, those persons holding OP units will have the right to vote on certain amendments to the partnership agreement (which require approval by a majority in interest of the limited partners, including us) and individually to approve certain amendments that would adversely affect their rights. These voting rights may be exercised in a manner that conflicts with the interests of our stockholders. We are unable to modify the rights of limited partners to receive distributions as set forth in the partnership agreement in a manner that adversely affects their rights without their consent, even though such modification might be in the best interest of our stockholders. Our partnership agreement will provide that if there is a conflict between the interests of our stockholders, on one hand, and the interests of the limited partners, on the other, we will endeavor in good faith to resolve the conflict in a manner not adverse to either our stockholders or the limited partners; provided, however, that for so long as we own a controlling interest in our operating partnership, we have agreed to resolve any conflict that cannot be resolved in a manner not adverse to either our stockholders or the limited partners in favor of our stockholders.

Changes in accounting rules, assumptions and/or judgments could materially and adversely affect us.

Accounting rules and interpretations for certain aspects of our operations are highly complex and involve significant assumptions and judgment. These complexities could lead to a delay in the preparation and public dissemination of our financial statements. Furthermore, changes in accounting rules and interpretations or in our accounting assumptions and/or judgments, such as asset impairments, could significantly impact our financial statements. Under any of these circumstances, we could be materially and adversely affected.

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Risks Related to this Offering

We may not be able to make an initial distribution or maintain any initial, or any subsequent, distribution rate.

Our ability to fund any distributions out of operating cash flow will depend, in part, upon the receipt of cash flow from our properties. If we need to fund future distributions from working capital, or if we reduce our distribution rate, our stock price may be adversely affected. To the extent that we fund any distributions from working capital, our cash available for investment in our business, including for property development and acquisition purposes, will decrease.

Any distributions in excess of our current and accumulated earnings and profits will not be taxable to a holder to the extent that they do not exceed the adjusted basis of the holder s shares in respect of which the distributions were made, but rather, will reduce the adjusted basis of these shares. To the extent that such distributions exceed the adjusted basis of a stockholder s shares, they will generally be included in income as capital gains. For a more complete discussion of the tax treatment of distributions to our stockholders, see Federal Income Tax Considerations.

A public market for our common stock may never develop and your ability to sell your shares of our common stock may be limited.

Prior to this offering, there has been no public market for our common stock. We intend to apply to have our common stock listed on the NYSE under the symbol . However, an active trading market for our common stock may never develop or, even if one does develop, may not be sustained. In the absence of an active trading market, an investor may be unable to liquidate an investment in shares of our common stock at a favorable price or at all. The initial public offering price has been determined by us and the representative of the underwriters. We cannot assure you that the price at which the common stock will sell in the public market after the closing of this offering will not be lower than the price at which they are sold by the underwriters.

Common stock eligible for future sale may adversely affect the market price of our common stock.

We cannot predict the effect, if any, of future issuances of shares of our common stock or the availability of shares of our common stock for future sale on the market price of our common stock. Any sales of a substantial number of shares of our common stock in the public market (including shares issued to our directors and officers), or the perception that such sales might occur, may cause the market price of our common stock to decline.

We, each of our directors and executive officers, MXT Capital and Carl H. Ricker, Jr. have agreed, with limited exceptions, that we and they will not, without the prior written consent of the representative of the underwriters, for a period of one year after the date of this prospectus (subject to extension under certain circumstances), among other things, directly or indirectly, offer to sell, sell or otherwise dispose of any shares of our common stock or securities that are convertible into or exchangeable for shares of common stock or file a registration statement with the SEC relating to the offering of any shares of our common stock or such convertible or exchangeable securities. In addition, we have agreed with the underwriters that we will not, during the same period of time, issue any shares of our common stock in exchange for any OP units. However, the representative may, at any time, release all or any portion of the shares of common stock subject to the foregoing lock-up provisions. If these restrictions are waived, the

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affected shares of common stock may be available for sale into the market which could reduce the market price of our common stock.

Under our 2010 Incentive Award Plan, we have the ability to issue options, stock appreciation rights, restricted stock and restricted stock units, performance shares, performance units, dividend equivalents and other stock-based awards to our executive officers, employees and non-employee directors. In connection with this offering, we intend to file a registration statement on Form S-8 to register all shares of common stock reserved for issuance under our 2010 Incentive Award Plan, and once we register these shares, they can be freely sold in the public market after issuance, subject to the terms of the plan and the lock-up provisions discussed above. MXT Capital will enter into a registration rights agreement with us. Pursuant to that agreement, we will agree, among other things, to register the resale of any common stock that may be exchanged for the OP units issued in our formation transactions. This agreement requires us to seek to register all common stock that may be exchanged for OP units effective as of that date which is 12 months following completion of this offering on a shelf registration statement under the Securities Act. We also may issue from time to time common stock or cause our operating partnership to issue OP units in connection with the acquisition of properties and we may grant demand or piggyback registration rights in connection with these issuances. Registration of the sales of these shares of our common stock would facilitate their sale into the public market. Sales of substantial amounts of our common stock, or the perception that such sales could occur, may have the effect of reducing the market price of our common stock and impeding our ability to raise future capital. In addition, any future sales of shares of our common stock may dilute the value of our common stock.

The market price of our common stock may be volatile due to numerous circumstances, some of which are beyond our control.

Even if an active trading market develops for our common stock, the market price of our common stock may be highly volatile and subject to wide fluctuations. Our financial performance, government regulatory action, tax laws, interest rates and market conditions in general could have a significant impact on the market price of our common stock. Some of the factors that could negatively affect the market price or result in fluctuations in the market price of our common stock include:

- actual or anticipated variations in our quarterly operating results;
- changes in our financial performance or earnings estimates;
- increases in market interest rates;
- changes in market valuations of similar companies;
- adverse market reaction to any indebtedness we incur in the future;
- additions or departures of key personnel;
- actions by our stockholders;
- speculation in the press or investment community;
- general market, economic and political conditions, including the recent economic slowdown and dislocation in the global credit markets;

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our issuance of additional shares of common stock or other securities;

the performance of other similar companies;

changes in accounting principles;

passage of legislation or other regulatory developments that adversely affect us or our industry; and

the potential impact of the recent economic slowdown on the student housing industry and related budgets of colleges and universities.

Market interest rates may adversely affect the market price of our common stock.

One of the factors that investors may consider in deciding whether to buy or sell our common stock will be the dividend yield on our common stock as a percentage of our stock price, relative to market interest rates. An increase in market interest rates may lead prospective purchasers of our common stock to expect a higher dividend yield in order to maintain their investment, and higher interest rates would likely increase our borrowing costs which would reduce our cash flow, cash available to service our indebtedness or invest in our business and adversely affect our ability to make distributions to our stockholders. As a result, higher market interest rates could adversely affect the market price of our common stock.

Future offerings of debt or equity securities ranking senior to our common stock may limit our operating and financial flexibility and may adversely affect the market price of our common stock.

If we decide to issue debt or equity securities in the future ranking senior to our common stock or otherwise incur indebtedness, it is possible that these securities or indebtedness will be governed by an indenture or other instrument containing covenants restricting our operating flexibility and limiting our ability to make distributions to our stockholders. Additionally, any convertible or exchangeable securities that we issue in the future may have rights, preferences and privileges, including with respect to distributions, more favorable than those of our common stock and may result in dilution to owners of our common stock. Because our decision to issue debt or equity securities in any future offering or otherwise incur indebtedness will depend on then current market conditions and other factors beyond our control, we cannot predict or estimate the amount, timing or nature of our future offerings or financings, any of which could adversely affect the market price, and dilute the value of, our common stock.

We have not obtained appraisals of our properties in connection with this offering and the price we pay to our existing investors for their interests in our predecessor entities may exceed our properties market value.

We have not obtained appraisals of our properties in connection with this offering. The consideration we have agreed to pay to our existing investors for their interests in our predecessor entities is based upon the valuation of our business as a going concern. As a result, this consideration may exceed our properties individual market values.

The initial public offering price of our common stock was determined in consultation with the representative of the underwriters and does not necessarily bear any relationship to the book value or the market value of our properties. Factors considered in determining the initial public offering price included the valuation multiples of publicly traded companies that the representative of the underwriters believes to be comparable to us, our financial information, the history of,

and the prospects for, our company and the industry in which we compete, an assessment of our management, its past and present operations, and the prospects for, and timing of, our future revenues, the present state of our development, and the above factors in relation to market values and various valuation measures of other companies engaged in activities similar to ours. As a result, our value, as represented by the initial public offering price of our common stock, may exceed the market value of our individual properties.

Purchasers of our common stock in this offering will experience immediate and substantial dilution.

The initial public offering price of our common stock is substantially higher than the net tangible book value per share of our common stock immediately after this offering. As of December 31, 2009, the aggregate historical combined net tangible book value of the interests and assets to be transferred to our operating partnership was approximately $ million, or $ per share of our common stock on a fully-diluted basis. The pro forma net tangible book value per share of our common stock after the consummation of this offering and our formation transactions will be less than the initial public offering price. You will therefore experience immediate dilution of $ per share immediately after this offering.

Federal Income Tax Risk Factors

Our failure to qualify or remain qualified as a REIT could have a material and adverse effect on us and the market price of our common stock.

We intend to operate in a manner that will allow us to qualify as a REIT for U.S. federal income tax purposes under the Internal Revenue Code. We have not requested and do not plan to request a ruling from the Internal Revenue Service, or IRS, that we qualify as a REIT, and the statements in this prospectus are not binding on the IRS or any court. If we fail to qualify or lose our qualification as a REIT, we will face serious tax consequences that would substantially reduce the funds available for distribution to our stockholders for each of the years involved because:

- we would not be allowed a deduction for distributions to stockholders in computing our taxable income and we would be subject to U.S. federal income tax at regular corporate rates;

- we also could be subject to the U.S. federal alternative minimum tax and possibly increased state and local taxes; and

- unless we are entitled to relief under applicable statutory provisions, we could not elect to be taxed as a REIT for four taxable years following a year during which we were disqualified.

In addition, if we lose our qualification as a REIT, we will not be required to make distributions to stockholders, and all distributions to our stockholders will be subject to tax as regular corporate dividends to the extent of our current and accumulated earnings and profits. This means that our U.S. individual stockholders would be taxed on our dividends at a maximum U.S. federal income tax rate currently at 15%, and our corporate stockholders generally would be entitled to the dividends received deduction with respect to such dividends, subject, in each case, to applicable limitations under the Internal Revenue Code.

Qualification as a REIT involves the application of highly technical and complex Internal Revenue Code provisions and regulations promulgated thereunder for which there are only limited judicial and administrative interpretations. Even a technical or inadvertent violation could jeopardize our ability to qualify as a REIT. The complexity of these provisions and of the applicable U.S. Treasury

Department regulations, or Treasury Regulations, that have been promulgated under the Internal Revenue Code is greater in the case of a REIT that, like us, holds its assets through a partnership. The determination of various factual matters and circumstances not entirely within our control may affect our ability to qualify as a REIT. In order to qualify as a REIT, we must satisfy a number of requirements on a continuing basis, including requirements regarding the composition of our assets, sources of our gross income and stockholder ownership. Also, we must make distributions to stockholders aggregating annually at least 90% of our net taxable income, excluding net capital gains.

As a result of these factors, our failure to qualify as a REIT could materially and adversely affect us and the market price of our common stock.

To qualify and remain qualified as a REIT, we will likely rely on the availability of equity and debt capital to fund our business.

To qualify and remain qualified as a REIT, we generally must distribute to our stockholders at least 90% of our net taxable income each year, excluding net capital gains, and we will be subject to regular corporate income taxes to the extent that we distribute less than 100% of our net taxable income each year. In addition, we will be subject to a 4% nondeductible excise tax on the amount, if any, by which distributions paid by us in any calendar year are less than the sum of 85% of our ordinary income, 95% of our capital gain net income and 100% of our undistributed income from prior years. Because of REIT distribution requirements, we may be unable to fund capital expenditures, such as our developments, future acquisitions or property upgrades or renovations from operating cash flow. Therefore, we may be dependent on the public equity and debt capital markets and private lenders to fund our growth and other capital expenditures. However, we may not be able to obtain this capital on favorable terms or at all. Our access to third-party sources of capital depends, in part, on:

- general market conditions;
- our current debt levels and the number of properties subject to encumbrances;
- our current performance and the market s perception of our growth potential;
- our cash flow and cash dividends; and
- the market price of our common stock.

If we cannot obtain capital from third-party sources, we may not be able to acquire or develop properties when strategic opportunities exist, satisfy our debt service obligations or make the cash distributions to our stockholders, including those necessary to qualify or maintain our qualification as a REIT, which could materially and adversely affect us.

Even if we qualify as a REIT, we may face other tax liabilities that have a material and adverse affect on our financial performance and liquidity.

Even if we qualify for taxation as a REIT, we may be subject to certain federal, state and local taxes on our income and assets, including taxes on any undistributed income, tax on income from some activities conducted as a result of a foreclosure, and state or local income, property and transfer taxes. Any of these taxes would cause our operating costs to increase, and therefore our financial performance and liquidity could be materially and adversely affected.

In particular, various services provided at our properties are not permitted to be provided directly by our Operating Partnership, but must be provided through taxable REIT subsidiaries

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that are treated as fully taxable corporations. Although we do not anticipate this to be the case, it is possible that the income that is derived by, and subject to corporate income tax in the hands of, such taxable REIT subsidiaries may be significant.

To qualify or remain qualified as a REIT, we may be forced to limit the activities of our taxable REIT subsidiaries, which could materially and adversely affect us.

To qualify or remain qualified as a REIT, no more than 25% of the value of our total assets may consist of the securities of one or more taxable REIT subsidiaries, or TRS. Certain of our activities, such as our third-party development, construction, management and leasing services, must be conducted through our TRSs for us to qualify or remain qualified as a REIT. In addition, certain non-customary services must be provided by a TRS or an independent contractor. If the revenues from such activities create a risk that the value of our TRSs, based on revenues or otherwise, approaches the 25% threshold, we will be forced to curtail such activities or take other steps to remain under the 25% threshold. Since the 25% threshold is based on value, it is possible that the IRS could successfully contend that the value of our TRSs exceeds the 25% threshold even if our TRSs account for less than 25% of our consolidated revenues, income or cash flow. After our formation transactions, our third-party services will be performed by our TRSs. Consequently, income earned from our third-party services and non-customary services will be subject to regular federal income taxation and state and local income taxation where applicable, thus reducing the amount of cash available for distribution to our stockholders.

A TRS is not permitted to directly or indirectly operate or manage a hotel, motel or other establishment more than one-half of the dwelling units in which are used on a transient basis. We have been advised by counsel that the proposed method of operating our TRSs will not be considered to constitute such an activity. Future Treasury Regulations or other guidance interpreting the applicable provisions might adopt a different approach, or the IRS might disagree with the conclusion of our counsel. In such event we might be forced to change our method of operating our TRSs, or one or more of the TRSs could fail to qualify as a TRS, which could cause us to fail to qualify as a REIT. Any of the foregoing circumstances could materially and adversely affect us.

If our operating partnership failed to qualify as a partnership for federal income tax purposes, we would cease to qualify as a REIT and we could be materially and adversely affected.

We believe that our operating partnership will qualify to be treated as a partnership for federal income tax purposes. As a partnership, our operating partnership will not be subject to federal income tax on its income. Instead, each of its partners, including us, will be required to pay tax on its allocable share of our operating partnership s income. No assurance can be provided, however, that the IRS, will not challenge its status as a partnership for federal income tax purposes, or that a court would not sustain such a challenge. If the IRS were successful in treating our operating partnership as a corporation for tax purposes, we would fail to meet the gross income tests and certain of the asset tests applicable to REITs and, accordingly, cease to qualify as a REIT. Also, the failure of the our operating partnership to qualify as a partnership would cause it to become subject to federal state and corporate income tax, which would reduce significantly the amount of cash available for debt service and for distribution to its partners, including us.

Dividends payable by REITs do not qualify for the reduced tax rates available for some dividends, which could materially and adversely affect the market price of our common stock.

The maximum tax rate applicable to income from qualified dividends payable to U.S. stockholders that are individuals, trusts and estates has been reduced by legislation to 15% (through

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the end of 2010). Dividends payable by REITs, however, generally are not eligible for the reduced rates. Although this does not adversely affect the taxation of REITs or dividends payable by REITs, the more favorable rates applicable to regular corporate qualified dividends could cause investors who are individuals, trusts and estates to perceive investments in REITs to be relatively less attractive than investments in the stocks of non-REIT corporations that pay dividends, which could materially and adversely affect the market price of the stock of REITs, including shares of our common stock.

We may in the future choose to pay dividends in our own stock, in which case you may be required to pay income taxes in excess of the cash dividends you receive.

We may in the future distribute taxable dividends that are payable in cash and shares of our common stock at the election of each stockholder. Under Revenue Procedure 2010-12 (which extends guidance previously issued by the IRS in Revenue Procedure 2009-15), up to 90% of any such taxable dividend through 2011 could be payable in our stock. Taxable stockholders receiving such dividends will be required to include the full amount of the dividend as ordinary income to the extent of our current and accumulated earnings and profits for federal income tax purposes. As a result, stockholders may be required to pay income taxes with respect to such dividends in excess of the cash dividends received. If a U.S. stockholder sells the stock that it receives as a dividend in order to pay this tax, the sales proceeds may be less than the amount included in income with respect to the dividend, depending on the market price of our common stock at the time of the sale. Furthermore, with respect to certain non-U.S. stockholders, we may be required to withhold U.S. tax with respect to such dividends, including in respect of all or a portion of such dividend that is payable in stock. In addition, if a significant number of our stockholders determine to sell shares of our common stock in order to pay taxes owed on dividends, it may put downward pressure on the trading price of our common stock.

Further, while Revenue Procedure 2010-12 applies only to taxable dividends payable in cash or stock through 2011, it is unclear whether and to what extent we will be able to pay taxable dividends in cash and stock in later years. Moreover, various aspects of such a taxable cash/stock dividend are uncertain and have not yet been addressed by the IRS. No assurance can be given that the IRS will not impose additional requirements in the future with respect to taxable cash/stock dividends, including on a retroactive basis, or assert that the requirements for such taxable cash/stock dividends have not been met.

Complying with REIT requirements may limit our ability to hedge effectively and may cause us to incur tax liabilities, which could materially and adversely affect our financial performance and liquidity.

The REIT provisions of the Internal Revenue Code substantially limit our ability to hedge our liabilities. Any income from a hedging transaction we enter into to manage risk of interest rate changes with respect to borrowings made or to be made to acquire or carry real estate assets generally does not constitute gross income for purposes of the 75% gross income test or the 95% gross income test, if certain requirements are met. To the extent that we enter into other types of hedging transactions, the income from those transactions is likely to be treated as non-qualifying income for purposes of both of the gross income tests. As a result, we might have to limit our use of advantageous hedging techniques or implement those hedges through a TRS. This could increase the cost of our hedging activities because a domestic TRS would be subject to tax on gains or expose us to greater risks associated with changes in interest rates than we would otherwise want to bear. In addition, losses in our TRSs will generally not provide any tax benefit, except for being carried forward against future taxable income in the respective TRS. These increased costs could materially and adversely affect our financial performance and liquidity.

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Complying with REIT requirements may cause us to forgo otherwise attractive investment opportunities, which could materially and adversely affect us.

To qualify as a REIT for U.S. federal income tax purposes, we continually must satisfy tests concerning, among other things, the sources of our income, the type and diversification of our assets, the amounts we distribute to our stockholders and the ownership of our stock. We may be unable to pursue investments that would be otherwise advantageous to us in order to satisfy the source-of-income, asset-diversification or distribution requirements for qualifying as a REIT. Thus, compliance with the REIT requirements may hinder our ability to make certain attractive investments, which could materially and adversely affect us.

The ability of our board of directors to revoke our REIT election without stockholder approval may cause adverse consequences to our stockholders.

Our charter provides that our board of directors may revoke or otherwise terminate our REIT election, without the approval of our stockholders, if it determines that it is no longer in our best interests to continue to qualify as a REIT. If we cease to qualify as a REIT, we would become subject to federal income tax on our taxable income and would no longer be required to distribute most of our taxable income to our stockholders, which may have adverse consequences on the total return to our stockholders.

New legislation, regulation or administrative or judicial action, in each instance potentially with retroactive effect, could make it more difficult or impossible for us to qualify as a REIT.

The present U.S. federal income tax treatment of REITs may be modified, possibly with retroactive effect, by legislative, regulation, administrative or judicial action at any time, which could affect the U.S. federal income tax treatment of an investment in our common stock. The U.S. federal income tax rules that affect REITs are under constant review by persons involved in the legislative process, the IRS and the U.S. Treasury Department, which results in statutory changes as well as frequent revisions to regulations and interpretations. Revisions in U.S. federal tax laws and interpretations thereof could cause us to change our investments and commitments, which could also affect the tax considerations of an investment in our common stock.

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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus contains certain forward-looking statements that are subject to risks and uncertainties. Forward-looking statements are generally identifiable by use of forward-looking terminology such as may, will, should, potential, intend, expect, seek, anticipate, estimate, approximately, believe, could, proje plan or other similar words or expressions. Forward-looking statements are based on certain assumptions, discuss future expectations, describe future plans and strategies, contain financial and operating projections or state other forward-looking information. Our ability to predict results or the actual effect of future events, actions, plans or strategies is inherently uncertain. Although we believe that the expectations reflected in such forward-looking statements are based on reasonable assumptions, our actual results and performance could differ materially from those set forth in, or implied by, the forward-looking statements. Factors that could materially and adversely affect our business, financial condition, cash flows, liquidity, results of operations, FFO and prospects include, but are not limited to:

the factors discussed in this prospectus, including those set forth under the section titled Risk Factors;

the performance of the student housing industry in general;

decreased occupancy or rental rates at our properties resulting from competition or otherwise;

the operating performance of our properties;

the success of our development activities;

changes on the admissions or housing policies of the colleges and universities from which we draw student-tenants;

the availability of and our ability to attract and retain qualified personnel;

changes in our business and growth strategies;

our capitalization and leverage level;

our capital expenditures;

the degree and nature of our competition, in terms of developing properties, consummating acquisitions and in obtaining student-tenants to fill our properties;

volatility in the real estate industry, interest rates and spreads, the debt or equity markets, the economy generally or the local markets in which our properties are located, whether the result of market events or otherwise;

events or circumstances which undermine confidence in the financial markets or otherwise have a broad impact on financial markets, such as the sudden instability or collapse of large financial institutions or other significant corporations, terrorist attacks, natural or man-made disasters or threatened or actual armed conflicts;

the availability and terms of short-term and long-term financing, including financing for development activities;

the availability of attractive development and/or acquisition opportunities in properties that satisfy our investment criteria, including our ability to identify and consummate successful property developments and property acquisitions;

the credit quality of our student-tenants and parental guarantors;

changes in personnel, including the departure of key members of our senior management, and lack of availability of qualified personnel;

unanticipated increases in financing and other costs, including a rise in interest rates;

estimates relating to our ability to make distributions to our stockholders in the future and our expectations as to the form of any such distributions;

environmental costs, uncertainties and risks, especially those related to natural disasters;

the limitations imposed by the tax protection agreement on our ability to sell or dispose of our properties during the tax protection period;

changes in governmental regulations, accounting treatment, tax rates and similar matters;

legislative and regulatory changes (including changes to laws governing the taxation of REITs); and

limitations imposed on our business and our ability to satisfy complex rules in order for us to qualify as a REIT for U.S. federal income tax purposes and the ability of certain of our subsidiaries to qualify as TRSs for U.S. federal income tax purposes, and our ability and the ability of our subsidiaries to operate effectively within the limitations imposed by these rules.

When considering forward-looking statements, you should keep in mind the risk factors and other cautionary statements in this prospectus. Readers are cautioned not to place undue reliance on any of these forward-looking statements, which reflect our views as of the date of this prospectus. The matters summarized under Prospectus Summary, Risk Factors, Management s Discussion and Analysis of Financial Condition and Results of Operations, Business and Properties and elsewhere in this prospectus could cause our actual results and performance to differ materially from those set forth in, or implied by, our forward-looking statements. Accordingly, we cannot guarantee future results or performance. Furthermore, except as required by law, we are under no duty to, and we do not intend to, update any of our forward-looking statements after the date of this prospectus, whether as a result of new information, future events or otherwise.

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USE OF PROCEEDS

Assuming an initial public offering price of $ per share of common stock based upon the mid-point of the price range set forth on the cover page of this prospectus, we estimate we will receive gross proceeds from this offering of $ and approximately $ if the underwriters overallotment option is exercised in full. After deducting the underwriting discount and other estimated expenses of this offering payable by us, we expect net proceeds from this offering of approximately $ and approximately $ if the underwriters overallotment option is exercised in full.

We will contribute the net proceeds from this offering to our operating partnership. Assuming no exercise of the underwriters overallotment option, we intend to use the net proceeds from this offering as follows:

- approximately $215.8 million to reduce outstanding mortgage and construction loan indebtedness and pay associated costs, as follows: (i) $32.5 million outstanding under our mortgage loan with Silverton Bank relating to two of our properties, which has an interest rate of 6.4% per annum and a maturity date of February 28, 2013; (ii) $15.9 million outstanding under our construction loan with Wachovia Bank relating to The Grove at Mobile-Phase II, which has an interest rate of LIBOR plus 300 basis points (with a 5.5% interest rate floor) and a maturity date of October 31, 2010; (iii) $148.4 million outstanding under our construction loan with Wachovia Bank relating to nine of our properties, which has an interest rate of LIBOR plus 280 basis points (with a 6.00% interest rate floor through October 31, 2010 with respect to approximately $136.4 million) and a maturity date of January 31, 2011; (iv) $14.0 million outstanding under our construction loan with Wachovia Bank relating to The Grove at San Marcos, which has an interest rate of LIBOR plus 250 basis points (with a 5.94% interest rate floor) and a maturity date of May 15, 2011; and (v) $5.0 million to pay costs associated with the termination of interest rate swaps and hedges relating to the repayment of this debt (based on the settlement value as of December 31, 2009);

- approximately $4.0 million to repay unsecured indebtedness owed to Capital Bank, which has an interest rate of prime plus 1.0% and a maturity date of August 5, 2010;

- approximately $6.0 million to repay unsecured indebtedness owed by us to RHR, LLC, an entity owned by MXT Capital and the Ricker Group, which has an interest rate of 12% and a maturity date of April 30, 2011; RHR, LLC will, in turn, immediately repay an equal amount of indebtedness owed by it to an unaffiliated third party on substantially the same terms and conditions as the loan from RHR, LLC to us;

- approximately $4.5 million will be paid to MXT Capital, which will immediately use such amounts to make capital contributions to certain entities that will, in turn, immediately use the capital contributions solely to repay indebtedness;

- approximately $28.6 million to acquire interests in our properties from HSRE and satisfy associated obligations to HSRE;

- approximately $26.7 million to acquire interests in our properties from the Ricker Group (in addition to 266,667 OP units);

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approximately $10.7 million to acquire interests in our properties from certain third-party investors (in addition to 53,000 OP units); and

approximately $ million for working capital and general corporate purposes.

If the underwriters overallotment option is exercised, we expect to use the additional net proceeds (which, if the underwriters overallotment is exercised in full, will be approximately $ (based upon the mid-point of the price range set forth on the cover page of this prospectus)) for working capital and general corporate purposes.

Pending application of any portion of the net proceeds from this offering, we will invest it in interest-bearing accounts and short-term, interest-bearing securities as is consistent with our intention to qualify for taxation as a REIT for federal income tax purposes. Such investments may include, for example, obligations of the U.S. federal government and governmental agency securities, certificates of deposit and interest-bearing bank deposits.

The following table provides information related to the expected sources and uses of the proceeds from this offering, assuming the underwriters overallotment option is not exercised.

Sources (in thousands)		**Uses** (in thousands)	
Gross offering proceeds [1]	$		$
		Underwriting discount	
		Other fees and expenses	
		Reduction of outstanding mortgage and construction loan indebtedness and payment of associated costs	215.8
		Repayment of unsecured indebtedness (Capital Bank and RHR, LLC)	10.0
		Payment to MXT Capital for repayment of certain indebtedness	4.5
		Payment to HSRE for interests in our properties and associated obligations	28.6
		Payment to the Ricker Group for interests in our properties	26.7
		Payment to certain third-party investors for interests in our properties	10.7
		Working capital [2]	
Total Sources	$	**Total Uses**	$

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(1) This amount assumes shares of common stock are sold in this offering and will increase or decrease depending upon whether such shares are sold above or below $ per share (the mid-point of the price range set forth on the cover page of this prospectus).

(2) Working capital needs will be met by utilizing net proceeds from this offering and funds available under our senior secured revolving credit facility, which we expect to obtain upon completion of this offering.

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OUR DISTRIBUTION POLICY

To qualify as a REIT so that U.S. federal income tax generally does not apply to our earnings to the extent distributed to stockholders, we must, in addition to meeting other requirements, annually distribute to our stockholders an amount at least equal to (i) 90% of our REIT taxable income (determined before the deduction for dividends paid and excluding any net capital gain), plus (ii) 90% of the excess of our net income from foreclosure property (as defined in the Internal Revenue Code) over the tax imposed on such income by the Internal Revenue Code, less (iii) any excess non-cash income (as determined under the Internal Revenue Code). We are subject to income tax on income that is not distributed to our stockholders and to an excise tax to the extent that certain percentages of our income are not distributed to our stockholders by specified dates.

To the extent that, in respect of any calendar year, cash available for distribution to our stockholders is less than our REIT taxable income, we could be required to sell assets or borrow funds to make cash distributions or make a portion of the required distribution in the form of a taxable stock distribution or distribution of debt securities. In addition, prior to the time we have fully invested the net proceeds from this offering, we may fund our quarterly distributions out of such net proceeds. The use of our net proceeds for distributions could be dilutive to our financial results. In addition, funding our distributions from our net proceeds may constitute a return of capital to our investors, which would have the effect of reducing each stockholder s basis in its holdings of our common stock. We will generally not be required to make distributions with respect to activities conducted through any domestic TRS that we form following the completion of this offering. See Federal Income Tax Considerations Requirements for Qualification Distribution Requirements. The REIT distribution requirements will, however, generally apply to all taxable income allocated to us from our operating partnership. Income as computed for purposes of the foregoing tax rules will not necessarily correspond to our income as determined for financial reporting purposes.

Although we anticipate making quarterly distributions to our stockholders, the timing, form and amount of any distributions to our stockholders will be at the sole discretion of our board of directors and will depend upon a number of factors, including, but not limited to:

- our actual and projected FFO, results of operations, liquidity, cash flows and financial condition;
- our business and prospects;
- our operating expenses;
- our capital expenditure requirements;
- our debt service requirements;
- restrictive covenants in our financing or other contractual arrangements;
- prohibitions or the restrictions under Maryland law;
- the timing of the investment of our capital;
- our taxable income;
- the annual distribution requirements under the REIT provisions of the Internal Revenue Code; and

such other factors as our board of directors deems relevant.

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We intend to make distributions to our stockholders in cash to the extent that cash is available for such purpose. We may, however, in the sole discretion of our board of directors, make a distribution of assets or a taxable distribution of our stock (as part of a distribution in which stockholders may elect to receive stock or (subject to a limit measured as a percentage of the total distribution) cash).

We anticipate that distributions generally will be taxable as ordinary income to our non-exempt stockholders, although a portion of such distributions may be designated by us as long-term capital gain or qualified dividend income or may constitute a return of capital. To the extent that we decide to make distributions in excess of our earnings and profits, such excess distributions generally will be considered a return of capital.

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CAPITALIZATION

The following table sets forth the capitalization of our predecessor entities as of December 31, 2009 and our capitalization on a pro forma basis as of December 31, 2009, adjusted to reflect our formation transactions, this offering and the use of the net proceeds from this offering as described in Use of Proceeds and Structure and Formation. You should read this table in conjunction with Use of Proceeds, Selected Historical and Pro Forma Financial Information, Management s Discussion and Analysis of Financial Condition and Results of Operations and our consolidated financial statements and the notes to our financial statements appearing elsewhere in this prospectus.

	Predecessor Entities as of December 31, 2009 (unaudited)	Pro Forma as of December 31, 2009 [1][2] (unaudited)
	(in thousands)	
Mortgage and construction loans	$ 329,102	$ 132,304
Lines of credit and other debt	9,978	
Related party loan [3]	4,092	
Owners equity (deficit):		
Noncontrolling interest	7,374	(50,020)
Common Stock, $.01 par value, 90,000,000 shares authorized, shares issued and outstanding on a pro forma basis		223
Additional paid in capital		271,531
Owners equity (deficit)	(50,090)	
Total owners equity (deficit)	(42,716)	221,734
Total capitalization	$ 300,456	$ 354,038

(1) Each $1.00 increase (decrease) in the assumed public offering price of $ per share, the mid-point of the price range set forth on the cover page of this prospectus, would increase (decrease) each $1.00 of additional paid in capital, owners equity (deficit), total owners equity (deficit) and total capitalization by approximately $, assuming that the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same, and after deducting the estimated underwriting discount and offering expenses payable by us. The as adjusted information discussed above is illustrative only and will adjust based on the actual initial public offering price and other terms of this offering determined at pricing. Does not include (i) any shares of common stock that may be issued pursuant to the underwriters overallotment option to purchase up to an additional shares of common stock, (ii) 216,000 shares of restricted common stock granted to certain of our executive officers and certain members of our management team under our 2010 Incentive Award Plan, and (iii) OP units issued as part of our formation transactions.

(2) Assumes shares are sold in this offering at $ per share (the mid-point of the price range set forth on the cover of this prospectus).

(3) Represents the proceeds from sale of The Grove at Milledgeville to HSRE, which we intend to repurchase and therefore have accounted for as a financing arrangement.

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DILUTION

Purchasers of our common stock in this offering will experience an immediate and substantial dilution of net tangible book value of their common stock from the assumed initial public offering price based on the mid-point of the price range set forth on the cover page of this prospectus. At December 31, 2009, we had a tangible net book value of approximately $ million or $ per share of common stock assuming the issuance of the OP units in our formation transactions and the exchange of the OP units into shares of our common stock on a one-for-one basis. After giving effect to the sale of the shares of our common stock offered hereby, the deduction of underwriting discounts and other estimated offering and related expenses, the receipt by us of the net proceeds from this offering and the use of these net proceeds by us as described under Use of Proceeds and the consummation of our formation transactions, the pro forma net tangible book value at December 31, 2009 would have been $ million or $ per share of common stock. This amount represents an immediate increase in net tangible book value of $ per share to existing holders of our common stock and an immediate dilution in pro forma net tangible book value of $ per share from the assumed initial public offering price of $ per share, which is the mid-point of the price range set forth on the cover page of this prospectus, to purchasers of common stock in this offering. The following table illustrates this per share dilution[(1)]:

Assumed initial public offering price per share based on the mid-point of the price range set forth on the cover page of this prospectus	$
Net tangible book value per share before our formation transactions and this offering [(2)]	
Decrease in pro forma net tangible book value per share attributable to our formation transactions but before this offering [(3)]	
Increase in pro forma net tangible book value per share attributable to this offering [(4)]	
Net increase in pro forma net tangible book value per share attributable to our formation transactions and this offering	
Pro forma net tangible book value per share after our formation transactions and this offering	
Dilution in pro forma net tangible book value per share to purchasers of common stock in this offering	

(1) The calculations above assume that the initial public offering price of our common stock is at the mid-point of the price range set forth on the cover page of this prospectus.

(2) Net tangible book value per share before our formation transactions and this offering is determined by dividing the net book value of our tangible assets by the number of shares of common stock held by continuing investors.

(3) Decrease in net tangible book value per share attributable to our formation transactions, but before this offering, is determined by dividing the difference between the pro forma net tangible book value, excluding net offering proceeds, and our net tangible book value before our formation transactions and this offering by the number of shares of common stock to be issued in this offering.

(4)

Represents increase in net tangible book value per share attributable to this offering, adjusted to spread the negative net tangible book value existing before this offering among purchasers of common stock in this offering. This amount is calculated after deducting the underwriting discount and estimated expenses of this offering payable by us.

A $1.00 increase (decrease) in the assumed initial public offering price of $ per share based on the mid-point of the price range set forth on the cover page of this prospectus would

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increase (decrease) our pro forma net tangible book value attributable to this offering by $ per share, decrease the pro forma net tangible book value per share after our formation transactions and this offering and increases the dilution in pro forma net tangible book value per share to purchasers of common stock in this offering by $ per share, assuming that the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same (assuming no exercise of the underwriters overallotment option), and after deducting estimated underwriting discount and estimated expenses of this offering payable by us.

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SELECTED HISTORICAL AND PRO FORMA FINANCIAL INFORMATION

You should read the following selected historical and pro forma financial information in conjunction with Management s Discussion and Analysis of Financial Condition and Results of Operations, the audited historical combined financial statements of our Predecessor (as defined below) and notes thereto, and our unaudited pro forma condensed consolidated financial statements and notes thereto. The selected historical and pro forma financial information contained in this section is not intended to replace the audited and unaudited financial statements included elsewhere in this prospectus.

Our Predecessor shall mean certain entities and their consolidated subsidiaries controlled by Campus Crest Group, LLC, and its consolidated subsidiaries, which carried out the development, construction, ownership and management of the properties that we will own interests in upon completion of this offering, including its interests in two joint ventures with HSRE.

The selected historical combined statements of operations and cash flows for the years ended December 31, 2009, 2008 and 2007 and the selected historical combined balance sheet information for the years ended December 31, 2009 and 2008 have been derived from the audited historical combined financial statements of our Predecessor, included elsewhere in this prospectus. The selected historical combined statements of operations for the years ended December 31, 2006 and 2005 and the selected historical combined balance sheet data for the years ended December 31, 2007, 2006 and 2005 have been derived from the unaudited combined financial statements of our Predecessor, not included in this prospectus. The selected pro forma condensed consolidated statement of operations and cash flows for the year ended December 31, 2009 and the selected pro forma condensed consolidated balance sheet information as of December 31, 2009 have been derived from our unaudited pro forma condensed consolidated financial statements, included elsewhere in this prospectus.

The selected pro forma condensed consolidated statement of operations data is presented as if this offering and our formation transactions had occurred on January 1, 2009, and the selected pro forma condensed consolidated balance sheet data is presented as if this offering and our formation transactions had occurred on December 31, 2009. The pro forma unaudited condensed consolidated financial statements include the effects of our formation transactions, the sale of the common stock offered hereby, the receipt of the estimated net proceeds from this offering, after deducting the underwriting discount and other estimated offering expenses payable by us, and the use of the estimated net proceeds as described under Use of Proceeds. The selected historical combined and pro forma condensed consolidated financial information set forth below and the financial statements included elsewhere in this prospectus do not necessarily reflect what our results of operations, financial condition or cash flows would have been if we had operated as a stand-alone company during all periods presented, and, accordingly, such information should not be relied upon as an indicator of our future performance, financial condition or liquidity.

	Pro Forma Campus Crest Communities, Inc. Year Ended December 31, 2009 (unaudited)	Historical Campus Crest Communities Predecessor Year Ended December 31,				
		2009	2008	2007	2006 (unaudited)	2005 (unaudited)
	(in thousands)					
Revenues:						
Student housing leasing	$ 45,021	$ 43,708	$ 30,813	$ 15,598	$ 5,335	$ 1,034
Student housing services	2,289	2,265	798	110	115	156
Development, construction and management services	24,540	60,711	2,505			
Total revenues	71,850	106,684	34,116	15,708	5,450	1,190
Operating expenses:						
Student housing operations	23,707	23,155	14,890	7,470	2,149	528
Development, construction and management services	24,847	60,200	2,147			
General and administrative	6,450	5,617	5,422	3,467	1,747	459
Ground leases	264	264	224	40		
Write-off of pre-development costs	1,211	1,211	203			
Depreciation and amortization	18,598	18,371	13,573	5,765	1,708	529
Total operating expenses	75,077	108,818	36,459	16,742	5,604	1,516
Equity in loss of uncombined entities	(565)	(59)				
Operating loss	(3,792)	(2,193)	(2,343)	(1,034)	(154)	(326)
Nonoperating income (expense):						
Interest expense	(8,646)	(15,871)	(14,946)	(6,583)	(1,954)	(223)
Change in fair value of interest rate derivatives	90	797	(8,758)	(2,115)		
Income taxes	(73)					
Other income (expense)	44	44	(50)	100	110	
Total nonoperating expenses	(8,585)	(15,030)	(23,754)	(8,598)	(1,844)	(223)
Net loss	(12,377)	(17,223)	(26,097)	(9,632)	(1,998)	(549)
Net loss attributable to noncontrolling interest	(864)	(10,486)	(870)	(2,083)	1,078	(192)

Net loss attributable to Predecessor	$	(11,513)	$	(6,737)	$	(25,227)	$	(7,549)	$	(3,076)	$	(357)

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	Pro Forma Campus Crest Communities, Inc. Year Ended December 31, 2009 (unaudited)	Historical Campus Crest Communities Predecessor Year Ended December 31, 2009	2008	2007 (unaudited)	2006 (unaudited)	2005 (unaudited)
		(in thousands)				
Student housing properties	$ 368,229	$ 347,157	$ 326,217	$ 182,788	$ 48,775	$ 12,691
Accumulated depreciation	(38,999)	(38,999)	(20,794)	(7,752)	(2,066)	(506)
Development in process	3,300	3,300	15,742	18,929	25,667	15,827
Investment in real estate, net	332,530	311,458	321,165	193,965	72,376	28,012
Other assets	48,272	20,338	20,990	19,939	5,269	1,721
Total assets	$ 380,802	$ 331,796	$ 342,155	$ 213,904	$ 77,645	$ 29,733
Mortgage and construction loans	$ 132,304	$ 329,102	$ 322,426	$ 166,905	$ 65,560	$ 21,784
Lines of credit and other debt		14,070	9,237	6,579	771	419
Other liabilities	26,764	31,340	32,606	25,533	6,370	4,455
Total liabilities	159,068	374,512	364,269	199,017	72,701	26,658
Equity						
Owners equity (deficit)	271,754	(50,090)	(42,502)	(14,589)	(4,974)	(383)
Noncontrolling interest	(50,020)	7,374	20,388	29,476	9,918	3,458
Total equity	221,734	(42,716)	(22,114)	14,887	4,944	3,075
Total liabilities and equity	$ 380,802	$ 331,796	$ 342,155	$ 213,904	$ 77,645	$ 29,733

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Other Data:

	Pro Forma Campus Crest Communities, Inc. Year Ended December 31, 2009 (unaudited)	Historical Campus Crest Communities Predecessor Year Ended December 31, 2009	2008	2007	2006	2005
		(unaudited and in thousands)				
Funds from operations (FFO) (1):						
Net loss	$ (11,513)	$ (6,737)	$ (25,227)	$ (7,549)	$ (3,076)	$ (357)
Noncontrolling interest	(864)	(10,486)	(870)	(2,083)	1,078	(192)
Real estate related depreciation and amortization	18,432	18,205	13,042	5,721	1,696	521
Equity portion of real estate related depreciation and amortization on equity investees	355	52				
FFO	$ 6,410	$ 1,034	$ (13,055)	$ (3,911)	$ (302)	$ (28)
FFO	$ 6,410	$ 1,034	$ (13,055)	$ (3,911)	$ (302)	$ (28)
Elimination of change in fair value of interest rate derivatives	(90)	(3,480)	7,414	2,115		
Elimination of development cost write-off	1,211	1,211	203			
Funds from operations adjusted (FFOA(2))	$ 7,531	$ (1,235)	$ (5,438)	$ (1,796)	$ (302)	$ (28)

	Historical Campus Crest Communities Predecessor As of December 31, 2009	2008	2007	2006 (unaudited)	2005 (unaudited)
			(in thousands)		
Cash flow information:					
Net cash provided by (used in) operations	$ 4,353	$ 1,264	$ (1,209)	$ 395	$4,394
Net cash used in investing	(23,552)	(148,385)	(113,043)	(48,328)	(28,036)
Net cash provided by financing	11,060	144,781	126,061	48,607	24,381

Selected Property Information:

	As of December 31,				
	2009	**2008**	**2007**	**2006**	**2005**
Units	4,476	3,542	1,814	658	154
Beds	12,036	9,520	4,966	1,924	448
Occupancy	84%	78%	91%	92%	73%

(1) FFO is used by industry analysts and investors as a supplemental operating performance measure for REITs. We calculate FFO in accordance with the definition that was adopted by the Board of Governors of NAREIT. FFO, as defined by NAREIT, represents net income (loss) determined in accordance with accounting principles generally accepted in the United States of America, or GAAP, excluding extraordinary items as defined under GAAP and gains or losses from sales of previously depreciated operating real estate assets, plus specified non-cash items, such as real estate asset depreciation and amortization, and after adjustments for unconsolidated partnerships and joint ventures. We

use FFO as a supplemental performance measure because, in excluding real estate-related depreciation and amortization and gains and losses from property dispositions, it provides a performance measure that, when compared year over year, captures trends in occupancy rates, rental rates and operating expenses. We also believe that, as a widely recognized measure of the performance of equity REITs, FFO will be used by investors as a basis to compare our operating performance with that of other REITs. However, because FFO excludes depreciation and amortization and captures neither the changes in the value of our properties that result from use or market conditions nor the level of capital expenditures necessary to maintain the operating performance of our properties, all of which have real economic effects and could materially and adversely impact our results of operations, the utility of FFO as a measure of our performance is limited. While FFO is a relevant and widely used measure of operating performance of equity REITs, other equity REITs may use different methodologies for calculating FFO and, accordingly, FFO as disclosed by such other REITs may not be comparable to FFO published herein. Therefore, we believe that in order to facilitate a clear understanding of our historical operating results, FFO should be examined in conjunction with net income (loss) as presented in the combined financial statements and the other financial statements included elsewhere in this prospectus. FFO should not be considered as an alternative to net income (loss) (computed in accordance with GAAP) as an indicator of the properties 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 pay dividends or make distributions.

(2) When considering our FFO, we believe it is also a meaningful measure of our performance to adjust FFO to exclude the change in fair value of interest rate derivatives and the write-off of development costs. Excluding the change in fair value of interest rate derivatives and development cost write-offs adjusts FFO to be more reflective of operating results prior to capital replacement or expansion, debt amortization of principal or other commitments and contingencies. This measure is referred to herein as FFOA.

MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read in conjunction with Selected Historical and Pro Forma Financial Information, Structure and Formation, our pro forma condensed consolidated financial statements and related notes and the historical combined financial statements and related notes of our Predecessor. Where appropriate, the following discussion includes an analysis of the effects of our formation transactions and this offering. These effects are reflected in the pro forma condensed consolidated financial statements located elsewhere in this prospectus. This discussion also analyzes the effects of certain matters that may occur following the completion of this offering.

Overview

Our Company

We are a self-managed, self-administered, vertically-integrated developer, builder, owner and manager of high-quality, purpose-built student housing. We believe that we are one of the largest vertically-integrated developers, builders, owners and managers of high-quality, purpose-built student housing properties in the United States based on beds owned and under management.

We were formed as a Maryland corporation on March 1, 2010 and our operating partnership, of which we, through our wholly-owned subsidiary, Campus Crest Communities GP, LLC, are the sole general partner, was formed as a Delaware limited partnership on March 4, 2010. As of the date of this prospectus, we have a single stockholder, MXT Capital. Upon completion of this offering and our formation transactions, we will own a % limited partnership interest in our operating partnership.

Upon completion of this offering and our formation transactions, we will own interests in 27 recently built student housing properties containing approximately 5,048 apartment units and 13,580 beds. Twenty-one of these properties, containing approximately 3,920 apartment units and 10,528 beds, will be wholly-owned, and six of these properties, containing approximately 1,128 apartment units and 3,052 beds, will be owned through a joint venture with HSRE, in which we will have a 49.9% interest. Three of these joint venture properties are under construction, with completion and occupancy expected for the 2010-2011 academic year. All of our communities contain modern apartment units with many resort-style amenities.

We derive substantially all of our revenue from student housing leasing, student housing services, construction and development services and management services. As of February 28, 2010, the average occupancy for our 24 operating properties was approximately 85%. Our properties are primarily located in medium-sized college and university markets, which we believe are underserved and are experiencing enrollment growth.

Following this offering, we intend to pay regular quarterly distributions to our common stockholders in amounts that meet or exceed the requirements for our qualification as a REIT. Although we currently anticipate making distributions to our common stockholders in cash to the extent cash is available for such purpose, we may, in the sole discretion of our board of directors, make a distribution of capital or of assets or a taxable distribution of our stock (as part of a distribution in which stockholders may elect to receive stock or, subject to a limit measured as a percentage of the total distribution, cash). See Our Distribution Policy.

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Our Business Segments

Management evaluates operating performance through the analysis of results of operations of two distinct business segments: (i) student housing operations and (ii) development, construction and management services. Management evaluates each segment s performance by net operating income, which we define as operating income before depreciation and amortization. The accounting policies of our reportable business segments are described in more detail in the summary of significant accounting policies footnote to the combined financial statements of our Predecessor. Intercompany fees are reflected at the contractually stipulated amounts, as adjusted to reflect our proportionate ownership of unconsolidated entities.

Student Housing Operations

Our student housing operations are comprised of leasing and ancillary revenues from our student housing properties. We opened our first student housing property in Asheville, North Carolina in 2005 for the 2005-2006 academic year. We subsequently opened three additional properties in 2006 for the 2006-2007 academic year, six additional properties in 2007 for the 2007-2008 academic year and nine additional properties in 2008 for the 2008-2009 academic year. In 2009, we opened one additional property that was combined by our Predecessor and four additional properties that were owned by a joint venture in which we have a noncontrolling interest. Due to the continuous opening of new properties in consecutive years and annual lease terms that do not coincide with our reported fiscal years, the comparison of our consolidated financial results from year to year may not provide a meaningful measure of our operating performance. For this reason, we divide the results of operations in our student housing operations segment between new property operations and same-store operations, which we believe provides a more meaningful indicator of comparative historical performance.

Development, Construction and Management Services

Development and Construction Services. In addition to our wholly-owned properties, all of which were developed and built by us, we also provide development and construction services to uncombined joint ventures in which we have an ownership interest. We act as a general contractor on all of our construction projects. When building properties for our own account (*i.e.*, for entities that are combined in our financial statements), construction revenues and expenses are eliminated for accounting purposes and construction costs are ultimately reflected as capital additions. Thus, building properties for our own account does not typically generate any revenues or expenses in our development, construction and management services segment on a combined basis. Alternatively, when performing these services for uncombined joint ventures, we recognize construction revenues based on the costs that have been contractually agreed to with the joint venture for the construction of the property and expenses based on the actual costs incurred. Construction revenues are recognized using the percentage of completion method, as determined by construction costs incurred relative to total estimated construction costs, as adjusted to eliminate our proportionate ownership of each entity. Actual construction costs are expensed as incurred and are likewise adjusted to eliminate our proportionate ownership of each entity. Operating income generated by our development and construction activities generally reflects the development fee and construction fee income that is realized by providing these services to uncombined joint ventures (*i.e.*, the spread between the contractual cost of construction and the actual cost of construction).

Management Services. In addition to our wholly-owned properties, all of which are managed by us, we also provide management services to uncombined joint ventures in which we have an ownership interest. We recognize management fees from these entities as earned in accordance with the property management agreement with these entities, as adjusted to eliminate our proportionate ownership of each entity.

Our Relationship With HSRE

We have entered into two joint venture arrangements with HSRE. On March 26, 2010, we entered into an agreement for the formation of a third joint venture arrangement with HSRE that is contingent upon the receipt of certain lender consents described below. Upon completion of this offering and our formation transactions, however, we will be party only to one joint venture arrangement relating to six properties, in which we will have a 49.9% interest and which will be accounted for as an investment in an unconsolidated joint venture.

HSRE I. Our first joint venture with HSRE, HSRE-Campus Crest I, LLC, which we refer to as HSRE I, indirectly owns 100% interests in the following seven properties: The Grove at Conway, The Grove at Huntsville, The Grove at Lawrence, The Grove at Moscow, The Grove at San Angelo, The Grove at San Marcos and The Grove at Statesboro. We own a 0.1% interest in HSRE I and HSRE owns the remaining 99.9% (prior to the March 2010 transactions described below, we owned a 10% interest in HSRE I and HSRE owned the remaining 90%).

In general, we are responsible for the day-to-day management of HSRE I s business and affairs, provided that major decisions must be approved by us and HSRE. In addition to distributions to which we are entitled as an investor in HSRE I, we receive or have in the past received fees for providing services to the properties held by HSRE I pursuant to development and construction agreements and property management agreements. We have granted to an entity related to HSRE I a right of first opportunity with respect to certain development or acquisition opportunities identified by us. This right of first opportunity will terminate at such time as HSRE shall have funded at least $40 million of equity to HSRE I and/or certain related ventures. As of May 14, 2010, HSRE has funded approximately $35 million of the $40 million right of first opportunity. HSRE I will dissolve upon the disposition of substantially all of its assets or the occurrence of certain events specified in the agreement between us and HSRE.

HSRE II. Our second joint venture with HSRE, HSRE-Campus Crest II, LLC, which we refer to as HSRE II, indirectly owns a 100% interest in The Grove at Milledgeville. In November 2009, an entity in which we hold a 50% interest sold a 100% interest in The Grove at Milledgeville to HSRE II, and retained an ownership interest in HSRE II of 10%. Upon completion of this offering and our formation transactions, HSRE II will be dissolved, and we will own 100% of The Grove at Milledgeville.

HSRE III. On March 26, 2010, we entered into an agreement with HSRE to form a third joint venture, HSRE-Campus Crest III, LLC, which we refer to as HSRE III, predicated upon the receipt of certain lender consents described below. HSRE III currently does not own any assets and will indirectly acquire a 100% interest in The Grove at Carrollton, subject to receiving certain lender consents relating to indebtedness secured by The Grove at Carrollton. If these consents are obtained, upon HSRE III s acquisition of The Grove at Carrollton, we will own a 0.1% interest in HSRE III and HSRE will own the remaining 99.9%. Upon completion of this offering and our formation transactions, HSRE III will be dissolved, and we will own 100% of The Grove at Carrollton.

March 2010 Transactions. In March 2010, we consummated the following transactions with HSRE, for which we received cash proceeds of approximately $2.25 million:

- the sale of a 9.9% interest in HSRE I to HSRE; and the pre-payment by HSRE to us of management fees relating to the following properties: The Grove at Carrollton, The Grove at Conway, The Grove at Huntsville, The Grove at Lawrence, The Grove at Milledgeville, The Grove at Moscow, The Grove at San Angelo, The Grove at San Marcos and The Grove at Statesboro.

In addition, we agreed to sell a 9.9% interest in HSRE II to HSRE and a 100% interest in The Grove at Carrollton to HSRE III, which will result in aggregate cash proceeds to us of approximately $1.7 million; although neither of the foregoing transactions has been consummated and both are subject to receiving certain lender consents relating to indebtedness secured by the respective properties.

Post-Offering Transactions. Upon completion of this offering, we have agreed to consummate the following transactions:

Purchase a 49.8% interest in HSRE I from HSRE;

Purchase a 50.1% interest in The Grove at San Marcos from HSRE I, with the result that we will own 100% of The Grove at San Marcos;

Purchase HSRE s entire interest in HSRE II, with the result that we will own 100% of The Grove at Milledgeville;

Purchase a 99.9% interest in HSRE III from HSRE, with the result that we will own 100% of The Grove at Carrollton; and

Repay to HSRE the pre-paid management fees relating to the following properties: The Grove at Carrollton, The Grove at Conway, The Grove at Huntsville, The Grove at Lawrence, The Grove at Milledgeville, The Grove at Moscow, The Grove at San Angelo, The Grove at San Marcos and The Grove at Statesboro.

The foregoing will result in a payment to HSRE out of the net proceeds from this offering, subject to certain adjustments, of approximately $28.6 million, an amount that does not include the sale and subsequent repurchase of an interest in HSRE II to HSRE and an interest in The Grove at Carrollton to HSRE III, both of which are subject to receiving certain lender consents relating to indebtedness secured by the respective properties that have not yet been obtained.

Upon completion of the foregoing transactions, we will own:

a 49.9% interest in HSRE I, which will own 100% interests in the following six properties: The Grove at Conway, The Grove at Huntsville, The Grove at Lawrence, The Grove at Moscow, The Grove at San Angelo and The Grove at Statesboro; and

100% interests in The Grove at Carrollton, The Grove at Milledgeville and The Grove at San Marcos.

Income Taxation

In connection with this offering, we intend to elect to be treated as a REIT under Sections 856 through 859 of the Internal Revenue Code commencing with our taxable year ending on December 31, 2010. Our qualification as a REIT depends upon our ability to meet on a continuing basis, through actual investment and operating results, various complex requirements under the Internal Revenue Code relating to, among other things, the sources of our gross income, the composition and values of our assets, our distribution levels and the diversity of ownership of our stock. We believe that we will be organized in conformity with the requirements for qualification and taxation as a REIT under the Internal Revenue Code and that our intended manner of operation will enable us to meet the requirements for qualification and taxation as a REIT.

As a REIT, we generally will not be subject to U.S. federal income tax on our REIT taxable income that we distribute currently to our stockholders. If we fail to qualify as a REIT in any taxable year and do not qualify for certain statutory relief provisions, we will be subject to U.S. federal income tax at regular corporate rates and may be precluded from qualifying as a REIT for the subsequent four taxable years following the year during which we lost our REIT qualification. Even if we qualify as a REIT, we may be subject to some U.S. federal, state and local taxes on our income or property.

Factors Expected to Affect Our Operating Results

Unique Leasing Characteristics

Student housing properties are typically leased by the bed on an individual lease liability basis, unlike multi-family housing where leasing is by the unit. Individual lease liability limits each student-tenant s liability to his or her own rent without liability for a roommate s rent. A parent or guardian is required to execute each lease as a guarantor unless the student-tenant provides adequate proof of income. The number of lease contracts that we administer is therefore equivalent to the number of beds occupied rather than the number of units.

Due to our predominantly private bedroom accommodations, the high level of student-oriented amenities offered at our properties and the individual lease liability for our student-tenants and their parents, we believe that we typically command higher per-unit and per-square foot rental rates than many multi-family properties located in the markets in which we operate. We are also typically able to charge higher rental rates than on-campus student housing, which generally offers fewer amenities.

Unlike traditional multi-family housing, most of our leases commence and terminate on the same dates. In the case of our typical 11.5-month leases (which provide for 12 equal monthly payments), these dates coincide with the commencement of the fall academic term and typically terminate at the completion of the last subsequent summer school session. As such, we must re-lease each property in its entirety each year, resulting in significant turnover in our tenant population from year to year. As a result, we are highly dependent upon the effectiveness of our marketing and leasing efforts during the annual leasing season that typically begins in January and ends in August of each year. Our properties occupancy rates are therefore typically stable during the August to July academic year, but are susceptible to fluctuation at the commencement of each new academic year, which may be greater than the fluctuation in occupancy rates experienced by traditional multi-family properties.

Properties Under Construction

Three of our properties are currently under construction: The Grove at Conway (Conway, Arkansas), The Grove at Huntsville (Huntsville, Texas) and The Grove at Statesboro (Statesboro, Georgia). Upon completion of this offering and our formation transactions, these properties will be owned through an unconsolidated joint venture in which we will have a 49.9% interest. Our results of operations and our ability to make contemplated distribution payments to stockholders will, to some extent, be dependent upon the results of operations, cash flows and distributions from these properties. These results cannot be predicted with certainty. The financial results of these properties in 2010 will be contingent upon a number of factors, including the completion of their construction on budget and in time for commencement of the 2010-2011 academic year and

their successful lease-up at the anticipated monthly rental rate per bed. See Risk Factors Risks Related to Our Business and Properties Developing properties will expose us to additional risks beyond those associated with owning and operating student housing properties, and could materially and adversely affect us. The following table sets forth certain information about our properties under construction as of March 31, 2010, which information should be considered when determining the rental revenues that may be generated at these properties for the 2010-2011 academic year and their impact on our results of operations:

Property	University	Beds	Leased Beds	% Leased as of March 31, 2010	Total Student Enrollment	Distance to Campus (miles)
Conway, AR	University of Central Arkansas	504	268	53.2%	11,781	0.4
Huntsville, TX	Sam Houston State University	504	504	100.0%	16,772	0.2
Statesboro, GA	Georgia Southern University	536	307	57.3%	19,086	0.7
Total		**1,544**	**1,079**	**69.9%** [1]	**15,880**[1]	**0.4**[1]

[1] Average.

Occupancy at these properties during the 2010-2011 academic year, beyond the number of leased beds indicated above, cannot be predicted with certainty at this time. In the event we do not complete the construction of these properties by the beginning of the 2010-2011 academic year, the student-tenants with whom we have signed leases may require us to provide them with alternative housing. We have not made any arrangements for such alternative housing, and we would likely incur significant expenses in the event we are obligated to provide such housing. If construction is not completed prior to the beginning of the 2010-2011 academic year, these student-tenants may also attempt to break their leases and our occupancy at, and rental revenue from, these properties for the 2010-2011 academic year may decline. For a further discussion of the competitive market for each of these properties, see the specific property description under Business and Properties Our Properties.

Development and Construction Services

The amount and timing of revenues from development and construction services will typically be contingent upon the number and size of development projects that we are able to successfully structure and finance in our current and future uncombined joint ventures.

Results of Operations

We have not had any corporate activity since our formation, other than the issuance of one share of common stock to MXT Capital in connection with our initial capitalization and activities in preparation for this offering. Accordingly, we believe that a discussion of our results of operations would not be meaningful, and we have therefore set forth a discussion regarding the historical results of operations of our Predecessor only. The historical results of operations presented below should be reviewed along with the pro forma financial information contained elsewhere in this prospectus, which includes adjustments related to the effects of the repayment of certain indebtedness and the completion of this offering and our formation transactions.

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Comparison of Years Ended December 31, 2009 and December 31, 2008

As of December 31, 2009, our property portfolio consisted of 20 combined properties, containing approximately 3,728 apartment units and 10,024 beds, four operating properties held in uncombined joint ventures, containing approximately 748 apartment units and 2,012 beds, and three properties under construction and held in uncombined joint ventures, containing approximately 572 apartment units and 1,544 beds. In November 2009, we sold The Grove at Milledgeville to HSRE II, an affiliate of HSRE, and we retained an indirect ownership interest of 5%. Since we intend to repurchase a 10% ownership interest in The Grove at Milledgeville, we have not accounted for this transaction as a sale for financial reporting purposes. Accordingly, The Grove at Milledgeville has been combined for the full year ended December 31, 2009.

The following table presents our results of operations for the years ended December 31, 2009 and 2008, including the amount and percentage change in these results between the periods:

	December 31, 2009	December 31, 2008	Change ($)	Change (%)
	(in thousands)			
Revenues:				
Student housing leasing	$ 43,708	$ 30,813	$ 12,895	41.8%
Student housing service	2,265	798	1,467	183.8%
Development, construction and management services	60,711	2,505	58,206	2,323.6%
Total revenues	106,684	34,116	72,568	212.7%
Operating expenses:				
Student housing operations	23,115	14,890	8,225	55.2%
Development, construction and management services	60,200	2,147	58,053	2,703.9%
General and administrative	5,617	5,422	195	3.6%
Ground leases	264	224	40	17.9%
Write-off of pre-development costs	1,211	203	1,008	496.6%
Depreciation and amortization	18,371	13,573	4,798	35.3%
Total operating expenses	108,818	36,459	72,359	198.5%
Equity in loss of uncombined entities	(59)		(59)	N/A
Operating income loss	(2,193)	(2,343)	150	(6.4)%
Nonoperating income (expenses):				
Interest expense	(15,871)	(14,946)	(925)	6.2%
Change in fair value of interest rate derivatives	797	(8,758)	9,555	(109.1)%
Other income (expense)	44	(50)	94	(188.0)%
Total nonoperating expenses	(15,030)	(23,754)	8,724	(36.7)%
Net loss	(17,223)	(26,097)	8,874	(34.0)%
Net loss attributable to noncontrolling interest	(10,486)	(870)	(9,616)	1,105.3%

Net loss attributable to Predecessor	$	(6,737)	$	(25,227)	$	18,490	(73.3)%

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Student Housing Operations

Revenues (which include student housing leasing and student housing service revenues) and operating expenses in the student housing operations segment increased by approximately $14.4 million and approximately $8.2 million, respectively, in 2009 as compared to 2008. These increases were primarily due to the inclusion of a full year of operations in 2009 for the nine properties opened in 2008, whereas the 2008 results included only five months of operations for eight of these properties and four months of operations for the remaining property.

New Property Operations. In August and September of 2008, we opened nine new properties that were developed by us. These properties contributed approximately $20.5 million of revenues and approximately $10.8 million of operating expenses in 2009 as compared to approximately $7.3 million of revenues and approximately $3.5 million of operating expenses in 2008. The average occupancy at these properties was approximately 84.9% for the five months ended December 31, 2009, as compared to approximately 72.6% for the five months ended December 31, 2008.

In August of 2009, we opened five new properties that were developed by us. As of December 31, 2009, four of these properties were owned by an uncombined joint venture in which we had a 10% ownership interest, while the remaining property, The Grove at Murfreesboro, was reflected in our combined operating results. The Grove at Murfreesboro contributed approximately $1.1 million of revenues and approximately $0.5 million of operating expenses in 2009 as compared to no contribution to revenues and operating expenses in 2008. The other four properties that opened in 2009 are discussed further below under the heading Equity in Loss of Uncombined Entities.

Same-Store Property Operations. We had ten properties that were operating for the full year during both 2009 and 2008. These properties contributed approximately $24.3 million of revenues and approximately $11.8 million of operating expenses in 2009 as compared to approximately $24.3 million of revenues and approximately $11.4 million of operating expenses in 2008. Average occupancy at our same-store properties decreased to approximately 86.4% in 2009 as compared to approximately 86.5% in 2008, and average monthly revenue per occupied bed increased to approximately $473 in 2009 as compared to approximately $472 in 2008. The increase in operating expenses was primarily due to increases in marketing, administration, taxes and insurance costs, which were partially offset by decreases in utilities and professional fees.

Development, Construction and Management Services

Revenues and operating expenses in the development, construction and management services segment increased by approximately $58.2 million and approximately $58.1 million, respectively, in 2009 as compared to 2008. Our development, construction and management services segment recognizes revenues and operating expenses for development, construction and management services provided to uncombined joint ventures in which we have an ownership interest. We eliminate revenue and related expenses on such transactions with our uncombined joint ventures to the extent of our ownership interest. During 2009, we completed the construction of four properties owned by uncombined joint ventures and also commenced construction of three additional properties owned by uncombined joint ventures, which are scheduled to be completed for the 2010-2011 academic year. The significant increases in development, construction and management services revenues and operating expenses were primarily due to our development, construction and management activities related to these new properties.

We expect to continue generating development, construction and management services revenues and expenses in 2010 as we complete the three properties that are currently under construction. Following completion of these properties, our ability to generate revenues and expenses related to development and construction projects will depend upon our ability to enter into and provide services to unconsolidated joint ventures as well as our proportionate ownership of any such joint ventures. We intend to commence building five additional student housing properties for our own account upon completion of this offering, which will be included in our consolidated financial statements and will not generate development, construction and management services revenues and operating expenses for us on a consolidated basis.

General and Administrative

General and administrative expenses increased from approximately $5.4 million in 2008 to approximately $5.6 million in 2009. This increase was primarily due to increased payroll expense partially offset by a decrease in corporate travel and other administrative costs. We anticipate that general and administrative expenses will increase in 2010 as a result of the incremental costs associated with being a public company.

Ground Leases

Ground lease expense increased from approximately $0.2 million in 2008 to approximately $0.3 million in 2009, primarily due to the inclusion of a full year of expense in 2009 for the ground lease relating to Phase II of our Mobile property, which commenced in 2008. We currently are party to ground leases relating to two of our combined properties, Mobile Phase I and Mobile Phase II, both on the campus of the University of South Alabama. We expect ground lease expense to remain relatively flat in 2010, unless we enter into additional ground leases with respect to future development properties.

Write-off of Pre-Development Costs

Write-off of pre-development costs increased from approximately $0.2 million in 2008 to approximately $1.2 million in 2009 as a result of events that occurred in 2009 which led management to conclude that several pre-development projects would not result in either the acquisition of a site or commencement of construction.

Depreciation and Amortization

Depreciation and amortization increased from approximately $13.6 million in 2008 to approximately $18.4 million in 2009. This increase was primarily due to the inclusion of a full year of depreciation and amortization in 2009 for the nine properties opened in 2008. We expect depreciation and amortization to increase in 2010 due to the full year impact of depreciation and amortization for The Grove at Murfreesboro and the inclusion of The Grove at San Marcos in our consolidated results for a part of 2010.

Equity in Loss of Uncombined Entities

Equity in loss of uncombined entities, which represents our share of the net loss from our joint ventures in which we have a noncontrolling interest, increased from approximately $0 in 2008 to a loss of approximately $0.1 million in 2009. This increase was primarily due to a loss from our joint venture with HSRE, which owned four properties that commenced operations in 2009.

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Nonoperating Income (Expenses)

Interest Expense. Interest expense increased from approximately $14.9 million in 2008 to approximately $15.9 million in 2009. This increase was primarily due to an increase in the outstanding principal balance on the construction loan related to our 2008 property deliveries, which was partially offset by a decrease in interest rates.

Change in Fair Value of Interest Rate Derivatives. Change in fair value of interest rate derivatives increased from a loss of approximately $8.8 million in 2008 to a gain of approximately $0.8 million in 2009. This increase was primarily due to the increase in the fair value, or mark-to-market value, of our interest rate swaps, which was partially offset by higher monthly net cash settlement costs on these instruments in 2009.

Other Income / (Expense). Other income, net was approximately $0.1 million in 2009 as compared with other expense, net of approximately $0.1 million in 2008. Other income increased primarily as a result of higher interest income earned on invested cash balances.

Comparison of Years Ended December 31, 2008 and December 31, 2007

As of December 31, 2008, our property portfolio consisted of 20 combined properties, containing approximately 3,728 apartment units and 10,024 beds (including one property, The Grove at Murfreesboro, that was under construction), and three properties under construction and held in uncombined joint ventures, containing approximately 576 apartment units and 1,512 beds. These figures exclude The Grove at Lawrence, which commenced construction in early 2009.

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The following table presents our results of operations for the years ended December 31, 2008 and 2007, including the amount and percentage change in these results between the periods:

	December 31, 2008	December 31, 2007	Change ($)	Change (%)
		(in thousands)		
Revenues:				
Student housing leasing	$ 30,813	$ 15,598	$ 15,215	97.5%
Student housing service	798	110	688	625.5%
Development, construction and management services	2,505		2,505	N/A
Total revenues	34,116	15,708	18,408	117.2%
Operating expenses:				
Student housing operations	14,890	7,470	7,420	99.3%
Development, construction and management services	2,147		2,147	N/A
General and administrative	5,422	3,467	1,955	56.4%
Ground leases	224	40	184	460.0%
Write-off of pre-development costs	203		203	N/A
Depreciation and amortization	13,573	5,765	7,808	135.4%
Total operating expenses	36,459	16,742	19,717	117.8%
Operating income (loss)	(2,343)	(1,034)	(1,309)	126.6%
Nonoperating income (expenses):				
Interest expense	(14,946)	(6,583)	(8,363)	127.0%
Change in fair value of interest rate derivative	(8,758)	(2,115)	(6,643)	314.1%
Other income (expense)	(50)	100	(150)	(150.0)%
Total nonoperating expenses	(23,754)	(8,598)	(15,156)	176.3%
Net loss	(26,097)	(9,632)	(16,465)	170.9%
Net loss attributable to noncontrolling interest	(870)	(2,083)	1,213	(58.2)%
Net loss attributable to Predecessor	$ (25,227)	$ (7,549)	$ (17,678)	234.2%

Student Housing Operations

Revenues (which include student housing leasing and student housing service revenues) and operating expenses in the student housing operations segment increased by approximately $15.9 million and approximately $7.4 million, respectively, in 2008 as compared to 2007. These increases were primarily due to the inclusion of a full year of operations in 2008 for the six properties opened in 2007, whereas the 2007 results included only five months of operations for five of these properties and four months of operations for the remaining property.

New Property Operations. In August and September of 2007, we opened six new properties that were developed by us. These properties contributed approximately $14.8 million of revenues and approximately $7.0 million of operating expenses in 2008 as compared to approximately $6.6 million of revenues and approximately $2.6 million of operating expenses in 2007. The average occupancy at these properties was approximately 80.7% for the five months ended December 31, 2008 as compared to approximately 95.7% for the five months ended December 31, 2007.

In August and September of 2008, we opened nine new properties that were developed by us and reflected in our 2008 combined operating results. These properties contributed approximately $7.3 million of revenues and approximately $3.5 million of operating expenses in 2008 as compared to no contribution to revenues and operating expenses in 2007.

Same-Store Property Operations. We had four properties that were operating for the full year during both 2008 and 2007. These properties contributed approximately $9.5 million of revenues and approximately $4.4 million of operating expenses in 2008 as compared to approximately $9.1 million of revenues and approximately $4.8 million of operating expenses in 2007. Average occupancy at our same-store properties decreased to approximately 87.0% in 2008 as compared to approximately 87.9% in 2007, while average monthly revenue per occupied bed increased to approximately $474 in 2008 as compared to approximately $448 in 2007. The decrease in operating expenses was primarily due to decreases in administration and maintenance costs, which were partially offset by increases in utilities costs, taxes and insurance.

Development, Construction and Management Services

Revenues and operating expenses in the development, construction and management services segment increased by approximately $2.5 million and approximately $2.1 million, respectively, in 2008 as compared to 2007. Our development, construction and management services segment recognizes revenues and operating expenses for development, construction and management services provided to uncombined joint ventures in which we have an ownership interest. We eliminate revenue and related expenses on such transactions with our uncombined real estate ventures to the extent of our ownership interest. During 2008 and the early part of 2009, we commenced the construction of four properties owned by uncombined joint ventures, which were completed in 2009. The increases in development, construction and management services revenues and operating expenses were primarily due to our development, construction and management activities relating to these new properties. During 2007 we had no material construction and development services revenues or operating expenses related to uncombined joint ventures.

General and Administrative

General and administrative expenses increased from $3.5 million in 2007 to approximately $5.4 million in 2008. This increase was primarily due to an increase in payroll, travel and associated overhead expenses related to the increase in the size and scope of our business.

Ground Leases

Ground lease expense increased from less than $0.1 million in 2007 to approximately $0.2 million in 2008, primarily due to the new ground lease executed in 2008 for the land at The Grove at Mobile Phase II.

Write-off of Pre-Development Costs

Write-off of pre-development costs increased from $0 in 2007 to approximately $0.2 million in 2008 as a result of events that occurred in 2008 which led management to conclude that several pre-development projects would not result in either the acquisition of a site or commencement of construction.

Depreciation and Amortization

Depreciation and amortization increased from approximately $5.8 million in 2007 to approximately $13.6 million in 2008. This increase was primarily due to the inclusion of a full year of depreciation and amortization in 2008 for the six properties opened in 2007, as well as the inclusion of partial year depreciation and amortization in 2008 for the nine properties that opened in the fall of 2008.

Nonoperating Income (Expenses)

Interest Expense. Interest expense increased from approximately $6.6 million in 2007 to approximately $14.9 million in 2008. This increase was primarily due to an increase in the outstanding principal balance on mortgage and construction loans, which was partially offset by a decrease in interest rates throughout 2008.

Change in Fair Value of Interest Rate Derivatives: Change in fair value of interest rate derivatives decreased from approximately $(2.1) million in 2007 to approximately $(8.8) million in 2008. This fluctuation was primarily due to the change in the fair value, or mark-to-market value, of our interest rate swaps, due to a decrease in interest rates throughout 2008.

Other Income / (Expense). Other income, net was approximately $0.1 million in 2007 as compared with other expense, net of approximately $0.1 million in 2008. Other income decreased in 2008 primarily as a result of lower interest income earned on invested cash balances.

Cash Flows

Comparison of Years Ended December 31, 2009 and December 31, 2008

Operating Activities

Net cash provided by operating activities was approximately $4.4 million in 2009 as compared to approximately $1.3 million in 2008, an increase of approximately $3.1 million. Changes in working capital accounts provided approximately $2.7 million in 2009 as compared to approximately $4.3 million in 2008, an increased use of approximately $1.6 million. This change was driven by increased investment in our platform infrastructure as a result of the growth in our business from 2008 to 2009.

Investing Activities

Net cash used in investing activities totaled approximately $23.6 million in 2009 as compared to approximately $148.4 million in 2008, a decrease of approximately $124.8 million. This decrease was primarily due to significantly curtailed development and construction activity related to combined properties in 2009 as compared to 2008. Investing activities in 2009 related primarily to the completed construction of The Grove at Murfreesboro as well as investments in our joint ventures. Investing activities in 2008 related primarily to the construction activity related to the nine combined properties that were opened in the fall of 2008.

Financing Activities

Net cash provided by financing activities totaled approximately $11.1 million in 2009 as compared to approximately $144.8 million in 2008, a decrease of approximately $133.7 million. This decrease was primarily due to significantly less development and construction activity related to combined properties and correspondingly lower debt financing activity. Financing activities in 2009 included borrowings to fund the construction of The Grove at Murfreesboro and

borrowings to fund other debt repayment. Financing activities in 2008 included borrowings to fund the construction activity of the nine new properties opened in 2008 and borrowings to repay construction financing on the six properties opened in 2007.

Comparison of Years Ended December 31, 2008 and December 31, 2007

Operating Activities

Net cash provided by operating activities was approximately $1.3 million in 2008 as compared to approximately $1.2 million used in operating activities in 2007, representing an increase in cash provided of approximately $2.5 million. Changes in working capital accounts provided approximately $4.3 million in 2008 while approximately $0.7 million was used by working capital accounts in 2007, representing an increase in cash provided of approximately $5.0 million. This change was primarily due to the increase in the number of operating properties in 2008 as compared to 2007.

Investing Activities

Net cash used in investing activities totaled approximately $148.4 million in 2008 as compared to approximately $113.0 million in 2007, an increase of approximately $35.4 million. This increase was primarily due to increased development and construction activity in 2008 as compared to 2007. Investing activities in 2008 related primarily to the completed construction of the nine combined properties that were opened in the fall of 2008. Investing activities in 2007 related primarily to the completed construction of the six combined properties that were opened in 2007 as well as the commencement of construction on the nine combined properties that were opened in 2008.

Financing Activities

Net cash provided by financing activities totaled approximately $144.8 million in 2008 as compared to approximately $126.1 million in 2007, an increase of approximately $18.7 million. This increase was primarily due to increased development and construction activity and correspondingly higher debt financing activity. Financing activities in 2008 included borrowings to fund the completed construction of the nine new properties opened in the fall of 2008 and borrowings to repay construction financing on the six properties opened in the fall of 2007. Financing activities in 2007 included borrowings to fund the construction of six new properties opened in the fall of 2007 and borrowings to fund the commencement of construction on the nine new properties opened in the fall of 2008.

Liquidity and Capital Resources

As a REIT, we generally must distribute annually at least 90% of our REIT taxable income, excluding any net capital gain, in order for corporate income tax not to apply to earnings that we distribute. To the extent that we satisfy this distribution requirement, but distribute less than 100% of our REIT taxable income, we will be subject to U.S. federal corporate income tax on our undistributed taxable income. In addition, we will be subject to a 4% nondeductible excise tax if the actual amount that we distribute to our stockholders in a calendar year is less than a minimum amount specified under U.S. federal income tax laws. We intend to make distributions to our stockholders to comply with the requirements of the Internal Revenue Code and to avoid

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paying corporate tax on undistributed income. We may need to obtain financing to meet our distribution requirements because:

- our income may not be matched by our related expenses at the time the income is considered received for purposes of determining taxable income; and

- non-deductible capital expenditures, creation of reserves or debt service requirements may reduce available cash but not taxable income.

In these circumstances, we may be forced to obtain third-party financing on terms we might otherwise find unfavorable, and we cannot assure you that we will be able to obtain such financing. Alternatively, if we are unable or unwilling to obtain third-party financing on the available terms, we could choose to pay a portion of our distributions in stock instead of cash.

Upon completion of this offering, the application of the net proceeds therefrom and our formation transactions, we will have approximately $132.3 million of total consolidated indebtedness, representing an initial debt-to-total market capitalization ratio of approximately % based on the mid-point of the price range set forth on the cover page of this prospectus. We define our debt-to-total market capitalization ratio as our total outstanding consolidated indebtedness divided by the sum of the market value of our outstanding common stock and preferred stock (which may decrease, thereby increasing our debt to total market capitalization ratio), including shares of restricted stock or restricted stock units that we may issue to our officers and directors under our 2010 Incentive Award Plan, plus the aggregate value of OP units, plus the book value of our total consolidated indebtedness (excluding indebtedness encumbering our current and future joint venture properties). We also will have outstanding approximately $14.3 million of accounts payable and accrued expenses. As of December 31, 2009, on a pro forma basis, our pro rata share of indebtedness encumbering properties held in unconsolidated joint ventures was approximately $22.7 million.

Principal Capital Resources

Concurrently with the closing of this offering, we expect to enter into a -year, $ million senior secured revolving credit facility. Borrowings under our revolving credit facility are expected to accrue interest at an annual rate of %. We expect that our operating partnership will be the borrower under our revolving credit facility and that the facility will be secured by of our wholly-owned properties. We may use our revolving credit facility to fund development activities, potential property acquisitions and working capital requirements. The availability of borrowings under our revolving credit facility and our ability to encumber certain unencumbered assets will depend on, among other things, compliance with applicable restrictions and covenants. No assurances can be given that we will obtain such revolving credit facility or, if we do, what the amount and terms will be. Our failure to obtain such a facility on favorable terms could adversely impact our ability to execute our business strategy. In the future, we may seek to increase the amount of our credit facility, negotiate additional credit facilities or issue corporate debt instruments.

In addition to borrowings under our revolving credit facility, we may also use non-recourse mortgage financing to make acquisitions or refinance short-term borrowings under our revolving credit facility. We may also seek to raise additional capital through the issuance of our common stock, preferred stock, OP units and debt or other securities or through property dispositions or joint venture transactions. Any debt incurred or issued by us may be secured or unsecured, long-term or short-term, fixed or variable interest rate and may be subject to such other terms as we deem prudent. Our ability to access the lending and capital markets will be dependent on a number of factors, including general market conditions for REITs, our historical and anticipated

financial condition, liquidity, results of operations and FFO and market perceptions about our company and our competitors.

We derive the majority of our cash flow from operations from student-tenants who lease beds from us at our properties. Therefore, our ability to generate cash flow from operations is dependent on the rents that we are able to charge and collect from our tenants. General economic downturns or downturns in the markets in which we own properties may adversely affect the ability of our student-tenants to meet their lease obligations to us. In that event, our cash flow from operations could be materially and adversely affected.

Short-Term Liquidity Needs

The nature of our business, coupled with the requirement imposed by REIT rules that we distribute a substantial majority of our REIT taxable income on an annual basis in order for us to qualify as a REIT, will cause us to have substantial liquidity needs. Our short-term liquidity needs consist primarily of funds necessary to pay operating expenses associated with our properties, recurring capital expenditures, development costs, interest expense, scheduled debt service payments and expected distribution payments (including distributions to persons who hold OP units). We expect to meet our short-term liquidity needs through cash flow from operations and, to the extent necessary, borrowings under our revolving credit facility. Assuming completion of this offering and the application of the net proceeds therefrom, we expect that cash flow from operations and borrowings under our anticipated revolving credit facility will be sufficient to meet our liquidity requirements for at least the next twelve months. In the event that we do not complete this offering, we would likely reduce our capital expenditures and development plans and pursue alternative financing arrangements, that may include selling operating properties, as necessary in order to meet our cash requirements for the next twelve months.

Recurring Capital Expenditures

Our properties require periodic investments of capital for general maintenance and improvements. Our historical recurring capital expenditures at our combined properties are set forth below:

	2009	**2008**	**2007**
Total Beds as of January 1 [(1)]	9,520	4,966	1,924
Total Recurring Capital Expenditures	$ 183,513	$ 261,048	$ 134,877
Average Per Bed	$ 19	$ 53	$ 70

(1) Total number of beds is as of January 1 of the year indicated. Our combined properties that commenced operations during the year indicated are not included, as they did not require material recurring capital expenditures.

Capital expenditures associated with newly acquired or developed properties are typically capitalized as part of their acquisition price or development budget, so that such properties typically begin to require recurring capital expenditures only following their first year of ownership.

Upon completion of this offering and our formation transactions, we estimate that we will incur approximately $14 of maintenance capital expenditures per bed during 2010 to maintain the existing portfolio of student housing properties.

Additionally, we are required by certain of our lenders to contribute amounts to reserves for capital repairs and improvements at certain mortgaged properties. These annual contributions may exceed the amount of capital expenditures actually incurred in such year at such properties.

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Development Expenditures

Our development activities have historically required us to fund pre-development expenditures such as architectural fees, engineering fees and earnest deposits. Because the closing of a development project s financing is often subject to various delays, we cannot always predict accurately the liquidity needs of these activities. We frequently incur these pre-development expenditures before a financing commitment has been obtained and, accordingly, bear the risk of the loss of these pre-development expenditures if financing cannot ultimately be arranged on acceptable terms.

We expect that, subject to completion of this offering, we will acquire land and commence building properties for our own account on five identified sites that we have under contract, with completion targeted for the 2011-2012 academic year. For each of these five sites we have conducted significant pre-development activities and are in the process of obtaining the necessary zoning and site plan approvals. No assurance can be given that we will complete construction of these five properties in accordance with our current expectations. We expect to finance the construction of these five properties through internally generated cash flows and collateralized financing. However, we may not be able to obtain financing on terms that are acceptable to us.

Long-Term Liquidity Needs

Our long-term liquidity needs consist primarily of funds necessary to pay for long-term development activities, non-recurring capital expenditures, potential acquisitions of properties and payments of debt at maturity. We do not expect that we will have sufficient funds on hand to cover all of our long-term liquidity needs. We will therefore seek to satisfy these needs through cash flow from operations, additional long-term secured and unsecured debt, including borrowings under our revolving credit facility, the issuance of debt securities, the issuance of equity securities and equity-related securities (including OP units), property dispositions and joint venture transactions. We believe that we will have access to these sources of capital to fund our long-term liquidity requirements, but, as a new public company, we cannot make any assurance that this will be the case, especially in difficult market conditions.

We have identified over 200 markets and approximately 80 specific sites within these markets as potential future development opportunities, and our current business plan contemplates the development of approximately five to seven new student housing properties per year. No assurance can be given that we will not adjust our business plan as it relates to development, or that any particular development opportunity will be undertaken or completed in accordance with our current expectations.

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Commitments

The following table summarizes amounts due as of December 31, 2009, in connection with the contractual obligations described below (including future interest payments):

Contractual Obligations	Total	Less than 1 Year	1-3 Years	3-5 Years	More than 5 Years
			(in thousands)		
Long-Term Debt Obligations[1]	$ 343,172	$ 172,315	$ 6,744	$ 105,547	$ 58,566
Operating Lease Obligations	11,279	457	1,006	1,128	8,688
Purchase Obligations [2]	21,520	21,520			
Other Long-Term Liabilities	6,049	4,424	1,625		
Total	$ 382,020	$ 198,716	$ 9,375	$ 106,675	$ 67,254

(1) We have a commitment from a lender to extend the maturity date of approximately $148.4 million of these obligations to January 31, 2011.

(2) Obligations relate to subcontracts executed by Campus Crest Construction, LLC, to complete projects under construction at December 31, 2009.

Long-Term Indebtedness to Be Outstanding Following this Offering

Upon completion of this offering and our formation transactions, we will have total consolidated indebtedness of approximately $132.3 million. The following table summarizes our consolidated indebtedness to be outstanding following the completion of this offering and our formation transactions.

	Total (in thousands)
2010	$
2011	85
2012	643
2013	72,213
2014	797
Thereafter	58,566
Total	$ 132,304

Following this offering, the pro forma weighted average annual interest rate on our total long-term indebtedness as of December 31, 2009 will be approximately 6.23%, and all of our outstanding indebtedness will be fixed rate except for anticipated borrowings under our revolving credit facility. After completion of this offering and our formation transactions, and based upon an offering price of our common stock equal to the mid-point of the price range set forth on the cover page of this prospectus, our ratio of debt to total market capitalization will be approximately % (% if the underwriters over-allotment option is exercised in full), excluding indebtedness encumbering our current and future joint venture properties. However, we expect to incur additional indebtedness, consistent with our financing policy, in connection with our development activities following this offering. For further information concerning our long-term indebtedness, see Policies with Respect to Certain Activities Financing Policies.

Consents or Waivers Under our Loan Documents

At December 31, 2009 and March 31, 2010, we were not in compliance with covenants relating to (a) unresolved liens and claims for materials or labor, and (b) debt service coverage under our construction loan with Wachovia Bank relating to nine of our properties. On May 7, 2010, we received a commitment (i) allowing us until August 31, 2010 to bond over and/or cause to be released from all remaining unresolved liens (ii) waiving our non-compliance with the debt service coverage covenant as of December 31, 2009 and March 31, 2010 and substituting a debt yield covenant in lieu of a debt service covenant and (iii) committing to extend the maturity of the construction loan to January 31, 2011. We have agreed with the lender to execute the extension as described in the commitment on or before June 1, 2010. We intend to repay the indebtedness under this credit facility in full with a portion of the net proceeds from this offering.

At December 31, 2009, we were not in compliance with the covenant relating to unresolved liens and claims for materials or labor under our construction loan with Wachovia Bank relating to The Grove at Moscow, The Grove at San Angelo and The Grove at San Marcos. On May 12, 2010, the lender under this construction loan acknowledged and consented to our proposal for the repayment of a portion of the outstanding amount of this loan relating to The Grove at San Marcos and satisfaction of the liens and claims with a portion of the net proceeds from this offering, and waived our non-compliance with the covenant.

We were not in compliance with covenants under our mortgage loan with Silverton Bank relating to The Grove at Abilene, The Grove at Ellensburg, The Grove at Greeley, The Grove at Jacksonville, The Grove at Mobile Phase I and The Grove at Nacogdoches for the borrowing quarters ending October 31, 2009, January 31, 2010 and April 30, 2010 as a result of non-compliance with the debt service coverage covenant and debt yield percentage covenant set forth in the loan documents. Additionally, based on current operating projections, we do not expect to satisfy either covenant through the end of 2010. On April 9, 2010, we received a waiver of non-compliance with these covenants from the lender under this mortgage loan for the borrowing quarters ending October 31, 2009 and January 31, 2010. On May 13, 2010, we received a waiver of non-compliance with the covenants from the lender under this mortgage loan for the borrowing quarter ending April 30, 2010. We have also obtained a forward waiver of non-compliance for the borrowing quarters ending July 31, 2010, October 31, 2010 and January 31, 2011. We intend to repay the portion of the outstanding amount of this loan relating to two of the properties securing the loan with a portion of the net proceeds from this offering.

Upon the completion of this offering and the application of a portion of the net proceeds therefrom to reduce outstanding indebtedness, as described above, we expect to be in compliance with all applicable debt covenants. However, if we do not complete this offering we would need to access alternative capital resources, and there is no assurance that we would be successful in doing so. An inability to refinance maturing indebtedness or obtain alternative financing would have a material adverse affect on our business and financial condition.

Off-Balance Sheet Arrangements

HSRE Joint Venture

As discussed above, we have entered into two joint venture arrangements with HSRE. On March 26, 2010, we entered into an agreement for the formation of a third joint venture arrangement with HSRE that is contingent upon the receipt of certain lender consents. Upon completion of this offering and our formation transactions, however, we will be party only to one joint venture arrangement relating to six properties, in which we will have a 49.9% interest and which will be accounted for as an investment in an unconsolidated joint venture. We use the joint venture arrangement to finance certain of our properties, including three that are currently under construction, and we may seek to finance future investment activities through additional unconsolidated joint ventures with third parties. As of December 31, 2009, on a pro rata basis,

our share of indebtedness encumbering properties held in this unconsolidated joint venture was approximately $22.7 million.

Funds From Operations (FFO)

FFO is used by industry analysts and investors as a supplemental operating performance measure for REITs. We calculate FFO in accordance with the definition that was adopted by the Board of Governors of NAREIT. FFO, as defined by NAREIT, represents net income (loss) determined in accordance with GAAP, excluding extraordinary items as defined under GAAP and gains or losses from sales of previously depreciated operating real estate assets, plus specified non-cash items, such as real estate asset depreciation and amortization, and after adjustments for unconsolidated partnerships and joint ventures.

We use FFO as a supplemental performance measure because, in excluding real estate-related depreciation and amortization and gains and losses from property dispositions, it provides a performance measure that, when compared year over year, captures trends in occupancy rates, rental rates and operating expenses. We also believe that, as a widely recognized measure of the performance of equity REITs, FFO will be used by investors as a basis to compare our operating performance with that of other REITs. However, because FFO excludes depreciation and amortization and captures neither the changes in the value of our properties that result from use or market conditions nor the level of capital expenditures necessary to maintain the operating performance of our properties, all of which have real economic effects and could materially and adversely impact our results of operations, the utility of FFO as a measure of our performance is limited.

While FFO is a relevant and widely used measure of operating performance of equity REITs, other equity REITs may use different methodologies for calculating FFO and, accordingly, FFO as disclosed by such other REITs may not be comparable to FFO published herein. Therefore, we believe that in order to facilitate a clear understanding of our historical operating results, FFO should be examined in conjunction with net income (loss) as presented in the combined financial statements and the other financial statements included elsewhere in this prospectus. FFO should not be considered as an alternative to net income (loss) (computed in accordance with GAAP) as an indicator of our properties 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 pay dividends or make distributions.

The following table presents a reconciliation of our FFO to our net loss for the years ended December 31, 2009, 2008 and 2007:

	Pro Forma For Year Ended 2009	Year Ended December 31, 2009	2008	2007
		(in thousands)		
Net loss	$ (11,513)	$ (6,737)	$ (25,227)	$ (7,549)
Noncontrolling interest	(864)	(10,486)	(870)	(2,083)
Real estate related depreciation and amortization	18,432	18,205	13,042	5,721
Equity portion of real estate related depreciation and amortization on equity investee	355	52		

Funds from operations (FFO)	$ 6,410	$ 1,034	$ (13,055)	$ (3,911)

In addition to FFO, we believe it is also a meaningful measure of our performance to adjust FFO to exclude the change in fair value of interest rate derivatives and the write-off of development costs. Excluding the change in fair value of interest rate derivatives and development cost write-offs adjusts FFO to be more reflective of operating results prior to capital replacement or expansion, debt service obligations or other commitments and contingencies. This measure is referred to herein as FFOA.

	Pro Forma For Year Ended	Year Ended December 31,		
	2009	2009	2008	2007
		(in thousands)		
FFO	$ 6,410	$ 1,034	$ (13,055)	$ (3,911)
Elimination of change in fair value of interest rate derivatives	(90)	(3,480)	7,414	2,115
Elimination of development cost write-off	1,211	1,211	203	
Funds from operations adjusted (FFOA)	$ 7,531	$ (1,235)	$ (5,438)	$ (1,796)

Inflation

Our leases do not typically provide for rent escalations. However, they typically do not have terms that extend beyond 12 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, a weak economic environment or declining student enrollment at our principal colleges and universities may limit our ability to raise rental rates.

Quantitative and Qualitative Disclosures About Market Risk

Following this offering, all of our outstanding indebtedness will have a fixed rate of interest except for our new -year, $ million senior secured revolving credit facility that we expect to enter into upon completion of this offering, which will bear interest at a rate of %.

We may in the future use derivative financial instruments to manage, or hedge, interest rate risks related to such variable rate borrowings. 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.

Critical Accounting Policies

Set forth below is a summary of the accounting policies that management believes are critical to the preparation of the historical combined financial statements included in this prospectus. Certain of these accounting policies are particularly important for an understanding of the financial position and results of operations presented in the historical combined financial statements included in this prospectus. These policies require the application of judgment and assumptions by management and, as a result, are subject to a degree of uncertainty. Actual results could differ as a result of such judgment and assumptions.

Our historical combined financial statements include the accounts of all investments, which include joint ventures in which we have a controlling interest, and the combined subsidiaries of the Predecessor. The preparation of financial statements in conformity with accounting principles generally accepted, or GAAP, in the United States, or U.S., requires management to make estimates and assumptions combined that affect amounts reported in our historical combined financial statements and related notes. In preparing these combined financial statements, management has utilized all available information, including its past history, industry standards and the current economic environment, among other factors, in forming its estimates and judgments of certain amounts included in the historical combined financial statements, giving due consideration to materiality. Our estimates may not be ultimately realized. Application of the critical accounting policies below involves the exercise of judgment and use of assumptions as to future uncertainties and, as a result, actual results will differ from these estimates. In addition, other companies in similar businesses may utilize different estimation policies and methodologies, which may impact the comparability of our results of operations and financial condition to those companies.

Valuation of Investment in Real Estate

Investment in real estate is recorded at historical cost. Pre-development expenditures include items such as entitlement costs, architectural fees and deposits associated with the pursuit of partially-owned and wholly-owned development projects. These costs are capitalized until such time that management believes it is probable that a contract will be executed and/or construction will commence. Management evaluates the status of projects where we have not yet acquired the target property or where we have not yet commenced construction on a periodic basis and writes off any pre-development costs related to projects whose current status indicates the commencement of construction is not probable. Such write-offs are included within operating expenses in the accompanying combined statements of operations.

Management assesses whether there has been impairment in the value of our investment in real estate whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of investment in real estate is measured by a comparison of the carrying amount of a student housing property to the estimated future undiscounted cash flows expected to be generated by the property. Impairment is recognized when estimated future undiscounted cash flows are less than the carrying value of the property. The estimation of expected future cash flows is inherently uncertain and relies on assumptions regarding current and future economics and market conditions. If such conditions change, then an adjustment to the carrying value of our long-lived assets could occur in the future period in which conditions change. To the extent that a property is impaired, the excess of the carrying amount of the property over its estimated fair value is charged to operating earnings. Fair value is determined based upon the discounted cash flows of the property, quoted market prices or independent appraisals, as considered necessary.

Under the equity method, investments are initially recognized in the balance sheet at cost and are subsequently adjusted to reflect our proportionate share of net earnings or losses of the entity, distributions received, contributions, and certain other adjustments, as appropriate. When circumstances indicate there may have been a loss in value of an equity method investment, we evaluate the investment for impairment by estimating our ability to recover the investment from future expected discounted cash flows. If we determine the loss in value is other than temporary, we recognize an impairment charge to reflect the investment at fair value.

Student Housing Revenue

Students are required to execute lease contracts with payment schedules that vary from annual to monthly payments. We recognize revenues and related lease incentives on a straight-line basis over the term of the lease contracts. Generally, each executed contract is required to be accompanied by a signed parental guaranty. Amounts received in advance of the occupancy period are recorded as deferred revenues and included in other liabilities on the accompanying combined balance sheets. Service revenue is recognized when earned.

Development, Construction and Management Services

Development and construction service revenue is recognized using the percentage of completion method, as determined by construction costs incurred relative to total estimated construction costs. Any changes in significant judgments and/or estimates used in determining construction and development revenue could significantly change the timing or amount of construction and development revenue recognized.

Development and construction service revenues are recognized for contracts with entities we do not combine. For projects where the revenue is based on a fixed price, any cost overruns incurred during construction, as compared to the original budget, will reduce the net profit ultimately recognized on those projects. Profit derived from these projects is eliminated to the extent of the predecessor entities ownership interest in the uncombined entity. Any incentive fees, net of the impact of our ownership interest if the entity is an uncombined entity, are recognized when the project is complete and performance has been agreed upon by all parties, or when performance has been verified by an independent third party. When total development or construction costs at completion exceed the fixed price set forth within the related contract, such cost overruns are recorded as an additional investment in the uncombined entity.

Management fees, net of elimination to the extent of our ownership in uncombined entities, are recognized when earned in accordance with each management contract for entities we do not combine. Incentive management fees are recognized when the incentive criteria are met.

Allowance for Doubtful Accounts

Allowances for student receivables are established when management determines that collections of such receivables are doubtful. Balances are considered past due when payment is not received on the contractual due date. When management has determined receivables are uncollectible, they are written off against the allowance for doubtful accounts.

Derivative Instruments and Hedging Activities

In certain instances, interest rate swap agreements used to manage floating interest rate exposure are executed with respect to amounts borrowed, or forecasted to be borrowed, under credit facilities. These contracts effectively exchange existing or forecasted obligations to pay interest based on floating rates for obligations to pay interest based on fixed rates. All derivative instruments are recognized as either assets or liabilities on the combined balance sheet at their respective fair values. Our derivatives have not met the requirements for hedge accounting treatment; therefore, all gains and losses related to derivative instruments are recorded in the combined statements of operations.

Fair Value of Financial Instruments

Financial instruments consist primarily of cash, cash equivalents, investments, student receivables, accounts payable, mortgages, construction notes payable and lines of credit. The carrying value of cash, cash equivalents, investments, student receivables and accounts payable are representative of their respective fair values due to the short-term nature of these instruments. The estimated fair values of mortgages, construction notes payable and lines of credit are determined by comparing current borrowing rates and risk spreads offered in the market to the stated interest rates and spreads on our current mortgages, construction notes payable and lines of credit.

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The fair value of the interest rate swaps is determined using widely accepted valuation techniques including discounted cash flow analysis on the expected cash flows of the derivative. This analysis reflects the contractual terms of the derivative, including the period to maturity, and uses observable market-based inputs, including interest rate curves, implied volatilities and the creditworthiness of the swap counterparties.

On January 1, 2008, we adopted guidance for accounting for fair value measurements of financial assets and financial liabilities and for fair value measurements of nonfinancial items that are recognized or disclosed at fair value in the combined financial statements on a recurring basis. On January 1, 2009, we adopted guidance for fair value measurement related to nonfinancial items that are recognized and disclosed at fair value in the combined financial statements on a nonrecurring basis. The guidance establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

Level 1	Observable inputs, such as quoted prices in active markets at the measurement date for identical, unrestricted assets or liabilities.
Level 2	Other inputs that are observable directly or indirectly, such as quoted prices in markets that are not active or inputs which are observable, either directly or indirectly, for substantially the full term of the asset or liability.
Level 3	Unobservable inputs for which there is little or no market data and which the Predecessor makes its own assumptions about how market participants would price the asset or liability.

Fair value is defined as the price that would be received when selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (exit price). In instances where inputs used to measure fair value fall into different levels of the fair value hierarchy, the level in the fair value hierarchy within which the fair value measurement in its entirety has been determined is based on the lowest level input significant to the fair value measurement in its entirety. Our assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the asset or liability.

Recent Accounting Pronouncements

In December 2007, the Financial Accounting Standards Board, or FASB, issued new accounting guidance which establishes accounting and reporting standards for the noncontrolling interest in a subsidiary (previously referred to as minority interest). It also requires that a retained noncontrolling interest upon the deconsolidation of a subsidiary be initially measured at its fair value. We are required to report any noncontrolling interests as a separate component of equity and present any net income allocable to noncontrolling interests and net income attributable to the Predecessor separately in the combined statements of operations. As required, we adopted this new guidance beginning January 1, 2009. As a result of the adoption, the former minority interest classification was eliminated and related amounts are now reflected as a component of equity. Additionally, during 2009, noncontrolling interests were attributed the full amount of their portion of any net losses. Previously, they were only allocated losses up to their remaining investment balance. It requires retroactive adoption of the presentation and disclosure requirements for existing minority interests. All other requirements are applied prospectively.

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In March 2008, the FASB issued new accounting guidance requiring enhanced disclosures about how and why an entity uses derivative instruments, how derivative instruments and related hedged items are accounted for, and how derivative instruments and related hedged items affect an entity s financial position, financial performance, and cash flows. The Predecessor adopted the new guidance beginning January 1, 2009. The adoption did not have a significant effect on our combined financial statements.

In April 2009, the FASB issued new accounting guidance requiring disclosure of the fair value of all financial instruments (recognized or unrecognized) when practicable to do so. These fair value disclosures must be presented together with the related carrying amount of the financial instruments in a manner that clearly distinguishes between assets and liabilities and indicates how the carrying amounts relate to the amounts reported on the balance sheet. The new guidance is effective for interim reporting periods ending after June 15, 2009. The adoption did not have a material impact on our combined financial statements.

In May 2009, the FASB issued new accounting guidance regarding subsequent events. The new guidance sets forth the period after the balance sheet date during which management should evaluate events or transactions that may occur for potential recognition or disclosure in the financial statements, the circumstances under which an entity should recognize events or transactions occurring after the balance sheet date in its financial statements, and disclosures that an entity should make about events or transactions that occurred after the balance sheet date. The Predecessor adopted this guidance during 2009 and the adoption did not have a material impact on our combined financial statements.

In June 2009, the FASB issued new accounting guidance changing the consolidation analysis for VIEs and requiring a qualitative analysis to determine the primary beneficiary. The determination of the primary beneficiary of a VIE is based on whether the entity has the power to direct matters which most significantly impact the activities of the VIE and has the obligation to absorb losses, or the right to receive benefits, of the VIE which could potentially be significant to the VIE. It requires additional disclosures for VIEs, including disclosures about a reporting entity s involvement with VIEs, how a reporting entity s involvement with a VIE affects the reporting entity s financial statements, and significant judgments and assumptions made by the reporting entity to determine whether it must combine the VIE. It is effective for us beginning on January 1, 2010. We are currently evaluating what impact, if any, its adoption will have on our combined financial statements.

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INDUSTRY OUTLOOK

The following information is derived from a market study prepared for us by Michael Gallis & Associates (MGA), a North Carolina-based strategic planning and design firm, in connection with this offering. The forecasts and projections are based on MGA s experience and data published by the U.S. Department of Education and other sources, and there is no assurance that any of the projections will be accurate. We believe that the study is reliable, but we have not independently verified the information in the study nor have we ascertained any underlying assumptions relied upon therein. While we are not aware of any misstatements regarding the industry data presented herein, estimates involve risks and uncertainties and are subject to change based on various factors, including those discussed under the heading Risk Factors.

Understanding Student Housing

Student housing is broadly defined to include housing designed to accommodate students enrolled in either full-time or part-time post-secondary, public and private four-year colleges and universities, including those that offer advanced degrees. The student housing market generally does not seek to address the housing needs of students enrolled in two-year community colleges and technical colleges, as these institutions do not generate sufficient and consistent demand for student housing.

The student housing market is a specialized segment of the residential real estate market. The residential real estate market is comprised of single-family and multi-family products. The single-family market is primarily a for-sale market, although single-family dwellings can also be offered for rent, particularly as housing market conditions deteriorate and the ability to sell houses declines. The multi-family market can be divided into the for-sale market (*i.e.*, condominiums) and the for-rent market (*i.e.*, apartments), with the latter category generally considered as a crossover with commercial real estate, in that such properties are constructed as income-generating properties, similar to retail, office or industrial properties. Both single-family for-rent and multi-family apartments compete directly with student housing.

Overall, the student housing market has certain unique characteristics that distinguish it from other segments of the housing market. First, student housing is aimed only at those persons enrolled in college and not at the general population of renters. Second, the leasing cycle for student housing properties is defined by the academic calendar, which results in a finite leasing window and relatively low month-to-month turnover following the start of the academic year. Finally, student housing properties are designed to accommodate and appeal to the college lifestyle, which is significantly different from the lifestyle of a typical multi-family renter.

There are two major types of student housing properties: on-campus and off-campus. On-campus housing is generally owned and operated by educational institutions and is located on school property near or adjacent to classroom buildings and other campus facilities. Off-campus housing is generally owned and operated by private investors and is located in close proximity to campus (*i.e.*, generally within a two-mile radius of the campus).

Purpose-built student housing refers to off-campus housing that is specifically designed and constructed as student housing with a view towards accommodating the unique characteristics of the student-tenant. While purpose-built student housing is classified as a multi-family housing product, it is significantly different from and more specialized than traditional multi-family housing products, which are offered to the broader pool of multi-family renters. Key features of

purpose-built student housing that differentiate such properties from traditional multi-family apartments include:

- By the bed lease terms and rental rates (as opposed to by the unit apartment leases),
- Bed/bath parity with private en suite baths,
- Fully furnished units,
- Bundled pricing, which typically includes utilities, cable and Internet,
- Enhanced security features, including keyed bedroom locks and gated entrances,
- Resort-style amenities (*e.g.*, oversized pools, volleyball / basketball courts, clubhouses, etc.); and
- Active residence life and student support programs

Student Housing Demand Drivers

We believe that increasing demand for student housing will be driven primarily by four factors: population and enrollment growth, changing student preferences, institutional considerations and economic factors.

Population and Enrollment Growth

The primary driver of demand for student housing is college enrollment growth, which is in turn driven by population growth, family formation, birth rate and college attendance rates. College enrollment growth has been increasing steadily since the early 1990s as the Echo Boom generation started to reach college age. The Echo Boom generation is comprised of children of the Baby Boomers. The term Baby Boomer generally refers to individuals born in the U.S. between 1946 and 1964, a period of time during which there was a dramatic increase in births (*i.e.*, a baby boom), and the term Echo Boomers refers to the children of Baby Boomers born between the mid-1970s and the end of the century. While the Echo Boomers can be considered to have started to turn 18 in the early 1990s through roughly 2020, as the graph below shows, the main period is estimated to be between approximately 1996 and 2012.

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U.S. Population Turning 18 (1960-2020)

Another major driver of college enrollments is the increasing percentage of graduating high school students attending college. Following the original Baby Boom, the U.S. birth rate declined significantly and reached a trough in the mid-1970s. Despite this decline in birth rate and the corresponding decline in the number of people turning 18 through the 1980s and early 1990s, college enrollments actually continued to increase during this period, as a higher percentage of 18 to 24 year-olds went to college. According to the U.S. Census Bureau, the share of 18 to 24 year-old high school graduates choosing to attend college increased from 31.8% in 1980 to 46.1% in 2007, a trend which is expected to continue.

As of 2008, an estimated 18.7 million students were enrolled in colleges and universities, representing an increase of 28.9% from 10 years earlier. The Department of Education projects that college enrollments in the U.S. will further increase to 20.4 million by 2017, representing a total increase of 1.7 million students, or 9.1%, over the 2008 enrollment estimates.

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College Enrollments (1957-2012)

Several other trends are also expected to influence college enrollments and the demand for student housing, including an increase in the percentage of full-time (versus part-time) enrollments and a trend toward longer enrollments.

Full-time Undergraduate Enrollments as % of Total Undergraduate Enrollments (2000-2016)

As illustrated below, only 29% of students that enrolled in public colleges in 2000 graduated within four years, and 55% graduated within six years. This trend toward longer time to degree

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completion has led to an increase in overall college enrollments and a corresponding increase in demand for student housing.

Time to Completion of Undergraduate Degree (Based on Enrollments in 2000)

Changing Student Preferences

We believe that other major factors driving the growth of the student housing market are the evolving preferences of student consumers and the perceived impact of student housing on the overall college experience. Modern-day college students tend to have a higher standard of living than previous generations of students, and such students are increasingly attracted to housing alternatives that offer a superior level of accommodations and amenities relative to traditional on-campus, dormitory style residence halls. Traditional on-campus housing alternatives have generally consisted of shared rooms, communal bathroom facilities and extremely limited (if any) amenities and parking. However, today s college student is increasingly consumer-oriented and averse to the utilitarian and largely outdated design of traditional dormitory-style facilities. This ongoing evolution of student preferences should drive increased demand for purpose-built student housing, which is specifically designed to appeal to the modern day college student with broad amenities, enhanced privacy and a focus on improving the overall student lifestyle experience.

Institutional Considerations

While indications of overall demand trends can be measured using national statistics, student housing is ultimately a localized market with unique characteristics among individual local markets. Thus, when evaluating the attractiveness of a particular geographic market, it is important to consider the growth trends specific to the local college(s) in that market as well as the available housing stock (both on-campus and off-campus) within the market. Ultimately, institutional growth rates and their corresponding impact on student housing demand are dependent upon two important factors: student choice and institutional enrollment limits.

Students typically apply to more than one college in a prioritized hierarchy from a first choice institution through a sequence of descending choices. When first choice institutions are

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filled, students are forced to attend their second, third or other choice. As a result, enrollment limits and, in certain cases, the smaller increases in capacity at first choice institutions, are driving increasing numbers of students to enroll in schools located in alternative, medium-sized college markets. Thus, while large and established universities typically have the largest need for student housing in terms of absolute numbers, the most favorable growth characteristics are often found at schools located in medium-sized college markets.

Economic Factors

Macroeconomic variables can also play a significant role in college enrollment trends. Generally, economic expansion leads to job creation and drives the need for a more highly trained and well-educated workforce, which has been a key driver of the increase in the percentage of high school graduates choosing to enroll in college. However, college enrollments have also historically demonstrated some counter-cyclical characteristics that have yielded strong enrollment growth even during recessionary periods. During periods of high unemployment and limited job creation, more people are inclined to pursue higher education, often as a means to upgrade their employment prospects. As shown in the shaded areas below, college enrollments have consistently increased during recessionary periods.

Enrollment Growth and Recessions (1969-2008)

Economic conditions can also impact a student s choice of college. As families come under increasing financial pressure, college-bound students are often forced to re-evaluate their options with a view toward finding more affordable educational alternatives. According to a survey referenced in US News and World Report (December 2008), out of 2,500 prospective college students nationwide, 57% indicated that they were considering a more affordable college because they were concerned about cost. As cost becomes a key consideration in the evaluation of college alternatives, students are increasingly considering schools located in alternative, medium-sized

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college markets, which can offer an attractive educational experience often for a fraction of the cost of private or flagship public institutions.

Change in Tuition at Public and Private Institutions (1964-2008)

Student Housing Supply Considerations

The supply of student housing has continued to decline due to several key factors, including institutional capital allocation policies and preferences, state budget cuts and other economic factors.

Institutional Capital Allocation

While colleges and universities are generally obligated to provide adequate classroom facilities and educational resources to accommodate their student bodies, these institutions are generally not required to provide housing options commensurate with enrollment levels. Similarly, college students are generally not required to live on-campus (although some smaller private colleges do have on-campus residency requirements). Due to budget cuts and capital allocation policies, institutions have increasingly limited their expenditures on the construction and renovation of on-campus housing, preferring instead to invest in programs and facilities that enhance their educational and research capabilities. As a result, a significant and increasing percentage of college students satisfy their housing needs with off-campus, private-market alternatives.

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On-Campus Housing Capacity as a % of Undergraduate Enrollments at Public Universities

On-campus housing capacity is a measure of the amount of dormitory space available relative to the total number of students enrolled. As seen in the above chart, on-campus student housing capacity at public universities has declined since 1990. As of 2004, U.S. public universities had, on average, capacity to provide housing to only 24.8% of their undergraduate populations. This trend is expected to continue as state budget deficits increase and the financial ability of institutions to invest in new housing capacity remains constrained.

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Dorm Capacity at Four-Year Schools, Top 15 States by Enrollment in (000s) (2004)

State	Undergraduate Enrollment	Dorm Capacity	Capacity as % Enrollment	Capacity Shortfall
California	480.5	92.7	19%	387.8
Texas	391.7	77.9	20%	313.8
Florida	310.7	36.8	12%	273.8
New York	287	77.9	27%	209.1
Michigan	221.5	70.2	32%	151.3
Ohio	217.2	54.2	25%	163
Pennsylvania	211.3	70.5	33%	140.8
Indiana	163.3	38.7	24%	124.6
Georgia	160.6	36.2	23%	124.4
North Carolina	150	50.5	34%	99.5
Illinois	149.4	45.3	30%	104.1
Virginia	140.4	54.2	39%	86.2
Louisiana	131.8	26.5	20%	105.3
Wisconsin	128.1	35.9	28%	92.2
Colorado	124.2	25.3	20%	98.9
Total	**3,267.7**	**792.8**	**24%**	**2,474.9**

Source: National Center for Education Statistics, RREEF Research.

Educational Budget Cuts

As state deficits increase, governments face difficult budget choices that often result in educational budget cuts. Budget cuts limit the ability of public institutions to invest in non-core assets such as on-campus student housing, thereby shifting the burden of providing student housing to the private sector. In the recent recessionary period, 38 states cut their educational budgets, while only 11 states increased their funding of higher education. Even well-funded private institutions are coping with budgetary pressures, as they seek to recoup significant endowment losses through reduced spending. As educational budgets continue to come under pressure and as student housing slips further down the list of spending priorities, the supply of suitable on-campus student housing is expected to continue to decline despite significantly increased enrollments.

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% Change in Total Higher Education Funding by State (FY 2009 to FY 2010)

Other Economic Factors

As on-campus housing stock continues to decline in relation to enrollments, students are increasingly reliant on private-sector development to satisfy housing needs. However, funding for new development projects has become increasingly constrained amid the current economic environment. Refinancing initiatives have also been difficult as banks continuously look to reduce their exposure to commercial real estate loans. Together, these factors create a material restriction on the available supply of student housing, while demand for such housing continues to increase.

The Future of Student Housing

While the current accelerated growth in enrollments is projected to stabilize by 2016, as the Echo Boomer phase of population growth completes its cycle, college and university enrollments are nevertheless projected to continue rising over the next four decades throughout the first half of the century. Colleges and universities will have to find new ways to supply student housing as the supply of on-campus housing becomes obsolete and institutions are unable to fund the replacement of these beds. This should provide opportunities for private development and ownership of high-quality, purpose-built student housing.

BUSINESS AND PROPERTIES

Our Company

Campus Crest Communities, Inc. is a self-managed, self-administered, vertically-integrated developer, builder, owner and manager of high-quality, purpose-built student housing. Prior to this offering, our business was conducted through Campus Crest Group, which is wholly-owned and controlled by Ted W. Rollins, our co-chairman and chief executive officer, and Michael S. Hartnett, our co-chairman and chief investment officer, and certain members of their families. We intend to elect and qualify to be taxed as a REIT for U.S. federal income tax purposes commencing with our taxable year ending December 31, 2010.

We believe that we are one of the largest vertically-integrated developers, builders, owners and managers of high-quality, purpose-built student housing properties in the United States based on beds owned and under management. Upon completion of this offering and our formation transactions, we will own interests in 27 recently built student housing properties. These properties are located in 11 states, contain approximately 5,048 apartment units and 13,580 beds, and had an average age of 1.7 years as of February 28, 2010. Twenty-one of these properties, containing approximately 3,920 apartment units and 10,528 beds, will be wholly-owned, and six of these properties, containing approximately 1,128 apartment units and 3,052 beds, will be owned through a joint venture with HSRE, in which we will have a 49.9% interest. Three of these joint venture properties are under construction, with completion and occupancy expected for the 2010-2011 academic year. As of February 28, 2010, the average occupancy for our 24 operating properties was approximately 85% and the average monthly rental revenue per occupied bed was approximately $459. Our properties are primarily located in medium-sized college and university markets, which we believe are underserved and are experiencing enrollment growth.

We were formed to continue and expand the student housing business of Campus Crest Group, which has been engaged in this business since 2004. All of our properties have been developed, built and managed by Campus Crest Group. All of our properties operate under *The Grove®* brand and have, in general, been based upon a common prototypical building design. We believe that the use of this prototypical building design, which we have built approximately 410 times, allows us to efficiently deliver a uniform and proven student housing product in multiple markets. Furthermore, we believe that our brand and associated lifestyle are effective differentiators that create higher visibility and appeal for our properties within their markets.

In addition to our existing properties, we actively seek new development opportunities. We expect that, subject to completion of this offering, we will acquire land and commence building properties for our own account on five identified sites that we have under contract, with completion targeted for the 2011-2012 academic year. For each of these five sites, we have conducted significant pre-development activities and are in the process of obtaining the necessary zoning and site plan approvals. In total, we have identified over 200 markets and approximately 80 specific sites within these markets as potential future development opportunities, and our current business plan contemplates the development of approximately five to seven new student housing properties per year. No assurance can be given that we will not adjust our business plan as it relates to development, or that any particular development opportunity will be undertaken or completed in accordance with our current expectations.

Our company is led by our co-founders Ted W. Rollins and Michael S. Hartnett, each of whom has over 20 years of real estate investment and operating experience, including the development and management of over 13,000 student housing beds. They are supported by over 400 full and part time employees who carry out our development, construction, property management and asset management activities.

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Our Competitive Strengths

We believe that we distinguish ourselves from other developers, builders, owners and managers of student housing properties through the following competitive strengths:

Experienced Management Team with Demonstrated Track Record. Our senior executive officers have an average of 16 years of real estate investment, advisory and management experience. Our management team has overseen the financing, development, construction and management of student housing properties with an aggregate cost of approximately $500 million and has grown our business to approximately 13,580 beds (including 1,544 beds under development with completion and occupancy expected for the 2010-2011 academic year) since its inception in 2004.

Modern, Well-Located Portfolio. The average age of our student housing properties is approximately 1.7 years as of February 28, 2010, which we believe is generally newer than most of our competitors. Our properties have all been developed and constructed based on a prototypical building design to essentially the same specifications. All of our properties (i) offer student-tenants bed-bath parity (private bathrooms), which we believe provides an advantage over older properties that generally have 3-2 and 4-2 bed bath configurations, (ii) have been configured with the latest Internet connectivity, which is critical to attracting student-tenants and (iii) offer a variety of modern amenities, which are designed to enhance the lifestyle of our student-tenants and facilitate a sense of community. In addition, our properties are located in close proximity to, or on, the campuses of the schools from which they draw student-tenants, with an average distance to campus of approximately 0.6 miles, thereby offering the best of both worlds amenity-rich, apartment-style living and near, or on, campus convenience. We believe that our properties are generally among the most appealing in their respective markets, and we further believe that replication of our properties by existing local competitors would be difficult and expensive to effect.

Attractive, Branded Properties. All of our properties operate under *The Grove*® brand, and use the federally registered trademark, *The Grove*® or *The Grove Fully Loaded College Living*® to identify and promote the properties. All of our properties offer our student-tenants private bedrooms with en suite bathrooms, full furnishings, full kitchens with modern appliances, washers and dryers inside each unit, state-of-the-art technology, ample parking, and a broad array of other on-site amenities, such as resort-style swimming pools, tanning booths, basketball and volleyball courts, game rooms, coffee bars and community clubhouses with regularly planned social activities. We strive to offer not just an apartment but an entire lifestyle and community experience designed to appeal to the modern-day college student. This experience is anchored by our RockStar / Community Assistant program, through which we seek to employ local students who demonstrate leadership on campus (*e.g.*, student council members, student athletes, extracurricular club officers) to help manage our student lifestyle programs and support our leasing efforts. We believe that *The Grove*® experience, coupled with our focused branding and marketing initiatives, differentiates our properties from those of our competitors.

Proven and Scalable Business Model. We believe that our vertically-integrated business model provides a competitive advantage, enabling us to deliver properties economically while maintaining consistent quality in buildings and amenities. We believe that our use of a prototypical building design and volume purchasing, as well as our established relationships with student-housing focused regional subcontractors, provide us with an ability to achieve economies that may not be available to many competitors. We continue to refine our processes and systems in an effort to reduce costs and improve quality, having overseen the

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construction of the same prototypical residential building approximately 410 times during the last six years.

Focus on Underserved College Markets. We generally focus on medium-sized college and university markets. While total enrollments in these markets are generally lower than enrollments in larger educational markets, the overall market dynamics are often more favorable. For example, the enrollment growth rates in these markets often tend to be higher than in the larger educational markets as capacity constraints at larger universities and economic considerations are increasingly driving students toward these more accessible and affordable schools. Moreover, the supply of competitive alternative housing stock, both multi-family apartments and purpose-built student housing, often tends to be lower in these markets, which we believe allows us to achieve favorable leasing results on a relatively limited marketing and incentive budget.

Conservative Capitalization. Upon the completion of this offering and the application of the net proceeds therefrom, we will have total consolidated indebtedness of approximately $132.3 million, resulting in a debt to total market capitalization ratio of approximately   %. In addition, upon completion of this offering, we expect to obtain a   -year, $ million senior secured revolving credit facility, providing us with the capability to fund identified future growth opportunities.

Our Business and Growth Strategies

Our objective is to maximize total returns to our stockholders through the pursuit of the following business and growth strategies:

Utilize Our Vertically-Integrated Platform. Our vertically-integrated platform performs each key function in the student housing value chain: project development, project construction, property management and asset management. Campus Crest Development, LLC, a North Carolina limited liability company, or Campus Crest Development, identifies markets, selects sites and acquires all entitlements; Campus Crest Construction, LLC, a North Carolina limited liability company, or Campus Crest Construction, oversees the design and construction of each project; The Grove Student Properties, LLC, a North Carolina limited liability company doing business as Campus Crest Real Estate Management, or The Grove Student Properties, serves as our marketing, leasing and property management arm; and Campus Crest Asset Management, a division of Campus Crest Group, or Campus Crest Asset Management, oversees our capital structure, investment underwriting and investor relations. Our vertically-integrated platform allows us to become familiar with every facet of our student housing properties. We believe that the ongoing feedback and accountability facilitated by our vertically-integrated platform allow us to improve efficiency, reduce costs, control project timing and enhance the overall quality of our properties.

Target Attractive Markets. Prior to investing in a market, we conduct extensive due diligence to assess the market s attractiveness (*e.g.*, demographics and student population trends), as well as the available supply of on- and off-campus housing alternatives. We utilize a proprietary underwriting model with over 60 inputs to evaluate the relative attractiveness of each market, which we then use to prioritize development opportunities. While our market strategy considers a variety of factors, we generally focus on markets where: (i) total student enrollment exceeds 8,000, (ii) a majority of the student population resides off-campus and (iii) sites that are in close proximity to campus can be purchased or leased at a reasonable cost. Our due diligence process and investment criteria are designed to identify markets in which we can reasonably expect to achieve acceptable occupancy at a new property and thereby operate successfully and profitably.

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Optimize Our Properties and Brand Value. A key element of our strategy is to optimize the student lifestyle experience at our properties and strengthen the value of our brand, *The Grove*®, through a consistent set of operating principles. We strive to offer properties that are designed to meet the unique needs of student-tenants, and to offer a variety of social activities and other programs that build a sense of community at our properties. Our property management group continually works with our RockStar / Community Assistant teams to design student lifestyle programs involving social, cultural, outreach, recreational, educational and spiritual activities, which we refer to as our SCORES program. We believe that our focus on enhancing student lifestyle and promoting a sense of community at our properties drives improved occupancy and allows us to charge premium rents.

Development Growth. We believe that our vertically-integrated platform, our proprietary underwriting model and our construction and general contracting experience will allow us to generate attractive risk-adjusted returns through the development and construction of high-quality student housing properties. For these reasons, among others, we anticipate that in-house development will remain the primary driver of our growth. We expect that, subject to completion of this offering, we will acquire land and commence building properties for our own account on five sites that we have under contract, with completion targeted for the 2011-2012 academic year. Additionally, our current business plan contemplates the development of approximately five to seven new student housing properties per year from our identified pipeline of opportunities. No assurance can be given that we will not adjust our business plan as it relates to development, or that any particular development opportunity will be undertaken or completed in accordance with our current expectations.

Acquisition Growth. We may also seek to grow by acquiring student housing properties from third parties. Generally, we anticipate that any properties acquired from third parties would meet our investment criteria for development properties and fit into our overall strategy in terms of property quality, proximity to campus, bed-bath parity and availability of amenities. However, we may also seek to make opportunistic acquisitions of properties that we believe we can purchase at attractive pricing, reposition and operate successfully.

History

Campus Crest Communities, Inc., a Maryland corporation, was formed on March 1, 2010, at the direction of MXT Capital to continue and expand the student housing business of our predecessor entities that have been engaged in the student housing business since 2004. Our operating partnership, Campus Crest Communities Operating Partnership, LP, a Delaware limited partnership, was formed on March 4, 2010.

Ted W. Rollins, our co-chairman and chief executive officer, Michael S. Hartnett, our co-chairman and chief investment officer, and Earl C. Howell, our president and chief operating officer and a member of our board of directors, are our initial directors, and MXT Capital is our sole stockholder. Accordingly, MXT Capital and Messrs. Rollins, Hartnett and Howell may be considered our promoters. From 2004 to 2010, our predecessor entities operated primarily as owners of student housing and providers of related development, construction and management services; our predecessor entities developed 27 properties, including three properties under construction, with completion and occupancy expected for the 2010-2011 academic year.

Our Properties

Upon completion of this offering and our formation transactions we will own interests in 27 properties. All of our properties are less than five years old and more than half of our properties are less than two years old. No single property accounts for more than 10% of our total assets or gross revenue for the year ended December 31, 2009.

We have focused our investment activities on properties located in medium-sized college and university markets where we believe the overall market dynamics are favorable. We believe that 11 of our properties are the only purpose-built student housing properties serving the schools from which they draw student-tenants. All of our properties are modern facilities with private baths for each bedroom and are largely uniform throughout the portfolio, with each property having a similar appearance and amenities package along with *The Grove®* branding. Amenities at our properties generally include: a resort style swimming pool, basketball courts, beach volleyball courts, fire pits and barbeque areas and a large clubhouse featuring a 24-hour fitness center, library and computer center, tavern style game room with billiards and other games, tanning beds, coffee shop and study areas. All of our properties are fully furnished with ultrasuede upholstered couches and chairs and durable wood case goods, and have full kitchens as well as washers and dryers.

Each student-tenant at our properties executes an individual lease agreement with us that is generally guaranteed by a parent or guardian. Lease terms are generally 11.5 months, which provides us with approximately two weeks to prepare a unit for a new tenant if the current tenant is vacating upon the expiration of the lease. Rent is payable monthly in 12 equal installments. In addition to unlimited use of all the property amenities listed above, each tenant is entitled to cable, water/sewer and a $30 per month electricity allowance. Student-tenants are prohibited from subletting units without our prior written consent, which is conditional on, among other things, the payment of a transfer fee. Student-tenants are responsible for the outstanding lease obligations in the event that they are denied admission to, withdraw from or are placed on academic suspension or dismissed by, the college or university that our property services.

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The following table presents certain summary information about our properties:

	City	State	Year Opened	Primary University Served	Fall 2009 Overall Enrollment	Distance to Campus (miles)	Occupancy as of February 28, 2010	Number of Units	Number of Beds
	Wholly-Owned Properties								
1	Asheville	NC	2005	University of NC Asheville	3,695	0.1	94%	154	448
2	Carrollton	GA	2006	University of West Georgia	11,500	0.1	97%	168	492
3	Las Cruces	NM	2006	New Mexico State University	18,497	0.4	84%	168	492
4	Milledgeville	GA	2006	Georgia College & State University	6,633	0.1	98%	168	492
5	Abilene	TX	2007	Abilene Christian University	4,838	0.5	75%	192	504
6	Ellensburg	WA	2007	Central Washington University	10,187	0.5	99%	192	504
7	Greeley	CO	2007	University of Northern Colorado	12,711	1.0	74%	192	504
8	Jacksonville	AL	2007	Jacksonville State University	9,351	0.2	80%	192	504
9	Mobile Phase I (1)	AL	2007	University of South Alabama	14,522	On-Campus	93%	192	504
10	Mobile Phase II (1)	AL	2008	University of South Alabama	14,522	On-Campus	96%	192	504
11	Nacogdoches	TX	2007	Stephen F. Austin University	12,845	0.4	96%	196	522
12	Cheney	WA	2008	Eastern Washington University	11,302	0.5	97%	192	512
13	Jonesboro	AR	2008	Arkansas State University	12,156	0.2	73%	192	504
14	Lubbock	TX	2008	Texas Tech University	30,049	2.1	79%	192	504
15	Stephenville	TX	2008	Tarleton State University	8,598	0.8	97%	192	504
16	Troy	AL	2008	Troy University	6,679	0.4	94%	192	514
17	Waco	TX	2008	Baylor University	14,614	0.8	89%	192	504
18	Wichita	KS	2008	Wichita State University	14,823	1.1	79%	192	504
19	Wichita Falls	TX	2008		6,341	1.2	65%	192	504

				Midwestern State University					
20	Murfreesboro	TN	2009	Middle Tennessee State	25,188	0.8	90%	186	504
21	San Marcos	TX	2009	Texas State University	30,816	1.7	98%	192	504
Sub Total of Wholly Owned Properties					**13,327**(2)	**0.6**(2)	**88%** (2)	**3,920**	**10,528**
	Joint Venture Properties 49.9% Ownership Interest								
22	Lawrence (3)	KS	2009	University of Kansas	29,242	1.6	64%	172	500
23	Moscow (1)	ID	2009	University of Idaho	11,957	0.5	45%	192	504
24	San Angelo	TX	2009	Angelo State University	6,387	0.3	86%	192	504
25	Conway (4)	AR	2010	University of Central Arkansas	11,781	0.4	NA	180	504
26	Huntsville (4)	TX	2010	Sam Houston State University	16,772	0.2	NA	192	504
27	Statesboro (4)	GA	2010	Georgia Southern University	19,086	0.7	NA	200	536
Sub Total of Joint Venture Properties					**15,871**(2)	**0.6**(2)	**65%** (2)	**1,128**	**3,052**
Total Properties					**13,892**(2)	**0.6**(2)	**85%** (2)	**5,048**	**13,580**

(1) Property subject to a ground lease.

(2) Average.

(3) Occupancy based on 300 beds available for the 2009-2010 academic year; the property has been expanded and now has a total of 500 beds available for the 2010-2011 academic year.

(4) Property currently under construction, with completion and occupancy expected for the 2010-2011 academic year.

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The following describes each of our wholly-owned properties:

The Grove at Asheville

Address:	600 Bulldog Drive Asheville, NC 28801	**Year Opened:**	2005

Market Information

Institution Served:	University of North Carolina, Asheville
Fall 2009 Overall Enrollment:	3,695

Property Statistics

Land Acreage:	16.60		**Units**	**Beds**
Square Feet:	182,488	**2bed/2bath**	14	28
Parking Spaces:	447	**3bed/3bath**	140	420
Distance to Campus:	0.1 miles	**Total:**	154	448
Occupancy as of February 28, 2010:	94%			

Financing

Debt:	$14,800,000	**Post Offering Debt:**	$14,800,000
Rate:	5.77% fixed		
Amortization:	Interest only until April 11, 2012, then 30 year amortizing		
Maturity:	April 11, 2017; loan may be defeased		

The University of North Carolina Asheville, or UNCA, is located in Asheville, North Carolina. As of the 2009 fall semester, UNCA had an overall enrollment of 3,695 students, with a full-time undergraduate enrollment of 3,132 students. All first year UNCA students are required to live on campus, and UNCA has capacity to house students on campus in several suite-style options. We do not believe that UNCA has any plans to renovate any of its existing beds or to develop any additional beds.

The Asheville, North Carolina student housing market is limited in scope due to the smaller size of UNCA. The properties we consider to be our main competitors are conventional multi-family options that rent by the unit. The Grove at Asheville is the market s only purpose-built off-campus student housing community. We are not aware of any existing beds being renovated or additional beds being developed to serve this market.

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The Grove at Carrollton

Address:	912 Lovorn Road Carrollton, GA 30117	**Year Opened:**	2006

Market Information

Institution Served:	University of West Georgia
Fall 2009 Overall Enrollment:	11,500

Property Statistics

			Units	Beds
Land Acreage:	14.93			
Square Feet:	198,797	**2bed/2bath**	12	24
Parking Spaces:	470	**3bed/3bath**	156	468
Distance to Campus:	0.1 miles	**Total:**	168	492
Occupancy as of February 28, 2010:	97%			

Financing

Debt:	$14,650,000	**Post Offering Debt:**	$14,650,000
Rate:	6.13% fixed		
Amortization:	Interest only until October 11, 2011, then 30 year amortizing		
Maturity:	October 11, 2016; loan may be defeased		

The University of West Georgia, or UWG, is located in Carrollton, Georgia, approximately 50 miles southwest of Atlanta, Georgia. As of the 2009 fall semester, UWG had an overall enrollment of 11,500 students, with a full-time undergraduate enrollment of 8,126 students. All UWG freshmen are required to live on campus, and UWG has capacity to house students on campus in traditional dormitory-style, suite-style, and apartment-style options. We do not believe that UWG has any plans to renovate any of its existing beds or develop any additional beds.

The Carrollton, Georgia student housing market offers several purpose-built options in addition to traditional multi-family options that compete with The Grove at Carrollton. We are not aware of any existing beds being renovated or any additional beds being developed to serve this market.

The Grove at Las Cruces

Address:	320 East Union Avenue Las Cruces, NM 88001	**Year Opened:**	2006

Market Information

Institution Served:	New Mexico State University
Fall 2009 Overall Enrollment:	18,497

Property Statistics

Land Acreage:	9.96		**Units**	**Beds**
Square Feet:	198,797	**2bed/2bath**	12	24
Parking Spaces:	504	**3bed/3bath**	156	468
Distance to Campus:	0.4 miles	**Total:**	168	492
Occupancy as of February 28, 2010:	84%			

Financing

Debt:	$15,140,000	**Post Offering Debt:**	$15,140,000
Rate:	6.13% fixed		
Amortization:	Interest only until October 11, 2011, then 30 year amortizing		
Maturity:	October 11, 2016; loan may be defeased		

New Mexico State University, or NMSU, is located in Las Cruces, New Mexico. As of the 2009 fall semester, NMSU had an overall enrollment of 18,497 students, with a full-time undergraduate enrollment of 12,621 students. NMSU does not require certain students to live on campus, although NMSU has capacity to house students on campus in traditional dormitory-style, suite-style, and apartment-style options. NMSU has plans to build a 300-bed apartment-style community to deliver in August 2011. It will be a second phase to an existing on-campus community.

The Las Cruces, New Mexico student housing market is mainly comprised of traditional multi-family options that rent by the unit. The Grove at Las Cruces is the market s only purpose-built off-campus student housing community. We are not aware of any existing beds being renovated or any additional beds being developed to serve the off campus market.

The Grove at Milledgeville

Address:	500 West Franklin Street Milledgeville, GA 31061	**Year Opened:**	2006

Market Information

Institution Served:	Georgia College & State University
Fall 2009 Overall Enrollment:	6,633

Property Statistics

Land Acreage:	19.83		**Units**	**Beds**
Square Feet:	198,797	**2bed/2bath**	12	24
Parking Spaces:	459	**3bed/3bath**	156	468
Distance to Campus:	0.1 miles	**Total:**	168	492
Occupancy as of February 28, 2010:	98%			

Financing

Debt:	$16,250,000	**Post Offering Debt:**	$16,250,000
Rate:	6.12% fixed		
Amortization:	Interest only until October 11, 2011, then 30 year amortizing		
Maturity:	October 11, 2016; loan may be defeased		

Georgia College & State University, or GCSU, is located in Milledgeville, Georgia, approximately 100 miles southeast of Atlanta, Georgia. As of the 2009 fall semester, GCSU had an overall enrollment of 6,633 students, with a full-time undergraduate enrollment of 5,092 students. All first year GCSU students, with limited exceptions, are required to live on campus, and GCSU has capacity to house students on campus in suite-style and apartment-style options. We do not believe that GCSU has any plans to renovate any of its existing beds or to develop any additional beds.

The Milledgeville, Georgia student housing market offers a mix of purpose-built and traditional multi-family options that compete with The Grove at Milledgeville. One competitor property opened for the 2009 fall semester.

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The Grove at Abilene

Address:	2702 North Judge Ely Boulevard Abilene, TX 79601	**Year Opened:**	2007

Market Information

Institution Served:	Abilene Christian University
Fall 2009 Overall Enrollment:	4,838

Property Statistics

			Units	Beds
Land Acreage:	9.22			
Square Feet:	209,999	**2bed/2bath**	72	144
Parking Spaces:	521	**3bed/3bath**	120	360
Distance to Campus:	0.5 miles	**Total:**	192	504
Occupancy as of February 28, 2010:	75%			

Financing

Debt:	$16,120,000	**Post Offering Debt:**	$0
Rate:	6.40% fixed		
Amortization:	Interest only for entire term		
Maturity:	February 28, 2013; may be pre-paid at any time without penalty		

Abilene Christian University, or ACU, is located in Abilene, Texas, approximately 185 miles west of Dallas, Texas. As of the 2009 fall semester, ACU had overall enrollment of 4,838 students. All ACU first and second year students, with limited exceptions, are required to live on campus, and ACU has capacity to house students on campus in traditional dormitory-style, suite-style, and apartment-style options. We do not believe that ACU has any plans to renovate any of its existing beds or to develop any additional beds.

The Abilene, Texas student housing market offers one purpose-built property in addition to The Grove at Abilene, as well as traditional multi-family options that rent by the unit that compete with The Grove at Abilene. We are not aware of any existing beds being renovated or any additional beds being developed to serve this market.

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The Grove at Ellensburg

Address:	2420 Airport Road Ellensburg, WA 98926	**Year Opened:**	2007

Market Information

Institution Served:	Central Washington University
Fall 2009 Overall Enrollment:	10,187

Property Statistics

Land Acreage:	13.53		**Units**	**Beds**
Square Feet:	209,999	**2bed/2bath**	72	144
Parking Spaces:	566	**3bed/3bath**	120	360
Distance to Campus:	0.5 miles	**Total:**	192	504
Occupancy as of February 28, 2010:	99%			

Financing

Debt:	$18,757,143	**Post Offering Debt:**	$18,757,143
Rate:	6.40% fixed		
Amortization:	Interest only for entire term		
Maturity:	February 28, 2013; may be pre-paid at any time without penalty		

Central Washington University, or CWU, is located in Ellensburg, Washington, approximately 110 miles southeast of Seattle, Washington. As of the 2009 fall semester, CWU had an overall enrollment of 10,187 students. CWU does not publish full-time overall or undergraduate enrollment information specific to the Ellensburg, Washington campus. All CWU freshmen, with limited exceptions, are required to live on campus, and CWU has capacity to house students on campus in traditional dormitory-style, suite-style, and apartment-style options. A newly-constructed residence hall opened in fall 2009. We do not believe that CWU has any plans to develop any new residential projects.

The Ellensburg, Washington student housing market primarily offers traditional multi-family options that compete with The Grove at Ellensburg. While a number of properties target their marketing to CWU students, The Grove at Ellensburg is the market s only purpose-built student housing community. We are not aware of any existing beds being renovated or any additional beds being developed to serve this market.

The Grove at Greeley

Address:	3202 11th Avenue Evans, CO 80620	**Year Opened:**	2007

Market Information

Institution Served:	University of Northern Colorado
Fall 2009 Overall Enrollment:	12,711

Property Statistics

Land Acreage:	11.47		**Units**	**Beds**
Square Feet:	209,999	**2bed/2bath**	72	144
Parking Spaces:	549	**3bed/3bath**	120	360
Distance to Campus:	1.0 miles	**Total:**	192	504
Occupancy as of February 28, 2010:	74%			

Financing

Debt:	$19,128,571	**Post Offering Debt:**	$19,128,571
Rate:	6.40% fixed		
Amortization:	Interest only for entire term		
Maturity:	February 28, 2013; may be pre-paid at any time without penalty		

University of Northern Colorado, or UNC, is located in Greeley, Colorado, approximately 65 miles north of Denver, Colorado. As of the 2009 fall semester, UNC had an overall enrollment of 12,711 students. Full-time undergraduate enrollment for fall 2009 has not been published. All newly admitted UNC students, with limited exceptions, are required to live on campus, and UNC has capacity to house students on campus in traditional dormitory-style, suite-style, and apartment-style options. UNC recently completed phase two of a new residence hall, and we do not believe that UNC has further plans to renovate any of its existing beds or to develop any additional beds.

The Greeley, Colorado student housing market offers a mix of purpose-built, traditional multi-family, and single-family options that compete with The Grove at Greeley. We are not aware of any existing beds being renovated or additional beds being developed to serve this market.

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The Grove at Jacksonville

Address:	351 Nisbet Street NW Jacksonville, AL 36265	**Year Opened:**	2007

Market Information

Institution Served:	Jacksonville State University
Fall 2009 Overall Enrollment:	9,351

Property Statistics

Land Acreage:	15.82		**Units**	**Beds**
Square Feet:	209,999	**2bed/2bath**	72	144
Parking Spaces:	710	**3bed/3bath**	120	360
Distance to Campus:	0.2 miles	**Total:**	192	504
Occupancy as of February 28, 2010:	80%			

Financing

Debt:	$16,417,143	**Post Offering Debt:**	$0
Rate:	6.40% fixed		
Amortization:	Interest only for entire term		
Maturity:	February 28, 2013; may be pre-paid at any time without penalty		

Jacksonville State University, or JSU, is located in Jacksonville, Alabama, approximately 75 miles northeast of Birmingham, Alabama. As of the 2009 fall semester, JSU had an overall enrollment of 9,351 students, with a full-time undergraduate enrollment of 5,957 students. Beginning in the 2010 fall semester, all JSU freshmen, with limited exceptions, will be required to live on campus, and JSU has capacity to house students on campus in traditional dormitory-style and apartment-style options. Currently, JSU has one new residence hall under construction which is scheduled to deliver in time for the 2010 fall semester.

The Jacksonville, Alabama student housing market offers one purpose-built option (other than The Grove at Jacksonville) in addition to traditional multi-family and single-family options. We are not aware of any existing beds being renovated or any additional beds being developed to serve this market.

The Grove at Mobile Phase I

Address:	375 Cleverdon Parkway Mobile, AL 36688	**Year Opened:**	2007

Market Information

Institution Served:	University of South Alabama
Fall 2009 Overall Enrollment:	14,522

Property Statistics

Land Acreage:	12.40		**Units**	**Beds**
Square Feet:	209,999	**2bed/2bath**	72	144
Parking Spaces:	551	**3bed/3bath**	120	360
Distance to Campus:	On-Campus	**Total:**	192	504
Occupancy as of February 28, 2010:	93%			

Financing

Debt:	$15,971,429	**Post Offering Debt:**	$15,971,429
Rate:	6.40% fixed		
Amortization:	Interest only for entire term		
Maturity:	February 28, 2013; may be pre-paid at any time without penalty		

The Grove at Mobile Phase II

Address:	375 Cleverdon Parkway Mobile, AL 36688	**Year Opened:**	2008

Property Statistics

Land Acreage:	10.45		**Units**	**Beds**
Square Feet:	203,856	**2bed/2bath**	72	144
Parking Spaces:	527	**3bed/3bath**	120	360

Distance to Campus:	On-Campus	**Total:**	192	504
Occupancy as of February 28, 2010:	96%			

Financing

Debt:	$15,874,109	**Post Offering Debt:**	$0
Rate:	LIBOR + 300bps; rate floor of 5.50%		
Amortization:	25 year, with $1 million curtailment 6/30/10		
Maturity:	October 31, 2010; may be pre-paid at any time without penalty		

The University of South Alabama, or USA, is located in Mobile, Alabama. As of the 2009 fall semester, USA had an overall enrollment of 14,522 students, with a full-time undergraduate enrollment of 8,527 students. USA does not have a policy requiring students to live on campus. USA has capacity to house students on campus in suite-style and apartment-style options. USA has plans to build a 300-bed residence hall targeted for completion in the summer of 2011.

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The Mobile, Alabama student housing market is primarily comprised of traditional multi-family and single-family options that compete with The Grove at Mobile.

The Grove at Mobile Phase I opened in August of 2007. The Grove at Mobile Phase II opened in August of 2008. Both properties were built on campus-owned land and operate under a long-term ground lease with USA. Each phase has a separate ground lease, and these ground leases are coterminous. A cross easement agreement allows all student-tenants full access to amenities in both phases. The physical structure of both phases differs from other Grove properties in that the exterior is all brick and each building has a metal roof. Additionally, ceilings in the units are approximately a foot higher than other Grove properties.

Discussion of Mobile, AL ground leases

We currently own two on-campus properties where we hold the land under ground lease agreements from USA Research and Technology Corporation, or USART, a related entity of the University of South Alabama, or USA, in Mobile, Alabama. USART leases the land from USA. Under the terms of these arrangements, subsidiaries of our company lease the real estate from USART and fund the development and construction costs generally with financing that is secured by our leasehold interest. Legal title to the real estate is owned by USA and legal title to the leasehold interest and the improvements is owned by us. We manage both properties in a manner consistent with all of our other properties.

Phase I Ground Lease Summary

Term: The initial term ends October 31, 2046, with a 20-year first renewal term and a 15-year second renewal term.

Rent: The annual base rent for the first five years of the initial term shall be equal to 8.5% of the appraised fair market value of the land. Beginning with the sixth year of the initial term and every five years thereafter until the termination of the lease, the annual base rent is subject to a Consumer Price Index, or CPI, increase that is not less than 5% or more than 7.5%. Annual base rent for the first five years of the first renewal term shall be equal to 8.5% of the then-appraised fair market value of the land. Annual base rent during the remainder of the renewal terms shall be adjusted every five years as provided above using the CPI for the last month of the initial term.

Property Manager: The manager of this property is The Grove Student Properties. The management agreement has an initial 10-year term, and thereafter is automatically renewed on a month-to-month basis with mutual termination rights upon 90 days notice. Our duties as manager are similar to those as a manager of our owned properties. The management agreement terminates upon termination of our ground lease.

Transferability: USART s consent is not required for us to assign or sublease the premises. Prior to any assignment or subleasing to a third party other than one of our affiliates or a current USA student then leasing a portion of the premises, USART has the right of first opportunity to lease the premises under the same terms as those offered to the third party.

Right of First Refusal: USART has a right of first refusal to purchase our leasehold interest in the event we decide to accept a bona fide offer to sell it to any third party.

Phase II Ground Lease Summary

Term: The initial term ends October 31, 2046, with a 20-year first renewal term and a 15-year second renewal term.

Rent: The annual base rent for the first five years of the initial term is $125,000. Beginning with the sixth year of the initial term and every five years thereafter until the termination of the lease, the annual base rent is subject to a CPI increase that is not less than 7.5% or more than 11%. Annual base rent for the first five years of the first renewal term shall be equal to 8.5% of the then-appraised fair market value of the land. Annual base rent during the remainder of the renewal terms shall be adjusted every five years as provided above using the CPI for the last month of the initial term.

Property Manager: The manager of this property is The Grove Student Properties. The management agreement has an initial 10-year term, and thereafter is automatically renewed on a month-to-month basis with mutual termination rights upon 90 days notice. Our duties as manager are similar to those as a manager of our owned properties. The management agreement terminates upon termination of our ground lease.

Transferability: USART s consent, which shall not be unreasonably withheld, is required prior to our assignment of the ground lease or our subleasing of the entirety of our interest in the premises. Prior to any assignment or subleasing to a third party other than one of our affiliates or a current USA student then leasing a portion of the premises, USART has the right of first opportunity to lease the premises under the same terms as those offered to the third party.

Right of First Refusal: USART has a right of first refusal to purchase our leasehold interest in the event we decide to accept a bona fide offer to sell it to any third party.

The Grove at Nacogdoches

Address:	1602 Cardinal Street Nacogdoches, TX 75961	**Year Opened:**	2007

Market Information

Institution Served:	Stephen F. Austin State University
Fall 2009 Overall Enrollment:	12,845

Property Statistics

			Units	**Beds**
Land Acreage:	13.85			
Square Feet:	217,493	**2bed/2bath**	66	132
Parking Spaces:	600	**3bed/3bath**	130	390
Distance to Campus:	0.4 miles	**Total:**	196	522

Occupancy as of February 28, 2010: 96%

Financing

Debt:	$17,605,714	**Post Offering Debt:**	$17,605,714
Rate:	6.40% fixed		
Amortization:	Interest only for entire term		
Maturity:	February 28, 2013; may be pre-paid at any time without penalty		

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Stephen F. Austin State University, or SFA, is located in Nacogdoches, Texas, approximately 140 miles north of Houston, Texas. As of the 2009 fall semester, SFA had an overall enrollment of 12,845 students, with a full-time undergraduate enrollment of 9,663 students. Undergraduate students under the age of 21 with fewer than 60 semester hours are required to live in on-campus residence halls, and SFA has capacity to house students on campus in traditional dormitory-style, suite-style, and apartment-style options. SFA has recently demolished an aged residence hall and has plans to build a replacement student living center to be completed and occupied for the 2010-2011 academic year.

The Nacogdoches, Texas student housing market is primarily comprised of traditional multi-family and single-family options that compete with The Grove at Nacogdoches. The Grove at Nacogdoches is the market s only purpose-built student housing community. We are not aware of any existing beds being renovated or additional beds being developed to serve in the off campus market.

The Grove at Cheney

Address:	240 S. Cheney-Spangle Road Cheney, WA 99004	**Year Opened:**	2008

Market Information

Institution Served:	Eastern Washington University
Fall 2009 Overall Enrollment:	11,302

Property Statistics

Land Acreage:	13.10		**Units**	**Beds**
Square Feet:	214,935	**2bed/2bath**	64	128
Parking Spaces:	554	**3bed/3bath**	128	384
Distance to Campus:	0.5 miles	**Total:**	192	512
Occupancy as of February 28, 2010:	97%			

Financing

Debt:	$16,080,000	**Post Offering Debt:**	$0
Rate:	LIBOR + 180bps; rate floor of 6.00% (1)		
Amortization:	Interest only for entire term		
Maturity:	January 31, 2011; may be pre-paid at any time without penalty		

(1) $14,780,000 has a rate floor of 6.00% through October 31, 2010

Eastern Washington University, or EWU, is located in Cheney, Washington, approximately 18 miles south of Spokane, Washington. As of the 2009 fall semester, EWU had an overall enrollment of 11,302 students, with a full-time undergraduate enrollment of 8,631 students. EWU does not have a policy requiring students to live on campus. EWU has capacity to house students on campus in traditional dormitory-style, suite-style, and apartment-style options. We are not aware of any plans that EWU has to renovate any of its existing beds or to develop additional beds.

The Cheney, Washington student housing market is primarily comprised of traditional multi-family and single-family options that compete with The Grove at Cheney. We are not aware of any existing beds being renovated or any additional beds being developed to serve this market.

The Grove at Jonesboro

Address:	500 N. Caraway Road Jonesboro, AR 72401	**Year Opened:**	2008

Market Information

Institution Served:	Arkansas State University
Fall 2009 Overall Enrollment:	12,156

Property Statistics

Land Acreage:	14.00		**Units**	**Beds**
Square Feet:	211,943	**2bed/2bath**	72	144
Parking Spaces:	575	**3bed/3bath**	120	360
Distance to Campus:	0.2 miles	**Total:**	192	504
Occupancy as of February 28, 2010:	73%			

Financing

Debt:	$17,075,098	**Post Offering Debt:**	$0
Rate:	LIBOR + 180bps; rate floor of 6.00%(1)		
Amortization:	Interest only for entire term		
Maturity:	January 31, 2011; may be pre-paid at any time without penalty		

(1) $14,893,598 has a rate floor of 6.00% through October 31, 2010

Arkansas State University, or A-State, is located in Jonesboro, Arkansas, approximately 130 miles northeast of Little Rock, Arkansas and approximately 70 miles northwest of Memphis, Tennessee. As of the 2009 fall semester, A-State had an overall enrollment of 12,156 students, with a full-time undergraduate enrollment of 7,732 students. All A-State freshmen, with limited exceptions, are required to live on campus, and A-State has capacity to house students on campus in traditional dormitory-style, suite-style, and apartment-style options. A-State currently has two 50-bed residence halls under construction expected to be completed and occupied for the 2010-2011 academic year.

The Jonesboro, Arkansas student housing market is mainly comprised of traditional multi-family and single-family options that compete with The Grove at Jonesboro. The Grove at Jonesboro is the market s only purpose-built student housing community. We are not aware of any existing beds being renovated or any additional beds being developed to serve this market.

The Grove at Lubbock

Address:	315 N. Utica Drive Lubbock, TX 79416	**Year Opened:**	2008

Market Information

Institution Served:	Texas Tech University
Fall 2009 Overall Enrollment:	30,049

Property Statistics

Land Acreage:	14.54		**Units**	**Beds**
Square Feet:	211,943	**2bed/2bath**	72	144
Parking Spaces:	654	**3bed/3bath**	120	360
Distance to Campus:	2.1 miles	**Total:**	192	504
Occupancy as of February 28, 2010:	79%			

Financing

Debt:	$16,440,000	**Post Offering Debt:**	$0
Rate:	LIBOR + 180bps; rate floor of 6.00% through October 31, 2010		
Amortization:	Interest only for entire term		
Maturity:	January 31, 2011; may be pre-paid at any time without penalty		

Texas Tech University, or TTU, is located in Lubbock, Texas. As of the 2009 fall semester, TTU had an overall enrollment of 30,049 students, with a full-time undergraduate enrollment of 22,061 students. TTU students with less than 30 hours of post-high school academic credit, with limited exceptions, are required to live on campus, and TTU has capacity to house students on campus in traditional dormitory-style, suite-style, and apartment-style options. We do not believe that TTU has any plans to renovate any of its existing beds or to develop any additional beds.

The Lubbock, Texas student housing market offers several purpose-built options in addition to traditional multi-family options that compete with The Grove at Lubbock. We are not aware of any existing beds being renovated or any additional beds being developed in this market.

The Grove at Stephenville

Address:	2825 W. Frey Street Stephenville, TX 76401	**Year Opened:**	2008

Market Information

Institution Served:	Tarleton State University
Fall 2009 Overall Enrollment:	8,598

Property Statistics

Land Acreage:	12.00		**Units**	**Beds**
Square Feet:	211,943	**2bed/2bath**	72	144
Parking Spaces:	533	**3bed/3bath**	120	360
Distance to Campus:	0.8 miles	**Total:**	192	504
Occupancy as of February 28, 2010:	97%			

Financing

Debt:	$16,080,000	**Post Offering Debt:**	$0
Rate:	LIBOR + 180bps; rate floor of 6.00% (1)		
Amortization:	Interest only for entire term		
Maturity:	January 31, 2011; may be pre-paid at any time without penalty		

(1) $14,830,000 has a rate floor of 6.00% through October 31, 2010

Tarleton State University, or Tarleton, is located in Stephenville, Texas, approximately 115 miles southwest of Dallas, Texas. As of the 2009 fall semester, Tarleton had an overall enrollment of 8,598 students, with a full-time undergraduate enrollment of 5,865 students. All first time freshman students who are under 21 years of age, prior to the start of his/her registered semester, and all transfer students who are under 21 years of age, prior to the start of his or her registered semester with less than 12 credits hours, are required to live on campus for two academic years. Tarleton has capacity to house students on campus in traditional dormitory-style, suite-style, and apartment-style options. Two residence halls were recently demolished to create space for the construction of a new residence hall with approximately 300 beds expected to be completed and occupied for the 2010-2011 academic year. There will be a net gain of approximately 118 beds on campus.

The Stephenville, Texas student housing market offers one purpose-built option (other than The Grove at Stephenville) in addition to traditional multi-family and single-family options that compete with The Grove at Stephenville. We are not aware of any existing beds being renovated or additional beds being developed to serve this market.

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The Grove at Troy

Address:	920 E. Academy Street Troy, AL 36081	**Year Opened:**	2008

Market Information

Institution Served:	Troy University
Fall 2009 Overall Enrollment:	6,679 (Troy campus only)

Property Statistics

Land Acreage:	21.00		**Units**	**Beds**
Square Feet:	215,683	**2bed/2bath**	62	124
Parking Spaces:	560	**3bed/3bath**	130	390
Distance to Campus:	0.4 miles	**Total:**	192	514
Occupancy as of February 28, 2010:	94%			

Financing

Debt:	$17,440,000	**Post Offering Debt:**	$0
Rate:	LIBOR + 180bps; rate floor of 6.00%(1)		
Amortization:	Interest only for entire term		
Maturity:	January 31, 2011; may be pre-paid at any time without penalty		

(1) $16,115,000 has a rate floor of 6.00% through October 31, 2010

Troy University, or Troy, has its main campus in Troy, Alabama, approximately 50 miles southeast of Montgomery, Alabama. Troy University also has a large network of online course offerings and satellite campuses. For purposes of our property underwriting, we focus solely on demographics of the main campus in Troy, Alabama. As of the 2009 fall semester, the Troy, Alabama campus had an overall enrollment of 6,679 students, with a full-time undergraduate enrollment of 5,100 students. Students under 19 years of age are required to live on campus, with limited exceptions, and the Troy campus has capacity to house students on campus in traditional dormitory- style, suite-style, and apartment-style options. We do not believe that Troy has any plans to renovate any of its existing beds or to develop any additional beds.

The Troy, Alabama student housing market offers one purpose-built option (other than The Grove at Troy) in addition to traditional multi-family and single-family options that compete with The Grove at Troy. We are not aware of any existing beds being renovated or any additional beds being developed to serve this market.

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The Grove at Waco

Address:	2826 S. University Parks Drive Waco, TX 76706	**Year Opened:**	2008

Market Information

Institution Served:	Baylor University
Fall 2009 Overall Enrollment:	14,614

Property Statistics

Land Acreage:	11.30		**Units**	**Beds**
Square Feet:	213,958	**2bed/2bath**	72	144
Parking Spaces:	519	**3bed/3bath**	120	360
Distance to Campus:	0.8 miles	**Total:**	192	504
Occupancy as of February 28, 2010:	89%			

Financing

Debt:	$16,741,718	**Post Offering Debt:**	$0
Rate:	LIBOR + 180bps; rate floor of 6.00%(1)		
Amortization:	Interest only for entire term		
Maturity:	January 31, 2011; may be pre-paid at any time without penalty		

(1) $15,741,718 has a rate floor of 6.00% through October 31, 2010

Baylor University, or Baylor, is located in Waco, Texas, approximately 100 miles south of Dallas, Texas. As of the 2009 fall semester, Baylor had an overall enrollment of 14,614 students, with a full-time undergraduate enrollment of 11,905 students. All Baylor freshmen are required to live on campus, and Baylor has capacity to house students on campus in traditional dormitory-style, suite-style, and apartment-style options. Baylor has indicated a desire to have sufficient beds on campus to house 50% of its students. Approximately 39% of Baylor students currently are housed on campus.

The Waco, Texas student housing market offers several purpose-built options in addition to traditional multi-family and single-family options that compete with The Grove at Waco. We are not aware of any existing beds being renovated or any additional beds being developed to serve this market.

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The Grove at Wichita

Address:	2909 N. Oliver Street Wichita, KS 67220	**Year Opened:**	2008

Market Information

Institution Served:	Wichita State University
Fall 2009 Overall Enrollment:	14,823

Property Statistics

Land Acreage:	18.65		**Units**	**Beds**
Square Feet:	211,943	**2bed/2bath**	72	144
Parking Spaces:	592	**3bed/3bath**	120	360
Distance to Campus:	1.1 miles	**Total:**	192	504
Occupancy as of February 28, 2010:	79%			

Financing

Debt:	$16,062,180	**Post Offering Debt:**	$0
Rate:	LIBOR + 180bps; rate floor of 6.00%(1)		
Amortization:	Interest only for entire term		
Maturity:	January 31, 2011; may be pre-paid at any time without penalty		

(1) $15,184,180 has a rate floor of 6.00% through October 31, 2010

Wichita State University, or WSU, is located in Wichita, Kansas. As of the 2009 fall semester, WSU had an overall enrollment of 14,823 students, and had a full-time undergraduate enrollment of 8,138 students. All WSU freshmen, with limited exceptions, are required to live on campus, and WSU has capacity to house students on campus in traditional dormitory-style, suite-style, and apartment-style options. We do not believe that WSU has any plans to renovate any of its existing beds or to develop any additional beds.

The Wichita, Kansas student housing market offers primarily traditional multi-family options. The Grove at Wichita is the market s only purpose-built student housing community. We are not aware of any existing beds being renovated or additional beds being developed to serve in this market.

The Grove at Wichita Falls

Address:	5005 Lake Park Drive Wichita Falls, TX 76302	**Year Opened:**	2008

Market Information

Institution Served:	Midwestern State University
Fall 2009 Overall Enrollment:	6,341

Property Statistics

			Units	Beds
Land Acreage:	14.48			
Square Feet:	211,943	**2bed/2bath**	72	144
Parking Spaces:	604	**3bed/3bath**	120	360
Distance to Campus:	1.2 miles	**Total:**	192	504
Occupancy as of February 28, 2010:	65%			

Financing

Debt:	$16,280,000	**Post Offering Debt:**	$0
Rate:	LIBOR + 180bps; rate floor of 6.00% (1)		
Amortization:	Interest only for entire term		
Maturity:	January 31, 2011; may be pre-paid at any time without penalty		

(1) $14,205,000 has a rate floor of 6.00% through October 31, 2010

Midwestern State University, or MSU, is located in Wichita Falls, Texas, approximately 145 miles northwest of Dallas, Texas. As of the 2009 fall semester, MSU had an overall enrollment of 6,341 students, with a full-time undergraduate enrollment of 4,168 students. Students under 21 years of age are required to live on campus unless they are married or live with their parents, and MSU has capacity to house students on campus in traditional dormitory-style, suite-style, and apartment-style options. A new residence hall was delivered in time for the 2009 fall semester. We do not believe that MSU has any plans to renovate any of its existing beds or to develop any additional beds.

The Wichita Falls, Texas student housing market is primarily comprised of traditional multi-family and single-family options. The Grove at Wichita Falls is the market s only purpose-built student housing community. We are not aware of any existing beds being renovated or any additional beds being developed to serve in this market.

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The Grove at Murfreesboro

Address:	1320 Journey Drive Murfreesboro, TN 37130	**Year Opened:**	2009

Market Information

Institution Served:	Middle Tennessee State University
Fall 2009 Overall Enrollment:	25,188

Property Statistics

Land Acreage:	13.63		**Units**	**Beds**
Square Feet:	212,213	**2bed/2bath**	60	120
Parking Spaces:	583	**3bed/3bath**	120	360
Distance to Campus:	0.8 miles	**4bed/4bath**	6	24
Occupancy as of February 28, 2010:	90%	**Total:**	186	504

Financing

Debt:	$16,720,000	**Post Offering Debt:**	$0
Rate:	LIBOR + 180bps; rate floor of 6.00% (1)		
Amortization:	Interest only for entire term		
Maturity:	January 31, 2011; may be pre-paid at any time without penalty		

(1) $14,220,000 has a rate floor of 6.00% through October 31, 2010

Middle Tennessee State University, or MTSU, is located in Murfreesboro, Tennessee, approximately 35 miles southeast of Nashville, Tennessee. As of the 2009 fall semester, MTSU had an overall enrollment of 25,188 students, with a full-time undergraduate enrollment of 18,911 students. MTSU does not have a policy in place requiring certain students to live on campus. MTSU has capacity to house students on campus in traditional dormitory-style, suite-style, and apartment-style options. Three residence halls were recently renovated, and one residence hall currently is undergoing renovation.

The Murfreesboro, Tennessee student housing market offers several purpose-built options in addition to traditional multi-family and single-family options. We are not aware of any existing beds being renovated or additional beds being developed to serve this market.

The Grove at San Marcos

Address:	1200 East River Ridge Parkway San Marcos, TX 78666	**Year Opened:**	2009

Market Information

Institution Served:	Texas State University
Fall 2009 Overall Enrollment:	30,816

Property Statistics

Land Acreage:	19.39		**Units**	**Beds**
Square Feet:	211,943	**2bed/2bath**	72	144
Parking Spaces:	601	**3bed/3bath**	120	360
Distance to Campus:	1.7 miles	**Total:**	192	504
Occupancy as of February 28, 2010:	98%			

Financing

Debt:	$15,131,700	**Post Offering Debt:**	$0
Rate:	LIBOR + 250bps; rate floor of 5.94%		
Amortization:	Interest only for entire term		
Maturity:	May 15, 2011 (with a one-year extension option); may be pre-paid at any time without penalty		

Texas State University, or TSU, is located in San Marcos, Texas, approximately 35 miles southwest of Austin, Texas. As of the 2009 fall semester, TSU had an overall enrollment of 30,803 students, with a full-time undergraduate enrollment of 21,213 students. For the academic year beginning fall 2010, students under the age of 20 with fewer than 30 credit hours and students who graduated from high school within the preceding 12 months of the semester of their admission to TSU are required to live on campus, and TSU has capacity to house students on campus in traditional dormitory-style, suite-style, and apartment-style options. We are not aware of any plans that TSU has to renovate or develop additional beds on campus.

The San Marcos student housing market offers several purpose-built options in addition to traditional multi-family options. We are not aware of any existing beds being renovated or additional beds being developed to serve this market.

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The following describes our Joint Venture properties:

The Grove at Lawrence

Address:	4301 West 24th Place Lawrence, KS 66047	**Year Opened:**	2009

Market Information

Institution Served:	University of Kansas
Fall 2009 Overall Enrollment:	29,242

Property Statistics

Land Acreage:	12.55		**Units**	**Beds**
Square Feet:	214,751	**2bed/2bath**	16	32
Parking Spaces:	523	**3bed/3bath**	156	468
Distance to Campus:	1.6 miles	**Total:**	172	500
Occupancy as of February 28, 2010:	65%			

The University of Kansas, or KU, is located in Lawrence, Kansas, approximately 40 miles west of Kansas City. As of the 2009 fall semester, KU had an overall enrollment of 29,242 students, with a full-time undergraduate enrollment of 18,930 students. KU has capacity to house students on campus in traditional dormitory-style, suite-style, and apartment-style options. KU does not have a policy requiring students to live on campus. We are not aware of any plans that KU has to renovate or develop additional beds on campus.

The Lawrence, Kansas student housing market offers several purpose-built options in addition to traditional multi-family and single-family options. Two properties, in addition to The Grove at Lawrence, opened at the start of the 2009 fall semester.

The Grove at Moscow

Address:	209 East Southview Avenue Moscow, ID 83843	**Year Opened:**	2009

Market Information

Institution Served:	University of Idaho
Fall 2009 Overall Enrollment:	11,957

Property Statistics

Land Acreage:	13.80		**Units**	**Beds**
Square Feet:	211,256	**2bed/2bath**	72	144
Parking Spaces:	502	**3bed/3bath**	120	360
Distance to Campus:	0.5 miles	**Total:**	192	504
Occupancy as of February 28, 2010:	45%			

The University of Idaho, or UI, is located in Moscow, Idaho, approximately 350 miles north of Boise, Idaho and 80 miles southeast of Spokane, Washington. As of the 2009 fall semester, UI had an overall enrollment of 11,957 students, with a full-time undergraduate enrollment of 8,288 students. Beginning in fall 2010, all first year students, with limited exceptions, will be required to live on campus, and UI has capacity to house students on campus in traditional dormitory-style, suite-style, apartment-style and Greek options. We are not aware of any plans that UI has to renovate or develop additional beds on campus.

The Moscow, Idaho student housing market is mainly comprised of traditional multi-family options. The Grove at Moscow is the market s only purpose-built student housing community. We are not aware of any existing beds being renovated or additional beds being developed to serve this market.

We currently lease the real estate for this property from Indian Hills Trading Company, LLC, or Indian Hills, pursuant to a long-term ground lease. Legal title to the real estate is owned by Indian Hills, and legal title to the leasehold interest and the improvements is owned by us. The ground lease has an initial term of 99 years commencing July 28, 2008, with a 25-year extension option. The annual base rent is $78,000 for the first 2 years following the earlier to occur of the rent commencement date and the date we began grading the land and is $144,000 per annum thereafter. Our joint venture has the right to purchase the land and terminate the ground lease at any time during the term of the lease after September 1, 2009, for $1,000,000. In addition, Indian Hills owns certain other property that is adjacent to or near the property. For a period of two years from July 28, 2008, we have a right of first refusal to purchase such property if (a) Indian Hills receives a bona fide written offer for the purchase of all or any part of the other property or (b) Indian Hills intends to use any part of the property for multifamily or student housing purposes.

The manager of this property is The Grove Student Properties. The management agreement has an initial one-year term, and thereafter is automatically renewed on an annual basis with mutual termination rights upon 60 days notice. Our duties as manager are similar to those as a manager of our owned properties. The management agreement terminates upon termination of our ground lease.

The Grove at San Angelo

Address:	4225 S. Jackson Street San Angelo, TX 76903	**Year Opened:**	2009

Market Information

Institution Served:	Angelo State University
Fall 2009 Overall Enrollment:	6,387

Property Statistics

Land Acreage:	32.06		**Units**	**Beds**
Square Feet:	211,943	**2bed/2bath**	72	144
Parking Spaces:	544	**3bed/3bath**	120	360
Distance to Campus:	0.3 miles	**Total:**	192	504
Occupancy as of February 28, 2010:	86%			

Angelo State University, or ASU, is located in San Angelo, Texas, approximately 200 miles northwest of Austin, Texas. As of the 2009 fall semester, ASU had an overall enrollment of 6,387 students, with a full-time undergraduate enrollment of 4,899 students. Single undergraduate students with less than 60 semester credit hours, with limited exceptions, are required to live on campus, and ASU has capacity to house students on campus in traditional dormitory-style, suite-

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style, and apartment-style options. ASU recently completed construction of a new residence hall in early 2009. We are not aware of any plans that ASU has to renovate or develop additional beds on campus.

The San Angelo, Texas student housing market is comprised of one purpose-built option (other than The Grove at San Angelo) in addition to several traditional multi-family and single-family options that compete with The Grove at San Angelo. We are not aware of any existing beds being renovated or any additional beds being developed to serve this market.

The Grove at Conway

Address:	2730 Dave Ward Drive Conway, AR 72032	**Year to Open:**	2010-2011 academic year

Market Information

Institution Served:	University of Central Arkansas
Fall 2009 Overall Enrollment:	11,781

Property Statistics

Land Acreage:	12.84		**Units**	**Beds**
Square Feet:	212,483	**2bed/2bath**	48	96
Parking Spaces:	539	**3bed/3bath**	120	360
Distance to Campus:	0.4 miles	**4bed/4bath**	12	48
		Total:	180	504

The University of Central Arkansas, or UCA, is located in Conway, Arkansas, approximately 30 miles northwest of Little Rock, Arkansas. As of the 2009 fall semester, UCA had an overall enrollment of 11,781 students, with a full-time undergraduate enrollment of 8,507 students. All UCA freshmen, with limited exceptions, are required to live on campus, and UCA has capacity to house students on campus in traditional dormitory-style, suite-style, and apartment-style options. We are not aware of any plans that UCA has to renovate or develop additional beds on campus.

The Conway, Arkansas student housing market is primarily comprised of traditional multi-family and single-family options. The Grove at Conway will be the market s first purpose-built student housing community. We are not aware of any existing beds being renovated or any additional beds being developed to serve this market.

As of March 31, 2010, the percentage of leased units for The Grove at Conway was 53.2%.

The Grove at Huntsville

Address:	2015 Sycamore Avenue Huntsville, TX 77340	**Year to Open:**	2010-2011 academic year

Market Information

Institution Served:	Sam Houston State University
Fall 2009 Overall Enrollment:	16,772

Property Statistics

Land Acreage:	19.40		**Units**	**Beds**
Square Feet:	211,943	**2bed/2bath**	72	144
Parking Spaces:	594	**3bed/3bath**	120	360
Distance to Campus:	0.2 miles	**Total:**	192	504

Sam Houston State University, or SHSU, is located in Huntsville, Texas, approximately 70 miles north of Houston, Texas. As of the 2009 fall semester, SHSU had an overall enrollment of 16,772 students, with a full-time undergraduate enrollment of 12,223 students, and SHSU has capacity to house students on campus in suite-style and apartment-style options. According to SHSU s master plan, SHSU plans to develop an additional 731 beds in the future.

The Huntsville, Texas student housing market offers several purpose-built options in addition to traditional multi-family options. We are not aware of any existing off-campus beds being renovated or any additional beds being developed to serve this market.

As of March 31, 2010, the percentage of leased units for The Grove at Huntsville was 100%.

The Grove at Statesboro

Address:	1150 Brampton Avenue Statesboro, GA 30458	**Year to Open:**	2010-2011 academic year

Market Information

Institution Served:	Georgia Southern University
Fall 2009 Overall Enrollment:	19,086

Property Statistics

			Units	Beds
Land Acreage:	31.83 (includes pond)			
Square Feet:	226,035	**2bed/2bath**	64	128
Parking Spaces:	558	**3bed/3bath**	136	408
Distance to Campus:	0.7 miles	**Total:**	200	536

Georgia Southern University, or GSU, is located in Statesboro, Georgia, approximately 55 miles northwest of Savannah, Georgia. As of the 2009 fall semester, GSU had an overall enrollment of 19,086 students, with a full-time undergraduate enrollment of 14,799 students. All first year students, with limited exceptions, are required to live on campus and GSU has capacity to house students on campus in traditional dormitory-style, suite-style, and apartment-style options. A new 1,001-bed residence hall was delivered in time for the 2009 fall semester.

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The Statesboro, Georgia student housing market offers several purpose-built options in addition to traditional multi-family options. We are not aware of any existing off campus beds being renovated or any additional beds being developed to serve this market.

As of March 31, 2010, the percentage of leased units for The Grove at Statesboro was 57.3%.

Property Management and Monitoring

We maintain an on-site staff at each property, including a General Manager, Sales Manager and Facilities Manager. The on-site staff is responsible for all aspects of the property s operations, including marketing, leasing administration, business administration, financial reporting, ongoing property maintenance, capital projects and residence life and student development. In addition, each property typically has nine student-tenants that live on-site and work for our company on a part-time basis. These individuals, who we refer to as Community Assistants or RockStars, assist in developing lifestyle programming, among other things. We provide oversight to each property on an area basis, with each area typically comprised of six properties. Each area is staffed with an Area Manager, Area Sales Manager and Area Business Manager. The roles of our various staff members are described in greater detail below.

General Managers, Sales Managers and Facilities Managers. The General Manager is responsible for all facets of a property s operation, including the development and implementation of student lifestyle programs, annual budgeting, collection of rents, administration of accounts payable, implementation of the annual marketing plan, administration of all leasing and marketing functions, coordination of property maintenance, asset preservation and capital improvement projects. The General Manager also supervises the residence life program and conducts all hiring, termination, and staff development of on-site personnel. The Sales Manager supports the General Manager and focuses on the leasing and lifestyle programs at the property. The Facilities Manager is responsible for coordinating all maintenance activity at the property and serving as a liaison for larger capital projects in concert with our in-house facilities group.

Community Assistants (CAs or Rock Stars). At each of our properties, we also have a work/live program, typically consisting of nine part-time positions for student staff members, who we refer to as our CAs or RockStars. At each property we generally maintain a ratio of 50-70 students per CA/RockStar. Our CAs/RockStars are selected by our management based upon a set of criteria, including interpersonal skills, leadership capabilities, responsibility, maturity and willingness to meet the challenges and expectations of the position. We use these positions to interface on a peer basis with our student-tenants and to assist with various duties at the properties. Further, we use this position as a feeder for our company, which allows us to evaluate these part-time employees for potential full-time managerial positions with our company after they graduate. It is a position that fits well with many students academic goals while affording them opportunities for personal growth and leadership development. The CAs/RockStars perform the duties of their position in exchange for their room and a stipend. CAs/RockStars are trained to provide support and assistance to our student-tenants on a variety of issues. The CAs/RockStars act as community facilitators by developing an atmosphere that promotes a sense of belonging, support and affiliation. In addition, the CAs/RockStars participate actively in developing and implementing the property s programs and events in connection with the Company s SCORES program. At all times, our CAs/RockStars are expected to be role models and maintain the highest standards of personal conduct. Through observation and interaction with the community, the CAs/RockStars help to identify potential problems and make appropriate referrals so that students may overcome obstacles to their academic achievement. Through their efforts to provide timely, accurate and thorough information in the appropriate format, CAs/RockStars contribute to the smooth and effective operations of our properties. We believe that this position is critical to the success of our properties.

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Area Managers, Area Sales Managers, and Area Business Managers. The Area Manager is responsible for all facets of the operations of properties in his or her area, typically six properties per area. He or she monitors the performance of the properties and the compliance of each of the General Managers with the programs and policies of the company to preserve operational standards across all of the properties in his or her area. The Area Manager is the conduit between centralized planning at the corporate level of our company and decentralized execution at each of the properties. Similar to the property-level Sales Manager, the Area Sales Manager provides support to the leasing and lifestyle programming at all the properties in his or her area. As the corporate marketing department s liaison to area and property operations, the Area Sales Manager monitors the consistency of *The Grove®* brand across the properties and collaborates with the Area and General Managers to market each property effectively. The Area Business Manager is a specialist in accounts receivable who reports to the Area Manager. He or she administers all charges and payments on resident accounts, performs daily deposits and bank statement reconciliations, manages collection efforts for both current and former residents, and supports the properties in matters of customer service.

Leasing and Marketing

Student housing properties are typically leased by the bed on an individual lease liability basis, unlike multi-family housing where leasing is by the unit. Individual lease liability limits each student-tenant s liability to his or her own rent without liability for a roommate s rent. A parent or guardian is required to execute each lease as a guarantor unless the student-tenant provides adequate proof of income. The number of lease contracts that we administer is therefore equivalent to the number of beds occupied rather than the number of units occupied.

Unlike traditional multi-family housing, most of our leases commence and terminate on the same dates each year. In the case of our typical 11.5-month leases, these dates coincide with the commencement of the universities fall academic term and typically terminate at the completion of the last subsequent summer school session. As such, we must re-lease each property in its entirety each year, resulting in significant turnover in our tenant population from year to year. As a result, we are highly dependent upon the effectiveness of our marketing and leasing efforts during the annual leasing season that typically begins in January and ends in August of each year.

Each year we implement a marketing and leasing plan to re-lease each property. We advertise through various media, including print advertising in newspapers, magazines and trade publications; direct mailers; radio advertising; promotional events and supporting public relation campaigns. We typically compete in the off-campus student housing market on the basis of:

- the quality of our facilities, including their proximity to campus, as well as our properties physical location, the size and layout of units and the types of amenities offered;
- rental terms, including price, which varies based on the market in which the property is located, and per-bed rental (individual lease liability), which allows individual student-tenants to avoid responsibility for the rental of an entire apartment unit;
- community environment, including community facilities, amenities and programming, which is overseen by our staff of CAs/RockStars; and
- our relationships with colleges and universities, which may result in our properties being recommended or listed in recruiting and admissions literature provided to incoming and prospective students.

Student Programming / SCORES Program

We believe that our success has been driven, in part, by our focus on student lifestyle programming, including our SCORES program. Our SCORES program is designed to enhance the student lifestyle by facilitating activities at our properties in the following areas:

> ***S****ocial:* parties, group events, movie nights, bonfires, concerts, tavern/game nights, tailgating and homecoming events;
>
> ***C****ultural:* attending plays, concerts, readings, art galleries and open microphone nights;
>
> ***O****utreach:* blood drives, big brother/big sister programs, mentoring, food drives/themed activities;
>
> ***R****ecreational:* intramural sports teams and volleyball and basketball tournaments;
>
> ***E****ducational:* CPR training, resume writing workshops, nutrition classes, self-defense training and job interview rehearsals; and
>
> ***S****piritual:* bible studies, sing-alongs, campus church, guest speakers and reading groups.

We believe that our student programming enhances the lifestyle of our student-tenants and helps to create an environment that is conducive to academic and social success. We do not approach our properties as simply a place for students to live, but rather we seek to assist our student-tenants in building connections with their fellow student-tenants, their communities and the colleges and universities that they attend. We believe that our focus on student lifestyle programming differentiates us from our competitors and makes our properties more attractive to prospective student-tenants and their parents.

GO Team (Grove Outreach)

The Grove Outreach Team, or GO Team, is our service program that supports the various charitable initiatives that we implement at our properties and our corporate office. GO Teams are groups of student-tenants and non-student-tenants that support charitable work in the communities in which we operate. We believe that the GO Team creates emotional attachments to our communities through service while contributing to the areas in which we operate.

Transportation Arrangements

Upon completion of this offering and our formation transactions, we will enter into certain transportation arrangements. We will lease an automobile for each of Messrs. Rollins, Hartnett, Howell, and Bobbitt and Ms. King, with a cost not to exceed $12,000 per year per officer. We will also lease two aircraft from entities in which Ted W. Rollins, our co-chairman and chief executive officer, and Michael S. Hartnett, our co-chairman and chief investment officer, have indirect minority interests. Our payments under the leases are structured to equal our pro rata carrying and operating costs of the aircraft based on our actual usage. As such, it is not expected that the lessors of the aircraft will receive any material profit from the lease payments.

We will own interests in 27 student housing properties located in 11 states. Additionally, our current business plan contemplates the development of approximately five to seven new student housing properties per year. Our properties are located in, and we expect that properties that we develop in the future likely will be located in, medium-sized college and university markets, many of which are not easily accessible by commercial airline service. Our senior officers and

management are frequently required to travel to our properties, development sites and potential development sites on short notice in connection with the performance of their obligations to us. We believe that our leased aircraft provide an efficient and appropriate means for our management team to monitor our operating properties and supervise our development activities, as well as identify and perform diligence on sites for potential future development.

Competition and Competitive Advantages

Competition from Universities and Colleges

We are subject to competition for student-tenants from on-campus housing owned by universities and colleges. On-campus student housing has inherent advantages over off-campus student housing (such as the majority of our properties) in integration with the academic community, which may cause student-tenants to prefer on-campus housing to off-campus housing. Additionally, colleges and universities may have financial advantages that allow them to provide student housing on more attractive terms than we are able to. For example, colleges and universities can generally avoid real estate taxes and borrow funds at lower interest rates than private, for profit real estate concerns, such as us. However, residence halls owned and operated by the primary colleges and universities in the markets in which we operate typically charge lower rental rates but offer fewer amenities than those offered at our properties.

Despite the inherent advantages of on-campus housing, most universities are able to house only a small percentage of their overall enrollment, and are therefore highly dependent on the off-campus market to provide housing for their students. High-quality and well run off-campus student housing can therefore be a critical component of an institution s ability to attract and retain students. Accordingly, universities and colleges often have an interest in encouraging and facilitating the construction of modern off-campus housing alternatives.

Competition from Private Owners

We also compete with other regional and national owner-operators of off-campus student housing in a number of markets as well as with smaller local owner-operators. Currently, the industry is fragmented with no participant holding a dominant market share. There are a number of student housing properties that are located near or in the same general vicinity of many of our properties and that compete directly with our properties. We believe that a number of other large national companies with substantial financial and marketing resources may be potential entrants in the student housing business. The activities of any of these companies could cause an increase in competition for student-tenants and for the acquisition, development and management of other student housing properties, which could reduce the demand for our properties.

Insurance

We carry comprehensive liability, fire, extended coverage, terrorism and rental loss insurance covering all of the properties in our portfolio. Our insurance includes coverage for earthquake damage to properties located in seismically active areas, windstorm damage to properties exposed to hurricanes, and terrorism insurance on all of our properties. In each case, we believe the coverage limits on applicable deductibles are commercially reasonable. All insurance policies are subject to coverage extensions that are typical for our business. We do not carry insurance for generally uninsured losses such as loss from riots or acts of God. We believe the policy specifications and insured limits are appropriate given the relative risk of loss, the cost of the coverage and industry practice and, in the opinion of our company s management, the properties in our portfolio are adequately insured. See Risk Factors Risks Related to the Real Estate

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Industry Uninsured losses or losses in excess of insured limits could materially and adversely affect us.

Regulation

General

Student housing properties are subject to various laws, ordinances and regulations, including regulations relating to common areas. We believe that each of our operating properties has the necessary permits and approvals to operate its business. Apartment community properties are subject to various laws, ordinances and regulations, including regulations relating to recreational facilities, such as swimming pools, activity centers and other common areas.

Americans With Disabilities Act

Our properties must comply with Title III of the ADA, to the extent that such properties are public accommodations as defined by the ADA. The ADA may require removal of structural barriers to access by persons with disabilities in certain public areas of our properties where such removal is readily achievable. We believe that our properties are in substantial compliance with the ADA and that we will not be required to make substantial capital expenditures to address the requirements of the ADA. However, noncompliance with the ADA could result in imposition of fines or an award of damages to private litigants. The obligation to make readily achievable accommodations is an ongoing one, and we will continue to assess our properties and to make alterations as appropriate in this respect.

Fair Housing Act

The Federal Fair Housing Act, its state law counterparts and the regulations promulgated by the U.S. Department of Housing and Urban Development, or HUD, and various state agencies, prohibit discrimination in housing on the basis of race or color, national origin, religion, sex, familial status (including children under the age of 18 living with parents or legal custodians, pregnant women and people securing custody of children under 18) or handicap (disability) and, in some states, on financial capability. A failure to comply with these laws in our operations could result in litigation, fines, penalties or other adverse claims, or could result in limitations or restrictions on our ability to operate, any of which could have an adverse effect on our cash flows from operations. We believe that our properties are in substantial compliance with the Federal Fair Housing Act.

Environmental Matters

Some of our properties contain, or may have contained, or are adjacent to or near other properties that have contained or currently contain storage tanks for the storage of petroleum products or other hazardous or toxic substances. These operations create a potential for the release of petroleum products or other hazardous or toxic substances. Third parties may be permitted by law to seek recovery from owners or operators for personal injury associated with exposure to contaminants, including, but not limited to, petroleum products, hazardous or toxic substances, and asbestos fibers. Also, some of the properties include regulated wetlands on undeveloped portions of such properties and mitigated wetlands on or near our properties, the existence of which can delay or impede development or require costs to be incurred to mitigate the impact of any disturbance. Absent appropriate permits, we can be held responsible for restoring wetlands and be required to pay fines and penalties.

When excessive moisture accumulates in buildings or on building materials, mold growth may occur, particularly if the moisture problem remains undiscovered or is not addressed over a period of time. Some molds may produce airborne toxins or irritants. Concern about indoor exposure to mold has been increasing as exposure to mold may cause a variety of adverse health effects and symptoms, including allergic or other reactions. Some of our properties may contain microbial matter such as mold and mildew. The presence of significant mold at any of our properties could require us to undertake a costly remediation program to contain or remove the mold from the affected property. The presence of significant mold could expose us to liability from student-tenants, employees and others if property damage or health concerns arise.

If any property in our portfolio is not properly connected to a water or sewer system, or if the integrity of such systems are breached, microbial matter or other contamination can develop. If this were to occur, we could incur significant remedial costs and we may also be subject to private damage claims and awards, which could be material. If we become subject to claims in this regard, it could materially and adversely affect us and our insurability for such matters in the future.

Independent environmental consultants conducted Phase I environmental site assessments on all of our properties. Phase I environmental site assessments are intended to evaluate information regarding the environmental condition of the surveyed property and surrounding properties based generally on visual observations, interviews and certain publicly available databases. These assessments do not typically take into account all environmental issues including, but not limited to, testing of soil or groundwater, comprehensive asbestos survey or an invasive inspection for the presence of mold contamination. In some cases where prior use was a concern, additional study was undertaken.

These assessments may have failed to reveal all environmental conditions, liabilities, or compliance concerns. Material environmental conditions, liabilities, or compliance concerns may have arisen after the assessments were conducted or may arise in the future. In addition, future laws, ordinances or regulations may impose material additional environmental liability. The costs of future environmental compliance may affect our ability to pay distributions to our stockholders and such costs or other remedial measures may be material to us.

We cannot assure you that costs of future environmental compliance will not affect our ability to pay distributions to our stockholders or that such costs or other remedial measures will not be material to us. See Risk Factors Risks Related to the Real Estate Industry The conditions at some of our properties may expose us to liability and remediation costs related to environmental matters, which could materially and adversely affect us.

Employees

As of December 31, 2009, we had approximately 424 employees, consisting of:

- approximately 355 on-site employees, including 245 Community Assistants/Rock Stars (who we employ on a part-time basis);
- approximately 19 persons in The Grove Student Properties;
- approximately three persons in Campus Crest Development;
- approximately 21 persons in Campus Crest Construction and its facilities division; and
- approximately 26 executive, corporate administration and financial personnel.

Our employees are not currently represented by a labor union.

Offices

Our principal executive offices are located at 2100 Rexford Road, Suite 414, Charlotte, NC 28211. We also have management offices at each of our properties.

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, we believe that the aggregate amount of such liabilities, if any, in excess of amounts provided or covered by insurance, will not have a material adverse effect on our financial position or results of operations. We are not involved in any material litigation nor, to our knowledge, is any material litigation currently threatened against us or our properties or subsidiaries, other than routine litigation arising in the ordinary course of business.

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MANAGEMENT

Directors, Director Nominees, Executive Officers and Senior Management

Upon completion of this offering, our board of directors will consist of eight members, a majority of which will be independent in accordance with the general independence standards of the NYSE. All of our directors will be elected at each annual meeting of our stockholders to serve until the next annual meeting of stockholders and until their successors are duly elected and qualified. Subject to rights granted under any employment agreements, officers serve at the pleasure of our board of directors.

Our directors, director nominees, executive officers and certain other members of our senior management team, their ages and titles are as follows:

Name	Age	Titles
Ted W. Rollins	47	Co-Chairman of the Board and Chief Executive Officer
Michael S. Hartnett	51	Co-Chairman of the Board and Chief Investment Officer
Earl C. Howell	60	President, Chief Operating Officer and Director
		Independent Director Nominee
		Independent Director Nominee
		Independent Director Nominee
		Independent Director Nominee
		Independent Director Nominee
Donald L. Bobbitt, Jr.	41	Executive Vice President and Chief Financial Officer
Shannon N. King	38	Executive Vice President and Chief Marketing Officer
Brian L. Sharpe	51	Executive Vice President and Division President Development, Construction and Facilities
Howard J. Weissman	41	Senior Vice President Corporate Controller

The following is a biographical summary of the experience of our directors, director nominees, executive officers and certain other senior officers.

Ted W. Rollins. Mr. Rollins is the co-chairman of our board of directors, our chief executive officer and will be a member of our executive committee. As a co-founder of our company, Mr. Rollins, along with Mr. Hartnett, is uniquely qualified to serve as a co-chairman of our board of directors. Prior to founding our company, Mr. Rollins, together with Mr. Hartnett, co-founded and managed companies that have successfully developed and operated service-enriched housing properties. Mr. Rollins has also directed several private real estate focused investment funds. From 1998 through 2002, he was president of St. James Capital, an investment company focused on research-based, structural land investment and niche income property opportunities. He was president of Rollins Investments, Inc., a real estate development and property management company with investments in retail, hospitality and mixed-use developments (Rollins Investments) from 1988 to 1991, and chief financial officer of RealtiCorp®, a research-based land fund which focused on procurement of land for multi-site users such as retail chains, restaurants and convenience stores from 1996 to 1998. He began his career at Drexel Burnham Lambert as a real estate investment banker in 1985. Mr. Rollins received his BSBA from the Citadel and his MBA from Duke University.

Michael S. Hartnett. Mr. Hartnett is the co-chairman of our board of directors, our chief investment officer and will be a member of our executive committee. As a co-founder of our company, Mr. Hartnett, along with Mr. Rollins, is uniquely qualified to serve as a co-chairman of our board of directors. Prior to founding our company, Mr. Hartnett, together with Mr. Rollins, co-founded and managed companies that have successfully developed and operated service-enriched housing properties. He has extensive experience in real estate development and finance, construction management and property operations. Mr. Hartnett was also founder and president of the Percheron Group, a real estate development management services company, and partnered with several ownership groups that focused on student housing opportunities across the southeast United States. From 1994 to 1999, he was co-founder and executive vice president of Senior LifeChoice, LLC, a nationally recognized regional developer and operator of service-enriched senior housing communities. He was vice president at Rollins Investments from 1990 to 1994. Mr. Hartnett received his BS degree in structural engineering from the University of Maine and his MBA from the Fuqua School of Business at Duke University.

Earl C. Howell. Mr. Howell is a member of our board of directors, our president and chief operating officer and will be a member of our executive committee. Mr. Howell has been providing consulting services to our company since October 2009. From 2002 to April 2009, he served in multiple positions with Silverton Bank and its predecessor, The Bankers Bank, including serving as chief operating officer of Silverton Bank, N.A. from 2007 until his departure in April 2009. In his role as chief operating officer at Silverton, Mr. Howell s responsibilities included regional branch administration, payment and settlement operations, information technology and human resources, and involved oversight of over 200 employees. In May 2009, subsequent to Mr. Howell s departure, the Office of the Comptroller of the Currency appointed the Federal Deposit Insurance Corporation as receiver for Silverton Bank, N.A., and in June 2009, Silverton Financial Services, Inc., the parent holding company of Silverton Bank, N.A., filed a chapter 7 petition under the federal bankruptcy code. In May 2009, Mr. Howell founded Harlequin Consulting, a private consulting firm specializing in strategy and executive compensation. In addition to Mr. Howell s professional experience, he served for 30 years on both active duty and reserve in the U.S. Army, attaining the rank of Colonel, Special Forces and serving with deployments ranging from Vietnam to Bosnia. Mr. Howell s extensive experience in leadership roles and managing service driven businesses make him well-qualified to serve as one of our directors. Mr. Howell received his BA and his MBA from the University of North Carolina at Chapel Hill, and he is also a graduate of the U.S. Army War College.

Donald L. Bobbitt, Jr. Mr. Bobbitt is an executive vice president and our chief financial officer and served as the chief financial officer of Campus Crest Group since January 2008. From April 2006 to December 2007, Mr. Bobbitt was chief financial officer of Motorsports Authentics, LLC, a private company which marketed and distributed NASCAR motorsports licensed merchandise. Prior to this, Mr. Bobbitt had an eleven-year career with Speedway Motorsports, Inc., a NYSE listed company, where he served in a variety of positions, including vice president of business operations, assistant corporate controller and vice president of finance. Prior to Speedway Motorsports, Inc., Mr. Bobbitt was in the financial services practice at Deloitte & Touche LLP. Mr. Bobbitt received his BS from Wake Forest University and is a certified public accountant.

Shannon N. King. Ms. King is an executive vice president and our chief marketing officer and served as the chief marketing officer of Campus Crest Group since July 2009. As our chief marketing officer, Ms. King has overall responsibility for sales management, channel management, public relations, marketing communications (including advertising and promotions), pricing, market research and customer service. From September 2007 to July 2009, Ms. King served as

president of The Grove Student Properties, LLC, our marketing, leasing and property management subsidiary. Prior to joining Campus Crest, Ms. King worked for ten years for several senior living providers and has executive experience in operations, sales and marketing and lifestyle development for service-enriched housing. Ms. King received her BA in Interdisciplinary Studies from Southwest Texas State University and her MA Ed. from the University of Houston.

Brian L. Sharpe. Mr. Sharpe is an executive vice president and division president of development, construction and facilities. Since 2006, Mr. Sharpe served as president of Campus Crest Construction and, from April 2008 until December 2009, simultaneously served as the chief operating officer of Campus Crest Group. As both division president and chief operating officer, Mr. Sharpe has overseen the development, construction and maintenance of twenty-six of our twenty-seven properties and directed our global purchasing efforts. From September 1999 until April 2006, Mr. Sharpe served as a senior program manager at BBL Construction Services, LLC, where he shared management responsibilities for the national construction program of BBL Medical Facilities. Mr. Sharpe attended Villanova University.

Howard J. Weissman. Mr. Weissman is a senior vice president and our corporate controller. Since 2009, Mr. Weissman served as corporate controller of Campus Crest Group. Prior to joining Campus Crest from May 2007 through May 2009, Mr. Weissman was controller and chief accounting officer of EOP Operating Limited Partnership, LP, the private company successor to Equity Office Properties Trust, a commercial office real estate company owned by The Blackstone Group. From 2003 through 2007, Mr. Weissman served in a variety of positions with CarrAmerica Realty Corporation, a commercial office real estate and NYSE listed company, such as assistant controller, vice president of Shared Services and controller. He received a BBA from George Washington University, an MBA from the University of Maryland and is a certified public accountant.

Board Committees

Upon completion of this offering, our board of directors will form an audit committee, a compensation committee, a nominating and corporate governance committee and an executive committee and adopt charters for each of these committees. Each of these committees, with the exception of the executive committee, will be composed exclusively of independent directors, as defined by the listing standards of the NYSE then in effect. Moreover, our compensation committee will be composed exclusively of individuals intended to be, to the extent required by Rule 16b-3 of the Exchange Act, non-employee directors and will, at such times as we are subject to Section 162(m) of the Internal Revenue Code, qualify as outside directors for purposes of Section 162(m) of the Internal Revenue Code. Our board of directors may from time to time establish certain other committees to facilitate the management of our company and may change the responsibilities of our existing committees.

Audit Committee

Our audit committee will consist of , and , each of whom will be an independent director. will chair our audit committee and will serve as our audit committee financial expert, as that term is defined by the SEC. Our audit committee will assist the board in overseeing, among other things:

- our system of internal controls;
- our accounting and financial reporting processes;
- the integrity and audits of our combined financial statements;

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our compliance with legal and regulatory requirements;

the qualifications and independence of our independent auditors; and

the performance of our independent auditors and any internal auditors.

Our audit committee also will be responsible for engaging independent certified public accountants, reviewing with the independent certified public accountants the plans and results of the audit engagement, approving professional services provided by the independent certified public accountants, reviewing the independence of the independent certified public accountants, considering the range of audit and non-audit fees and reviewing the adequacy of our internal accounting controls. The committee will also approve the audit committee report required by SEC regulations to be included in our annual proxy statement.

Compensation Committee

Our compensation committee will consist of , and , each of whom will be an independent director. will chair our compensation committee. The principal functions of our compensation committee will include:

evaluating the performance of our officers;

establishing overall employee compensation policies and recommending, as appropriate or necessary, to our board of directors major compensation programs;

reviewing and approving the compensation payable to our officers, including salary and bonus awards and awards under our 2010 Incentive Award Plan;

administering our 2010 Incentive Award Plan and any other compensation plans, policies and programs of ours; and

assisting management in complying with our proxy statement and annual report disclosure requirements.

Nominating and Corporate Governance Committee

Our nominating and corporate governance committee will consist of , and , each of whom will be an independent director. will chair our nominating and corporate governance committee. The principal functions of our nominating and corporate governance committee will include:

seeking, considering and recommending to our board of directors qualified candidates for election as directors, recommending a slate of nominees for election as directors at the annual meeting of stockholders and verifying the independence of directors;

recommending to our board of directors the appointment of each of our executive officers;

periodically preparing and submitting to our board of directors for adoption the committee s selection criteria for director nominees;

reviewing and making recommendations on matters involving the general operation of our board of directors and our corporate governance;

annually recommending to our board the nominees for each committee of the board;

annually facilitating the assessment of our board of directors performance as a whole and of the individual directors and report thereon to our board; and

discharging the board s responsibilities relating to compensation to our directors.

Executive Committee

Our executive committee will consist of Mr. Rollins, Mr. Hartnett, Mr. Howell and . Mr. Rollins and Mr. Hartnett will co-chair our executive committee. During the intervals between meetings of our board of directors, our executive committee shall have and exercise the authority of our board of directors in the control and management of our business in all matters in which specific direction shall not have been given by our full board of directors. Our executive committee charter and the MGCL limits the authority of our executive committee in certain instances.

Director Compensation

We will pay a $24,000 annual director s fee to each of our independent directors in cash. Each independent director will also receive a fee of $2,000 for attendance at every in-person meeting of our board of directors and committee of our board of directors (unless a committee meeting is on the same day as a board meeting) and a fee of $1,000 for attendance at every telephonic meeting of our board of directors and committee of our board of directors (unless a committee meeting is on the same day as a board meeting), up to a maximum of $15,000 per year. Further, all members of our board of directors will be reimbursed for their reasonable out-of-pocket costs and expenses in attending all meetings of our board of directors and its committees. We will pay an annual fee of $6,000 to the chair of each of our audit committee, our compensation committee and our nominating and corporate governance committee.

Code of Ethics

Upon completion of this offering, our board of directors will adopt a code of ethics that applies to all of our directors, officers and employees. The code of ethics will address, among other things, honesty and ethical conduct, conflicts of interest, compliance with laws, regulations and policies, including disclosure requirements under the federal securities laws, confidentiality, trading on insider information and reporting of violations of the code of ethics. Upon adoption, a copy of our code of ethics will be posted on our website.

Compensation Committee Interlocks and Insider Participation

None of our executive officers currently serves, or in the past year has served, as a member of the board of directors or compensation committee of any entity that has one or more executive officers on our board of directors or compensation committee.

Executive Compensation

Compensation Discussion and Analysis

The following describes our compensation program for our named executive officers, which will include Ted W. Rollins, our co-chairman and chief executive officer, Michael S. Hartnett, our co-chairman and chief investment officer, Earl C. Howell, a member of our board of directors and our president and chief operating officer, Donald L. Bobbitt, Jr., an executive vice president and

our chief financial officer and Shannon N. King, an executive vice president and our chief marketing officer. This program will be effective upon completion of this offering and our formation transactions. The following discussion and analysis should be read together with the tables and related footnote disclosures detailed below.

Executive Compensation Program Objectives

The primary objective of our executive compensation program will be to attract, motivate and retain talented, high-caliber executives necessary to lead us in achieving business success. We believe that our executive compensation program will support these objectives by providing our named executive officers with a base salary and the opportunity to earn an annual cash bonus, as well as awards under our 2010 Incentive Award Plan.

Annual Base Salary

Our named executive officers will receive an annual base salary based on position-specific responsibilities, taking into account competitive market compensation for similar positions, the skills and experience of the individual, internal equity among executive officers and individual performance. Under the terms of the employment agreements we will enter into with each of our named executive officers, we will pay each of Messrs. Rollins, Hartnett and Howell an annual base salary of $360,000, and Mr. Bobbitt and Ms. King an annual base salary of $275,000 and $200,000, respectively, subject in each case to increase in accordance with our normal executive compensation practices. Upon the expiration of these employment agreements, we anticipate that our executive committee will analyze the base salaries paid to our named executive officers (other than salaries paid to members of the executive committee, which will be reviewed by the board) and provide our compensation committee with recommended compensation levels for these executives.

Annual Cash Bonus

Annual cash bonuses are designed to incentivize our named executive officers at a variable level of compensation based on our and such individual s performance. In connection with our annual cash bonus program, we expect that our compensation committee will determine annual performance criteria that are flexible and that change with the needs of our business. Our annual cash bonus program will be designed to reward the achievement of specific financial and operational objectives. For 2010, each of our named executive officers are eligible for a cash bonus of between 50% and 100% of their base salary, with the amount of such bonus dependent meeting certain performance-based criteria. In addition, upon the completion of this offering, Messrs. Bobbitt and Weissman will be paid a cash bonus of $200,000 and $125,000, respectively.

Equity Awards

We will provide equity awards to our named executive officers pursuant to our 2010 Incentive Award Plan. Time-vested equity awards are designed to focus and reward our named executive officers in accordance with our long-term goals and enhance stockholder value. In determining equity awards, we anticipate that our compensation committee will take into account our overall financial performance. In addition, our 2010 Incentive Award Plan will replace a deferred compensation plan, or DCP, which was previously used by Campus Crest Group for executive compensation. Awards outstanding under the DCP will be exchanged for substantially similar awards granted under the 2010 Incentive Award Plan.

Upon completion of this offering, Messrs. Howell and Bobbitt and Ms. King will receive an aggregate of 150,000 shares of restricted common stock (worth approximately $ million based

on the mid-point of the price range set forth on the cover page of this prospectus) under the 2010 Incentive Award plan. For further information on these share grants and our 2010 Incentive Award Plan, see Initial Public Offering Grants of Plan-Based Awards and 2010 Incentive Award Plan below.

Benefits and Perquisites

Each of our named executive officers may participate in the standard company benefits that we offer to all full-time employees. These benefits include medical, dental and vision insurance, life insurance, paid time off and a 401(k) retirement plan, to which we intend to make matching contributions. Our senior officers and management may use our leased aircraft for personal travel, provided that they reimburse us for our incremental cost associated with their actual usage. In addition, we will lease an automobile for each of our named executive officers, with a cost not to exceed $12,000 per year per officer.

Severance

Under their employment agreements, each of our named executive officers will be entitled to receive severance payments and benefits under certain circumstances in the event that his or her employment is terminated by us without cause or by the executive for good reason, or in the event of a change of control in our company (each as defined in the applicable employment agreement). These severance payments and benefits are designed to protect and compensate our named executive officers under those circumstances. These circumstances, payments and benefits are described below under Employment Agreements Potential Payments Upon Termination or Change of Control.

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Summary of Executive Compensation Table

The following table sets forth the compensation expected to be paid in fiscal year 2010 on an annualized basis to our named executive officers following the completion of this offering. Because we were only recently organized and our named executive officers were not entitled to any compensation from us prior to the completion of this offering, compensation information for prior periods is not applicable. As discussed below under Employment Agreements, we will enter into employment agreements with each of our named executive officers upon completion of this offering. Following the completion of this offering, we will assign certain of the rights and obligations under the employment agreements with the applicable named executive officers to our operating partnership, which will also employ the named executive officers and will pay their compensation.

Name and Principal Position	Year	Salary ($)	Bonus ($) (1)	Stock Awards ($)	Non-Equity Incentive Plan Compensation ($)	Change in Pension Value and NonQualified Deferred Compensation Earnings ($)	All Other Compensation ($) (2)	Total ($) (1)
Ted W. Rollins Co-Chairman of the Board and Chief Executive Officer	2010	360,000					12,000	372,000
Michael S. Hartnett Co-Chairman of the Board and Chief Investment Officer	2010	360,000					12,000	372,000
Earl C. Howell President and Chief Operating Officer	2010	360,000		(3)			12,000	
Donald L. Bobbitt, Jr. Executive Vice President and Chief Financial Officer	2010	275,000	200,000(4)	(5)			12,000	
Shannon N. King Executive Vice President and Chief Marketing Officer	2010	200,000		(6)			12,000	

(1) Each of our named executive officers is also entitled to an annual cash bonus ranging from 50% to 100% of his or her base salary in the event certain performance-based criteria are met.

(2) We will lease an automobile for each of Messrs. Rollins, Hartnett, Howell and Bobbitt and Ms. King, with a cost not to exceed $12,000 per year per officer.

(3) Reflects 66,667 shares of restricted common stock granted to Mr. Howell upon completion of this offering that will vest ratably on each of the first three anniversaries of the date of the grant.

(4) Reflects a cash bonus payable upon completion of this offering.

(5) Reflects 53,334 shares of restricted common stock granted to Mr. Bobbitt upon completion of this offering. Of this amount (i) 8,056 shares reflect shares issued under our 2010 Incentive Award Plan in exchange for awards that were fully vested under the DCP, which vest immediately, (ii) 18,611 shares reflect shares issued under our 2010 Incentive Award Plan in exchange for awards that were not fully vested under the DCP, which will vest ratably in equal installments on the first two anniversaries of the date of the grant and (iii) 26,667 shares reflect shares issued under our

2010 Incentive Award Plan unrelated to the DCP, which will vest ratably on each of the first three anniversaries of the date of the grant.

(6) Reflects 29,999 shares of restricted common stock granted to Ms. King upon completion of this offering. Of this amount (i) 15,000 shares reflect shares issued under our 2010 Incentive Award Plan in exchange for awards that were fully vested under the DCP, which vest immediately, (ii) 11,666 shares reflect shares issued under our 2010 Incentive Award Plan in exchange for awards that were not fully vested under the DCP, which will vest in equal installments on the first two anniversaries of the date of the grant and (iii) 3,333 shares reflect shares issued under our 2010 Incentive Award Plan unrelated to the DCP, which will vest ratably on each of the first three anniversaries of the date of the grant.

Initial Public Offering Grants of Plan-Based Awards

The following table and accompanying footnotes set forth the material terms regarding the grant of restricted common stock to our named executive officers and certain other members of our management team under our 2010 Incentive Award Plan upon the completion of this offering.

Name	Grant Date [1]	Share or Unit Awards Related to the DCP; Number of Shares or Units (#)	All Other Share or Unit Awards; Number of Shares or Units (#) [2]	Grant Date Fair Value [3]
Ted W. Rollins Co-Chairman of the Board and Chief Executive Officer				
Michael S. Hartnett Co-Chairman of the Board and Chief Investment Officer				
Earl C. Howell President and Chief Operating Officer			66,667	
Donald L. Bobbitt, Jr. Executive Vice President and Chief Financial Officer		26,667 [4]	26,667	
Shannon N. King Executive Vice President and Chief Marketing Officer		26,666 [5]	3,333	
All other employees as a group		46,667 [6]	19,333	

(1) Grants will be effective on the date of completion of this offering.

(2) These grants of restricted common stock are unrelated to the DCP and will vest ratably on each of the first three anniversaries of the date of the grant.

(3) The fair value of the grants of restricted common stock are based on per share value of $, the mid-point of the price range set forth on the cover page of this prospectus.

(4) Of this amount (i) 8,056 shares reflect shares issued under our 2010 Incentive Award Plan in exchange for awards that were fully vested under the DCP, which vest immediately and (ii) 18,611 shares reflect shares issued under our 2010 Incentive Award Plan in exchange for awards that were not fully vested under the DCP, which will vest in equal installments on the first two anniversaries of the date of the grant.

(5) Of this amount (i) 15,000 shares reflect shares issued under our 2010 Incentive Award Plan in exchange for awards that were fully vested under the DCP, which vest immediately and (ii) 11,666 shares reflect shares issued under our 2010 Incentive Award Plan in exchange for awards that were not fully vested under the DCP, which will vest in equal installments on the first two anniversaries of the date of the grant.

(6) Of this amount (i) 31,667 shares reflect shares issued under our 2010 Incentive Award Plan in exchange for awards that were fully vested under the DCP, which vest immediately and (ii) 15,000 shares reflect shares issued under our

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2010 Incentive Award Plan in exchange for awards that were not fully vested under the DCP, which will vest in equal installments on the first two anniversaries of the date of the grant.

Employment Agreements

Upon completion of this offering, we will enter into employment agreements with each of our named executive officers. The employment agreements will provide for Mr. Rollins to serve as our chief executive officer, for Mr. Hartnett to serve as our chief investment officer, for Mr. Howell to serve as our president and chief operating officer, for Mr. Bobbitt to serve as an executive vice president and our chief financial officer and for Ms. King to serve as an executive vice president and our chief marketing officer. These employment agreements will require each of our named executive officers to devote their full business time attention, skill and efforts to our operations. The initial term of the employment agreements shall be three years for each of Messrs. Rollins and Hartnett, two years for each of Messrs. Howell and Bobbitt and one year for Ms. King. Each employment agreement will provide for automatic one-year extensions after the expiration of its term, unless either party provides at least three months notice of non-renewal.

The employment agreements will provide for:

- an annual base salary of $360,000 for each of Messrs. Rollins, Hartnett and Howell, and $275,000 and $200,000 for Mr. Bobbitt and Ms. King, respectively, subject in each case to increase in accordance with our normal executive compensation practices;

- eligibility for annual cash performance bonuses determined by our board of directors, in accordance with the terms of our incentive compensation plan to be adopted by our board of directors, with potential bonuses ranging from 50% to 100% of base salary if performance targets are achieved;

- eligibility to participate in our 2010 Incentive Award plan;

- Messrs. Howell and Bobbitt and Ms. King, respectively, to receive 66,667, 26,667, and 3,333 shares of restricted common stock unrelated to awards under the DCP (worth approximately $ million, $ million and $ million, respectively, based on the mid-point of the price range set forth on the cover page of this prospectus) upon completion of this offering; these shares will vest annually in three equal installments beginning on the one-year anniversary of the grant;

- participation in any other employee benefit plans, insurance policies or contracts maintained by us relating to retirement, health, disability, vacation, auto and other related benefits.

Potential Payments Upon Termination or Change of Control

The employment agreements will provide that if the agreement is terminated by us without cause or by the executive for good reason within 24 months following a change in control of our company, (i) each of Messrs. Rollins and Hartnett will be entitled to a lump sum cash payment equal to three times his then current annual base salary plus the bonus paid to him in the prior year (or, if no bonus was paid, 50% of his target bonus for the current year), (ii) each of Messrs. Howell and Bobbitt will be entitled to a lump sum cash payment equal to two times his then current annual base salary plus the bonus paid to him in the prior year (or, if no bonus was paid, 50% of his target bonus for the current year) and (iii) Ms. King will be entitled to a lump sum cash payment equal to her then current base salary plus the bonus paid to her in the prior year (or, if no bonus was paid, 50% of her target bonus for the current year). In the event the

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agreement is terminated by us without cause or by the executive for good reason and not within 24 months following a change in control of our company (i) each of Messrs. Rollins and Hartnett will be entitled to a lump sum cash payment equal to two times his then current annual base salary plus the bonus paid to him in the prior year (or, if no bonus was paid 50%, of his target bonus for the current year) and (ii) each of Messrs. Howell, Bobbitt and Ms. King will be entitled to a lump sum cash payment equal to his or her then current annual base salary plus the bonus paid to him or her in the prior year (or, if no bonus was paid, 50% of his or her target bonus for the current year).

In addition, the employment agreements will provide that if the executive is terminated either by us without cause or by the executive for good reason, with or without a change in control of our company, then any unvested equity awards granted to such named executive officer shall immediately vest.

The employment agreements will define cause as the (i) employee s act of gross negligence or misconduct that has the effect of injuring the business of us and our affiliates, taken as a whole, in any material respect, (ii) employee s conviction or plea of guilty or nolo contendere to the commission of a felony by employee, (iii) commission by the employee of an act of fraud or embezzlement against us or our affiliates, or (iv) employee s willful breach of any material provision of his or her employment agreement or related confidentiality and non-compete agreement, that will be entered into contemporaneously with the employment agreement.

The employment agreements will define good reason as (i) a material involuntary reduction in employee s duties or function, (ii) a material reduction in the employee s compensation package other than as mutually agreed, (iii) the employee s involuntary relocation to a principal place of work more than 30 miles from Charlotte, North Carolina or (iv) a material breach by us of our obligations under the applicable employment agreement**,** provided that the employee gives us notice of his or her belief that he or she has good reason to terminate the applicable employment agreement and we fail to cure the breach within 30 business days of receipt of the employee s notice.

Confidentiality and Noncompetition Agreements

Upon completion of this offering, we will enter into confidentiality and noncompetition agreements with each of our named executive officers under which they will agree not to, directly or indirectly: (i) engage in any business activities involving the development, construction, acquisition, sale, marketing or management of facilities whose primary function and purpose is student housing and/or the provision of third-party student housing services to providers of student housing, whether individually or as principal, partner, officer, director, consultant, contractor, employee, stockholder or manager of any person, partnership, corporation, limited liability company or any other entity; or (ii) own interests in student housing properties that are competitive, directly or indirectly, with any business carried on by us.

Each of Messrs. Rollins, Hartnett, Howell and Bobbitt will be bound by his non-competition covenant for so long as he is serving in his capacity as a named executive officer and for a two-year tail period thereafter. Ms. King will be bound by a similar noncompetition covenant, but for a one-year tail period after the end of her service as an executive vice president and our chief marketing officer.

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Indemnification Agreements

Upon completion of this offering, we will enter into indemnification agreements with each of our executive officers and directors that will indemnify them to the maximum extent permitted by Maryland law. The indemnification agreements will provide that:

If a director or executive officer is a party or is threatened to be made a party to any threatened, pending or completed proceeding, other than a derivative proceeding by or in the right of our company, by reason of the director s or executive officer s status as a director, officer or employee of our company, we must indemnify the director or executive officer against all judgments, penalties, fines and amounts and all expenses incurred by the director or executive officer or on behalf of the director or executive officer unless it is established that:

- the act or omission of the director or executive officer was material to the matter giving rise to the proceeding and was committed in bad faith or was the result of active and deliberate dishonesty;
- the director or executive officer actually received an improper personal benefit in money, property or services; or
- with respect to any criminal proceeding, the director or executive officer had reasonable cause to believe that his or her conduct was unlawful.

If a director or executive officer is a party or is threatened to be made a party to any derivative proceeding by or in the right of our company to procure a judgment in our company s favor by reason of the director s or executive officer s status as a director or executive officer of our company, we must indemnify the director or executive officer for all amounts paid in settlement and all expenses incurred by him or her, or on his or her behalf, unless it is established that:

- the act or omission of the director or executive officer was material to the matter giving rise to the proceeding and was committed in bad faith or was the result of active and deliberate dishonesty; or
- the director or executive officer actually received an improper personal benefit in money, property or other services.

Notwithstanding, and without limiting, any other provisions of the agreements, if a director or executive officer is a party or is threatened to be made a party to any proceeding by reason of the director s or executive officer s status as a director, officer or employee of our company, and the director or executive officer is successful, on the merits or otherwise, as to one or more but less than all claims, issues or matters in such proceeding, we must indemnify the director or executive officer for all expenses incurred by him or her, or on his or her behalf, in connection with each successfully resolved claim, issue or matter, allocated on a reasonable and proportionate basis, including any claim, issue or matter in such a proceeding that is terminated by dismissal, with or without prejudice.

We must pay all indemnifiable expenses in advance of the final disposition of any proceeding if the director or executive officer furnishes us with a written affirmation of the director s or executive officer s good faith belief that the standard of conduct necessary for indemnification by our company has been met and a written undertaking to reimburse us if a court of competent jurisdiction determines that the director or executive officer is not entitled to indemnification. We must pay all indemnifiable expenses to the director or executive officer within 20 calendar days following the date the director or executive officer submits evidence of the expenses to us.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers or persons controlling the registrant pursuant to the foregoing provisions, the registrant has been informed that in the opinion of the SEC such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

2010 Incentive Award Plan

Immediately prior to the consummation of this offering, we intend to adopt the 2010 Incentive Award Plan.

Purpose. The purposes of the 2010 Incentive Award Plan will be to attract and retain qualified persons upon whom, in large measure, our sustained progress, growth and profitability will depend, to motivate the participants to achieve long-term company goals and to more closely align the participants interests with those of our other stockholders by providing them with a proprietary interest in our growth and performance.

Eligibility. The 2010 Incentive Award Plan permits the grant of incentive awards to executive officers, employees, consultants and non-employee directors of our company and its affiliates as determined by the compensation committee.

Aggregate Shares. Subject to adjustment as provided in the 2010 Incentive Award Plan, the aggregate number of shares of common stock reserved for issuance pursuant to awards granted under the 2010 Incentive Award Plan is 2,500,000. Upon completion of this offering will we issue an aggregate of 216,000 restricted shares of common stock to our named executive officers and certain other members of our management team, leaving 2,284,000 shares of common stock available for issuance under the plan.

Committed Awards. Messrs. Howell and Bobbitt and Ms. King, respectively, are to receive 66,667, 53,334, and 29,999 shares of restricted common stock, including shares issued in exchange for awards under the DCP (worth approximately $ million, $ million and $ million, respectively, based on the mid-point of the price range set forth on the cover page of this prospectus). In addition, we have agreed to grant other members of our management team an aggregate of 66,000 shares of restricted common stock, including shares issued in exchange for awards under the DCP (worth approximately $ million based on the mid-point of the price range set forth on the cover page of this prospectus) upon completion of this offering. For further information on the number of restricted shares of common stock granted and the vesting of these shares, see Executive Compensation Initial Public Offering Grants of Plan-Based Awards above.

Administration. The 2010 Incentive Award Plan will be administered by our compensation committee, which will interpret the plan and have broad discretion to select the eligible persons to whom awards will be granted, as well as the type, size and terms and conditions of each award, including the exercise price of stock options, the number of shares subject to awards and the expiration date of, and the vesting schedule or other restrictions applicable to, awards. The compensation committee may establish, adopt or revise any rules and regulations as it may deem advisable to administer the 2010 Incentive Award Plan. The board of directors may at any time administer the 2010 Incentive Award Plan. If it does so, it will have all the powers of the compensation committee.

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Permissible Awards. The 2010 Incentive Award Plan allows us to grant the following types of awards:

- options to purchase shares of common stock (non-qualified and incentive stock options);
- stock appreciation rights, or SARs;
- restricted stock and restricted stock units;
- performance shares;
- performance units;
- dividend equivalents; and
- other stock-based awards.

Minimum Vesting Requirements. Any award of stock (other than an option) granted under the 2010 Incentive Award Plan unrelated to the DCP will either (i) be subject to a minimum vesting period of three years (which may include graduated vesting within such three-year period), or one year if the vesting is based on performance criteria other than continued service, or (ii) be granted solely in exchange for foregone cash compensation.

Stock Options. The compensation committee is authorized to grant incentive stock options or non-qualified stock options under the 2010 Incentive Award Plan. The terms of an incentive stock option must meet the requirements of Section 422 of the Internal Revenue Code of 1986, as amended. The exercise price of an option may not be less than the fair market value of the underlying stock on the date of grant and no option may have a term of more than 10 years.

Stock Appreciation Rights. The compensation committee may also grant SARs. These provide the holder the right to receive the excess, if any, of the fair market value of one share of common stock on the date of exercise, over the base price of the stock appreciation right as determined by the compensation committee, which will not be less than the fair market value of one share of common stock on the grant date. SARs may be payable in cash or shares of common stock or a combination thereof. No SAR may be exercised more than 10 years from the grant date.

Restricted Stock Awards. The compensation committee may make awards of restricted stock to participants, which will be subject to such restrictions on transferability and other restrictions as the compensation committee may impose (including, without limitation, limitations on the right to vote restricted stock or the right to receive dividends, if any, on the restricted stock).

Restricted Stock Units. The compensation committee may make awards of restricted stock units to non-employee directors, which will be subject to such restrictions on transferability and other restrictions as the compensation committee may impose. Upon lapse of such restrictions, shares of common stock or cash may be issued to the participant in settlement of the restricted stock units.

Performance Awards. The compensation committee may grant performance awards that are designated in cash (performance units) or in shares of common stock (performance shares). The compensation committee will have the complete discretion to determine the number of performance awards granted to any participant and to set performance goals and other terms or conditions to payment of the performance awards in its discretion which, depending on the extent to which they are met, will determine the number and value of performance awards that will be paid to the participant.

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Dividend Equivalents. The compensation committee is authorized to grant dividend equivalents to participants subject to such terms and conditions as may be selected by the compensation committee. Dividend equivalents entitle the participant to receive payments equal to dividends with respect to all or a portion of the shares of common stock subject to an award, as determined by the compensation committee.

Other Stock-Based Awards. The compensation committee may, subject to limitations under applicable law, grant to participants such other awards that are payable in, valued in whole or in part by reference to, or otherwise based on or related to shares of common stock as deemed by the compensation committee to be consistent with the purposes of the 2010 Incentive Award Plan, including, without limitation, shares of common stock awarded purely as a bonus and not subject to any restrictions or conditions, convertible or exchangeable debt securities, other rights convertible or exchangeable into shares of common stock, and awards valued by reference to book value of shares of common stock or the value of securities of or the performance of specified parents or subsidiaries. The compensation committee will determine the terms and conditions of any such awards, subject to the minimum vesting requirements discussed above.

Performance Goals. Options and SARs granted under the 2010 Incentive Award Plan will automatically qualify as performance-based awards that are fully deductible by our company without regard to the $1 million deduction limit imposed by § 162(m) of the Internal Revenue Code. The compensation committee may designate any other award under the 2010 Incentive Award Plan (such as, for example, a cash incentive bonus or restricted stock award) as a qualified performance-based award in order to make the award fully deductible under Internal Revenue Code § 162(m). If an award is so designated, the compensation committee must establish objectively determinable performance goals for the award based on one or more performance criteria, which may be expressed in terms of company-wide objectives or in terms of objectives that relate to the performance of a division, affiliate, region, department or function within our company or an affiliate. Performance criteria may be specified in absolute terms, in percentages, or in terms of growth from period to period or growth rates over time, as well as measured relative to an established or specially created index of company competitors or peers. Performance criteria for qualified performance-based awards will be limited to specified levels or increases in:

- earnings per share or other corporate measure;
- profit (net profit, gross profit, operating profit, economic profit or other profit measures);
- net income;
- revenue;
- stock price or performance;
- total stockholder return;
- return measures (return on assets, capital, equity or revenue);
- FFO;
- EBITDA (earnings before interest, taxes, depreciation and amortization);
- market share;
- expenses;

business expansions or consolidation;

internal rate of return; and

planning accuracy.

For a qualified performance-based award, the compensation committee must establish such goals prior to the beginning of the period for which such performance goal relates (or such later date as may be permitted under applicable tax regulations) and the compensation committee may not increase any award or, except in the case of certain qualified terminations of employment, waive the achievement of any specified goal. Any payment of an award granted with performance goals will be conditioned on the written certification of the compensation committee in each case that the performance goals and any other material conditions were satisfied.

Limitations on Transfer; Beneficiaries. No award will be assignable or transferable by a participant other than by will or the laws of descent and distribution or, except in the case of an incentive stock option, pursuant to a qualified domestic relations order; provided, however, that the compensation committee may (but need not) permit other transfers where the compensation committee concludes that such transferability does not result in accelerated taxation, does not cause any option intended to be an incentive stock option to fail to qualify as such, and is otherwise appropriate and desirable. No award may be transferred for value. A participant may, in the manner determined by the compensation committee, designate a beneficiary to exercise the rights of the participant and to receive any distribution with respect to any award upon the participant s death.

Acceleration Upon Certain Events. Unless otherwise provided in an award agreement, if a participant is terminated without cause (as such terms are defined in the 2010 Incentive Award Plan) within 24 months after a change in control of our company (as defined in the 2010 Incentive Award Plan), all of such participant s outstanding options and SARs will become fully vested and exercisable and all restrictions on his or her outstanding restricted stock awards will lapse. In each of the above cases except retirement, the compensation committee also may (but need not) waive the achievement of performance goals under the participant s Internal Revenue Code § 162(m) performance-based awards. The compensation committee may accelerate awards for any other reason. The compensation committee may discriminate among participants or among awards in exercising such discretion.

Termination of Employment. Unless otherwise provided in an award agreement, all awards that are unvested, vested and unexercised shall automatically be forfeited if a participant s employment is terminated for cause as defined in the 2010 Incentive Award Plan. An option or SAR that is not vested on the date of a participant s termination of employment shall lapse. For options and SARs that are vested at termination of employment, the period for exercising the option or SAR shall end 90 days after termination of employment other than by reason of death, disability or retirement at or after age 65. If a participant terminates employment on account of disability, the exercise period shall end one year after termination of employment. If a participant terminates employment on account of death or dies during the applicable ninety-day or one-year period described above, the exercise period shall end one year after the date of the participant s death. If a participant terminates employment by reason of retirement on or after age 65, the exercise period shall be the original term of the option or SAR.

In the case of restricted stock and restricted stock units as to which the restrictions have not lapsed or any performance shares or performance units that have not been fully earned, the awards will be forfeited unless the compensation committee otherwise determines upon termination of employment other than on account of death, disability or retirement on or after age 65.

Such awards shall become immediately vested and earned as of a participant s termination of employment on account of death or disability. For terminations on account of retirement at or after age 65, any such awards shall become vested and earned in proportion to the period of time from grant date to retirement to the total period in the original term of the award.

Adjustments. In the event of a stock-split, a stock dividend, or a combination or consolidation of the outstanding common stock into a lesser number of shares, the authorization limits under the 2010 Incentive Award Plan will automatically be adjusted proportionately, and the shares then subject to each award will automatically be adjusted proportionately without any change in the aggregate purchase price. In the event the common stock will be changed into or exchanged for a different number or class of shares of stock or securities of our company or of another corporation, the authorization limits under the 2010 Incentive Award Plan will automatically be adjusted proportionately, and there will be substituted for each such share of common stock, the number or class of shares into which each outstanding share of common stock will be so exchanged, all without any change in the aggregate purchase price.

Termination and Amendment. The board of directors or the compensation committee may, at any time and from time to time, terminate or amend the 2010 Incentive Award Plan without stockholder approval; but if an amendment to the 2010 Incentive Award Plan would, in the reasonable opinion of the board or the compensation committee, materially increase the benefits accruing to participants, materially increase the number of shares of stock issuable under the 2010 Incentive Award Plan, expand the types of awards, materially modify the requirements for eligibility, materially expand the term of the 2010 Incentive Award Plan, or otherwise constitute a material amendment requiring stockholder approval under applicable laws, policies or regulations, then such amendment will be subject to stockholder approval. In addition, the board or the compensation committee may condition any amendment on the approval of the stockholders for any other reason, including necessity or advisability under tax, securities or other applicable laws, policies or regulations. No termination or amendment of the 2010 Incentive Award Plan may adversely affect any award previously granted under the 2010 Incentive Award Plan without the written consent of the participant. The compensation committee may amend or terminate outstanding awards. However, such amendments may require the consent of the participant and, unless approved by the stockholders or otherwise permitted by the antidilution provisions of the 2010 Incentive Award Plan, the exercise price of an outstanding option may not be reduced, directly or indirectly, and the original term of an option may not be extended.

Certain Federal Tax Effects.

Nonqualified Stock Options. There will be no federal income tax consequences to the optionee or to our company upon the grant of a nonqualified stock option under the 2010 Incentive Award Plan. When the optionee exercises a nonqualified option, however, he or she will recognize ordinary income in an amount equal to the excess of the fair market value of the common stock received upon exercise of the option at the time of exercise over the exercise price, and our company will be allowed a corresponding deduction. Any gain that the optionee realizes when he or she later sells or disposes of the option shares will be short-term or long-term capital gain, depending on how long the shares were held.

Incentive Stock Options. There typically will be no federal income tax consequences to the optionee or to our company upon the grant or exercise of an incentive stock option. If the optionee holds the option shares for the required holding period of at least two years after the date the option was granted or one year after exercise, the difference between the exercise price and the amount realized upon sale or disposition of the option shares will be long-term capital gain or loss, and our company will not be entitled to a federal income tax deduction. If the optionee disposes of the option shares in a sale, exchange, or other disqualifying disposition

before the required holding period ends, he or she will recognize taxable ordinary income in an amount equal to the excess of the fair market value of the option shares at the time of exercise over the exercise price, and our company will be allowed a federal income tax deduction equal to such amount. While the exercise of an incentive stock option does not result in current taxable income, the excess of the fair market value of the option shares at the time of exercise over the exercise price will be an item of adjustment for purposes of determining the optionee s alternative minimum taxable income.

Stock Appreciation Rights. A participant receiving a SAR will not recognize income, and our company will not be allowed a tax deduction, at the time the award is granted. When the participant exercises the SAR, the amount of cash and the fair market value of any shares of common stock received will be ordinary income to the participant and our company will be allowed as a corresponding federal income tax deduction at that time, subject to any applicable limitations under Internal Revenue Code § 162(m).

Restricted Stock. Unless a participant makes an election to accelerate recognition of the income to the date of grant as described below, the participant will not recognize income, and our company will not be allowed a tax deduction, at the time a restricted stock award is granted. When the restrictions lapse, the participant will recognize ordinary income equal to the fair market value of the common stock as of that date (less any amount he or she paid for the stock), and our company will be allowed a corresponding federal income tax deduction at that time, subject to any applicable limitations under Internal Revenue Code § 162(m). If the participant files an election under Internal Revenue Code § 83(b) within 30 days after the date of grant of the restricted stock, he or she will recognize ordinary income as of the date of grant equal to the fair market value of the stock as of that date (less any amount paid for the stock), and our company will be allowed a corresponding federal income tax deduction at that time, subject to any applicable limitations under Internal Revenue Code § 162(m). Any future appreciation in the stock will be taxable to the participant at capital gains rates. However, if the stock is later forfeited, the participant will not be able to recover the tax previously paid pursuant to the Internal Revenue Code § 83(b) election.

Restricted Stock Units. The recipient will not recognize income, and our company will not be allowed a tax deduction, at the time a restricted stock unit award is granted. Upon issuance of shares of common stock in settlement of a restricted stock unit award, the recipient will recognize ordinary income equal to the fair market value of the common stock as of that date (less any amount he or she paid for the stock), and our company will be allowed a corresponding federal income tax deduction at that time, subject to any applicable limitations under Internal Revenue Code § 162(m).

Performance Awards. A participant generally will not recognize income, and our company will not be allowed a tax deduction, at the time performance awards are granted, so long as the awards are subject to a substantial risk of forfeiture. When the participant receives or has the right to receive payment of cash or shares under the performance award, the cash amount of the fair market value of the shares of stock will be ordinary income to the participant, and our company will be allowed a corresponding federal income tax deduction at that time, subject to any applicable limitations under Internal Revenue Code § 162(m).

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Pension Benefits

None of our employees, including our named executive officers, participates in or has account balances in qualified or non-qualified defined benefit plans sponsored by us.

Nonqualified Deferred Compensation

None of our employees, including our named executive officers, participates in or has account balances in non-qualified defined contribution plans or other deferred compensation plans maintained by us.

PRINCIPAL STOCKHOLDERS

The following table sets forth the beneficial ownership of shares of our common stock and OP units for (i) each person who is expected to be the beneficial owner of 5% or more of the outstanding common stock and OP units immediately following the consummation of this offering, (ii) directors, proposed directors and the named executive officers and (iii) all directors, proposed directors and named executive officers as a group. This table assumes that this offering and our formation transactions are completed. Unless otherwise indicated, each person named in the table has sole voting and investment power with respect to all of the shares of our common stock shown as beneficially owned by such person. Furthermore, unless otherwise indicated, the address of each named person is c/o Campus Crest Communities, Inc., 2100 Rexford Road, Suite 414, Charlotte, NC 28211. The share amounts set forth in the table below are based on an offering price of $ per share (the mid-point of the price range set forth on the cover page of this prospectus).

Name of Beneficial Owner	Number of Shares and OP Units Beneficially Owned	Percent of All Shares and OP Units (1)
Ted W. Rollins (2)		
Michael S. Hartnett (2)		
Earl C. Howell (3)	66,667	*
Donald L. Bobbitt, Jr. (3)	53,334	*
Shannon N. King (3)	29,999	*
All directors, director nominees and named executive officers as a group (10 persons)		

* Represents less than one percent of the number of shares of common stock outstanding on a fully diluted basis upon completion of this offering.

(1) Assumes a total of shares of common stock and OP units are outstanding immediately following this offering.

(2) Includes shares of common stock that may be issued in exchange for OP units held by MXT Capital. MXT Capital is wholly-owned and controlled by Ted W. Rollins, our co-chairman and chief executive officer, and Michael S. Hartnett, our co-chairman and chief investment officer, and certain members of their families.

(3) Represents shares of restricted common stock granted to certain of our executive officers. See Management 2010 Incentive Award Plan Restricted Stock Awards.

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

Contribution Agreement with MXT Capital

We and MXT Capital have entered into a contribution agreement pursuant to which our operating partnership will issue to MXT Capital OP units in exchange for MXT Capital s contribution to our operating partnership of the interests owned by MXT Capital in the predecessor entities and its student housing business.

Other Formation Transactions with MXT Capital

Campus Crest Group will distribute to MXT Capital its interests in two parcels of land consisting of 20.2 acres, with associated indebtedness of approximately $1.9 million, on which we have decided not to build student housing properties. MXT Capital has agreed not to build student housing properties on these parcels in the future.

In addition, Campus Crest Group will distribute to MXT Capital its interest in an entity that will own a minority interest in a 1999 Pilatus PC-12 single-engine turboprop airplane. Upon completion of this offering, we will lease this aircraft on payment terms structured to equal our pro rata carrying and operating costs of the aircraft based on our actual usage.

Contribution Agreement with the Ricker Group

We and Carl H. Ricker, Jr. have entered into a contribution agreement pursuant to which we will pay the Ricker Group approximately $26.7 million of the net proceeds from this offering and our operating partnership will issue to the Ricker Group 266,667 OP units in exchange for the Ricker Group s contribution to our operating partnership of the interests owned by the Ricker Group in the predecessor entities and in the entities that have entered into ground leases with us relating to eight properties.

Leased Aircraft

Upon completion of this offering and our formation transactions, we will lease two aircraft from entities in which Ted W. Rollins, our co-chairman and chief executive officer, and Michael S. Hartnett, our co-chairman and chief investment officer, have indirect minority interests. A company in which Carl H. Ricker, Jr. has an interest owns a majority interest in one of the lessors. Our payments under the leases are structured to equal our pro rata carrying and operating costs of the aircraft based on our actual usage. As such, it is not expected that the lessors of the aircraft will receive any material profit from the lease payments.

Repayment of Indebtedness

Approximately $6.0 million of the net proceeds from this offering will be used to repay indebtedness owed by us to RHR, LLC, an entity owned by MXT Capital and the Ricker Group; RHR, LLC will, in turn, immediately repay an equal amount of indebtedness owed by it to an unaffiliated third party on substantially the same terms and conditions as the loan from RHR, LLC to us. In addition, approximately $4 million of the net proceeds from this offering will be used to repay our indebtedness to Capital Bank, an entity in which the Ricker Group has an ownership interest and of which Carl H. Ricker, Jr. is a director.

Release of Personal Guarantees

Each of Ted W. Rollins, Michael S. Hartnett and Carl H. Ricker, Jr. will be released from certain personal guarantees with respect to mortgage and construction indebtedness with aggregate principal amounts of $ million, $ million and $ million, respectively, and from personal guarantees with respect to the RHR, LLC and Capital Bank indebtedness described above.

Tax Protection Agreement

MXT Capital will enter into a tax protection agreement with us. Pursuant to the tax protection agreement, we will agree not to sell, exchange or otherwise dispose of any properties during the tax protection period in a transaction that would cause MXT Capital or its members to realize built-in gain. All of our properties will have such built-in gain. If we sell one or more properties during the tax protection period, we will be required to pay to MXT Capital an amount equal to the federal, state and local taxes imposed on the built-in gain allocated to it or its members, with the amount of such taxes being computed based on the highest applicable federal, state, and local marginal tax rates as well as any grossed up taxes imposed on such payments. Consequently, our ability to sell or dispose of our properties will be substantially restricted by this obligation to make payments to MXT Capital during the tax protection period if we sell a property.

The tax protection agreement will also require us to maintain a minimum level of indebtedness of $ throughout the tax protection period in order to allow a sufficient amount of debt to be allocable to MXT Capital and its members to avoid certain adverse tax consequences. If we fail to maintain such minimum indebtedness throughout the tax protection period, and as a consequence MXT Capital or its members incur federal, state or local tax liabilities, we will be required to make indemnifying payments to them, computed in the manner described in the preceding paragraph.

Registration Rights Agreement

We will enter into a registration rights agreement with MXT Capital pursuant to which we will agree, among other things, to register the resale of any common stock that may be exchanged for the OP units issued in our formation transactions. This agreement requires us to seek to register all common stock that may be exchanged for OP units effective as of that date which is 12 months following completion of this offering on a shelf registration statement under the Securities Act. We will also grant the holders of OP units the right to include such common stock in any registration statements we may file in connection with any future public offerings, subject to the terms of the lock-up agreements described herein and subject to the right of the underwriters of those offerings to reduce the total number of such shares of common stock to be sold by selling shareholders in those offerings.

In connection with this offering, we intend to file a registration statement on Form S-8 to register the total number of shares of common stock that may be issued under our 2010 Incentive Award Plan.

Initial Public Offering Bonus Payments

Upon the completion of this offering we have agreed to pay to Donald L. Bobbitt, Jr., an executive vice president and our chief financial officer, and Howard J. Weissman, a senior vice president and our corporate controller, cash bonuses of $200,000 and $125,000, respectively.

Employment Agreements

We will enter into employment agreements with our named executive officers as described in Management Employment Agreements that will become effective upon the completion of this offering. These agreements provide for salary, bonuses and other benefits, including, potentially, severance benefits upon a termination of employment, as well as for grants of shares of restricted stock and cash bonuses. For a full summary of these agreements, see Management Employment Agreements .

Director Compensation

We will pay a $24,000 annual director s fee to each of our independent directors in cash. Each independent director will also receive a fee of $2,000 for attendance at every in-person meeting of our board of directors and committee of our board of directors and a fee of $1,000 for attendance at every telephonic meeting of our board of directors and committee of our board of directors, up to a maximum of $15,000 per year. We will also pay additional annual fees to the chairs of our audit committee, compensation committee and nominating and corporate governance committee. For a full summary of the compensation payable to our directors, see Management Director Compensation.

Indemnification

Our charter and our bylaws obligate us, to indemnify each of our officers and directors who are made or threatened to be made a party to any proceeding by reason of his or her service in that capacity, and to pay or reimburse his or her reasonable expenses in advance of the final disposition of such a proceeding, to the maximum extent permitted by Maryland law. Our charter and bylaws also permit us to provide such indemnification and advancement of expenses to individuals who served our predecessor entities as an officer or director, as well as the right to provide indemnification and advancement of expenses to any employee or agent of such entities. In addition, the partnership agreement includes provisions providing for the indemnification of us as the general partner, and our directors, officers, employees and agents in connection with such proceedings. Finally, we intend to enter into agreements with our directors and executive officers providing for indemnification and advancement or reimbursement of the expenses of such directors and officers, to the maximum extent permitted by Maryland law, in connection with such proceedings.

Grants of Shares of Restricted Common Stock

Under our 2010 Incentive Award Plan the aggregate number of shares of common stock reserved for issuance pursuant to equity-based awards is 2,500,000, which represents approximately % of our issued and outstanding common stock (on a fully-diluted basis and excluding shares to be sold pursuant to the exercise in full of the underwriters overallotment option).

We have granted an aggregate of 216,000 restricted shares of common stock to certain of our executive officers and certain members of our management team under our 2010 Incentive Award Plan (including 100,000 shares of restricted common stock granted in exchange for awards outstanding under Campus Crest Group s deferred compensation plan) representing approximately % of our issued and outstanding common stock (on a fully-diluted basis after giving effect to the shares issued in this offering but excluding any shares to be sold pursuant to the underwriters exercise of their overallotment option). For information regarding these grants and their vesting terms, see Management Executive Compensation. Distributions payable on these awards will accrue and be paid to the holder upon the vesting of such awards.

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Review and Approval of Future Transaction with Related Persons

Upon completion of this offering and our formation transactions, we will adopt a written policy for the review and approval of related person transactions requiring disclosure under Rule 404(a) of Regulation S-K. We expect this policy to provide that the nominating and corporate governance committee will be responsible for reviewing and approving or disapproving all interested transactions, meaning any transaction, arrangement or relationship in which (i) the amount involved may be expected to exceed $120,000 in any fiscal year, (ii) our company will be a participant and (iii) a related person has a direct or indirect material interest. A related person will be defined as an executive officer, director or nominee for election as director, or a greater than 5% beneficial owner of our common stock, or an immediate family member of the foregoing. The policy may deem certain interested transactions to be pre-approved.

STRUCTURE AND FORMATION

Our Organizational Structure

We were formed as a Maryland corporation on March 1, 2010. We are a self-managed, self-administered and vertically-integrated developer, builder, owner and manager of high-quality, purpose-built student housing. Our operating partnership was formed as a Delaware limited partnership on March 4, 2010. Through our wholly-owned subsidiary, Campus Crest Communities GP, LLC, we are the sole general partner of our operating partnership, and we will conduct substantially all of our business through our operating partnership. Upon completion of this offering and our formation transactions, we will own a % limited partnership interest in our operating partnership. MXT Capital, which is wholly-owned and controlled by Ted W. Rollins, our co-chairmen and chief executive officer, and Michael S. Hartnett, our co-chairman and chief investment officer, and certain members of their families, will own a % limited partnership interest in our operating partnership. The Ricker Group, which owned interests in our predecessor entities prior to the consummation of our formation transactions, will in the aggregate own a % limited partnership interest in our operating partnership. Certain third-party investors, who owned interests in our predecessor entities prior to the consummation of our formation transactions, will in the aggregate own a % limited partnership interest in our operating partnership.

The Operating Partnership

Upon the completion of this offering and our formation transactions, we will own substantially all of our wholly-owned properties and conduct substantially all of our operations through our operating partnership. We will contribute the net proceeds from this offering to our operating partnership in exchange for OP units therein. Our interest in our operating partnership will entitle us to share in cash distributions from, and in the profits and losses of, our operating partnership in proportion to our percentage ownership. Because the sole general partner of our operating partnership is our wholly-owned subsidiary, we will generally have the exclusive power to manage and conduct the business of the operating partnership, subject to certain limited approval and voting rights of the other limited partners described more fully below in Our Operating Partnership and the Partnership Agreement. Accordingly, our board of directors will manage our affairs by directing the affairs of our operating partnership.

The Services Companies

In order to qualify as a REIT, a specified percentage of our gross income must be derived from real property sources, which would generally exclude our income from providing development, construction and management services to third parties as well as our income from certain services afforded student-tenants in our owned properties. See Federal Income Tax Considerations Taxation of Our Company. Therefore, we will conduct our development, construction and management services through The Grove Student Properties, Inc., Campus Crest Construction, Inc. and Campus Crest Development, Inc., respectively, which we refer to collectively as the Services Companies and each individually as a Services Company. Each of the Services Companies will elect, together with us, to be treated as our TRS. Each of our Services Companies will be wholly-owned and controlled by our operating partnership. The income earned by each Services Company will be subject to regular federal corporate income or franchise tax and state and local income tax where applicable and will therefore be subject to an additional level of tax as compared to the income earned from our properties.

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Formation Transactions

Prior to our formation transactions, all of the interests in our properties were owned by Campus Crest Group and third-party investors, including the Ricker Group and HSRE.

Concurrently with this offering, we will engage in the following formation transactions, which are designed to:

- consolidate the ownership of our properties and the student housing business of Campus Crest Group into our operating partnership and its wholly-owned subsidiaries;
- facilitate this offering; and
- enable us to qualify as a REIT for federal income tax purposes commencing with our taxable year ending December 31, 2010.

Set forth below is an overview of our formation transactions:

- Pursuant to the terms of a contribution agreement, MXT Capital will contribute to our operating partnership its student housing business and interests in the predecessor entities in exchange for OP units, representing a % limited partnership interest in our operating partnership.

The contribution agreement states that MXT Capital will provide us with certain representations and warranties with respect to its ownership interests being contributed to our operating partnership and certain other matters, and that MXT Capital will indemnify us with respect to losses resulting from breaches of its representations, warranties and covenants and for any real estate transfer or mortgage recording tax liabilities that we may incur; these indemnification obligations generally are subject to a $250,000 deductible and capped at an amount equal to the aggregate consideration received by MXT Capital pursuant to the contribution agreement (other than tax liability indemnity, which is not subject to either the deductible or the cap) and are limited to claims brought within eighteen months from the completion of this offering.

- Campus Crest Group will distribute to MXT Capital its interests in two parcels of land consisting of 20.2 acres, with associated indebtedness of approximately $1.9 million, on which we have decided not to build student housing properties; MXT Capital has agreed not to build student housing properties on these parcels in the future.
- Campus Crest Group will distribute to MXT Capital its interest in an entity that will own a minority interest in a 1999 Pilatus PC-12 single-engine turboprop airplane. Upon completion of this offering, we will lease this aircraft on payment terms structured to equal our pro rata carrying and operating costs of the aircraft based on our actual usage.
- Pursuant to the terms of a contribution agreement, the Ricker Group will contribute to our operating partnership its interests in the predecessor entities and the entire ownership interest in the entities that own fee interests in certain properties that were subject to ground leases with the Ricker Group prior to the completion of our formation transactions in exchange for approximately $26.7 million and 266,667 OP units, representing a % limited partnership interest in our operating partnership.

  The contribution agreement states that the Ricker Group will provide us with certain representations and warranties with respect to its ownership interests being contributed to our operating partnership and certain other matters, and that the Ricker Group will

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indemnify us with respect to losses resulting from breaches of its representations, warranties and covenants; these indemnification obligations generally are subject to a $250,000 deductible and capped at an amount equal to the aggregate consideration received by the Ricker Group pursuant to the contribution agreement and are limited to claims brought within eighteen months from the completion of this offering.

Pursuant to the terms of contribution agreements and purchase and sale agreements, certain third-party investors will contribute to our operating partnership all of their interests in the predecessor entities in exchange for approximately $10.7 million and 53,000 OP units, representing a % limited partnership interest in our operating partnership. Under the terms of these agreements, these third-party investors will also provide us with certain limited representations and warranties with respect to their ownership interests being contributed to our operating partnership and will indemnify us for any losses resulting from breaches of their representations, warranties and covenants.

In exchange for approximately $28.6 million, HSRE will sell to our operating partnership (i) all of its interests in each of The Grove at Milledgeville and The Grove at San Marcos, with the result that we will own a 100% interest in each of these properties and (ii) a 49.8% interest in a joint venture that will own 100% of each of The Grove at Conway, The Grove at Huntsville, The Grove at Lawrence, The Grove at Moscow, The Grove at San Angelo and The Grove at Statesboro, with the result that we will own a 49.9% interest in these properties.

The number of OP units and cash amounts to be received by the parties specified above have been fixed and are not subject to change based upon the public offering price of the common stock to be sold in this offering or any other factor.

As a result of our formation transactions:

we will own approximately % of the outstanding OP units, MXT Capital will own approximately % of the outstanding OP units, the Ricker Group will own approximately % of the outstanding OP units and certain third-party investors will own, in the aggregate, approximately % of the outstanding OP units;

our operating partnership will own 100% interests in 21 of our properties;

our operating partnership will own an indirect 49.9% interest in The Grove at Conway, The Grove at Huntsville, The Grove at Lawrence, The Grove at Moscow, The Grove at San Angelo and The Grove at Statesboro; and

we will own each of the entities through which Campus Crest Group conducted its student housing activities.

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Consequences of this Offering and Our Formation Transactions

The following diagram depicts the ownership structure of our company, our operating partnership, certain subsidiaries through which we will conduct our development, construction, property management and asset management activities and our joint venture with HSRE, upon completion of this offering and our formation transactions:

Benefits to Related Parties

In connection with this offering and our formation transactions, MXT Capital, the Ricker Group and certain of our executive officers, members of our management team and members of our board of directors will receive material financial and other benefits, as described below. Each of Ted W. Rollins, our co-chairman and chief executive officer, and Michael S. Hartnett, our co-chairman and chief investment officer, will, through his respective ownership of MXT Capital, be entitled to participate in the benefits realized by MXT Capital in connection with our formation transactions. In addition, Carl H. Ricker, Jr. will, through his ownership in the Ricker Group, be entitled to participate in the benefits realized by the Ricker Group in connection with our formation transactions. For a more detailed discussion of these benefits, see Management and Certain Relationships and Related Party Transactions.

Our operating partnership will issue to MXT Capital OP units in exchange for MXT Capital s contribution to our operating partnership of the interests owned by MXT Capital in the predecessor entities and its student housing business.

MXT Capital will enter into a tax protection agreement with us. Pursuant to the tax protection agreement, we will agree not to sell, exchange or otherwise dispose of any of our properties for a period of years, or the tax protection period, in a transaction that would cause MXT Capital or its members to realize taxable gain that was built-in, or the built-in gain, to such properties at the time of their contribution to our operating partnership. All of our properties will have such built-in gain. If we sell one or more of our properties during the tax protection period, we will be required to pay to MXT Capital an amount equal to the federal, state and local taxes imposed on the built-in gain allocated to it or its members, with the amount of such taxes being computed based on the highest applicable federal, state and local marginal tax rates, as well as any grossed up taxes imposed on such payments. Consequently, our ability to sell or dispose of our properties will be substantially restricted by this obligation to make payments to MXT Capital during the tax protection period if we sell a property.

The tax protection agreement will also require us to maintain a minimum level of indebtedness of $ throughout the tax protection period in order to allow a sufficient amount of debt to be allocable to MXT Capital and its members to avoid certain adverse tax consequences. If we fail to maintain such minimum indebtedness throughout the tax protection period, and as a consequence MXT Capital or its members incur federal, state or local tax liabilities, we will be required to make indemnifying payments to them, computed in the manner described in the preceding paragraph.

We will enter into a registration rights agreement with MXT Capital pursuant to which we will agree, among other things, to register the resale of any common stock that may be exchanged for the OP units issued in our formation transactions. This agreement requires us to seek to register all common stock that may be exchanged for OP units effective as of that date which is 12 months following completion of this offering on a shelf registration statement under the Securities Act.

MXT Capital will receive Campus Crest Group s interests in two parcels of land consisting of 20.2 acres, with associated indebtedness of approximately $1.9 million, on which we have decided not to build student housing properties.

We will pay the Ricker Group approximately $26.7 million of the net proceeds from this offering and our operating partnership will issue to the Ricker Group 266,667 OP units in exchange for the Ricker Group s contribution to our operating partnership of the interests owned by the Ricker Group in the predecessor entities and in the entities that have entered into ground leases with us relating to eight properties.

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Approximately $6.0 million of the net proceeds from this offering will be used to repay indebtedness owed by us to RHR, LLC, an entity owned by MXT Capital and the Ricker Group; RHR, LLC will, in turn, immediately repay an equal amount of indebtedness owed by it to an unaffiliated third party on substantially the same terms and conditions as the loan from RHR, LLC to us.

Approximately $4.0 million of the net proceeds from this offering will be used to repay our indebtedness to Capital Bank, an entity in which the Ricker Group has an ownership interest and of which Carl H. Ricker, Jr. is a director.

Each of Ted W. Rollins, Michael S. Hartnett and Carl H. Ricker, Jr. will be released from certain personal guarantees with respect to mortgage and construction indebtedness with aggregate principal amounts of $ million, $ million and $ million, respectively, and from personal guarantees with respect to the RHR, LLC and Capital Bank indebtedness described above.

Indebtedness incurred by two entities through which MXT Capital conducts aspects of its business will be repaid by MXT Capital. MXT Capital will receive $4.5 million of the net proceeds from this offering, which it will immediately use to make capital contributions to these entities. These entities will, in turn, immediately use the capital contributions received from MXT Capital solely to repay indebtedness.

Our executive officers and certain members of our management team will receive material benefits, including:

- a grant of 216,000 shares of restricted common stock pursuant to the Campus Crest Communities, Inc. 2010 Incentive Award Plan, or the 2010 Incentive Award Plan (including 100,000 shares of restricted common stock granted in exchange for awards outstanding under Campus Crest Group s deferred compensation plan);
- employment agreements providing for salary, bonus and other benefits, including severance upon a termination of employment under certain circumstances, as described under Management Employment Agreements;
- indemnification by us for certain liabilities and expenses incurred as a result of actions brought, or threatened to be brought, against them as officers; and
- upon the completion of this offering we have agreed to pay to Donald L. Bobbitt, Jr., an executive vice president and our chief financial officer, and Howard J. Weissman, a senior vice president and our corporate controller, cash bonuses of $200,000 and $125,000, respectively.

Each of our non-employee directors will receive material benefits, including:

- annual and per-meeting fees described under Management Director Compensation; and
- indemnification by us for certain liabilities and expenses incurred as a result of actions brought, or threatened to be brought, against him as a director.

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POLICIES WITH RESPECT TO CERTAIN ACTIVITIES

The following is a discussion of certain of our investment, financing and other policies. These policies have been adopted by our board of directors and, in general, may be amended or revised from time to time by our board of directors without a vote of our stockholders.

Investment Policies

Investment in Properties or Interests in Properties

We will conduct all of our investment activities through our operating partnership and its affiliates. Our investment objective is to maximize total returns to our stockholders through quarterly cash distributions and long-term capital appreciation through increases in the value of our company. For a discussion of our properties and our growth strategies, see Business and Properties.

We expect to pursue our investment objective primarily through the ownership by our operating partnership, directly or indirectly, of the properties to be acquired by us in our formation transactions and other properties we may develop or acquire in the future. We currently intend to acquire property primarily for income. We currently intend to own, develop and acquire existing student housing properties, and other properties that we believe have potential as student housing. Although we generally focus on medium-sized college and university markets, future development or investment activities will not be limited to any particular market, geographic area, or product type or to a specified percentage of our assets. We intend to engage in such future development or investment activities in a manner that is consistent with our intention to qualify for taxation as a REIT for federal income tax purposes. In addition, we may purchase or lease income-producing properties for long-term investment, expand and improve the properties we presently own or other acquired properties, or sell such properties, in whole or in part, when circumstances warrant.

We also expect to participate with third parties in property ownership through joint ventures or other types of co-ownership. We will not, however, enter into a joint venture or other partnership arrangement to make an investment that would not otherwise meet our investment policies. We may also acquire properties or interests in properties in exchange for the issuance of common stock or OP units and may grant registration rights in connection with these issuances.

Investments in properties may be subject to existing mortgage financing and other indebtedness or to new indebtedness which may be incurred in connection with acquiring or refinancing these properties. Debt service on such financing or indebtedness will have a priority over any distributions with respect to our common stock. Any investments in securities will be subject to our policy not to be treated as an investment company under the Investment Company Act of 1940, as amended, or the Investment Company Act.

Investments in Real Estate Mortgages

While our current portfolio consists of, and our business objective emphasizes, equity investments in student housing properties, we may, at the discretion of our board of directors, invest in mortgages and other types of real estate interests consistent with our intention to qualify for taxation as a REIT. We do not presently intend to invest in mortgages or deeds of trust, but may invest in participating or convertible mortgages if we conclude that we may benefit from the gross revenues or any appreciation in value of the related property. Investments in real estate mortgages run the risk that one or more borrowers may default under certain mortgages and that

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the collateral securing certain mortgages may not be sufficient to enable us to recoup our full investment.

Investments in Securities of or Interests in Persons Primarily Engaged in Real Estate Activities and Other Issuers

Subject to the percentage of ownership limitations and gross income tests necessary for REIT qualification, we may invest in securities of other REITs, other entities engaged in real estate activities or securities of other issuers, including for the purpose of exercising control over such entities.

Dispositions

We do not currently intend to dispose of any of our properties, although we reserve the right to do so if, based upon management s periodic review of our portfolio, we determine that such action would be in the best interest of our stockholders. In addition, we may elect to enter into joint ventures or other types of co-ownership with respect to properties that we already own, either in connection with acquiring interests in other properties (as discussed above in Investment in Properties or Interests in Properties) or raising equity capital from investors. Certain of our executive officers who directly or indirectly hold OP units may have their decision as to the desirability of a proposed disposition influenced by the tax consequences to them resulting from the disposition of a certain property. Any decision to dispose of a property would require the approval of our board of directors.

MXT Capital will enter into a tax protection agreement with us. Pursuant to the tax protection agreement, we will agree not to sell, exchange or otherwise dispose of any of our properties during the tax protection period in a transaction that would cause MXT Capital or its members to realize built-in gain. All of our properties will have such built-in gain. If we sell one or more of our properties during the tax protection period, we will be required to pay to MXT Capital an amount equal to the federal, state and local taxes imposed on the built-in gain allocated to it or its members, with the amount of such taxes being computed based on the highest applicable federal, state and local marginal tax rates, as well as any grossed up taxes imposed on such payments. Consequently, our ability to sell or dispose of our properties will be substantially restricted by this obligation to make payments to MXT Capital during the tax protection period if we sell a property.

Financing Policies

We intend to limit our ratio of debt to total market capitalization to not greater than % although our charter places no limit on the amount of indebtedness that we may incur and we may exceed this level from time to time. Our total market capitalization is defined as the sum of the market value of our outstanding common stock and preferred stock (which may decrease, thereby increasing our debt to total market capitalization ratio), including shares of restricted stock or restricted stock units that we may issue to our officers and directors under our 2010 Incentive Award Plan, plus the aggregate value of OP units, plus the book value of our total consolidated indebtedness (excluding indebtedness encumbering our current and future unconsolidated joint venture properties). Since this ratio is based, in part, upon market values of equity, it will fluctuate with changes in the price of our common stock. We believe, however, that this ratio provides an appropriate indication of leverage for a company whose assets are primarily real estate. Upon completion of this offering and the application of the net proceeds therefrom, we will have a debt to total market capitalization ratio of approximately % (% if the underwriters overallotment option is exercised in full).

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We intend to finance our long-term growth with common and preferred equity issuances and debt financing having staggered maturities. Our debt may include mortgage debt secured by our properties, as well as unsecured debt, and such debt may require us to pay fixed or floating rates of interest. We will seek to utilize Freddie Mac and Fannie Mae long-term debt financing for stabilized properties to the extent possible. In addition to our three joint ventures properties currently under construction, we may also seek in the future to finance development projects through unconsolidated joint ventures with third parties.

In addition, upon the completion of this offering we intend to enter into a -year, $ million senior secured revolving credit facility. This revolving credit facility will be used to fund identified future growth opportunities, including the five properties that we expect to commence building immediately after completion of this offering, and when used, would increase our indebtedness.

Our charter and bylaws do not limit the amount or percentage of indebtedness that we may incur. Our board of directors may from time to time modify our debt policy in light of then-current economic conditions, relative costs of debt and equity capital, market values of our properties, general conditions in the market for debt and equity securities, fluctuations in the market price of our common stock, growth and acquisition opportunities and other factors. Accordingly, our board of directors may increase or decrease our ratio of debt to total market capitalization beyond the limits described above. If these policies were changed, we could become more highly leveraged, resulting in an increased risk of default on our obligations and a related increase in debt service requirements that could adversely affect our financial condition and results of operations and our ability to pay distributions to our stockholders. See Risk Factors Risks Related to Our Business and Properties. Our indebtedness exposes us to the risk of default and will reduce our free cash flow, which could materially and adversely affect us. See Management s Discussion and Analysis of Financial Condition and Results of Operations Liquidity and Capital Resources. Finally, the tax protection agreement will require us to maintain a minimum level of indebtedness of $ throughout the tax protection period in order to allow a sufficient amount of debt to be allocable to MXT Capital and its members to avoid certain adverse tax consequences. If we fail to maintain such minimum indebtedness throughout the tax protection period, and as a consequence MXT Capital or its members incur federal, state or local tax liabilities, we will be required to make indemnifying payments to them, computed in the manner described above.

Conflict of Interest Policies

Generally

Certain of our directors and executive officers may be subject to certain conflicts of interest in fulfilling their responsibilities to us. We intend to adopt certain policies that are designed to eliminate or minimize certain potential conflicts of interest. In addition, our board of directors is subject to certain provisions of Maryland law, which are also designed to eliminate or minimize conflicts. However, there can be no assurance that these policies or provisions of our charter and law will always be successful in eliminating the influence of such conflicts, and if they are not successful, decisions could be made that might fail to reflect fully the interests of all stockholders.

Sale or Refinancing of Properties

Upon the sale or refinancing of certain of the properties to be acquired by us in our formation transactions, some holders of OP units, including certain of our executive officers, may suffer different and more adverse tax consequences than our common stockholders. Consequently, holders of OP units may have differing objectives regarding the appropriate pricing and timing of any such sale or repayment of indebtedness. In addition, our ability to sell our properties will be subject to the limitations imposed by the tax protection agreement. Through our wholly-owned subsidiary, Campus Crest Communities GP, LLC, the sole general partner of our operating partnership, we will have the exclusive authority under the partnership agreement to determine whether, when, and on what terms to sell a property or when to refinance or repay indebtedness, any such decision would require the approval of our board of directors. See Our Operating Partnership and the Partnership Agreement.

Interested Director and Officer Transactions

Under the MGCL, a contract or other transaction between us and a director or between us and any other corporation or other entity in which any of our directors is a director or has a material financial interest is not void or voidable solely on the grounds of the common directorship or interest. The common directorship or interest, the presence of such director at the meeting at which the contract or transaction is authorized, approved or ratified or the counting of the director s vote in favor thereof will not render the transaction void or voidable if:

- the material facts relating to the common directorship or interest and as to the transaction are disclosed to, or known by, our board of directors or a committee of our board, and our board of directors or committee authorizes, approves or ratifies the transaction or contract by the affirmative vote of a majority of disinterested directors, even if the disinterested directors constitute less than a quorum;

- the material facts relating to the common directorship or interest and as to the transaction are disclosed to, or known by, our stockholders entitled to vote thereon, and the transaction is authorized, approved or ratified by a majority of the votes cast by the stockholders entitled to vote other than the votes of stock owned of record or beneficially by the interested director, corporation or other entity; or

- the transaction or contract is fair and reasonable to us at the time it is authorized, approved or ratified.

Furthermore, under Delaware law (where our operating partnership is formed), as the sole general partner we have a fiduciary duty to our operating partnership and, consequently, such transactions also are subject to the duties of care and loyalty that the sole general partner of our operating partnership owes to limited partners in our operating partnership (to the extent such duties have not been eliminated pursuant to the terms of the partnership agreement). We intend to adopt a policy which requires that all contracts and transactions between us, our operating partnership or any of our subsidiaries, on the one hand, and any of our directors or executive officers or any entity in which such director or executive officer is a director or has a material financial interest, on the other hand, must be approved by the affirmative vote of a majority of the disinterested directors even if less than a quorum. Where appropriate in the judgment of the disinterested directors, our board of directors may obtain a fairness opinion or engage independent counsel to represent the interests of nonaffiliated security holders, although our board of directors will have no obligation to do so.

Business Opportunities

Pursuant to Maryland law, each director is obligated to offer to us any business opportunity (with certain limited exceptions) that comes to him or her in his or her capacity as a director and that we reasonably could be expected to have an interest in pursuing.

Policies with Respect to Other Activities

We have authority to offer common stock, OP units, preferred stock or options to purchase stock in exchange for property and to repurchase or otherwise acquire our common stock or other securities in the open market or otherwise, and we may engage in such activities in the future. As described in Our Operating Partnership and the Partnership Agreement, we expect, but are not obligated to issue shares of common stock to holders of OP units upon exercise of their redemption rights. Except in connection with our initial capitalization, we have not issued common stock, OP units or any other securities in exchange for property or any other purpose. However, as discussed above in Investment Policies Investment in Properties or Interests in Properties we may elect to do so. Our board of directors has no present intention of causing us to repurchase any common stock although we may do so in the future. We may issue preferred stock from time to time, in one or more series, as authorized by our board of directors without the need for stockholder approval. See Description of Capital Stock. We have not engaged in trading, underwriting or agency distribution or sale of securities of other issuers other than our operating partnership and do not intend to do so. At all times, we intend to make investments in such a manner as to qualify as a REIT, unless because of circumstances or changes in the Internal Revenue Code, or the Treasury Regulations, our board of directors determines that it is no longer in our best interest to qualify as a REIT. We have not made any loans to third parties, although we may in the future make loans to third parties, including, without limitation, to joint ventures in which we participate. We intend to make investments in such a way that we will not be treated as an investment company under the Investment Company Act.

Reporting Policies

After this offering, we will become subject to the information reporting requirements of the Exchange Act. Pursuant to those requirements, we will be required to file periodic reports, proxy statements and other information, including audited financial statements, with the Securities and Exchange Commission. See Where You Can Find More Information.

DESCRIPTION OF CAPITAL STOCK

We are a Maryland corporation. Your rights as a stockholder are governed by Maryland law, including the MGCL, and our charter and bylaws. The following is a summary of the material terms of our capital stock. You should read our charter and bylaws, copies of which are exhibits to the registration statement of which this prospectus is a part, for complete information. See Where You Can Find More Information.

General

Authorized Shares. Our charter provides that we may issue up to 90,000,000 shares of our common stock, $0.01 par value per share, and 10,000,000 shares of preferred stock, $0.01 par value per share. Upon completion of this offering, shares of our common stock (or shares if the underwriters exercise their overallotment option in full) and no shares of preferred stock will be issued and outstanding.

Authority of Our Board of Directors Relating to Authorized Shares. Our charter authorizes our board of directors to amend our charter to increase or decrease the total number of our authorized shares, or the number of shares of any class or series of capital stock that we have authority to issue, without stockholder approval. Our board of directors also has the authority, under our charter and without stockholder approval, to classify any unissued shares of common or preferred stock into one or more classes or series of stock and to reclassify any previously classified but unissued shares of any series of our common or preferred stock. If, however, there are any laws or stock exchange rules that require us to obtain stockholder approval in order for us to take these actions, we will contact our stockholders to solicit that approval.

We believe that the power to issue additional shares of common stock or preferred stock and to classify or reclassify unissued shares of common or preferred stock and then issue the classified or reclassified shares provides us with increased flexibility in structuring possible future financings and acquisitions and in meeting other needs that may arise in the future. The additional classes or series, as well as the additional shares of stock, will be available for issuance without further action by our stockholders, unless stockholder approval is required by applicable law or the rules of any stock exchange or automated quotation system on which our securities may be listed or traded.

Terms and Conditions of Authorized Shares. Prior to issuance of shares of each class or series, our board of directors is required by Maryland law and our charter to set, subject to the provisions of our charter regarding restrictions on transfer of stock, the terms, preferences, conversion or other rights, voting powers, restrictions, limitations as to dividends or other distributions, qualifications and terms or conditions of redemption for each class or series. As a result, our board of directors could authorize the issuance of shares of common stock or preferred stock with terms and conditions that could have the effect of delaying, deferring or preventing a transaction or a change of control that would involve a premium price for holders of our common stock or otherwise be favorable to them.

Stockholder Liability. Applicable Maryland law provides that our stockholders will not be personally liable for our acts and obligations and that our funds and property will be the only recourse for our acts and obligations.

Common Stock

All shares of our common stock offered hereby will be duly authorized, fully paid and nonassessable. Subject to the preferential rights of any other class or series of stock and to the

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provisions of our charter regarding restrictions on transfer of stock, holders of shares of our common stock are entitled to receive distributions on such stock if, as and when authorized by our board of directors out of assets legally available for the payment of distributions, and declared by us, and to share ratably in our assets legally available for distribution to our stockholders in the event of our liquidation, dissolution or winding up, after payment of or adequate provision for all of our known debts and liabilities.

Subject to the provisions of our charter regarding restrictions on ownership and transfer of stock and except as may otherwise be specified in the terms of any class or series of common stock, each outstanding share of our common stock entitles the holder to one vote on all matters submitted to a vote of stockholders, including the election of directors and, except as provided with respect to any other class or series of stock, the holders of our common stock will possess the exclusive voting power. There is no cumulative voting in the election of our directors, which means that the holders of a majority of the outstanding shares of our common stock can elect all of the directors then standing for election and the holders of the remaining shares will not be able to elect any directors. Under Maryland law, the holders of a plurality of the votes cast at a meeting at which directors are to be elected is sufficient to elect a director unless a corporation s charter or bylaws provide otherwise. Our bylaws provide for such plurality voting in the election of directors.

Holders of shares of our common stock have no preference, conversion, exchange, sinking fund, redemption or appraisal rights and have no preemptive or other rights to subscribe for any of our securities. Subject to the provisions of our charter regarding the restrictions on ownership and transfer of stock, shares of our common stock will have equal dividend, liquidation and other rights.

Our charter authorizes our board of directors to reclassify any unissued shares of our common stock into other classes or series of classes of stock and to establish the number of shares in each class or series and to set the preferences, conversion and other rights, voting powers, restrictions, limitations as to dividends or other distributions, qualifications or terms or conditions of redemption for each such class or series.

Preferred Stock

Under our charter, our board of directors may from time to time establish and issue one or more series of preferred stock without stockholder approval. Prior to issuance of shares of each series, our board of directors is required by Maryland law and our charter to set, subject to the provisions of our charter regarding restrictions on transfer of stock, the terms, preferences, conversion or other rights, voting powers, restrictions, limitations as to dividends or other distributions, qualifications and terms or conditions of redemption for each series. Thus, our board of directors could authorize the issuance of shares of preferred stock that have priority over our common stock with respect to dividends or rights upon liquidation or with terms and conditions which could have the effect of delaying, deferring or preventing a transaction or a change of control of our company that might involve a premium price for holders of our common stock or otherwise be in their best interests. As of the date hereof, no shares of preferred stock are outstanding and we have no present plans to issue any preferred stock.

Restrictions on Ownership and Transfer

In order for us to qualify as a REIT under the Internal Revenue Code, our stock must be beneficially owned by 100 or more persons during at least 335 days of a taxable year of 12 months (other than the first year for which an election to be a REIT has been made) or during a proportionate part of a shorter taxable year. Also, not more than 50% of the value of the outstanding shares of stock may be owned, directly or indirectly, by five or fewer individuals (as defined in the Internal Revenue Code to include certain entities such as qualified pension plans) during the last half of a taxable year (other than the first year for which an election to be a REIT has been made). To qualify as a REIT, we must satisfy other requirements as well. See Federal Income Tax Considerations Requirements for Qualification.

Our charter contains restrictions on the ownership and transfer of our stock which are intended to assist us in complying with these requirements and continuing to qualify as a REIT. The relevant sections of our charter provide that, subject to the exceptions described below, no person or entity may beneficially own, or be deemed to own by virtue of the applicable constructive ownership provisions of the Internal Revenue Code, more than 9.8% by vote or value, whichever is more restrictive, of either our outstanding common stock or our outstanding capital stock in the aggregate. We refer to these restrictions, collectively, as the ownership limit. A person or entity that becomes subject to the ownership limit by virtue of a volative transfer that results in a transfer to a trust, as set forth below, is referred to as a purported beneficial transferee if, had the volative transfer been effective, the person or entity would have been a record owner and beneficial owner or solely a beneficial owner of our stock, or is referred to as a purported record transferee if, had the volative transfer been effective, the person or entity would have been solely a record owner of our stock.

The constructive ownership rules under the Internal Revenue Code are complex and may cause stock owned actually or constructively by a group of related individuals and/or entities to be owned constructively by one individual or entity. As a result, the acquisition of less than 9.8% by vote or value, whichever is more restrictive, of either our outstanding common stock or our outstanding capital stock in the aggregate (or the acquisition of an interest in an entity that owns, actually or constructively, our stock) by an individual or entity, could, nevertheless cause that individual or entity, or another individual or entity, to own constructively in excess of 9.8% by vote or value, whichever is more restrictive, of either our outstanding common stock or our outstanding capital stock in the aggregate and thereby violate the applicable ownership limit.

Our board of directors may, in its sole discretion, prospectively or retroactively, waive the ownership limit or establish a different ownership limit, or excepted holder limit, for a particular stockholder if such stockholder s ownership in excess of the ownership limit would not result in our being closely held under Section 856(h) of the Internal Revenue Code (without regard to whether the stockholder s interest is held during the last half of a taxable year) or otherwise cause us to fail to qualify as a REIT and if:

our board of directors obtains such representations and undertakings from such stockholder as are reasonably necessary to ascertain that no individual s beneficial or constructive ownership of our stock will result in our being closely held under Section 856(h) of the Internal Revenue Code (without regard to whether the stockholder s interest is held during the last half of a taxable year) or otherwise failing to qualify as a REIT;

such stockholder does not, and represents that it will not, own, actually or constructively, an interest in a tenant of ours (or a tenant of any entity whose operations are attributed in whole or in part to us) that would cause us to own, actually or constructively, more than a 9.8% interest (as set forth in Section 856(d)(2)(B) of the Internal Revenue Code) in such tenant (or our board of directors determines that revenue derived from such tenant will not affect our ability to qualify as a REIT) and our board of directors obtains such representations and undertakings from such stockholder as are reasonably necessary to ascertain this fact; and such stockholder agrees that any violation or attempted violation of such representations and undertakings, or any other action that is contrary to the provisions of our charter relating to the restrictions or ownership and transfer of our stock, will result in shares of stock owned by such stockholder in excess of the ownership limit being automatically transferred to a charitable trust as described below.

As a condition of granting a waiver or establishing an excepted holder limit, our board of directors may require the applicant to submit such information as the board of directors may reasonably need to make the determinations regarding our REIT status and additionally may require an opinion of counsel or IRS ruling satisfactory to our board of directors, and/or representations or undertakings from the applicant with respect to preserving our REIT status.

In connection with granting a waiver of the ownership limit or establishing an excepted holder limit or at any other time, our board of directors may increase or decrease the ownership limitation for some persons and decrease the ownership limit for all other persons and entities; provided, however, that the decreased ownership limit will not be effective for any person or entity whose percentage ownership in our stock is in excess of such decreased ownership limit until such time as such person or entity s percentage of our stock equals or falls below the decreased ownership limit, but any further acquisition of our stock in excess of such percentage ownership of our common stock will be in violation of the ownership limit. Additionally, the new ownership limit may not allow five or fewer stockholders to beneficially or constructively own more than 49.9% in value of our outstanding stock.

Our charter provisions further prohibit:

- any person from beneficially or constructively owning shares of our stock that would result in our being closely held under Section 856(h) of the Internal Revenue Code (without regard to whether the stockholder s interest is held during the last half of a taxable year) or otherwise cause us to fail to qualify as a REIT; and

- any person from transferring shares of our stock if such transfer would result in shares of our stock being beneficially owned by fewer than 100 persons (determined without reference to any rules of attribution).

Any person who acquires or attempts or intends to acquire beneficial or constructive ownership of shares of our stock that will or may violate any of the foregoing restrictions on transferability and ownership will be required to give notice immediately to us and provide us with such other information as we may request in order to determine the effect of such transfer on our status as a REIT. The foregoing provisions on transferability and ownership will not apply if our board of directors determines that it is no longer in our best interests to attempt to qualify, or to continue to qualify, as a REIT.

Pursuant to our charter, any attempted transfer of our stock which, if effective, would result in our stock being beneficially owned by fewer than 100 persons will be void *ab initio*. Any attempted transfer of our stock or any other event which, if effective, would result in any person violating the ownership limits or such other limit as permitted by our board of directors, will be void and of no force or effect as to that number of shares in excess of the ownership limit (rounded up to the nearest whole share). That number of shares in excess of the ownership limit will be automatically transferred to, and held by, a trust for the exclusive benefit of one or more charitable organizations selected by us. The automatic transfer will be effective as of the close of business on the business day prior to the date of the purported transfer or other event that results in a transfer to the trust. Any dividend or other distribution paid to the purported record transferee, prior to our discovery that the shares had been automatically transferred to a trust as described above, must be repaid to the trustee upon demand for distribution to the beneficiary of the trust. If the transfer to the trust as described above is not automatically effective, for any reason, to prevent violation of the applicable ownership limit or as otherwise permitted by our board of directors, then our charter provides that the transfer of the excess shares will be void *ab initio*.

Shares of our stock transferred to the trustee are deemed offered for sale to us, or our designee, at a price per share equal to the lesser of (i) the price paid by the purported record transferee for the shares (or, if the event which resulted in the transfer to the trust did not involve a purchase of such shares of our stock at market price, the last reported sales price reported on the NYSE on the trading day immediately preceding the day of the event which resulted in the transfer of such shares of our stock to the trust); and (ii) the market price on the date we, or our designee, accepts such offer. We have the right to accept such offer until the trustee has sold the shares of our stock held in the trust pursuant to the clauses discussed below. Upon a sale to us, the interest of the charitable beneficiary in the shares sold terminates and the trustee must distribute the net proceeds of the sale to the purported record transferee and any dividends or other distributions held by the trustee with respect to such stock will be paid to the charitable beneficiary.

If we do not buy the shares, the trustee must, within 20 days of receiving notice from us of the transfer of shares to the trust, sell the shares to a person or entity designated by the trustee who could own the shares without violating the ownership limits and the other restrictions on ownership and transfer of our stock contained in our charter. After that, the trustee must distribute to the purported record transferee an amount equal to the lesser of (i) the price paid by the purported record transferee or owner for the shares (or, if the event which resulted in the transfer to the trust did not involve a purchase of such shares at market price, the last reported sales price reported on the NYSE on the trading day immediately preceding the relevant date); and (ii) the sales proceeds (net of commissions and other expenses of sale) received by the trust for the shares. The purported beneficial transferee or purported record transferee has no rights in the shares held by the trustee.

The trustee shall be designated by us and shall be unaffiliated with us and with any purported record transferee or purported beneficial transferee. Prior to the sale of any excess shares by the trust, the trustee will receive, in trust for the beneficiary, all dividends and other distributions paid by us with respect to the excess shares, and may also exercise all voting rights with respect to the excess shares.

Subject to Maryland law, effective as of the date that the shares have been transferred to the trust, the trustee shall have the authority, at the trustee s sole discretion:

- to rescind as void any vote cast by a purported record transferee prior to our discovery that the shares have been transferred to the trust; and
- to recast the vote in accordance with the desires of the trustee acting for the benefit of the beneficiary of the trust.

However, if we have already taken irreversible corporate action, then the trustee may not rescind and recast the vote.

Every owner of 5% or more (or such lower percentage as required by the Internal Revenue Code or regulations promulgated thereunder) of our stock, within 30 days after the end of each taxable year, must give us written notice, stating the person s name and address, the number of shares of each class and series of our stock that the person beneficially owns and a description of the manner in which the shares are held. Each such owner also must provide us with any additional information we may request in order to determine the effect, if any, of the person s beneficial ownership on our status as a REIT and to ensure compliance with the ownership limit. In addition, any person or entity that is a beneficial owner or constructive owner of shares of our stock and any person or entity (including the stockholder of record) who is holding shares of our stock for a beneficial owner or constructive owner must, on request, disclose to us in writing such information as we may request in order to determine the effect, if any, of such stockholder s actual and constructive ownership of shares of our stock on our status as a REIT and to comply, or determine our compliance with, the requirements of any governmental or taxing authority.

All certificates representing shares of our stock will bear a legend referring to the restrictions described above.

These restrictions on ownership and transfer could delay, defer or prevent a transaction or a change of control of our company that might involve a premium price for our stock or otherwise be in the best interest of our stockholders.

Transfer Agent and Registrar

The transfer agent and registrar for our common stock is .

CERTAIN PROVISIONS OF MARYLAND LAW AND OF OUR CHARTER AND BYLAWS

The following description summarizes the material terms of certain provisions of Maryland law, including the MGCL, and our charter and bylaws. You should review the MGCL, our charter and our bylaws for complete information. We have filed our charter and bylaws as exhibits to the registration statement of which this prospectus is a part. See Where You Can Find More Information.

Our Board of Directors, Vacancies on Our Board of Directors and Removal of Directors

Number and Election of Directors. Our bylaws provide that the number of our directors will be fixed by a majority of our entire board of directors, but may not be fewer than the minimum number permitted under Maryland law or more than fifteen. In establishing the number of directors, the board of directors may not alter the term of office of any director in office at that time.

Pursuant to our charter, each of our directors is elected to serve until the next annual meeting of our stockholders and until their successors are duly elected and qualified. Holders of shares of our common stock will have no right to cumulative voting in the election of directors. Our bylaws provide that at each annual meeting of stockholders, a plurality of votes cast will be able to elect the directors standing for election.

Vacancies on Our Board of Directors. In our charter, we have elected to be subject to Section 3-804(c) of the MGCL, and subject to the rights of holders of one or more classes or series of preferred stock, any vacancy may be filled only by an affirmative vote of a majority of the remaining directors in office, even if the remaining directors do not constitute a quorum, and any director elected to fill a vacancy will serve for the full term of the directorship in which such vacancy occurred and until a successor is elected and qualifies.

Removal of Directors. Our charter provides that, except for any directors elected by holders of a class or series of shares other than common stock, a director may be removed by the stockholders only with the affirmative vote of at least two-thirds of the votes entitled to be cast generally in the election of directors and only for cause. In our charter, cause means, with respect to any particular director, conviction of a felony or a final judgment of a court of competent jurisdiction holding that such director caused demonstrable, material harm to the company through bad faith or active and deliberate dishonesty. This provision, when coupled with the exclusive power of our board of directors to fill vacant directorships, may preclude stockholders from removing incumbent directors and filling the vacancies created by such removal with their own nominees.

Amendment of Our Charter

Our charter generally provides that charter amendments requiring stockholder approval must be declared advisable by our board of directors and approved by the affirmative vote of stockholders entitled to cast a majority of all the votes entitled to be cast on the matter. However, our charter s provisions regarding removal of directors, restrictions on ownership and transfer of our stock and the number of votes required to amend either of these sections may be amended only if such amendment is declared advisable by our board of directors and approved by the affirmative vote of stockholders entitled to cast not less than two-thirds of all the votes entitled to be cast on the matter.

Bylaw Amendments

Our board of directors has the exclusive power to adopt, alter or repeal any provision of our bylaws and to make new bylaws.

Transactions Outside the Ordinary Course of Business

Under Maryland law, a Maryland corporation may not merge with or into another entity, sell all or substantially all of its assets, engage in a share exchange or engage in similar transactions outside the ordinary course of its business unless the transaction or transactions are recommended by a majority of the entire board of directors and approved by the affirmative vote of the holders of not less than two-thirds of all of the votes entitled to be cast on the matter. However, a Maryland corporation may provide in its charter for approval of these matters by a lesser percentage of the shares entitled to vote on the matter, but not less than a majority of all of the votes entitled to be cast on the matter. Our charter provides for approval of these matters by at least a majority of the votes entitled to be cast. However, because operating assets may be held by a corporation s subsidiaries, as in our situation, this may mean that one of our subsidiaries could transfer all of its assets without any vote of our stockholders.

Dissolution

A proposal that we dissolve must be recommended by a majority of the entire board of directors and approved by the affirmative vote of the holders of at least a majority of all of the votes entitled to be cast on the matter.

Advance Notice of Director Nominations and New Business

Our bylaws provide for advance notice by a stockholder or stockholders wishing to have certain matters considered and voted upon at a meeting of stockholders.

With respect to an annual meeting of stockholders, nominations of persons for election to our board of directors and the proposal of business to be considered by stockholders may be made only:

- pursuant to our notice of the meeting;
- by or at the direction of our board of directors; or
- by a stockholder who is entitled to vote at the meeting and has complied with the advance notice procedures set forth in our bylaws.

These procedures generally require the stockholder to deliver notice to our secretary not earlier than the 150th day nor later than the close of business on the 120th day prior to the first anniversary of the date of mailing of the notice for the preceding year s annual meeting. If the date of the annual meeting is advanced by more than 30 days from the date of the preceding year s meeting or if we did not hold an annual meeting the preceding year, notice must be delivered not earlier than the 150th day prior to the date of such annual meeting and not later than the close of business on the later of the 120th day prior to the date of such annual meeting, as originally convened, or the 10th day following the day on which disclosure of the date of the meeting is made.

With respect to special meetings of stockholders, only the business specified in our company s notice of meeting may be brought before the meeting of stockholders. Nominations of persons for election to our board of directors may be made only:

- pursuant to our notice of the meeting;
- by or at the direction of our board of directors; or
- provided that our board of directors has determined that directors shall be elected at such meeting, by a stockholder who is entitled to vote at the meeting and has complied with the advance notice provisions set forth in our bylaws.

Notice must be delivered not earlier than the 120th day prior to the date of the special meeting and not later than the close of business on the later of the 90th day prior to the date of the special meeting or the 10th day following the day on which disclosure of the date of the special meeting is made.

The postponement or adjournment of an annual or special meeting to a later date or time will not commence any new time periods for the giving of the notice described above. Our bylaws contain detailed requirements for the contents of stockholder notices of director nominations and new business proposals.

Ownership Limit

Our charter provides that no person or entity may beneficially own, or be deemed to own by virtue of the applicable constructive ownership provisions of the Internal Revenue Code, more than 9.8% by vote or value, whichever is more restrictive, of either our outstanding common stock or our outstanding capital stock in the aggregate. We refer to this restriction as the ownership limit. Our charter, however, requires exceptions to be made to this limitation if our board of directors determines that such exceptions will not jeopardize our tax status as a REIT. See Description of Capital Stock Restrictions on Ownership and Transfer.

Business Combinations

The Maryland Business Combination Act establishes special requirements for business combinations (including a merger, consolidation, share exchange or, in certain circumstances, an asset transfer or issuance or reclassification of equity securities) between a Maryland corporation and any person who beneficially owns, directly or indirectly, 10% or more of the voting power of the corporation s shares or an affiliate of the corporation who, at any time within the two-year period prior to the date in question and after the date on which the corporation had 100 or more beneficial owners of its stock, was the beneficial owner, directly or indirectly, of 10% or more of the voting power of the then outstanding voting stock of the corporation or an Interested Stockholder. A corporation may not engage in any business combinations with an Interested Stockholder, or an affiliate of such an Interested Stockholder for a period of five years after the most recent date on which the Interested Stockholder becomes an Interested Stockholder. Thereafter, any such business combination must be recommended by the board of directors of such corporation and approved by the affirmative vote of at least (i) 80% of the votes entitled to be cast by holders of outstanding shares of voting stock of the corporation and (ii) two-thirds of the votes entitled to be cast by holders of voting stock of the corporation other than shares held by the Interested Stockholder with whom (or with whose affiliate) the business combination is to be effected, unless, among other conditions, the corporation s common stockholders receive a minimum price (as defined in Maryland law) for their shares and the consideration is received in cash or in the same form as previously paid by the Interested Stockholder for its shares. Under

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the MGCL, a person is not considered an Interested Stockholder under the statute if our board of directors approved in advance the transaction by which the person otherwise would have become an Interested Stockholder.

These provisions of Maryland law do not apply, however, to business combinations that are approved or exempted by resolution of our board of directors provided that the exemption would not apply to a business combination with a particular Interested Stockholder unless the resolution is adopted prior to the time that the Interested Stockholder becomes an Interested Stockholder. Pursuant to the MGCL, our board of directors has by resolution exempted business combinations between us and any person, provided that such business combination is first approved by our board of directors (including a majority of our directors who are not affiliates or associates of such person). Consequently, the five year prohibition and the supermajority vote requirements will not apply to business combinations between us and any person described above. As a result, any person described above may be able to enter into business combinations with us that may not be in the best interests of our stockholders without compliance by us with the supermajority vote requirements and other provisions of the statute. Should our board of directors opt back into the statute or otherwise fail to approve a business combination, the business combination statute may discourage others from trying to acquire control of us and increase the difficulty of consummating any offer.

Our charter provides that any business combinations must be approved by the affirmative vote of at least a majority of the votes entitled to be cast by holders of our voting stock.

Control Share Acquisitions

The Maryland Control Share Acquisition Act provides that control shares of a Maryland corporation acquired in a control share acquisition have no voting rights except to the extent approved at a special meeting by the affirmative vote of two-thirds of the votes entitled to be cast on the matter, excluding shares of stock in a corporation in respect of which any of the following persons is entitled to exercise or direct the exercise of the voting power of shares of stock of the corporation in the election of directors: (i) a person who makes or proposes to make a control share acquisition; (ii) an officer of the corporation; or (iii) an employee of the corporation who is also a director of the corporation. Control shares are voting shares of stock which, if aggregated with all other such shares of stock previously acquired by the acquirer or in respect of which the acquirer is able to exercise or direct the exercise of voting power (except solely by virtue of a revocable proxy), would entitle the acquirer to exercise voting power in electing directors within one of the following ranges of voting power: (i) one-tenth or more but less than one-third; (ii) one-third or more but less than a majority; or (iii) a majority or more of all voting power. Control shares do not include shares the acquiring person is then entitled to vote as a result of having previously obtained stockholder approval. A control share acquisition means the acquisition, directly or indirectly, of ownership of, or the power to direct the exercise of voting power with respect to, control shares, subject to certain exceptions.

A person who has made or proposes to make a control share acquisition, upon satisfaction of certain conditions (including an undertaking to pay expenses), may compel our board of directors to call a special meeting of stockholders to be held within 50 days of demand to consider the voting rights of the shares. If no request for a meeting is made, the corporation may itself present the question at any stockholders meeting.

If voting rights are not approved at the meeting or if the acquiring person does not deliver an acquiring person statement as required by the statute, then, subject to certain conditions and limitations, the corporation may redeem any or all of the control shares (except those for which voting rights have previously been approved) for fair value determined, without regard to the absence of voting rights for the control shares, as of the date of the last control share acquisition by the acquirer or of any meeting of stockholders at which the voting rights of such shares are considered and not approved. If voting rights for control shares are approved at a stockholders meeting and the acquirer becomes entitled to vote a majority of the shares entitled to vote, all other stockholders may exercise appraisal rights. The fair value of the shares as determined for purposes of such appraisal rights may not be less than the highest price per share paid by the acquirer in the control share acquisition.

The control share acquisition statute does not apply (i) to shares acquired in a merger, consolidation or share exchange if the corporation is a party to the transaction or (ii) to acquisitions approved or exempted by the charter or bylaws of the corporation and adopted at any time before the acquisition of the shares.

Our bylaws contain a provision exempting from the Maryland Control Share Acquisition Act any and all acquisitions by any person of our common stock. There can be no assurance that our board of directors will not amend or eliminate this provision of our bylaws in the future.

Maryland Unsolicited Takeovers Act

The Maryland Unsolicited Takeover Act permits Maryland corporations that have classes of equity securities registered under the Exchange Act and have at least three independent directors to elect by resolution of the board of directors or by provision in their charter or bylaws to be subject to certain corporate governance provisions, even if such provisions may be inconsistent with the corporation s charter and bylaws. Under the Maryland Unsolicited Takeover Act, a board of directors may create classes of directors without the vote of stockholders. Further, the board of directors may, by electing into applicable statutory provisions and notwithstanding any contrary provisions in the charter or bylaws:

- provide that a special meeting of the stockholders will be called at the request of stockholders only if requested by stockholders entitled to cast at least a majority of the votes entitled to be cast at the meeting;

- reserve for itself the right to fix the number of directors;

- provide that a director may be removed only by the vote of the holders of two-thirds of the stock entitled to vote; and

- provide that any vacancies on the board of directors may be filled only by the affirmative vote of a majority of the remaining directors in office, even if the remaining directors do not constitute a quorum, for the remainder of the full term of the class of directors in which the vacancy occurred and until a successor is elected and qualified.

A board of directors may implement all or any of these provisions without amending the charter or bylaws and without stockholder approval. Our charter provides that pursuant to an election under Section 3-804(c) of the Maryland Unsolicited Takeover Act, vacancies on our board of directors may be filled only by the affirmative vote of a majority of the remaining directors then in office for the full term of the class of directors in which the vacancy occurred. Through provisions in our charter and bylaws unrelated to the Maryland Unsolicited Takeover Act, we already (i) allow the removal of any director from our board of directors but only for cause and then only with the affirmative vote of the holders of at least two-thirds of our outstanding common stock, (ii) vest in our board the exclusive power to fix the number of directorships and (iii) require, unless called by one of our co-chairmen, our president, our chief executive officer or

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our board of directors, the request of holders of a majority of outstanding shares to call a special meeting.

Anti-Takeover Effect of Certain Provisions of Maryland Law and of Our Charter and Bylaws

The provisions of our charter on removal of directors, provisions that vacancies on our board of directors may be filled only by the remaining directors for the full term of the class of directors in which the vacancy occurred, and the advance notice provisions of our bylaws could delay, defer or prevent a transaction or a change of control of our company that might involve a premium price for holders of our common stock or otherwise be in their best interest. Likewise, if our company s board of directors were to repeal the applicable resolution opting out of the business combination provisions of Maryland law or if the provision in our bylaws opting out of the control share acquisition provisions of Maryland law were rescinded, these provisions of Maryland law could have similar anti-takeover effects.

Indemnification and Limitation of Directors and Officers Liability

Our charter and bylaws provide for indemnification of our officers and directors against liabilities to the fullest extent permitted by Maryland law.

Maryland law permits a Maryland corporation to include in its charter a provision limiting the liability of its directors and officers to the corporation and its stockholders for money damages except for liability resulting from actual receipt of an improper benefit or profit in money, property or services or active and deliberate dishonesty established by a final judgment as being material to the cause of action.

Our charter provides that, to the maximum extent that Maryland law in effect from time to time permits limitation of the liability of directors and officers of a corporation, no director or officer shall be liable to us or our stockholders for money damages. Our bylaws obligate us, to the fullest extent permitted by Maryland law in effect from time to time, to indemnify and, without requiring a preliminary determination of the ultimate entitlement to indemnification, pay or reimburse reasonable expenses in advance of final disposition of a proceeding to:

- any present or former director or officer who is made a party to the proceeding by reason of his or her service in that capacity; or

- any individual who, while a director of our company and at our request, serves or has served another corporation, real estate investment trust, partnership, joint venture, trust, employee benefit plan or any other enterprise as a director, officer, partner or trustee of such corporation, real estate investment trust, partnership, joint venture, trust, employee benefit plan or other enterprise and who is made a party to the proceeding by reason of his or her service in that capacity.

Expenses can be paid or reimbursed in advance of such a final disposition only if we receive from the director or officer an affirmation of his or her good faith belief that the standard of conduct necessary for indemnification has been met and a written undertaking by the director or officer to repay in the amount advanced it if it ultimately determines that the standard of conduct has not been met.

Our charter and bylaws also permit us to indemnify and advance expenses to any person who served our predecessor entities in any of the capacities described above and to any employee or agent of our company or the predecessor entities.

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Maryland law requires a corporation (unless its charter provides otherwise, which our charter does not) to indemnify a director or officer who has been successful, on the merits or otherwise, in the defense of any proceeding to which he or she is made a party by reason of his or her service in that capacity. Maryland law permits a corporation to indemnify its present and former directors and officers, among others, against judgments, penalties, fines, settlements and reasonable expenses actually incurred by them in connection with any proceeding to which they may be made a party by reason of their service in those or other capacities unless it is established that:

- the act or omission of the director or officer was material to the matter giving rise to the proceeding and:
  - was committed in bad faith; or
  - was the result of active and deliberate dishonesty;
- the director or officer actually received an improper personal benefit in money, property or services; or
- in the case of any criminal proceeding, the director or officer had reasonable cause to believe that the act or omission was unlawful.

However, under Maryland law, a Maryland corporation may not indemnify for an adverse judgment in a suit by or in the right of the corporation or for a judgment of liability on the basis that personal benefit was improperly received, unless in either case a court orders indemnification and then only for expenses.

The partnership agreement provides that we, our officers and our directors are indemnified to the fullest extent permitted by law. See Our Operating Partnership and the Partnership Agreement Indemnification and Limitation of Liability.

Insofar as the foregoing provisions permit indemnification of directors, officers or persons controlling us for liability arising under the Securities Act, we have been informed that, in the opinion of the Securities and Exchange Commission, this indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

Indemnification Agreements

We have entered into an indemnification agreement with each of our executive officers and directors as described in Management Indemnification Agreements.

REIT Qualification

Our charter provides that our board of directors may revoke or otherwise terminate our REIT election, without approval of our stockholders, if it determines that it is no longer in our best interests to attempt to qualify, or to continue to qualify, as a REIT.

SHARES ELIGIBLE FOR FUTURE SALE

Upon completion of this offering, we will have shares of common stock outstanding on a fully-diluted basis, including shares of common stock sold in this offering, OP units issued in our formation transactions and an aggregate of 216,000 shares of restricted common stock granted to certain of our executive officers and certain members of our management team under our 2010 Incentive Award Plan, or shares of common stock outstanding on a fully-diluted basis if the underwriters overallotment option is exercised in full. No assurance can be given as to the likelihood that an active trading market for our common stock will develop or be maintained, that any such market will be liquid, that stockholders will be able to sell the common stock when desired, or at all, or at the price they seek. No prediction can be made as to the effect, if any, that future issuances of common stock, or the perception that such issuances could occur, will have on the market price of our common stock prevailing from time to time, although they may adversely affect the prevailing market price of our common stock. See Risk Factors Risks Related to this Offering.

Our 2010 Incentive Award Plan provides that the aggregate number of shares of common stock that may be issued is 2,500,000 shares, subject to adjustment as provided in the plan. After giving effect to the awards to certain of our executive officers and certain members of our management team upon completion of this offering, 2,284,000 shares will be available for future issuance under the plan.

The common stock sold in this offering will be freely transferable without restriction or further registration under the Securities Act, subject to the limitations on ownership set forth in our charter, except for those shares held by our affiliates, as that term is defined by Rule 144 under the Securities Act. As defined in Rule 144, an affiliate of an issuer is a person that directly, or indirectly through one or more intermediaries, controls, is controlled by or is under common control with the issuer. All the shares of our common stock held by our affiliates are restricted securities as that term is defined in Rule 144. Restricted securities may be sold in the public market only if registered under the securities laws or if they qualify for an exemption from registration under Rule 144, as described below.

Rule 144

In general, Rule 144 provides that if (i) one year has elapsed since the date of acquisition of the shares of common stock from us or any of our affiliates and (ii) the holder is not an affiliate of ours and has not been an affiliate of ours at any time during the three months preceding the proposed sale, such holder may sell such shares of common stock in the public market under Rule 144(b)(1) without regard to the volume limitations, manner of sale provisions, current public information requirement or notice requirements under such rule. In general, Rule 144 also provides that if (i) six months have elapsed since the date of acquisition of the shares of common stock from us or any of our affiliates, (ii) we have been a reporting company under the Exchange Act for at least 90 days and (iii) the holder is not an affiliate of ours and has not been an affiliate of ours at any time during the three months preceding the proposed sale, such holder may sell such shares of common stock in the public market under Rule 144(b)(1) subject to satisfaction of Rule 144 s current public information requirement but without regard to the volume limitations, manner of sale provisions or notice requirements under such rule.

In addition, under Rule 144, if (i) one year (or, subject to us being a reporting company under the Exchange Act for at least the preceding 90 days, six months) has elapsed since the date of acquisition of the shares common stock from us or any of our affiliates and (ii) the holder is an affiliate of ours or has been an affiliate of ours at any time during the three months preceding the proposed sale, such holder may sell such shares of common stock in the public market under

Rule 144(b)(1) subject to satisfaction of Rule 144 s volume limitations, manner of sale provisions, current public information requirement and notice requirements.

Rule 144 does not supersede the contractual obligations of the parties to the lock-up agreements described below.

Registration Rights

We will enter into a registration rights agreement with MXT Capital pursuant to which we will agree, among other things, to register the resale of any common stock that may be exchanged for the OP units issued in our formation transactions. This agreement requires us to seek to register all common stock that may be exchanged for OP units effective as of that date which is 12 months following the completion of this offering on a shelf registration statement under the Securities Act. We will also grant the holders of OP units the right to include such common stock in any registration statements we may file in connection with any future public offerings, subject to the terms of the lock-up agreements described herein and subject to the right of the underwriters of those offerings to reduce the total number of such shares of common stock to be sold by selling stockholders in those offerings.

In connection with this offering, we intend to file a registration statement on Form S-8 to register the total number of shares of common stock that may be issued under our 2010 Incentive Award Plan.

Lock-up Agreements

We, each of our executive officers and directors, MXT Capital and Carl H. Ricker, Jr. have agreed with the underwriters not to offer, sell or otherwise dispose of any common stock or any securities convertible into or exercisable or exchangeable for common stock (including OP units) or any rights to acquire common stock for a period of one year after the date of this prospectus, without the prior written consent of Raymond James & Associates, Inc., the representative of the underwriters, subject to limited exceptions. See Underwriting No Sales of Similar Securities.

In connection with each restricted period with the underwriters, if either (i) during the last 17 days of such lock-up period, we release earning results or material news, or a material event relating to us occurs or (ii) before the expiration of such restricted period, we announce that we will release earnings results or become aware that material news or a material event will occur during the 16-day period beginning on the last day of such period, then in either case the expiration of the lock-up will be extended until the expiration of the 18-day period beginning on the date of the release of the earnings results or the occurrence of the material news or event.

Raymond James & Associates, Inc., as representative of the underwriters, has informed us that they do not have a present intent or arrangement to release any of the securities subject to the lock-up provisions agreed to with the underwriters. The release of any lock-ups will be considered on a case-by-case basis. Raymond James & Associates, Inc. in its sole discretion and at any time without notice, may release some or all of the common stock subject to lock-up agreements before the expiration of the particular lock-up period. When determining whether or not to release the common stock from the lock-up agreements, Raymond James & Associates, Inc. will consider, among other factors, the reasons for requesting the release, the number of shares of common stock for which the release is being requested and market conditions at such time.

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OUR OPERATING PARTNERSHIP AND THE PARTNERSHIP AGREEMENT

We have summarized the material terms and provisions of the Amended and Restated Limited Partnership Agreement of Campus Crest Communities Operating Partnership, LP, which we refer to as the partnership agreement. For more detail, you should refer to the partnership agreement itself, a copy of which is filed as an exhibit to the registration statement of which this prospectus is a part. For purposes of this section, references to we, our, us and our company refer to Campus Crest Communities, Inc.

Management of Our Operating Partnership