

Campus Crest Communities, Inc.  
Form DEFM14A  
December 07, 2015

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

**SCHEDULE 14A**

Proxy Statement Pursuant to Section 14(a) of  
the Securities Exchange Act of 1934 (Amendment No.        )

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

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Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material under §240.14a-12

**Campus Crest Communities, Inc.**  
(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

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**2100 Rexford Road, Suite 414,  
Charlotte, North Carolina 28211  
December 7, 2015**

Dear Stockholder,

You are cordially invited to attend the 2015 annual meeting of stockholders of Campus Crest Communities, Inc., a Maryland corporation (“Campus Crest”), which will be held at our corporate headquarters at 2100 Rexford Road, Suite 414, Charlotte, North Carolina 28211, on January 26, 2016 at 10:00 a.m., Eastern Time, unless adjourned or postponed to a later date (the “Annual Meeting”). The board of directors of Campus Crest (the “Board of Directors”) is using the enclosed proxy statement to solicit proxies to be voted at our Annual Meeting. Campus Crest is sending these materials to its stockholders to help them decide how to vote their shares of Campus Crest common stock with respect to the proposed Merger (as hereinafter defined) and the other matters to be considered at the Annual Meeting.

As Campus Crest previously announced, on October 16, 2015, Campus Crest, HSRE Quad Merger Parent, LLC, a Delaware limited liability company (“Parent”), HSRE Quad Merger Sub, LLC, a Maryland limited liability company and wholly owned subsidiary of Parent (“Merger Sub”), and CCGSR, Inc., a Delaware corporation, entered into an Agreement and Plan of Merger that provides for the acquisition of Campus Crest by Parent (such agreement, as it may be amended from time to time, the “Merger Agreement”). Upon the terms and subject to the conditions of the Merger Agreement, Campus Crest will merge with and into Merger Sub, with Merger Sub surviving the Merger as a wholly owned subsidiary of Parent (the “Merger”). Parent is an affiliate of Harrison Street Real Estate Capital, LLC. If the Merger is completed, you, as a holder of common stock of Campus Crest Communities, Inc., will be entitled to receive, in exchange for each share of Campus Crest common stock that you own, (i) \$6.97 in cash (the “Cash Consideration”), and (ii) a pro rata share (currently estimated to be up to \$0.04 per share based on the CAD/\$ exchange rate as of December 1, 2015) of distributions from certain funds held in escrow following Campus Crest’s disposition of its interests in its former Montreal joint venture (the “Contingent Consideration,” and together with the Cash Consideration, the “Merger Consideration”) as more fully described in the enclosed proxy statement. If all or a portion of the Contingent Consideration has not been released from escrow prior to the effective time of the Merger, the Contingent Consideration will instead be paid in the form of one non-transferable contingent value right (“CVR”) for each share of Campus Crest common stock, with each CVR representing the right to receive a pro rata share of the escrowed funds if and when they are released from escrow.

**The Board of Directors unanimously determined that the Merger, the terms of the Merger Agreement and the other transactions contemplated by the Merger Agreement are advisable, fair to, and in the best interests of, Campus Crest and our stockholders and approved and declared advisable the Merger Agreement, the Merger**

**and the other transactions contemplated by the Merger Agreement.**

At the Annual Meeting, you will be asked to approve the Merger and the Merger Agreement and to vote on other Merger-related and Annual Meeting matters. **The Board of Directors unanimously recommends that you vote “FOR” the approval of the Merger and the Merger Agreement.**

The Merger and the Merger Agreement must be approved by the affirmative vote of the holders of a majority of the outstanding shares of common stock of Campus Crest entitled to vote thereon as of the close of business on the record date for the Annual Meeting. The proxy statement accompanying this letter provides you with more specific information about the Annual Meeting, the Merger, the Merger Agreement and the other transactions contemplated by the Merger Agreement. We encourage you to read carefully the enclosed proxy statement, including the exhibits. You may also obtain more information about Campus Crest from us or from documents we have filed or may file with the Securities and Exchange Commission.

**Your vote is very important regardless of the number of shares of common stock that you own. If you fail to vote by proxy or in person, or fail to instruct your broker on how to vote, it will have the same effect as a vote against approval of the Merger and the Merger Agreement. Therefore, whether or not you plan to attend the Annual Meeting, we request that you authorize your proxy by either completing and returning the enclosed proxy card in the postage-paid envelope as promptly as possible or submitting your proxy or voting instructions by telephone or Internet. The enclosed proxy card contains instructions regarding voting. If you are a stockholder of record or the holder of a valid proxy and attend the Annual Meeting, you may continue to have your shares voted as instructed in the proxy, or you may withdraw your proxy at the Annual Meeting and vote your shares in person.**

If you have any questions or need assistance voting your shares of common stock, please contact Innisfree M&A Incorporated, our proxy solicitor, by calling toll-free at (888) 750-5834, and banks and brokers may call collect at (212) 750-5833.

On behalf of the Board of Directors, thank you for your continued support.

Sincerely,

David Coles  
*Interim Chief Executive Officer*  
Campus Crest Communities, Inc.

The enclosed proxy statement is dated December 7, 2015 and, together with the enclosed proxy card, is first being mailed to our stockholders on or about December 9, 2015.

**2100 Rexford Road, Suite 414,**

**Charlotte, North Carolina 28211**

**December 7, 2015**

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS TO BE HELD ON**

To the Stockholders of Campus Crest Communities, Inc.:

You are cordially invited to attend the annual meeting of stockholders of Campus Crest Communities, Inc. (“Campus Crest”) to be held on January 26, 2016 at 10:00 a.m., Eastern Time, at 2100 Rexford Road, Suite 414, Charlotte, North Carolina 28211 unless adjourned or postponed to a later date (the “Annual Meeting”). The Annual Meeting is being held for the following purposes:

1. to approve the merger of Campus Crest with and into HSRE Quad Merger Sub, LLC, an affiliate of Harrison Street Real Estate Capital, LLC (the “Merger”), pursuant to that certain Agreement and Plan of Merger dated as of October 16, 2015 (as may be amended from time to time, the “Merger Agreement”), by and among Campus Crest, HSRE Quad Merger Parent, LLC, HSRE Quad Merger Sub, LLC and CCGSR, Inc.;
2. to approve on an advisory (non-binding) basis the compensation that may become payable to Campus Crest’s named executive officers in connection with the Merger (the “Merger-Related Compensation Proposal”);
3. to approve any adjournments of the Annual Meeting for the purpose of soliciting additional proxies if there are not sufficient votes at the Annual Meeting to approve the Merger and the Merger Agreement (the “Adjournment Proposal”);
4. to elect eight (8) directors to hold office until our 2016 annual meeting of stockholders and until their successors have been duly elected and qualified, or, if earlier, until the closing of the Merger;
5. to ratify the selection by Campus Crest’s audit committee of Grant Thornton LLP as Campus Crest’s independent registered public accounting firm for the year ending December 31, 2015;

6. to approve on an advisory (non-binding) basis the compensation paid to Campus Crest's named executive officers;
7. to consider on an advisory (non-binding) basis a stockholder proposal regarding majority voting in uncontested director elections at Campus Crest; and
8. to transact any other business that may properly come before the Annual Meeting and any adjournment or postponement thereof.

The foregoing items of business are more fully described in the attached proxy statement. A copy of the Merger Agreement is attached as Exhibit A to the proxy statement, and you are encouraged to read it in its entirety.

**The board of directors of Campus Crest (the "Board of Directors") has unanimously approved the Merger Agreement and the consummation of the Merger and the other transactions contemplated by the Merger Agreement, and has declared the Merger Agreement, the Merger and the other transactions contemplated by the Merger Agreement advisable, fair to and in the best interests of Campus Crest and our stockholders. The Board of Directors recommends that you vote "FOR" the proposal to approve the Merger and the Merger Agreement.**

**The Board of Directors also recommends that you vote “FOR” the election of each of the director nominees named in Proposal 4; the Board of Directors makes no recommendation regarding the non-binding stockholder proposal in Proposal 7; and the Board of Directors recommends that you vote “FOR” each of the other proposals listed above and described in more detail in the proxy statement.**

All holders of record of shares of Campus Crest common stock as of the record date, which was the close of business on December 1, 2015, are entitled to receive notice of and attend the Annual Meeting or any postponements or adjournments of the Annual Meeting and are entitled to vote at the Annual Meeting or any postponements or adjournments of the Annual Meeting. If you hold your stock in the name of a brokerage firm, bank or other nominee, only that entity can vote your shares. Please give instructions as to how you wish your shares to be voted to the person responsible for your account.

Approval of the Merger and the Merger Agreement requires the affirmative vote of the holders of a majority of the outstanding shares of common stock of Campus Crest entitled to vote thereon as of the close of business on the record date for the Annual Meeting. If you fail to vote in person or by proxy, it will have the same effect as a vote against the proposal to approve the Merger and the Merger Agreement. Approval of the election of the director nominees in Proposal 4 requires a plurality of the votes cast. Approval for each of the other proposals requires the affirmative vote of the holders of a majority of the votes cast on each such proposal. If you fail to vote in person or by proxy, such failure will have no effect on either of these proposals.

The result of the vote on the Merger-Related Compensation Proposal is non-binding and advisory, and as a result, will not be binding on us, our Board of Directors or our compensation committee. Therefore, if the Merger and the Merger Agreement are approved by our stockholders and the Merger is consummated, this compensation, including amounts that we may be contractually obligated to pay, could still be payable to our named executive officers regardless of whether our stockholders approve the Merger-Related Compensation Proposal.

Even if you plan to attend the Annual Meeting in person, we request that you authorize your proxy to vote your shares by either marking, signing, dating and promptly returning the enclosed proxy card in the postage-paid envelope or submitting your proxy or voting instructions by telephone or Internet. If you vote by Internet or telephone, your vote must be received before 11:59 p.m. Eastern Time on January 25, 2016, the day before the Annual Meeting. Any proxy may be revoked at any time prior to its exercise by delivery of a properly executed, later-dated proxy card, by submitting your proxy or voting instructions by telephone or Internet at a later date than your previously authorized proxy, by submitting a written revocation of your proxy to our corporate secretary at 2100 Rexford Road, Suite 414, Charlotte, North Carolina 28211, or by voting in person at the Annual Meeting.

Under Maryland law, because the shares of Campus Crest common stock were listed on the New York Stock Exchange at the close of business on the record date, you do not have any appraisal rights, dissenters' rights or similar



rights of an objecting stockholder in connection with the Merger.

We encourage you to read the accompanying proxy statement in its entirety and to submit a proxy or voting instructions so that your shares of Campus Crest common stock will be represented and voted even if you do not attend the Annual Meeting. If you have any questions or need assistance in submitting a proxy or voting instructions, please call our proxy solicitor, Innisfree M&A Incorporated, toll-free at (888) 750-5834, and banks and brokers may call collect at (212) 750-5833.

BY ORDER OF THE BOARD OF DIRECTORS

David Coles  
*Interim Chief Executive Officer*  
Campus Crest Communities, Inc.

Charlotte, North Carolina  
December 7, 2015

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Exhibits:

Exhibit A—Agreement and Plan of Merger

Exhibit B—Opinion of Financial Advisor

## SUMMARY

*This summary highlights selected information from this proxy statement and may not contain all of the information that is important to you. You should carefully read this entire proxy statement, including the attached exhibits, including but not limited to the Merger Agreement which is attached as Exhibit A (together, the “Proxy Statement”), and the other documents to which we have referred you.*

### **The Merger and the Merger Agreement (pages 30 and 82)**

Subject to the terms and conditions of that certain Agreement and Plan of Merger dated as of October 16, 2015 and attached hereto as Exhibit A (such agreement, as it may be amended from time to time, the “Merger Agreement”), by and among Campus Crest Communities, Inc. (“Campus Crest”), HSRE Quad Merger Parent, LLC, a Delaware limited liability company (“Parent”), HSRE Quad Merger Sub, LLC, a Maryland limited liability company and wholly owned subsidiary of Parent (“Merger Sub”), and CCGSR, Inc., a Delaware corporation, Campus Crest will merge with and into Merger Sub, with Merger Sub surviving the Merger as a wholly owned subsidiary of Parent, and the separate existence of Campus Crest will cease (the “Merger”). Parent is an affiliate of Harrison Street Real Estate Capital, LLC. The Merger will become effective at such time as the articles of merger (the “Articles of Merger”) are filed with, and accepted by, the State Department of Assessments and Taxation of Maryland, or at such subsequent date and time as Campus Crest and Merger Sub shall agree and specify in the Articles of Merger. We sometimes use the term “Merger effective time” in this Proxy Statement to refer to the time the Merger becomes effective.

In connection with the consummation of the Merger, the stockholders of Campus Crest will automatically become entitled to the right to receive, in exchange for each share of Campus Crest common stock, (i) \$6.97 in cash (the “Cash Consideration”), and (ii) a pro rata share (currently estimated to be up to \$0.04 per share based on the CAD/\$ exchange rate as of December 1, 2015) of distributions from certain funds held in escrow following Campus Crest’s disposition of its interests in its former Montreal joint venture (the “Contingent Consideration,” and together with the Cash Consideration, the “Merger Consideration”). If all or a portion of the Contingent Consideration has not been released from escrow prior to the effective time of the Merger, the Contingent Consideration will instead be paid in the form of one non-transferable contingent value right (“CVR”) for each share of Campus Crest common stock, with each CVR representing the right to receive a pro rata share of the escrowed funds if and when they are released from escrow.

Following the consummation of the Merger, the surviving entity of the Merger will enter into a separate merger agreement with one of its wholly owned subsidiaries and Campus Crest Communities Operating Partnership, LP (the “Operating Partnership”) (such agreement, the “Operating Partnership Merger Agreement”), pursuant to which such wholly owned subsidiary and the Operating Partnership will merge (the “Operating Partnership Merger”). Upon the consummation of the Operating Partnership Merger, in accordance with the Operating Partnership Merger Agreement and subject to the terms and conditions of the Operating Partnership Merger Agreement, each then-outstanding limited

partnership unit in the Operating Partnership will be converted into the right to receive an amount equal to the Merger Consideration.

**The Parties to the Merger (page 22)**

*Campus Crest Parties*

Campus Crest, a Maryland corporation formed in March 2010, is a self-administered and self-managed real estate investment trust (“REIT”) focused on owning and managing a high-quality student housing portfolio located close to college campuses. Campus Crest currently owns limited partnership interests in, and all of the issued and outstanding equity interests in the sole general partner of, the Operating Partnership, which is a Delaware limited partnership formed in March 2010. Campus Crest holds substantially all of its assets, and conducts substantially all of its business, through the Operating Partnership. As of October 19, 2015, Campus Crest, through its affiliates, had ownership interests in 79 student housing properties with over 42,000 beds across North America. Campus Crest is traded on the New York Stock Exchange under the symbol “CCG.”



CCGSR, Inc. (“CCGSR”) is a newly formed Delaware corporation created solely for the purpose of representing the stockholders of Campus Crest pursuant to the Merger Agreement if the CVRs are issued at the closing of the Merger as part of the Contingent Consideration. CCGSR has not carried on any activities to date other than activities incidental to its formation and activities undertaken in connection with the transactions contemplated by the Merger Agreement.

The address of Campus Crest is 2100 Rexford Road, Suite 414, Charlotte, North Carolina, 28211. The telephone number of Campus Crest is (704) 496-2500.

### ***HSRE Parties***

Parent is a newly formed Delaware limited liability company and an affiliate of Harrison Street Real Estate Capital, LLC, a Delaware limited liability company (“HSRE”). Merger Sub is a newly formed Maryland limited liability company and a wholly owned subsidiary of Parent. Parent and Merger Sub are collectively referred to as the “HSRE Parties.” The HSRE Parties were created solely for the purpose of engaging in the transactions contemplated by the Merger Agreement. Neither Parent nor Merger Sub has carried on any activities to date other than activities incidental to their formation and activities undertaken in connection with the transactions contemplated by the Merger Agreement. The HSRE Parties are affiliates of HSRE, a real estate private equity firm founded in 2005 that directly and through its affiliates, has approximately \$8 billion in assets under management through commingled funds and public securities products. The commingled funds focus exclusively on the Education, Healthcare and Storage segments of the US & European real estate markets. Since inception, HSRE has acquired or developed over \$10 billion of real estate throughout 480 properties in 40 states including over 63,000 student housing beds, more than 14,000 senior housing units, over 5.9 million square feet of medical office space, and more than 92,000 self-storage units.

The address of the HSRE Parties and HSRE is 71 South Wacker Drive, Suite 3575, Chicago, IL 60606. The telephone number of the HSRE Parties and HSRE is (312) 920-0500.

### **The Annual Meeting (page 23)**

We are furnishing this Proxy Statement to our stockholders as part of the solicitation of proxies by our Board of Directors for exercise at the annual meeting of stockholders of Campus Crest (the “Annual Meeting”). This Proxy Statement provides Campus Crest stockholders with information about the Annual Meeting and should be read carefully in its entirety.

***Date, Time and Purpose of the Annual Meeting (page 23)***

The Annual Meeting will be held on January 26, 2016 at 10:00 a.m., Eastern Time, at 2100 Rexford Road, Suite 414, Charlotte, North Carolina 28211, unless adjourned or postponed to a later date. At the Annual Meeting, you will be asked to consider and vote upon seven separate proposals:

***Proposal 1:*** to approve the merger of Campus Crest with and into Merger Sub (the “Merger”), pursuant to the terms and conditions of the Merger Agreement;

***Proposal 2:*** to approve on an advisory (non-binding) basis the compensation that may become payable to Campus Crest’s named executive officers in connection with the Merger (the “Merger-Related Compensation Proposal”);

***Proposal 3:*** to approve any adjournments of the Annual Meeting for the purpose of soliciting additional proxies if there are not sufficient votes at the Annual Meeting to approve the Merger and the Merger Agreement (the “Adjournment Proposal”);

***Proposal 4:*** to elect eight (8) directors to hold office until our 2016 annual meeting of stockholders and until their successors have been duly elected and qualified, or, if earlier, until the closing of the Merger;

**Proposal 5:** to ratify the selection by Campus Crest's audit committee of Grant Thornton LLP as Campus Crest's independent registered public accounting firm for the year ending December 31, 2015;

**Proposal 6:** to approve on an advisory (non-binding) basis the compensation of Campus Crest's named executive officers; and

**Proposal 7:** to consider on an advisory (non-binding) basis a stockholder proposal regarding majority voting in uncontested director elections at Campus Crest.

**Only the approval of Proposal 1 is required for completion of the Merger.**

***Record Date; Notice and Quorum (page 23)***

You are entitled to receive notice of and vote at the Annual Meeting if you owned shares of Campus Crest common stock as of the close of business on December 1, 2015, the record date for the Annual Meeting. At the close of business on the record date, there were approximately 64,756,541 shares of Campus Crest common stock outstanding and entitled to vote at the Annual Meeting, held by approximately 39 holders of record. Stockholders entitled to vote at the Annual Meeting will have one vote on each matter submitted to a vote at the Annual Meeting for each share of Campus Crest common stock that such stockholder owned as of the close of business on the record date.

A quorum of stockholders is necessary to hold a valid meeting. Under our Bylaws, the presence in person or by proxy of stockholders entitled to cast a majority of all the votes entitled to be cast at the Annual Meeting constitutes a quorum. If you submit a properly executed proxy card or submit your proxy or voting instructions by telephone or Internet, even if you abstain from voting, your shares of Campus Crest common stock will be counted for purposes of determining whether a quorum is present at the Annual Meeting. Banks, brokerage firms and other nominees who hold shares for the accounts of their clients may vote such shares either as directed by their clients or in their own discretion on "routine" matters. When a broker does not receive instructions from a non-record owner on how to vote shares with respect to a "non-routine" matter, a broker "non-vote" occurs. Broker "non-votes" will be treated as present for purposes of determining whether a quorum is present, but will not be counted as votes cast "FOR" or "AGAINST" any matter.

In the event that a quorum is not present at the Annual Meeting or additional votes must be solicited in connection with the approval of the Merger and the Merger Agreement, it is expected that the Annual Meeting will be adjourned without notice (other than by announcement at the meeting if the adjourned meeting will be held on a date not more than 120 days after the original record date) to solicit additional proxies.

***Required Vote (page 24)***

It is very important that ALL of our stockholders vote their shares of Campus Crest common stock, so please promptly authorize your proxy by either completing and returning the enclosed proxy card in the postage-paid envelope as promptly as possible or submitting your proxy or voting instructions by telephone or Internet. As of the record date, there were approximately 64,756,541 shares of Campus Crest common stock outstanding. The votes required to approve each proposal are as follows:

*Proposal 1 (Approval of the Merger and the Merger Agreement).* The approval of the Merger and the Merger Agreement requires the affirmative vote, in person or by proxy, of holders of a majority of the outstanding shares of common stock of Campus Crest entitled to vote thereon as of the close of business on the record date for the Annual Meeting. Failure to submit a vote (i.e., not submitting a proxy and not voting in person), abstentions and “broker non-votes” will have the same effect as a vote against Proposal 1.

*Proposal 2 (Merger-Related Compensation Proposal).* The approval, on a non-binding, advisory basis, of the Merger-Related Compensation Proposal requires the affirmative vote of the holders of a majority of the votes cast on the proposal at the Annual Meeting. As a non-binding advisory vote, the result of this proposal will not be binding on us, our Board of Directors or our compensation committee.

*Proposal 3 (Adjournment Proposal).* The approval of the Adjournment Proposal requires the affirmative vote of the holders of a majority of the votes cast on the proposal at the Annual Meeting.

*Proposal 4 (Election of Directors).* The election of a nominee to the Board of Directors requires the affirmative vote of a plurality of the votes cast by stockholders present or in person or represented by proxy and entitled to vote at the Annual Meeting.

*Proposal 5 (Ratification of the Selection by the Audit Committee of the Independent Registered Public Accounting Firm).* The ratification of the selection by Campus Crest's audit committee of Grant Thornton LLP as Campus Crest's independent registered public accounting firm for the year ending December 31, 2015 requires the affirmative vote of the holders of a majority of the votes cast on the proposal.

*Proposal 6 (Advisory (Non-Binding) Vote on Campus Crest Executive Compensation).* The approval, on a non-binding, advisory basis, of the compensation paid to Campus Crest's named executive officers requires the affirmative vote of the holders of a majority of the votes cast on the proposal.

*Proposal 7 (Non-Binding Stockholder Proposal on Majority Voting in Uncontested Director Elections).* The approval, on a non-binding, advisory basis, of a stockholder proposal regarding majority voting in uncontested director elections at Campus Crest requires the affirmative vote of the holders of a majority of the votes cast on the proposal.

*Other Proposals:* Approval of any other proposal to be voted upon at the Annual Meeting requires the affirmative vote of the holders of a majority of the votes cast on the proposal.

Brokers normally have discretion to vote on routine matters, such as ratification of auditors, but not on non-routine matters, which as discussed below, includes the other six proposals to be considered at the Annual Meeting. A "broker non-vote" occurs when a broker does not have discretionary voting authority on a non-routine matter because the broker has not received instructions from its client as to how to vote on a particular proposal. If you are a beneficial owner whose shares are held of record by a broker, your broker has discretionary voting authority under New York Stock Exchange ("NYSE") rules to vote your shares on the ratification of the selection of Grant Thornton LLP as our independent registered public accounting firm even if the broker does not receive voting instructions from you. However, your broker does not have discretionary authority to vote on the approval of the other six proposals to be considered at the Annual Meeting, in which case a broker non-vote will occur and your shares will not be voted on these matters. Accordingly, it is particularly important that beneficial owners instruct their brokers how they wish to vote their shares. **The failure by the holders of shares of Campus Crest common stock to attend the Annual**

**Meeting and vote or authorize a proxy to vote their shares of Campus Crest common stock at the Annual Meeting will have the same effect as a vote “against” the proposal to approve the Merger and the Merger Agreement, as will abstentions.** If you properly sign, date and return a proxy card, but do not indicate how your shares of Campus Crest common stock should be voted on a matter, the shares represented by your proxy will be voted as our Board of Directors recommends (i.e., “**FOR**” the proposal to approve the Merger and the Merger Agreement and the other five proposals recommended by our Board of Directors). Our Board of Directors makes no recommendation on the non-binding, advisory stockholder proposal regarding majority voting in uncontested director elections at Campus Crest.

***How to Authorize a Proxy (page 26)***

Stockholders may vote their shares of Campus Crest common stock at the Annual Meeting in one of four ways: (i) by mail via the enclosed proxy card; (ii) by telephone at the toll-free number provided on the enclosed proxy card; (iii) over the Internet, at the website provided on the enclosed proxy card; or (iv) in person at the Annual Meeting. See and read carefully “The Annual Meeting” beginning on page 23.

***Proxies and Revocation (page 27)***

You may revoke your proxy at any time prior to the vote at the Annual Meeting by delivering to Campus Crest’s Secretary a signed notice of revocation or submitting a later-dated, signed proxy card or by submitting a proxy via Internet or by telephone at a later date (in which case only the later-dated proxy will be counted and the earlier proxy will be revoked). You also may revoke your proxy by attending the Annual Meeting and voting in person. Attendance at the Annual Meeting will not, in and of itself, result in the revocation of a proxy or cause your shares of Campus Crest common stock to be voted. If your shares are held in “street name” by a broker or other nominee, you should instruct your broker how to vote your shares on each proposal in accordance with your voting instruction form. In addition, if your shares are held in street name by a broker or other nominee, if you attend the Annual Meeting in person, you will not be able to vote your shares in person at the meeting unless you obtain a “legal proxy” from your broker or other nominee, giving you the right to vote the shares at the meeting.

***Solicitation of Proxies (page 28)***

Our directors, officers and other employees may solicit proxies in person, by telephone, electronically, by mail or other means, but they will not be specifically compensated for these services. Brokers, banks and other persons will be reimbursed by us for expenses they incur in forwarding proxy material to obtain voting instructions from beneficial stockholders. We have also hired Innisfree M&A Incorporated to assist in the solicitation of proxies for a fee not to exceed \$20,000 and reimbursement of out-of-pocket expenses. The total cost of solicitation of proxies will be borne by us. For a description of the costs and expenses to us of soliciting proxies, see “The Annual Meeting—Solicitation of Proxies” on page 28.

***Exchange of Share Certificates (page 28)***

**Stockholders should not send in their share certificates, if any, with their proxies.** A transmittal form with instructions for the surrender of certificates representing shares of Campus Crest common stock will be mailed to stockholders if the Merger is completed.

***Recommendations of the Board of Directors (page 26)***

*Proposal 1 (Approval of the Merger and the Merger Agreement).* Our Board of Directors has determined that the Merger, the Merger Agreement and the transactions contemplated by the Merger Agreement are advisable and fair to

and in the best interests of Campus Crest and its stockholders, has unanimously approved the Merger Agreement and the consummation of the Merger and unanimously recommends that our stockholders vote “**FOR**” the proposal to approve the Merger and the Merger Agreement.

*Proposal 2 (Merger-Related Compensation Proposal).* Our Board of Directors also recommends that you vote “**FOR**” the non-binding, advisory Merger-Related Compensation Proposal.

*Proposal 3 (Adjournment Proposal).* Our Board of Directors also recommends that you vote “**FOR**” any adjournment of the Annual Meeting if necessary to permit solicitation of further proxies if there are not sufficient votes at the time of the Annual Meeting to approve the Merger and the Merger Agreement.

*Proposal 4 (Election of Directors).* Our Board of Directors also recommends that you vote “**FOR**” the election of each of the director nominees named in Proposal 4.

*Proposal 5 (Ratification of the Selection by the Audit Committee of the Independent Registered Public Accounting Firm).* Our Board of Directors also recommends that you vote “**FOR**” the ratification of the selection by Campus Crest’s audit committee of Grant Thornton LLP as Campus Crest’s independent registered public accounting firm for the year ending December 31, 2015.



*Proposal 6 (Advisory (Non-Binding) Vote on Campus Crest Executive Compensation).* Our Board of Directors also recommends that you vote “**FOR**” the non-binding, advisory proposal to approve the compensation paid to Campus Crest’s named executive officers.

*Proposal 7 (Non-Binding Stockholder Proposal on Majority Voting in Uncontested Director Elections).* Our Board of Directors makes no recommendation on the non-binding, advisory stockholder proposal regarding majority voting in uncontested director elections at Campus Crest.

For additional information regarding certain factors our Board of Directors considered in making its recommendation regarding the Merger and the Merger-related proposals, please see “The Merger—Recommendations on Merger-Related Proposals and Reasons for the Merger” beginning on page 57.

#### **Opinion of Our Financial Advisor (page 59)**

In connection with the Merger, Campus Crest’s Board of Directors received a written opinion, dated October 13, 2015, from Campus Crest’s financial advisor, Moelis & Company LLC (“Moelis”), as to the fairness, from a financial point of view and as of the date of such opinion, of the consideration to be received in the Merger by holders of shares of Campus Crest common stock (other than Parent and its affiliates). **The full text of Moelis’ written opinion dated October 13, 2015, which sets forth the assumptions made, procedures followed, matters considered and limitations on the review undertaken in connection with the opinion is attached as Exhibit B to this Proxy Statement and is incorporated herein by reference. You are urged to read Moelis’ written opinion carefully and in its entirety. Moelis’ opinion was provided for the use and benefit of Campus Crest’s Board of Directors (in its capacity as such) in its evaluation of the Merger. Moelis’ opinion is limited solely to the fairness, from a financial point of view, of the consideration to be received in the Merger by holders of shares of Campus Crest common stock (other than Parent and its affiliates), and does not address Campus Crest’s underlying business decision to effect the Merger or the relative merits of the Merger as compared to any alternative business strategies or transactions that might be available with respect to Campus Crest and does not constitute a recommendation to any stockholder of Campus Crest as to how such stockholder should vote or act with respect to the Merger or any other matter.**

#### **Financing of the Merger (page 68)**

In order to close the Merger, Parent will require funds necessary to (i) pay the holders of Campus Crest common stock the amounts due to them under the Merger Agreement; (ii) redeem or set aside sufficient funds for the redemption of Campus Crest’s 8.00% Series A Cumulative Redeemable Preferred Stock; (iii) assume, refinance or pay off existing

indebtedness of Campus Crest as contemplated by the Merger Agreement; (iv) purchase certain interests in the Operating Partnership, and certain joint venture properties; (v) pay certain limited partners of the Operating Partnership an amount equal to the Merger Consideration; (vi) pay off the outstanding 4.75% Exchangeable Senior Notes due 2018 issued by the Operating Partnership; and (vii) pay all fees and expenses related to the Merger and the financing of the Merger.

In connection with the execution of the Merger Agreement, Parent provided Campus Crest with executed copies of (i) equity commitment letters representing financing in the aggregate amount of up to approximately \$927 million to be provided by certain affiliates of Parent, and (ii) debt commitment letters representing financing in the aggregate amount up to \$750 million to be provided by (a) PNC Bank, National Association (as administrative agent), along with certain other banks and financial institutions, and (b) Bank of America, N.A. (as administrative agent), along with certain other banks and financial institutions. Additionally, our cash on hand may also be used by Parent to finance a portion of the Merger.

The consummation of the Merger is not subject to any financing conditions, although funding of the debt and equity financing is subject to the satisfaction of the conditions set forth in the applicable commitment letters under which such financings will be provided.

**Interests of Our Directors and Executive Officers in the Merger (page 69)**

Our directors and officers have certain interests in the Merger that may be different from, or in addition to, the interests of our stockholders generally. These interests may create potential conflicts of interest. These interests include the following:

Immediately prior to the Merger effective time, each share of Campus Crest's restricted stock outstanding immediately prior to the Merger effective time, including restricted stock held by our named executive officers and directors (but excluding 50,000 shares of restricted stock held by Mr. Aaron Halfacre, our President and Chief Investment Officer, that will be forfeited prior to the Merger effective time to the extent not previously vested), will vest in full, will be treated as outstanding shares of Campus Crest common stock and will be cancelled and converted into the right to receive the Merger Consideration, without interest, less any applicable withholding or other taxes.

Campus Crest maintains a deferred compensation plan under which certain designated employees are entitled to defer a certain amount of their cash compensation. Under the terms of the plan, all accounts will become fully vested as of the Merger effective time, and if a participant terminates employment within two years following the Merger, the participant's account will be distributed in a lump sum within sixty days following such termination (unless subject to a six-month delay under Code Section 409A).

Mr. Aaron Halfacre and Mr. Scott Rochon, our Chief Accounting Officer, have employment agreements with Campus Crest, pursuant to which each executive would be entitled to severance payments if the executive's employment is terminated under certain conditions in connection with the consummation of the Merger. In addition, the employment agreements of Mr. Halfacre and Mr. Rochon provide for transaction bonuses that are payable to each executive upon the successful closing of the Merger.

Our Board of Directors was aware of these interests and considered them, among other matters, in reaching its decision to approve the Merger and the Merger Agreement.

**Regulatory Matters (page 73)**

We are unaware of any material U.S. federal, state or foreign regulatory requirements or approvals that are required for the execution of the Merger Agreement or the consummation of the Merger and the other transaction contemplated by the Merger Agreement, other than the filing of the Articles of Merger with, and the acceptance of such Articles of Merger for record by, the State Department of Assessments and Taxation of Maryland.

**Treatment of Common Stock and Restricted Stock (page 83)**

The Merger Agreement provides that, at the Merger effective time, each issued and outstanding share of Campus Crest common stock (other than shares of common stock (i) held by Campus Crest as treasury stock, (ii) owned by any direct or indirect wholly owned Company Subsidiary (as hereinafter defined), or (iii) that are issued or outstanding and owned directly or indirectly by Parent or Merger Sub immediately prior to the Merger effective time, which in each case will be automatically cancelled and retired and will cease to exist) will automatically be converted into the right to receive an amount equal to (i) \$6.97 in cash (the “Cash Consideration”), and (ii) a pro rata share (currently estimated to be up to \$0.04 per share based on the CAD/\$ exchange rate as of December 1, 2015) of distributions from certain funds held in escrow (as described below) following Campus Crest’s disposition of its interests in its former Montreal joint venture (the “Contingent Consideration,” and together with the Cash Consideration, the “Merger Consideration”). If all or a portion of the Contingent Consideration has not been released from escrow prior to the Merger effective time, the Contingent Consideration will instead be paid in the form of one non-transferable contingent value right (“CVR”) for each share of Campus Crest common stock, with each CVR representing the right to receive a pro rata share of the escrowed funds if and when they are released from escrow.

There are two separate escrow accounts. One of the escrow accounts holds CAD3,408,750 (or approximately \$0.033 per share of Campus Crest common stock based on the CAD/\$ exchange rate as of December 1, 2015) which was withheld from the net sale proceeds from the sale of the interests in the Montreal joint venture in order to pay Canadian withholding tax that may be due on the sale. Campus Crest has filed a request with the Canada Revenue Authority to issue a certificate certifying that the sale proceeds are not subject to such tax, and the tax escrow funds will be (i) released from the escrow upon Campus Crest's delivery of the certificate to the escrow agent, or (ii) reduced by the amount of any such tax, and the balance released. In addition, CAD450,000 of the net proceeds (or approximately \$0.004 per share of Campus Crest common stock based on the CAD/\$ exchange rate as of December 1, 2015) from the sale was deposited in an escrow account to secure certain indemnification obligations of Campus Crest arising out of the sale of the Montreal interests. If there are no valid claims against the indemnification escrow, the indemnification escrow funds are due to be released on February 27, 2016. If either of these escrow amounts is released from escrow prior to the Merger effective time, then the released funds will be paid to Campus Crest stockholders together with the Cash Consideration. Although Campus Crest currently expects the entire amount of the funds to be released from each of these escrows, there is no assurance that all or any part of the funds will be released, or any certainty as to the timing of any release.

Except as set forth below, each share of Campus Crest restricted stock outstanding immediately prior to the Merger effective time that is subject to vesting or other lapse restrictions pursuant to Campus Crest's Amended and Restated Equity Incentive Compensation Plan or any restricted stock award agreement will automatically vest and become free of such restrictions immediately prior to the Merger effective time and will be automatically converted in the right to receive the Merger Consideration, without interest, less any applicable tax withholding. Mr. Halfacre currently has restricted stock awards for 50,000 shares of Campus Crest stock that vest only if the closing price of Campus Crest's common stock exceeds specified dollar amounts between \$9.00 per share and \$13.00 per share.

#### **Treatment of Preferred Stock (page 84)**

The Merger Agreement provides that, at the Merger effective time, Campus Crest will either (i) cause each share of its 8.00% Series A Cumulative Redeemable Preferred Stock to be redeemed in accordance with the terms thereof, or (ii) set aside sufficient funds for the redemption of each such share in trust for the benefit of the holders of such preferred stock in accordance with the terms thereof.

#### **Dividends (page 84)**

Under the terms of the Merger Agreement, Campus Crest may not authorize, declare or pay dividends to holders of Campus Crest common stock during the term of the Merger Agreement without the prior written consent of Parent, except for (i) the declaration and payment by Campus Crest of regular quarterly dividends in accordance with past practice for the period up to the closing date of the Merger, (ii) the declaration and payment of dividends or other

distributions to Campus Crest or any (a) subsidiary of Campus Crest, or (b) joint venture (or subsidiaries thereof) in which Campus Crest owns (directly or indirectly) less than fifty percent of the membership interest, but for which Campus Crest or one of its subsidiaries directly or indirectly controls the day-to-day management (clause (a) and (b), collectively the “Company Subsidiaries”), by any directly or indirectly wholly owned Company Subsidiary, and (iii) dividends or other distributions by any Company Subsidiary that is not wholly owned, directly or indirectly, by Campus Crest, in accordance with the terms of the organizational documents of such Company Subsidiary.

Notwithstanding the foregoing, Campus Crest and the Company Subsidiaries are permitted, under the terms of the Merger Agreement, to make (or increase) dividends or distributions reasonably necessary for Campus Crest to maintain its status as a REIT and/or avoid or reduce the imposition of any entity-level income or excise tax.

### **Treatment of Our Operating Partnership Units (page 84)**

The Merger Agreement provides that, following the Merger effective time, the surviving entity in the Merger will enter into the Operating Partnership Merger Agreement with the Operating Partnership and a wholly owned subsidiary of the surviving entity in the Merger pursuant to which such wholly owned subsidiary and the Operating Partnership will merge. Upon the consummation of the Operating Partnership Merger, in accordance with the Operating Partnership Merger Agreement and subject to the terms and conditions of the Operating Partnership Merger Agreement, each then-outstanding limited partnership unit in the Operating Partnership will be converted into the right to receive an amount equal to the Merger Consideration.

**This Proxy Statement does not constitute any solicitation of consents in respect of the Operating Partnership Merger and does not constitute an offer to exchange, redeem or convert any partnership units that you may own.**

### **Acquisition Proposals (page 90)**

Pursuant to the terms of the Merger Agreement, we are restricted in our ability to solicit, initiate or knowingly encourage or take any action to facilitate any inquiries or the making of any proposal or offer that constitutes, or may reasonably be likely to lead to, any takeover proposal (subject to limited exceptions). With respect to any written, bona fide acquisition proposal received by us, Parent generally has an opportunity to offer to modify the terms of the Merger Agreement in response to such proposal before our Board of Directors may withdraw or modify its recommendation to stockholders in response to such takeover proposal or terminate the Merger Agreement in order to enter into a definitive agreement with respect to such takeover proposal. Upon termination of the Merger Agreement under circumstances relating to a takeover proposal, we may be required to pay a termination fee of \$5 million to Parent.

### **Conditions to the Merger (page 94)**

The completion of the Merger is subject to certain conditions, including, among others, the (i) receipt of the approval of the Merger and adoption of the Merger Agreement by the affirmative vote of the holders of a majority of the outstanding shares of common stock of Campus Crest entitled to vote thereon as of the close of business on the record date for the Annual Meeting, (ii) approval from the applicable lenders of the assumption, on substantially the same terms, by Parent or an affiliate thereof of not less than eighty-five percent (measured by outstanding principal balance) of certain indebtedness of Campus Crest and its subsidiaries, (iii) the consummation of the purchase of certain interests in the Operating Partnership, and the purchase of interests in certain joint venture properties, and (iv) other customary closing conditions set forth in the Merger Agreement. **There can be no assurance that such conditions will be satisfied in a timely manner or at all, or that an effect, event, development or change will not transpire that could delay or prevent these conditions from being satisfied.**

### **Termination of the Merger Agreement (page 96)**

The Merger Agreement may be terminated and the Merger and other transactions contemplated thereby may be abandoned at any time prior to the Merger effective time under certain, specified circumstances hereinafter discussed.

**Termination Fee and Expenses Payable by Campus Crest (page 98)**

Upon a termination of the Merger Agreement, under certain circumstances, we will be required to pay Parent a termination fee of \$5 million. In the event that Campus Crest stockholder approval for the Merger is not received at the Annual Meeting or any adjournments or postponements thereof, Campus Crest will also be required to reimburse Parent's expenses in an amount up to \$1 million, which reimbursement would reduce any termination fee subsequently payable by Campus Crest on a dollar-for-dollar basis.

**Reverse Termination Fee and Expenses Payable by Parent (page 99)**

Upon a termination of the Merger Agreement, under certain circumstances, Parent will be required to pay us a reverse termination fee of \$10 million. On November 5, 2015, Parent caused \$10 million to be placed into an escrow account to fund the potential payment to us of the reverse termination fee.

**No Dissenters' Rights of Appraisal (page 155)**

Campus Crest is organized as a corporation under Maryland law. Under the Maryland General Corporation Law, because shares of Campus Crest common stock were listed on the New York Stock Exchange on the record date for determining stockholders entitled to vote at the Annual Meeting, our common stockholders who object to the Merger do not have any appraisal rights, dissenters' rights or similar rights of an objecting stockholder in connection with the Merger. However, our common stockholders can vote against the Merger and the Merger Agreement.



**Litigation Relating to the Merger (page 73)**

As of the date of this Proxy Statement, eight separate lawsuits asserting putative class and, in certain cases, derivative claims have been filed against Campus Crest, the members of our Board of Directors, HSRE, Parent, Merger Sub, and, in certain cases, David Coles, our interim chief executive officer, Aaron Halfacre, our President and Chief Investment Officer, and CCGSR, generally alleging breaches of fiduciary duties by our directors in connection with the Merger Agreement, including that the individual defendants failed to take appropriate steps to maximize stockholder value and improperly favored themselves in connection with the proposed transaction. The complaints also allege that some or all of the other parties aided and abetted the directors' purported breaches of fiduciary duty. The complaints seek to permanently enjoin consummation of the proposed Merger, or, to the extent already implemented, to rescind the Merger Agreement or grant rescissory damages, in addition to various additional remedies. On November 9, 2015, plaintiffs in three of the cases requested that the Circuit Court for Baltimore City consolidate seven of the separate actions. The defendants believe that all of the allegations against them lack merit and intend to defend against the lawsuits vigorously. See "The Merger—Litigation Relating to the Merger."

**Material U.S. Federal Income Tax Consequences (page 73)**

The receipt of the Merger Consideration for each share of your Campus Crest common stock pursuant to the Merger will be treated as a sale of your stock in Campus Crest for an amount, per share, equal to the sum of: (i) \$6.97 in cash (the "Cash Consideration"), and (ii) a pro rata share (currently estimated to be up to \$0.04 per share based on the CAD/\$ exchange rate as of December 1, 2015) of distributions from certain funds held in escrow following Campus Crest's disposition of its interests in its former Montreal joint venture (the "Contingent Consideration," and together with the Cash Consideration, the "Merger Consideration"). If all or a portion of the Contingent Consideration has not been released from escrow prior to the Merger effective time, the Contingent Consideration will instead be paid in the form of one non-transferable contingent value right ("CVR") for each share of Campus Crest common stock, with each CVR representing the right to receive a pro rata share of the escrowed funds if and when they are released from escrow. The aggregate amount of this consideration is expected to be up to \$7.01 per share of Campus Crest common stock. Generally, for U.S. federal income tax purposes, you will recognize gain (or loss) to the extent the Merger Consideration per share of Campus Crest common stock is greater than (or less than) your adjusted tax basis in that share. For such purposes, your basis in your Campus Crest common stock will generally be equal to the price at which you purchased such stock less any distributions you received that constituted a return of capital prior to the Merger. The amount of gain or loss you recognize, and the timing of such gain or loss, depends on whether the Contingent Consideration is paid in cash or in CVRs at the Merger effective time as there is uncertainty with respect to the U.S. federal income tax treatment of the CVRs. In addition, under certain circumstances, we may be required to withhold a portion of your Merger Consideration under applicable tax laws, and we intend to withhold a portion of the Merger Consideration paid to non-U.S. stockholders to the extent required under the Foreign Investment in Real Property Tax Act, which we refer to as "FIRPTA." Tax matters can be complicated, and the tax consequences of the Merger to you will depend on your particular tax situation. We encourage you to consult your tax advisor regarding the tax consequences of the Merger to you.

**Delisting and Deregistration of Shares of Campus Crest Common Stock (page 81)**

If the Merger is completed, shares of Campus Crest common stock will no longer be traded on the New York Stock Exchange and will be deregistered under the Securities Exchange Act of 1934, as amended (the “Exchange Act”).

## QUESTIONS AND ANSWERS ABOUT THE ANNUAL MEETING AND THE MERGER

### *Q: Why am I receiving this Proxy Statement?*

Our Board of Directors is using this Proxy Statement to solicit proxies to be voted at our Annual Meeting. Campus Crest is sending these materials to its stockholders to help them decide how to vote their shares of Campus Crest common stock with respect to the proposed Merger and the other matters to be considered at the Annual Meeting.

### **Q: What am I being asked to vote on at the Annual Meeting?**

You are being asked to (1) approve the Merger and the Merger Agreement, (2) approve on an advisory (non-binding) basis the compensation that may become payable to Campus Crest's named executive officers in connection with the consummation of the Merger, (3) approve any adjournments of the Annual Meeting for the purpose of soliciting additional proxies if there are not sufficient votes at the Annual Meeting to approve the Merger and the Merger Agreement, (4) elect eight directors to hold office until our 2016 annual meeting of stockholders and until their successors have been duly elected and qualified, or, if earlier, until the closing of the Merger, (5) ratify the selection by Campus Crest's audit committee of Grant Thornton LLP as Campus Crest's independent registered public accounting firm for the year ending December 31, 2015, (6) approve, on a non-binding, advisory basis, the compensation paid to Campus Crest's named executive officers, and (7) consider, on a non-binding, advisory basis, a stockholder proposal regarding majority voting in uncontested director elections at Campus Crest.

Your vote is very important. **Not voting is the same as a vote against the Merger and the Merger Agreement.** We encourage you to vote as soon as possible.

### *Q: Are there any other matters to be addressed at the Annual Meeting?*

At this time, Campus Crest does not know of any other matters to be brought before the Annual Meeting, but if other matters are properly brought before such meeting or at any adjournment or postponement of such meeting, the persons named as proxies on the enclosed proxy card will have discretionary authority to vote all proxies with respect to such matters in accordance with their discretion.

### *Q: When and where is the Annual Meeting?*

The Annual Meeting will be held on January 26, 2016 at 10:00 a.m., Eastern Time, at our corporate headquarters at 2100 Rexford Road, Suite 414, Charlotte, North Carolina 28211, unless adjourned or postponed to a later date.

***Q: Who can vote and attend the Annual Meeting?***

A: All holders of record of Campus Crest common stock as of the record date, which was the close of business on December 1, 2015, are entitled to receive notice of, attend and vote at the Annual Meeting or any postponements or adjournments of the Annual Meeting. Campus Crest's official stock ownership records will conclusively determine whether a stockholder is a "holder of record" as of the record date. If you hold your shares of Campus Crest common stock through a broker, bank or other nominee and wish to vote in person at the Annual Meeting, you must obtain a "legal proxy," executed in your favor, from the broker, bank or other nominee (which may take several days).

***Q: How many votes do I have?***

A: Each Campus Crest stockholder is entitled to one vote on each matter properly brought before the Annual Meeting for each share of Campus Crest common stock held of record as of the record date. As of the record date, there were 64,756,541 shares of Campus Crest common stock outstanding and owned by stockholders (excluding shares of Campus Crest common stock held in treasury by Campus Crest), held by 39 holders of record.

***Q: What is the proposed transaction that will be considered at the Annual Meeting?***

Subject to the terms and conditions of the Merger Agreement more thoroughly described in this Proxy Statement, if the Merger Agreement is adopted by Campus Crest stockholders and the other conditions to closing under the Merger Agreement are satisfied or waived, Campus Crest will merge with and into Merger Sub, with Merger Sub being the surviving entity. Accordingly, the separate existence of Campus Crest will cease and the stockholders of Campus Crest automatically become entitled to the right to receive, in exchange for each share of Campus Crest common stock, (i) \$6.97 in cash (the “Cash Consideration”), and (ii) a pro rata share (currently estimated to be up to A: \$0.04 per share based on the CAD/\$ exchange rate as of December 1, 2015) of distributions from certain funds held in escrow following Campus Crest’s disposition of its interests in its former Montreal joint venture (the “Contingent Consideration,” and together with the Cash Consideration, the “Merger Consideration”). If all or a portion of the Contingent Consideration has not been released from escrow prior to the Merger effective time, the Contingent Consideration will instead be paid in the form of one non-transferable contingent value right (“CVR”) for each share of Campus Crest common stock, with each CVR representing the right to receive a pro rata share of the escrowed funds if and when they are released from escrow.

Following the consummation of the Merger, the surviving entity of the Merger will enter into a separate merger agreement with one of its wholly owned subsidiaries and the Operating Partnership, pursuant to which such wholly owned subsidiary and the Operating Partnership will merge. Upon the consummation of the Operating Partnership Merger, in accordance with the Operating Partnership Merger Agreement and subject to the terms and conditions of the Operating Partnership Merger Agreement, each then-outstanding limited partnership unit in the Operating Partnership will be converted into the right to receive an amount equal to the Merger Consideration.

The Merger cannot be completed unless, among other things, the Merger Agreement is adopted by Campus Crest stockholders. **Failing to submit a proxy or vote in person at the Annual Meeting or abstaining from voting or failing to provide your bank, brokerage firm or other nominee with instructions, as applicable, will have the same effect as a vote against the adoption of the Merger Agreement.** The Campus Crest Board of Directors unanimously recommends that stockholders vote “**FOR**” the adoption of the Merger Agreement. This Proxy Statement includes important information about the Merger and the Merger Agreement, a copy of which is attached as Exhibit A to this Proxy Statement and incorporated by reference into this Proxy Statement. We encourage you to read the Merger Agreement carefully and in its entirety, as it is the principal document governing the Merger.

***Q: What will happen to Campus Crest as a result of the Merger?***

A: If the Merger is completed, Campus Crest will be merged with and into Merger Sub, with Merger Sub continuing as the surviving entity and a wholly owned subsidiary of Parent. As a result of the Merger, Campus Crest will no longer be a publicly held company. Following the Merger, Campus Crest common stock will be delisted from The New York Stock Exchange and deregistered under the Exchange Act.

***Q: When is the Merger expected to be completed?***

A: We currently expect the Merger to be completed by the end of the first quarter of 2016, subject to receipt of required approval from Campus Crest's stockholders and subject to the satisfaction or waiver of the other conditions contained in the Merger Agreement. However, there is no assurance that the conditions to the Merger will be satisfied or that the Merger will close on the anticipated timeline or at all.

***Q: What happens if the Merger is not completed?***

A: If the Merger is not completed, you will not receive any payment for your shares of Campus Crest common stock. Instead, Campus Crest will remain a public company, and its common stock will continue to be registered under the Exchange Act and listed on the New York Stock Exchange. If the Merger is not completed because Campus Crest stockholders do not approve the Merger, Campus Crest will be required to reimburse Parent's expenses in an amount up to \$1,000,000, which reimbursement would reduce any termination fee subsequently payable by Campus Crest (as further described below).

Upon a termination of the Merger Agreement under specified circumstances set forth therein, Campus Crest may be required to pay Parent a termination fee equal to \$5,000,000. The Merger Agreement also provides that upon a termination of the Merger Agreement under certain circumstances set forth in the Merger Agreement, Parent may be required to pay Campus Crest a reverse termination fee equal to \$10,000,000. Subject to certain limitations set forth in the Merger Agreement, either party may terminate the Merger Agreement if the Merger is not consummated by March 31, 2016, or May 31, 2016 if additional time is required to obtain necessary lender consents. See “THE MERGER AGREEMENT—Termination Fees” beginning on page 98 for a description of the circumstances of when these payments would become payable.

***Q: As a common stockholder, what will I receive in the Merger?***

Each share of Campus Crest common stock you own at the Merger effective time will automatically be cancelled and converted into the right to receive (i) \$6.97 in cash, and (ii) a pro rata share (currently estimated to be up to \$0.04 per share based on the CAD/\$ exchange rate as of December 1, 2015) of distributions from certain funds held in escrow following Campus Crest’s disposition of its interests in its former Montreal joint venture, without interest, less any applicable tax withholding. If all or a portion of the Contingent Consideration has not been released from escrow prior to the Merger effective time, the Contingent Consideration will instead be paid in the form of one non-transferable contingent value right (“CVR”) for each share of Campus Crest common stock, with each CVR representing the right to receive a pro rata share of the escrowed funds if and when they are released from escrow.

**Q:**

**What are the CVRs?**

The CVRs are non-transferable contingent value rights that may be issued as part of the aggregate Merger Consideration to Campus Crest stockholders if all or a portion of the Contingent Consideration has not been released from escrow prior to the Merger effective time. Each CVR gives the holder the right to a pro rata share of distributions from certain funds held in escrow following Campus Crest’s disposition of its interest in its former Montreal joint venture on October 30, 2015.

There are two separate escrow accounts. One of the escrow accounts holds CAD3,408,750 (or approximately \$0.033 per share of Campus Crest common stock based on the CAD/\$ exchange rate as of December 1, 2015) which was withheld from the net sale proceeds from the sale of the interests in the Montreal joint venture in order to pay Canadian withholding tax that may be due on the sale. Campus Crest has filed a request with the Canada Revenue Authority to issue a certificate certifying that the sale proceeds are not subject to such tax, and the tax escrow funds will be (i) released from the escrow upon Campus Crest’s delivery of the certificate to the escrow agent, or (ii) reduced by the amount of any such tax, and the balance released. In addition, CAD450,000 of the net proceeds (or approximately \$0.004 per share of Campus Crest common stock based on the CAD/\$ exchange rate as of December 1, 2015) from the sale was deposited in an escrow account to secure certain indemnification obligations of Campus Crest arising out of the sale of the Montreal interests. If there are no valid claims against the indemnification escrow, the indemnification escrow funds are due to be released on February 27, 2016.

If either of these escrow amounts is released from escrow prior to the Merger effective time, then the released funds will be paid to Campus Crest stockholders together with the Cash Consideration. If the Merger effective time occurs before either of these funds are released from escrow, then the CVRs will be issued to stockholders at the Merger effective time and the escrowed funds will be distributed to stockholders in respect of their CVRs when and if the underlying funds are released from escrow. Although Campus Crest currently expects the entire amount of the funds to be released from each of these escrows, there is no assurance that all or any part of the funds will be released, or any certainty as to the timing of any release. In addition, the CVRs are not freely transferable and, accordingly, will not be listed on any securities exchange. Also, the tax consequences regarding the receipt of the CVRs are uncertain. See “The Merger — Material U.S. Federal Income Tax Consequences — Consequences of the Receipt of CVRs to U.S. Holders of our Common Stock” on page 76.



You are advised to approve the Merger and the Merger Agreement only if you are willing to assume the risk that these contingent events may not occur and that there may be no cash consideration ultimately paid to you in excess of \$6.97 per share of Campus Crest common stock.

***Q: How does the Merger Consideration compare to the market price of Campus Crest common stock?***

The Merger Consideration of \$7.01 per share represents an approximate 23.4% premium over Campus Crest's closing price on October 16, 2015 (the closing price on the trading day of the announcement of the proposed A: Merger), and an approximate 8.1%, 29.3% and 31.9% premium over the volume weighted average prices of Campus Crest common stock over the 12-month, 3-month, and 1-month periods ended October 16, 2015, respectively.

***Q: If the Merger is completed, when can I expect to receive the Merger Consideration for my shares of Campus Crest common stock?***

A: If the Merger is completed, you will receive a letter of transmittal promptly following the Merger closing date describing how you may exchange your shares of Campus Crest common stock for the Merger Consideration. After receiving the proper documentation from you, the paying agent under the Merger Agreement will forward to you the portion of the Merger Consideration to which you are entitled.

***Q: What are the anticipated U.S. federal income tax consequences to me of the Merger?***

A: The receipt of the cash merger consideration and per share contingent consideration for each share of your Campus Crest common stock pursuant to the Merger will be treated as a sale of your stock in Campus Crest for an amount, per share, equal to the sum of: (i) \$6.97 in cash; and (ii) a pro rata share (currently estimated to be up to \$0.04 per share based on the CAD/\$ exchange rate as of December 1, 2015) of distributions from certain funds held in escrow following Campus Crest's disposition of its interests in its former Montreal joint venture. If all or a portion of the Contingent Consideration has not been released from escrow prior to the Merger effective time, the Contingent Consideration will instead be paid in the form of one CVR for each share of Campus Crest common stock, with each CVR representing the right to receive a pro rata share of the escrowed funds if and when they are released from escrow. The aggregate amount of the Merger Consideration is currently expected to be \$7.01 per share of Campus Crest common stock. Generally, for U.S. federal income tax purposes, you will recognize gain (or loss) to the extent the Merger consideration per share of Campus Crest common stock is greater than (or less than) your adjusted tax basis in that share. For such purposes, your basis in your Campus Crest common stock will generally be equal to the price at which you purchased such stock less any distributions you received that constituted a return of capital prior to the Merger. The amount of gain or loss you recognize, and the timing of such gain or loss, depends on whether the Contingent Consideration is paid in cash at the Merger effective time or in CVRs as there is substantial uncertainty with respect to the U.S. federal income tax treatment of the CVRs. In addition, under certain circumstances, we may be required to withhold a portion of your Merger Consideration under applicable tax laws, and we intend to withhold a portion of the Merger Consideration paid to non-U.S. stockholders to the extent

required under the Foreign Investment in Real Property Tax Act, which we refer to as “FIRPTA.” Please see “The Merger — Material U.S. Federal Income Tax Consequences” on page 73 for a more complete discussion of the U.S. federal income tax consequences of the Merger. Tax matters can be complicated and the tax consequences of the Merger to you will depend on your particular tax situation. We encourage you to consult your tax advisor regarding the tax consequences of the Merger to you.

***Q: Should I send in my stock certificates now?***

A: No. If the Merger is completed, you will receive a separate letter of transmittal with instructions for the surrender of your Campus Crest common stock share certificates. Please do not send in your stock certificates with your proxy.

***Q: What constitutes a quorum for the Annual Meeting?***

Under our Bylaws, the presence in person or by proxy of stockholders entitled to cast a majority of all the votes entitled to be cast at the Annual Meeting constitutes a quorum. If you submit a properly executed proxy card or submit your proxy or voting instructions by telephone or Internet, even if you abstain from voting, your shares of Campus Crest common stock will be counted for purposes of determining whether a quorum is present at the Annual Meeting.

Banks, brokerage firms and other nominees who hold shares for the accounts of their clients may vote such shares either as directed by their clients or in their own discretion on “routine” matters. When a broker does not receive instructions from a non-record owner on how to vote shares with respect to a “non-routine” matter, a broker “non-vote” occurs. Broker “non-votes” will be treated as present for purposes of determining whether a quorum is present, but will not be counted as votes cast “**FOR**” or “**AGAINST**” any matter.

***Q: What happens if I sell my common stock before the Annual Meeting?***

A: The record date is earlier than both the date of the Annual Meeting and the closing of the Merger. In order to receive the per-share Merger Consideration, you must hold your shares upon completion of the Merger. If you held shares of Campus Crest common stock on the record date but transfer them prior to the Merger effective time, you will retain your right to vote at the Annual Meeting, but not the right to receive the Merger Consideration for such shares. The right to receive such consideration when the Merger becomes effective will pass to the person who owns the shares that you previously owned.

***Q: What will happen if I abstain from voting or fail to vote?***

A: Approval of the Merger and the Merger Agreement requires the affirmative vote of the holders of a majority of the outstanding shares of common stock of Campus Crest entitled to vote thereon as of the close of business on the record date for the Annual Meeting. Because the required vote for this proposal is based on the number of outstanding shares of Campus Crest common stock that are entitled to be cast rather than on the number of votes actually cast, failure to vote shares and abstentions will have the same effect as voting “against” the proposal to approve the Merger and the Merger Agreement.

The required vote for election of directors and the other proposals presented at the Annual Meeting is based on the number of votes actually cast by holders of outstanding shares of Campus Crest common stock that are entitled vote, rather than on the number of votes entitled to be cast, and because abstentions are not treated as votes cast, failure to vote shares and abstentions will have no effect on the outcome of the election of directors or the other proposals at the Annual Meeting.

If you are a beneficial owner whose shares are held of record by a broker, your broker has discretionary voting authority under NYSE rules to vote your shares on the ratification of the selection of Grant Thornton LLP as our independent registered public accounting firm even if the broker does not receive voting instructions from you. However, your broker does not have discretionary authority to vote on the approval of the other six proposals to be considered at the Annual Meeting, in which case a broker non-vote will occur and your shares will not be voted on these matters. Accordingly, it is particularly important that beneficial owners instruct their brokers how they wish to vote their shares. The failure by the holders of shares of Campus Crest common stock to attend the Annual Meeting and vote or authorize a proxy to vote their shares of Campus Crest common stock at the Annual Meeting will have the same effect as a vote “against” the proposal to approve the Merger and the Merger Agreement, as will abstentions.

In order for your shares to be voted, you must either return the enclosed proxy card, authorize your proxy or voting instructions by telephone or Internet, or vote in person at the Annual Meeting. If you properly sign, date and return a proxy card, but do not indicate how your shares of Campus Crest common stock should be voted on a matter, the shares represented by your proxy will be voted as our Board of Directors recommends (i.e., "FOR" the proposal to approve the Merger and the Merger Agreement and the other proposals recommended by our Board of Directors).

***Q: Why is my vote important?***

If you do not submit a proxy or voting instructions or vote in person at the Annual Meeting, it will be more difficult for us to obtain the necessary quorum to hold the Annual Meeting. In addition, because the proposal to approve the Merger and the Merger Agreement must be approved by the affirmative vote of holders of a majority of the outstanding shares of common stock of Campus Crest entitled to vote thereon as of the close of business on the record date for the Annual Meeting, failure to vote your shares will have the same effect as a vote against the approval of the Merger and the Merger Agreement.

***Q: What is the position of the Board of Directors regarding the proposals being presented at the Annual Meeting?***

Our Board of directors unanimously recommends that you vote "FOR" the proposal to approve the Merger and the Merger Agreement, "FOR" the non-binding, advisory, merger-related compensation proposal, "FOR" the approval of any adjournments of the Annual Meeting for the purpose of soliciting additional proxies if there are not sufficient votes at the Annual Meeting to approve the Merger and the Merger Agreement, "FOR" the election of each of the director nominees named in Proposal 4, "FOR" the ratification of the selection by Campus Crest's audit committee of Grant Thornton LLP as Campus Crest's independent registered public accounting firm for the year ending December 31, 2015 and "FOR" the non-binding, advisory proposal to approve the compensation paid to Campus Crest's named executive officers. Our Board of Directors makes no recommendation on the non-binding, advisory stockholder proposal regarding majority voting in uncontested director elections at Campus Crest.

***Q: What vote is required to approve the Merger and the Merger Agreement and the other proposals to be considered at the Annual Meeting?***

Approval of the Merger and the Merger Agreement requires the affirmative vote, in person or by proxy, of holders of a majority of the outstanding shares of common stock of Campus Crest entitled to vote thereon as of the close of business on the record date for the Annual Meeting. **Failure to submit a vote (i.e., not submitting a proxy card, authorizing your proxy or voting instructions by telephone or Internet, or voting in person), abstentions and "broker non-votes" will have the same effect as a vote against Proposal 1.**

Election of a nominee to the Board of Directors requires the affirmative vote of a plurality of the votes cast by stockholders present or in person or represented by proxy and entitled to vote at the Annual Meeting. Each of the other proposals to be voted upon at the Annual Meeting requires the affirmative vote of the holders of a majority of the

votes cast on the proposal.

*Q: Why am I being asked to consider and cast a vote on the non-binding proposal to approve the merger-related compensation?*

In July 2010, the U.S. Securities and Exchange Commission adopted rules that require public companies to seek a non-binding, advisory vote to approve certain compensation that may become payable to their named executive officers in connection with merger transactions.

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***Q: What will happen if stockholders do not approve the non-binding, advisory proposal to approve the merger-related compensation?***

A: The vote to approve the non-binding, advisory Merger-Related Compensation Proposal is a vote separate and apart from the vote to approve the Merger and the Merger Agreement. Approval of this proposal is not a condition to completion of the Merger. The vote on this proposal is a non-binding, advisory vote only, and it is not binding on us, our Board of Directors or our compensation committee. Further, the underlying arrangements are contractual in nature and not, by their terms, subject to stockholder approval. Accordingly, regardless of the outcome of the non-binding, advisory vote, if the Merger is completed, our named executive officers will be eligible to receive the compensation that may become payable to them in connection with the Merger, in accordance with the terms and conditions applicable to such compensation.

***Q: Do any of Campus Crest's directors and executive officers have any interest in the Merger that is different than mine?***

A: Yes. Our Board of Directors and executive officers have certain interests in the Merger that may be different from, or in addition to, the interests of our stockholders, including the consideration that they would receive with respect to their outstanding restricted stock in Campus Crest in connection with the Merger. Additionally, our executive officers may become entitled to receive certain severance payments and benefits following the closing of the Merger. See "The Merger—Interests of Our Directors and Executive Officers in the Merger" for additional information about possible interests that our directors and executive officers may have in the Merger that are different than yours.

***Q: How do I cast my vote?***

A: Stockholders may vote their shares of Campus Crest common stock at the Annual Meeting in one of four ways: (i) by mail via the enclosed proxy card, (ii) by telephone at the toll-free number provided on the enclosed proxy card, (iii) over the Internet at the Web site provided on the enclosed proxy card or (iv) in person at the Annual Meeting.

***Q: If my shares of Campus Crest common stock are held in "street name" by my broker or bank, will my broker or bank vote my shares for me?***

A: If you own shares of Campus Crest common stock through a broker, bank or other nominee (i.e., in "street name"), you must provide voting instructions in accordance with the instructions on the voting instruction card that your broker, bank or other nominee provides to you, since brokers, banks and other nominees do not have discretionary voting authority with respect to non-routine matters, such as approval of the Merger and the Merger Agreement, the Merger-Related Compensation proposal, the Adjournment Proposal, election of directors and executive compensation proposals. Brokers normally do have discretion to vote on routine matters, such as ratification of auditors. If you have not received such voting instructions or require further information regarding such voting

instructions, contact your broker, bank or other nominee who can give you directions on how to vote your shares of Campus Crest common stock. If you hold your shares of Campus Crest common stock through a broker, bank or other nominee and wish to vote in person at the Annual Meeting, you must obtain a “legal proxy,” executed in your favor, from the broker, bank or other nominee (which may take several days). If you do not obtain a legal proxy from your broker, bank or other nominee, you can still attend the Annual Meeting, but you will not be able to vote your shares at the Annual Meeting.

***Q: Do I need identification to attend the Annual Meeting in person?***

A: Yes. Please bring proper identification. Anyone without proper identification will not be admitted to the Annual Meeting.



***Q: If I am going to attend the Annual Meeting, should I return my proxy card(s)?***

A: Yes. Returning your signed and dated proxy card(s) ensures that your shares of Campus Crest common stock will be represented and voted at the Annual Meeting. You may revoke your proxy at any time prior to the vote at the Annual Meeting by filing with our Secretary a written revocation of your proxy or by delivering an authorized proxy bearing a later date or by attending the meeting and voting in person.

***Q: Can I participate if I am unable to attend the Annual Meeting?***

A: If you are unable to attend the Annual Meeting in person, we encourage you to complete, sign, date and return your proxy card, or submit your proxy or voting instructions by telephone or Internet.

***Q: How will my proxy be voted?***

A: All shares of Campus Crest common stock held by stockholders entitled to vote and represented by properly completed proxies received prior to the Annual Meeting, and not revoked, will be voted at the Annual Meeting as instructed on the proxies. If you properly sign, date and return a proxy card, but do not indicate how your shares of Campus Crest common stock should be voted on a matter, the shares represented by your proxy will be voted as our Board of Directors recommends, i.e., **"FOR"** the proposal to approve the Merger and the Merger Agreement, **"FOR"** the non-binding, advisory, merger-related compensation proposal, **"FOR"** the approval of any adjournments of the Annual Meeting for the purpose of soliciting additional proxies if there are not sufficient votes at the Annual Meeting to approve the Merger and the Merger Agreement, **"FOR"** the election of each of the director nominees named in Proposal 4, **"FOR"** the ratification of the selection by Campus Crest's audit committee of Grant Thornton LLP as Campus Crest's independent registered public accounting firm for the year ending December 31, 2015 and **"FOR"** the non-binding, advisory proposal to approve the compensation paid to Campus Crest's named executive officers.

***Q: Can I revoke my proxy or change my vote after I have delivered my proxy?***

A: Yes, you may revoke a previously authorized proxy at any time before the Annual Meeting by filing with our Secretary a written revocation of your proxy or by delivering an authorized proxy bearing a later date either over the Internet, by mail or by telephone or by attending the Annual Meeting and voting in person. Attendance at the Annual Meeting will not, in itself, constitute revocation of a previously authorized proxy.

If you hold your shares of common stock in "street name" with a bank, broker firm, dealer, trust company or other nominee, only that nominee can exercise the right to vote with respect to the shares of common stock that you beneficially own through such nominee and only upon receipt of your specific instructions. Accordingly, you may change your voting instructions only by following the directions received from your bank, broker firm, dealers, trust company or other nominee for changing your voting instructions.

***Q: What rights do I have if I oppose the Merger?***

A: If you are a Campus Crest common stockholder of record on the record date, you can vote against the proposal to approve the Merger and the Merger Agreement. You are not, however, entitled to appraisal rights, dissenters' rights or similar rights of an objecting stockholder under Maryland law. See "No Dissenters' Rights of Appraisal" for more information.

***Q: What will happen to my shares of Campus Crest common stock after the Merger?***

A: Following the completion of the Merger, your shares of Campus Crest common stock will be cancelled pursuant to the Merger Agreement in exchange for the right to receive the Merger Consideration for each share of Campus Crest common stock you hold. Trading in shares of Campus Crest common stock on the New York Stock Exchange will cease. Price quotations for shares of Campus Crest common stock will no longer be available and we will cease filing reports with the Securities and Exchange Commission.

***Q: Have any stockholders already agreed to approve the Merger?***

A: To our knowledge, there are no agreements between any stockholders who are entitled to vote at the Annual Meeting in which a stockholder has agreed to vote in favor of approval of the Merger.

***Q: Where can I find more information about Campus Crest?***

Campus Crest files certain information with the Securities and Exchange Commission. You may read and copy this information at the Securities and Exchange Commission's public reference facilities. You may call the Securities and Exchange Commission at 1-800-SEC-0330 for information about these facilities. This information is also available on the Securities and Exchange Commission's website at [www.sec.gov](http://www.sec.gov) and on our website at <http://campuscrest.com>. Except as provided in "Where You Can Find More Information", the information found on, or otherwise accessible through, these websites is not incorporated into, and does not form a part of, this Proxy Statement or any other report or document Campus Crest files with or furnishes to the Securities and Exchange Commission. You can also request copies of these documents from us. See "Where You Can Find More Information."

***Q: Who will solicit and pay the cost of soliciting proxies?***

A: Campus Crest will bear the cost of the solicitation of proxies for the Annual Meeting. Our Board of Directors is soliciting your proxy on Campus Crest's behalf. In addition to the use of mails, proxies may be solicited by personal interview, telephone, facsimile, e-mail or otherwise, by the directors, officers and other employees of Campus Crest. In addition, we have engaged Innisfree M&A Incorporated to assist in the solicitation of proxies for a fee not to exceed \$20,000 and reimbursement of out-of-pocket expenses. We will also request persons, firms and corporations holding shares of Campus Crest common stock in their names or in the names of their nominees, that are beneficially owned by others, to send or cause to be sent proxy materials to and obtain proxies from, such beneficial owners and will reimburse such holders for their reasonable expenses in doing so.

***Q: What should I do if I receive more than one set of voting materials for the Annual Meeting?***

A: You may receive more than one set of voting materials for the Annual Meeting, including multiple copies of this Proxy Statement and multiple proxy cards or voting instruction cards. For example, if you hold your Campus Crest common stock in more than one brokerage account, you will receive a separate voting instruction card for each brokerage account in which you hold shares. If you are a holder of record and your shares are registered in more than one name, you will receive more than one proxy card. Please submit each separate proxy or voting instruction card that you receive by following the instructions set forth in each separate proxy or voting instruction card.

***Q: Who can help answer my questions about the Annual Meeting or the other proxy materials?***

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If you have any questions about the Annual Meeting, the proxy materials or how to submit your proxy or the A: enclosed proxy card or voting instructions, or if you need additional copies of this Proxy Statement, the enclosed proxy card or voting instructions, you should contact:

Campus Crest Communities, Inc.

2100 Rexford Road

Suite 400

Charlotte, North Carolina 28211

(704) 496-2500

Attention: Investor Relations

You may also contact Innisfree M&A Incorporated, our proxy solicitor, as follows:

Innisfree M&A Incorporated

501 Madison Avenue

New York, NY 10022

Stockholders may call toll-free: (888) 750-5834

Banks and brokers may call collect: (212) 750-5833

If your broker holds your shares, you should also contact your broker for additional information.

***Q: Where can I find the voting results of the Annual Meeting?***

A: We intend to announce preliminary voting results at the Annual Meeting and publish final results in a Current Report on Form 8-K that will be filed with the Securities and Exchange Commission following the Annual Meeting. All reports that we file with the Securities and Exchange Commission are publicly available on the Securities and Exchange Commission's website at [www.sec.gov](http://www.sec.gov) when filed.

## CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This Proxy Statement and the documents incorporated herein by reference contain “forward-looking statements” within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act. The forward-looking statements, which include statements regarding the proposed Merger may be identified by the inclusion of words such as “expects,” “anticipates,” “intends,” “plans,” “believes,” “seeks,” “estimates,” “goal” and variations of such words and other expressions, and are based on current expectations, estimates, assumptions and projections that are subject to change, and actual results may differ materially from the forward-looking statements. These statements, as they relate to Campus Crest, Parent, Merger Sub, the management of any such company or the proposed Merger, involve risks and uncertainties that may cause results to differ materially from those set forth in the statements. Campus Crest intends that such forward-looking statements be subject to the safe-harbor provided by the Private Securities Litigation Reform Act of 1995. Such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the Campus Crest’s actual results, performance or achievements or industry results to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Many factors, including the following, could cause actual results to differ materially from the forward-looking statements:

- the occurrence of any event, change or other circumstances that could give rise to the termination of the Merger Agreement;

- the outcome of the legal proceedings that have been, or may be, instituted against Campus Crest and others following announcement of our entering into the Merger Agreement;

- the inability to complete the proposed Merger due to the failure to satisfy the conditions to the Merger, including obtaining the approval of Campus Crest’s stockholders, certain required lender consents and other closing conditions more fully described in the Merger Agreement and this Proxy Statement;

- potential difficulties in employee retention as a result of the proposed Merger;

- the value of any CVRs which may be issued in connection with the Merger;

- legislative, regulatory and economic developments;

- risks related to the disruption of management’s attention from Campus Crest’s ongoing business operations due to the proposed Merger as well as risks that the proposed Merger disrupts current plans and operations of Campus Crest;

the effect of the announcement of the proposed Merger on Campus Crest's relationships with colleges and universities, relationships with tenants, operating results and business generally; and

other risks and uncertainties described under "Item 1A. Risk Factors" in the Campus Crest's Annual Report on Form 10-K for the year ended December 31, 2014 and in the Campus Crest's Quarterly Reports on Form 10-Q for the fiscal quarters ended March 31, 2015, June 30, 2015 and September 30, 2015 and in other documents filed with the Securities and Exchange Commission by Campus Crest.

Given these uncertainties, current and prospective investors should be cautioned in their reliance on such forward-looking statements. Except as required by law, Campus Crest disclaims any obligation to update any such factors or to publicly announce the results of any revision to any of the forward-looking statements contained herein to reflect future events or developments. A more comprehensive discussion of risks, uncertainties, financial reporting restatements, and forward-looking statements may be seen in Campus Crest's Annual Report on Form 10-K and other periodic filings with the Securities and Exchange Commission.

## **THE PARTIES TO THE MERGER**

### **Campus Crest Parties**

Campus Crest, a Maryland corporation formed in March 2010, is a self-administered and self-managed real estate investment trust (“REIT”) focused on owning and managing a high-quality student housing portfolio located close to college campuses. Campus Crest currently owns (i) limited partnership interests in, and (ii) all of the issued and outstanding equity interests in the sole general of, the Operating Partnership, which is a Delaware limited partnership formed in March 2010. Campus Crest holds substantially all of its assets, and conducts substantially all of its business, through the Operating Partnership. As of October 19, 2015, Campus Crest, through its affiliates, had ownership interests in 79 student housing properties with over 42,000 beds across North America. Campus Crest is traded on the New York Stock Exchange under the symbol “CCG.”

CCGSR, Inc. (“CCGSR”) is a newly formed Delaware corporation created solely for the purpose of representing the stockholders of Campus Crest pursuant to the Merger Agreement if the CVRs are issued at the closing of the Merger as part of the Contingent Consideration. CCGSR has not carried on any activities to date other than activities incidental to its formation and activities undertaken in connection with the transactions contemplated by the Merger Agreement.

The address of Campus Crest is 2100 Rexford Road, Suite 414, Charlotte, North Carolina, 28211. The telephone number of Campus Crest is (704) 496-2500.

### **HSRE Parties**

HSRE Quad Merger Parent, LLC (“Parent”) is a newly formed Delaware limited liability company and an affiliate of Harrison Street Real Estate Capital, LLC, a Delaware limited liability company (“HSRE”). HSRE Quad Merger Sub, LLC (“Merger Sub”) is a newly formed Maryland limited liability company and a wholly owned subsidiary of Parent. Parent and Merger Sub are collectively referred to as the “HSRE Parties.” The HSRE Parties were created solely for the purpose of engaging in the transactions contemplated by the Merger Agreement. Neither Parent nor Merger Sub has carried on any activities to date other than activities incidental to their formation and activities undertaken in connection with the transactions contemplated by the Merger Agreement. The HSRE Parties are affiliates of HSRE, a real estate private equity firm founded in September 2005 that directly and through its affiliates, has approximately \$8 billion in assets under management through commingled funds and public securities products. The commingled funds focus exclusively on the Education, Healthcare and Storage segments of the US & European real estate markets. Since inception, HSRE has acquired or developed over \$10 billion of real estate throughout 480 properties in 40 states



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including over 63,000 student housing beds, more than 14,000 senior housing units, over 5.9 million square feet of medical office space, and more than 92,000 self-storage units.

The address of the HSRE Parties and HSRE is 71 South Wacker Drive, Suite 3575, Chicago, IL 60606. The telephone number of the HSRE Parties and HSRE is (312) 920-0500.

## THE ANNUAL MEETING

We are furnishing this Proxy Statement to our stockholders as part of the solicitation of proxies by our Board of Directors for use at the Annual Meeting in connection with the matters to be voted on at the Annual Meeting which include, among other things, the adoption of the Merger Agreement and the consummation of the proposed Merger. This Proxy Statement provides our stockholders with the information they need to know to be able to vote or instruct their vote to be cast at the Annual Meeting and should be read carefully in its entirety.

### Date, Time and Purpose of the Annual Meeting

This Proxy Statement is being furnished to our stockholders in connection with the solicitation of proxies by our Board of Directors to be exercised at the annual Meeting to be held on January 26, 2016 at 10:00 a.m., Eastern Time, at our corporate headquarters at 2100 Rexford Road, Suite 414, Charlotte, North Carolina 28211, unless adjourned or postponed to a later date. The purpose of the Annual Meeting is for you to consider and vote on the following matters:

1. to approve the Merger of Campus Crest with and into Merger Sub, pursuant to the terms and conditions of the Merger Agreement;
2. to approve on an advisory (non-binding) basis the compensation that may become payable to Campus Crest's named executive officers in connection with the Merger;
3. to approve any adjournments of the Annual Meeting for the purpose of soliciting additional proxies if there are not sufficient votes at the Annual Meeting to approve the Merger and the Merger Agreement;
4. to elect eight (8) directors to hold office until our 2016 annual meeting of stockholders and until their successors have been duly elected and qualified, or, if earlier, until the closing of the Merger;
5. to ratify the selection by Campus Crest's audit committee of Grant Thornton LLP as Campus Crest's independent registered public accounting firm for the year ending December 31, 2015;
6. to approve on an advisory (non-binding) basis the compensation paid to Campus Crest's named executive officers;  
and

7 to consider on an advisory (non-binding) basis a stockholder proposal regarding majority voting in uncontested director elections at Campus Crest.

We are not aware of any other business to be acted upon at the Annual Meeting or any postponements or adjournments thereof. If, however, other matters are properly brought before the Annual Meeting or any postponements or adjournments thereof, the persons named as proxies on the enclosed proxy card will vote on those matters in their discretion.

The affirmative vote of holders of a majority of the outstanding shares of common stock of Campus Crest entitled to vote thereon as of the close of business on the record date for the Annual Meeting is required to approve the Merger Agreement and for the Merger to occur. A copy of the Merger Agreement is attached as Exhibit A to this Proxy Statement, which we encourage you to read carefully in its entirety.

### **Record Date, Notice and Quorum**

The record date for the Annual Meeting is December 1, 2015. You are entitled to receive notice of and vote at the Annual Meeting if you owned shares of Campus Crest common stock as of the close of business on the record date for the Annual Meeting. At the close of business on the record date, there were approximately 64,756,541 shares of Campus Crest common stock outstanding and entitled to vote at the Annual Meeting, held by approximately 39 holders of record. Stockholders entitled to vote at the Annual Meeting will have one vote on each matter submitted to a vote at the Annual Meeting for each share of Campus Crest common stock that you owned as of the close of business on the record date.

A quorum of stockholders is necessary to hold a valid meeting. Under our Bylaws, the presence in person or by proxy of stockholders entitled to cast a majority of all the votes entitled to be cast at the Annual Meeting constitutes a quorum. If you submit a properly executed proxy card or submit your proxy or voting instructions by telephone or Internet, even if you abstain from voting, your shares of Campus Crest common stock will be counted for purposes of determining whether a quorum is present at the Annual Meeting. Banks, brokerage firms and other nominees who hold shares for the accounts of their clients may vote such shares either as directed by their clients or in their own discretion on “routine” matters. When a broker does not receive instructions from a non-record owner on how to vote shares with respect to a “non-routine” matter, a broker “non-vote” occurs. Broker “non-votes” will be treated as present for purposes of determining whether a quorum is present, but will not be counted as votes cast “FOR” or “AGAINST” any matter.

In the event that a quorum is not present at the Annual Meeting or additional votes must be solicited in connection with the approval of the Merger and the Merger Agreement, it is expected that the Annual Meeting will be adjourned without notice (other than by announcement at the meeting if the adjourned meeting will be held on a date not more than 120 days after the original record date) to solicit additional proxies.

## Required Vote

It is very important that ALL of our stockholders vote their shares of Campus Crest common stock, so please promptly authorize your proxy by either completing and returning the enclosed proxy card in the postage-paid envelope as promptly as possible or submitting your proxy or voting instructions by telephone or Internet. As of the record date, there were approximately 64,756,541 shares of Campus Crest common stock outstanding. The votes required to approve each proposal are as follows:

*Proposal 1 (Approval of the Merger and the Merger Agreement).* The approval of the Merger and the Merger Agreement requires the affirmative vote, in person or by proxy, of holders of a majority of the outstanding shares of common stock of Campus Crest entitled to vote thereon as of the close of business on the record date for the Annual Meeting. Each holder of common stock entitled to vote at the Annual Meeting is entitled to cast one vote on each matter presented at the Annual Meeting for each share of Campus Crest common stock owned by such stockholder on the record date. Because the required vote for this proposal is based on the number of votes our common stockholders are entitled to cast rather than on the number of votes cast, **failure to vote your shares of Campus Crest common stock (including failure to give voting instructions to your broker, bank or other nominee) and abstentions will have the same effect as voting “against” the proposal to approve the Merger and the Merger Agreement. Approval of this proposal is a condition to the completion of the Merger.** In the event this proposal is not approved, the Merger cannot be completed.

*Proposal 2 (Merger-Related Compensation Proposal).* The approval, on a non-binding, advisory basis, of the Merger-Related Compensation Proposal requires the affirmative vote of the holders of a majority of the votes cast on

the proposal at the Annual Meeting. If a stockholder fails to cast a vote on this proposal, in person or by authorizing a proxy, such failure will not have any effect on the outcome of this proposal. In addition, abstentions are not considered votes cast and therefore will have no effect on the outcome of this proposal. As a non-binding advisory vote, the result of this proposal will not be binding on us, our Board of Directors or our compensation committee.

*Proposal 3 (Adjournment Proposal).* The approval of the Adjournment Proposal requires the affirmative vote of the holders of a majority of the votes cast on the proposal at the Annual Meeting. If a stockholder fails to cast a vote on this proposal, in person or by authorizing a proxy, such failure will not have any effect on the outcome of this proposal. In addition, abstentions are not considered votes cast and therefore will have no effect on the outcome of this proposal.

*Proposal 4 (Election of Directors).* The election of a nominee to the Board of Directors requires the affirmative vote of a plurality of the votes cast by stockholders present or in person or represented by proxy and entitled to vote at the Annual Meeting. If a stockholder fails to cast a vote on this proposal, in person or by authorizing a proxy, such failure will not have any effect on the outcome of this proposal. In addition, abstentions are not considered votes cast and therefore will have no effect on the outcome of this proposal.

*Proposal 5 (Ratification of the Selection by the Audit Committee of the Independent Registered Public Accounting Firm).* The ratification of the selection by Campus Crest's audit committee of Grant Thornton LLP as Campus Crest's independent registered public accounting firm for the year ending December 31, 2015 requires the affirmative vote of the holders of a majority of the votes cast on the proposal. If a stockholder fails to cast a vote on this proposal, in person or by authorizing a proxy, such failure will not have any effect on the outcome of this proposal. In addition, abstentions are not considered votes cast and therefore will have no effect on the outcome of this proposal.

*Proposal 6 (Advisory (Non-Binding) Vote on Campus Crest Executive Compensation).* The approval, on a non-binding, advisory basis, of the compensation paid to Campus Crest's named executive officers requires the affirmative vote of the holders of a majority of the votes cast on the proposal. If a stockholder fails to cast a vote on this proposal, in person or by authorizing a proxy, such failure will not have any effect on the outcome of this proposal. In addition, abstentions are not considered votes cast and therefore will have no effect on the outcome of this proposal.

*Proposal 7 (Non-Binding Stockholder Proposal on Majority Voting in Uncontested Director Elections).* The approval, on a non-binding, advisory basis, of a stockholder proposal regarding majority voting in uncontested director elections at Campus Crest requires the affirmative vote of the holders of a majority of the votes cast on the proposal. If a stockholder fails to cast a vote on this proposal, in person or by authorizing a proxy, such failure will not have any effect on the outcome of this proposal. In addition, abstentions are not considered votes cast and therefore will have no effect on the outcome of this proposal.

*Other Proposals:* Approval of any other proposal to be voted upon at the Annual Meeting requires the affirmative vote of the holders of a majority of the votes cast on the proposal.

Brokers normally have discretion to vote on routine matters, such as ratification of auditors, but not on non-routine matters, such as approval of the Merger and the Merger Agreement, the Merger-Related Compensation proposal, the Adjournment Proposal, election of directors and executive compensation proposals. A "broker non-vote" occurs when a broker does not have discretionary voting authority on a non-routine matter because the broker has not received instructions from its client as to how to vote on a particular proposal. If you are a beneficial owner whose shares are held of record by a broker, your broker has discretionary voting authority under New York Stock Exchange ("NYSE") rules to vote your shares on the ratification of the selection of Grant Thornton LLP as our independent registered public accounting firm even if the broker does not receive voting instructions from you. However, your broker does not have discretionary authority to vote on the approval of the other six proposals to be considered at the Annual Meeting, in which case a broker non-vote will occur and your shares will not be voted on these matters. Accordingly, it is particularly important that beneficial owners instruct their brokers how they wish to vote their shares. **The failure by the holders of shares of Campus Crest common stock to attend the Annual Meeting and vote or authorize a**

**proxy to vote their shares of Campus Crest common stock at the Annual Meeting will have the same effect as a vote “against” the proposal to approve the Merger and the Merger Agreement, as will abstentions.** If you properly sign, date and return a proxy card, but do not indicate how your shares of Campus Crest common stock should be voted on a matter, the shares represented by your proxy will be voted as our Board of Directors recommends (i.e., **“FOR”** the proposal to approve the Merger and the Merger Agreement and the other proposals recommended by our Board of Directors).

As of the record date, our directors and executive officers owned and are entitled to vote an aggregate of approximately 406,518 shares of Campus Crest common stock, entitling them to exercise approximately 0.52% of the voting power of shares of Campus Crest common stock entitled to vote at the Annual Meeting. Our directors and executive officers have informed us that they intend to vote the shares of Campus Crest common stock that they own in favor of the proposal to approve the Merger and the Merger Agreement, in favor of the non-binding, advisory Merger-Related Compensation Proposal and in favor of the Adjournment Proposal.

Votes cast by proxy or in person at the Annual Meeting will be counted by the person appointed by us to act as inspector of election for the Annual Meeting. The inspector of election will also determine whether a quorum is present at the Annual Meeting.

### **Recommendations of the Board of Directors**

*Proposal 1 (Approval of the Merger and the Merger Agreement).* After careful consideration, our Board of Directors has determined that the Merger, the Merger Agreement and the transactions contemplated by the Merger Agreement are advisable and fair to and in the best interests of Campus Crest and its stockholders, has unanimously approved the Merger Agreement and the consummation of the Merger and unanimously recommends that our stockholders vote **“FOR”** the proposal to approve the Merger and the Merger Agreement.

*Proposal 2 (Merger-Related Compensation Proposal).* Our Board of Directors also recommends that you vote **“FOR”** the non-binding, advisory Merger-Related Compensation Proposal.

*Proposal 3 (Adjournment Proposal).* Our Board of Directors also recommends that you vote **“FOR”** any adjournment of the Annual Meeting if necessary to permit solicitation of further proxies if there are not sufficient votes at the time of the Annual Meeting to approve the Merger and the Merger Agreement.

*Proposal 4 (Election of Directors).* Our Board of Directors also recommends that you vote **“FOR”** the election of each of the director nominees named in Proposal 4.

*Proposal 5 (Ratification of the Selection by the Audit Committee of the Independent Registered Public Accounting Firm).* Our Board of Directors also recommends that you vote **“FOR”** the ratification of the selection by Campus Crest’s audit committee of Grant Thornton LLP as Campus Crest’s independent registered public accounting firm for the year ending December 31, 2015.

*Proposal 6 (Advisory (Non-Binding) Vote on Campus Crest Executive Compensation).* Our Board of Directors also recommends that you vote **“FOR”** the non-binding, advisory proposal to approve the compensation paid to Campus Crest’s named executive officers.



*Proposal 7 (Non-Binding Stockholder Proposal on Majority Voting in Uncontested Director Elections)*. Our Board of Directors makes no recommendation on the non-binding, advisory stockholder proposal regarding majority voting in uncontested director elections at Campus Crest.

### **How to Authorize a Proxy**

Holders of record of shares of Campus Crest common stock may vote or cause their shares to be voted by proxy using one of the following methods:

· mark, sign, date and return the enclosed proxy card by mail;

· authorize your proxy or voting instructions by telephone or by Internet by following the instructions included with your proxy card; or

· appear and vote in person by ballot at the Annual Meeting.

Regardless of whether you plan to attend the Annual Meeting, we request that you authorize a proxy to vote your shares of Campus Crest common stock as described above as promptly as possible.

If you vote by Internet or telephone, your vote must be received before 11:59 p.m. Eastern Time on January 25, 2016, the day before the Annual Meeting.

If you own common stock through a broker, bank or other nominee (i.e., in “street name”), you must provide voting instructions in accordance with the instructions on the voting instruction card that your broker, bank or other nominee provides to you, as brokers, banks and other nominees do not have discretionary voting authority with respect to any of the proposals described in this Proxy Statement. You should instruct your broker, bank or other nominee as to how to vote your shares of Campus Crest common stock following the directions contained in such voting instruction card. If you have not received such voting instructions or require further information regarding such voting instructions, contact your broker, bank or other nominee who can give you directions on how to vote your shares of Campus Crest common stock. If you hold your shares of Campus Crest common stock through a broker, bank or other nominee and wish to vote in person at the Annual Meeting, you must obtain a “legal proxy,” executed in your favor, from the broker, bank or other nominee (which may take several days).

### **Proxies and Revocation**

If you authorize a proxy, your shares of Campus Crest common stock will be voted at the Annual Meeting as you indicate on your proxy. If no instructions are indicated when you authorize your proxy, your shares of Campus Crest common stock will be voted in accordance with the recommendations of our Board of Directors. Our Board of Directors recommends that you vote “**FOR**” the proposal to approve the Merger and the Merger Agreement, “**FOR**” the non-binding, advisory, merger-related compensation proposal, “**FOR**” the approval of any adjournments of the Annual Meeting for the purpose of soliciting additional proxies if there are not sufficient votes at the Annual Meeting to approve the Merger and the Merger Agreement, “**FOR**” the election of each of the director nominees named in Proposal 4, “**FOR**” the ratification of the selection by Campus Crest’s audit committee of Grant Thornton LLP as Campus Crest’s independent registered public accounting firm for the year ending December 31, 2015 and “**FOR**” the non-binding, advisory proposal to approve the compensation paid to Campus Crest’s named executive officers. Our Board of Directors makes no recommendation on the non-binding, advisory stockholder proposal regarding majority voting in uncontested director elections at Campus Crest.

You may revoke your proxy at any time, but only before the proxy is voted at the Annual Meeting, in any of three ways:

by delivering, prior to the date of the Annual Meeting, a written revocation of your proxy dated after the date of the proxy that is being revoked to our Secretary at Campus Crest Communities, Inc., at 2100 Rexford Road, Suite 414, Charlotte, North Carolina 28211;

by delivering to our Secretary a later-dated, duly executed proxy or by authorizing your proxy by telephone or by Internet at a date after the date of the previously authorized proxy relating to the same shares of Campus Crest common stock; or

by attending the Annual Meeting and voting in person by ballot.

Attendance at the Annual Meeting will not, in itself, constitute revocation of a previously granted proxy. If you own shares of Campus Crest common stock in “street name,” you may revoke or change previously granted voting instructions by following the instructions provided by the broker, bank or other nominee that is the registered owner of the shares.

We do not expect that any matters other than the proposals set forth above will be brought before the Annual Meeting. If, however, such a matter is properly presented at the Annual Meeting or any postponements or adjournments of the Annual Meeting, the persons appointed as proxies will have discretionary authority to vote the shares represented by duly executed proxies.

### **Solicitation of Proxies**

We will bear the cost of solicitation of proxies for the Annual Meeting. In addition to the use of mails, proxies may be solicited by personal interview, telephone, facsimile, e-mail or otherwise, by our directors, officers and other employees without additional compensation for such activities. In addition, we have engaged Innisfree M&A Incorporated to assist in the solicitation of proxies for a fee not to exceed \$20,000 and reimbursement of out-of-pocket expenses. We will also request persons, firms and corporations holding shares of Campus Crest common stock in their names or in the names of their nominees, that are beneficially owned by others, to send or cause to be sent proxy materials to and obtain proxies from such beneficial owners. We will reimburse such holders for their reasonable expenses in doing so.

### **Exchange of Stock Certificates**

Our stockholders should not send stock certificates with their proxies. Separate transmittal documents for the surrender of certificated and uncertificated shares of Campus Crest common stock in exchange for Merger Consideration will be mailed to our stockholders as soon as practicable following completion of the Merger. See “The Merger Agreement—Exchange and Payment Procedures” beginning on page 85.

### **Adjournments**

Although it is not currently expected, subject to approval of the adjournment proposal, the Annual Meeting may be adjourned for the purpose of soliciting additional proxies if we believe it is reasonably likely that the Merger will not be approved at the Annual Meeting when convened on January 26, 2016, or when reconvened following any adjournment. Any adjournments may be made to a date not more than 120 days after the original record date without notice (other than by an announcement at the Annual Meeting), by the affirmative vote of the holders of a majority of the votes cast on the adjournment proposal, whether or not a quorum exists.

### **Postponements**

At any time prior to convening the Annual Meeting, our Board of Directors may postpone the Annual Meeting for any reason without the approval of our stockholders to a date not more than 120 days after the original record date (subject to certain restrictions in the Merger Agreement).



## **PROPOSAL 1—PROPOSAL TO APPROVE THE MERGER AND MERGER AGREEMENT**

We are asking our stockholders to vote on a proposal to approve the Merger and the Merger Agreement.

For detailed information regarding this proposal, see the information about the Merger and the Merger Agreement throughout this Proxy Statement, including the information set forth in the sections entitled “The Merger” and “The Merger Agreement.” A copy of the Merger Agreement is attached as Exhibit A to this Proxy Statement.

Approval of the proposal to approve the Merger and the Merger Agreement requires the affirmative vote of the holders of a majority of the outstanding shares of common stock of Campus Crest entitled to vote thereon as of the record date for the Annual Meeting. Because the required vote for this proposal is based on the number of votes our common stockholders are entitled to cast rather than on the number of votes actually cast, failure to vote your shares (including failure to give voting instructions to your broker, bank or other nominee) and abstentions will have the same effect as voting “against” the proposal to approve the Merger and the Merger Agreement.

Approval of this proposal is a condition to the completion of the Merger. In the event this proposal is not approved, the Merger cannot be completed.

### **Recommendation of the Board of Directors:**

**Our Board of Directors unanimously recommends that our stockholders vote “FOR” the proposal to approve the Merger and the Merger Agreement.**

## **THE MERGER**

### **General Description of the Merger**

Subject to the terms and conditions of the Merger Agreement, at the closing of the Merger, Campus Crest will merge with and into Merger Sub, with Merger Sub surviving the Merger as a wholly owned subsidiary of Parent, and the separate existence of Campus Crest will cease. In connection with the consummation of the Merger, the stockholders of Campus Crest will automatically become entitled to the right to receive, in exchange for each share of Campus Crest common stock, (i) \$6.97 in cash (the “Cash Consideration”), and (ii) a pro rata share (currently estimated to be up to \$0.04 per share based on the CAD/\$ exchange rate as of December 1, 2015) of distributions from certain funds held in escrow following Campus Crest’s disposition of its interests in its former Montreal joint venture (the “Contingent Consideration,” and together with the Cash Consideration, the “Merger Consideration”). If all or a portion of the Contingent Consideration has not been released from escrow prior to the Merger effective time, the Contingent Consideration will instead be paid in the form of one non-transferable contingent value right (“CVR”) for each share of Campus Crest common stock, with each CVR representing the right to receive a pro rata share of the escrowed funds if and when they are released from escrow. The Merger will become effective at such time as the Articles of Merger are duly filed with, and accepted by, the State Department of Assessments and Taxation of Maryland or at such subsequent date and time as Campus Crest and Merger Sub shall agree and specify in the Articles of Merger. We sometimes use the term “Merger effective time” in this Proxy Statement to refer to the time the Merger becomes effective.

Following the consummation of the Merger, the surviving entity of the Merger will enter into a separate merger agreement with one of its wholly owned subsidiaries and the Operating Partnership, pursuant to which such wholly owned subsidiary and the Operating Partnership will merge. Upon the consummation of the Operating Partnership Merger, in accordance with the Operating Partnership Merger Agreement and subject to the terms and conditions of the Operating Partnership Merger Agreement, each then-outstanding limited partnership unit in the Operating Partnership will be converted into the right to receive an amount equal to the Merger Consideration.

Our Board of Directors has approved the Merger Agreement and the consummation of the Merger and the transactions contemplated thereby, and has declared the Merger, the Merger Agreement and the other transactions contemplated by the Merger Agreement advisable, fair to and in the best interests of Campus Crest and its stockholders.

### **Background of the Merger**

As part of its ongoing evaluation of Campus Crest's business, our Board has periodically considered potential opportunities to maximize shareholder value through a variety of strategic alternatives, including potential business combinations, the sale of the company, acquisitions of significant properties, and issuances of debt, equity and hybrid securities to fund our growth. Our Board has also periodically evaluated Campus Crest's performance and execution of its business plans.

Campus Crest historically has been vertically integrated and self-managed, meaning that it has developed and constructed many of its residential apartment communities, and then managed them. As of the beginning of 2014, Campus Crest had 11 student housing projects under construction that were due to be ready for occupancy by the important fall 2014 semester start dates for its various college communities. Beginning in July 2014, our Board became concerned about Campus Crest's construction and development activities as it learned that a number of the 2014 construction projects were over budget and would not be completed on time, leading to cost-overruns, additional expenses to provide temporary alternative accommodations to new residents, and significantly impacting occupancy, rental revenues and Campus Crest's return on investment. Many of these projects were financed with complicated joint venture financing pursuant to which Campus Crest bore much of the construction risk and frequently guaranteed or was primarily liable on the underlying construction indebtedness. Following a management and Board review of the construction and development activities in September 2014, the Board agreed on a number of important initiatives in early October:



Campus Crest would simplify its business model by discontinuing all construction and development activities and focusing on organic growth, it would eliminate the construction and development department, and it would place most of its remaining undeveloped land up for sale.

Campus Crest would seek to finalize the acquisition of the remaining interests in the Copper Beech portfolio of apartment communities, and simplify its balance sheet by reducing the number of properties held in joint venture arrangements.

The Board would evaluate its executive leadership team.

The Board would strengthen its governance and recruit additional Board members with industry and REIT experience.

The Board would engage a financial adviser and legal counsel to help the Board undertake a comprehensive review of strategic alternatives.

In early October 2014, Campus Crest exited its construction and development activities, eliminated many of the positions in its construction and development department, and the head of construction and development and the Chief Operating Officer tendered their resignations. At the same time, Campus Crest accelerated negotiations with Dr. John R. McWhirter, the controlling equity owner of the Copper Beech entities, regarding Campus Crest's interest in acquiring the remainder of the ownership interests in the Copper Beech portfolio. Campus Crest had originally entered into an agreement to acquire the Copper Beech portfolio in February 2013 in a purchase agreement which gave Campus Crest the ability to acquire control of the portfolio over time.

In late October 2014, the Board engaged the law firm of Kilpatrick, Townsend & Stockton LLP ("Kilpatrick") to advise the Board in its strategic review process.

At its regular quarterly meeting in Charlotte on October 27, 2014, the Board approved the negotiated terms of the Copper Beech purchase agreement for the remaining interests. The new agreement with Dr. McWhirter and the McWhirter Family Limited Partnership (which we refer to as "MFLP") provided for the acquisition by Campus Crest of the remaining equity interests in 32 properties in the Copper Beech portfolio for \$60.3 million cash, the assumption of approximately \$140.6 million of indebtedness and the issuance of approximately 12.4 million units in the Campus Crest operating partnership. Campus Crest would also agree to indemnify the partners of MFLP for certain taxes they might incur if certain of the acquired properties were sold in transactions that caused the partners to incur significant taxes, and agreed to nominate Dr. McWhirter to the Campus Crest Board of Directors at the next annual stockholders meeting and to allow him after the closing of the transaction to attend meetings as an observer until such meeting.

At the October 27 meeting, the Board also discussed the considerable operational challenges facing the company and the impact of underperforming properties on Campus Crest's financial results, and was briefed on the significant impairment charges Campus Crest would likely need to take for the third fiscal quarter just ended as a consequence of the discontinuance of construction and development activities and related issues. The Board also discussed, among other things, the state of the student housing market and Campus Crest's prospects and the potential alternatives available to Campus Crest. At the meeting, representatives of Moelis & Company LLC ("Moelis"), a leading global independent investment bank, presented to the Board a general view on the performance of Campus Crest as compared to competitor firms and other REITs, the capital markets and the company's capital structure and capital needs, and broadly discussed a process for considering a range of strategic alternatives. In executive session at the end of the October 27 meeting, and in further meetings held in executive session on October 31, 2014 and November 2, 2014, the Board discussed the likely need to effect further change in the executive leadership of Campus Crest.

On November 3, 2014, Campus Crest executed an engagement letter with Moelis to act as exclusive financial advisor to the Board with respect to a potential capital raising transaction, a sale transaction or a restructuring of the company. Later that day, the full Board met to discuss the recent results and to review a draft of the proposed earnings release. That evening, co-founder and Chief Executive Officer, Ted W. Rollins, and Chief Financial Officer, Donnie Bobbitt, tendered their resignations. On November 4, 2014, Campus Crest announced the resignations of the Chief Executive Officer and Chief Financial Officer, and the appointment of Richard Kahlbaugh, the lead independent outside director, to serve in an Interim CEO capacity while the Board continued its strategic review process. Campus Crest also announced the execution of the new Copper Beech agreement, and the commencement of the Board's strategic repositioning of Campus Crest. Campus Crest also announced its results for the third fiscal quarter, noting that the company would take an impairment write-down of over \$122 million, was planning to reduce its common stock dividend, and was withdrawing its previous earnings guidance for the year.

On November 10 and 11, 2014, at the Board's direction, representatives of Moelis began to contact investors identified by management and Moelis, in consultation with the Board, as potential investors in or purchasers of Campus Crest. Representatives of Moelis initially contacted four significant real property investors (not including HSRE) considered to be potentially interested in acquiring Campus Crest or a significant number of Campus Crest properties. Representatives of Moelis had preliminary conversations with each of them to determine their potential interest. Although no immediate proposals were received, each of them expressed interest in participating in the strategic process and each eventually signed confidentiality agreements. With Moelis' assistance, Campus Crest began to populate an on-line data room to allow interested parties who sign an appropriate confidentiality agreement to have access to confidential company information.

From November 2014 to January 2015, Campus Crest actively marketed its undeveloped properties, ultimately culminating in a sale of substantially all of these properties in January 2015.

On December 4, 2014, Clinton Group, Inc., a manager of an activist investor fund, issued a press release criticizing Campus Crest's recent performance and announcing that it was nominating candidates to fill four of the five seats on the Campus Crest Board of Directors. On December 5, 2014, Campus Crest announced that it had retained Korn Ferry to conduct an executive search to identify highly qualified, REIT-experienced independent directors for nomination for election to the Board of Directors at the company's 2015 Annual Meeting.

In mid-December 2014, at the direction of the Board, representatives of Moelis and members of the Board contacted three additional potentially interested parties, including one apartment property management company who expressed interest in having its leadership team take over senior management of Campus Crest and having Campus Crest acquire that company's portfolio of apartment communities. We refer to that management company as "Party A." Also in mid-December 2014, Campus Crest's Interim CEO Richard Kahlbaugh and its Chief Investment Officer Aaron Halfacre met with representatives of Party A over breakfast in Philadelphia for a preliminary discussion regarding the nature of Party A's interest and capabilities. The discussions were high level and general in nature. Mr. Kahlbaugh requested that Party A put a proposal in writing if Party A continued to have interest.

On December 18, 2014, the Board met to discuss Campus Crest's financial situation and hear a report from Moelis analyzing various scenarios impacting Campus Crest's dividend paying capability, loan covenant compliance, comparative market data and market expectations. The next day, Campus Crest announced that the Board had approved a 45% reduction in the dividend payout on the Campus Crest common stock for the fourth quarter of 2014.

On January 5, 2015, Mr. Kahlbaugh and Board members Dan Simmons and Jim McCaughan met over lunch with principals of Party A. Party A described its interest in having Campus Crest acquire Party A's management company, the hiring of Party A's management team to serve as the Campus Crest senior executive team, and also a possible significant equity investment by an unnamed potential investor. The discussions were high level and general in nature. Mr. Kahlbaugh expressed interest in talking further with Party A and told Party A to put its proposal in writing if Party A had a sincere interest in continuing discussions so that he could share it with the Board.

On January 6, 2015, Mr. Kahlbaugh received a letter from Party A outlining the general terms of its preliminary nonbinding proposal. Mr. Kahlbaugh again conveyed the Board's interest in continuing discussions, and asked Moelis to contact Party A's financial advisor. Mr. Kahlbaugh also delivered a proposed form of confidentiality agreement to Party A which would be required to be executed if Party A desired to review confidential information and continue discussions. Party A objected to the standstill and related provisions of the confidentiality agreement and refused to sign the confidentiality agreement with those terms, but indicated interest in continuing the discussions.

From January 9, 2015 to January 27, 2015, Moelis continued to contact parties that it, the Board and management had identified as potentially interested parties with the financial capacity and interest in acquiring or investing in Campus Crest. During this time, representatives of Moelis had conversations with nine parties, six of whom later entered into confidentiality agreements with Campus Crest. HSRE was not among the parties contacted at that time.

On January 12, 2015, the Board met to discuss Campus Crest's cash position and liquidity needs, and the status and impact of the pending Copper Beech transaction. The Board approved the sale of six of the undeveloped parcels which Campus Crest had marketed for sale, and one additional property which Campus Crest held in a joint venture with an affiliate of HSRE. At the meeting, Mr. Kahlbaugh also briefed the Board on his meeting with Party A and the nonbinding proposal received from Party A. The Board expressed interest in continuing discussions with Party A as part of the strategic review process. The Board also heard an update on Korn Ferry's continued search for three or four new candidates for possible nomination to the Board.

In mid-January, 2015, Mr. Kahlbaugh received a letter of interest from a large private equity fund expressing interest in exploring a strategic transaction with Campus Crest which could involve an infusion of an unspecified amount of capital in combination with the engagement of an experienced student housing property management company to manage the Campus Crest properties. The fund was directed to contact representatives of Moelis and have an opportunity to submit an indication of interest in the Board's strategic review process. This party entered into a confidentiality agreement and engaged in a limited due diligence review, but it declined to submit an indication of interest in the strategic review process.

On January 16, 2015, Campus Crest received a preliminary non-binding term sheet from Party A outlining in very general terms its proposal for Party A to bring its management team and management company to Campus Crest for a purchase price of \$8 million paid by Campus Crest, the execution of executive employment agreements for Party A's management team, an option to acquire certain other apartment communities being managed by Party A on unspecified terms, and a possible strategic equity investment of up to \$100 million by an unnamed third party investor on terms to be agreed later. At the Board's request, representatives of Moelis contacted Party A to better understand Party A's proposal, and remind Party A that it would be required to sign a confidentiality agreement if it wished to continue to participate in the Board's strategic review process with other potentially interested parties. Party A indicated that it wanted to engage in exclusive discussions with Campus Crest, but refused to sign a confidentiality agreement. At the Board's direction, representatives of Moelis told Party A that they would be welcome to participate in the strategic review process but Party A's participation would need to be on the same terms as other participants.

On January 29, 2015, Campus Crest updated its online data room with additional confidential non-public information to be made available to potentially interested parties invited to participate in the strategic review process who executed confidentiality agreements. At the Board's direction, Moelis sent first round bid process letters to all parties who had been identified by the Board, Campus Crest management and Moelis as potentially interested parties who were believed to have the financial capacity to acquire Campus Crest or make a significant investment in Campus Crest. The bid instructions required interested participants to execute a form of confidentiality agreement and submit a

preliminary nonbinding indication of interest by February 20, 2015. The form of confidentiality agreement required interested participants to maintain the confidentiality of information obtained in the process, and agree to a two-year standstill provision which prohibited participants from seeking to acquire Campus Crest or otherwise seeking to control or influence the control of Campus Crest except as a participant in the review process. The form confidentiality agreement also prohibited participants from asking the Board to waive the standstill provisions, and from hiring Campus Crest employees identified in the due diligence process.

On January 30, 2015, the Copper Beech transaction closed on the terms previously disclosed.

From January 30 to February 10, 2015, representatives of Moelis and the Campus Crest management team engaged in discussions and shared confidential information with multiple interested parties.

On February 10, 2015, at its regular quarterly meeting in Charlotte, the Board discussed the strategic review process. Dr. McWhirter attended the meeting as an observer as permitted by the Copper Beech purchase agreement. Representatives of Moelis and management first provided an overview of the recent initiatives undertaken by the company, including the recent dividend reduction, sales of various properties which had been held for development, the closing of the Copper Beech transaction, and efforts to reduce general and administrative expenses. The Board discussed the ongoing capital structure initiatives being explored by management, including the potential renegotiation or refinancing of Campus Crest's credit facilities and other efforts to reduce Campus Crest's significant indebtedness. The Board also reviewed comparative information which indicated that Campus Crest's outstanding indebtedness compared unfavorably against its peer firms on a number of measures, such as overall net leverage, its ratio of debt to total assets, and its interest and fixed charge coverage ratios. Representatives of Moelis also provided an overview of the strategic review process underway. Representatives of Moelis reported that Moelis had held preliminary discussions with 15 potential bidders, 11 of whom were sent confidentiality agreements, and eight had signed confidentiality agreements and had been given access to the online data room. The other three interested parties were still in negotiation over the terms of the confidentiality agreement. HSRE was not among the parties who were initially contacted by Moelis. The Board also discussed with Moelis the potential for a significant equity raise by the company to reduce debt, including the range of terms that would be expected from investors in an equity raise in the current environment and its advantages and challenges, including the likely significant discount to current market price that any significant equity investor would likely demand. Kilpatrick also provided a brief summary of the Board's fiduciary duties and obligations in assessing the various strategic alternatives.

On February 13, 2015, Clinton Group emailed a draft of a press release and letter addressed to the Board, which Clinton Group indicated it intended to issue the following week, that was highly critical of the Board's oversight of the company and stated that Clinton Group was partnering with Party A in connection with its proxy solicitation efforts to place four members on the Campus Crest Board. The correspondence also encouraged the Board to pursue a transaction with Party A.

On February 15, 2015, the Board met again to discuss the strategic review process and Clinton Group's correspondence. At the meeting, the Board approved the formation of a special Transaction Committee to be comprised of Mr. Kahlbaugh, Mr. Simmons and two other potential nominees to the Board who the Board had identified in its search for new REIT-experienced board members and expected to appoint soon. The Board tasked the Transaction Committee with reviewing, evaluating and making recommendations to the full Board regarding the potential strategic alternatives available to Campus Crest to enhance realizable value for its stockholders. The Board also promoted Mr. Halfacre to serve as President of Campus Crest while the Board continued its search for a permanent Chief Executive Officer, and Mr. Kahlbaugh was elected to continue as non-executive Chairman. Following an update from Moelis and members of the Campus Crest management team on the ongoing strategic review process, the Board determined to make a public announcement of the strategic review process in order to assure that the review process generated sufficient interest from all parties who might have an interest in acquiring or investing in Campus Crest but had not previously been identified in the process.

Campus Crest issued a press release the next day, February 16, 2015, announcing that the Board had authorized Campus Crest to explore a broad range of strategic, operational and financial alternatives to further enhance shareholder value, and that the company had received multiple inquiries from a number of qualified parties that expressed interest in discussing a potential transaction with Campus Crest. The Board also announced that Moelis and Kilpatrick were assisting Campus Crest in a comprehensive and thorough analysis of all potential alternatives. Later that day, Clinton Group released its press release and letter to the Board stating that it was partnering with Party A in connection with its proxy solicitation efforts to place four members on the Campus Crest Board, and encouraging the Board to pursue a transaction with Party A.



On February 17, 2015, Campus Crest responded to the Clinton Group press release, noting in a press release that members of the Board and management had met with Clinton Group and Party A and continued to encourage them to participate in the strategic review process on the same terms as other interested parties. Later that day, members of the Campus Crest management team and representatives of Moelis conducted due diligence calls with three interested parties who had been given access to the online data room and reassured potential parties that the Clinton Group press release would not slow the review process down and reiterated the Board's sincere interest in considering all available strategic alternatives. Also on February 17, Campus Crest contacted HSRE to inquire as to whether HSRE would have any interest in participating in the strategic review process, and requested that HSRE contact Moelis if it desired to participate in the process.

On February 19, 2015, at the request of the Board, representatives of Moelis met with Clinton Group to discuss Clinton Group's concerns. Clinton Group expressed support for the strategic review process if it resulted in a sale of the company on favorable terms, but expressed concern that an alternative transaction, such as a minority equity investment, would be unnecessarily dilutive to stockholders. Clinton Group proposed that the company acquire Party A's management company and management team, and appoint three of Clinton Group's nominees to the Board to replace three current directors. Moelis relayed these proposals to the full Board. On February 20, 2015, Clinton Group emailed a revised proposal to Moelis, which was relayed to the full Board, providing further details on its proposal that Campus Crest acquire Party A's management company, including that Campus Crest would have an option to acquire Party A's property portfolio on terms to be mutually agreed. On February 23, 2015, Clinton Group filed a preliminary proxy statement describing its intention to solicit proxies in support of its Board nominees, and broadly criticizing the Board and Campus Crest management.

From February 19 to 26, 2015, Moelis received first-round indications of interest from seven different parties, including HSRE, proposing a range of potential proposals to acquire Campus Crest, make a significant equity or debt investment, acquire certain properties, or seek to refinance part of Campus Crest's outstanding debt.

HSRE submitted its first preliminary non-binding indication of interest on February 21, 2015, indicating its interest in acquiring 100% of the outstanding common stock of Campus Crest at a proposed purchase price of \$8.60 per share in cash for all shares and operating company interests other than those held by its purchaser group, subject to due diligence and negotiation of definitive agreements. In its proposal, HSRE indicated that an investment fund controlled by former Campus Crest CEO Ted W. Rollins and also MFLP and Dr. McWhirter were included as part of the HSRE purchaser group, although the extent of the involvement of Mr. Rollins and Dr. McWhirter was not described. Although neither Mr. Rollins nor Dr. McWhirter owned any significant number of shares of Campus Crest common stock, each did have a sizeable investment in the Campus Crest operating partnership, with Mr. Rollins' investment fund owning operating partnership units constituting approximately 0.03% of the fully diluted Campus Crest equity interests, and Dr. McWhirter and his affiliates owning operating partnership units constituting approximately 16.0% of the fully diluted Campus Crest equity interests. The financial advisor to HSRE in connection with the Merger was Raymond James & Associates, Inc. ("Raymond James"), a leading investment bank, which was one of the lead underwriters of Campus Crest's initial public offering in 2010 and in its subsequent public offerings in 2012 and 2013, and also served as financial advisor to Campus Crest in connection with Campus Crest's agreement to acquire the Copper Beech portfolio in 2013. An affiliate of Raymond James is a lender under Campus Crest's senior credit facility.

Campus Crest has worked with HSRE to jointly develop student apartment communities since 2008, and has been a party to a number of active joint venture arrangements with HSRE during that time. As of December 31, 2014, Campus Crest held 12 operating properties in various joint ventures with HSRE affiliates. These joint venture arrangements have been described in great detail in Campus Crest's periodic filings, including its Form 10-K for the 2014 fiscal year and its subsequent Forms 10-Q for the first, second and third fiscal quarters of 2015. In connection with each joint venture with HSRE, a subsidiary of Campus Crest generally forms a joint venture with an affiliate of HSRE pursuant to which Campus Crest is responsible for the day-to-day management of the business and affairs of the joint venture, subject to HSRE's right to consent to major decisions. Each party typically contributes a portion of the required equity investment, and Campus Crest typically guarantees all or a portion of the construction financing for the underlying properties. In addition to distributions to which Campus Crest is entitled as an investor in each joint venture, Campus Crest typically receives fees for providing services to the properties held by the joint venture pursuant to development and construction agreements and property management agreements. As part of the Board's strategic repositioning and balance sheet simplification efforts announced in November 2014, Campus Crest and HSRE have consummated a number of transactions in 2015 to unwind several of these joint ventures through a combination of selling properties held by the joint ventures, purchasing or selling a party's interest to the other joint venture partner, or swapping properties or interests in the joint ventures for other interests. These 2015 transactions are described in significant detail in Campus Crest's Form 10-Q for the quarter ended September 30, 2015.

From February 23 to March 3, 2015, HSRE and representatives of Moelis discussed the terms of the Campus Crest confidentiality agreement, including particularly the concerns of Campus Crest as to the confidentiality of Campus Crest's information in light of the several long-standing joint venture relationships between the parties. Kilpatrick and HSRE's legal counsel, DLA Piper, exchanged revised drafts of the confidentiality agreement and discussed the provisions. Campus Crest was reluctant to provide certain information that might compromise its rights under its various joint venture relationships with HSRE affiliates.

In late February 2015, management contacted the lenders under Campus Crest's senior credit facility in order to seek further waivers of certain material financial covenants under the credit facility to allow time for the cost-cutting initiatives, property sales and dividend reduction to have a positive impact on the balance sheet and financial covenants, and time for the Board to complete its strategic review process. Members of the management team informed the Board that because of the complexity of the Copper Beech transaction and other matters, it was unlikely that Campus Crest would be able to file its Form 10-K for the 2014 fiscal year on time. On February 25, 2015, the lenders granted a waiver of certain financial covenants through the quarter ended September 30, 2015. At a meeting later that afternoon, the Board reviewed a draft of the 2014 year-end earnings press release and approved the filing of a Form 12b-25 to report the expected late filing of the Form 10-K.

The next day, February 26, 2015, the Board met with representatives of Moelis and Kilpatrick to review the results of the first round of bids from the strategic review process. Because HSRE's proposal indicated that Dr. McWhirter was participating with HSRE in its proposal in some capacity, Dr. McWhirter was not invited to attend the meeting or any subsequent meetings while he remained affiliated with any potential bidder. At the meeting, Moelis summarized the process undertaken by the Board and Moelis in soliciting proposals from potentially interested parties, reporting that of the 20 contacts made, 17 were sent a form confidentiality agreement to sign, 10 parties had signed confidentiality agreements and commenced due diligence in the on-line data room, and seven parties had submitted an indication of interest outlining a proposal – five outlining proposals for the acquisition of all of Campus Crest and two outlining minority equity investment proposals. Moelis also summarized the various proposals received and discussed with the Board the relative strengths and weaknesses of each proposal, including the HSRE proposal described above. Party A did not submit a proposal or enter into a confidentiality agreement. The proposals to acquire all of Campus Crest included indicative purchase prices per share of \$6.25, \$7.25 to \$7.75, \$8.25 to \$8.75, \$8.50 to \$9.00, and HSRE's proposal of \$8.60 per share for the common stock and operating partnership units not held by its purchaser group.

At the February 26, 2015, Board meeting, representatives of Moelis also summarized the two investment proposals received, with each interested party proposing to make a senior preferred equity investment in Campus Crest, one in the amount of \$150 million from an investor we refer to as "Party D," and the other in the amount of \$200 million from an investor we refer to as "Party E," with liquidation preferences, dividends at a rate of 10%, and board representation. The Board discussed the investment proposals in detail with Moelis, noting that each of the investment proposals would be highly dilutive to current shareholders. It was noted that neither of Campus Crest's two primary publicly traded competitors had submitted a proposal, and the Board directed Moelis to reach back out to each of them again to determine definitively whether either might have interest in participating in the process. Prior to making contact with the primary publicly traded competitors each competitor made public statements to the market to the effect that they were aware of the process and were not interested in participating. Moelis shared these comments with the Board in

subsequent discussions and materials. The Board also discussed Campus Crest's recent performance in the capital markets relative to its peers and the market in general, and discussed key metrics impacting Campus Crest's market value. The Board decided to move forward with the three highest full-company proposals, and to invite the three leading bidders to participate in a second round of diligence and discussions before asking for final proposals, while also continuing to engage with other interested parties. The leading bidders included HSRE with a preliminary bid of \$8.60 per share, another real property investment fund we refer to as "Party B" with a preliminary bid of \$8.50 to \$9.00 per share, and a third real property investment fund we refer to as "Party C" with a bid of \$8.25 to \$8.75 per share. Following the meeting, representatives of Moelis contacted HSRE, Party B and Party C to invite those three for further discussions so that each could have the opportunity to revise its proposal in the second round before a preferred bidder was selected.

Later on February 26, 2015, Campus Crest released its earnings for fiscal 2014 and provided an update on its strategic review process. In addition to describing the closing of the Copper Beech transaction, the discontinuance of the internal construction and development activities, the reduction of the common stock dividend rate, the results of cost-cutting initiatives, and the sale of undeveloped properties, Campus Crest also noted that the Board was conducting a broad review of multiple strategic alternatives which could include such potential outcomes as a key investment in, or the acquisition of, Campus Crest.

The next day, February 27, 2015, Campus Crest filed a Form 12b-25 announcing that its 2014 Form 10-K would be filed late, and Clinton Group issued a press release announcing that it had sent an “open letter” to Campus Crest shareholders describing its partnership with Party A and proposing that the Board allow Party A to take over management of Campus Crest rather than pursuing the strategic review process being undertaken by the Board.

On March 8, 2015, DLA Piper and Kilpatrick finalized negotiation of the HSRE confidentiality agreement and HSRE and Campus Crest executed the confidentiality agreement. HSRE was then provided access to the on-line data room.

On March 13, 2015, Clinton Group filed with the SEC a lengthy presentation that outlined its criticisms of the Board and described in detail its joint plan with Party A for Party A to take over management of Campus Crest. Clinton Group notes, however, that its “nominees will not stand in the way of a bona fide change of control transaction at a market clearing price.”

On March 14, 2015, the Board met to receive an update on the strategic review process. Representatives of Moelis updated the Board on the various proposals previously received and the status of those proposals. The Board was informed that Party B, which had very recently announced another large student housing investment, had dropped out of the process after expressing some unspecified concerns about the quality of Campus Crest’s housing portfolio and indicating that any follow up bid would be significantly below its initial indicative bid. In addition, Moelis reported that another potentially interested party whose preliminary bid of \$7.25 to \$7.75 had not been one of the top three bids but had asked to stay in consideration if other bids did not materialize, similarly dropped out of the process after indicating that it would not increase its previous bid. Moelis also described several new inquiries from property management companies, which, like Party A, managed relatively small portfolios of student housing properties, and which had expressed interest in merging their portfolios with Campus Crest and taking over management of the combined portfolio, but which would not result in any material infusion of capital. Moelis also described its continued engagement with Party D over the terms of its preferred equity investment proposal, and also with the remaining interested parties to have them identify their sources of financing and finalize their bids. After further discussion, the Board directed Moelis to continue discussions with the interested parties to explore the full range of alternatives available.

On March 16, 2015, at a meeting of the Board's Audit Committee that was attended by all directors, the Board was informed by Campus Crest's independent auditor that the auditor had identified a number of significant deficiencies and several material weaknesses in Campus Crest's internal controls, and, as a result of the additional work that would be needed to finalize the auditor's review of controls and other matters, the Form 10-K for fiscal 2014 was unlikely to be ready to file by the extended March 17 deadline. Following the Audit Committee meeting, the full Board met to discuss several proposed additions to the Board that had been identified in the Board's search for additional experienced directors, including Curtis McWilliams. The Board also learned that one other highly experienced nominee with significant REIT experience had withdrawn his name from consideration. The Board determined to hold off appointing any new directors for the time being, but asked Mr. McWilliams to attend Board meetings as a non-Board observer until the Board was prepared to announce a full slate of director nominees. The Board agreed to pay Mr. McWilliams fees for his attendance at Board meetings, and reimburse him for his travel expenses, in the same amounts that he would have been entitled to receive if he were a member of the Board.

Also on March 16, 2015, Kilpatrick finalized a proposed form of merger agreement for potentially interested parties to review and revise with suggested revisions with their second round bid proposals, and, at the direction of the Board, Moelis sent the form to each of HSRE and Party C, together with instructions for the second round of the process. The form merger agreement contemplated an all-cash merger of Campus Crest with the purchaser and included customary no-shop and fiduciary out provisions, and a 30-day "go-shop" period following the signing of the merger agreement, but did not specify the amount of termination fees that would be payable by Campus Crest under certain circumstances. At the direction of the Board, Moelis also sent instructions for the second round of the process to Party D without the proposed form of merger agreement, as Party D continued to express interest solely in a minority investment.

On March 18, 2015, Campus Crest issued a press release providing an update on the expected timing of its filing of its Form 10-K for fiscal 2014, and indicated that it had received notice from the NYSE informing the company that its failure to file the Form 10-K was a default under the NYSE's continued listing criteria.

On March 19, 2015, representatives of Moelis and Campus Crest management held a due diligence conference call with HSRE, DLA Piper, HSRE's financial advisor and Mr. Rollins.

On March 27, 2015, the Board met to discuss the progress of the Form 10-K filing. Management reported that Campus Crest's independent auditor had expressed new concerns about the company's ability to satisfy the financial covenants under its credit facilities over the next four quarters without elimination of the common dividend and suspension of dividends on the Campus Crest preferred stock. Although management believed that planned asset sales and other transactions over the course of that period would allow the company to stay in compliance with the financial covenants, Campus Crest did not have definitive agreements in place for such transactions, with the result that the auditor was unable to include them in its going concern analysis and indicated that its policies would prevent the auditor from issuing a "clean" audit opinion without a pause in the payment of dividends. As a consequence, the Board determined to suspend dividends for the remainder of the 2015 fiscal year unless subsequent events and transactions permitted it to do so. Management also reported that the Form 10-K was nearing completion, and that the critical filing date was March 31, 2015, which was the deadline in the financial reporting covenants of the company's credit facilities.

On March 27, 2015, HSRE submitted its second round non-binding indication of interest to acquire the common stock of Campus Crest, reducing its proposed purchase price per share from \$8.60 to \$8.11 per share. HSRE included a proposed markup of the form merger agreement. HSRE's offer was conditioned on two significant conditions: first, the proposal was conditioned upon HSRE reaching agreement with all of the limited partners in the Campus Crest operating partnership to agree to roll over their limited partnership interests into HSRE's investment vehicle; and second, the proposal was conditioned upon Campus Crest's prior sale of its Montreal joint venture interests. The proposal was further conditioned upon continued property-level due diligence, a full review of Campus Crest's annual audited financial statements when filed, and a thirty-day period of exclusive negotiations. Notably, the offer indicated that Dr. McWhirter and MFLP were no longer part of the HSRE purchaser group. Mr. Rollins' investment fund, however, remained a member of the purchaser group.

On March 31, 2015, Campus Crest filed its fiscal 2014 Form 10-K, disclosing that its disclosure controls and procedures were not effective as of December 31, 2014 and in prior periods, and that its internal control over financial reporting was not effective as of December 31, 2014, in each case due to the material weaknesses in internal control over financial reporting.

The next morning, on April 1, 2015, Campus Crest announced the suspension of dividends for 2015 unless it were to successfully consummate certain asset sales, raise additional capital, refinance its existing credit facilities, and/or experience sufficient improvement in its operating results. Campus Crest noted that it remained “extremely focused on pursuing Campus Crest's strategic repositioning, and strengthening our financial and liquidity position,” and that suspending the dividend payment was “a prudent step as we enhance our balance sheet and ensure compliance with the covenants in our financial agreements.”

On April 2, 2015, Clinton Group issued another “open letter” to Campus Crest stockholders, criticizing the dividend cut and what it believed to be an absence of “qualified student housing management,” and suggesting that these factors were causing the Campus Crest common stock to trade at a significant discount to Campus Crest’s estimated NAV per share. Clinton Group again proposed that Campus Crest pursue a transaction with Party A and hire its management team, or pursue a sale of Campus Crest, which it indicated would yield a price of \$8.50 to \$9.50 per share. Clinton Group added: “While we believe that the stock would be worth more than \$10.00 a share in a year under a newly constituted Board of Directors, a refreshed executive team with [the Party A] management team at the helm, the adoption of their operating strategy, and the re-instatement of the dividend, we continue to pledge we will not stand in the way of a change of control transaction acceptable to our fellow shareholders.”



On April 6, 2015, the Board met again to discuss the strategic review process. At the meeting, Moelis updated the Board on the status of the various proposals received in the second round of the review process. Moelis reported that, following significant due diligence and property visits, Party C had submitted a revised, materially lower proposal, with a nonbinding offer priced at \$6.60 to \$6.80 per share. The Board discussed that the revised proposal from HSRE, while lower than its initial bid but still favorable at \$8.11 per share, had considerable contingencies that made the Board question the reliability of the bid, including significant additional required due diligence and the requirement that Campus Crest dispose of its Montreal joint venture interests on favorable terms, and also was contingent on HSRE reaching agreement with all of the Campus Crest operating partnership unit holders to rollover their interests into the HSRE fund formed to acquire Campus Crest. The Board also discussed that the HSRE bid appeared to underestimate Campus Crest's aggregate outstanding indebtedness, which suggested that the bid was likely to decrease with further due diligence. The Board discussed the significant contingencies associated with the HSRE bid, and noted the significant history of dealings with HSRE which involved a pattern of demanded price concessions as the negotiations progressed. The Board was reluctant to enter into exclusive negotiations with HSRE at this point, given the significant uncertainty in the likelihood of reaching a definitive agreement and the fact that granting exclusivity would prevent the Board from considering other potential alternatives, and directed Moelis to communicate to HSRE the Board's interest in continuing discussions as part of the strategic review process on a non-exclusive basis, and that the Board would consider exclusive negotiations if HSRE were to eliminate the conditionality of its proposal and come back with a more firm proposal. The Board was unsatisfied overall with the second round bids and chose not to move forward with any party at the time, but directed Moelis to continue discussions with all interested parties and to continue to explore the full range of alternatives. Representatives of Moelis contacted HSRE's financial advisor shortly after the meeting and were informed that HSRE was unwilling, without an exclusive negotiating period, to engage in the significant due diligence it would require in order to proceed with substantive negotiations due to the significant expense it would incur without assurance of a transaction. Representatives of Moelis relayed HSRE's position to the Board.

On the morning of April 13, 2015, the Board met again to discuss the strategic review process. At the meeting, Moelis updated the Board on the status of the various proposals previously received, and also noted considerable interest being shown by a new potential investor regarding a possible equity and debt investment, including the potential for a loan facility that would refinance the existing senior bank facility. The Board directed Moelis to continue those discussions to determine if the investor would submit an indication of interest with the details of its potential transaction structure, but in later discussions the investor declined to make a proposal for unspecified reasons. The Board also discussed Moelis' recent meetings with both HSRE and Party E as Moelis attempted to get each party to improve its proposal and lessen the conditionality of its proposal.

Later on the evening of April 13, 2015 and in several meetings on April 14, 2015, the Board reconvened to discuss the status of efforts to recruit additional Board members with significant REIT experience and to hire a permanent CEO and CFO to strengthen the company's management team, including advanced discussions with an experienced apartment REIT executive regarding the CEO position, and also with Alvarez & Marsal, a leading global professional services firm ("A&M"), regarding the potential for filling one or both positions on an interim basis. The Board discussed the difficulties with recruiting board members and executives in light of the company's recent results, the ongoing strategic review process, and the pending proxy solicitation by Clinton Group. When the Board reconvened on the evening of April 14, 2015, it learned that the apartment REIT executive had declined the CEO position. Following the meeting, the Board moved forward to engage A&M to provide an Interim CEO and Interim CFO.

On April 19, 2015, Clinton Group contacted Moelis to request a meeting to discuss Clinton Group's ongoing proxy solicitation. On April 20, 2015, at the Board's request, Moelis met with Clinton Group to discuss Clinton Group's proposed terms for settling the proxy solicitation. The Board met later that day to discuss Clinton Group's proposal, which would add three Clinton Group nominees to the Board and require Campus Crest to hire the Party A management team if the strategic review process were not successfully concluded within 60 days. At the April 20 Board meeting, the Board discussed the background of several of Clinton Group's nominees and the Board's difficulties in recruiting new well-qualified nominees, and communicated to Clinton Group the Board's willingness to appoint at least one of those nominees to the Board, plus other independent outside nominees if qualified. The Board refused, however, to agree to a deadline for the strategic review process or to commit to consummating a transaction with Party A, but reiterated its invitation for Party A to participate in the review process on the same terms as other interested bidders. The Board also received a further update on the status of the strategic review process and other alternatives being considered. Discussions between Moelis and Clinton Group continued over the next few days, and the Board met again on April 20, 2015, to discuss the progress of the discussions.

On April 26, 2015, Moelis updated the Board by email to report on recent discussions with various parties, including one potential lender who was considering a proposal to replace the company's senior bank facilities on attractive terms, and further discussions with the company's senior lender group regarding covenant relief. Moelis also reported that discussions were continuing with other new and existing participants in the review process, including one new potential interested party who was considering signing a confidentiality agreement and participating in the process, and continued interest from Party E who had indicated it intended to submit a new proposal.

On April 27, 2015, Campus Crest issued a press release announcing the engagement of A&M to staff the CEO and CFO positions on an interim basis, and to update investors on the status of the ongoing strategic review process. Campus Crest stated that it was "continuing with its comprehensive and thorough analysis to explore a broad range of strategic, operational and financial alternatives to further enhance shareholder value," and remained committed to maximizing shareholder value through a thorough and robust review process.

On April 28, 2015, Campus Crest's independent auditor notified the company that upon the completion of the auditor's review of Campus Crest's financial statements for the quarter ended March 31, 2015 and the filing of the related Quarterly Report on Form 10-Q, the auditor would decline to stand for re-election as the independent auditor for Campus Crest.

In early May, discussions with Clinton Group to settle its proxy solicitation accelerated as the Board desired to remove the distraction that the proxy solicitation was having on the management team and the impact on the strategic review process. From May 1 to May 3, 2015, the Board met several times to discuss revised settlement proposals from Clinton Group and to give direction to Moelis and Kilpatrick on terms that would be acceptable to the Board. On May 3, 2015, Campus Crest and Clinton Group worked with Moelis, Kilpatrick and Clinton Group's legal counsel to finalize the terms of the settlement agreement. Under the final settlement terms, the Board agreed to appoint two Clinton Group nominees, Raymond Mikulich and Randall Brown, each with significant real estate and REIT experience, and also to appoint Mr. McWilliams to the Board. Although appointed by Clinton Group, Mr. Mikulich and Mr. Brown were not otherwise affiliated with Clinton Group and the Board determined that they, along with Mr. McWilliams, were independent. The Board also adopted a written charter for the Transaction Committee clarifying the authority of the Transaction Committee to:

- study, review, monitor and evaluate potential strategic transactions,

- study, review, monitor and evaluate potential opportunities to discharge, amend, repay or refinance existing indebtedness of the company and/or its subsidiaries,

- seek fairness of process with respect to proposed strategic transactions,

engage in a determination of whether the terms of any proposed strategic transaction are fair and reasonable and in the best interest of the company's shareholders, and

· make recommendations to the Board with respect thereto.

The Board also appointed Mr. McWilliams, Mr. Mikulich and Mr. Kahlbaugh to constitute the Transaction Committee, with Mr. McWilliams serving as chair of the committee. Campus Crest also agreed to engage in discussions with Party A as part of the strategic review process, conditioned upon Party A's execution of a confidentiality agreement.

The next day, on May 4, 2015, Campus Crest announced the settlement of the Clinton Group proxy solicitation and filed the settlement agreement with the SEC. In its press release announcing the settlement, Campus Crest stated that the Transaction Committee would oversee a comprehensive and thorough analysis to explore a broad range of strategic, operational and financial alternatives to further enhance shareholder value. Later that day, Party A executed a confidentiality agreement and was provided access to Campus Crest's online data room and commenced its due diligence review.

Between May 4 and May 15, 2015, various potentially interested parties contacted Moelis and management to discuss the company's recent results and the next steps in the review process.

On May 15 and 18, 2015, the newly reconstituted Transaction Committee met with representatives of Moelis to discuss the strategic review process, the actions taken by Campus Crest since the start of the review process, the range of potential strategic alternatives that might be available to the company, and the feedback provided to Moelis by the various interested parties who had participated in the review process. The Transaction Committee also heard an update from Campus Crest management on the status of the company's outstanding indebtedness and financial condition, including the likely need for further bank waivers of certain financial covenants after the current waivers expire with the reporting of the third quarter financial results in November 2015. The Transaction Committee was concerned that further waivers might not be forthcoming on reasonable terms, or at all, if the company did not make significant progress soon in its strategic review process, noting that the failure to obtain such waivers could put the company in default under a significant portion of its outstanding indebtedness, and any strategic alternative pursued by the Board would need to address the outstanding indebtedness. Among other concerns from interested parties, Moelis reported that there had been doubt expressed by several of the bidders as to the Board's commitment to considering strategic alternatives, but that the resolution of the Clinton Group settlement agreement and changes in the Transaction Committee composition had been perceived as indicating a renewed commitment to considering strategic alternatives. In addition, although neither of Campus Crest's publicly traded competitors in the student housing REIT industry had responded to inquiries from Moelis to assess their interest in participating in the review process, both of them had publicly stated on earnings conference calls their lack of interest in Campus Crest's properties. The Transaction Committee gave instructions to Moelis to contact on an expedited basis all parties who had previously expressed interest and agreed on a timeline and process for considering any new proposals received. After discussing that previous bidders had been reluctant to commit to the expense of extensive due diligence without Campus Crest's agreement to negotiate exclusively with a leading bidder, Moelis was instructed to communicate to bidders that the Board was prepared to enter into exclusive negotiations with a leading bidder who submits a compelling proposal.

On May 18, 2015, the Board met again to discuss the strategic review process. Dr. McWhirter joined the meeting as an observer after providing assurances that he was no longer affiliated with HSRE or any other potential bidder. Kilpatrick provided an overview of the fiduciary duties and responsibilities of the Board in conducting the strategic review process, reminded directors of the importance of candor, confidentiality and independence in considering strategic alternatives, and asked each director and Dr. McWhirter individually to confirm the absence of any contractual or other relationships or agreements with any parties participating in the strategic review process. All

directors and Dr. McWhirter confirmed the absence of any such relationships or agreements. Mr. McWilliams provided the Board with a description of the work of the Transaction Committee since the May 4 meeting, including meetings with Moelis, a summary of the participants currently believed to be considering proposals, and the proposed timing and structure of the process, with Moelis being directed to contact potentially interested parties and requiring best and final proposals to be submitted by the week of June 8, 2015. He also reported that there had been significant new interest received since the announcement of the Clinton Group settlement and the accompanying changes in the composition of the Transaction Committee. The Board then approved the timing and structure proposed by the Transaction Committee, and directed the Transaction Committee to report back on its progress.

From May 15 to June 11, 2015, at the direction of the Board, representatives of Moelis contacted six potentially interested parties, including HSRE, who had previously communicated interest or had made a proposal, and described the Transaction Committee's review plan. Party B also contacted Moelis expressing renewed interest in considering another proposal. During this time, interested parties spent considerable time reviewing materials posted to the company's on-line data room, and discussed with management and representatives of Moelis the company's recent financial results, the updated leasing status of Campus Crest's apartment communities for the fall, the fiscal 2014 audit opinion which had identified a number material weaknesses and significant deficiencies in internal controls, and the recent notification that the company's independent auditor would not continue in that role. During this time, seven acquisition proposals were received at purchase prices of between \$5.75-\$7.40 per share, and two investment proposals were also received. The leading proposal again was from HSRE, who submitted a new non-binding indication of interest indicating interest in acquiring 100% of the Campus Crest common stock for a price between \$7.10 and \$7.40 per share, conditioned upon Campus Crest's prior sale of its Montreal joint venture interests and further conditioned on all limited partners in the Campus Crest operating partnership agreeing to roll over their limited partner interests into a newly formed HSRE investment vehicle, but expressing confidence that an agreement with the limited partners could be reached in a timely manner. HSRE also indicated that it would require a 30-day period of exclusivity, and included a revised markup of the form merger agreement to reflect its bid. The other leading bids received were from Party A, now working together with another large investment fund which we refer to as "Party F" to propose an indicative bid of \$7.05 per share, Party B, with an indicative bid of \$7.00-\$7.25 per share, and one more real estate investment fund, who we refer to as "Party G," with an indicative bid of \$6.40 per share.

The two minority investment proposals were submitted by Party D and Party E, who had each made proposals previously. Party D's new proposal was for a debt issuance of \$125 to \$150 million consisting of a combination of exchangeable notes and subordinated notes, and requesting two Board seats. The Party E proposal consisted of a proposed investment of \$250 million in new capital in a combination of preferred equity and common stock on undescribed terms, the sale of approximately \$200 million of new student housing properties from Party E's joint venture partner to Campus Crest in return for an aggregate consideration to be determined, and the sale of that joint venture partner's management company to Campus Crest on unspecified terms, with the management company taking over management of the Campus Crest portfolio of properties.

On June 11, 2015, the Transaction Committee met with representatives of Moelis to discuss the various proposals received. The committee directed Moelis to move forward with the four leading bidders by requesting that each bidder refine its proposal and remove as much of the conditionality of its proposal as possible before the committee would select a leading bidder with whom it would negotiate exclusively. The Transaction Committee discussed that the investment proposals from Party D and Party E were expensive and dilutive to shareholders and did not provide a solution to the company's financial covenant concerns, but viewed the proposals as possible partial solutions if the terms could be improved and no viable bid for the whole company was submitted. As a consequence, the committee directed Moelis to continue discussions with Party D and Party E to seek to improve their bids. Over the next two weeks, representatives of Moelis and management held multiple meetings with each of the leading bidders and with Party D and Party E, and, at the direction of the Transaction Committee, Moelis asked each bidder to submit its best and final offer. Party G submitted a revised proposal with a purchase price of \$7.00 per share, and Party A submitted a revised price of \$6.65 per share. Party B declined to submit a revised proposal.

On June 23, 2015, HSRE submitted a revised non-binding indication of interest with a \$7.25 per share offer price for 100% of the company's common stock, conditioned on Campus Crest's sale of its Montreal joint venture interests and reaching agreement with the limited partners of the Campus Crest operating partnership to redeem their limited partnership interests for not more \$140 million, including the acquisition of the interests of Dr. McWhirter and MFLP in the four remaining properties held jointly by Campus Crest and MFLP, and also obtaining releases from the tax protection agreement entered into between Campus Crest and MFLP in connection with the Copper Beech transaction. HSRE again sought a 30-day exclusivity period as a condition to moving forward.

On June 24 and June 29, 2015, the Transaction Committee met with Moelis to review final bids and develop a process for moving forward. With HSRE submitting the leading bid, the committee directed Moelis to contact Party G, the bidder with the next highest bid, to see if it would improve its bid before the committee selected a leading bidder. Party G declined to improve its proposal.



The Board met the next day on June 30, 2015, to discuss the status of the review process with Moelis, Kilpatrick and the Transaction Committee. Because of his potential involvement with the HSRE proposal, Dr. McWhirter was not invited to attend this meeting or any of the subsequent meetings of the Board, despite his observer rights under the Copper Beech agreement. Mr. McWilliams and Moelis reported on the status of strategic review process, and recommended that the Board approve entering into exclusive negotiations with HSRE as the leading bidder. Kilpatrick and Moelis described the likely timing and expected process going forward if HSRE were to be selected as the leading bidder. Moelis also described its preliminary financial analyses of the company, and the Board discussed the various potential alternatives to a sale of the company. The Board also heard an update on the status of Campus Crest's proposed disposition of its Montreal joint venture interests, noting that each of the leading bidders in the strategic review process had stipulated that the disposition of the Montreal interests and the related CAD 56 million loan guaranty be a condition precedent to a transaction. Management reported that the sale negotiations with respect to the Montreal interests were progressing well, and that the parties expected to close on the sale in early August if the buyer were able to secure financing for the purchase. Based on the recommendation of the Transaction Committee, the Board authorized the entry into exclusive negotiations with HSRE for up to 30 days, provided that HSRE's purchase price remain in the range of \$7.25 to \$7.50 per share, and authorized the Transaction Committee to finalize the terms of an exclusivity agreement with HSRE.

On July 2, 2015, HSRE submitted a revised non-binding indication of interest lowering its offer price to \$7.15 per share for 100% of the company's common stock, and indicated that it had reached an agreement in principle with Dr. McWhirter and MFLP to acquire all of the limited partnership interests held by MFLP. On July 2, 2015, the Transaction Committee met again with Moelis to discuss the revised HSRE bid, which had fallen below the threshold set by the Board as a condition to its approval of exclusive negotiations with HSRE. The committee directed Moelis to convey its concern with the lower price and requesting HSRE to raise its bid back to at least \$7.25 per share if it wished to proceed on an exclusive basis. The Transaction Committee again discussed potential alternatives to a sale of the company, including whether the piecemeal disposition of the company's portfolio of properties or a third-party management structure would provide a better return to shareholders. The committee concluded that a transaction on the terms proposed by HSRE presented the most favorable outcome for shareholders, if the transaction could be consummated on the terms proposed.

On July 7, 2015, HSRE submitted a revised non-binding indication of interest to acquire 100% of the company's outstanding common stock for \$7.25 per share. The revised proposal included confirmation from Dr. McWhirter and MFLP that MFLP had reached an agreement in principal to sell its Campus Crest operating partnership interests back to the company in connection with the closing of a merger with HSRE. The proposal was conditioned upon Campus Crest's sale of the Montreal joint venture interest and upon the closing of HSRE's agreement with Dr. McWhirter and MFLP, but was not subject to a financing contingency. It also required a 30-day exclusivity period as a condition to going forward. Later that day, the Board met with the Transaction Committee, Moelis and Kilpatrick to discuss the revised proposal from HSRE and to update the Board on the status of the review process. Representatives of Moelis reported on the status of the strategic review process, summarized the revised HSRE proposal, and described an updated joint proposal from Party A and Party F. The Board discussed with management the updated financial projections prepared by management and the company's historic poor performance over the past five years as compared to internal projections. The Board also discussed the current strategic proposals and alternatives to proceeding with one of the proposals, including the impact of the review process on the company's discussions with its senior lenders regarding its credit facilities. The Board discussed the revised HSRE proposal in detail, and then

authorized the entry into exclusive negotiations with HSRE for up to 30 days, provided that HSRE's purchase price remain at least \$7.25 per share. Following the meeting, Kilpatrick provided HSRE's financial adviser and counsel with a draft exclusivity agreement which prohibited Campus Crest from soliciting inquiries or proposals regarding, continuing or entering into negotiations with respect to, providing nonpublic information in connection with, or entering into any confidentiality agreement, term sheet, letter of intent or other arrangement regarding, an acquisition of a material amount of assets or securities of, or other business combination or consolidation with, Campus Crest, for a period of thirty days.

Over the next seven days, Campus Crest, HSRE and their respective legal and financial advisors engaged in extended negotiations over the terms of the exclusivity agreement. HSRE insisted that Campus Crest agree to reimburse HSRE for its transaction expenses if the parties failed to enter into a definitive merger agreement because of a failure of the sale of the Montreal properties to close, and Campus Crest insisted on maintaining the ability to continue discussions with its lenders over the potential refinancing of the company's outstanding debt. Campus Crest and HSRE executed the exclusivity agreement on July 14, 2015, with Campus Crest agreeing to an exclusivity period through August 4, 2015, subject to HSRE's option to extend that date by 10 days to August 14, 2015, if it were to provide confirmation that it was not requesting a reduction in the \$7.25 per share offer price. Campus Crest also agreed to pay for new property condition reports and related environmental assessments for each of its properties on the condition that the reports be owned by Campus Crest and be available for use by other bidders in the process if the exclusivity period were to expire. Following execution of the exclusivity agreement, HSRE and DLA Piper immediately commenced an extensive due diligence investigation.

Between July 14 and July 16, executives and other employees and advisors of HSRE met with representatives of Moelis and Campus Crest management for due diligence purposes.

On July 16, 2015, DLA Piper provided a revised markup of the draft merger agreement. The draft merger agreement contemplated an all-cash merger of Campus Crest with a newly formed HSRE acquisition vehicle and included customary no-shop and fiduciary out provisions, but it did not provide for a “go-shop” period following the signing of the merger agreement and did not specify the amount of any termination fees that would be payable by Campus Crest under certain circumstances. Also on July 16, 2015, Campus Crest released its March 31 fiscal quarter financial results and held a conference call with the investor community. On the call, Campus Crest management provided a brief update on the strategic review process, and made the following statement:

“Since December 2014, the Board of Directors of Campus Crest has been conducting a comprehensive and thorough analysis of a broad range of strategic operational and financial alternatives to enhance shareholder value. The Board engaged financial and legal advisors and formed a three-person transaction committee of independent directors to help evaluate and make recommendations as to alternatives. In early May we added three new independent directors with significant industry experience to our Board and reconstituted the transaction committee with two of those new directors. We are pleased that our process has generated significant interest, including more than 30 inbound inquiries resulting in more than two dozen parties signing nondisclosure agreements granting them access to an extensive online data room. The Board has been busy evaluating the best course forward for Campus Crest and its shareholders. The transaction committee, working closely with our outside financial and legal advisors, has evaluated a range of alternative proposals, including asset sales; raising various forms of capital; refinancing indebtedness; partnering with an outside management team; and the potential sale of the company. At this time, while the Board has not eliminated any of those alternatives, at the recommendation of the transaction committee the Board is currently focused on pursuing the potential sale of the company as the alternative most favorable to shareholders. The transaction committee is engaged in discussions with the leading potential purchaser, but we must stress that at this time we have no binding agreement for any transaction, and those discussions are subject to continued due diligence and reaching mutual agreement on many important terms. It is therefore entirely possible that those discussions will not result in an agreement for the sale of the company. If we are able to reach mutually acceptable terms on a definitive agreement, such transaction would be subject to a shareholder vote and other customary conditions. To allow time for these discussions to conclude, the Board has determined to postpone the annual meeting that had been scheduled for July 30. Please look for a separate announcement as to the rescheduled date in the near future.”

From July 16 to 30, 2015, Kilpatrick, Moelis, management and the Transaction Committee discussed the issues raised in the DLA Piper markup of the merger agreement and Kilpatrick prepared a responsive revised draft. The primary open issues identified in the initial draft included HSRE’s request that the closing of the Merger be subject to receipt of consent from all of the company’s mortgage lenders and that the sale of the Montreal joint venture interests be closed prior to the signing of the merger agreement, Campus Crest’s concerns with the lack of details provided regarding HSRE’s acquisition financing, HSRE’s rejection of a go-shop provision that would allow the Board to continue to solicit superior acquisition proposals, the size of the termination fee payable by the company if the deal were not to close, and the interim operating covenants that would be imposed on Campus Crest between the signing of the merger agreement and the closing of the Merger.

On July 30, 2015, Kilpatrick provided a revised draft of the merger agreement to DLA Piper. The revised draft addressed the Transaction Committee's concerns with the prior draft, and requested that HSRE's ultimate parent entity guaranty the purchaser's obligations under the merger agreement if the purchaser would be a newly formed acquisition vehicle dependent on debt financing to pay the merger consideration.

On August 3, 2015, management updated the Transaction Committee regarding the status of the Montreal sale, noting that the purchaser's financing had fallen through and it would likely take an extended period of time to secure alternative financing, if it could do so at all. Management, Moelis and Kilpatrick began exploring potential structures to exclude the Montreal property and CAD 56 million guaranty of the Montreal joint venture's debt from the overall merger with HSRE, including the use of a contingent value right, or CVR, structure to accomplish this, as HSRE and several other leading bidders had made it clear that the disposition of the Montreal interests and the CAD 56 million guaranty was a condition to its proposal.

On August 3, 2015, representatives of HSRE met with the Campus Crest management team for due diligence purposes.

On August 4, 2015, Kilpatrick and DLA Piper discussed by telephone the outstanding issues under the merger agreement. Later that day, HSRE confirmed that it was not requesting a reduction in the \$7.25 per share merger price, and exercised its option to extend the exclusivity period to August 14, 2015, in accordance with the terms of the exclusivity agreement.

On August 7, 2015, HSRE and its advisors expressed concerns about continued delays in the filing Campus Crest's Form 10-Q for the first fiscal quarter ended March 31, 2015, and the company's failure to provide draft financial statements for the second fiscal quarter ended June 30, 2015, noting that the delays were making it impossible for HSRE to complete its financial due diligence and finalize its financing. HSRE also expressed concern about the delays in disposing of the Montreal interests, and concerns that the Montreal sale price proceeds might not be as high as previously projected by Campus Crest.

On August 11, 2015, DLA Piper provided a revised draft of the merger agreement, and discussed the revised draft with Kilpatrick the next day by telephone.

On August 14, 2015, the members of the Transaction Committee met in person in Charlotte in connection with the Board's regular quarterly meeting, and most of the other directors joined the meeting in order to hear an update on the strategic review process. At the meeting, Moelis provided an update on the discussions with HSRE, noting that HSRE had reported that its due diligence was going well but that it had three primary concerns: (i) HSRE's inability to convert its agreement in principle with Dr. McWhirter and MFLP into a definitive agreement, (ii) the failure of the Montreal sale to close and concerns that the sale price would be less than expected, and (iii) the continued delays in the company's finalization of its first quarter Form 10-Q and delivery of draft second quarter financials. The Transaction Committee discussed the Montreal sale situation and the difficulties the buyer was having with its financing, noting that it no longer looked possible to close the Montreal sale by the end of August, and that each of the leading bidders (including HSRE) had been reluctant to commit to a transaction until Montreal was resolved satisfactorily. The committee also discussed the status of the other potential bidders who had previously submitted

proposals and other alternatives potentially available to the company should the HSRE bid fall through. The committee discussed indications that the back-up bidders would likely remain interested if the HSRE bid were to fall through, but noted considerable uncertainty as to how firm their pricing would be, and the considerable time that would be required for another bidder to finalize a transaction. The committee then approved an extension of the exclusivity period with HSRE until five business days after Campus Crest delivers to HSRE a draft of Campus Crest's second quarter financial statements. The committee also directed management and Moelis to continue to explore all alternatives for a go-forward strategy in the event no transaction is reached. Later that afternoon, at its regular quarterly meeting, the Board continued the discussion of the strategic review process. Management provided an update on the company's cash flow forecast, and discussed the company's performance against the forecast, noting that the company was performing slightly better against the forecast than projected. The Board also discussed the impacts of a dispute with Dr. McWhirter and MFLP over various intra-company loan balances between entities that had transferred to Campus Crest in the Copper Beech transaction and those that remained with MFLP, and the status of discussions with Dr. McWhirter to resolve these balances. Kilpatrick also provided an update on the status of the negotiations with HSRE over the merger agreement and the status of HSRE's due diligence investigation.

From August 14 to August 21, 2015, Campus Crest and HSRE and their respective advisors began discussing the possible use of a CVR structure to segregate the Montreal interests and CAD 56 million guaranty from the merger transaction but preserve value for the Campus Crest shareholders from an eventual sale.

On August 17, 2015, Kilpatrick, DLA Piper and tax advisors for Campus Crest and HSRE met to discuss various tax and REIT issues related to the structure of merger. Later that day, Campus Crest delivered a draft of its second quarter financials to HSRE.

On August 21, 2015, the Transaction Committee met to discuss the status of discussions with the company's bank lending group in which Campus Crest had requested a waiver to allow additional time to file the second quarter Form 10-Q. The committee was also briefed on the status of negotiations with HSRE and on the Montreal disposition, and discussed the plan to utilize a CVR structure to segregate the Montreal property and guaranty from the merger transaction. Management also reported that the intra-company loan issues with Dr. McWhirter and MFLP were still unresolved, and HSRE had communicated that it expected the company to resolve the dispute. The committee directed Moelis to communicate to HSRE the committee's expectation that HSRE resolve that issue in its overall agreement with MFLP. Later that day, Campus Crest, HSRE and their respective advisors held a lengthy conference call to discuss open issues under the merger agreement.

On August 24, 2015, the Transaction Committee met to discuss the negotiations with HSRE. At the meeting, Moelis reported that HSRE had reaffirmed that HSRE's agreement with MFLP regarding redemption of the partners' operating partnership interests and release of the tax protection rights must be a condition to HSRE's obligation to close the merger. The committee discussed whether, in light of this new development, it should agree to further extend the exclusivity period for HSRE beyond its current expiration date of midnight on the date of the meeting. Management reported that completion of the Form 10-Q for the second quarter continued to be delayed was not expected to be ready to be filed until September 15, and that HSRE was insisting on preserving exclusivity through the filing of the Form 10-Q. After considerable discussion, the Transaction Committee agreed to extend exclusivity to September 15, 2015, but reserved the right to earlier terminate exclusivity after August 31, 2015, if the Board does not believe satisfactory progress was being made on the merger agreement terms because those terms were not finalized by that date. Later that day, Campus Crest issued a press release announcing the continued delay in the filing of the Form 10-Q for the second quarter beyond the extended SEC filing deadline, and receipt of notification from the NYSE that the delayed filing would put the company in default under the NYSE's continued listing criteria.

On August 25, 2015, the parties held an all-hands negotiation session at DLA Piper's offices in Chicago. The parties discussed at length the issues regarding required lender consents, HSRE's financing of the transaction, termination fees and reverse termination fees payable by the parties, the scope of the non-solicitation provisions of the merger agreement, and the possible structure of a CVR arrangement to address the delay in the closing of the Montreal sale. Campus Crest insisted that HSRE guaranty payment of a substantial reverse termination fee in the event the HSRE purchaser entity should fail to obtain financing to fund the merger consideration. The parties were generally in agreement with the use of a CVR structure that would carve out the Montreal properties and Montreal debt guaranty

from the merger transaction. Under the CVR structure, if the Montreal interests were not sold prior to the Merger effective time, HSRE would deduct sufficient funds from the cash merger consideration to discharge the Montreal debt guaranty and place the funds in escrow to be available, along with the net proceeds, if any, from the sale of the Montreal interests, for pro rata distribution to the Campus Crest common stockholders after the Merger effective time.

On August 28, 2015, Campus Crest concluded its discussions with its bank lending group and received a waiver from the banks that provided Campus Crest with additional time, until September 30, 2015, to finalize its second quarter financials and file its Form 10-Q. However, the waiver effectively prohibited Campus Crest from requesting further draws on the credit facility and implemented a cash sweep provision which would apply unless Campus Crest entered into a change of control transaction by September 30, 2015, and required Campus Crest to collateralize the credit facility with equity in its subsidiaries if a change of control transaction was not entered into by November 15, 2015.



Later on August 28, 2015, the Transaction Committee met again to discuss the HSRE negotiations. At the meeting, Moelis provided an update on the progress over the past week, and summarized the most significant remaining open issues, including the relative size of termination and reverse termination fees payable by the parties, and the lender consent closing condition. The committee was informed that HSRE would not guaranty the reverse termination fee because of prohibitions contained in its fund documents, but that HSRE has proposed instead that the termination fee payable by Campus Crest be reduced to 1% of the aggregate merger consideration, and that the HSRE purchaser affiliate be subject to a reverse termination fee equal to 2% of the aggregate merger consideration. The committee discussed that the 2% reverse termination fee would be significantly lower than similar fees payable in comparable transactions, and would consequently offer the company less protection in the event HSRE's financing were to fall through. At the same time, the committee noted that the 1% fee payable by the company was also unusually low and thus favorable to Campus Crest because it would make it easier for an interested party to make a superior proposal to acquire the company. The committee was willing to accept the 1% and 2% thresholds, but insisted that the ultimate owners of HSRE agree to guaranty at least half of the 2% personally, a concept that was never ultimately agreed to by HSRE.

On August 31, 2015, Kilpatrick provided a revised draft of the merger agreement to DLA Piper containing the CVR structure among other changes. Representatives of Moelis and HSRE's financial adviser later held a conference call to discuss the open issues under the merger agreement. HSRE offered to place half of the reverse termination fee into an escrow account to secure its payment, and offered to reduce the lender consent threshold to 50% of the outstanding debt, but with a cap on the breakage costs that would be required to be absorbed by HSRE and with any additional breakage costs reducing the merger consideration.

On September 4, 2015, the Transaction Committee met to discuss the HSRE negotiations. HSRE had reported to management that the terms and availability of its debt financing had been preliminarily agreed. Kilpatrick and Moelis provided an update on the status of negotiations regarding the draft merger agreement, and described the recent discussions with HSRE on the termination fee and lender consent issues. Moelis reported that the HSRE principals were not willing to personally guarantee any portion of the reverse termination fee, but would agree to place the full 2% reverse termination fee in escrow at the signing of the merger agreement. The committee discussed that since the reverse termination fee was lower than desired, it would require that the threshold for "superior proposals" that the Board could terminate the merger agreement to pursue should be lowered from 50% to 35% to allow the Board to consider a favorable minority investment transaction proposal, since such a proposal appeared to be the most likely alternative for Campus Crest that could emerge following announcement of a transaction that could be superior to the HSRE proposal. The Transaction Committee also discussed the feasibility of setting the lender consent threshold at a reasonable threshold, such as 85%, with HSRE obtaining an "accordion" feature in its financing to allow it to draw down additional funds if needed to fund higher debt defeasance costs in the event some consents were not obtained, thus reducing the significant conditionality that the lender consent condition would otherwise impose on the transaction. The committee also discussed the likely tradeoffs it might need to consider between the certainty of close and the potential for a reduction in the aggregate merger consideration over the lender consent issue. The committee directed Kilpatrick and Moelis to convey the committee's agreement with a 2% reverse termination fee from HSRE, backed by a fully funded escrow account, an 85% lender consent threshold with no reduction in merger consideration, a reduction in the threshold for considering "superior proposals" from 50% to 35%, and a termination fee payable by Campus Crest in the amount of 1% of the aggregate merger consideration.

On September 5, 2015, DLA Piper provided a further markup of the merger agreement. The revised agreement raised several new issues and closing conditions, including a requirement that HSRE's agreement with Dr. McWhirter and MFLP close as a condition to the merger, and requiring the company to reimburse HSRE for all of HSRE's transaction expenses if the company's shareholders failed to approve the merger agreement for any reason. Although the draft accepted the 1% termination fee and fully escrowed 2% reverse termination fee, the revised draft failed to resolve the considerable conditionality remaining with the lender consent condition, and reflected continued disagreement on the definition of "material adverse change" used throughout the merger agreement.

On September 8, 2015, Kilpatrick and DLA Piper held a conference call to discuss the merger agreement open issues, and on September 9, 2015, Kilpatrick provided DLA Piper with a revised draft of the merger agreement which provided, among other things, that Campus Crest's obligations to pay HSRE's transaction expenses be capped at \$1 million in the event the Campus Crest shareholders should fail to approve the merger and the merger agreement.

On September 10, 2015, Campus Crest, HSRE, DLA Piper, Kilpatrick, Moelis and HSRE's financial advisor held an all-hands drafting conference call to seek to resolve the open issues on the merger agreement, but made only slight progress. Due to the continued unresolved issues in the merger agreement and delays in the resolution of HSRE's agreement with Dr. McWhirter and MFLP, the Board postponed its meeting previously scheduled for September 11 to consider approval of the transaction.

On September 11, 2015, HSRE provided initial drafts of its agreement with Dr. McWhirter and MFLP, and initial drafts of its debt commitment letters. The draft MFLP agreement provided, among other things, for an aggregate payment funded by HSRE of \$140 million to Dr. McWhirter and the MFLP limited partners contemporaneously with the closing of the Merger in return for (i) the redemption of their units in the Campus Crest operating partnership, (ii) the sale of their interests in several properties that were jointly owned with Campus Crest, and (iii) their release of Campus Crest's obligations under their tax protection agreement with Campus Crest. The MFLP agreement contained a number of conditions to the parties' obligations to close HSRE's acquisition of the MFLP interests, which added further conditionality to HSRE's proposed merger terms with Campus Crest since HSRE insisted that the closing of the MFLP agreement be a condition to the closing of the Campus Crest merger. The debt commitment letters also contained considerable conditionality with respect to the lenders' obligations to fund the debt needed to pay the merger consideration, including due diligence and loan syndication conditions.

On September 13, 2015, the Transaction Committee met to discuss the status of the negotiations with HSRE, the continued unresolved issues with the merger agreement, and the significant conditionality in the debt commitment letters and MFLP agreement. Moelis and Kilpatrick described the significant conditions, and noted that it had become apparent that although HSRE had stated that it was working to remove as many of the debt closing conditions as possible, HSRE's financing was likely to retain several closing conditions that were more significant than typical for similar transactions, since the financing was largely based on the Campus Crest real estate portfolio rather than the continuation of Campus Crest as a going concern. Significant open issues with the HSRE transaction included (i) the conditionality of HSRE's financing commitments, (ii) the continued unresolved issues with Dr. McWhirter and MFLP regarding intra-company loans and HSRE's agreement with them to acquire their Campus Crest operating partnership interests, (iii) the material adverse change definition in the merger agreement, and (iv) the lender consent condition. The committee also discussed that the exclusivity period with HSRE was set to expire in two days on September 15. The committee was disinclined to agree to a further extension in the absence of clear progress on the outstanding issues and improvements with the conditionality in HSRE's debt commitments. The committee directed Moelis to convey to HSRE the committee's dissatisfaction with the lack of progress and need to lessen the contingencies in its debt commitments. The Transaction Committee also noted that the exclusive discussions with HSRE had gone on too long, and the company needed to either reach an agreement with HSRE quickly or seek an alternative solution. The committee determined to hold a daily conference call with Moelis, Kilpatrick and management to stay as close as possible to the HSRE negotiations.

On September 14, 2015, DLA Piper provided a further markup of the merger agreement, and Kilpatrick and DLA Piper held a conference call to discuss the continued open issues. Kilpatrick conveyed that although the Transaction Committee understood that the closing of HSRE's agreement with Dr. McWhirter and MFLP was a condition to the closing of the Merger, that the committee would require that HSRE agree to use its best reasonable efforts to consummate the MFLP transaction, including waiving, if necessary, certain closing conditions in the MFLP agreement. Later that day, the Transaction Committee held its regular daily call with Moelis and Kilpatrick. Moelis and Kilpatrick provided an update to the committee on developments since the prior day's meeting, reporting that the same open issues on the merger agreement remained open. Management reported that the second quarter Form 10-Q was being reviewed by Campus Crest's new independent auditor, and should be ready for filing soon.

On September 15, 2015, during the Transaction Committee's regular daily call with Moelis and Kilpatrick, Moelis reported that HSRE had delivered drafts of its equity commitment letters, and Moelis and Kilpatrick reported that the commitments appeared to be reasonably acceptable. Kilpatrick provided an update on the status of the merger agreement discussions, and reported that HSRE would consider waiving certain closing conditions in the MFLP agreement if necessary to assure Campus Crest of the closing of the transaction. Management also provided an update on the timing of the filing of the second quarter Form 10-Q, noting that the Form 10-Q was substantially complete and a draft would be provided to HSRE later in the day. Management also reported that it had commenced discussions with Dr. McWhirter regarding the settlement of the intra-company loan balances, but no agreement had been reached. The committee determined not to extend the exclusivity period with HSRE, but agreed to continue discussions on a non-exclusive basis while considering other alternatives. The committee discussed whether to affirmatively reach out to other potentially interested parties once exclusivity expired that evening, and voiced concerns that such efforts might negatively impact HSRE's ability to finalize its financing. The Transaction Committee directed Moelis to refresh the list of potentially interested parties to be prepared to contact them in a few days while trying to resolve the remaining open issues with HSRE.

Later on September 15, Kilpatrick and DLA Piper held a series of conference calls with subject area experts from each firm to discuss and seek to resolve the merger agreement open issues. That afternoon, the parties were able to resolve the last remaining outstanding questions regarding Campus Crest's REIT status, and Campus Crest reached agreement with Dr. McWhirter and MFLP regarding the intra-company loans and related issues.

On September 16, 2015, Kilpatrick provided a further revised draft of the merger agreement to DLA Piper. Later that day, the Transaction Committee held its regular daily call with Moelis and Kilpatrick to hear an update on the status of the merger agreement negotiations. Management reported that the Form 10-Q draft was under review by Campus Crest's new independent auditor and the filing would be delayed by several more days.

On September 17, 2015, on its regular daily call with Moelis and Kilpatrick, the Transaction Committee discussed the outstanding merger agreement issues and received an update from management on the efforts to sell the Montreal interests. Management reported that it remained in discussions with the company's joint venture partner to purchase its Montreal interests, and that the purchaser was making good progress identifying an alternative financing source to fund the purchase. Although the committee felt that progress was being made on the HSRE merger transaction, the continued delays in reaching final agreement with HSRE was concerning, and the committee and Moelis discussed contacting a select group of potential interested bidders who were believed to have continued interest to let them know that there was a limited window of opportunity to make a superior proposal. The committee discussed that, given the slow but meaningful progress being made on the HSRE negotiations, it was unlikely that a competing proposal could be finalized and agreed to before the HSRE merger terms were finalized, but the committee thought it prudent to consider seeking other proposals in the event that the HSRE transaction did not get finalized.

On September 18 and 19, 2015, Management was informed that the financing for the disposition of the Montreal interests appeared to be progressing well, with the new financing source expected to approve financing terms in the

next few days. In addition, HSRE notified management that it was making progress in reaching agreement with its lenders to remove many of the closing conditions in its financing commitments. DLA Piper provided a further markup of the merger agreement, but the lender consent closing condition, material adverse change definition, and conditionality of HSRE's debt financing commitments continued to be unresolved.

On September 20, 2015, the Transaction Committee met again with Moelis, Kilpatrick and management to discuss the status of HSRE's financing and other open issues. Management reported that HSRE had informed management that many, but not all, of the most significant closing conditions had been eliminated, but that HSRE had concerns about a few Campus Crest properties which were not performing well enough to support their debt service and HSRE was considering requiring the company to carve the properties and their underlying debt out of the merger transaction. Management also reported that the settlement agreement with Dr. McWhirter and MFLP was nearly complete, and the Form 10-Q should be ready to file within a few days.

On September 21, 2015, Kilpatrick provided additional comments on the draft merger agreement to DLA Piper. Later that day, at the direction of the Transaction Committee, Moelis contacted Party F to ascertain its interest in submitting a new joint proposal with Party A. The Transaction Committee directed Moelis to only contact Party F at that time because Party F was perceived as being the bidder most likely to be in position to make a proposal quickly if the HSRE transaction should not be finalized.

On September 22, 2015, the Transaction Committee met for a further update on the HSRE negotiations and to hear the results of Moelis' outreach to Party F. Representatives of Moelis reported that Party F had indicated that it was planning to submit a new joint financing proposal with Party A. In discussion, the committee noted that, unlike the prior proposal from Party A/Party F, the new proposal would be for an investment only, and would not be a proposal to acquire all of Campus Crest. Management provided an update on the status of the Form 10-Q filing, noting that the company expected to be ready to file the Form 10-Q as early as September 25, 2015. The committee directed Moelis to let HSRE know that Campus Crest intended to file the Form 10-Q within the next few days, and that HSRE must resolve all outstanding issues by September 25.

On September 23, 2015, the Transaction Committee held its daily call with Moelis, Kilpatrick and management. Management reported that HSRE continued to be unable to resolve the last outstanding issues in its discussions with Dr. McWhirter and MFLP, but that HSRE expected to receive its final debt financing commitments on Monday September 28, 2015. Management also reported that the independent auditor was nearing the completion of its review of the Form 10-Q, which should be finalized shortly. Later that evening, Kilpatrick provided a revised draft of the merger agreement to DLA Piper proposing a resolution of the lender consent issue and other outstanding issues.

On September 24, 2015, the Transaction Committee met again with Moelis, Kilpatrick and management. Moelis provided an update on HSRE's financing commitments, reporting that one of the lenders had given its final approval, and the other lender had given final approval on one portion and expected final approval on the remaining portion by September 28, 2015. Kilpatrick provided an update on the status of the merger agreement negotiations, noting that progress on the lender consent issue was being made and should be resolved soon. Management reported that the Form 10-Q was nearly final and was being reviewed by the Audit Committee, which was expected to approve it for filing on September 25 or 28. Moelis reported that its discussions with the financial adviser to the Party A/Party F bidding group were going well, that the parties had been given new access to the on-line data room and refreshed financial information, and that the parties appeared to be spending considerable time on due diligence.

On September 25, 2015, Campus Crest, HSRE, Moelis, Kilpatrick, DLA Piper and HSRE's financial advisor held an all-hands conference call to seek to resolve the open issues on the merger agreement. On the call, HSRE explained that it would not be able to fund the reverse termination fee amount into escrow until at least 10 business days after signing the merger agreement, due to its need to make a capital call to its investors to fund the account. Later that day, Kilpatrick provided a revised draft of the merger agreement to DLA Piper, containing, among other things, a covenant obligating HSRE to fund the reverse termination fee escrow within 21 days of signing the merger agreement, and, if not so deposited within 21 days, suspending the non-solicitation provisions in the merger agreement until the funds are deposited and permitting Campus Crest to terminate the merger agreement if the funds were not deposited within such time.

On September 26, 2015, DLA Piper provided a revised draft of the merger agreement to Kilpatrick. Later that day, the Transaction Committee held its regular update call with Moelis, Kilpatrick and management to discuss the HSRE negotiations and continued discussions with the Party A/Party F group.

On September 27, 2015, Campus Crest, HSRE, Moelis, Kilpatrick, DLA Piper and HSRE's financial advisor held another all-hands conference call to seek to resolve the remaining open issues on the merger agreement. Later that day, the Transaction Committee held its regular update call with Moelis, Kilpatrick and management. Moelis reported that HSRE had stated that it was not prepared to move forward immediately on the merger agreement due to the several remaining outstanding issues, including the finalization of its financing commitments, the unresolved lender consent issue, and the additional time needed to finalize its agreement with Dr. McWhirter and MFLP. Frustrated with the lack of progress, the Transaction Committee directed Moelis and management to immediately reach out to a broader group of potentially interested bidders who had previously expressed interest, including both potential acquisition proposals and potential minority investment proposals as an alternative to the HSRE transaction. At the same time, the committee directed Moelis, management and Kilpatrick to work diligently to seek to resolve the remaining open issues with HSRE, which the committee still believed presented the most attractive alternative if the terms could be finalized. Later that day, management had numerous calls with HSRE to discuss due diligence and the terms of the debt financing.



On September 28, 2015, the Transaction Committee met early in the morning with Moelis, Kilpatrick and management to discuss Moelis' outreach to other potentially interested bidders. The committee discussed the scope of the canvassing that Moelis and management were engaged in to explore whether there may be another viable alternative to the HSRE proposal, given the continued issues preventing the signing of a definitive agreement with HSRE, while continuing to negotiate with HSRE to try to resolve the open issues. The committee again discussed that the HSRE proposal remained the most attractive proposal, if it could be finalized, but that the committee needed to continue to explore other possible proposals in case the HSRE proposal could not be finalized. Management informed the committee that the second quarter Form 10-Q would be finalized later in the day and would be filed before market open on September 29, 2015, and that the company intended to issue a press release indicating that the discussions with the leading potential purchaser and other interested parties were continuing. The committee reconvened later that evening. Moelis reported that one of the early round bidders, a large private equity fund had reached out to Moelis to inquire as to whether the Board would be interested in receiving a new minority investment proposal. Based on the prior direction from the Transaction Committee, Moelis encouraged the investor to make a proposal if interested, but explained to the committee that the investor's previous proposal had been at a very low indicative price and was not expected to submit a viable proposal in the current round. The committee discussed with Moelis a broader list of additional potentially interested parties to contact, and the committee directed Moelis to continue to reach out to those parties to express the company's interest in receiving reasonable alternative proposals. Management reported that the Montreal buyer's financing had been approved, and that the parties were planning to close the Montreal sale as early as October 15, 2015.

Immediately following the September 28 Transaction Committee meeting, the full Board met to hear an update on the strategic review process and to discuss the status of the Form 10-Q for the second quarter. The chair of the Audit Committee reported that the Form 10-Q would be ready for filing by the next morning. The chair of the Transaction Committee reported on the status of the negotiations with HSRE and the renewed discussion with the Party A/Party F group. Management provided an update on the status of the proposed Montreal sale, including the expectation that the Montreal sale should close by mid-October. Moelis next described the steps it had been taking at the direction of the Transaction Committee to reach out to other potentially interested bidders while at the same time continuing to seek to finalize terms with HSRE. The Board discussed the range of potential alternatives, and the impact of the financial covenants under the company's senior bank credit facility on the viability of other alternatives, noting that the company's current bank waivers expire with the release of the September 30 financial statements, with the result that the company could be in default under the facility if additional waivers were not obtained. Management noted that the lending group was increasingly concerned with the company's financial covenant profile, and that the company could not be assured that additional covenant relief waivers could be obtained on reasonable terms, if at all. Under the current waivers, if Campus Crest did not enter into a sale transaction by September 30, 2015, a cash sweep mechanism would go into effect, and if no transaction were entered into by November 15, 2015, the company would be required to pledge the stock of its subsidiaries to the banks. The Board discussed that a minority investment into the company was unlikely to be sufficient to pay off all bank debt and would require significant additional concessions from the lenders, and that there was no assurance that such concessions could be obtained on reasonable terms, if at all.

Later in the evening on September 28, HSRE provided revised drafts of its debt commitment letters. The revised letters reflected that most, but not all, of the significant closing conditions were removed.

Early in the morning on September 29, 2015, Campus Crest released its second quarter financial results and filed its Form 10-Q for the second quarter. In the press release, Campus Crest provided an update on the Board's strategic review process, noting that the Board continued to pursue a potential sale of the company, and remained engaged in discussions with the leading potential purchaser which were ongoing and subject to reaching mutual agreement on terms and conditions. The release also noted, however, that the Board had not eliminated any alternatives and would continue to consider and discuss with interested parties a range of potential strategic alternatives.

Later on September 29, 2015, the Transaction Committee held its daily call with Moelis, Kilpatrick and management. Management reported that the company, Dr. McWhirter and MFLP had executed a settlement agreement resolving the intra-company loans and related issues, and that Dr. McWhirter and MFLP were close to resolving their open issues with the proposed agreement with HSRE. Management also reported that the talks with HSRE continued to progress, albeit slowly, and that HSRE indicated that it would be making a revised written proposal to the company the next day. The committee discussed that it believed that HSRE would likely revise its offer price downward, and directed Moelis to continue to reach out to potentially interested parties. Moelis reported on its conversations with several potential bidders. The committee also discussed the proposed terms of the sale of the Montreal interests to the company's joint venture partner, and the purchaser's request that Campus Crest agree to certain adjustments to the transaction terms in order to allow the purchaser to pursue a more certain financing package and quicker close. The committee approved the revised sale terms conditioned upon the closing of the Montreal sale occurring not later than October 31, 2015.

Late that evening, DLA Piper provided to Kilpatrick a revised draft of the merger agreement, and discussed the revised agreement briefly with Kilpatrick.

On September 30, 2015, Kilpatrick provided a further revised draft of the merger agreement to DLA Piper. Later that day the Transaction Committee held its regular daily call with Moelis, Kilpatrick and management. Management provided an update on its various calls with HSRE that day, noting that HSRE had reported that it had finalized its financing, but had continued concerns about several Campus Crest properties which it indicated were too costly to pay off and too difficult to finance. HSRE indicated that it was planning to propose a price decrease in its proposal to \$7.05 per share, if the company were to resolve the issues with those properties at no exposure to HSRE, or to \$6.75 per share if HSRE were to be responsible for resolving the issues with the indebtedness on those properties. Each proposal would also be increased by the amount of net proceeds, if any, from the Montreal sale transaction, which was expected to add another \$0.12 to \$0.13 per share, depending upon exchange rates, to the overall Merger consideration. HSRE also reported that it had still not finalized its agreement with Dr. McWhirter and MFLP. HSRE indicated it would submit a revised written proposal the next day identifying the substantial unanticipated costs that it had uncovered in due diligence and which it believed justified a purchase price reduction. The Transaction Committee discussed the general categories of purported concerns identified by HSRE, and determined to wait to see the written proposal from HSRE before responding point-by-point to HSRE on the identified concerns. The committee also discussed the potential impact of the identified concerns on the merger consideration and the range of concessions that might be reasonable under the circumstances, given the timing concerns and absence of a superior proposal.

On October 1, 2015, during its regular daily update call, the Transaction Committee discussed the status of the HSRE transaction, and the results of calls by Moelis and management with other potentially interested bidders. Management reported that it would be speaking with the Party A/Party F group later that day to discuss a possible investment proposal, and Moelis reported on discussions with several other potential bidders that were considering making a proposal. The committee directed Moelis and management to continue to explore all possible alternative proposals.

On October 2, 2015, DLA Piper provided a revised draft of the merger agreement to Kilpatrick.

On October 3, 2015, Moelis received a written proposal from the Party A/Party F group proposing a \$100 million investment in the form of five-year, 9% subordinated notes and non-cancellable warrants to acquire shares of common stock of Campus Crest constituting 19.9% of the outstanding common stock at \$6 per share. The proposal would also require Campus Crest to hire the Party A management team and acquire the Party A management company for an unspecified price.

On October 4, 2015, the Transaction Committee met with Moelis, Kilpatrick and management to discuss the new proposal from Party A/Party F, and the status of the continued discussions with HSRE. The committee discussed the details of the Party A/Party F proposal and the company valuation implied and return assumptions underlying the

proposal. The committee was concerned with the 5-year-no-call and 9% current pay features of the debt proposal, the lack of any equity investment, the unlimited term on the warrants, and the failure of the proposal to provide a solution to the company's outstanding bank debt. The proposal would require the company's bank lenders to accept a partial pay down of principal and agree to significant additional waivers, which could not be assured. The committee also requested Moelis to be prepared to deliver an opinion as to the fairness of any transaction to the Campus Crest common stockholders, and agreed to amend Moelis' engagement letter to provide for a fairness opinion and a separate fee therefor, which would be deducted from the overall engagement fee. Moelis indicated that it was prepared to undertake the fairness analysis, and referred committee members to its correspondence with the committee earlier that day describing any prior relationships that Moelis was aware of with participants in the strategic review process. Of note, Moelis reported that it had not previously been engaged by HSRE for any services, but that Moelis as a firm had provided certain financial advisory services in the past (unrelated to Campus Crest) for Party F, including two pending assignments, although no members of the Moelis team working on the Campus Crest strategic review process were members of the Moelis team providing financial advisory services to Party F. Moelis also confirmed its belief that it was able to provide independent advice to the Board and the Transaction Committee in connection with a transaction with HSRE.

On October 5, 2015, HSRE delivered a revised proposal letter to Campus Crest detailing its concerns identified in its due diligence investigation and which it argued supported a purchase price reduction to \$7.05 per share if certain identified properties were disposed of prior to the consummation of the transaction without cost to Campus Crest or HSRE, or to \$6.75 per share if those properties (and their related debt) were to remain in the transaction. HSRE separately outlined its continuing unresolved issues preventing finalization of its agreement with Dr. McWhirter and MFLP. As previously communicated orally, the proposals excluded the expected net proceeds from the Montreal sale, which if Montreal were sold at the expected price would result in an additional approximately \$0.12 to \$0.13 per share, depending on exchange rates, in purchase price to the Campus Crest shareholders.

Later on October 5, the Transaction Committee held its regular daily update call to discuss the revised written proposal from HSRE. It was also reported that HSRE was finally making progress with Dr. McWhirter and MFLP and that the outlook was favorable that the terms would be agreed shortly. Moelis reported on its discussions with Party F regarding the Party A/Party F proposal. The committee discussed the revised HSRE proposal, and directed Moelis to inform HSRE that the committee would not respond on the proposal until HSRE finalized its negotiations with Dr. McWhirter and MFLP.

On October 6, 2015, Kilpatrick and DLA Piper discussed by telephone the remaining open issues in the merger agreement. Later on October 6, the Transaction Committee held its daily update call. At the meeting, Moelis reported that it held an in-person meeting with a large team of executives and advisors from the Party A/Party F group to discuss their proposal in more detail. The group articulated its plan to use a substantial portion of the \$100 million investment to pay down senior debt which it believed would be sufficient to obtain the cooperation of the bank syndicate, and would also plan to effect substantial property dispositions to further reduce debt levels, among other plans. It also expressed a willingness to consider investing more funds if needed. The proposal would also require Campus Crest to acquire the Party A management company for \$5 million, and for the senior management of Party A to receive executive employment agreements with Campus Crest. They also indicated willingness to consider a payment-in-kind, or PIK, feature for a portion of their investment, and would also consider making an equity investment of an unspecified size. They expressed confidence that they could move quickly to finalize the transaction terms and fund their investment. The Transaction Committee discussed the Party A/Party F proposal in detail, including discussion as to a proper and fair comparison of the Party A/Party F partial investment proposal against the HSRE whole-company proposal, and how to account for the significant execution risks of the Party A/Party F partial solution to the full solution of the HSRE proposal. The committee also discussed the continued negotiations with HSRE, including the point-by-point discussion with HSRE on HSRE's claimed unanticipated cost items. The committee discussed countering the HSRE proposal with a share price of \$6.93 - \$6.95 per share (plus Montreal net proceeds), and directed Moelis to convey a proposal to finalize a transaction at that price if HSRE was prepared to announce a transaction by Friday, October 9. The committee also directed Moelis to inform HSRE that after October 9 the committee would concentrate its efforts on seeking an alternative solution. Similarly, the committee directed Moelis to communicate to the Party A/Party F team that they needed to respond no later than October 8 with an improved proposal.

On October 7, 2015, the Transaction Committee held its regular daily update call with Moelis, Kilpatrick and management. Moelis provided an update on continued discussions with HSRE and with the Party A/Party F group.

Moelis also reported on several lengthy follow-up calls with the financial advisors to the Party A/Party F group, who indicated that the group would be receptive to a two-staged deal in which they would invest capital up front in an amount sufficient to be of interest to the senior bank group, and then would invest further capital in an unspecified amount subject to Campus Crest shareholder approval. Moelis reported that the Party A/Party F group seemed motivated to reach a deal, and had been highly active in the on-line data room.

On October 8, 2015, DLA Piper provided a revised, substantially final draft of the merger agreement and discussed the minor outstanding points with Kilpatrick. Later that day, Moelis received a revised written proposal from the Party A/Party F group providing for the same investment of \$100 million in subordinated notes and warrants to acquire 19.9% of the company at \$6 per share, but limiting the warrant term to 5 years, providing for a PIK feature at a higher interest rate for a portion of the investment, and allowing the debt to be pre-paid after two years with a sliding scale prepayment penalty. Under the proposal, the Party A/Party F group would also commit to purchase \$20 million of common stock subject to Campus Crest shareholder approval. As before, the proposal would require installation of Party A's management team as management of Campus Crest, and for Campus Crest to purchase Party A's management company.

On October 9, 2015, HSRE responded to Moelis with a revised merger consideration proposal at \$6.88 per share (plus an estimated \$0.12 to \$0.13 of Montreal net sale proceeds), but substantially lowered the size of the basket that would be available to make payments necessary to obtain required lender consents. The parties continued discussions through the weekend.

On October 10, 2015, the Transaction Committee met to discuss the revised proposals from HSRE and the Party A/Party F group. At the meeting, Moelis summarized the revised HSRE proposal and its conversations with HSRE. Moelis next described the revised proposal received from the Party A/Party F group, and the committee engaged in considerable discussion over the value of the Party A/Party F proposal and the underlying business assumptions that the group appeared to be making to support its investment. The committee expressed concerns that these assumptions underestimated the likely cost structure for the company and the issues that would need to be resolved in order for the proposal, which was predominantly a high-yield debt investment, to be a good value for Campus Crest shareholders. The committee determined that the Party A/Party F proposal valued the company by the equivalent of an estimated \$1.00 to \$1.50 per share less than the HSRE proposal, and would also require significant improvement in the company's operating results and debt negotiations with senior lenders in order to be close to being comparable to the HSRE proposal. The committee also discussed that the HSRE proposal would allow Campus Crest to promptly proceed with its planned engagement of a third party property management firm to manage Campus Crest's housing communities, thereby allowing Campus Crest to begin realizing the operational benefits and expected cost savings of the third party management proposal which were expected to help facilitate an alternative investment transaction if the transaction with HSRE were to fail to close. The committee directed Moelis to communicate to the Party A/Party F group that the proposal needed significant improvement to be competitive. The committee also directed Moelis to communicate a counter proposal to HSRE indicating that the Transaction Committee would recommend that the full Board approve a transaction at a \$6.90 per share price (plus Montreal net proceeds), with restoration of the lender consent basket to the amount previously agreed, provided that HSRE finalized its agreement with Dr. McWhirter and MFLP.

On Sunday, October 11, 2015, the Transaction Committee met to discuss the status of the discussions with HSRE and the Party A/Party F group. Management reported that HSRE appeared very motivated to finalize a transaction and that HSRE's negotiations with Dr. McWhirter and MFLP were reportedly concluded on substantially the same terms previously described, but it would likely take a few days to get all 14 MFLP parties to sign. The committee directed Moelis to convey its revised proposal to HSRE as discussed the evening before, and to contact the Party A/Party F

group to allow it one more opportunity to improve its proposal by at least 15% across the board to be comparable to the alternatives being considered by the committee. The committee directed Moelis and management to continue pushing on both HSRE and the Party A/Party F group until one or the other were finalized on acceptable terms.

Later that day, DLA Piper provided an updated draft of the merger agreement to address potential currency exchange fluctuations between the date of the signing of the merger agreement and the date, if ever, that HSRE were required to place Canadian dollars in escrow to defease the Montreal guaranty, and further revisions to clarify the calculation of the net proceeds from the Montreal sale. Kilpatrick and DLA Piper discussed by telephone the resolution of the remaining open issues in the merger agreement other than the merger consideration.



On October 12, 2015, HSRE accepted the Transaction Committee's counter proposal of \$6.90 per share (plus Montreal net proceeds) with the restored lender consent basket, resolving the last outstanding issues with the HSRE merger terms, and reported that Dr. McWhirter and a majority of the MFLP limited partners had executed a final agreement with HSRE, with the few remaining signatures expected soon. At a Transaction Committee meeting later that afternoon, the committee discussed the timing and logistics of the steps required to finalize the merger agreement, including the receipt of a fairness opinion from Moelis, the final recommendation of the committee to the full Board, and full Board review and approval. At the meeting, Moelis also provided an update on its continued discussions with the Party A/Party F group, reporting that the group had indicated some willingness to improve its proposal, but was reluctant to provide specifics without a face-to-face meeting and further discussions, and suggesting that it would be difficult to improve its pricing materially, particularly without a specific counter proposal from the committee. The committee engaged in significant discussion over the terms of the Party A/Party F proposal, and directed Moelis to communicate to the group that at least \$50 million of the investment would need to be in the form of equity at a price of at least \$6 per share, and the return on the subordinated debt portion of the investment would need to be considerably lower. The committee considered that it was unlikely that the Party A/Party F group would improve its proposal significantly enough to be comparable to the HSRE proposal, and again discussed concerns and uncertainty as to whether final terms could be negotiated and finalized with the Party A/Party F group without losing the fully negotiated HSRE proposal. The committee also questioned whether the Party A/Party F proposal could generate comparable value for Campus Crest shareholders over time as compared to the more certain return of the HSRE proposal. It was noted, however, that the merger agreement with HSRE allowed the Board to terminate the merger agreement to pursue a superior proposal with payment of a modest termination fee of 1%, including to pursue a 35% minority investment, which meant that if the Party A/Party F group was serious in its willingness to improve its offer it would still have an opportunity to do so after the merger agreement was signed.

At the meeting, representatives of Moelis made a presentation regarding its financial analyses. After further discussion, the committee reviewed draft resolutions for the approval of the merger with HSRE, and Moelis indicated that it was prepared to deliver an opinion to the full Board as to the fairness of the merger consideration from a financial point of view to the common stockholders. The committee then unanimously adopted resolutions approving the merger and recommending that that full Board approve the merger on the terms described, conditioned on HSRE's delivery of a fully executed agreement with Dr. McWhirter and MFLP before Campus Crest would sign the merger agreement.

Immediately following the October 12 Transaction Committee meeting, the full Board met to discuss the HSRE and Party A/Party F proposals. On behalf of the Transaction Committee, Mr. McWilliams provided an update on developments over the prior two weeks since the last Board meeting. At the request of the Board, representatives of Moelis made a presentation to the Board describing the strategic review process, the various proposals received, a summary of recent developments and its financial analyses and delivered to the Board an oral opinion, which was confirmed by delivery of a written opinion, dated October 13, 2015, addressed to the Board to the effect that, as of the date of the opinion and based upon and subject to the conditions and limitations set forth in the opinion, the consideration to be received in the Merger by holders of shares of Campus Crest common stock (other than HSRE and its affiliates) is fair, from a financial point of view, to such holders. The Board discussed the Moelis presentation at length, and engaged in considerable discussion regarding the review process and final terms of the HSRE proposal and the Party A/Party F proposal. Kilpatrick summarized in detail the material terms of the final Merger Agreement and the draft board resolutions distributed prior to the meeting and answered questions from directors. Mr.

McWilliams stated that the Transaction Committee had approved the merger transaction with HSRE, as described in the draft resolutions circulated prior to the meeting and adopted by the Transaction Committee, and recommended that the full Board approve the same. The Board agreed to reconvene the next day to hear an update on the HSRE agreement with Dr. McWhirter and MFLP.

On October 12 and 13, 2015, HSRE provided updated copies of its debt commitment letters, and Kilpatrick and DLA Piper discussed resolution of the final minor open issues in the merger agreement, and exchanging successive revised drafts of the merger agreement.

On October 13, 2015, the full Board reconvened to hear an update on the status of the HSRE transaction and on the continued discussions with the Party A/Party F group. Kilpatrick first reviewed with the Board the duties of directors in connection with the transactions being considered by the Board. Next, management reported that all signatures had been obtained on HSRE's agreement with Dr. McWhirter and MFLP except one signature, that of an elderly widow of a former associate of Dr. McWhirter which was expected shortly. Moelis reported that the Party A/Party F group continued to express interest in pursuing a transaction with Campus Crest, and a willingness to consider improving its proposal, but that the Party A/Party F group declined to provide specifics at that time. The Board engaged in lengthy discussion with Moelis and management regarding the terms of the Party A/Party F proposal and a comparison of the valuation of that proposal as opposed to the HSRE terms. The Board also discussed the additional time it would take to reach agreement with the Party A/Party F group over the terms, and the uncertainty that final terms could be reached on acceptable terms, if at all. The Board directed Moelis to continue discussions with the Party A/Party F group and to seek further details and improved terms in the event the transaction with HSRE did not go forward. The Board directed Moelis to immediately inform the Transaction Committee if Moelis should receive a significantly improved proposal from the Party A/Party F group so that the Transaction Committee could analyze it and take appropriate action. The Board discussed the provisions of the Merger Agreement that would allow the Party A/Party F group to make a compelling superior proposal after the Merger Agreement was signed if it desired to do so, noting that the termination fee of just under 1% of the equity value was a very low fee that would be unlikely to deter an investor or buyer with serious interest. Moelis and Kilpatrick described the provisions contained in many, but not all, of the confidentiality agreements signed by interested potential bidders in the strategic review process that purported to prohibit the signatory from approaching the Board with an offer or requesting that the Board waive the standstill provisions of the agreement in order to allow the potentially interested bidder to make a proposal. The Board directed Moelis to communicate, prior to the execution of any merger agreement with HSRE, to all signatories to such confidentiality agreements to inform them that all signatories were automatically released from such standstill provisions upon Campus Crest's entry into an agreement with a third party with respect to a change in control of Campus Crest.

At the October 13 Board meeting, after considerable discussion, and taking into account the fairness opinion delivered by Moelis and the other factors described below in great detail under the heading “—Recommendations and Reasons for the Merger”, including the Board's belief that the Merger is more favorable to the Campus Crest stockholders than other strategic alternatives available to Campus Crest, including remaining an independent public company, the Board unanimously adopted resolutions which, among other things, approved the merger, the Merger Agreement and the other transactions contemplated by the Merger Agreement and resolved to recommend that the Campus Crest common stockholders vote for the approval of the Merger and the Merger Agreement. However, because of uncertainty surrounding the timing of HSRE finalizing its agreement with Dr. McWhirter and MFLP, the Board conditioned its approval on HSRE obtaining all signatures on its agreement with Dr. McWhirter and MFLP within 24 hours, and if not obtained, then further Board approval would be required.

Over the next few days, HSRE worked to obtain the last signature on its agreement with Dr. McWhirter and MFLP.

On October 15, 2015, the full Board met again to review the HSRE transaction and any further discussions with the Party A/Party F group. The Board discussed the continued difficulties for HSRE in obtaining the last required

signature on its agreement with Dr. McWhirter and MFLP, and the Board's unwillingness to sign a merger agreement with HSRE that was conditioned on closing the MFLP agreement if that agreement was not in effect prior to execution of the merger agreement. Moelis also provided a brief update on the status of discussions with the Party A/Party F group regarding its proposed investment. Moelis reported that the Party A/Party F group continued to express interest but had not provided definitive terms that could be responded to. The Board directed Moelis to continue to engage with the Party A/Party F group to seek better terms in case the HSRE transaction did not move forward. The Board again unanimously approved the HSRE terms and authorized management to execute the merger agreement, but, given the fluidity of the discussions and possibility that the Party A/Party F group might improve its proposal, the Board conditioned approval on finalizing and executing the Merger Agreement by midnight on the next night, and if not executed by that time, further Board action would be required.

On October 16, 2015, Moelis communicated with all signatories to confidentiality agreements with Campus Crest from the strategic review process that the standstill provisions of the confidentiality agreements would automatically expire upon any announcement of a change of control transaction. Later that evening, the final signature on the MFLP agreement was obtained and Kilpatrick and DLA Piper quickly worked to put the Merger Agreement in executable form and resolve all outstanding agreement and due diligence issues. HSRE then provided fully executed copies of its debt and equity commitment letters and the fully executed MFLP agreement, and then Campus Crest and HSRE each executed the Merger Agreement. Campus Crest and HSRE issued a joint press release announcing the execution of the Merger Agreement later that evening.

On October 30, 2015, Campus Crest completed the sale of its Montreal interests and was released from all obligations under its CAD 56 million guaranty of the Montreal joint venture's indebtedness. Upon the closing of the Montreal sale, Campus Crest received net proceeds estimated at \$0.12 per share, based on then-current exchange rates, less approximately \$0.045 per share, based on then-current exchange rates, held in escrow to satisfy potential Canadian tax withholdings and to secure Campus Crest's indemnification obligations under the sale agreement.

On November 5, 2015, HSRE deposited the sum of \$10 million into an escrow account to fund its obligations under the Merger Agreement to pay a reverse termination fee under certain circumstances.

### **Recommendations on Merger-Related Proposals and Reasons for the Merger**

*Proposal 1 (Approval of the Merger and the Merger Agreement).* After careful consideration, our Board of Directors has determined that the Merger, the Merger Agreement and the transactions contemplated by the Merger Agreement are advisable and fair to and in the best interests of Campus Crest and its stockholders, has unanimously approved the Merger Agreement and the consummation of the Merger and unanimously recommends that our stockholders vote **"FOR"** the proposal to approve the Merger and the Merger Agreement.

*Proposal 2 (Merger-Related Compensation Proposal).* Our Board of Directors also recommends that you vote **"FOR"** the non-binding, advisory Merger-Related Compensation Proposal.

*Proposal 3 (Adjournment Proposal).* Our Board of Directors also recommends that you vote **"FOR"** any adjournment of the Annual Meeting if necessary to permit solicitation of further proxies if there are not sufficient votes at the time of the Annual Meeting to approve the Merger and the Merger Agreement.

In evaluating the Merger, our board of directors consulted with Campus Crest's senior management and outside legal and financial advisors and, in reaching its decision to unanimously approve the transactions contemplated by the Merger Agreement, including the Merger, carefully considered numerous factors that our Board of Directors believed supported its decision, including the following material factors:

our Board of Directors' knowledge of the business, operations, financial condition, earnings and prospects of Campus Crest, as well as its knowledge of the current and prospective environment in which Campus Crest operates, including economic and market conditions;

the unanimous recommendation by the Transaction Committee of the Board of Directors that the Merger Agreement and the transactions contemplated by the Merger Agreement, including the Merger, be adopted and approved by the Board of Directors and that the stockholders of Campus Crest approve the Merger Agreement and the transactions contemplated by the Merger Agreement, including the Merger;

the belief that the Merger is more favorable to Campus Crest's stockholders than other strategic alternatives available to Campus Crest following a long and publicly announced process with multiple interested parties, including remaining an independent public company;

the current and historical trading price for a share of Campus Crest common stock and the fact that the Merger Consideration of \$7.01 per share represents an approximate 23.4% premium over Campus Crest's closing price on October 16, 2015 (the closing price on the trading day of the announcement of the proposed Merger), and an approximate 8.1%, 29.3% and 31.9% premium over the volume weighted average prices of Campus Crest common stock over the 12-month, 3-month, and 1-month periods ended October 16, 2015, respectively;

the substantial amount of indebtedness carried by Campus Crest, and the continued need for Campus Crest to seek waivers of its financial covenants under its indebtedness in order to avoid default, the most recent of which waivers were set to expire with the reporting of financial results for the quarter ended September 30, 2015;

· general macroeconomic challenges and economic weakness that could impede rent increases;

the likelihood that the Merger would be completed based on, among other things, the lack of a financing condition;

Campus Crest's long relationship with affiliates of HSRE as joint venture partners in helping to finance the acquisition and development of more than twenty apartment communities operated by Campus Crest over the last seven years, which meant that HSRE had a good understanding of our business;

the terms and conditions of the Merger Agreement, which were reviewed by our Board of Directors with their legal advisors, and the fact that such terms were the product of arm's-length negotiations between the parties;

Campus Crest's ability to terminate the Merger Agreement, under certain circumstances, in order to enter into a definitive agreement providing for a superior proposal if our Board of Directors determines, after consultation with advisors and after taking into account any changes to the terms of the Merger Agreement proposed by Parent, that the superior proposal continues to be a superior proposal, subject to payment of a termination fee of \$5 million, which equates to less than 1% of the aggregate Merger Consideration;

the \$10 million reverse termination fee payable to Campus Crest if the Merger Agreement is terminated under certain circumstances, which amount was deposited into escrow on November 5, 2015;

the opinion of Moelis, dated October 13, 2015, to our Board of Directors as to the fairness, from a financial point of view and as of the date of the opinion, of the consideration to be received by holders (other than Parent and its affiliates, including Merger Sub) of shares of Campus Crest common stock, as of the date of the opinion and based upon and subject to the assumptions, limitations, qualifications and conditions set forth in the opinion and as more fully described below in the section entitled "Opinion of Our Financial Advisor;"

the fact that the Merger Consideration will provide Campus Crest stockholders with immediate fair value, almost entirely in cash, for all of their shares of Campus Crest common stock;

the limited number of potential purchasers with the financial ability to acquire us; and

the fact that the Merger would be subject to the approval of our stockholders, and the fact that our stockholders would be free to reject the Merger by voting against the Merger for any reason, including if a higher offer were to be made prior to the Annual Meeting (although we may be required to pay a termination fee under certain circumstances if we subsequently were to enter into a definitive agreement relating to, or to consummate, an acquisition proposal).

Our Board of Directors also considered a variety of risks and other potentially negative factors concerning the Merger and the Merger Agreement, including the following:

the Merger would preclude our stockholders from having the opportunity to participate in the future performance of our assets, future potential earnings growth, future potential appreciation of the value of our common stock or future dividends that could be realized depending on our future performance;

the significant costs involved in connection with entering into and completing the Merger, the substantial time and effort of management required to consummate the Merger and related disruptions to the operation of our business;

the restrictions on the conduct of our business prior to the completion of the Merger, which could delay or prevent us from undertaking business opportunities that may arise pending completion of the Merger;



the pending Merger or failure to complete the Merger may cause harm to relationships with our employees, relationships with colleges and universities, relationships with tenants and other business associates and may divert management and employee attention away from the day-to-day operation of our business;

our inability to solicit competing acquisition proposals and the possibility that a termination fee of \$5 million payable by us upon the termination of the Merger Agreement could discourage other potential bidders from making a competing bid to acquire us;

the risks that, despite the absence of a financing condition, Parent fails to have the funds available to pay the Merger Consideration;

the fact that our exclusive remedy, available if the Merger Agreement is terminated in certain circumstances, would be limited to a reverse termination fee payable by Parent in the amount of \$10 million, which amount was placed in escrow on November 5, 2015; and

the fact that some of our directors and executive officers have interests in the Merger that may be different from, or in addition to, our stockholders generally (see “—Interests of Our Directors and Executive Officers in the Merger”).

The above discussion of the factors considered by our Board of Directors is not intended to be exhaustive and is not provided in any specific order or ranking, but does set forth material factors considered by our Board of Directors. In view of the wide variety of factors considered in connection with its evaluation of the Merger and the complexity of these matters, our Board of Directors did not consider it practicable to, and did not attempt to, quantify, rank or otherwise assign relative or specific weight or values to any of these factors, and individual directors may have held varied views of the relative importance of the factors considered. Our Board of Directors viewed its position and recommendation as being based on an overall review of the totality of the information available to it, including discussions with Campus Crest’s management and legal and financial advisors, overall considered these factors to be favorable to, and to support, its determination regarding the Merger Agreement and the Merger, and determined that, in the aggregate, the potential benefits considered outweighed the potential risks or possible negative consequences of approving the Merger Agreement, the Merger and the other transactions contemplated by the Merger Agreement. This explanation of Campus Crest’s reasons for entering into the Merger Agreement and other information presented in this section is forward-looking in nature and should be read in light of the “Cautionary Statement Regarding Forward-Looking Statements.”

**For the reasons set forth above, our Board of Directors has unanimously approved the Merger Agreement and the consummation of the Merger and the other transactions contemplated by the Merger Agreement and has declared the Merger Agreement, the Merger and the other transactions contemplated by the Merger Agreement advisable, fair to and in the best interests of Campus Crest and its stockholders. Our Board of Directors unanimously recommends that you vote “FOR” the proposal to approve the Merger and the Merger Agreement, “FOR” the non-binding, advisory merger-related compensation proposal and “FOR” the proposal to approve any adjournments of the Annual Meeting for the purpose of soliciting additional proxies if there are**

**not sufficient votes at the Annual Meeting to approve the Merger and the Merger Agreement.**

### **Opinion of Our Financial Advisor**

At a meeting of Campus Crest's Board of Directors on October 12, 2015, Moelis delivered to Campus Crest's Board of Directors an oral opinion, which was confirmed by delivery of a written opinion, dated October 13, 2015, addressed to Campus Crest's Board of Directors to the effect that, as of the date of the opinion and based upon and subject to the conditions and limitations set forth in the opinion, the consideration to be received in the Merger by holders of shares of Campus Crest common stock (other than Parent and its affiliates) is fair, from a financial point of view, to such holders.

**The full text of Moelis' written opinion dated October 13, 2015, which sets forth the assumptions made, procedures followed, matters considered and limitations on the review undertaken in connection with the opinion, is attached as Exhibit B to this Proxy Statement and is incorporated herein by reference. You are urged to read Moelis' written opinion carefully and in its entirety. Moelis' opinion was provided for the use and benefit of Campus Crest's Board of Directors (in its capacity as such) in its evaluation of the Merger. Moelis' opinion is limited solely to the fairness, from a financial point of view, of the consideration to be received in the Merger by the holders of shares of Campus Crest common stock (other than Parent and its affiliates), and does not address Campus Crest's underlying business decision to effect the Merger or the relative merits of the Merger as compared to any alternative business strategies or transactions that might be available with respect to Campus Crest and does not constitute advice or a recommendation to any stockholder of Campus Crest as to how such stockholder should vote or act with respect to the Merger or any other matter. Moelis' opinion was approved by a Moelis fairness opinion committee.**

In arriving at its opinion, Moelis, among other things:

· reviewed certain publicly available business and financial information relating to Campus Crest, including certain publicly available research analysts' financial forecasts;

· reviewed certain internal information relating to the business, earnings, cash flow, assets, liabilities and prospects of Campus Crest furnished to Moelis by Campus Crest, including financial forecasts provided to or discussed with Moelis by the management of Campus Crest;

· conducted discussions with members of senior management and representatives of Campus Crest concerning the publicly available and internal information described in the foregoing, as well as the business and prospects of Campus Crest generally;

· conducted discussions with members of senior management and representatives of Campus Crest concerning the probability and the estimated timing and amount of the payment of the Per Share Contingent Consideration (as defined in the Merger Agreement);

· reviewed publicly available financial and stock market data of certain other companies in lines of business that Moelis deemed relevant;

· considered the results of efforts by or on behalf of Campus Crest, including by Moelis at Campus Crest's direction, to solicit indications of interest from third parties with respect to a possible acquisition of all or a portion of Campus Crest;

· reviewed the financial terms of certain other transactions that Moelis deemed relevant;