AMERICAN CAMPUS COMMUNITIES INC
Form 10-Q
August 05, 2016
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

ý Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the quarterly period ended June 30, 2016.

o Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the Transition Period From ______________________ to _________________________

Commission file number 001-32265 (American Campus Communities, Inc.)
Commission file number 333-181102-01 (American Campus Communities Operating Partnership, L.P.)

AMERICAN CAMPUS COMMUNITIES, INC.
AMERICAN CAMPUS COMMUNITIES OPERATING PARTNERSHIP, L.P.
(Exact name of registrant as specified in its charter)

Maryland (American Campus Communities, Inc.) Maryland (American Campus Communities Operating Partnership, L.P.) (State or Other Jurisdiction of Incorporation or Organization)	76-0753089 (American Campus Communities, Inc.) 56-2473181 (American Campus Communities Operating Partnership, L.P.) (IRS Employer Identification No.)
12700 Hill Country Blvd., Suite T-200 Austin, TX (Address of Principal Executive Offices)	78738 (Zip Code)

(512) 732-1000
Registrant’s telephone number, including area code

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
American Campus Communities, Inc. Yes x No o
American Campus Communities Operating Partnership, L.P. Yes x No o

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).
American Campus Communities, Inc. Yes x No o
American Campus Communities Operating Partnership, L.P. Yes x No o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of “large accelerated filer”, “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act.

American Campus Communities, Inc.
Large accelerated filer x Accelerated Filer o

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

American Campus Communities Operating Partnership, L.P.
Large accelerated filer o Accelerated Filer o
Non-accelerated filer x (Do not check if a smaller reporting company) Smaller reporting company o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
American Campus Communities, Inc. Yes o No x
American Campus Communities Operating Partnership, L.P Yes o No x

There were 130,466,759 shares of the American Campus Communities, Inc.'s common stock with a par value of $0.01 per share outstanding as of the close of business on July 29, 2016.

EXPLANATORY NOTE

This report combines the reports on Form 10-Q for the quarterly period ended June 30, 2016 of American Campus Communities, Inc. and American Campus Communities Operating Partnership, L.P. Unless stated otherwise or the context otherwise requires, references to "ACC" mean American Campus Communities, Inc., a Maryland real estate investment trust ("REIT"), and references to "ACCOP" mean American Campus Communities Operating Partnership, L.P., a Maryland limited partnership. References to the "Company," "we," "us" or "our" mean collectively ACC, ACCOP and those entities/subsidiaries owned or controlled by ACC and/or ACCOP. References to the "Operating Partnership" mean collectively ACCOP and those entities/subsidiaries owned or controlled by ACCOP. The following chart illustrates the Company's and the Operating Partnership's corporate structure:

The general partner of ACCOP is American Campus Communities Holdings, LLC ("ACC Holdings"), an entity that is wholly-owned by ACC. As of June 30, 2016, ACC Holdings held an ownership interest in ACCOP of less than 1%. The limited partners of ACCOP are ACC and other limited partners consisting of current and former members of management and nonaffiliated third parties. As of June 30, 2016, ACC owned an approximate 98.9% limited partnership interest in ACCOP. As the sole member of the general partner of ACCOP, ACC has exclusive control of ACCOP's day-to-day management. Management operates the Company and the Operating Partnership as one business. The management of ACC consists of the same members as the management of ACCOP. The Company is structured as an umbrella partnership REIT ("UPREIT") and ACC contributes all net proceeds from its various equity offerings to the Operating Partnership. In return for those contributions, ACC receives a number of units of the Operating Partnership ("OP Units," see definition below) equal to the number of common shares it has issued in the equity offering. Contributions of properties to the Company can be structured as tax-deferred transactions through the issuance of OP Units in the Operating Partnership. Based on the terms of ACCOP's partnership agreement, OP Units can be exchanged for ACC's common shares on a one-for-one basis. The Company maintains a one-for-one relationship between the OP Units of the Operating Partnership issued to ACC and ACC Holdings and the common shares issued to the public. The Company believes that combining the reports on Form 10-Q of ACC and ACCOP into this single report provides the following benefits:

(1) enhances investors' understanding of the Company and the Operating Partnership by enabling investors to view the business as a whole in the same manner as management views and operates the business;
(2) eliminates duplicative disclosure and provides a more streamlined and readable presentation since a substantial portion of the disclosure applies to both the Company and the Operating Partnership; and
(3) creates time and cost efficiencies through the preparation of one combined report instead of two separate reports.

ACC consolidates ACCOP for financial reporting purposes, and ACC essentially has no assets or liabilities other than its investment in ACCOP. Therefore, the assets and liabilities of the Company and the Operating Partnership are the same on their respective financial statements. However, the Company believes it is important to understand the few differences between the Company and the Operating Partnership in the context of how the entities operate as a consolidated company. All of the Company's property ownership, development and related business operations are conducted through the Operating Partnership. ACC also issues public equity from time to time and guarantees certain debt of ACCOP, as disclosed in this report. ACC does not have any indebtedness, as all debt is incurred by the Operating Partnership. The Operating Partnership holds substantially all of the assets of the Company, including the Company's ownership interests in its joint ventures. The Operating Partnership conducts the operations of the business and is structured as a partnership with no publicly traded equity. Except for the net proceeds from ACC's equity offerings, which are contributed to the capital of ACCOP in exchange for OP Units on a one-for-one common share per OP Unit basis, the Operating Partnership generates all remaining capital required by the Company's business. These sources include, but are not limited to, the Operating Partnership's working capital, net cash provided by operating activities, borrowings under its credit facility, and proceeds received from the disposition of certain properties. Noncontrolling interests, stockholders' equity, and partners' capital are the main areas of difference between the consolidated financial statements of the Company and those of the Operating Partnership. The noncontrolling interests in the Operating Partnership's financial statements consist of the interests of unaffiliated partners in various consolidated joint ventures. The noncontrolling interests in the Company's financial statements include the same noncontrolling interests at the Operating Partnership level and OP Unit holders of the Operating Partnership. The differences between stockholders' equity and partners' capital result from differences in the equity issued at the Company and Operating Partnership levels.

To help investors understand the significant differences between the Company and the Operating Partnership, this report provides separate consolidated financial statements for the Company and the Operating Partnership. A single set of consolidated notes to such financial statements is presented that includes separate discussions for the Company and the Operating Partnership when applicable (for example, noncontrolling interests, stockholders' equity or partners' capital, earnings per share or unit, etc.). A combined Management's Discussion and Analysis of Financial Condition and Results of Operations section is also included that presents discrete information related to each entity, as applicable. This report also includes separate Part I, Item 4 Controls and Procedures sections and separate Exhibits 31 and 32 certifications for each of the Company and the Operating Partnership in order to establish that the requisite certifications have been made and that the Company and the Operating Partnership are compliant with Rule 13a-15 or Rule 15d-15 of the Securities Exchange Act of 1934 and 18 U.S.C. §1350.

In order to highlight the differences between the Company and the Operating Partnership, the separate sections in this report for the Company and the Operating Partnership specifically refer to the Company and the Operating Partnership. In the sections that combine disclosure of the Company and the Operating Partnership, this report refers to actions or holdings as being actions or holdings of the Company. Although the Operating Partnership is generally the entity that directly or indirectly enters into contracts and joint ventures and holds assets and debt, reference to the Company is appropriate because the Company operates its business through the Operating Partnership. The separate discussions of the Company and the Operating Partnership in this report should be read in conjunction with each other to understand the results of the Company on a consolidated basis and how management operates the Company.

FORM 10-Q
FOR THE QUARTER ENDED JUNE 30, 2016
TABLE OF CONTENTS

AMERICAN CAMPUS COMMUNITIES, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(in thousands, except share data)

	June 30, 2016 (Unaudited)	December 31, 2015
Assets		
Investments in real estate:		
Wholly-owned properties, net	$5,721,507	$5,522,271
Wholly-owned properties held for sale	—	55,354
On-campus participating properties, net	87,596	90,129
Investments in real estate, net	5,809,103	5,667,754
Cash and cash equivalents	206,738	16,659
Restricted cash	34,946	33,675
Student contracts receivable, net	7,117	18,475
Other assets	257,153	269,685
Total assets	$6,315,057	$6,006,248
Liabilities and equity		
Liabilities:		
Secured mortgage, construction and bond debt	$1,054,376	$1,094,962
Unsecured notes	1,187,695	1,186,700
Unsecured term loans	348,593	597,719
Unsecured revolving credit facility	—	68,900
Accounts payable and accrued expenses	61,626	71,988
Other liabilities	164,493	144,811
Total liabilities	2,816,783	3,165,080
Commitments and contingencies (Note 14)		
Redeemable noncontrolling interests	73,722	59,511
Equity:		
American Campus Communities, Inc. and Subsidiaries stockholders’ equity:		
Common stock, $0.01 par value, 800,000,000 shares authorized, 130,446,578 and 112,350,877 shares issued and outstanding at June 30, 2016 and December 31, 2015, respectively	1,304	1,124
Additional paid in capital	4,021,440	3,325,806
Treasury stock, at cost, 20,181 and 10,155 shares at June 30, 2016 and December 31, 2015, respectively	(975)	(403)
Accumulated earnings and dividends	(594,115)	(550,501)
Accumulated other comprehensive loss	(7,263)	(5,830)
Total American Campus Communities, Inc. and Subsidiaries stockholders’ equity	3,420,391	2,770,196
Noncontrolling interests - partially owned properties	4,161	11,461

Total equity	3,424,552	2,781,657
Total liabilities and equity	$ 6,315,057	$ 6,006,248

See accompanying notes to consolidated financial statements.

1

AMERICAN CAMPUS COMMUNITIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(unaudited, in thousands, except share and per share data)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
Revenues				
Wholly-owned properties	$174,682	$167,468	$360,384	$347,366
On-campus participating properties	6,214	5,704	16,260	14,904
Third-party development services	2,121	1,677	3,156	2,241
Third-party management services	2,253	2,324	4,663	4,325
Resident services	713	701	1,515	1,531
Total revenues	185,983	177,874	385,978	370,367
Operating expenses				
Wholly-owned properties	77,722	77,251	156,573	156,261
On-campus participating properties	3,299	2,942	6,341	5,610
Third-party development and management services	3,560	4,012	7,298	7,152
General and administrative	6,126	5,678	11,435	10,428
Depreciation and amortization	53,703	51,578	107,419	102,229
Ground/facility leases	2,467	1,961	4,771	4,059
Total operating expenses	146,877	143,422	293,837	285,739
Operating income	39,106	34,452	92,141	84,628
Nonoperating income and (expenses)				
Interest income	1,475	1,085	2,754	2,197
Interest expense	(20,119)	(20,586)	(42,746)	(42,574)
Amortization of deferred financing costs	(1,352)	(1,338)	(3,894)	(2,717)
Gain from disposition of real estate	—	3,790	17,409	48,042
Loss from early extinguishment of debt	—	(1,175)	—	(1,770)
Total nonoperating (expenses) income	(19,996)	(18,224)	(26,477)	3,178
Income before income taxes	19,110	16,228	65,664	87,806
Income tax provision	(345)	(310)	(690)	(621)
Net income	18,765	15,918	64,974	87,185
Net income attributable to noncontrolling interests				
Redeemable noncontrolling interests	(223)	(246)	(741)	(993)
Partially owned properties	(104)	(92)	(208)	(415)
Net income attributable to noncontrolling interests	(327)	(338)	(949)	(1,408)
Net income attributable to ACC, Inc. and Subsidiaries common stockholders	$18,438	$15,580	$64,025	$85,777
Other comprehensive (loss) income				
Change in fair value of interest rate swaps and other	(23)	845	(1,433)	(1,023)
Comprehensive income	$18,415	$16,425	$62,592	$84,754

Net income per share attributable to ACC, Inc. and Subsidiaries common stockholders				
Basic and diluted	$ 0.14	$ 0.14	$ 0.50	$ 0.76
Weighted-average common shares outstanding				
Basic	130,456,923	112,308,114	126,951,454	111,635,345
Diluted	131,240,667	112,983,939	127,753,492	113,652,341
Distributions declared per common share	$ 0.42	$ 0.40	$ 0.82	$ 0.78

See accompanying notes to consolidated financial statements.

2

AMERICAN CAMPUS COMMUNITIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
(unaudited, in thousands, except share data)

	Common Shares	Par Value of Common Shares	Additional Paid in Capital	Treasury Stock	Treasury Stock at Cost	Accumulated Earnings and Dividends	Accumulated Other Comprehensive Loss	Noncontrolling Interests – Partially Owned Properties	Total
Equity, December 31, 2015	112,350,877	$ 1,124	$ 3,325,806	10,155	$ (403)	$ (550,501)	$ (5,830)	$ 11,461	$ 2,781,657
Adjustments to reflect redeemable noncontrolling interests at fair value	—	—	(14,879)	—	—	—	—	—	(14,879)
Amortization of restricted stock awards	—	—	4,870	—	—	—	—	—	4,870
Vesting of restricted stock awards and restricted stock units	130,701	1	(1,784)	10,026	(572)	—	—	—	(2,355)
Distributions to common and restricted stockholders	—	—	—	—	—	(107,639)	—	—	(107,639)
Distributions to noncontrolling interests - partially owned properties	—	—	—	—	—	—	—	(253)	(253)
Increase in ownership of consolidated subsidiary	—	—	—	—	—	—	—	(7,311)	(7,311)
Conversion of operating partnership units to common stock	25,000	—	259	—	—	—	—	—	259
Net proceeds from sale of common stock	17,940,000	179	707,168	—	—	—	—	—	707,347
Change in fair value of interest	—	—	—	—	—	—	(1,638)	—	(1,638)

rate swaps									
Amortization of interest rate swap terminations	—	—	—	—	—	—	205	—	205
Contributions by noncontrolling partners	—	—	—	—	—	—	—	56	56
Net income	—	—	—	—	—	64,025	—	208	64,233
Equity, June 30, 2016	130,446,578	$ 1,304	$ 4,021,440	20,181	$ (975)	$ (594,115)	$ (7,263)	$ 4,161	$ 3,424,552

See accompanying notes to consolidated financial statements.

3

AMERICAN CAMPUS COMMUNITIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited, in thousands)

	Six Months Ended June 30, 2016	2015
Operating activities		
Net income	$64,974	$87,185
Adjustments to reconcile net income to net cash provided by operating activities:		
Gains from disposition of real estate	(17,409)	(48,042)
Depreciation and amortization	107,419	101,855
Amortization of deferred financing costs and debt premiums/discounts	(2,372)	(2,980)
Share-based compensation	5,492	4,464
Income tax provision	690	621
Amortization of interest rate swap terminations	205	204
Changes in operating assets and liabilities:		
Restricted cash	(4,238)	(3,445)
Student contracts receivable, net	11,283	1,213
Other assets	5,830	453
Accounts payable and accrued expenses	(11,849)	(11,073)
Other liabilities	(8,730)	(325)
Net cash provided by operating activities	151,295	130,130
Investing activities		
Proceeds from disposition of properties	72,640	395,880
Cash paid for acquisition of operating and under development properties	(57,132)	(274,926)
Cash paid for land acquisitions	(856)	(12,190)
Capital expenditures for wholly-owned properties	(23,185)	(27,920)
Investments in wholly-owned properties under development	(187,158)	(109,536)
Capital expenditures for on-campus participating properties	(1,064)	(859)
Decrease (increase) in escrow deposits for real estate investments	5,450	(5,939)
Change in restricted cash related to capital reserves	(928)	2,433
Increase in ownership of consolidated subsidiary	—	(1,708)
Purchase of corporate furniture, fixtures and equipment	(3,377)	(4,142)
Net cash used in investing activities	(195,610)	(38,907)
Financing activities		
Proceeds from sale of common stock	740,025	216,666
Offering costs	(31,972)	(2,282)
Pay-off of mortgage and construction loans	(34,226)	(208,980)
Pay-off of unsecured term loans	(400,000)	—
Proceeds from unsecured term loan	150,000	—
Proceeds from revolving credit facility	67,700	450,100
Pay downs of revolving credit facility	(136,600)	(463,200)
Proceeds from construction loans	—	258
Scheduled principal payments on debt	(7,771)	(7,216)
Debt issuance and assumption costs	(744)	(196)
Taxes paid on net-share settlements	(2,977)	(2,878)

Distributions to common and restricted stockholders	(107,639)	(88,159)
Distributions to noncontrolling partners	(1,402)	(1,633)
Net cash provided by (used in) financing activities	234,394	(107,520)
Net change in cash and cash equivalents	190,079	(16,297)
Cash and cash equivalents at beginning of period	16,659	25,062
Cash and cash equivalents at end of period	$206,738	$8,765
Supplemental disclosure of non-cash investing and financing activities		
Loans assumed in connection with property acquisitions	$(10,012)	$(11,621)
Issuance of common units in connection with property acquisitions	$—	$(14,182)
Change in fair value of derivative instruments, net	$(1,638)	$(1,023)
Supplemental disclosure of cash flow information		
Interest paid	$49,621	$46,739

4

AMERICAN CAMPUS COMMUNITIES OPERATING PARTNERSHIP, L.P. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(in thousands, except unit data)

	June 30, 2016 (Unaudited)	December 31, 2015
Assets		
Investments in real estate:		
Wholly-owned properties, net	$5,721,507	$5,522,271
Wholly-owned properties held for sale	—	55,354
On-campus participating properties, net	87,596	90,129
Investments in real estate, net	5,809,103	5,667,754
Cash and cash equivalents	206,738	16,659
Restricted cash	34,946	33,675
Student contracts receivable, net	7,117	18,475
Other assets	257,153	269,685
Total assets	$6,315,057	$6,006,248
Liabilities and capital		
Liabilities:		
Secured mortgage, construction and bond debt	$1,054,376	$1,094,962
Unsecured notes	1,187,695	1,186,700
Unsecured term loans	348,593	597,719
Unsecured revolving credit facility	—	68,900
Accounts payable and accrued expenses	61,626	71,988
Other liabilities	164,493	144,811
Total liabilities	2,816,783	3,165,080
Commitments and contingencies (Note 14)		
Redeemable limited partners	73,722	59,511
Capital:		
Partners' capital:		
General partner - 12,222 OP units outstanding at both June 30, 2016 and December 31, 2015	89	93
Limited partner - 130,454,537 and 112,348,810 OP units outstanding at June 30, 2016 and December 31, 2015, respectively	3,427,565	2,775,933
Accumulated other comprehensive loss	(7,263)	(5,830)
Total partners' capital	3,420,391	2,770,196
Noncontrolling interests - partially owned properties	4,161	11,461
Total capital	3,424,552	2,781,657
Total liabilities and capital	$6,315,057	$6,006,248

See accompanying notes to consolidated financial statements.

AMERICAN CAMPUS COMMUNITIES OPERATING PARTNERSHIP, L.P. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(unaudited, in thousands, except unit and per unit data)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
Revenues				
Wholly-owned properties	$174,682	$167,468	$360,384	$347,366
On-campus participating properties	6,214	5,704	16,260	14,904
Third-party development services	2,121	1,677	3,156	2,241
Third-party management services	2,253	2,324	4,663	4,325
Resident services	713	701	1,515	1,531
Total revenues	185,983	177,874	385,978	370,367
Operating expenses				
Wholly-owned properties	77,722	77,251	156,573	156,261
On-campus participating properties	3,299	2,942	6,341	5,610
Third-party development and management services	3,560	4,012	7,298	7,152
General and administrative	6,126	5,678	11,435	10,428
Depreciation and amortization	53,703	51,578	107,419	102,229
Ground/facility leases	2,467	1,961	4,771	4,059
Total operating expenses	146,877	143,422	293,837	285,739
Operating income	39,106	34,452	92,141	84,628
Nonoperating income and (expenses)				
Interest income	1,475	1,085	2,754	2,197
Interest expense	(20,119)	(20,586)	(42,746)	(42,574)
Amortization of deferred financing costs	(1,352)	(1,338)	(3,894)	(2,717)
Gain from disposition of real estate	—	3,790	17,409	48,042
Loss from early extinguishment of debt	—	(1,175)	—	(1,770)
Total nonoperating (expenses) income	(19,996)	(18,224)	(26,477)	3,178
Income before income taxes	19,110	16,228	65,664	87,806
Income tax provision	(345)	(310)	(690)	(621)
Net income	18,765	15,918	64,974	87,185
Net income attributable to noncontrolling interests – partially owned properties	(104)	(92)	(208)	(415)
Net income attributable to American Campus Communities Operating Partnership, L.P.	18,661	15,826	64,766	86,770
Series A preferred unit distributions	(37)	(44)	(79)	(88)
Net income attributable to common unitholders	$18,624	$15,782	$64,687	$86,682
Other comprehensive (loss) income				
Change in fair value of interest rate swaps and other	(23)	845	(1,433)	(1,023)
Comprehensive income	$18,601	$16,627	$63,254	$85,659
Net income per unit attributable to common unitholders				

Basic and diluted	$0.14	$0.14	$0.50	$0.76
Weighted-average common units outstanding				
Basic	131,760,705	113,756,045	128,258,368	112,946,677
Diluted	132,544,449	114,431,870	129,060,406	113,652,341
Distributions declared per Common Unit	$0.42	$0.40	$0.82	$0.78

See accompanying notes to consolidated financial statements.

6

AMERICAN CAMPUS COMMUNITIES OPERATING PARTNERSHIP, L.P. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN CAPITAL
(unaudited, in thousands, except unit data)

	General Partner		Limited Partner		Accumulated Other Comprehensive	Noncontrolling Interests - Partially Owned	
	Units	Amount	Units	Amount	Loss	Properties	Total
Capital, December 31, 2015	12,222	$ 93	112,348,810	$2,775,933	$ (5,830)	$ 11,461	$2,781,657
Adjustments to reflect redeemable limited partners’ interest at fair value	—	—	—	(14,879)	—	—	(14,879)
Amortization of restricted stock awards	—	—	—	4,870	—	—	4,870
Vesting of restricted stock awards and restricted stock units	—	—	140,727	(2,355)	—	—	(2,355)
Distributions	—	(10)	—	(107,629)	—	—	(107,639)
Distributions to noncontrolling interests - partially owned properties	—	—	—	—	—	(253)	(253)
Increase in ownership of consolidated subsidiary	—	—	—	—	—	(7,311)	(7,311)
Conversion of operating partnership units to common stock	—	—	25,000	259	—	—	259
Issuance of units in exchange for contributions of equity offering proceeds	—	—	17,940,000	707,347	—	—	707,347
Change in fair value of interest rate swaps	—	—	—	—	(1,638)	—	(1,638)
Amortization of interest rate swap terminations	—	—	—	—	205	—	205
Contributions by noncontrolling partners	—	—	—	—	—	56	56
Net income	—	6	—	64,019	—	208	64,233
Capital, June 30, 2016	12,222	$ 89	130,454,537	$3,427,565	$ (7,263)	$ 4,161	$3,424,552

See accompanying notes to consolidated financial statements.

AMERICAN CAMPUS COMMUNITIES OPERATING PARTNERSHIP, L.P. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited, in thousands)

	Six Months Ended June 30,	
	2016	2015
Operating activities		
Net income	$64,974	$87,185
Adjustments to reconcile net income to net cash provided by operating activities:		
Gains from disposition of real estate	(17,409)	(48,042)
Depreciation and amortization	107,419	101,855
Amortization of deferred financing costs and debt premiums/discounts	(2,372)	(2,980)
Share-based compensation	5,492	4,464
Income tax provision	690	621
Amortization of interest rate swap terminations	205	204
Changes in operating assets and liabilities:		
Restricted cash	(4,238)	(3,445)
Student contracts receivable, net	11,283	1,213
Other assets	5,830	453
Accounts payable and accrued expenses	(11,849)	(11,073)
Other liabilities	(8,730)	(325)
Net cash provided by operating activities	151,295	130,130
Investing activities		
Proceeds from disposition of properties	72,640	395,880
Cash paid for acquisition of operating and under development properties	(57,132)	(274,926)
Cash paid for land acquisitions	(856)	(12,190)
Capital expenditures for wholly-owned properties	(23,185)	(27,920)
Investments in wholly-owned properties under development	(187,158)	(109,536)
Capital expenditures for on-campus participating properties	(1,064)	(859)
Decrease (increase) in escrow deposits for real estate investments	5,450	(5,939)
Change in restricted cash related to capital reserves	(928)	2,433
Increase in ownership of consolidated subsidiary	—	(1,708)
Purchase of corporate furniture, fixtures and equipment	(3,377)	(4,142)
Net cash used in investing activities	(195,610)	(38,907)
Financing activities		
Proceeds from issuance of common units in exchange for contributions, net	708,053	214,384
Pay-off of unsecured term loan	(400,000)	—
Proceeds from unsecured term loan	150,000	—
Pay-off of mortgage and construction loans	(34,226)	(208,980)
Proceeds from revolving credit facility	67,700	450,100
Pay downs of revolving credit facility	(136,600)	(463,200)
Proceeds from construction loans	—	258
Scheduled principal payments on debt	(7,771)	(7,216)
Debt issuance and assumption costs	(744)	(196)
Taxes paid on net-share settlements	(2,977)	(2,878)
Distributions paid on unvested restricted stock awards	(722)	(603)
Distributions paid to common and preferred unitholders	(108,066)	(88,643)

Distributions paid to noncontrolling partners - partially owned properties	(253)	(546)
Net cash provided by (used in) financing activities	234,394	(107,520)
Net change in cash and cash equivalents	190,079	(16,297)
Cash and cash equivalents at beginning of period	16,659	25,062
Cash and cash equivalents at end of period	$206,738	$8,765
Supplemental disclosure of non-cash investing and financing activities		
Loans assumed in connection with property acquisitions	$(10,012)	$(11,621)
Issuance of common units in connection with property acquisitions	$—	$(14,182)
Change in fair value of derivative instruments, net	$(1,638)	$(1,023)
Supplemental disclosure of cash flow information		
Interest paid	$49,621	$46,739

AMERICAN CAMPUS COMMUNITIES, INC. AND SUBSIDIARIES
AMERICAN CAMPUS COMMUNITIES OPERATING PARTNERSHIP, L.P. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

1. Organization and Description of Business

American Campus Communities, Inc. (“ACC”) is a real estate investment trust (“REIT”) that commenced operations effective with the completion of an initial public offering (“IPO”) on August 17, 2004. Through ACC’s controlling interest in American Campus Communities Operating Partnership, L.P. (“ACCOP”), ACC is one of the largest owners, managers and developers of high quality student housing properties in the United States in terms of beds owned and under management. ACC is a fully integrated, self-managed and self-administered equity REIT with expertise in the acquisition, design, financing, development, construction management, leasing and management of student housing properties. ACC’s common stock is publicly traded on the New York Stock Exchange (“NYSE”) under the ticker symbol “ACC.”

The general partner of ACCOP is American Campus Communities Holdings, LLC (“ACC Holdings”), an entity that is wholly-owned by ACC. As of June 30, 2016, ACC Holdings held an ownership interest in ACCOP of less than 1%. The limited partners of ACCOP are ACC and other limited partners consisting of current and former members of management and nonaffiliated third parties. As of June 30, 2016, ACC owned an approximate 98.9% limited partnership interest in ACCOP. As the sole member of the general partner of ACCOP, ACC has exclusive control of ACCOP’s day-to-day management. Management operates ACC and ACCOP as one business. The management of ACC consists of the same members as the management of ACCOP. ACC consolidates ACCOP for financial reporting purposes, and ACC does not have significant assets other than its investment in ACCOP. Therefore, the assets and liabilities of ACC and ACCOP are the same on their respective financial statements. References to the “Company,” “we,” “us” or “our” mean collectively ACC, ACCOP and those entities/subsidiaries owned or controlled by ACC and/or ACCOP. References to the “Operating Partnership” mean collectively ACCOP and those entities/subsidiaries owned or controlled by ACCOP. Unless otherwise indicated, the accompanying Notes to the Consolidated Financial Statements apply to both the Company and the Operating Partnership.

As of June 30, 2016, our property portfolio contained 168 properties with approximately 103,200 beds. Our property portfolio consisted of 138 owned off-campus student housing properties that are in close proximity to colleges and universities, 25 American Campus Equity (“ACE®”) properties operated under ground/facility leases with eleven university systems and five on-campus participating properties operated under ground/facility leases with the related university systems. Of the 168 properties, seventeen were under development as of June 30, 2016, and when completed will consist of a total of approximately 10,600 beds. Our communities contain modern housing units and are supported by a resident assistant system and other student-oriented programming, with many offering resort-style amenities.

Through one of ACC’s taxable REIT subsidiaries (“TRSs”), we also provide construction management and development services, primarily for student housing properties owned by colleges and universities, charitable foundations, and others. As of June 30, 2016, also through one of ACC’s TRSs, we provided third-party management and leasing services for 38 properties that represented approximately 29,900 beds. Third-party management and leasing services are typically provided pursuant to management contracts that have initial terms that range from one to five years. As of June 30, 2016, our total owned and third-party managed portfolio included 206 properties with approximately 133,100 beds.

2. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying consolidated financial statements, presented in U.S. dollars, are prepared in accordance with U.S. generally accepted accounting principles ("GAAP"). GAAP requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities as of the date of the financial statements, and revenue and expenses during the reporting periods. Our actual results could differ from those estimates and assumptions. All material intercompany transactions among consolidated entities have been eliminated. All dollar amounts in the tables herein, except share, per share, unit and per unit amounts, are stated in thousands unless otherwise indicated. Certain prior period amounts, as discussed below in Recently Adopted Accounting Pronouncements, have been reclassified to conform to the current period presentation.

AMERICAN CAMPUS COMMUNITIES, INC. AND SUBSIDIARIES
AMERICAN CAMPUS COMMUNITIES OPERATING PARTNERSHIP, L.P. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

Recently Issued Accounting Pronouncements

In March 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update 2016-05 ("ASU 2016-05"), "Effect of Derivative Contract Novations on Existing Hedge Accounting Relationships." The amendments in this guidance clarify that a change in the counterparty to a derivative instrument that has been designated as a hedging instrument under Topic 815 does not, in and of itself, require dedesignation of that hedging relationship provided that all other hedge accounting criteria continue to be met. The guidance is effective for public business entities for fiscal years beginning after December 15, 2016 and interim periods within those fiscal years. Early adoption is permitted. The Company is currently assessing whether ASU 2016-05 will have a material effect on its consolidated financial statements.

In February 2016, the FASB issued Accounting Standards Update 2016-02 ("ASU 2016-02"), "Leases: Amendments to the FASB Accounting Standards Codification." ASU 2016-02 amends the existing accounting standards for lease accounting, including requiring lessees to recognize most leases on their balance sheets and making targeted changes to lessor accounting. The new standard requires a modified retrospective transition approach for all leases existing at, or entered into after, the date of initial application, with an option to use certain transition relief. The guidance is effective for public business entities for fiscal years beginning after December 15, 2018 and interim periods within those fiscal years. Early adoption is permitted. The Company is currently assessing whether ASU 2016-02 will have a material effect on its consolidated financial statements.

In May 2014, the FASB issued Accounting Standards Update 2014-09 ("ASU 2014-09"), "Revenue From Contracts With Customers". ASU 2014-09 provides a single comprehensive revenue recognition model for contracts with customers (excluding certain contracts, such as lease contracts) to improve comparability within industries. ASU 2014-09 requires an entity to recognize revenue to reflect the transfer of goods or services to customers at an amount the entity expects to be paid in exchange for those goods and services and provide enhanced disclosures, all to provide more comprehensive guidance for transactions such as service revenue and contract modifications. Subsequent to the issuance of ASU 2014-09, the FASB has issued multiple Accounting Standards Updates clarifying multiple aspects of the new revenue recognition standard, which include the deferral of the effective date by one year. ASU 2014-09, as amended by subsequent Accounting Standards Updates, is effective for public entities for interim and annual periods beginning after December 15, 2017 and may be applied using either a full retrospective or modified approach upon adoption. The Company plans to adopt the new revenue standard as of January 1, 2018 and is currently evaluating the potential impact of the new standards on its consolidated financial statements.

Recently Adopted Accounting Pronouncements

In March 2016, the FASB issued Accounting Standards Update 2016-09 ("ASU 2016-09"), "Improvements to Employee Share-Based Payment Accounting." The updated guidance changes how companies account for certain aspects of share-based payment awards to employees, including the accounting for income taxes, forfeitures, and statutory tax withholding requirements, as well as classification in the statement of cash flows. The guidance is effective for public business entities for fiscal years beginning after December 15, 2016 and interim periods within those fiscal years. Early adoption is permitted. The Company adopted ASU 2016-09 as of January 1, 2016. ASU 2016-09 did not have a material impact on the Company's consolidated financial statements. Refer to the accompanying consolidated statements of cash flows for details on the impact of the reclassification of taxes paid on net-share settlements from operating to financing activities.

On January 1, 2016, the Company adopted Accounting Standards Update 2015-16 (“ASU 2015-16”), “Simplifying the Accounting for Measurement-Period Adjustments.” Under the new guidance, the Company will no longer recognize a measurement-period adjustment retroactively in a business combination. Instead, measurement-period adjustments will be recognized during the period in which the amount of the adjustment is determined. The adoption of ASU 2015-16 did not have a material impact on the Company’s consolidated financial statements.

On January 1, 2016, the Company adopted Accounting Standards Update 2015-03 (“ASU 2015-03”), “Simplifying the Presentation of Debt Issuance Costs.” The impact of adopting ASU 2015-03 on the Company’s consolidated financial statements was the reclassification of deferred financing costs previously included in “other assets” to “secured mortgage, construction and bond debt”, “unsecured notes” and “unsecured term loans” within its consolidated balance sheets for all periods presented (see Note 8). Other than these reclassifications, the adoption of ASU 2015-03 did not have an impact on the Company’s consolidated financial statements.

On January 1, 2016, the Company adopted Accounting Standards Update 2015-02 (“ASU 2015-02”), “Amendments to the Consolidation Analysis.” The new guidance changed the analysis a reporting entity must perform to determine whether it should consolidate certain types of legal entities. The guidance did not amend the existing disclosure requirements for Variable Interest Entities ("VIEs") or voting interest model entities. The guidance, however, modified the requirements to qualify under the voting interest model and eliminated the presumption that a general partner should consolidate a limited partnership. Under the revised guidance, ACCOP is determined to be a VIE. As ACCOP is already included in the consolidated financial statements of the Company, the identification of this entity as a VIE has no impact on its consolidated financial statements. There were no other legal entities qualifying under the scope of the revised guidance that were consolidated as a result of the adoption of this guidance. In addition, there were no other voting interest entities under prior existing guidance determined to be VIEs under the revised guidance.

Interim Financial Statements

The accompanying interim financial statements are unaudited, but have been prepared in accordance with GAAP for interim financial information and in conjunction with the rules and regulations of the Securities and Exchange Commission. Accordingly, they do not include all disclosures required by GAAP for complete financial statements. In the opinion of management, all adjustments (consisting solely of normal recurring matters) necessary for a fair presentation of the financial statements of the Company for these interim periods have been included. Because of the seasonal nature of the Company's operations, the results of operations and cash flows for any interim period are not necessarily indicative of results for other interim periods or for the full year. These financial statements should be read in conjunction with the financial statements and the notes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 2015.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Investments in Real Estate

Investments in real estate are recorded at historical cost. Major improvements that extend the life of an asset are capitalized and depreciated over the remaining useful life of the asset. The cost of ordinary repairs and maintenance are charged to expense when incurred. Depreciation and amortization are recorded on a straight-line basis over the estimated useful lives of the assets as follows:

Buildings and improvements	7-40 years
Leasehold interest - on-campus participating properties	25-34 years (shorter of useful life or respective lease term)
Furniture, fixtures and equipment	3-7 years

Project costs directly associated with the development and construction of an owned real estate project, which include interest, property taxes, and amortization of deferred finance costs, are capitalized as construction in progress. Upon completion of the project, costs are transferred into the applicable asset category and depreciation commences. Interest totaling approximately \$3.6 million and \$2.9 million was capitalized during the three months ended June 30, 2016 and 2015, respectively, and interest totaling approximately \$5.7 million and \$5.4 million was capitalized during the six months ended June 30, 2016 and 2015, respectively.

Management assesses whether there has been an impairment in the value of the Company’s investments in real estate whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Impairment is recognized when estimated expected future undiscounted cash flows are less than the carrying value of the property, or when a property meets the criteria to be classified as held for sale, at which time an impairment charge is recognized for any excess of the carrying value of the property over the expected net proceeds from the disposal. The estimation of expected future net cash flows is inherently uncertain and relies on assumptions regarding current and future economics and market conditions. If such conditions change, then an adjustment to the carrying value of the Company’s long-lived assets could occur in the future period in which the conditions change. To the extent that a property is impaired, the excess of the carrying amount of the property over its estimated fair value is charged to earnings. The Company believes that there were no impairment indicators of the carrying values of its investments in real estate as of June 30, 2016.

The Company allocates the purchase price of acquired properties to net tangible and identified intangible assets based on relative fair values. Fair value estimates are based on information obtained from a number of sources, including independent appraisals that may be obtained in connection with the acquisition or financing of the respective property, our own analysis of recently acquired and existing comparable properties in our portfolio, and other market data. Information obtained about each property as a result of due diligence, marketing and leasing activities is also considered. The value allocated to land is generally based on the actual purchase price if acquired separately, or market research/comparables if acquired as part of an existing operating property. The value allocated to building is based on the fair value determined on an "as-if vacant" basis, which is estimated using an income, or discounted cash flow, approach that relies upon internally determined assumptions that we believe are consistent with current market conditions for similar properties. The value allocated to furniture, fixtures, and equipment is based on an estimate of the fair value of the appliances and fixtures inside the units. We have determined these estimates to have been primarily based upon unobservable inputs and therefore are considered to be Level 3 inputs within the fair value hierarchy.

We record the acquisition of undeveloped land parcels that do not meet the accounting criteria to be accounted for as business combinations at the purchase price paid and capitalize the associated acquisition costs.

Pre-development Expenditures

Pre-development expenditures such as architectural fees, permits and deposits associated with the pursuit of third-party and owned development projects are expensed as incurred, until such time that management believes it is probable that the contract will be executed and/or construction will commence. Because the Company frequently incurs these pre-development expenditures before a financing commitment and/or required permits and authorizations have been obtained, the Company bears the risk of loss of these pre-development expenditures if financing cannot ultimately be arranged on acceptable terms or the Company is unable to successfully obtain the required permits and authorizations. As such, management evaluates the status of third-party and owned projects that have not yet commenced construction on a periodic basis and expenses any deferred costs related to projects whose current status indicates the commencement of construction is unlikely and/or the costs may not provide future value to the Company in the form of revenues. Such write-offs are included in third-party development and management services expenses (in the case of third-party development projects) or general and administrative expenses (in the case of owned development projects) on the accompanying consolidated statements of comprehensive income. As of June 30, 2016, the Company has deferred approximately $8.0 million in pre-development costs related to third-party and owned development projects that have not yet commenced construction. Such costs are included in other assets on the accompanying consolidated balance sheets.

Earnings per Share – Company

Basic earnings per share is computed using net income attributable to common stockholders and the weighted average number of shares of the Company's common stock outstanding during the period. Diluted earnings per share reflects common shares issuable from the assumed conversion of American Campus Communities Operating Partnership Units ("OP Units") and common share awards granted. Only those items having a dilutive impact on basic earnings per share are included in diluted earnings per share.

The following potentially dilutive securities were outstanding for the three and six months ended June 30, 2016 and 2015, but were not included in the computation of diluted earnings per share because the effects of their inclusion would be anti-dilutive.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
Common OP Units (Note 10)	1,303,782	1,447,931	1,306,914	—
Preferred OP Units (Note 10)	94,359	110,040	98,974	110,199
Total potentially dilutive securities	1,398,141	1,557,971	1,405,888	110,199

AMERICAN CAMPUS COMMUNITIES, INC. AND SUBSIDIARIES
AMERICAN CAMPUS COMMUNITIES OPERATING PARTNERSHIP, L.P. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

The following is a summary of the elements used in calculating basic and diluted earnings per share:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
Numerator – basic earnings per share:				
Net income	$18,765	$ 15,918	$64,974	$ 87,185
Net income attributable to noncontrolling interests	(327)	(338)	(949)	(1,408)
Net income attributable to common stockholders	18,438	15,580	64,025	85,777
Amount allocated to participating securities	(329)	(269)	(722)	(603)
Net income attributable to common stockholders - basic	$18,109	$ 15,311	$63,303	$ 85,174
Numerator – diluted earnings per share:				
Net income attributable to common shareholders - basic	$18,109	$ 15,311	$63,303	$ 85,174
Income allocated to Common OP Units	—	—	—	904
Net income attributable to common shareholders - diluted	$18,109	$ 15,311	$63,303	$ 86,078
Denominator:				
Basic weighted average common shares outstanding	130,456,923	112,308,114	126,951,454	111,635,345
Unvested Restricted Stock Awards (Note 11)	783,744	675,825	802,038	705,664
Common OP units (Note 10)	—	—	—	1,311,332
Diluted weighted average common shares outstanding	131,240,667	112,983,939	127,753,492	113,652,341
Earnings per share:				
Net income attributable to common stockholders - basic and diluted	$0.14	$ 0.14	$0.50	$ 0.76

13

AMERICAN CAMPUS COMMUNITIES, INC. AND SUBSIDIARIES
AMERICAN CAMPUS COMMUNITIES OPERATING PARTNERSHIP, L.P. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

Earnings per Unit – Operating Partnership

Basic earnings per OP Unit is computed using net income attributable to common unitholders and the weighted average number of common units outstanding during the period. Diluted earnings per OP Unit reflects the potential dilution that could occur if securities or other contracts to issue OP Units were exercised or converted into OP Units or resulted in the issuance of OP Units and then shared in the earnings of the Operating Partnership.

The following is a summary of the elements used in calculating basic and diluted earnings per unit:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
Numerator – basic and diluted earnings per unit:				
Net income	$18,765	$ 15,918	$64,974	$ 87,185
Net income attributable to noncontrolling interests – partially owned properties	(104)	(92)	(208)	(415)
Series A preferred unit distributions	(37)	(44)	(79)	(88)
Amount allocated to participating securities	(329)	(269)	(722)	(603)
Net income attributable to common unitholders	$18,295	$ 15,513	$63,965	$ 86,079
Denominator:				
Basic weighted average common units outstanding	131,760,705	113,756,045	128,258,368	112,946,677
Unvested Restricted Stock Awards (Note 11)	783,744	675,825	802,038	705,664
Diluted weighted average common units outstanding	132,544,449	114,431,870	129,060,406	113,652,341
Earnings per unit:				
Net income attributable to common unitholders - basic and diluted	$0.14	$0.14	$0.50	$0.76

3. Property Acquisitions

Properties Under Development
During the six months ended June 30, 2016, the Company secured the following in-process development properties for approximately $66.0 million. Total cash consideration of $57.1 million consisted of escrow deposits and cash paid at closing:

Property	Location	Primary University Served	Targeted Completion Date	Acquisition Date	Beds
The Court at Stadium Centre [1]	Tallahassee, FL	Florida State University	August 2016	May 2016	260
Callaway House Apartments	Norman, OK	University of Oklahoma	August 2017	June 2016	915
U Centre on College	Clemson, SC	Clemson University	August 2017	June 2016	418
					1,593

[1] As part of this transaction, the Company assumed approximately $10.0 million of fixed rate mortgage debt. This property was previously subject to a pre-sale agreement and was consolidated for financial purposes prior to the acquisition date because the entity that owned this property was deemed to be a VIE and the Company was determined to be the primary beneficiary of the VIE.

Operating Properties

During the six months ended June 30, 2015, the Company acquired seven wholly-owned properties containing 3,351 beds for a combined purchase price of approximately $304.4 million. As part of these transactions, the Company assumed approximately $11.6 million of mortgage debt and issued 343,895 Common OP Units, valued at $41.24 per unit.

AMERICAN CAMPUS COMMUNITIES, INC. AND SUBSIDIARIES
AMERICAN CAMPUS COMMUNITIES OPERATING PARTNERSHIP, L.P. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

4. Property Dispositions

During the six months ended June 30, 2016, the Company sold the following wholly-owned properties for approximately $73.8 million, resulting in net proceeds of approximately $72.6 million. The combined net gain on these dispositions totaled approximately $17.4 million.

Property	Location	Primary University Served	Disposition Date	Beds
The Edge - Orlando	Orlando, FL	University of Central Florida	March 2016	930
University Village - Sacramento	Sacramento, CA	California State Univ. - Sacramento	March 2016	394
				1,324

During the six months ended June 30, 2015, the Company sold 17 wholly-owned properties containing 11,097 beds for a combined sales price of approximately $404.6 million, resulting in net proceeds of approximately $395.9 million. The combined net gain on these dispositions totaled approximately $48.0 million.

5. Investments in Wholly-Owned Properties

Wholly-owned properties consisted of the following:

	June 30, 2016	December 31, 2015
Land [1]	$616,508	$597,894
Buildings and improvements	5,252,108	5,235,033
Furniture, fixtures and equipment	320,591	311,696
Construction in progress	409,829	154,988
	6,599,036	6,299,611
Less accumulated depreciation	(877,529)	(777,340)
Wholly-owned properties, net	$5,721,507	$5,522,271 [2]

(1) The land balance above includes undeveloped land parcels with book values of approximately $38.2 million and $66.2 million as of June 30, 2016 and December 31, 2015, respectively. It also includes land totaling approximately $80.2 million and $33.0 million as of June 30, 2016 and December 31, 2015, respectively, related to properties under development.

(2) The balance above excludes the net book value of two wholly-owned properties classified as held for sale in the accompanying consolidated balance sheet as of December 31, 2015. These properties were sold in March 2016 (see Note 4).

AMERICAN CAMPUS COMMUNITIES, INC. AND SUBSIDIARIES
AMERICAN CAMPUS COMMUNITIES OPERATING PARTNERSHIP, L.P. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

6. On-Campus Participating Properties

On-campus participating properties are as follows:

Lessor/University	Lease Commencement	Required Debt Repayment	Historical Cost June 30, 2016	Historical Cost December 31, 2015
Texas A&M University System / Prairie View A&M University [1]	2/1/1996	9/1/2023	$44,657	$ 44,147
Texas A&M University System / Texas A&M International	2/1/1996	9/1/2023	7,078	7,064
Texas A&M University System / Prairie View A&M University [2]	10/1/1999	8/31/2025 8/31/2028	27,914	27,717
University of Houston System / University of Houston [3]	9/27/2000	8/31/2035	37,648	37,381
West Virginia University System / West Virginia University	7/16/2013	7/16/2045	43,754	43,676
			161,051	159,985
Less accumulated amortization			(73,455)	(69,856)
On-campus participating properties, net			$87,596	$ 90,129

(1) Consists of three phases placed in service between 1996 and 1998.
(2) Consists of two phases placed in service in 2000 and 2003.
(3) Consists of two phases placed in service in 2001 and 2005.

7. Investments in Unconsolidated Joint Ventures

As of June 30, 2016, the Company owned a noncontrolling interest in one unconsolidated joint venture that is accounted for utilizing the equity method of accounting. The Company discontinued applying the equity method in regards to its investment in this joint venture as a result of the Company’s share of losses exceeding its investment in the joint venture. Because the Company had not guaranteed any obligations of the investee and was not otherwise committed to provide further financial support to the investee, it therefore suspended recording its share of losses once the investment was reduced to zero. The Company also earns fees for providing management services to this joint venture, which totaled approximately $0.4 million and $0.6 million for the three months ended June 30, 2016 and 2015, respectively, and approximately $0.9 million for both the six months ended June 30, 2016 and 2015.

AMERICAN CAMPUS COMMUNITIES, INC. AND SUBSIDIARIES
AMERICAN CAMPUS COMMUNITIES OPERATING PARTNERSHIP, L.P. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

8. Debt

On January 1, 2016, the Company adopted ASU 2015-03, and as a result, deferred financing costs associated with secured mortgage, construction and bond debt, unsecured notes, and unsecured term loans are now subject to the new accounting guidance and are presented as a direct reduction to the carrying value of the debt. Prior period amounts have been reclassified to conform to the current period presentation (see Note 2). A summary of the Company's outstanding consolidated indebtedness is as follows:

	June 30, 2016	December 31, 2015
Debt secured by wholly-owned properties:		
Mortgage loans payable:		
Unpaid principal balance	$895,197	$934,769
Unamortized deferred financing costs	(4,379)	(5,084)
Unamortized debt premiums	44,261	50,763
Unamortized debt discounts	(88)	(166)
	934,991	980,282
Construction loans payable [1]	10,013	5,559
Unamortized debt premiums	797	—
Unamortized deferred financing costs	(95)	(374)
	945,706	985,467
Debt secured by on-campus participating properties:		
Mortgage loans payable	72,572	73,465
Bonds payable	36,935	36,935
Unamortized deferred financing costs	(837)	(905)
	108,670	109,495
Total secured mortgage, construction and bond debt	1,054,376	1,094,962
Unsecured notes, net of unamortized OID and deferred financing costs [2]	1,187,695	1,186,700
Unsecured term loans, net of unamortized deferred financing costs [3]	348,593	597,719
Unsecured revolving credit facility	—	68,900
Total debt	$2,590,664	$2,948,281

(1) Construction loans payable relates to a construction loan partially financing the development and construction of The Court at Stadium Centre, which the company acquired in May 2016.

(2) Includes net unamortized original issue discount ("OID") of $2.1 million at June 30, 2016 and $2.2 million at December 31, 2015, and net unamortized deferred financing costs of $10.2 million at June 30, 2016 and $11.1 million at December 31, 2015.

(3) Includes net unamortized deferred financing costs of $1.4 million at June 30, 2016 and $2.3 million at December 31, 2015.

Pay-off of Mortgage and Construction Debt

During the six months ended June 30, 2016, the Company paid off approximately $34.2 million of fixed rate mortgage debt secured by three wholly owned properties (The Lofts at Capital Garage, Aztec Corner, and Jacob Heights).

During the six months ended June 30, 2015, the Company paid off approximately $126.9 million of fixed rate mortgage debt secured by six wholly-owned properties, $37.4 million of fixed rate mortgage debt prior to the sale of four properties, and $44.6 million of variable rate construction debt secured by two owned on-campus ACE properties.

AMERICAN CAMPUS COMMUNITIES, INC. AND SUBSIDIARIES
AMERICAN CAMPUS COMMUNITIES OPERATING PARTNERSHIP, L.P. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

Unsecured Notes

The Company has issued the following senior unsecured notes:

Date Issued	Amount	% of Par Value	Coupon	Yield	Original Issue Discount	Term
September 2015	$400,000	99.811	3.350%	3.391%	$ 756	5
June 2014	400,000	99.861	4.125%	4.142%	556	10
April 2013	400,000	99.659	3.750%	3.791%	1,364	10
	$1,200,000				$ 2,676	

The notes are fully and unconditionally guaranteed by the Company. Interest on the notes is payable semi-annually. The terms of the unsecured notes include certain financial covenants that require the Operating Partnership to limit the amount of total debt and secured debt as a percentage of total asset value, as defined. In addition, the Operating Partnership must maintain a minimum ratio of unencumbered asset value to unsecured debt, as well as a minimum interest coverage level. As of June 30, 2016, the Company was in compliance with all such covenants.

Unsecured Credit Facility

The Company has an aggregate unsecured credit facility totaling $0.9 billion which is comprised of unsecured term loans totaling $350 million and a $500 million unsecured revolving credit facility, which may be expanded by up to an additional $500 million upon the satisfaction of certain conditions. On January 29, 2016, the Company refinanced $150 million of the $350 million term loan facility (“Term Loan I Facility”) by extending the maturity date for the $150 million portion from January 10, 2017 to March 29, 2021. The remaining $200 million of the $350 million Term Loan I Facility matures on January 10, 2017 and can be extended to January 10, 2019 through the exercise of two 12-month extension options, subject to the satisfaction of certain conditions. The maturity date of the unsecured revolving credit facility is March 1, 2018, and can be extended for an additional 12 months to March 1, 2019, subject to the satisfaction of certain conditions. The $250 million term loan facility (“Term Loan II Facility”) was repaid in February 2016 using proceeds from the issuance of 17,940,000 common shares (see Note 9 for details). In connection with this payoff, the Company accelerated the amortization of $1.1 million of deferred financing costs related to the Term Loan II Facility.

Each loan bears interest at a variable rate, at the Company’s option, based upon a base rate or one-, two-, three- or six-month LIBOR, plus, in each case, a spread based upon the Company’s investment grade rating from either Moody’s Investor Services, Inc. or Standard & Poor’s Rating Group. In February 2016, Standard & Poor's upgraded the Company's investment grade rating from BBB- to BBB and in May 2016 Moody's Investors Service upgraded its corporate credit rating on the Company from Baa3 to Baa2. As a result of the credit rating upgrades, the spread on our unsecured credit facility decreased between 25 and 30 basis points. The Company has entered into multiple interest rate swap contracts with notional amounts totaling $350 million that effectively fix the interest rate to a weighted average annual rate of 0.88% on the outstanding balance of the Term Loan I Facility. Including the current spread of 1.20% for the $200 million of the Term Loan I Facility, and a current spread of 1.10% for the remaining $150 million of the Term Loan I Facility, the all-in weighted average annual rate on the Term Loan I Facility was 2.04% at June 30, 2016. Refer to Note 12 for more information on the interest rate swap contracts mentioned above. Availability under the revolving credit facility is limited to an “aggregate borrowing base amount” equal to 60% of the value of the Company’s unencumbered properties, calculated as set forth in the unsecured credit facility. Additionally, the

Company is required to pay a facility fee of 0.20% per annum on the $500 million revolving credit facility. In February 2016, the Company paid down the outstanding balance on its revolving credit facility in full. As a result, availability under the revolving credit facility totaled $500 million as of June 30, 2016.

The terms of the unsecured credit facility include certain restrictions and covenants, which limit, among other items, the incurrence of additional indebtedness, liens, and the disposition of assets. The facility contains customary affirmative and negative covenants and also contains financial covenants that, among other things, require the Company to maintain certain minimum ratios of "EBITDA" (earnings before interest, taxes, depreciation and amortization) to fixed charges and total indebtedness. The Company may not pay distributions that exceed a specified percentage of funds from operations, as adjusted, for any four consecutive quarters. The financial covenants also include consolidated net worth and leverage ratio tests. As of June 30, 2016, the Company was in compliance with all such covenants.

AMERICAN CAMPUS COMMUNITIES, INC. AND SUBSIDIARIES
AMERICAN CAMPUS COMMUNITIES OPERATING PARTNERSHIP, L.P. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

9. Stockholders' Equity / Partners' Capital

Stockholders' Equity - Company

On February 5, 2016, ACC completed an equity offering, consisting of the sale of 17,940,000 shares of ACC’s common stock at a price of $41.25 per share, including 2,340,000 shares issued as a result of the exercise of the underwriters’ overallotment option in full at closing. The offering generated gross proceeds of approximately $740.0 million. The aggregate proceeds to ACC, net of the underwriting discount and expenses of the offering, were approximately $707.3 million.

In June 2015, the Company established an at-the-market share offering program (the “ATM Equity Program”) through which the Company may issue and sell, from time to time, shares of common stock having an aggregate offering price of up to $500 million. The shares that may be sold under this program include shares of common stock of the Company with an aggregate offering price of approximately $194 million that were not sold under the company's prior ATM program that expired in May 2015. Actual sales under the program will depend on a variety of factors, including, but not limited to, market conditions, the trading price of the Company’s common stock and determinations of the appropriate sources of funding for the Company.

There was no activity under the Company's ATM Equity Program during the three and six months ended June 30, 2016. The following table presents activity under the Company’s prior ATM Equity Program during three and six months ended June 30, 2015:

	Three months ended June 30, 2015	Six Months Ended June 30, 2015
Total net proceeds	$ —	$213,416
Commissions paid to sales agents	$ —	$3,250
Weighted average price per share	$ —	$43.92
Shares of common stock sold		