

AMERICAN CAMPUS COMMUNITIES INC
Form 10-Q
August 09, 2012

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

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

For the quarterly period ended June 30, 2012.

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)

12700 Hill Country Blvd., Suite T-200
Austin, TX
(Address of Principal Executive Offices)

76-0753089 (American Campus
Communities, Inc.)
56-2473181 (American Campus Communities
Operating
Partnership, L.P.)
(IRS Employer Identification No.)

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 No

American Campus Communities Operating Partnership, L.P.

Yes No

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).

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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 91,982,368 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 31, 2012.

EXPLANATORY NOTE

This report combines the reports on Form 10-Q for the quarterly period ended June 30, 2012 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, 2012, 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, 2012, ACC owned an approximate 98.7% 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 ACCOP (“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 ACCOP. 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 ACCOP 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 the Company and the Operating Partnership into this single report provides the following benefits:

- 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;
- 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
- 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 facilities, 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 ACCOP. 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, 2012

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AMERICAN CAMPUS COMMUNITIES, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(in thousands, except share and per share data)

	June 30, 2012 (Unaudited)	December 31, 2011
Assets		
Investments in real estate:		
Wholly-owned properties, net	\$ 3,016,961	\$ 2,761,757
Wholly-owned property held for sale	-	27,300
On-campus participating properties, net	58,298	59,850
Investments in real estate, net	3,075,259	2,848,907
Cash and cash equivalents	17,606	22,399
Restricted cash	39,803	22,956
Student contracts receivable, net	3,908	5,324
Other assets	103,933	108,996
Total assets	\$ 3,240,509	\$ 3,008,582
Liabilities and equity		
Liabilities:		
Secured mortgage, construction and bond debt	\$ 919,847	\$ 858,530
Unsecured term loan	350,000	200,000
Unsecured revolving credit facility	241,000	273,000
Secured agency facility	116,000	116,000
Accounts payable and accrued expenses	38,144	36,884
Other liabilities	76,122	77,840
Total liabilities	1,741,113	1,562,254
Commitments and contingencies (Note 14)		
Redeemable noncontrolling interests	42,884	42,529
Equity:		
American Campus Communities, Inc. stockholders' equity:		
Common stock, \$.01 par value, 800,000,000 shares authorized, 74,732,368 and 72,759,546 shares issued and outstanding at June 30, 2012 and December 31, 2011, respectively	744	725
Additional paid in capital	1,737,397	1,664,416
Accumulated earnings and dividends	(305,054)	(286,565)
Accumulated other comprehensive loss	(5,165)	(3,360)
Total American Campus Communities, Inc. stockholders' equity	1,427,922	1,375,216
Noncontrolling interests - partially owned properties	28,590	28,583
Total equity	1,456,512	1,403,799

Total liabilities and equity	\$	3,240,509	\$	3,008,582
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See accompanying notes to consolidated financial statements.

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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,	
	2012	2011	2012	2011
Revenues				
Wholly-owned properties	\$ 96,561	\$ 81,801	\$ 196,151	\$ 167,425
On-campus participating properties	4,712	4,457	12,679	12,104
Third-party development services	3,866	758	5,960	4,582
Third-party management services	1,638	1,803	3,396	3,633
Resident services	185	274	528	615
Total revenues	106,962	89,093	218,714	188,359
Operating expenses				
Wholly-owned properties	45,160	37,348	88,883	74,942
On-campus participating properties	2,801	2,881	5,296	4,625
Third-party development and management services	2,626	2,631	5,411	5,313
General and administrative	4,638	3,278	8,178	6,051
Depreciation and amortization	24,482	21,477	48,881	42,712
Ground/facility leases	804	658	1,768	1,814
Total operating expenses	80,511	68,273	158,417	135,457
Operating income	26,451	20,820	60,297	52,902
Nonoperating income and (expenses)				
Interest income	414	159	930	209
Interest expense	(12,808)	(12,178)	(26,090)	(26,191)
Amortization of deferred financing costs	(981)	(1,329)	(1,982)	(2,559)
(Loss) income from unconsolidated joint ventures	-	(13)	444	(25)
Other nonoperating loss	-	-	(122)	-
Total nonoperating expenses	(13,375)	(13,361)	(26,820)	(28,566)
Income before income taxes and discontinued operations				
Income tax provision	13,076	7,459	33,477	24,336
Income tax provision	(156)	(142)	(312)	(285)
Income from continuing operations	12,920	7,317	33,165	24,051
Discontinued operations				
Income attributable to discontinued operations	4	290	564	1,436
Gain from disposition of real estate	83	14,574	83	14,574
Total discontinued operations	87	14,864	647	16,010
Net income	13,007	22,181	33,812	40,061
Net income attributable to noncontrolling interests				
Redeemable noncontrolling interests	(188)	(334)	(475)	(621)

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Partially owned properties	(491)	(107)	(983)	(287)
Net income attributable to noncontrolling interests	(679)	(441)	(1,458)	(908)
Net income attributable to common shareholders	\$ 12,328	\$ 21,740	\$ 32,354	\$ 39,153
Other comprehensive (loss) income				
Change in fair value of interest rate swaps	(5,209)	182	(1,805)	927
Comprehensive income	\$ 7,119	\$ 21,922	\$ 30,549	\$ 40,080
Income per share attributable to common shareholders - basic				
Income from continuing operations per share	\$ 0.16	\$ 0.10	\$ 0.42	\$ 0.34
Net income per share	\$ 0.16	\$ 0.31	\$ 0.43	\$ 0.57
Income per share attributable to common shareholders - diluted				
Income from continuing operations per share	\$ 0.16	\$ 0.10	\$ 0.41	\$ 0.34
Net income per share	\$ 0.16	\$ 0.31	\$ 0.42	\$ 0.57
Weighted-average common shares outstanding				
Basic	74,718,934	68,655,732	74,467,893	67,810,944
Diluted	75,305,780	69,211,856	75,085,040	68,387,966
Distributions declared per common share	\$ 0.3375	\$ 0.3375	\$ 0.675	\$ 0.675

See accompanying notes to consolidated financial statements.

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	Accumulated Earnings and Dividends	Accumulated Other Comprehensive Loss	Noncontrolling Interests	Total
Equity, December 31, 2011	72,759,546	\$ 725	\$ 1,664,416	\$ (286,565)	\$ (3,360)	\$ 28,583	\$ 1,403,799
Net proceeds from sale of common stock	1,802,306	18	73,205	-	-	-	73,223
Adjustments to reflect redeemable noncontrolling interests at fair value	-	-	(1,489)	-	-	-	(1,489)
Amortization of restricted stock awards	-	-	2,623	-	-	-	2,623
Vesting of restricted stock awards	113,345	-	(2,156)	-	-	-	(2,156)
Distributions to common and restricted stockholders	-	-	-	(50,843)	-	-	(50,843)
Distributions to joint venture partners	-	-	-	-	-	(976)	(976)
Conversion of common units to common stock	57,171	1	888	-	-	-	889
Redemption of common units	-	-	(90)	-	-	-	(90)
Change in fair value of interest rate swaps	-	-	-	-	(1,805)	-	(1,805)
Net income	-	-	-	32,354	-	983	33,337
Equity, June 30, 2012	74,732,368	\$ 744	\$ 1,737,397	\$ (305,054)	\$ (5,165)	\$ 28,590	\$ 1,456,512

See accompanying notes to consolidated financial statements.

AMERICAN CAMPUS COMMUNITIES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited, in thousands)

	Six Months Ended June 30,	
	2012	2011
Operating activities		
Net income	\$ 33,812	\$ 40,061
Adjustments to reconcile net income to net cash provided by operating activities:		
Gain from disposition of real estate	(83)	(14,574)
Loss on remeasurement of equity method investment	122	-
Depreciation and amortization	48,881	44,376
Amortization of deferred financing costs and debt premiums/discounts	1,444	(419)
Share-based compensation	2,623	2,191
(Income) loss from unconsolidated joint ventures	(444)	25
Income tax provision	312	285
Changes in operating assets and liabilities:		
Restricted cash	(2,755)	(1,880)
Student contracts receivable, net	1,487	2,120
Other assets	4,429	(9,444)
Accounts payable and accrued expenses	(4,131)	(5,704)
Other liabilities	(4,338)	(4,284)
Net cash provided by operating activities	81,359	52,753
Investing activities		
Net proceeds from disposition of real estate	28,167	80,883
Cash paid for property acquisitions	(55,844)	-
Cash paid for land acquisitions	(19,706)	(7,970)
Capital expenditures for wholly-owned properties	(9,652)	(9,258)
Investments in wholly-owned properties under development	(188,662)	(72,490)
Capital expenditures for on-campus participating properties	(762)	(907)
Cash paid for increased ownership in consolidated subsidiaries	-	(3,275)
Investment in loan receivable	(7,211)	-
Repayment of mezzanine loan	4,000	-
Increase in escrow deposits	(12,196)	(445)
Change in restricted cash related to capital reserves	(299)	1,080
Proceeds from insurance settlement	-	1,546
Purchase of corporate furniture, fixtures and equipment	(744)	(727)
Net cash used in investing activities	(262,909)	(11,563)
Financing activities		
Proceeds from sale of common stock	75,000	83,727
Offering costs	(1,631)	(1,418)
Pay-off of mortgage and construction loans	(16,180)	(225,528)
Proceeds from unsecured term loan	150,000	200,000
Pay-off of secured term loan	-	(100,000)
Proceeds from credit facilities	155,000	60,000
Paydowns of credit facilities	(187,000)	(65,000)

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Proceeds from construction loans	62,057	-
Principal payments on debt	(5,330)	(4,424)
Change in construction accounts payable	847	-
Redemption of common units for cash	(132)	-
Debt issuance and assumption costs	(3,377)	(6,750)
Distributions to common and restricted stockholders	(50,843)	(46,080)
Distributions to noncontrolling partners	(1,654)	(961)
Net cash provided by (used in) financing activities	176,757	(106,434)
Net change in cash and cash equivalents	(4,793)	(65,244)
Cash and cash equivalents at beginning of period	22,399	113,507
Cash and cash equivalents at end of period	\$ 17,606	\$ 48,263
Supplemental disclosure of non-cash investing and financing activities		
Loans assumed in connection with property acquisitions	\$ (19,004)	\$ -
Change in fair value of derivative instruments, net	\$ (1,805)	\$ 927
Supplemental disclosure of cash flow information		
Interest paid	\$ 31,359	\$ 29,393

See accompanying notes to consolidated financial statements.

AMERICAN CAMPUS COMMUNITIES OPERATING PARTNERSHIP, L.P. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(in thousands, except unit data)

	June 30, 2012 (Unaudited)	December 31, 2011
Assets		
Investments in real estate:		
Wholly-owned properties, net	\$ 3,016,961	\$ 2,761,757
Wholly-owned property held for sale	-	27,300
On-campus participating properties, net	58,298	59,850
Investments in real estate, net	3,075,259	2,848,907
Cash and cash equivalents	17,606	22,399
Restricted cash	39,803	22,956
Student contracts receivable, net	3,908	5,324
Other assets	103,933	108,996
Total assets	\$ 3,240,509	\$ 3,008,582
Liabilities and capital		
Liabilities:		
Secured mortgage, construction and bond debt	\$ 919,847	\$ 858,530
Unsecured term loan	350,000	200,000
Unsecured revolving credit facility	241,000	273,000
Secured agency facility	116,000	116,000
Accounts payable and accrued expenses	38,144	36,884
Other liabilities	76,122	77,840
Total liabilities	1,741,113	1,562,254
Commitments and contingencies (Note 14)		
Redeemable limited partners	42,884	42,529
Capital:		
Partners' capital:		
General partner – 12,222 OP units outstanding at both June 30, 2012 and December 31, 2011	122	125
Limited partner - 74,720,146 and 72,747,324 OP units outstanding at June 30, 2012 and December 31, 2011, respectively	1,432,965	1,378,451
Accumulated other comprehensive loss	(5,165)	(3,360)
Total partners' capital	1,427,922	1,375,216
Noncontrolling interests - partially owned properties	28,590	28,583
Total capital	1,456,512	1,403,799

Total liabilities and capital	\$	3,240,509	\$	3,008,582
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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,	
	2012	2011	2012	2011
Revenues				
Wholly-owned properties	\$ 96,561	\$ 81,801	\$ 196,151	\$ 167,425
On-campus participating properties	4,712	4,457	12,679	12,104
Third-party development services	3,866	758	5,960	4,582
Third-party management services	1,638	1,803	3,396	3,633
Resident services	185	274	528	615
Total revenues	106,962	89,093	218,714	188,359
Operating expenses				
Wholly-owned properties	45,160	37,348	88,883	74,942
On-campus participating properties	2,801	2,881	5,296	4,625
Third-party development and management services	2,626	2,631	5,411	5,313
General and administrative	4,638	3,278	8,178	6,051
Depreciation and amortization	24,482	21,477	48,881	42,712
Ground/facility leases	804	658	1,768	1,814
Total operating expenses	80,511	68,273	158,417	135,457
Operating income	26,451	20,820	60,297	52,902
Nonoperating income and (expenses)				
Interest income	414	159	930	209
Interest expense	(12,808)	(12,178)	(26,090)	(26,191)
Amortization of deferred financing costs	(981)	(1,329)	(1,982)	(2,559)
(Loss) income from unconsolidated joint ventures	-	(13)	444	(25)
Other nonoperating loss	-	-	(122)	-
Total nonoperating expenses	(13,375)	(13,361)	(26,820)	(28,566)
Income before income taxes and discontinued operations				
Income tax provision	(156)	(142)	(312)	(285)
Income from continuing operations	12,920	7,317	33,165	24,051
Discontinued operations				
Income attributable to discontinued operations	4	290	564	1,436
Gain from disposition of real estate	83	14,574	83	14,574
Total discontinued operations	87	14,864	647	16,010
Net income	13,007	22,181	33,812	40,061
Net income attributable to noncontrolling interests – partially owned properties				
	(491)	(107)	(983)	(287)
	12,516	22,074	32,829	39,774

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Net income attributable to American Campus Communities Operating Partnership, L.P.				
Series A preferred unit distributions	(45)	(45)	(91)	(91)
Net income available to common unitholders	\$ 12,471	\$ 22,029	\$ 32,738	\$ 39,683
Other comprehensive (loss) income				
Change in fair value of interest rate swaps	(5,209)	182	(1,805)	927
Comprehensive income	\$ 7,262	\$ 22,211	\$ 30,933	\$ 40,610
Income per unit attributable to common unitholders – basic				
Income from continuing operations per unit	\$ 0.16	\$ 0.10	\$ 0.42	\$ 0.34
Net income per unit	\$ 0.16	\$ 0.31	\$ 0.43	\$ 0.57
Income per unit attributable to common unitholders – diluted				
Income from continuing operations per unit	\$ 0.16	\$ 0.10	\$ 0.41	\$ 0.34
Net income per unit	\$ 0.16	\$ 0.31	\$ 0.42	\$ 0.57
Weighted-average common units outstanding				
Basic	75,582,468	69,563,167	75,349,378	68,735,261
Diluted	76,169,314	70,119,291	75,966,525	69,312,283
Distributions declared per common unit	\$ 0.3375	\$ 0.3375	\$ 0.675	\$ 0.675

See accompanying notes to consolidated financial statements.

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 Loss	Noncontrolling Interests - Partially Owned Properties	Total
	Units	Amount	Units	Amount			
Balance as of December 31, 2011	12,222	\$ 125	72,747,324	\$ 1,378,451	\$ (3,360)	\$ 28,583	\$ 1,403,799
Issuance of units in exchange for contributions of equity offering proceeds	-	-	1,802,306	73,223	-	-	73,223
Adjustments to reflect redeemable limited partners' interest at fair value	-	-	-	(1,489)	-	-	(1,489)
Amortization of restricted stock awards	-	-	-	2,623	-	-	2,623
Vesting of restricted stock awards	-	-	113,345	(2,156)	-	-	(2,156)
Distributions	-	(8)	-	(50,835)	-	-	(50,843)
Distributions to joint venture partners	-	-	-	-	-	(976)	(976)
Conversion of common units to common stock	-	-	57,171	889	-	-	889
Redemption of common units	-	-	-	(90)	-	-	(90)
Change in fair value of interest rate swaps	-	-	-	-	(1,805)	-	(1,805)
Net income	-	5	-	32,349	-	983	33,337
Balance as of June 30, 2012	12,222	\$ 122	74,720,146	\$ 1,432,965	\$ (5,165)	\$ 28,590	\$ 1,456,512

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,	
	2012	2011
Operating activities		
Net income	\$ 33,812	\$ 40,061
Adjustments to reconcile net income to net cash provided by operating activities:		
Gain from disposition of real estate	(83)	(14,574)
Loss on remeasurement of equity method investment	122	-
Depreciation and amortization	48,881	44,376
Amortization of deferred financing costs and debt premiums/discounts	1,444	(419)
Share-based compensation	2,623	2,191
(Income) loss from unconsolidated joint ventures	(444)	25
Income tax provision	312	285
Changes in operating assets and liabilities:		
Restricted cash	(2,755)	(1,880)
Student contracts receivable, net	1,487	2,120
Other assets	4,429	(9,444)
Accounts payable and accrued expenses	(4,131)	(5,704)
Other liabilities	(4,338)	(4,284)
Net cash provided by operating activities	81,359	52,753
Investing activities		
Net proceeds from dispositions of real estate	28,167	80,883
Cash paid for property acquisitions	(55,844)	-
Cash paid for land acquisitions	(19,706)	(7,970)
Capital expenditures for wholly-owned properties	(9,652)	(9,258)
Investments in wholly-owned properties under development	(188,662)	(72,490)
Capital expenditures for on-campus participating properties	(762)	(907)
Cash paid for increased ownership in consolidated subsidiaries	-	(3,275)
Investment in loan receivable	(7,211)	-
Repayment of mezzanine loan	4,000	-
Increase in escrow deposits	(12,196)	(445)
Change in restricted cash related to capital reserves	(299)	1,080
Proceeds from insurance settlement	-	1,546
Purchase of corporate furniture, fixtures and equipment	(744)	(727)
Net cash used in investing activities	(262,909)	(11,563)
Financing activities		
Proceeds from issuance of common units in exchange for contributions, net	73,369	82,309
Pay-off of mortgage and construction loans	(16,180)	(225,528)
Proceeds from unsecured term loan	150,000	200,000
Pay-off of secured term loan	-	(100,000)
Proceeds from credit facilities	155,000	60,000
Paydowns of credit facilities	(187,000)	(65,000)
Proceeds from construction loans	62,057	-

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Principal payments on debt	(5,330)	(4,424)
Change in construction accounts payable	847	-
Redemption of common units for cash	(132)	-
Debt issuance and assumption costs	(3,377)	(6,750)
Distributions paid on unvested restricted stock awards	(456)	(424)
Distributions paid on common units	(50,974)	(46,279)
Distributions paid on preferred units	(91)	(91)
Distributions paid to noncontrolling partners - partially owned properties	(976)	(247)
Net cash provided by (used in) financing activities	176,757	(106,434)
Net change in cash and cash equivalents	(4,793)	(65,244)
Cash and cash equivalents at beginning of period	22,399	113,507
Cash and cash equivalents at end of period	\$ 17,606	\$ 48,263
Supplemental disclosure of non-cash investing and financing activities		
Loans assumed in connection with property acquisitions	\$ (19,004)	\$ -
Change in fair value of derivative instruments, net	\$ (1,805)	\$ 927
Supplemental disclosure of cash flow information		
Interest paid	\$ 31,359	\$ 29,393

See accompanying notes to consolidated financial statements.

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, 2012, 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, 2012, ACC owned an approximate 98.7% 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, 2012, our property portfolio contained 124 properties with approximately 76,200 beds in approximately 24,100 apartment units. Our property portfolio consisted of 107 owned off-campus student housing properties that are in close proximity to colleges and universities, 12 American Campus Equity (“ACE®”) properties operated under ground/facility leases with six university systems, four on-campus participating properties operated under ground/facility leases with the related university systems, and one property containing a retail shopping center which we plan to develop into a mixed-use community including both student housing and retail. Of the 124 properties, 18 were under development as of June 30, 2012, and when completed will consist of a total of approximately 10,900 beds in approximately 3,100 units. 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 ACC’s taxable REIT subsidiaries (“TRS”), 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, 2012, also through ACC’s TRS entities, we provided third-party management and leasing services for 29 properties that represented approximately 23,700 beds in approximately 9,400 units. 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, 2012, our total owned and third-party managed portfolio included 153 properties with approximately 99,900 beds in approximately 33,500 units.

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 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
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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, 2011 and the Operating Partnership's Current Report on Form 8-K for the year ended December 31, 2011.

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 \$3.5 million and \$2.1 million was capitalized during the three months ended June 30, 2012 and 2011, respectively, and \$6.0 million and \$3.1 million was capitalized during the six months ended June 30, 2012 and 2011, respectively. Amortization of deferred financing costs totaling approximately \$0.1 million and \$54,000 was capitalized as construction in progress during the three months ended June 30, 2012 and 2011, respectively, and \$0.2 million and \$0.1 million was capitalized as construction in progress during the six months ended June 30, 2012 and 2011, 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. 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 impairments of the carrying values of its investments in real estate as of June 30, 2012.

AMERICAN CAMPUS COMMUNITIES, INC. AND SUBSIDIARIES
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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 and other market data. Information obtained about each property as a result of due diligence, marketing and leasing activities is also considered. The value of in-place leases is based on the difference between (i) the property valued with existing in-place leases adjusted to market rental rates and (ii) the property valued "as-if" vacant. As lease terms are typically one year or less, rates on in-place leases generally approximate market rental rates. Factors considered in the valuation of in-place leases include an estimate of the carrying costs during the expected lease-up period considering current market conditions, nature of the tenancy, and costs to execute similar leases. Carrying costs include estimates of lost rentals at market rates during the expected lease-up period, as well as marketing and other operating expenses. The value of in-place leases is amortized over the remaining initial term of the respective leases, generally less than one year. The purchase price of property acquisitions is not expected to be allocated to tenant relationships, considering the terms of the leases and the expected levels of renewals.

Long-Lived Assets—Held for Sale

Long-lived assets to be disposed of are classified as held for sale in the period in which all of the following criteria are met:

- a. Management, having the authority to approve the action, commits to a plan to sell the asset.
- b. The asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets.
- c. An active program to locate a buyer and other actions required to complete the plan to sell the asset have been initiated.
- d. The sale of the asset is probable, and transfer of the asset is expected to qualify for recognition as a completed sale, within one year.
- e. The asset is being actively marketed for sale at a price that is reasonable in relation to its current fair value.
- f. Actions required to complete the plan indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

Concurrent with this classification, the asset is recorded at the lower of cost or fair value less estimated selling costs, and depreciation ceases.

Intangible Assets

In connection with property acquisitions completed in 2012 and 2011, the Company capitalized approximately \$1.6 million and \$2.6 million, respectively, related to management's estimate of the fair value of the in-place leases assumed. These intangible assets are amortized on a straight-line basis over the average remaining term of the underlying leases. Amortization expense was approximately \$1.2 million and \$1.4 million for the three months ended June 30, 2012 and 2011, respectively, and \$2.1 million and \$2.9 million for the six months ended June 30, 2012 and 2011, respectively. Accumulated amortization at June 30, 2012 and December 31, 2011 was approximately \$7.7 million and \$8.0 million, respectively. Intangible assets, net of amortization, are included in other assets on the accompanying consolidated balance sheets and the amortization of intangible assets is included in depreciation and amortization expense in the accompanying consolidated statements of comprehensive income. See Note 3 herein for a

detailed discussion of the property acquisitions completed during 2012 and 2011.

Third-Party Development Services Revenue and Costs

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, 2012, the Company has deferred approximately \$2.2 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.

AMERICAN CAMPUS COMMUNITIES, INC. AND SUBSIDIARIES
 AMERICAN CAMPUS COMMUNITIES OPERATING PARTNERSHIP, L.P. AND SUBSIDIARIES
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Earnings per Share –Company

Basic earnings per share is computed using net income attributable to common shareholders and the weighted average number of shares of the Company’s common stock outstanding during the period. Diluted earnings per share reflect common shares issuable from the assumed conversion of common and preferred 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, 2012 and 2011, 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		Six Months Ended June	
	June 30,		30,	
	2012	2011	2012	2011
Common OP Units (Note 10)	863,534	907,435	881,485	924,317
Preferred OP Units (Note 10)	114,128	114,128	114,128	114,401
Total potentially dilutive securities	977,662	1,021,563	995,613	1,038,718

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

	Three Months		Six Months Ended	
	Ended June 30,		June 30,	
	2012	2011	2012	2011
Basic earnings per share calculation:				
Income from continuing operations		\$ 12,920		