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

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

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

For the quarterly period ended June 30, 2012.

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.)	76-0753089 (American Campus Communities, Inc.) 56-2473181 (American Campus Communities Operating Partnership, L.P.)
(State or Other Jurisdiction of Incorporation or Organization)	(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 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

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, 2012	Three Months Ended June 30, 2011	Six Months Ended June 30, 2012	Six Months Ended June 30, 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	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)

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	Six Months Ended June 30, 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)

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.

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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

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, 2012	Three Months Ended June 30, 2011	Six Months Ended June 30, 2012	Six Months Ended June 30, 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	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 – partially owned properties	(491)	(107)	(983)	(287)
	12,516	22,074	32,829	39,774

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			Noncontrolling	
	Units	Amount	Units	Amount	Accumulated Other Comprehensive Loss	Interests - Partially Owned Properties	Total
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	-

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.

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AMERICAN CAMPUS COMMUNITIES, INC. AND SUBSIDIARIES
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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.

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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.

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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.

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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 June 30,		Six Months Ended June 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 Ended June 30,		Six Months Ended June 30,	
	2012	2011	2012	2011
Basic earnings per share calculation:				
Income from continuing operations	$12,920	$7,317	$33,165	$24,051
Income from continuing operations attributable to noncontrolling interests	(677)	(222)	(1,449)	(671)
Income from continuing operations attributable to common shareholders	12,243	7,095	31,716	23,380
Amount allocated to participating securities	(198)	(188)	(456)	(424)
Income from continuing operations attributable to common shareholders, net of amount allocated to participating securities	12,045	6,907	31,260	22,956
Income from discontinued operations	87	14,864	647	16,010
Income from discontinued operations attributable to noncontrolling interests	(2)	(219)	(9)	(237)
Income from discontinued operations attributable to common shareholders	85	14,645	638	15,773
Net income attributable to common shareholders, as adjusted - basic	$12,130	$21,552	$31,898	$38,729

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	Three Months Ended June 30,		Six Months Ended June 30,	
	2012	2011	2012	2011
Income from continuing operations attributable to common shareholders, as adjusted – per share	$0.16	$0.10	$0.42	$0.34
Income from discontinued operations attributable to common shareholders – per share	$-	$0.21	$0.01	$0.23
Net income attributable to common shareholders, as adjusted – per share	$0.16	$0.31	$0.43	$0.57
Basic weighted average common shares outstanding	74,718,934	68,655,732	74,467,893	67,810,944
Diluted earnings per share calculation:				
Income from continuing operations attributable to common shareholders, net of amount allocated to participating securities	$12,045	$6,907	$31,260	$22,956
Income from discontinued operations attributable to common shareholders	85	14,645	638	15,773
Net income attributable to common shareholders, as adjusted - diluted	$12,130	$21,552	$31,898	$38,729
Income from continuing operations attributable to common shareholders, net of amount allocated to participating securities – per share	$0.16	$0.10	$0.41	$0.34
Income from discontinued operations attributable to common shareholders – per share	$-	$0.21	$0.01	$0.23
Net income attributable to common shareholders – per share	$0.16	$0.31	$0.42	$0.57
Basic weighted average common shares outstanding	74,718,934	68,655,732	74,467,893	67,810,944
Restricted Stock Awards (Note 11)	586,846	556,124	617,147	577,022
Diluted weighted average common shares outstanding	75,305,780	69,211,856	75,085,040	68,387,966

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.

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2012	2011	2012	2011
Basic earnings per unit calculation:				
Income from continuing operations	$12,920	$7,317	$33,165	$24,051
Income from continuing operations attributable to noncontrolling interests – partially owned properties	(491)	(107)	(983)	(287)
Income from continuing operations attributable to Series A preferred units	(45)	(21)	(90)	(65)
Amount allocated to participating securities	(198)	(188)	(456)	(424)
Income from continuing operations attributable to common unitholders, net of amount allocated to participating securities	12,186	7,001	31,636	23,275
Income from discontinued operations	87	14,864	647	16,010
Income from discontinued operations attributable to Series A preferred unit distributions	-	(24)	(1)	(26)
Income from discontinued operations attributable to common unitholders	87	14,840	646	15,984
Net income attributable to common unitholders, as adjusted – basic	$12,273	$21,841	$32,282	$39,259
Income from continuing operations attributable to common unitholders, as adjusted – per unit	$0.16	$0.10	$0.42	$0.34
Income from discontinued operations attributable to common unitholders – per unit	$0.00	$0.21	$0.01	$0.23
Net income attributable to common unitholders, as adjusted – per unit	$0.16	$0.31	$0.43	$0.57
Basic weighted average common units outstanding	75,582,468	69,563,167	75,349,378	68,735,261
Diluted earnings per unit calculation:				
Income from continuing operations attributable to common unitholders, net of amount allocated to participating securities	$12,186	$7,001	$31,636	$23,275
Income from discontinued operations attributable to common unitholders	87	14,840	646	15,984
Net income attributable to common unitholders, as adjusted	$12,273	$21,841	$32,282	$39,259
Income from continuing operations attributable to common unitholders, net of amount allocated to participating securities – per unit	$0.16	$0.10	$0.41	$0.34

Income from discontinued operations attributable to common unitholders – per unit	$0.00	$0.21	$0.01	$0.23
Net income attributable to common unitholdersper unit	$0.16	$0.31	$0.42	$0.57
Basic weighted average common units outstanding	75,582,468	69,563,167	75,349,378	68,735,261
Restricted Stock Awards (Note 11)	586,846	556,124	617,147	577,022
Diluted weighted average common units outstanding	76,169,314	70,119,291	75,966,525	69,312,283

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3. Property Acquisitions

In June 2012, the Company acquired University Commons, a 164-unit, 480-bed wholly-owned property located near the campus of the University of Minnesota in Minneapolis, for a purchase price of $31.0 million, which excludes approximately $2.6 million of anticipated transaction costs, initial integration expenses and capital expenditures necessary to bring this property up to the Company's operating standards. As part of this transaction, the Company assumed approximately $19.0 million in fixed-rate mortgage debt with an annual interest rate of 5.54% and remaining term to maturity of 2.4 years.

In May 2012, the Company acquired Avalon Heights, a 210-unit, 754-bed wholly-owned property located near the campus of the University of South Florida in Tampa, for a purchase price of $30.0 million, which excludes approximately $2.5 million of anticipated transaction costs, initial integration expenses and capital expenditures necessary to bring this property up to the Company's operating standards. The Company did not assume any property-level debt as part of this transaction.

In January 2012, the Company acquired the remaining 90% interest in University Heights, a 204-unit, 636-bed property located near the campus of the University of Tennessee, for a purchase price of $14.5 million. The purchase price excludes approximately $2.3 million of anticipated capital expenditures necessary to bring this property up to the Company's operating standards. This property was acquired from one of our joint ventures with Fidelity in which we previously held a 10% interest ("Fund II", see Note 7). Immediately prior to the acquisition, Fund II paid off the property's mortgage loan at a discounted amount in accordance with a Settlement Agreement negotiated with the lender. As a result, Fund II recorded a gain on debt restructuring of approximately $4.2 million, of which, our 10% share is included in income from unconsolidated joint ventures on the accompanying consolidated statements of comprehensive income for the six months ended June 30, 2012.

In 2011, the Company acquired four properties containing 3,403 beds and a retail center for future development for a combined purchase price of approximately $237.0 million. The Company did not assume any property-level debt as part of these transactions.

The acquired property's results of operations have been included in the accompanying consolidated statements of comprehensive income since their respective acquisition closing dates. The following pro forma information for the three and six months ended June 30, 2012 and 2011, presents consolidated financial information for the Company as if the property acquisitions discussed above had occurred at the beginning of the earliest period presented. The unaudited pro forma information is provided for informational purposes only and is not indicative of results that would have occurred or which may occur in the future:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2012	2011	2012	2011
Total revenues	$108,294	$95,239	$222,446	$201,254
Net income attributable to common Shareholders	$14,116	$22,140	$35,667	$40,398
Net income per share attributable to common shareholders, as adjusted - basic	$0.19	$0.32	$0.47	$0.59
	$0.18	$0.32	$0.47	$0.58

Net income per share attributable to common shareholders,
as adjusted - diluted

4. Property Dispositions and Discontinued Operations

In April 2012, the Company sold Pirates Cove, an unencumbered owned off-campus property, for a sales price of approximately \$27.5 million resulting in net proceeds of approximately \$27.1 million. The resulting gain on disposition of approximately \$0.1 million is included in discontinued operations on the accompanying consolidated statements of comprehensive income for the three and six months ended June 30, 2012.

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In April and May 2011, the Company sold four unencumbered owned off-campus properties (Campus Club – Statesboro, River Club Apartments, River Walk Townhomes and Villas on Apache) for a total sales price of approximately $82.0 million resulting in combined net proceeds of approximately $80.0 million. The combined gain on these dispositions of approximately $14.6 million is included in discontinued operations on the accompanying consolidated statement of operations for the three and six months ended June 30, 2011.

The properties discussed above are included in the wholly-owned properties segment (see Note 15). Below is a summary of the results of operations for the properties discussed above:

	Three Months Ended June 30, 2012	Three Months Ended June 30, 2011	Six Months Ended June 30, 2012	Six Months Ended June 30, 2011
Total revenues	$ 260	$ 2,248	$ 1,413	$ 6,297
Total operating expenses	(256)	(1,331)	(849)	(3,197)
Depreciation and amortization	-	(627)	-	(1,664)
Operating income	4	290	564	1,436
Total nonoperating expenses	-	-	-	-
Net income	$ 4	$ 290	$ 564	$ 1,436

5. Investments in Wholly-Owned Properties

Wholly-owned properties consisted of the following:

	June 30, 2012	December 31, 2011
Land (1) (2)	$ 418,203	$ 380,074
Buildings and improvements	2,441,059	2,380,582
Furniture, fixtures and equipment(2)	144,944	139,249
Construction in progress (2)	352,401	157,900
	3,356,607	3,057,805
Less accumulated depreciation	(339,646)	(296,048)
Wholly-owned properties, net	$ 3,016,961	$ 2,761,757

(1) The land balance above includes undeveloped land parcels with book values of approximately $25.3 million and $15.8 million as of June 30, 2012 and December 31, 2011, respectively. Also includes land totaling approximately $48.9 million and $28.2 as of June 30, 2012 and December 31, 2011, respectively, related to properties under development.

(2) Land, furniture, fixtures and equipment, and construction in progress as of June 30, 2012 include $4.8 million, $0.4 million and $16.8 million, respectively, related to the University Edge property located in Kent, Ohio, that will serve students attending Kent State University. In July 2011, the Company entered into a purchase and contribution agreement with a private developer whereby the Company is obligated to purchase the property as long as the developer meets certain construction completion deadlines. The development of the property is anticipated to be completed in August 2012. The entity is financed with a $4.5 million mezzanine loan from the Company and a $24.8 million construction loan from a third-party lender. The Company is responsible for leasing, management, and initial operations of the project while the third-party developer is responsible for the

development of the property. The entity that owns the University Edge property is deemed to be a variable interest entity ("VIE"), and the Company is determined to be the primary beneficiary of the VIE. As such, the assets and liabilities of the entity owning the property are included in the Company's and the Operating Partnership's consolidated financial statements.

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6. On-Campus Participating Properties

On-campus participating properties are as follows:

Lessor/University	Lease Commencement	Required Debt Repayment (1)	Historical Cost June 30, 2012	Historical Cost December 31, 2011
Texas A&M University System / Prairie View A&M University (2)	2/1/96	9/1/23	$ 40,783	$ 40,255
Texas A&M University System / Texas A&M International	2/1/96	9/1/23	6,616	6,567
Texas A&M University System / Prairie View A&M University (3)	10/1/99	8/31/25/ 8/31/28	25,267	25,142
University of Houston System / University of Houston (4)	9/27/00	8/31/35	35,794	35,734
			108,460	107,698
Less accumulated amortization			(50,162)	(47,848)
On-campus participating properties, net			$ 58,298	$ 59,850

(1) Represents the effective lease termination date. The leases terminate upon the earlier to occur of the final repayment of the related debt or the end of the contractual lease term.

(2) Consists of three phases placed in service between 1996 and 1998.

(3) Consists of two phases placed in service in 2000 and 2003.

(4) Consists of two phases placed in service in 2001 and 2005.

7. Investments in Unconsolidated Joint Ventures

As of June 30, 2012, the Company owned a noncontrolling interest in one unconsolidated joint venture that is accounted for utilizing the equity method of accounting. The investment consists of a noncontrolling equity interest in a joint venture with the United States Navy that owns military housing privatization projects located on naval bases in Norfolk and Newport News, Virginia. In 2010, 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 has not guaranteed any obligations of the investee and is 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. We also earn fees for providing management services to this joint venture, which totaled approximately $0.4 million for each of the three month periods ended June 30, 2012 and 2011, respectively, and approximately $0.8 million for each of the six month periods ended June 30, 2012 and 2011, respectively.

As discussed more fully in Note 3, in January 2012 we acquired full ownership interest in University Heights, a property previously owned by Fund II, a joint venture with Fidelity in which we previously held a 10% interest. The acquisition of the property was accounted for as a business combination achieved in stages and as a result, the Company was required to remeasure its equity method investment in University Heights to its acquisition-date fair value and recognize the resulting loss in earnings. The Company recorded a loss of approximately $0.1 million which is included in other nonoperating loss on the accompanying consolidated statements of comprehensive income for the six months ended June 30, 2012. As University Heights represented the only property owned by Fund II, subsequent to the acquisition we no longer have an equity method investment Fund II.

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8. Debt

A summary of the Company’s outstanding consolidated indebtedness, including unamortized debt premiums and discounts, is as follows:

	June 30, 2012	December 31, 2011
Debt secured by wholly-owned properties:		
Mortgage loans payable	$ 743,539	$ 744,724
Construction loans payable (1)	91,407	29,350
	834,946	774,074
Debt secured by on-campus participating properties:		
Mortgage loan payable	31,929	32,097
Bonds payable	47,220	47,220
	79,149	79,317
Unsecured revolving credit facility	241,000	273,000
Unsecured term loan	350,000	200,000
Secured agency facility	116,000	116,000
Unamortized debt premiums	10,162	10,298
Unamortized debt discounts	(4,410)	(5,159)
Total debt	$ 1,626,847	$ 1,447,530

(1) Construction loans payable includes $15.7 million and $4.9 million as of June 30, 2012 and December 31, 2011, respectively, related to a construction loan for the University Edge development property, a VIE that the Company is including in its consolidated financial statements (see Note 5). The creditor of this construction loan does not have recourse to the assets of the Company.

Loans Assumed in Connection with Property Acquisitions

In June 2012, the Company acquired University Commons. As part of the acquisition, the Company assumed approximately $19.0 million of fixed rate mortgage debt with an annual interest rate of 5.54% and remaining term to maturity of 2.4 years. Upon assumption of this mortgage debt, the Company recorded a debt premium of approximately $1.2 million to reflect the estimated fair value of the debt assumed.

Pay off of Mortgage Debt

During the six months ended June 30, 2012, the Company paid off approximately $16.2 million of fixed rate mortgage debt secured by a wholly-owned property (Chapel Ridge) which was scheduled to mature on March 1, 2012. As of June 30, 2012, the Company had an additional $62.6 million of outstanding fixed rate mortgage debt scheduled to mature throughout the remainder of 2012, all of which we expect to pay off on or before their respective maturity dates.

Unsecured Credit Facility

In January 2012, the Company entered into a First Amendment to our Third Amended and Restated Credit Agreement (the "First Amendment"). Pursuant to the First Amendment, the Company's $200 million unsecured term loan was increased in size to $350 million, such that, when combined with the Company's $450 million unsecured revolving credit facility, the Company has an aggregate Credit Facility of $800 million, which may be expanded by up to an additional $100 million upon the satisfaction of certain conditions. The Company used the proceeds from the expanded term loan to repay outstanding amounts on the revolving credit facility.

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In addition, the maturity date of the term loan was extended from May 20, 2015 to January 10, 2017 and the maturity date of the revolving credit facility was extended to January 10, 2016, and can be extended for an additional 12 months to January 10, 2017, subject to the satisfaction of certain conditions. The First Amendment provides for the interest rate on each loan 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. The Company has entered into multiple interest rate swaps with notional amounts totaling $350 million that effectively fix the interest rate to 2.53% (0.88% + 1.65% spread) on the outstanding balance of the unsecured term loan (see Note 12 for more details).

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 Credit Facility. Additionally, the Company is required to pay a facility fee of 0.30% per annum on the $450 million revolving credit facility. As of June 30, 2012, the revolving credit facility bore interest at a weighted average annual rate of 2.00% (inclusive of the facility fee discussed above), and availability under the revolving credit facility totaled $209.0 million.

The terms of the 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, 2012, the Company was in compliance with all such covenants.

Secured Agency Facility

The Company has a $125 million secured revolving credit facility with a Freddie Mac lender. The facility has a five-year term and is currently secured by 10 properties referred to as the "Collateral Pool." The facility bears interest at one- or three-month LIBOR plus a spread that varies based on the debt service ratio of the Collateral Pool. Additionally, the Company is required to pay an unused commitment fee of 1.0% per annum. As of June 30, 2012, the secured agency facility bore interest at a weighted average annual rate of 2.42%. The secured agency facility includes some, but not all, of the same financial covenants as the unsecured credit facility, described above. As of June 30, 2012, the Company was in compliance with all such covenants.

9. Stockholders' Equity / Partners' Capital

Stockholders' Equity – Company

During the six months ended June 30, 2012, ACC sold approximately 1.8 million shares at a weighted average price of $41.61 per share under its 2011 at-the-market share offering program (the "2011 ATM Equity Program"). Net proceeds received under this program during the six months ended June 30, 2012, totaled approximately $73.9 million, after payment of approximately $1.1 million of commissions paid to sales agents. As of June 30, 2012, no further common shares are available for issuance under the 2011 ATM Equity Program.

Partners' Capital – Operating Partnership

In connection with the activity under ACC's 2011 ATM Equity Program discussed above, ACCOP issued a number of common OP Units to ACC equivalent to the number of shares issued by ACC under the 2011 ATM Equity Program.

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10. Noncontrolling Interests

Operating Partnership

Partially-owned properties: As of June 30, 2012, the Operating Partnership consolidates four joint ventures that own and operate The Varsity, University Village at Sweet Home, University Centre and Villas at Chestnut Ridge owned-off campus properties. The portion of net assets attributable to the third-party partners in these joint ventures is classified as "noncontrolling interests - partially owned properties" within capital on the accompanying consolidated balance sheets of the Operating Partnership. Accordingly, the third-party partners' share of the income or loss of the joint ventures is reported on the consolidated statements of comprehensive income of the Operating Partnership as "net income attributable to noncontrolling interests – partially owned properties."

OP Units: For the portion of OP Units that the Operating Partnership is required, either by contract or securities law, to deliver registered common shares of ACC to the exchanging OP unit holder, or for which the Operating Partnership has the intent or history of exchanging such units for cash, we classify the units as "redeemable limited partners" in the mezzanine section of the consolidated balance sheets of the Operating Partnership. The units classified as such include Series A preferred units as well as common units that are not held by ACC or ACC Holdings. The value of redeemable limited partners on the consolidated balance sheets is reported at the greater of fair value or historical cost at the end of each reporting period. Changes in the value from period to period are charged to limited partner's capital on the accompanying consolidated statement of changes in capital. Below is a table summarizing the activity of redeemable limited partners for the six months ended June 30, 2012:

Balance, December 31, 2011	$42,529
Net income	475
Distributions	(678)
Conversion of redeemable limited partner units into shares of ACC common stock	(889)
Redemption of redeemable limited partner units for cash	(42)
Adjustments to reflect redeemable limited partner units at fair value	1,489
Balance, June 30, 2012	$42,884

During the six months ended June 30, 2012, 57,171 common OP units were converted into an equal number of shares of ACC's common stock and 64,601 were converted during the year ended December 31, 2011. As of June 30, 2012 and December 31, 2011, approximately 1.3% and 1.4%, respectively, of the equity interests of the Operating Partnership was held by owners of common OP Units and Series A preferred units not held by ACC or ACC holdings.

Company

The noncontrolling interests of the Company include the third-party equity interests in partially-owned properties, as discussed above, which are presented as a component of equity in the Company's consolidated balance sheets. The Company's noncontrolling interests also include the redeemable limited partners presented in the consolidated balance sheets of the Operating Partnership, which are referred to as "redeemable noncontrolling interests" in the mezzanine section of the Company's consolidated balance sheets. Noncontrolling interests on the Company's consolidated statements of comprehensive income include the income/loss attributable to third-party equity interests in partially-owned properties, as well as the income/loss attributable to redeemable noncontrolling interests (i.e. OP Units not held by ACC or ACC Holdings.)

11. Incentive Award Plan

Restricted Stock Units

Upon reelection to the Board of Directors in May 2012, all members of the Company's Board of Directors were granted restricted stock units ("RSUs") in accordance with the American Campus Communities, Inc. 2010 Incentive Award Plan (the "Plan"). These RSUs were valued at $95,000 for the Chairman of the Board of Directors and at $71,500 for all other members. The number of RSUs was determined based on the fair market value of the Company's stock on the date of grant, as defined in the Plan. All awards vested and settled immediately on the date of grant, and the Company delivered cash in lieu of the delivery of shares of common stock, as determined by the Compensation Committee of the Board of Directors. A compensation charge of approximately $0.4 million was recorded during the three months ended June 30, 2012 related to these awards.

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A summary of ACC's RSUs under the Plan as of June 30, 2012 and activity during the six months then ended is presented below:

	Number of RSUs
Outstanding at December 31, 2011	-
Granted	8,457
Settled in common shares	-
Settled in cash	(8,457)
Outstanding at June 30, 2012	-

Restricted Stock Awards ("RSAs")

A summary of ACC's RSAs under the Plan as of June 30, 2012 and activity during the six months then ended, is presented below:

	Number of RSAs
Nonvested balance at December 31, 2011	549,300
Granted	215,851
Vested	(113,345)
Forfeited	(66,565)
Nonvested balance at June 30, 2012	585,241

The fair value of RSA's is calculated based on the closing market value of ACC's common stock on the date of grant. The fair value of these awards is amortized to expense over the vesting periods, which amounted to approximately $1.3 million and $1.1 million for the three months ended June 30, 2012 and 2011, respectively, and $2.6 million and $2.1 million for the six months ended June 30, 2012 and 2011, respectively.

12. Derivatives Instruments and Hedging Activities

The Company is exposed to certain risk arising from both its business operations and economic conditions. The Company principally manages its exposures to a wide variety of business and operational risks through management of its core business activities. The Company manages economic risks, including interest rate, liquidity, and credit risk primarily by managing the amount, sources, and duration of its debt funding and the use of derivative financial instruments. Specifically, the Company enters into derivative financial instruments to manage exposures that arise from business activities that result in the receipt or payment of future known and uncertain cash amounts, the value of which are determined by interest rates. The Company’s derivative financial instruments are used to manage differences in the amount, timing, and duration of the Company’s known or expected cash receipts and its known or expected cash payments principally related to the Company’s investments and borrowings.

Cash Flow Hedges of Interest Rate Risk

The Company’s objectives in using interest rate derivatives are to add stability to interest expense and to manage its exposure to interest rate movements. To accomplish this objective, the Company primarily uses interest rate swaps as part of its interest rate risk management strategy. Interest rate swaps designated as cash flow hedges involve the receipt of variable-rate amounts from a counterparty in exchange for the Company making fixed-rate payments over the life of the agreements without exchange of the underlying notional amount. The effective portion of changes in the fair value of derivatives designated and that qualify as cash flow hedges is recorded in Accumulated Other Comprehensive Loss and is subsequently reclassified into earnings in the period that the hedged forecasted transaction affects earnings.

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As discussed in Note 8, the Company increased the $200 million unsecured term by $150 million in January 2012. In connection with this transaction, the Company entered into four interest rate swap contracts with notional amounts totaling $350 million to hedge the variable cash flows associated with interest payments on the LIBOR-based unsecured term loan. As of June 30, 2012, the Company also had an interest rate swap contract with a notional amount of $31.9 million used to hedge the variable cash flows associated with the Cullen Oaks Phase I and Phase II loans.

The following table summarizes the Company's outstanding interest rate swap contracts as of June 30, 2012:

Date Entered	Effective Date	Maturity Date	Pay Fixed Rate	Receive Floating Rate Index	Notional Amount	Fair Value
Feb. 12, 2007	Feb. 15, 2007	Feb. 15, 2014	6.689%	LIBOR – 1 mo. plus 1.35%	$ 31,929	$ (2,532)
Feb. 2, 2012	Feb. 2, 2012	Jan. 2, 2017	0.8695%	LIBOR – 1 month	125,000	(864)
Feb. 2, 2012	Feb. 2, 2012	Jan. 2, 2017	0.88%	LIBOR – 1 month	100,000	(738)
Feb. 2, 2012	Feb. 2, 2012	Jan. 2, 2017	0.8875%	LIBOR – 1 month	62,500	(510)
Feb. 2, 2012	Feb. 2, 2012	Jan. 2, 2017	0.889%	LIBOR – 1 month	62,500	(521)
				Total	$ 381,929	$ (5,165)

The table below presents the fair value of the Company's derivative financial instruments as well as their classification on the consolidated balance sheets as of June 30, 2012 and December 31, 2011:

	Derivative Liabilities as of			
	June 30, 2012		December 31, 2011	
Description	Balance Sheet Location	Fair Value	Balance Sheet Location	Fair Value
Interest rate swaps contracts	Other liabilities	$ 5,165	Other liabilities	$ 3,360
Total derivatives designated as hedging instruments		$ 5,165		$ 3,360

The table below presents the effects of the Company's derivative financial instruments on other comprehensive (loss) income ("OCI") for the six months ended June 30, 2012 and 2011:

Amount of
(Loss) Income
Recognized

Cash Flow Hedging Relationships	in OCI on Derivatives (Effective Portion) Six Months Ended June 30, 2012	2011
Interest rate swap contracts	$(1,805)	$927
Total	$(1,805)	$927

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13. Fair Value Disclosures

The following table presents information about the Company's financial instruments measured at fair value on a recurring basis as of June 30, 2012 and December 31, 2011, and indicates the fair value hierarchy of the valuation techniques utilized by the Company to determine such fair value. In general, fair values determined by Level 1 inputs utilize quoted prices (unadjusted) in active markets for identical assets or liabilities the Company has the ability to access. Fair values determined by Level 2 inputs utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets and inputs other than quoted prices observable for the asset or liability, such as interest rates and yield curves observable at commonly quoted intervals. Level 3 inputs are unobservable inputs for the asset or liability, and include situations where there is little, if any, market activity for the asset or liability.

In instances in which the inputs used to measure fair value may fall into different levels of the fair value hierarchy, the level in the fair value hierarchy within which the fair value measurement in its entirety has been determined is based on the lowest level input significant to the fair value measurement in its entirety. The Company's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the asset or liability.

Disclosures concerning financial instruments measured at fair value are as follows:

	Fair Value Measurements as of							
	June 30, 2012				December 31, 2011			
	Quoted Prices in Active Markets for Identical Assets and Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total	Quoted Prices in Active Markets for Identical Assets and Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Liabilities:								
Derivative financial instruments	$-	$ 5,165	$ -	$5,165	$-	$ 3,360	$ -	$3,360
Redeemable noncontrolling interests	$-	$ 42,884	$ -	$42,884	$-	$ 42,529	$ -	$42,529

The Company uses derivative financial instruments, specifically interest rate swaps, for nontrading purposes. The Company uses interest rate swaps to manage interest rate risk arising from previously unhedged interest payments associated with variable rate debt. Through June 30, 2012, derivative financial instruments were designated and qualified as cash flow hedges. Derivative contracts with positive net fair values inclusive of net accrued interest receipts or payments, are recorded in other assets. Derivative contracts with negative net fair values, inclusive of net accrued interest payments or receipts, are recorded in other liabilities. The valuation of these instruments is determined using widely accepted valuation techniques including discounted cash flow analysis on the expected cash flows of each derivative. This analysis reflects the contractual terms of the derivatives, including the period to maturity, and uses observable market-based inputs, including interest rate curves. The fair values of interest rate swaps are determined using the market standard methodology of netting the discounted future fixed cash receipts (or payments) and the discounted expected variable cash payments (or receipts). The variable cash payments (or receipts) are based on an expectation of future interest rates (forward curves) derived from observable market interest rate curves.

The Company incorporates credit valuation adjustments to appropriately reflect its own nonperformance risk and the respective counterparty's nonperformance risk in the fair value measurements. In adjusting the fair value of its derivative contracts for the effect of nonperformance risk, the Company has considered the impact of netting and any applicable credit enhancements, such as collateral postings, thresholds and guarantees.

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Although the Company has determined the majority of the inputs used to value its derivatives fall within Level 2 of the fair value hierarchy, the credit valuation adjustments associated with its derivatives utilize Level 3 inputs, such as estimates of current credit spreads to evaluate the likelihood of default by the Company and its counterparty. However, as of June 30, 2012 and December 31, 2011, the Company has assessed the significance of the impact of the credit valuation adjustments on the overall valuation of its derivative positions and has determined that the credit valuation adjustments are not significant to the overall valuation of the Company's derivative financial instruments. As a result, the Company has determined each of its derivative valuations in its entirety is classified in Level 2 of the fair value hierarchy.
Redeemable noncontrolling interests in the Operating Partnership have a redemption feature and are marked to their redemption value. The redemption value is based on the fair value of the Company's common stock at the redemption date, and therefore, is calculated based on the fair value of the Company's common stock at the balance sheet date. Since the valuation is based on observable inputs such as quoted prices for similar instruments in active markets, redeemable noncontrolling interests in the Operating Partnership are classified in Level 2 of the fair value hierarchy.

Other Fair Value Disclosures

Cash and Cash Equivalents, Restricted Cash, Student Contracts Receivable, Loans Receivable, Other Assets, Accounts Payable and Accrued Expenses and Other Liabilities: The Company estimates that the carrying amount approximates fair value, due to the short maturity of these instruments.

Derivative Instruments: These instruments are reported on the balance sheet at fair value, which is based on calculations provided by independent, third-party financial institutions and represent the discounted future cash flows expected, based on the projected future interest rate curves over the life of the instrument.

Unsecured Term Loan, Unsecured Revolving Credit Facility, Secured Agency Facility and Construction Loans: the fair value of these instruments approximates carrying values due to the variable interest rate feature of these instruments.

Mortgage Loans Payable: the fair value of mortgage loans payable is based on the present value of the cash flows at current market interest rates through maturity. The Company has concluded the fair value of these financial instruments are Level 2 as the majority of the inputs used to value these instruments fall within Level 2 of the fair value hierarchy.

Bonds Payable: the fair value of bonds payable is based on quoted prices in markets that are not active due to the unique characteristics of these financial instruments, as such, the Company has concluded the inputs used to measure fair value fall within Level 2 of the fair value hierarchy.

The table below contains the estimated fair value and related carrying amounts for the Company's mortgage loans and bonds payable as of June 30, 2012 and December 31, 2011:

	June 30, 2012		December 31, 2011	
	Fair Value	Carrying Amount	Fair Value	Carrying Amount
Mortgage loans	$ 833,802	$ 781,220	$ 840,985	$ 781,960

Bonds payable	55,154	47,220	53,711	47,220

14. Commitments and Contingencies

Commitments

Development-related guarantees: For its third-party development projects, the Company commonly provides alternate housing and project cost guarantees, subject to force majeure. These guarantees are typically limited, on an aggregate basis, to the amount of the projects' related development fees or a contractually agreed-upon maximum exposure amount. Alternate housing guarantees typically expire five days after construction is complete and generally require the Company to provide substitute living quarters and transportation for students to and from the university if the project is not complete by an agreed-upon completion date. Under project cost guarantees, the Company is responsible for the construction cost of a project in excess of an approved budget. The budget consists primarily of costs included in the general contractors' guaranteed maximum price contract ("GMP"). In most cases, the GMP obligates the general contractor, subject to force majeure and approved change orders, to provide completion date guarantees and to cover cost overruns and liquidated damages. In addition, the GMP is typically secured with payment and performance bonds. Project cost guarantees expire upon completion of certain developer obligations, which are normally satisfied within one year after completion of the project.

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In the normal course of business, the Company enters into various development-related purchase commitments with parties that provide development-related goods and services. In the event that the Company was to terminate development services prior to the completion of projects under construction, the Company could potentially be committed to satisfy outstanding purchase orders with such parties. As of June 30, 2012, management did not anticipate any material deviations from schedule or budget related to third-party development projects currently in progress.

The Company has estimated the fair value of guarantees entered into to be immaterial. The Company's estimated maximum exposure amount under the above guarantees is approximately $14.5 million as of June 30, 2012.

Contingencies

Litigation: In the normal course of business, the Company is subject to claims, lawsuits, and legal proceedings. While it is not possible to ascertain the ultimate outcome of such matters, management believes that the aggregate amount of such liabilities, if any, in excess of amounts provided or covered by insurance, will not have a material adverse effect on the consolidated financial position or results of operations of the Company.

Letters of Intent: In the ordinary course of the Company's business, the Company enters into letters of intent indicating a willingness to negotiate for acquisitions, dispositions or joint ventures. Such letters of intent are non-binding, and neither party to the letter of intent is obligated to pursue negotiations unless and until a definitive contract is entered into by the parties. Even if definitive contracts are entered into, the letters of intent relating to the acquisition and disposition of real property and resulting contracts generally contemplate that such contracts will provide the acquirer with time to evaluate the property and conduct due diligence, during which periods the acquiror will have the ability to terminate the contracts without penalty or forfeiture of any deposit or earnest money. There can be no assurance that definitive contracts will be entered into with respect to any matter covered by letters of intent or that the Company will consummate any transaction contemplated by any definitive contract. Furthermore, due diligence periods for real property are frequently extended as needed. Once the due diligence period expires, the Company is then at risk under a real property acquisition contract, but only to the extent of any earnest money deposits associated with the contract.

Environmental Matters: The Company is not aware of any environmental liability with respect to the properties that would have a material adverse effect on the Company's business, assets or results of operations. However, there can be no assurance that such a material environmental liability does not exist. The existence of any such material environmental liability could have an adverse effect on the Company's results of operations and cash flows.

15. Segments

The Company defines business segments by their distinct customer base and service provided. The Company has identified four reportable segments: Wholly-Owned Properties, On-Campus Participating Properties, Development Services, and Property Management Services. Management evaluates each segment's performance based on operating income before depreciation, amortization, noncontrolling interests and allocation of corporate overhead. Intercompany fees are reflected at the contractually stipulated amounts.

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	Three Months Ended June 30, 2012	Three Months Ended June 30, 2011	Six Months Ended June 30, 2012	Six Months Ended June 30, 2011
Wholly-Owned Properties				
Rental revenues	$ 96,746	$ 82,075	$ 196,679	$ 168,040
Interest and other income	13	19	27	29
Total revenues from external customers	96,759	82,094	196,706	168,069
Operating expenses before depreciation, amortization, ground/facility lease and allocation of corporate overhead	(45,221)	(37,675)	(88,926)	(75,553)
Ground/facility leases	(281)	(225)	(695)	(540)
Interest expense	(7,298)	(8,480)	(15,203)	(19,377)
Operating income before depreciation, amortization, and allocation of corporate overhead	$ 43,959	$ 35,714	$ 91,882	$ 72,599
Depreciation and amortization	$ 22,955	$ 20,050	$ 45,843	$ 39,862
Capital expenditures	$ 102,120	$ 45,905	$ 198,314	$ 80,599
Total segment assets at June 30,	$ 3,075,252	$ 2,483,068	$ 3,075,252	$ 2,483,068
On-Campus Participating Properties				
Rental revenues	$ 4,712	$ 4,457	$ 12,679	$ 12,104
Interest and other income	4	-	8	7
Total revenues from external customers	4,716	4,457	12,687	12,111
Operating expenses before depreciation, amortization, ground/facility lease and allocation of corporate overhead	(2,612)	(2,700)	(4,907)	(4,262)
Ground/facility lease	(523)	(433)	(1,073)	(1,274)
Interest expense	(1,425)	(1,469)	(2,857)	(2,938)
Operating income (loss) before depreciation, amortization and allocation of corporate overhead	$ 156	$ (145)	$ 3,850	$ 3,637
Depreciation and amortization	$ 1,159	$ 1,109	$ 2,314	$ 2,207
Capital expenditures	$ 617	$ 629	$ 762	$ 907
Total segment assets at June 30,	$ 72,972	$ 75,424	$ 72,972	$ 75,424
Development Services				
Development and construction management fees	$ 3,866	$ 758	$ 5,960	$ 4,582
Operating expenses	(2,361)	(2,261)	(5,100)	(4,602)
Operating income (loss) before depreciation, amortization and allocation of corporate overhead	$ 1,505	$ (1,503)	$ 860	$ (20)
Total segment assets at June 30,	$ 20,686	$ 8,807	$ 20,686	$ 8,807
Property Management Services				

Property management fees from external customers	$ 1,638	$ 1,803	$ 3,396	$ 3,633
Intersegment revenues	3,725	3,350	7,608	6,898
Total revenues	5,363	5,153	11,004	10,531
Operating expenses	(2,420)	(2,079)	(5,134)	(4,332)
Operating income before depreciation, amortization and allocation of corporate overhead	$ 2,943	$ 3,074	$ 5,870	$ 6,199
Total segment assets at June 30,	$ 4,009	$ 4,215	$ 4,009	$ 4,215
Reconciliations				
Total segment revenues	$ 110,704	$ 92,462	$ 226,357	$ 195,293
Unallocated interest income earned on corporate cash	397	140	895	173
Elimination of intersegment revenues	(3,725)	(3,350)	(7,608)	(6,898)
Total consolidated revenues, including interest income	$ 107,376	$ 89,252	$ 219,644	$ 188,568
Segment operating income before depreciation, amortization and allocation of corporate overhead	$ 48,563	$ 37,140	$ 102,462	$ 82,415
Depreciation and amortization	(25,463)	(22,806)	(50,863)	(45,271)
Net unallocated expenses relating to corporate overhead	(10,024)	(6,862)	(18,444)	(12,783)
(Loss) income from unconsolidated joint ventures	-	(13)	444	(25)
Loss on fair value remeasurement of equity method investment	-	-	(122)	-
Income tax provision	(156)	(142)	(312)	(285)
Income from continuing operations	$ 12,920	$ 7,317	$ 33,165	$ 24,051
Total segment assets	$ 3,172,919	$ 2,571,514	$ 3,172,919	$ 2,571,514
Unallocated corporate assets	67,590	49,576	67,590	49,576
Total assets at June 30,	$ 3,240,509	$ 2,621,090	$ 3,240,509	$ 2,621,090

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

16. Subsequent Events

July 2012 Equity Offering: On July 16, 2012, ACC completed an equity offering, consisting of the sale of 17,250,000 shares of ACC's common stock at a price of $44.25 per share, including 2,250,000 shares issued as a result of the exercise of the underwriters' overallotment option in full at closing. The offering generated gross proceeds of approximately $763.3 million. The aggregate proceeds to ACC, net of the underwriting discount and estimated expenses of the offering, were approximately $731.9 million. The Company used $251.0 million of the offering proceeds to pay down the outstanding balance on its revolving credit facility in full.

Pending Property Portfolio Acquisition: In July 2012, the Company substantially completed its due diligence investigation relating to the acquisition of 15 student housing properties with 6,579 beds, including two properties and an additional phase at an existing property currently under development. The Company will acquire the portfolio for $627.0 million. The acquisition consideration consists of the assumption of approximately $231.6 million of outstanding mortgage debt, the issuance of between $15 million and $50 million in the form of units of common limited partnership interest in the Operating Partnership, and between $345.4 million and $380.4 million in cash, with the final allocation between the unit and cash consideration to be determined by the seller prior to closing.

Mortgage Loan Payoffs: On July 31, 2012, the Company paid off approximately $23.0 million of fixed rate mortgage debt secured by two of our wholly-owned properties (Raiders Pass and The Woods at Greenland). This mortgage debt was paid off prior to the scheduled maturity date of October 1, 2012 and had a weighted average interest rate per annum of 5.82%.

Distributions: On August 1, 2012, the Company declared a second quarter 2012 distribution per share of $0.3375 which will be paid on August 28, 2012 to all common stockholders of record as of August 14, 2012. At the same time, the Operating Partnership will pay an equivalent amount per unit to holders of common OP Units, as well as the quarterly cumulative preferential distribution to holders of Series A preferred units (see Note 9).

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Forward-looking Statements

This report contains forward-looking statements within the meaning of the federal securities laws. We caution investors that any forward-looking statements presented in this report, or which management may make orally or in writing from time to time, are based on management's beliefs and assumptions made by, and information currently available to, management. When used, the words "anticipate," "believe," "expect," "intend," "may," "might," "plan," "e "project," "should," "will," "result" and similar expressions, do not relate solely to historical matters and are intended to identify forward-looking statements. Such statements are subject to risks, uncertainties and assumptions and may be affected by known and unknown risks, trends, uncertainties and factors that are beyond our contr