AMERICAN CAMPUS COMMUNITIES INC
Form 10-Q
November 06, 2015
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

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

For the quarterly period ended September 30, 2015.

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

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

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

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

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

American Campus Communities, Inc.	Yes x No o
American Campus Communities Operating Partnership, L.P.	Yes x No o

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

American Campus Communities, Inc.	Yes x No o
American Campus Communities Operating Partnership, L.P.	Yes x No o

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

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

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

American Campus Communities Operating Partnership, L.P.

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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

American Campus Communities, Inc.	Yes o No x
American Campus Communities Operating Partnership, L.P	Yes o No x

There were 112,329,389 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 November 2, 2015.

EXPLANATORY NOTE

This report combines the reports on Form 10-Q for the quarterly period ended September 30, 2015 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 September 30, 2015, 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 September 30, 2015, ACC owned an approximate 98.6% limited partnership interest in ACCOP. As the sole member of the general partner of ACCOP, ACC has exclusive control of ACCOP's day-to-day management. Management operates the Company and the Operating Partnership as one business. The management of ACC consists of the same members as the management of ACCOP. The Company is structured as an umbrella partnership REIT ("UPREIT") and ACC contributes all net proceeds from its various equity offerings to the Operating Partnership. In return for those contributions, ACC receives a number of units of the Operating Partnership ("OP Units," see definition below) equal to the number of common shares it has issued in the equity offering. Contributions of properties to the Company can be structured as tax-deferred transactions through the issuance of OP Units in the Operating Partnership. Based on the terms of ACCOP's partnership agreement, OP Units can be exchanged for ACC's common shares on a one-for-one basis. The Company maintains a one-for-one relationship between the OP Units of the Operating Partnership issued to ACC and ACC Holdings and the common shares issued to the public. The Company believes that combining the reports on Form 10-Q of ACC and ACCOP into this single report provides the following benefits:

(1) enhances investors' understanding of the Company and the Operating Partnership by enabling investors to view the business as a whole in the same manner as management views and operates the business;

(2) eliminates duplicative disclosure and provides a more streamlined and readable presentation since a substantial portion of the disclosure applies to both the Company and the Operating Partnership; and

(3) creates time and cost efficiencies through the preparation of one combined report instead of two separate reports.

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

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

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

FORM 10-Q
FOR THE QUARTER ENDED SEPTEMBER 30, 2015
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AMERICAN CAMPUS COMMUNITIES, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(in thousands, except share data)

	September 30, 2015 (Unaudited)	December 31, 2014
Assets		
Investments in real estate:		
Wholly-owned properties, net	$5,537,735	$5,308,707
Wholly-owned properties held for sale	—	131,014
On-campus participating properties, net	91,351	94,128
Investments in real estate, net	5,629,086	5,533,849
Cash and cash equivalents	45,230	25,062
Restricted cash	36,380	31,937
Student contracts receivable, net	24,129	10,145
Other assets	291,277	233,755
Total assets	$6,026,102	$5,834,748
Liabilities and equity		
Liabilities:		
Secured mortgage, construction and bond debt	$1,123,651	$1,331,914
Unsecured notes	1,197,678	798,305
Unsecured term loans	600,000	600,000
Unsecured revolving credit facility	—	242,500
Accounts payable and accrued expenses	81,020	70,629
Other liabilities	167,357	121,645
Total liabilities	3,169,706	3,164,993
Commitments and contingencies (Note 14)		
Redeemable noncontrolling interests	59,969	54,472
Equity:		
American Campus Communities, Inc. and Subsidiaries stockholders' equity:		
Common stock, $0.01 par value, $800,000,000 shares authorized, 112,329,389 and 107,175,236 shares issued and outstanding at September 30, 2015 and December 31, 2014, respectively	1,123	1,072
Additional paid in capital	3,326,515	3,102,540
Accumulated earnings and dividends	(533,708)	(487,986)
Accumulated other comprehensive loss	(8,207)	(6,072)
Total American Campus Communities, Inc. and Subsidiaries stockholders' equity	2,785,723	2,609,554
Noncontrolling interests - partially owned properties	10,704	5,729
Total equity	2,796,427	2,615,283

Total liabilities and equity	$6,026,102	$5,834,748

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 September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
Revenues				
Wholly-owned properties	$170,275	$171,816	$517,641	$506,822
On-campus participating properties	6,565	5,786	21,469	18,709
Third-party development services	937	1,856	3,178	3,624
Third-party management services	2,261	1,769	6,586	5,751
Resident services	778	709	2,309	2,190
Total revenues	180,816	181,936	551,183	537,096
Operating expenses				
Wholly-owned properties	96,411	98,232	252,672	250,074
On-campus participating properties	3,557	3,003	9,167	8,265
Third-party development and management services	3,555	2,988	10,554	8,589
General and administrative	5,086	4,700	15,667	13,957
Depreciation and amortization	51,874	49,576	154,103	146,201
Ground/facility leases	1,782	2,206	5,841	5,351
Provision for real estate impairment	—	2,377	—	2,377
Total operating expenses	162,265	163,082	448,004	434,814
Operating income	18,551	18,854	103,179	102,282
Nonoperating income and (expenses)				
Interest income	1,099	1,055	3,296	3,123
Interest expense	(21,053)	(23,794)	(63,627)	(65,873)
Amortization of deferred financing costs	(1,315)	(1,543)	(4,032)	(4,503)
Gain (loss) from disposition of real estate	4,657	(67)	52,699	(67)
Loss from early extinguishment of debt	—	—	(1,770)	—
Other nonoperating income	388	—	388	—
Total nonoperating expenses	(16,224)	(24,349)	(13,046)	(67,320)
Income (loss) before income taxes and discontinued operations	2,327	(5,495)	90,133	34,962
Income tax provision	(311)	(290)	(932)	(869)
Income (loss) from continuing operations	2,016	(5,785)	89,201	34,093
Discontinued operations:				
Loss attributable to discontinued operations	—	—	—	(123)
Gain from disposition of real estate	—	—	—	2,843
Total discontinued operations	—	—	—	2,720
Net income (loss)	2,016	(5,785)	89,201	36,813
Net (income) loss attributable to noncontrolling interests				
Redeemable noncontrolling interests	(69)	19	(1,062)	(567)
Partially owned properties	(92)	(81)	(507)	(257)
Net income attributable to noncontrolling interests	(161)	(62)	(1,569)	(824)

Net income (loss) attributable to ACC, Inc. and Subsidiaries common stockholders	$1,855	$(5,847)	$87,632	$35,989
Other comprehensive (loss) income				
Change in fair value of interest rate swaps	(1,420)	2,073	(2,443)	(3,797)
Comprehensive income (loss)	$435	$(3,774)	$85,189	$32,192
Income (loss) per share attributable to ACC, Inc. and Subsidiaries common stockholders - basic				
Income (loss) from continuing operations per share	$0.01	$(0.06)	$0.78	$0.31
Net income (loss) per share	$0.01	$(0.06)	$0.78	$0.34
Income (loss) per share attributable to ACC, Inc. and Subsidiaries common stockholders - diluted				
Income (loss) from continuing operations per share	$0.01	$(0.06)	$0.77	$0.31
Net income (loss) per share	$0.01	$(0.06)	$0.77	$0.33
Weighted-average common shares outstanding				
Basic	112,323,520	104,968,616	111,867,257	104,903,344
Diluted	112,980,208	104,968,616	113,911,864	105,605,755
Distributions declared per common share	$0.40	$0.38	$1.18	$1.12

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 – Partially Owned Properties	Total
Equity, December 31, 2014	107,175,236	$1,072	$3,102,540	$(487,986)	$(6,072)	$5,729	$2,615,283
Adjustments to reflect redeemable noncontrolling interests at fair value	—	—	5,352	—	—	—	5,352
Amortization of restricted stock awards	—	—	5,680	—	—	—	5,680
Vesting of restricted stock awards and restricted stock units	132,657	1	(2,146)	—	—	—	(2,145)
Distributions to common and restricted stockholders	—	—	—	(133,354)	—	—	(133,354)
Distributions to noncontrolling interests - partially owned properties	—	—	—	—	—	(618)	(618)
Increase in ownership of consolidated subsidiary	—	—	(208)	—	—	(1,500)	(1,708)
Conversion of operating partnership units to common stock	87,831	1	2,663	—	—	—	2,664
Net proceeds from sale of common stock	4,933,665	49	212,634	—	—	—	212,683
Change in fair value of interest rate swaps	—	—	—	—	(2,443)	—	(2,443)
Amortization of interest rate swap terminations	—	—	—	—	308	—	308
Contributions by noncontrolling partners	—	—	—	—	—	6,586	6,586
Net income	—	—	—	87,632	—	507	88,139
Equity, September 30, 2015	112,329,389	$1,123	$3,326,515	$(533,708)	$(8,207)	$10,704	$2,796,427

See accompanying notes to consolidated financial statements.

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

	Nine Months Ended September 30, 2015	2014
Operating activities		
Net income	$89,201	$36,813
Adjustments to reconcile net income to net cash provided by operating activities:		
Gains from disposition of real estate	(52,699)	(2,776)
Gain from insurance settlement	(388)	—
Loss from early extinguishment of debt	1,770	—
Impairment of real estate	—	2,377
Depreciation and amortization	154,103	146,248
Amortization of deferred financing costs and debt premiums/discounts	(4,726)	(5,067)
Share-based compensation	6,335	5,513
Income tax provision	932	869
Amortization of interest rate swap terminations	308	118
Changes in operating assets and liabilities:		
Restricted cash	(2,286)	(4)
Student contracts receivable, net	(15,051)	(5,474)
Other assets	(16,852)	(11,255)
Accounts payable and accrued expenses	(12,042)	4,621
Other liabilities	27,454	29,063
Net cash provided by operating activities	176,059	201,046
Investing activities		
Proceeds from disposition of properties	427,055	7,312
Proceeds from disposition of land	150	1,681
Cash paid for property acquisitions	(298,202)	(9,120)
Cash paid for land acquisitions	(41,855)	(3,513)
Capital expenditures for wholly-owned properties	(70,022)	(63,182)
Investments in wholly-owned properties under development	(140,725)	(194,961)
Capital expenditures for on-campus participating properties	(2,389)	(1,727)
Investment in on-campus participating property under development	—	(25,007)
Proceeds from loans receivable	—	2,984
Change in escrow deposits for investment transactions	87	1,157
Change in restricted cash related to capital reserves	3,156	2,183
Proceeds from insurance settlement	388	—
Increase in ownership of consolidated subsidiary	(1,708)	—
Purchase of corporate furniture, fixtures and equipment	(6,579)	(3,278)
Net cash used in investing activities	(130,644)	(285,471)
Financing activities		
Proceeds from unsecured notes	399,244	399,444
Proceeds from sale of common stock	216,666	5,984
Offering costs	(3,250)	(107)
Pay-off of mortgage and construction loans	(244,771)	(125,191)
Loss from early extinguishment of debt	(1,770)	—

Proceeds from revolving credit facilities	626,300	426,900
Pay downs of revolving credit facilities	(868,800)	(526,850)
Proceeds from construction loans	258	26,261
Scheduled principal payments on debt	(10,717)	(12,118)
Debt issuance and assumption costs	(2,725)	(5,019)
Termination of forward starting interest rate swaps	—	(4,122)
Distributions to common and restricted stockholders	(133,354)	(118,310)
Distributions to noncontrolling partners	(2,328)	(1,786)
Net cash (used in) provided by financing activities	(25,247)	65,086
Net change in cash and cash equivalents	20,168	(19,339)
Cash and cash equivalents at beginning of period	25,062	38,751
Cash and cash equivalents at end of period	$45,230	$19,412

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

	Nine Months Ended September 30,	
	2015	2014
Supplemental disclosure of non-cash investing and financing activities		
Loans assumed in connection with property acquisitions	$(69,423)	$—
Issuance of common units in connection with property acquisitions	$(14,182)	$—
Change in fair value of derivative instruments, net	$(2,443)	$325
Supplemental disclosure of cash flow information		
Interest paid	$74,620	$76,764

See accompanying notes to consolidated financial statements.

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

	September 30, 2015 (Unaudited)	December 31, 2014
Assets		
Investments in real estate:		
Wholly-owned properties, net	$5,537,735	$5,308,707
Wholly-owned properties held for sale	—	131,014
On-campus participating properties, net	91,351	94,128
Investments in real estate, net	5,629,086	5,533,849
Cash and cash equivalents	45,230	25,062
Restricted cash	36,380	31,937
Student contracts receivable, net	24,129	10,145
Other assets	291,277	233,755
Total assets	$6,026,102	$5,834,748
Liabilities and capital		
Liabilities:		
Secured mortgage, construction and bond debt	$1,123,651	$1,331,914
Unsecured notes	1,197,678	798,305
Unsecured term loans	600,000	600,000
Unsecured revolving credit facility	—	242,500
Accounts payable and accrued expenses	81,020	70,629
Other liabilities	167,357	121,645
Total liabilities	3,169,706	3,164,993
Commitments and contingencies (Note 14)		
Redeemable limited partners	59,969	54,472
Capital:		
Partners' capital:		
General partner -12,222 OP units outstanding at both September 30, 2015 and December 31, 2014	95	100
Limited partner -112,317,167 and 107,163,014 OP units outstanding at September 30, 2015 and December 31, 2014, respectively	2,793,835	2,615,526
Accumulated other comprehensive loss	(8,207)	(6,072)
Total partners' capital	2,785,723	2,609,554
Noncontrolling interests - partially owned properties	10,704	5,729
Total capital	2,796,427	2,615,283
Total liabilities and capital	$6,026,102	$5,834,748

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 September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
Revenues				
Wholly-owned properties	$170,275	$171,816	$517,641	$506,822
On-campus participating properties	6,565	5,786	21,469	18,709
Third-party development services	937	1,856	3,178	3,624
Third-party management services	2,261	1,769	6,586	5,751
Resident services	778	709	2,309	2,190
Total revenues	180,816	181,936	551,183	537,096
Operating expenses				
Wholly-owned properties	96,411	98,232	252,672	250,074
On-campus participating properties	3,557	3,003	9,167	8,265
Third-party development and management services	3,555	2,988	10,554	8,589
General and administrative	5,086	4,700	15,667	13,957
Depreciation and amortization	51,874	49,576	154,103	146,201
Ground/facility leases	1,782	2,206	5,841	5,351
Provision for real estate impairment	—	2,377	—	2,377
Total operating expenses	162,265	163,082	448,004	434,814
Operating income	18,551	18,854	103,179	102,282
Nonoperating income and (expenses)				
Interest income	1,099	1,055	3,296	3,123
Interest expense	(21,053)	(23,794)	(63,627)	(65,873)
Amortization of deferred financing costs	(1,315)	(1,543)	(4,032)	(4,503)
Gain (loss) from disposition of real estate	4,657	(67)	52,699	(67)
Loss from early extinguishment of debt	—	—	(1,770)	—
Other nonoperating income	388	—	388	—
Total nonoperating expenses	(16,224)	(24,349)	(13,046)	(67,320)
Income (loss) before income taxes and discontinued operations	2,327	(5,495)	90,133	34,962
Income tax provision	(311)	(290)	(932)	(869)
Income (loss) from continuing operations	2,016	(5,785)	89,201	34,093
Discontinued operations:				
Loss attributable to discontinued operations	—	—	—	(123)
Gain from disposition of real estate	—	—	—	2,843
Total discontinued operations	—	—	—	2,720
Net income (loss)	2,016	(5,785)	89,201	36,813
Net income attributable to noncontrolling interests – partially owned properties	(92)	(81)	(507)	(257)
Net income (loss) attributable to American Campus Communities Operating Partnership, L.P.	1,924	(5,866)	88,694	36,556
Series A preferred unit distributions	(44)	(44)	(132)	(134)
Net income (loss) available to common unitholders	$1,880	$(5,910)	$88,562	$36,422

Other comprehensive (loss) income				
Change in fair value of interest rate swaps	(1,420)	2,073	(2,443)	(3,797)
Comprehensive income (loss)	$460	$(3,837)	$86,119	$32,625
Income (loss) per unit attributable to common unitholders – basic				
Income (loss) from continuing operations per unit	$0.01	$(0.06)	$0.77	$0.31
Net income (loss) per unit	$0.01	$(0.06)	$0.77	$0.34
Income (loss) per unit attributable to common unitholders – diluted				
Income (loss) from continuing operations per unit	$0.01	$(0.06)	$0.77	$0.31
Net income (loss) per unit	$0.01	$(0.06)	$0.77	$0.33
Weighted-average common units outstanding				
Basic	113,766,243	106,182,465	113,222,867	106,126,665
Diluted	114,422,931	106,182,465	113,911,864	106,829,076
Distributions declared per common unit	$0.40	$0.38	$1.18	$1.12

See accompanying notes to consolidated financial statements.

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

	General Partner		Limited Partner		Accumulated Other Comprehensive	Noncontrolling Interests - Partially Owned	
	Units	Amount	Units	Amount	Loss	Properties	Total
Capital, December 31, 2014	12,222	$100	107,163,014	$2,615,526	$ (6,072)	$ 5,729	$2,615,283
Adjustments to reflect redeemable limited partners' interest at fair value	—	—	—	5,352	—	—	5,352
Amortization of restricted stock awards	—	—	—	5,680	—	—	5,680
Vesting of restricted stock awards and restricted stock units	—	—	132,657	(2,145)	—	—	(2,145)
Distributions	—	(14)	—	(133,340)	—	—	(133,354)
Distributions to noncontrolling interests - partially owned properties	—	—	—	—	—	(618)	(618)
Increase in ownership of consolidated subsidiary	—	—	—	(208)	—	(1,500)	(1,708)
Conversion of operating partnership units to common stock	—	—	87,831	2,664	—	—	2,664
Issuance of units in exchange for contributions of equity offering proceeds	—	—	4,933,665	212,683	—	—	212,683
Change in fair value of interest rate swaps	—	—	—	—	(2,443)	—	(2,443)
Amortization of interest rate swap terminations	—	—	—	—	308	—	308
Contributions by noncontrolling partners	—	—	—	—	—	6,586	6,586
Net income	—	9	—	87,623	—	507	88,139
Capital, September 30, 2015	12,222	$95	112,317,167	$2,793,835	$ (8,207)	$ 10,704	$2,796,427

See accompanying notes to consolidated financial statements.

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

	Nine Months Ended September 30,			
	2015		2014	
Operating activities				
Net income	$89,201		$36,813	
Adjustments to reconcile net income to net cash provided by operating activities:				
Gains from disposition of real estate	(52,699	)	(2,776	)
Gain from insurance settlement	(388	)	—	
Loss from early extinguishment of debt	1,770		—	
Impairment of real estate	—		2,377	
Depreciation and amortization	154,103		146,248	
Amortization of deferred financing costs and debt premiums/discounts	(4,726	)	(5,067	)
Share-based compensation	6,335		5,513	
Income tax provision	932		869	
Amortization of interest rate swap terminations	308		118	
Changes in operating assets and liabilities:				
Restricted cash	(2,286	)	(4	)
Student contracts receivable, net	(15,051	)	(5,474	)
Other assets	(16,852	)	(11,255	)
Accounts payable and accrued expenses	(12,042	)	4,621	
Other liabilities	27,454		29,063	
Net cash provided by operating activities	176,059		201,046	
Investing activities				
Proceeds from disposition of properties	427,055		7,312	
Proceeds from disposition of land	150		1,681	
Cash paid for property acquisitions	(298,202	)	(9,120	)
Cash paid for land acquisitions	(41,855	)	(3,513	)
Capital expenditures for wholly-owned properties	(70,022	)	(63,182	)
Investments in wholly-owned properties under development	(140,725	)	(194,961	)
Capital expenditures for on-campus participating properties	(2,389	)	(1,727	)
Investment in on-campus participating property under development	—		(25,007	)
Proceeds from loans receivable	—		2,984	
Decrease in escrow deposits for investment transactions	87		1,157	
Change in restricted cash related to capital reserves	3,156		2,183	
Proceeds from insurance settlement	388		—	
Increase in ownership of consolidated subsidiary	(1,708	)	—	
Purchase of corporate furniture, fixtures and equipment	(6,579	)	(3,278	)
Net cash used in investing activities	(130,644	)	(285,471	)
Financing activities				
Proceeds from unsecured notes	399,244		399,444	
Proceeds from issuance of common units in exchange for contributions, net	213,416		5,877	
Offering costs	—		—	
Pay-off of mortgage and construction loans	(244,771	)	(125,191	)
Loss from early extinguishment of debt	(1,770	)	—	

Proceeds from revolving credit facilities	626,300	426,900
Pay downs of revolving credit facilities	(868,800)	(526,850)
Proceeds from construction loans	258	26,261
Scheduled principal payments on debt	(10,717)	(12,118)
Change in construction accounts payable	—	—
Redemption of common units for cash	—	—
Debt issuance and assumption costs	(2,725)	(5,019)
Termination of forward starting interest rate swaps	—	(4,122)
Taxes paid on net-share settlements	—	—
Distributions paid on unvested restricted stock awards	(867)	(844)
Distributions paid to common and preferred unitholders	(134,197)	(118,971)
Distributions paid to noncontrolling partners - partially owned properties	(618)	(281)
Net cash (used in) provided by financing activities	(25,247)	65,086
Net change in cash and cash equivalents	20,168	(19,339)
Cash and cash equivalents at beginning of period	25,062	38,751
Cash and cash equivalents at end of period	$45,230	$19,412

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

	Nine Months Ended September 30,	
	2015	2014
Supplemental disclosure of non-cash investing and financing activities		
Loans assumed in connection with property acquisitions	$(69,423)	$—
Issuance of common units in connection with property acquisitions	$(14,182)	$—
Change in fair value of derivative instruments, net	$(2,443)	$325
Supplemental disclosure of cash flow information		
Interest paid	$74,620	$76,764

See accompanying notes to consolidated financial statements.

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

1. Organization and Description of Business

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

The general partner of ACCOP is American Campus Communities Holdings, LLC ("ACC Holdings"), an entity that is wholly-owned by ACC. As of September 30, 2015, 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 September 30, 2015, ACC owned an approximate 98.6% 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 September 30, 2015, our property portfolio contained 158 properties with approximately 96,300 beds in approximately 31,600 units. Our property portfolio consisted of 132 owned off-campus student housing properties that are in close proximity to colleges and universities, 21 American Campus Equity ("ACE®") properties operated under ground/facility leases with ten university systems and five on-campus participating properties operated under ground/facility leases with the related university systems. Of the 158 properties, five were under development as of September 30, 2015, and when completed will consist of a total of approximately 2,400 beds in approximately 700 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 one of ACC's taxable REIT subsidiaries ("TRSs"), we also provide construction management and development services, primarily for student housing properties owned by colleges and universities, charitable foundations, and others. As of September 30, 2015, also through one of ACC's TRSs, we provided third-party management and leasing services for 39 properties that represented approximately 29,500 beds in approximately 10,900 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 September 30, 2015, our total owned and third-party managed portfolio included 197 properties with approximately 125,800 beds in approximately 42,500 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.

Recent Accounting Pronouncements

In September 2015, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update 2015-16 ("ASU 2015-16"), "Simplifying the Accounting for Measurement-Period Adjustments." ASU 2015-16 eliminates the requirement that an acquirer in a business combination account for a measurement-period adjustment retrospectively. Instead, an acquirer will recognize a measurement-period adjustment during the period in which the amount of the adjustment is determined. The guidance is effective for public business entities for fiscal years beginning after December 15, 2015, and interim periods within those fiscal years. Early adoption is permitted. The Company plans to adopt ASU 2015-16 as of January 1, 2016 and does not expect it to have a material impact on its consolidated financial statements.

In April 2015, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update 2015-03 ("ASU 2015-03"), "Simplifying the Presentation of Debt Issuance Costs." ASU 2015-03 requires all costs incurred to issue debt be presented in the balance sheet as a direct deduction from the carrying value of the debt rather than being recorded as a deferred charge and presented as an asset. ASU 2015-03 is effective for interim and annual periods beginning after December 15, 2015, with early adoption permitted, and retrospective application required. In August 2015, the FASB issued Accounting Standards Update 2015-15 ("ASU 2015-15"), "Presentation and Subsequent Measurement of Debt Issuance Costs Associated with Line-of-Credit Arrangements." ASU 2015-15 clarifies the presentation of debt issuance costs related to credit facility arrangements. For public business entities, the final guidance is effective for fiscal years beginning after December 15, 2015, and interim periods within those fiscal years. The Company plans to adopt ASU 2015-03 and ASU 2015-15 as of January 1, 2016 and does not expect it to have a material impact on its consolidated financial statements.

In February 2015, the FASB issued Accounting Standards Update 2015-02 ("ASU 2015-02"), "Amendments to the Consolidation Analysis." ASU 2015-02 changes the analysis a reporting entity must perform to determine whether it should consolidate certain types of legal entities. ASU 2015-02 modifies whether limited partnerships and similar entities are variable interest entities ("VIEs") or voting interest entities and eliminates the presumption a general partner should consolidate a limited partnership. ASU 2015-02 is effective for interim and annual periods beginning after December 15, 2015, with early adoption permitted. The Company plans to adopt ASU 2015-02 as of January 1, 2016 and is currently evaluating the potential impact of the new standard on its consolidated financial statements.

In May 2014, the FASB issued Accounting Standards Update 2014-09 (“ASU 2014-09”), "Revenue From Contracts With Customers". ASU 2014-09 provides a single comprehensive revenue recognition model for contracts with customers (excluding certain contracts, such as lease contracts) to improve comparability within industries. ASU 2014-09 requires an entity to recognize revenue to reflect the transfer of goods or services to customers at an amount the entity expects to be paid in exchange for those goods and services and provide enhanced disclosures, all to provide more comprehensive guidance for transactions such as service revenue and contract modifications. In July 2015, the FASB issued ASU 2015-14 ("ASU 2015-14"), "Deferral of the Effective Date". This standard deferred by one year the effective date of ASU 2014-09. The new revenue recognition standard is effective for public entities for interim and annual periods beginning after December 15, 2017 and may be applied using either a full retrospective or modified approach upon adoption. The Company plans to adopt ASU 2014-09 as of January 1, 2018 and is currently evaluating the potential impact of the new standard on its consolidated financial statements.

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, 2014.

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 $2.8 million and $2.1 million was capitalized during the three months ended September 30, 2015 and 2014, respectively, and $8.2 million and $7.0 million was capitalized during the nine months ended September 30, 2015 and 2014, respectively.

Management assesses whether there has been an impairment in the value of the Company's investments in real estate whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Impairment is recognized when estimated expected future undiscounted cash flows are less than the carrying value of the property, or when it is probable that a property will be sold prior to the end of its estimated useful life, at which time an impairment charge is recognized for any excess of the carrying value of the property over the expected net proceeds from the disposal. The estimation of expected future net cash flows is inherently uncertain and relies on assumptions regarding current and future economics and market conditions. If such conditions change, then an adjustment to the carrying value of the Company's long-lived assets could occur in the future period in which the conditions change. To the extent that a property is impaired, the excess of the carrying amount of the property over its estimated fair value is charged to earnings. The Company believes that there were no impairments of the carrying values of its investments in real estate as of September 30, 2015.

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

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

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.

Discontinued Operations

A discontinued operation represents (i) a component of an entity or group of components that has been disposed of or is classified as held for sale in a single transaction and represents a strategic shift that has or will have a major effect on an entity's operations and financial results, or (ii) an acquired business that is classified as held for sale on the date of acquisition. A strategic shift could include a disposal of (i) a separate major line of business, (ii) a separate major geographic area of operations, (iii) a major equity method investment, or (iv) other major parts of an entity. The Company classifies disposals of real estate that do not meet the definition of a discontinued operation within income from continuing operations in the accompanying consolidated statements of comprehensive income.

Loans Receivable

Loans held for investment are intended to be held to maturity and, accordingly, are carried at cost, net of unamortized loan purchase discounts, and net of an allowance for loan losses when such loan is deemed to be impaired. Loan purchase discounts are amortized over the term of the loan. The Company considers a loan impaired when, based upon current information and events, it is probable that it will be unable to collect all amounts due for both principal and interest according to the contractual terms of the loan agreement. Management's estimate of the collectability of principal and interest payments under the company's loans receivable from CaPFA Capital Corp. 2000F ("CaPFA"), which mature in December 2040 and carry a balance of approximately $56.6 million as of September 30, 2015, are highly dependent on the future operating performance of the properties securing the loans. As future economic conditions and/or market conditions at the properties change, management will continue to evaluate the collectability of such amounts. The Company believes there were no impairments of the carrying value of its loans receivable as of September 30, 2015. Loans receivable are included in other assets on the accompanying consolidated balance sheets.

Intangible Assets

A portion of the purchase price of acquired properties is allocated to the value of in-place leases for both student and commercial tenants, which 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 for student leases 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. The purchase price of property acquisitions is not expected to be allocated to student tenant relationships, considering the terms of the leases and the expected levels of renewals.

In connection with the property acquisitions discussed in Note 3 herein, the Company capitalized approximately $0.3 million and $-0- for the three months ended September 30, 2015 and 2014, respectively, and $3.3 million and $-0- for the nine months ended September 30, 2015 and 2014, respectively, related to management's estimate of the fair value of in-place leases assumed. Amortization expense was approximately $1.2 million and $0.4 million for the three months ended September 30, 2015 and 2014, respectively, and $3.5 million and $2.2 million for the nine months ended September 30, 2015 and 2014, respectively. Accumulated amortization at September 30, 2015 and December 31, 2014 was approximately $31.4 million and $27.9 million, respectively. The value of in-place leases, net of amortization, is included in other assets on the accompanying consolidated balance sheets and the amortization of in-place leases is included in depreciation and amortization expense in the accompanying consolidated statements of comprehensive income.

For acquired properties subject to an in-place property tax incentive arrangement, a portion of the purchase price is allocated to the present value of expected future property tax savings over the projected incentive arrangement period. Unamortized in-place property tax incentive arrangements as of September 30, 2015 and December 31, 2014 were approximately $58.1 million and $36.7 million, respectively, and are included in other assets on the accompanying consolidated balance sheets. Amortization of in-place property tax incentive arrangements is included in wholly-owned properties operating expense in the accompanying consolidated statements of comprehensive income.

Mortgage Debt - Premiums and Discounts

Mortgage debt premiums and discounts represent fair value adjustments to account for the difference between the stated rates and market rates of mortgage debt assumed in connection with the Company's property acquisitions. The mortgage debt premiums and discounts are amortized to interest expense over the term of the related mortgage loans using the effective-interest method. The amortization of mortgage debt premiums and discounts resulted in a net decrease to interest expense of approximately $3.1 million and $3.3 million for the three months ended September 30, 2015 and 2014, respectively, and $8.9 million and $9.7 million for the nine months ended September 30, 2015 and 2014, respectively. Mortgage debt premiums and discounts are included in secured mortgage, construction and bond debt on the accompanying consolidated balance sheets and amortization of mortgage debt premiums and discounts is included in interest expense on the accompanying consolidated statements of comprehensive income.

Unsecured Notes - Original Issue Discount

The Company has completed three offerings of senior unsecured notes totaling $1.2 billion that are detailed in Note 8 herein. The total unamortized original issue discount was approximately $2.3 million and $1.7 million as of September 30, 2015 and December 31, 2014, respectively, and is included in unsecured notes on the accompanying consolidated balance sheets. Amortization of the original issue discounts of approximately $45,000 and $41,000 for the three months ended September 30, 2015 and 2014, respectively, and $128,000 and $100,000 for the nine months ended September 30, 2015 and 2014, respectively, is included in interest expense on the accompanying consolidated statements of comprehensive income.

Pre-development Expenditures

Pre-development expenditures such as architectural fees, permits and deposits associated with the pursuit of third-party and owned development projects are expensed as incurred, until such time that management believes it is probable that the contract will be executed and/or construction will commence. Because the Company frequently incurs these pre-development expenditures before a financing commitment and/or required permits and authorizations have been obtained, the Company bears the risk of loss of these pre-development expenditures if financing cannot ultimately be arranged on acceptable terms or the Company is unable to successfully obtain the required permits and authorizations. As such, management evaluates the status of third-party and owned projects that have not yet commenced construction on a periodic basis and expenses any deferred costs related to projects whose current status indicates the commencement of construction is unlikely and/or the costs may not provide future value to the Company in the form of revenues. Such write-offs are included in third-party development and management services expenses (in the case of third-party development projects) or general and administrative expenses (in the case of owned development projects) on the accompanying consolidated statements of comprehensive income. As of September 30, 2015, the Company has deferred approximately $6.4 million in pre-development costs related to third-party and owned development projects that have not yet commenced construction. Such costs are included in other assets on the accompanying consolidated balance sheets.

Earnings per Share – Company

Basic earnings per share is computed using net income attributable to common shareholders and the weighted average number of shares of the Company's common stock outstanding during the period. Diluted earnings per share reflects common shares issuable from the assumed conversion of 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.

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

The following potentially dilutive securities were outstanding for the three and nine months ended September 30, 2015 and 2014, 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 September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
Common OP Units (Note 10)	1,442,723	1,213,849	—	1,223,321
Preferred OP Units (Note 10)	109,359	110,359	109,916	111,589
Unvested Restricted Stock Awards (Note11)	—	681,223	—	—
Total potentially dilutive securities	1,552,082	2,005,431	109,916	1,334,910

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
Numerator – basic earnings per share:				
Income (loss) from continuing operations	$2,016	$(5,785)	$89,201	$34,093
Income from continuing operations attributable to noncontrolling interests	(161)	(62)	(1,569)	(790)
Income (loss) from continuing operations attributable to common shareholders	1,855	(5,847)	87,632	33,303
Amount allocated to participating securities	(264)	(260)	(867)	(844)
Income (loss) from continuing operations attributable to common shareholders, net of amount allocated to participating securities	1,591	(6,107)	86,765	32,459
Income from discontinued operations	—	—	—	2,720
Income from discontinued operations attributable to noncontrolling interests	—	—	—	(34)
Income from discontinued operations attributable to common shareholders	—	—	—	2,686
Net income (loss) attributable to common shareholders - basic	$1,591	$(6,107)	$86,765	$35,145
Numerator – diluted earnings (loss) per share:				
Net income (loss) attributable to common shareholders - basic	$1,591	$(6,107)	$86,765	$35,145
Income allocated to Common OP Units	—	—	929	—
Net income (loss) attributable to common shareholders - diluted	$1,591	$(6,107)	$87,694	$35,145
Denominator:				
Basic weighted average common shares outstanding	112,323,520	104,968,616	111,867,257	104,903,344
Unvested Restricted Stock Awards (Note 11)	656,688	—	688,997	702,411
Common OP units (Note 10)	—	—	1,355,610	—
Diluted weighted average common shares outstanding	112,980,208	104,968,616	113,911,864	105,605,755

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AMERICAN CAMPUS COMMUNITIES, INC. AND SUBSIDIARIES
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	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
Earnings (loss) per share – basic:				
Income (loss) from continuing operations attributable to common shareholders, net of amount allocated to participating securities	$0.01	$(0.06)	$0.78	$0.31
Income from discontinued operations attributable to common shareholders	$—	$—	$—	$0.03
Net income (loss) attributable to common shareholders	$0.01	$(0.06)	$0.78	$0.34
Earnings per share – diluted:				
Income (loss) from continuing operations attributable to common shareholders, net of amount allocated to participating securities	$0.01	$(0.06)	$0.77	$0.31
Income from discontinued operations attributable to common shareholders	$—	$—	$—	$0.02
Net income (loss) attributable to common shareholders	$0.01	$(0.06)	$0.77	$0.33

Earnings per Unit – Operating Partnership

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

The following potentially dilutive securities were outstanding for the three months ended September 30, 2015 and 2014, 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 September 30,	
	2015	2014
Unvested restricted stock awards (Note 11)	—	681,223
Total potentially dilutive securities	—	681,223

AMERICAN CAMPUS COMMUNITIES, INC. AND SUBSIDIARIES
AMERICAN CAMPUS COMMUNITIES OPERATING PARTNERSHIP, L.P. AND SUBSIDIARIES
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(unaudited)

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
Numerator – basic and diluted earnings per unit:				
Income (loss) from continuing operations	$2,016	$(5,785)	$89,201	$34,093
Income from continuing operations attributable to noncontrolling interests – partially owned properties	(92)	(81)	(507)	(257)
Income from continuing operations attributable to Series A preferred units	(44)	(44)	(132)	(131)
Amount allocated to participating securities	(264)	(260)	(867)	(844)
Income (loss) from continuing operations attributable to common unitholders, net of amount allocated to participating securities	1,616	(6,170)	87,695	32,861
Income from discontinued operations	—	—	—	2,720
Income from discontinued operations attributable to Series A preferred units	—	—	—	(3)
Income from discontinued operations attributable to common unitholders	—	—	—	2,717
Net income (loss) attributable to common unitholders	$1,616	$(6,170)	$87,695	$35,578
Denominator:				
Basic weighted average common units outstanding	113,766,243	106,182,465	113,222,867	106,126,665
Unvested Restricted Stock Awards (Note 11)	656,688	—	688,997	702,411
Diluted weighted average common units outstanding	114,422,931	106,182,465	113,911,864	106,829,076
Earnings (loss) per unit - basic:				
Income (loss) from continuing operations attributable to common unitholders, net of amount allocated to participating securities	$0.01	$(0.06)	$0.77	$0.31
Income from discontinued operations attributable to common unitholders	$—	$—	$—	$0.03
Net income (loss) attributable to common unitholders	$0.01	$(0.06)	$0.77	$0.34
Earnings (loss) per unit - diluted:				
Income (loss) from continuing operations attributable to common unitholders, net of amount allocated to participating securities	$0.01	$(0.06)	$0.77	$0.31
Income from discontinued operations attributable to common unitholders	$—	$—	$—	$0.02
Net income (loss) attributable to common unitholders	$0.01	$(0.06)	$0.77	$0.33

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3. Property Acquisitions

During the first nine months of 2015, the Company acquired the following wholly-owned properties for approximately $378.3 million:

Property	Location	Primary University Served	Acquisition Date	Units	Beds
Park Point [1]	Syracuse, NY	Syracuse University	February 2015	66	226
University Walk [2]	Knoxville, TN	University of Tennessee	February 2015	177	526
1200 West Marshall	Richmond, VA	Virginia Commonwealth University	March 2015	136	406
8 1/2 Canal Street [3]	Richmond, VA	Virginia Commonwealth University	March 2015	160	540
Vistas San Marcos	San Marcos, TX	Texas State University	March 2015	255	600
Crest at Pearl	Austin, TX	University of Texas	June 2015	141	343
UP at Metroplex	Binghamton, NY	Binghamton University - SUNY	June 2015	186	710
Stadium Centre[4]	Tallahassee, FL	Florida State University	July 2015	367	710
				1,488	4,061

(1) As part of this transaction, the Company assumed approximately $11.6 million of fixed rate mortgage debt.

(2) University Walk completed construction and opened for operations in August 2014 and was purchased by the Company in February 2015. This property was consolidated for financial reporting purposes prior to the acquisition date because the entity that owned this property was deemed to be a variable interest entity (“VIE”) and the Company was determined to be the primary beneficiary of the VIE.

(3) As part of this transaction, the Company issued 343,895 Common OP Units to the seller, valued at $41.24 per unit.

(4) As part of this transaction, the Company assumed approximately $57.8 million of fixed rate mortgage debt.

The following table summarizes the fair values of the assets acquired and liabilities assumed from the properties discussed above:

	September 30, 2015	
Assets acquired:		
Land	$26,766	
Buildings and improvements	317,627	
Furniture, fixtures and equipment	16,871	
Intangible assets	16,976	
Other assets	3,117	
Total Assets acquired	$381,357	
Liabilities assumed:		
Mortgage debt	$(72,365	) [1]
Other liabilities	(3,457	)
Total liabilities assumed	$(75,822	)
Net assets acquired	$305,535	

(1) Balance includes $3.0 million in premiums recorded to reflect mortgage debt at acquisition date fair value.

The difference between the contracted purchase price of $378.3 million reflected above and the net assets acquired of $305.5 million represents mortgage debt, other assets and liabilities that were not part of the contractual purchase price, but were part of the the acquisition. Consideration paid consisted of $291.4 million in cash paid at closing and

OP Units valued at $14.2 million.

The acquired properties' results of operations have been included in the accompanying consolidated statements of comprehensive income since the respective acquisition closing dates, with the exception of University Walk which was consolidated prior to its acquisition date. For the three and nine months ended September 30, 2015, the acquired properties contributed combined revenues

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of $8.1 million and $15.1 million. These properties had net losses of $1.9 million and $4.0 million for the three and nine months ended September 30, 2015, respectively. Net losses include $0.6 million and $2.8 million of acquisition-related costs such as broker fees, due diligence costs and legal and accounting fees, which are included in wholly-owned properties operating expenses on the accompanying consolidated statements of comprehensive income.
The following pro forma information for three and nine months ended September 30, 2015 and 2014 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 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 September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
Total revenues	$181,245	$189,015	$562,161	$554,684
Net income (loss) attributable to common shareholders	$3,477	$(4,083)	$92,614	$32,639
Net income (loss) per share attributable to common shareholders, as adjusted - basic	$0.03	$(0.04)	$0.82	$0.30
Net income (loss) per share attributable to common shareholders, as adjusted - diluted	$0.03	$(0.04)	$0.81	$0.30

4. Property Dispositions and Discontinued Operations

During the first nine months of 2015, the Company sold the following wholly-owned properties for approximately $436.7 million, resulting in proceeds of approximately $427.1 million. The combined net gain on these dispositions of approximately $52.7 million is included in income from continuing operations on the accompanying consolidated statements of comprehensive income for the nine months ended September 30, 2015.

Property	Location	Primary University Served	Disposition Date	Units	Beds
The Highlands	Reno, NV	University of Nevada at Reno	January 2015	216	732
The View	Lincoln, NE	University of Nebraska	January 2015	157	590
Chapel Ridge	Chapel Hill, NC	University of North Carolina	January 2015	180	544
Chapel View	Chapel Hill, NC	University of North Carolina	January 2015	224	358
The Village at Alafaya Club	Orlando, FL	University of Central Florida	January 2015	228	839
University Place	Charlottesville, VA	University of Virginia	January 2015	144	528
University Greens	Norman, OK	University of Oklahoma	January 2015	156	516
The Outpost San Marcos	San Marcos, TX	Texas State University	February 2015	162	486
University Meadows	Mt. Pleasant, MI	Central Michigan University	February 2015	184	616
Eagles Trail	Hattiesburg, MS	University of Southern Mississippi	March 2015	216	792
Lakeside Apartments	Athens, GA	University of Georgia	May 2015	244	776
The Club	Athens, GA	University of Georgia	May 2015	120	480
The Estates	Gainesville, FL	University of Florida	May 2015	396	1,044
South View	Harrisonburg, VA	James Madison University	May 2015	240	960
Stone Gate	Harrisonburg, VA	James Madison University	May 2015	168	672
The Commons	Harrisonburg, VA	James Madison University	May 2015	132	528

University Heights	Knoxville, TN	University of Tennessee	May 2015	204	636
The Woods at Greenland	Murfreesboro, TN	Middle Tennessee State University	July 2015	78	276
Raiders Crossing	Murfreesboro, TN	Middle Tennessee State University	July 2015	96	276
University Gables	Murfreesboro, TN	Middle Tennessee State University	July 2015	168	648
				3,713	12,297

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In February 2014, the Company sold Hawks Landing, a 484-bed owned off-campus property located near the campus of Miami University of Ohio for a sales price of approximately $17.3 million. Because Hawks Landing was classified as held for sale as of December 31, 2013, the new accounting guidelines on discontinued operations did not apply for this disposition. As such, the resulting gain on disposition of approximately $2.8 million is included in discontinued operations on the accompanying consolidated statements of comprehensive income for the nine months ended September 30, 2014. Below is a summary of the results of operations for Hawks Landing:

	Nine Months Ended September 30, 2014	
Total revenues	$279	
Total operating expenses	(239	)
Depreciation and amortization	—	
Operating income	40	
Total nonoperating expenses	(163	)
Net loss	$(123	)

5. Investments in Wholly-Owned Properties

Wholly-owned properties consisted of the following:

	September 30, 2015		December 31, 2014	
Land [(1)] [(2)]	$603,480		$571,242	
Buildings and improvements	5,276,483		4,937,345	
Furniture, fixtures and equipment	308,210		289,168	
Construction in progress [(2)]	90,589		185,414	
	6,278,762		5,983,169	
Less accumulated depreciation	(741,027	)	(674,462	)
Wholly-owned properties, net	$5,537,735		$5,308,707	[(3)]

(1) The land balance above includes undeveloped land parcels with book values of approximately $72.2 million and $40.6 million as of September 30, 2015 and December 31, 2014, respectively. It also includes land totaling approximately $17.1 million and $30.2 million as of September 30, 2015 and December 31, 2014, respectively, related to properties under development.

(2) Land and construction in progress as of September 30, 2015 includes $1.9 million and $9.3 million, respectively, related to the Stadium Centre Phase II property located in Tallahassee, Florida that will serve students attending Florida State University. In conjunction with the purchase of Stadium Centre Phase I in July 2015, the Company entered into a presale agreement to purchase this adjacent property which is anticipated to be completed in May 2016. The Company is obligated to purchase the property as long as certain construction completion deadlines and other closing conditions are met. 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 Stadium Centre Phase II is deemed to be a 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.

(3) The balance above excludes the net book value of seven wholly-owned properties classified as held for sale in the accompanying consolidated balance sheet as of December 31, 2014. These properties were sold in January 2015 (see Note 4).

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6. On-Campus Participating Properties

On-campus participating properties are as follows:

Lessor/University	Lease Commencement	Required Debt Repayment	Historical Cost September 30, 2015	Historical Cost December 31, 2014
Texas A&M University System / Prairie View A&M University [(1)]	2/1/1996	9/1/2023	$44,036	$43,036
Texas A&M University System / Texas A&M International	2/1/1996	9/1/2023	7,022	6,937
Texas A&M University System / Prairie View A&M University [(2)]	10/1/1999	8/31/2025 8/31/2028	27,465	26,828
University of Houston System / University of Houston [(3)]	9/27/2000	8/31/2035	37,276	36,606
West Virginia University System / West Virginia University	7/16/2013	7/16/2045	43,633	43,636
			159,432	157,043
Less accumulated amortization			(68,081)	(62,915)
On-campus participating properties, net			$91,351	$94,128

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

7. Investments in Unconsolidated Joint Ventures

As of September 30, 2015, the Company owned a noncontrolling interest in one unconsolidated joint venture that is accounted for utilizing the equity method of accounting. The Company discontinued applying the equity method in regards to its investment in this joint venture as a result of the Company's share of losses exceeding its investment in the joint venture. Because the Company had not guaranteed any obligations of the investee and was not otherwise committed to provide further financial support to the investee, it therefore suspended recording its share of losses once the investment was reduced to zero. The Company also earns fees for providing management services to this joint venture, which totaled approximately $0.6 million and $0.2 million for the three months ended September 30, 2015 and 2014, respectively, and $1.5 million and $1.0 million for the nine months ended September 30, 2015 and 2014, respectively.

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8. Debt

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

	September 30, 2015	December 31, 2014
Debt secured by wholly-owned properties:		
Mortgage loans payable:		
Unpaid principal balance	$955,883	$1,094,306
Unamortized debt premiums	53,972	60,586
Unamortized debt discounts	(225)	(895)
	1,009,630	1,153,997
Construction loans payable [1]	3,177	63,637
	1,012,807	1,217,634
Debt secured by on-campus participating properties:		
Mortgage loan payable	73,909 [2]	30,553
Bonds payable	36,935	39,785
Construction loan payable	—	43,942 [2]
	110,844	114,280
Total secured mortgage, construction and bond debt	1,123,651	1,331,914
Unsecured notes, net of unamortized original issue discount	1,197,678	798,305
Unsecured term loans	600,000	600,000
Unsecured revolving credit facility	—	242,500
Total debt	$2,921,329	$2,972,719

(1) Construction loans payable as of September 30, 2015 consist of $3.2 million related to a construction loan partially financing the development and construction of Stadium Centre Phase II, a VIE the Company is including in its consolidated financial statements. Construction loans payable as of December 31, 2014 included $19.0 million related to a construction loan that partially financed the development and construction of University Walk, a VIE the company included in its consolidated financial statements (see Note 5). The creditors of these construction loans do/did not have recourse to the assets of the Company.

(2) A construction loan securing the on-campus participating property located at West Virginia University was classified as a construction loan as of December 31, 2014 and is now reflected as a mortgage loan as of September 30, 2015, as the loan now requires principal and interest payments beginning in August 2015.

Pay-off of Mortgage and Construction Debt

During the three months ended September 30, 2015, the Company paid off approximately $35.8 million of fixed rate mortgage debt secured by two wholly-owned properties (Tower at Third and University Pointe). During the nine months ended September 30, 2015, the Company paid off approximately $162.7 million of fixed rate mortgage debt secured by eight wholly-owned properties (Newtown Crossing, Olde Towne University Square, Peninsular Place, The Estates, South View, Stone Gate, Tower at Third, and University Pointe) in addition to approximately $37.4 million of fixed rate mortgage debt in connection with the sales of Chapel View, University Meadows, Lakeside Apartments and The Commons.

During the nine months ended September 30, 2015, the Company also paid off approximately $44.6 million of variable rate construction debt secured by two owned on-campus ACE properties (The Suites and Hilltop Townhomes). The remaining decrease in construction loans payable secured by wholly-owned properties of $19.0 million is related to our purchase of University Walk in February 2015, as the seller/developer paid off the outstanding construction loan balance with sales proceeds.

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Unsecured Notes

The Company has issued the following senior unsecured notes:

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

(1) Net proceeds from the sale of the unsecured notes totaled approximately $394.9 million after deducting the underwriting discount and offering expenses. The underwriting discount and offering expenses were capitalized to deferred financing costs and will be amortized over the term of the unsecured notes. The Company used $356.2 million of the offering proceeds to pay down the outstanding balance on its revolving credit facility in full.

The notes are fully and unconditionally guaranteed by the Company. Interest on the notes is payable semi-annually. The terms of the unsecured notes include certain financial covenants that require the Operating Partnership to limit the amount of total debt and secured debt as a percentage of total asset value, as defined. In addition, the Operating Partnership must maintain a minimum ratio of unencumbered asset value to unsecured debt, as well as a minimum interest coverage level. As of September 30, 2015, the Company was in compliance with all such covenants.

Unsecured Credit Facility

The Company has an aggregate unsecured credit facility totaling $1.1 billion which is comprised of two unsecured term loans totaling $600 million and a $500 million unsecured revolving credit facility, which may be expanded by up to an additional $500 million upon the satisfaction of certain conditions. The maturity date of the unsecured revolving credit facility is March 1, 2018, and can be extended for an additional 12 months to March 1, 2019, subject to the satisfaction of certain conditions. The maturity date of the $350 million term loan facility ("Term Loan I Facility") is January 10, 2017 and can be extended to January 10, 2019 through the exercise of two 12-month extension options, subject to the satisfaction of certain conditions. The maturity date of the $250 million term loan ("Term Loan II Facility") is March 1, 2019.

Each loan bears interest at a variable rate, at the Company’s option, based upon a base rate or one-, two-, three- or six-month LIBOR, plus, in each case, a spread based upon the Company’s investment grade rating from either Moody’s Investor Services, Inc. or Standard & Poor’s Rating Group. As of September 30, 2015, the Term Loan II Facility bore interest at a variable rate of 1.70% per annum (0.20% + 1.50% spread). The Company has entered into multiple interest rate swap contracts with notional amounts totaling $350 million that effectively fix the interest rate to a weighted average annual rate of 0.88% on the outstanding balance of the Term Loan I Facility. Including the current spread of 1.50%, the all-in weighted average annual rate on the Term Loan I Facility was 2.38% at September 30, 2015. Refer to Note 12 for more information on the interest rate swap contracts mentioned above. Availability under the revolving credit facility is limited to an “aggregate borrowing base amount” equal to 60% of the value of the Company’s unencumbered properties, calculated as set forth in the unsecured credit facility. Additionally, the Company is required to pay a facility fee of 0.25% per annum on the $500 million revolving credit facility. As discussed above, in September 2015 the Company paid down the outstanding balance on its revolving credit facility in full with proceeds from a $400 million offering of senior unsecured notes. As a result, availability under the revolving credit facility totaled $500 million as of September 30, 2015.

The terms of the unsecured credit facility include certain restrictions and covenants, which limit, among other items, the incurrence of additional indebtedness, liens, and the disposition of assets. The facility contains customary affirmative and negative covenants and also contains financial covenants that, among other things, require the Company to maintain certain minimum ratios of “EBITDA” (earnings before interest, taxes, depreciation and amortization) to fixed charges and total indebtedness. The Company may not pay distributions that exceed a specified percentage of funds from operations, as adjusted, for any four consecutive quarters. The financial covenants also include consolidated net worth and leverage ratio tests. As of September 30, 2015, the Company was in compliance with all such covenants.

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9. Stockholders' Equity / Partners' Capital

Stockholders' Equity - Company

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

The following table presents activity under the Company’s ATM Equity Programs during the three and nine months ended September 30, 2015 and 2014:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
Total net proceeds	$—	$5,895	$213,416	$5,895
Commissions paid to sales agents	$—	$90	$3,250	$90
Weighted average price per share	$—	$40.10	$43.92	$40.10
Shares of common stock sold	—	149,240	4,933,665	149,240

As of September 30, 2015, the Company had approximately $500 million available for issuance under its ATM Equity Program.

Partners’ Capital – Operating Partnership

In connection with the ATM Equity Program discussed above, ACCOP issued a number of common OP units to ACC equivalent to the number of common shares issued by ACC.

In connection with our purchase of 8 1/2 Canal Street during the first quarter of 2015, we issued 343,895 common OP units to the seller, valued at $41.24 per unit. See Note 3 for more details.

During the nine months ended September 30, 2015, 86,831 common OP units and 1,000 Series A preferred units were converted into an equal number of shares of ACC’s common stock. During the year ended December 31, 2014, 50,000 common OP units and 2,269 Series A preferred units were converted into an equal number of shares of ACC's common stock.

10. Noncontrolling Interests

Operating Partnership

Partially-owned properties: As of September 30, 2015, the Operating Partnership consolidates three joint ventures that own and operate 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.”

As discussed in Note 5, in July 2015, the Company entered into a purchase agreement with a private developer whereby the Company is obligated to purchase a property (Stadium Centre - Phase II) as long as the developer meets certain construction completion deadlines and other conditions. The $6.6 million equity contribution from the developer is reflected as noncontrolling interest - partially owned properties within capital on the accompanying consolidated balance sheets of the Operating Partnership as of September 30, 2015.

In July 2013, the Company entered into a purchase and contribution agreement with a private developer whereby the Company was obligated to purchase the property (University Walk) as long as the developer met certain construction completion deadlines and other closing conditions. The $1.5 million equity contribution from the developer is reflected as noncontrolling interests - partially owned properties within capital on the accompanying consolidated balance sheets of the Company as of December 31, 2014. The Company purchased University Walk in February 2015 and paid approximately $1.7 million in cash consideration for the remaining noncontrolling interest and recognized the $0.2 million excess of consideration paid over the carrying amount of the noncontrolling interest acquired as an adjustment to additional paid in capital in the accompanying consolidated statement of changes in capital.

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 of the Operating Partnership is reported at the greater of fair value, which is based on the closing market value of the Company's common stock, 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 consolidated statement of changes in capital of the Operating Partnership.

Below is a table summarizing the activity of redeemable limited partners for the nine months ended September 30, 2015:

December 31, 2014	$54,472	
Net income	1,062	
Distributions	(1,710	)
Redeemable limited partner units issued as consideration (see Note 3)	14,182	
Conversion of redeemable limited partner units into shares of ACC common stock	(2,685	)
Adjustments to reflect redeemable limited partner units at fair value	(5,352	)
September 30, 2015	$59,969	

As of September 30, 2015 and December 31, 2014, approximately 1.4% and 1.2%, respectively, of the equity interests of the Operating Partnership were 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 (“RSUs”)

Upon reelection to the Board of Directors in May 2015, 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. Additionally, effective July 1, 2015, the Board of Directors' compensation program was revised to reflect an increase in RSUs of $55,000 for the Chairman of the Board of Directors and $33,500 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 shares of common stock and cash, as determined by the Compensation Committee of the Board of Directors. A compensation charge of approximately $0.9 million was recorded during the nine months ended September 30, 2015 related to these awards.

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A summary of ACC's RSUs under the Plan as of September 30, 2015 and activity during the nine months then ended is presented below:

	Number of RSUs	
Outstanding at December 31, 2014	—	
Granted	22,320	
Settled in common shares	(16,491	)
Settled in cash	(5,829	)
Outstanding at September 30, 2015	—	

Restricted Stock Awards ("RSAs")

A summary of RSAs under the American Campus Communities, Inc. 2010 Incentive Award Plan (the "Plan") as of September 30, 2015 and activity during the nine months then ended, is presented below:

	Number of RSAs	
Nonvested balance at December 31, 2014	609,514	
Granted	282,457	
Vested	(116,166	)
Forfeited (1)	(117,436	)
Nonvested balance at September 30, 2015	658,369	

(1) Includes shares withheld to satisfy tax obligations upon vesting.

The fair value of RSAs 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 $1.7 million for each of the three months ended September 30, 2015 and 2014, and $5.7 million and $5.2 million for nine months ended September 30, 2015 and 2014, respectively.

12. Derivative 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 and forward starting 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. Forward starting swaps are used to protect the Company against adverse fluctuations in interest rates by reducing its exposure to variability in cash flows relating to interest payments on a forecasted issuance of debt. The effective portion of changes in the fair value of derivatives designated and that qualify as cash flow hedges is recorded in other comprehensive income (outside of earnings) and subsequently reclassified into earnings in the period that the hedged forecasted transaction affects earnings. The ineffective portion of changes in the fair value of the derivative is recognized directly in earnings. Ineffectiveness resulting from the derivative instruments summarized below was immaterial for both the three and nine month periods ended September 30, 2015 and 2014.

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The following table summarizes the Company's outstanding interest rate swap contracts as of September 30, 2015:

Hedged Debt Instrument	Effective Date	Maturity Date	Pay Fixed Rate	Receive Floating Rate Index	Current Notional Amount	Fair Value
Cullen Oaks mortgage loan	Feb 18, 2014	Feb 15, 2021	2.275%	LIBOR - 1 month	$14,840	$(708)
Cullen Oaks mortgage loan	Feb 18, 2014	Feb 15, 2021	2.275%	LIBOR - 1 month	14,993	(715)
Term Loan I Facility	Feb 2, 2012	Jan 2, 2017	0.8695%	LIBOR – 1 month	125,000	(658)
Term Loan I Facility	Feb 2, 2012	Jan 2, 2017	0.88%	LIBOR – 1 month	100,000	(540)
Term Loan I Facility	Feb 2, 2012	Jan 2, 2017	0.8875%	LIBOR – 1 month	62,500	(343)
Term Loan I Facility	Feb 2, 2012	Jan 2, 2017	0.889%	LIBOR – 1 month	62,500	(344)
Park Point mortgage loan	Nov 1, 2013	Oct 5, 2018	1.545%	LIBOR - 1 month	70,000	(1,426)
				Total	$449,833	$(4,734)

In March 2014, the Company entered into two forward starting interest rate swap contracts with notional amounts totaling $200 million designated to hedge the Company's exposure to increasing interest rates related to interest payments on an anticipated issuance of unsecured notes. In connection with the issuance of unsecured notes in June 2014, the Company terminated both swap contracts resulting in payments to both counterparties totaling approximately $4.1 million, which were recorded in accumulated other comprehensive loss and will be amortized to interest expense over the term of the unsecured notes. When including the effect of these interest rate swap terminations, the effective yield on the unsecured notes is 4.269%. During the three and nine months ended September 30, 2015 $0.1 and $0.3 million was amortized from accumulated other comprehensive loss to interest expense. As of September 30, 2015 and December 31, 2014, approximately $3.6 million and $3.9 million of the $4.1 million payment remained to be amortized, respectively.

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 September 30, 2015 and December 31, 2014:

	Liability Derivatives		
		Fair Value as of	
Description	Balance Sheet Location	September 30, 2015	December 31, 2014
Interest rate swaps contracts	Other liabilities	$4,734	$2,306
Total derivatives designated as hedging instruments		$4,734	$2,306

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 September 30, 2015 and December 31, 2014, 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.