Section 1: 10-Q (10-Q)

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

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

For the quarterly period ended September 30, 2019.

☐ 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 LP)

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

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

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

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

American Campus Communities, Inc.	Yes ☒	No ☐
American Campus Communities Operating Partnership LP	Yes ☒	No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted 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 such files).

American Campus Communities, Inc.	Yes ☒	No ☐
American Campus Communities Operating Partnership LP	Yes ☒	No ☐

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

American Campus Communities, Inc.

Large accelerated filer	☒	Accelerated Filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

American Campus Communities Operating Partnership LP

Large accelerated filer	☐		Accelerated Filer	☐
Non-accelerated filer	☒	(Do not check if a smaller reporting company)	Smaller reporting company	☐
			Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

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 ☐	No ☒
American Campus Communities Operating Partnership LP	Yes ☐	No ☒

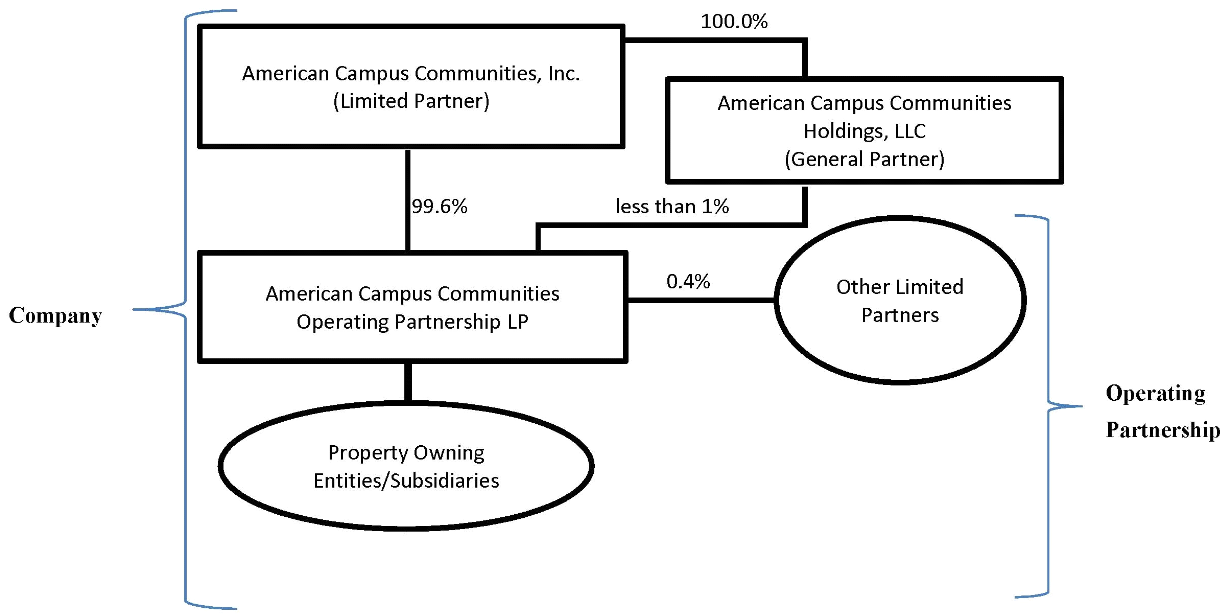
Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading symbol(s)	Name of each exchange on which registered
Common stock, par value $.01 per share	ACC	New York Stock Exchange

There were 137,404,752 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 October 28, 2019.

EXPLANATORY NOTE

This report combines the reports on Form 10-Q for the quarterly period ended September 30, 2019 of American Campus Communities, Inc. and American Campus Communities Operating Partnership LP. Unless stated otherwise or the context otherwise requires, references to “ACC” mean American Campus Communities, Inc., a Maryland corporation that has elected to be treated as a real estate investment trust (“REIT”) under the Internal Revenue Code, and references to “ACCOP” mean American Campus Communities Operating Partnership LP, 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, 2019, 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, 2019, ACC owned an approximate 99.6% 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, the issuance of unsecured notes, 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, 2019
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AMERICAN CAMPUS COMMUNITIES, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(in thousands, except share data)

	September 30, 2019	December 31, 2018
	(Unaudited)	
Assets		
Investments in real estate:		
Owned properties, net	$ 6,759,867	$ 6,583,397
On-campus participating properties, net	76,854	77,637
Investments in real estate, net	6,836,721	6,661,034
Cash and cash equivalents	56,218	71,238
Restricted cash	29,569	35,279
Student contracts receivable	27,360	8,565
Operating lease right of use assets	461,810	—
Other assets	257,304	262,730
Total assets	**$ 7,668,982**	**$ 7,038,846**
Liabilities and equity		
Liabilities:		
Secured mortgage, construction and bond debt, net	$ 827,588	$ 853,084
Unsecured notes, net	1,984,748	1,588,446
Unsecured term loans, net	199,033	198,769
Unsecured revolving credit facility	352,100	387,300
Accounts payable and accrued expenses	86,295	88,767
Operating lease liabilities	469,479	—
Other liabilities	211,612	191,233
Total liabilities	**4,130,855**	**3,307,599**
Commitments and contingencies (Note 13)		
Redeemable noncontrolling interests	**157,863**	**184,446**
Equity:		
American Campus Communities, Inc. and Subsidiaries stockholders' equity:		
Common stock, $0.01 par value, 800,000,000 shares authorized, 137,326,824 and 136,967,286 shares issued and outstanding at September 30, 2019 and December 31, 2018, respectively	1,373	1,370
Additional paid in capital	4,455,565	4,458,240
Common stock held in rabbi trust, 77,928 and 69,603 shares at September 30, 2019 and December 31, 2018, respectively	(3,486)	(3,092)
Accumulated earnings and dividends	(1,104,448)	(971,070)
Accumulated other comprehensive loss	(18,929)	(4,397)
Total American Campus Communities, Inc. and Subsidiaries stockholders' equity	3,330,075	3,481,051
Noncontrolling interests - partially owned properties	50,189	65,750
Total equity	**3,380,264**	**3,546,801**
Total liabilities and equity	**$ 7,668,982**	**$ 7,038,846**

Consolidated variable interest entities' assets and debt included in the above balances:

Investments in real estate, net	$ 1,035,431	$ 1,042,585
Cash, cash equivalents and restricted cash	$ 48,569	$ 72,218

Other assets	$	27,601	$	11,918
Secured mortgage and construction debt, net	$	461,927	$	447,292
Accounts payable, accrued expenses and other liabilities	$	67,466	$	53,432

See accompanying notes to consolidated financial statements.

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,	
	2019	**2018**	**2019**	**2018**
Revenues:				
Owned properties	$ 211,082	$ 202,834	$ 638,657	$ 597,854
On-campus participating properties	6,944	6,980	24,788	23,605
Third-party development services	5,611	835	12,389	3,883
Third-party management services	3,342	2,128	9,118	7,311
Resident services	726	692	2,255	2,284
Total revenues	**227,705**	**213,469**	**687,207**	**634,937**
Operating expenses (income):				
Owned properties	111,836	107,997	294,768	282,193
On-campus participating properties	3,822	3,875	11,585	11,030
Third-party development and management services	5,430	3,831	14,129	11,573
General and administrative	7,165	7,183	22,595	27,055
Depreciation and amortization	68,930	66,131	206,500	194,447
Ground/facility leases	3,215	2,951	10,000	8,526
Loss (gain) from disposition of real estate	—	—	282	(42,314)
Provision for real estate impairment	—	—	3,201	—
Other operating income	—	—	—	(2,648)
Total operating expenses	**200,398**	**191,968**	**563,060**	**489,862**
Operating income	**27,307**	**21,501**	**124,147**	**145,075**
Nonoperating income (expenses):				
Interest income	960	1,274	2,855	3,740
Interest expense	(28,303)	(25,185)	(82,432)	(72,207)
Amortization of deferred financing costs	(1,315)	(1,116)	(3,665)	(4,744)
Gain (loss) from extinguishment of debt	20,992	—	20,992	(784)
Other nonoperating income	—	570	—	570
Total nonoperating expenses	**(7,666)**	**(24,457)**	**(62,250)**	**(73,425)**
Income (loss) before income taxes	19,641	(2,956)	61,897	71,650
Income tax (provision) benefit	(305)	219	(983)	(2,147)
Net income (loss)	**19,336**	**(2,737)**	**60,914**	**69,503**
Net loss (income) attributable to noncontrolling interests	887	392	(665)	88
Net income (loss) attributable to ACC, Inc. and Subsidiaries common stockholders	**$ 20,223**	**$ (2,345)**	**$ 60,249**	**$ 69,591**
Other comprehensive (loss) income				
Change in fair value of interest rate swaps and other	(145)	81	(14,532)	726
Comprehensive income (loss)	**$ 20,078**	**$ (2,264)**	**$ 45,717**	**$ 70,317**
Net income (loss) per share attributable to ACC, Inc. and Subsidiaries common shareholders				
Basic and diluted	**$ 0.14**	**$ (0.02)**	**$ 0.43**	**$ 0.50**
Weighted-average common shares outstanding:				
Basic	**137,403,842**	**137,022,012**	**137,259,130**	**136,742,094**
Diluted	**138,375,527**	**137,022,012**	**138,257,906**	**137,660,802**

See accompanying notes to consolidated financial statements.

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

	Common Shares	Par Value of Common Shares	Additional Paid in Capital	Common Shares Held in Rabbi Trust	Common Shares Held in Rabbi Trust at Cost	Accumulated Earnings and Dividends	Accumulated Other Comprehensive (Loss) Income	Noncontrolling Interests – Partially Owned Properties	Total
Equity, December 31, 2018	**136,967,286**	**$ 1,370**	**$4,458,240**	**69,603**	**$ (3,092)**	**$ (971,070)**	**$ (4,397)**	**$ 65,750**	**$3,546,801**
Adjustments to reflect redeemable noncontrolling interests at fair value	—	—	(2,547)	—	—	—	—	—	(2,547)
Amortization of restricted stock awards and vesting of restricted stock units	—	—	3,765	—	—	—	—	—	3,765
Vesting of restricted stock awards	180,961	—	(3,831)	—	—	—	—	—	(3,831)
Distributions to common and restricted stockholders and other ($0.46 per common share)	—	—	—	—	—	(63,611)	—	—	(63,611)
Contributions by noncontrolling interests - partially owned properties	—	—	—	—	—	—	—	625	625
Distributions to noncontrolling interests - partially owned properties	—	—	—	—	—	—	—	(3,661)	(3,661)
Conversion of common and preferred operating partnership units to common stock	42,271	—	251	—	—	—	—	—	251
Change in fair value of interest rate swaps and other	—	—	—	—	—	—	(5,794)	—	(5,794)
Deposits to deferred compensation plan, net of withdrawals	(1,829)	—	70	1,829	(70)	—	—	—	—
Net income	—	—	—	—	—	29,640	—	1,469	31,109
Equity, March 31, 2019	**137,188,689**	**1,370**	**4,455,948**	**71,432**	**(3,162)**	**(1,005,041)**	**(10,191)**	**64,183**	**3,503,107**
Adjustments to reflect redeemable noncontrolling interests at fair value	—	—	660	—	—	—	—	—	660
Amortization of restricted stock awards and vesting of restricted stock units	15,925	—	3,744	—	—	—	—	—	3,744
Vesting of restricted stock awards	—	2	(146)	—	—	—	—	—	(144)
Distributions to common and restricted stockholders and other ($0.47 per common share)	—	—	—	—	—	(64,978)	—	—	(64,978)
Contributions by noncontrolling interests - partially owned properties	—	—	—	—	—	—	—	79	79
Distributions to noncontrolling interests - partially owned properties	—	—	—	—	—	—	—	(3,037)	(3,037)
Change in fair value of interest rate swaps and other	—	—	—	—	—	—	4,566	—	4,566
Termination of interest rate swaps	—	—	—	—	—	—	(13,159)	—	(13,159)
Deposits to deferred compensation plan, net of withdrawals	(4,103)	—	206	4,103	(206)	—	—	—	—
Net income (loss)	—	—	—	—	—	10,386	—	(339)	10,047
Equity, June 30, 2019	**137,200,511**	**1,372**	**4,460,412**	**75,535**	**(3,368)**	**(1,059,633)**	**(18,784)**	**60,886**	**3,440,885**
Adjustments to reflect redeemable noncontrolling interests at fair value	—	—	(12,963)	—	—	—	—	—	(12,963)
Amortization of restricted stock awards and vesting of restricted stock units	2,393	—	3,105	—	—	—	—	—	3,105
Distributions to common and restricted stockholders and other ($0.47 per common share)	—	—	—	—	—	(65,038)	—	—	(65,038)
Contributions by noncontrolling interests - partially owned properties	—	—	—	—	—	—	—	220	220
Distributions to noncontrolling interests - partially owned properties	—	—	—	—	—	—	—	(1,348)	(1,348)
Change in ownership of consolidated subsidiary	—	—	(932)	—	—	—	—	(8,532)	(9,464)
Conversion of common and preferred operating partnership units to common stock	126,313	1	5,825	—	—	—	—	—	5,826
Change in fair value of interest rate swaps and other	—	—	—	—	—	—	(145)	—	(145)
Deposits to deferred compensation plan, net of withdrawals	(2,393)	—	118	2,393	(118)	—	—	—	—
Net income (loss)	—	—	—	—	—	20,223	—	(1,037)	19,186
Equity, September 30, 2019	**137,326,824**	**$ 1,373**	**$4,455,565**	**77,928**	**$ (3,486)**	**$ (1,104,448)**	**$ (18,929)**	**$ 50,189**	**3,380,264**

See accompanying notes to consolidated financial statements.

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

	Common Shares	Par Value of Common Shares	Additional Paid in Capital	Common Shares Held in Rabbi Trust	Common Shares Held in Rabbi Trust at Cost	Accumulated Earnings and Dividends	Accumulated Other Comprehensive (Loss) Income	Noncontrolling Interests – Partially Owned Properties	Total
Equity, December 31, 2017	**136,362,728**	**$ 1,364**	**$4,326,910**	**63,778**	**$ (2,944)**	**$ (837,644)**	**$ (2,701)**	**$ 13,973**	**$3,498,958**
Adjustments to reflect redeemable noncontrolling interests at fair value	—	—	4,526	—	—	—	—	—	4,526
Amortization of restricted stock awards and vesting of restricted stock units	3,040	—	3,443	—	—	—	—	—	3,443
Vesting of restricted stock awards	165,263	1	(2,758)	—	—	—	—	—	(2,757)
Distributions to common and restricted stockholders and other ($0.44 per common share)	—	—	—	—	—	(60,564)	—	—	(60,564)
Contributions by noncontrolling interests - partially owned properties	—	—	—	—	—	—	—	9,515	9,515
Distributions to noncontrolling interests - partially owned properties	—	—	—	—	—	—	—	(47)	(47)
Conversion of common and preferred operating partnership units to common stock	68,448	1	477	—	—	—	—	—	478
Change in fair value of interest rate swaps and other	—	—	—	—	—	—	465	—	465
Withdrawals from deferred compensation plan, net of deposits	1,160	—	(127)	(1,160)	127	—	—	—	—
Net income	—	—	—	—	—	25,927	—	113	26,040
Equity, March 31, 2018	**136,600,639**	**1,366**	**4,332,471**	**62,618**	**(2,817)**	**(872,281)**	**(2,236)**	**23,554**	**3,480,057**
Adjustments to reflect redeemable noncontrolling interests at fair value	—	—	(4,426)	—	—	—	—	—	(4,426)
Amortization of restricted stock awards and vesting of restricted stock units	21,590	—	3,604	—	—	—	—	—	3,604
Distributions to common and restricted stockholders and other ($0.46 per common share)	—	—	—	—	—	(63,252)	—	—	(63,252)
Contributions by noncontrolling interests - partially owned properties	—	—	—	—	—	—	—	198,021	198,021
Distributions to noncontrolling interests - partially owned properties	—	—	—	—	—	—	—	(151,224)	(151,224)
Change in ownership of consolidated subsidiary	—	—	175,529	—	—	—	—	—	175,529
Change in fair value of interest rate swaps and other	—	—	—	—	—	—	180	—	180
Deposits to deferred compensation plan, net of withdrawals	(6,985)	—	275	6,985	(275)	—	—	—	—
Net income (loss)	—	—	—	—	—	46,009	—	(363)	45,646
Equity, June 30, 2018	**136,615,244**	**1,366**	**4,507,453**	**69,603**	**(3,092)**	**(889,524)**	**(2,056)**	**69,988**	**3,684,135**
Adjustments to reflect redeemable noncontrolling interests at fair value	—	—	(65,957)	—	—	—	—	—	(65,957)
Amortization of restricted stock awards and vesting of restricted stock units	2,746	—	2,875	—	—	—	—	—	2,875
Distributions to common and restricted stockholders and other ($0.46 per common share)	—	—	—	—	—	(63,441)	—	—	(63,441)
Contributions by noncontrolling interests - partially owned properties	—	—	—	—	—	—	—	4,945	4,945
Change in ownership of consolidated subsidiary	—	—	(1,014)	—	—	—	—	(9,472)	(10,486)
Conversion of common and preferred operating partnership units to common stock	343,895	4	12,851	—	—	—	—	—	12,855
Change in fair value of interest rate swaps and other	—	—	—	—	—	—	81	—	81
Net loss	—	—	—	—	—	(2,345)	—	(392)	(2,737)
Equity, September 30, 2018	**136,961,885**	**$ 1,370**	**$4,456,208**	**69,603**	**$ (3,092)**	**$ (955,310)**	**$ (1,975)**	**$ 65,069**	**$3,562,270**

See accompanying notes to consolidated financial statements.

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

	Nine Months Ended September 30,	
	2019	**2018**
Operating activities		
Net income	$ 60,914	$ 69,503
Adjustments to reconcile net income to net cash provided by operating activities:		
Loss (gain) from disposition of real estate	282	(42,314)
(Gain) loss from extinguishment of debt	(20,992)	784
Provision for real estate impairment	3,201	—
Depreciation and amortization	206,500	194,447
Amortization of deferred financing costs and debt premiums/discounts	289	954
Share-based compensation	10,614	9,922
Income tax provision	983	2,147
Amortization of interest rate swap terminations and other	701	308
Termination of interest rate swaps	(13,159)	—
Changes in operating assets and liabilities:		
Student contracts receivable	(19,212)	(36,584)
Other assets	(9,061)	(16,739)
Accounts payable and accrued expenses	(3,187)	30,214
Other liabilities	55,853	54,291
Net cash provided by operating activities	**273,726**	**266,933**
Investing activities		
Proceeds from disposition of properties and land parcels	8,854	242,284
Cash paid for acquisition of properties and land parcels	(8,559)	(26,534)
Capital expenditures for owned properties	(52,731)	(55,814)
Investments in owned properties under development	(349,461)	(372,251)
Capital expenditures for on-campus participating properties	(2,517)	(2,918)
Other investing activities	(2,711)	(878)
Net cash used in investing activities	**(407,125)**	**(216,111)**
Financing activities		
Proceeds from unsecured notes	398,816	—
Pay-off of mortgage and construction loans	(15,124)	(146,165)
Defeasance costs related to early extinguishment of debt	—	(2,726)
Pay-off of unsecured term loans	—	(450,000)
Proceeds from revolving credit facility	687,700	882,800
Paydowns of revolving credit facility	(722,900)	(743,500)
Proceeds from construction loans	29,893	88,004
Proceeds from mortgage loans	—	330,000
Scheduled principal payments on debt	(9,843)	(9,728)
Debt issuance costs	(6,462)	(656)
Increase in ownership of consolidated subsidiary	(44,109)	(10,486)
Contribution by noncontrolling interests	1,174	379,901
Taxes paid on net-share settlements	(3,975)	(2,756)
Distributions paid to common and restricted stockholders	(193,627)	(187,257)
Distributions paid to noncontrolling interests	(8,874)	(152,484)
Net cash provided by (used in) financing activities	**112,669**	**(25,053)**
Net change in cash, cash equivalents, and restricted cash	(20,730)	25,769
Cash, cash equivalents, and restricted cash at beginning of period	106,517	64,772
Cash, cash equivalents, and restricted cash at end of period	**$ 85,787**	**$ 90,541**

Reconciliation of cash, cash equivalents, and restricted cash to the consolidated balance sheets

Cash and cash equivalents	$ 56,218	$ 50,801
Restricted cash	29,569	39,740
Total cash, cash equivalents, and restricted cash at end of period	$ 85,787	$ 90,541

See accompanying notes to consolidated financial statements.

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

	Nine Months Ended September 30,	
	2019	**2018**
Supplemental disclosure of non-cash investing and financing activities		
Conversion of common and preferred operating partnership units to common stock	$ 6,077	$ 13,332
Non-cash contribution from noncontrolling interest	$ —	$ 8,729
Accrued development costs and capital expenditures	$ 45,406	$ 49,186
Change in fair value of redeemable noncontrolling interest	$ (14,850)	$ (65,857)
Change in ownership of consolidated subsidiary	$ —	$ (175,529)
Initial recognition of operating lease right of use assets	$ 463,445	$ —
Initial recognition of operating lease liabilities	$ 462,495	$ —
Non-cash extinguishment of debt, including accrued interest	$ (34,570)	$ —
Net assets surrendered in conjunction with extinguishment of debt	$ 13,578	$ —
Supplemental disclosure of cash flow information		
Interest paid	$ 81,555	$ 68,970

See accompanying notes to consolidated financial statements.

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

	September 30, 2019	December 31, 2018
	(Unaudited)	
Assets		
Investments in real estate:		
Owned properties, net	$ 6,759,867	$ 6,583,397
On-campus participating properties, net	76,854	77,637
Investments in real estate, net	6,836,721	6,661,034
Cash and cash equivalents	56,218	71,238
Restricted cash	29,569	35,279
Student contracts receivable	27,360	8,565
Operating lease right of use assets	461,810	—
Other assets	257,304	262,730
Total assets	**$ 7,668,982**	**$ 7,038,846**
Liabilities and capital		
Liabilities:		
Secured mortgage, construction and bond debt, net	$ 827,588	$ 853,084
Unsecured notes, net	1,984,748	1,588,446
Unsecured term loans, net	199,033	198,769
Unsecured revolving credit facility	352,100	387,300
Accounts payable and accrued expenses	86,295	88,767
Operating lease liabilities	469,479	—
Other liabilities	211,612	191,233
Total liabilities	**4,130,855**	**3,307,599**
Commitments and contingencies (Note 13)		
Redeemable limited partners	**157,863**	**184,446**
Capital:		
Partners' capital:		
General partner - 12,222 OP units outstanding at both September 30, 2019 and December 31, 2018	43	55
Limited partner - 137,392,530 and 137,024,667 OP units outstanding at September 30, 2019 and December 31, 2018, respectively	3,348,961	3,485,393
Accumulated other comprehensive loss	(18,929)	(4,397)
Total partners' capital	3,330,075	3,481,051
Noncontrolling interests - partially owned properties	50,189	65,750
Total capital	**3,380,264**	**3,546,801**
Total liabilities and capital	**$ 7,668,982**	**$ 7,038,846**

Consolidated variable interest entities' assets and debt included in the above balances:

Investments in real estate, net	$ 1,035,431	$ 1,042,585
Cash, cash equivalents and restricted cash	$ 48,569	$ 72,218
Other assets	$ 27,601	$ 11,918
Secured mortgage and construction debt, net	$ 461,927	$ 447,292
Accounts payable, accrued expenses and other liabilities	$ 67,466	$ 53,432

See accompanying notes to consolidated financial statements.

AMERICAN CAMPUS COMMUNITIES OPERATING PARTNERSHIP LP 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,	
	2019	**2018**	**2019**	**2018**
Revenues:				
Owned properties	$ 211,082	$ 202,834	$ 638,657	$ 597,854
On-campus participating properties	6,944	6,980	24,788	23,605
Third-party development services	5,611	835	12,389	3,883
Third-party management services	3,342	2,128	9,118	7,311
Resident services	726	692	2,255	2,284
Total revenues	**227,705**	**213,469**	**687,207**	**634,937**
Operating expenses (income):				
Owned properties	111,836	107,997	294,768	282,193
On-campus participating properties	3,822	3,875	11,585	11,030
Third-party development and management services	5,430	3,831	14,129	11,573
General and administrative	7,165	7,183	22,595	27,055
Depreciation and amortization	68,930	66,131	206,500	194,447
Ground/facility leases	3,215	2,951	10,000	8,526
Loss (gain) from disposition of real estate	—	—	282	(42,314)
Provision for real estate impairment	—	—	3,201	—
Other operating income	—	—	—	(2,648)
Total operating expenses	**200,398**	**191,968**	**563,060**	**489,862**
Operating income	**27,307**	**21,501**	**124,147**	**145,075**
Nonoperating income (expenses):				
Interest income	960	1,274	2,855	3,740
Interest expense	(28,303)	(25,185)	(82,432)	(72,207)
Amortization of deferred financing costs	(1,315)	(1,116)	(3,665)	(4,744)
Gain (loss) from extinguishment of debt	20,992	—	20,992	(784)
Other nonoperating income	—	570	—	570
Total nonoperating expenses	**(7,666)**	**(24,457)**	**(62,250)**	**(73,425)**
Income (loss) before income taxes	19,641	(2,956)	61,897	71,650
Income tax (provision) benefit	(305)	219	(983)	(2,147)
Net income (loss)	**19,336**	**(2,737)**	**60,914**	**69,503**
Net loss (income) attributable to noncontrolling interests – partially owned properties	970	413	(368)	665
Net income (loss) attributable to American Campus Communities Operating Partnership LP	**20,306**	**(2,324)**	**60,546**	**70,168**
Series A preferred units distributions	(14)	(31)	(54)	(93)
Net income (loss) attributable to common unitholders	**$ 20,292**	**$ (2,355)**	**$ 60,492**	**$ 70,075**
Other comprehensive (loss) income				
Change in fair value of interest rate swaps and other	(145)	81	(14,532)	726
Comprehensive income (loss)	**$ 20,147**	**$ (2,274)**	**$ 45,960**	**$ 70,801**
Net income (loss) per unit attributable to common unitholders				
Basic and diluted	**$ 0.14**	**$ (0.02)**	**$ 0.43**	**$ 0.50**
Weighted-average common units outstanding				
Basic	**137,872,317**	**137,624,276**	**137,811,351**	**137,573,422**
Diluted	**138,844,002**	**137,624,276**	**138,810,127**	**138,492,130**

See accompanying notes to consolidated financial statements.

AMERICAN CAMPUS COMMUNITIES OPERATING PARTNERSHIP LP AND SUBSIDIARIES
CONSOLIDATED STATEMENTS 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) Income	Properties	Total
Capital, December 31, 2018	**12,222**	**$ 55**	**137,024,667**	**$ 3,485,393**	**$ (4,397)**	**$ 65,750**	**$ 3,546,801**
Adjustments to reflect redeemable limited partners' interest at fair value	—	—	—	(2,547)	—	—	(2,547)
Amortization of restricted stock awards and vesting of restricted stock units	—	—	—	3,765	—	—	3,765
Vesting of restricted stock awards	—	—	180,961	(3,831)	—	—	(3,831)
Distributions to common and restricted unit holders and other ($0.46 per common unit)	—	(6)	—	(63,605)	—	—	(63,611)
Contribution by noncontrolling interests - partially owned properties	—	—	—	—	—	625	625
Distributions to noncontrolling joint venture partners	—	—	—	—	—	(3,661)	(3,661)
Conversion of common and preferred operating partnership units to common stock	—	—	42,271	251	—	—	251
Change in fair value of interest rate swaps and other	—	—	—	—	(5,794)	—	(5,794)
Net income	—	3	—	29,637	—	1,469	31,109
Capital, March 31, 2019	**12,222**	**52**	**137,247,899**	**3,449,063**	**(10,191)**	**64,183**	**3,503,107**
Adjustments to reflect redeemable limited partners' interest at fair value	—	—	—	660	—	—	660
Amortization of restricted stock awards and vesting of restricted stock units	—	—	15,925	3,744	—	—	3,744
Vesting of restricted stock awards	—	—	—	(144)	—	—	(144)
Distributions to common and restricted unit holders and other ($0.47 per common unit)	—	(5)	—	(64,973)	—	—	(64,978)
Contribution by noncontrolling interests - partially owned properties	—	—	—	—	—	79	79
Distributions to noncontrolling joint venture partners	—	—	—	—	—	(3,037)	(3,037)
Change in fair value of interest rate swaps and other	—	—	—	—	4,566	—	4,566
Termination of interest rate swaps	—	—	—	—	(13,159)	—	(13,159)
Net income (loss)	—	1	—	10,385	—	(339)	10,047
Capital, June 30, 2019	**12,222**	**48**	**137,263,824**	**3,398,735**	**(18,784)**	**60,886**	**3,440,885**
Adjustments to reflect redeemable limited partners' interest at fair value	—	—	—	(12,963)	—	—	(12,963)
Amortization of restricted stock awards and vesting of restricted stock units	—	—	2,393	3,105	—	—	3,105
Distributions to common and restricted unit holders and other ($0.46 per common unit)	—	(6)	—	(65,032)	—	—	(65,038)
Contribution by noncontrolling interests - partially owned properties	—	—	—	—	—	220	220
Distributions to noncontrolling joint venture partners	—	—	—	—	—	(1,348)	(1,348)
Change in ownership of consolidated subsidiary	—	—	—	(932)	—	(8,532)	(9,464)
Conversion of common and preferred operating partnership units to common stock	—	—	126,313	5,826	—	—	5,826
Change in fair value of interest rate swaps and other	—	—	—	—	(145)	—	(145)
Net income (loss)	—	1	—	20,222	—	(1,037)	19,186
Capital, September 30, 2019	**12,222**	**$ 43**	**137,392,530**	**$ 3,348,961**	**$ (18,929)**	**$ 50,189**	**$ 3,380,264**

See accompanying notes to consolidated financial statements.

AMERICAN CAMPUS COMMUNITIES OPERATING PARTNERSHIP LP AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN CAPITAL
(unaudited, in thousands, except unit data)

	General Partner		Limited Partner		Accumulated Other Comprehensive Loss	Noncontrolling Interests - Partially Owned Properties	Total
	Units	Amount	Units	Amount			
Capital, December 31, 2017	**12,222**	**$ 67**	**136,414,284**	**$ 3,487,619**	**$ (2,701)**	**$ 13,973**	**$ 3,498,958**
Adjustments to reflect redeemable limited partners' interest at fair value	—	—	—	4,526	—	—	4,526
Amortization of restricted stock awards and vesting of restricted stock units	—	—	3,040	3,443	—	—	3,443
Vesting of restricted stock awards	—	—	165,263	(2,757)	—	—	(2,757)
Distributions to common and restricted unit holders and other ($0.44 per common unit)	—	(5)	—	(60,559)	—	—	(60,564)
Contribution by noncontrolling interests - partially owned properties	—	—	—	—	—	9,515	9,515
Distributions to noncontrolling joint venture partners	—	—	—	—	—	(47)	(47)
Conversion of common and preferred operating partnership units to common stock	—	—	68,448	478	—	—	478
Change in fair value of interest rate swaps and other	—	—	—	—	465	—	465
Net income	—	2	—	25,925	—	113	26,040
Capital, March 31, 2018	**12,222**	**64**	**136,651,035**	**3,458,675**	**(2,236)**	**23,554**	**3,480,057**
Adjustments to reflect redeemable limited partners' interest at fair value	—	—	—	(4,426)	—	—	(4,426)
Amortization of restricted stock awards and vesting of restricted stock units	—	—	21,590	3,604	—	—	3,604
Distributions to common and restricted unit holders and other ($0.46 per common unit)	—	(6)	—	(63,246)	—	—	(63,252)
Contribution by noncontrolling interests - partially owned properties	—	—	—	—	—	198,021	198,021
Distributions to noncontrolling joint venture partners	—	—	—	—	—	(151,224)	(151,224)
Change in ownership of consolidated subsidiary	—	—	—	175,529	—	—	175,529
Change in fair value of interest rate swaps and other	—	—	—	—	180	—	180
Net income (loss)	—	4	—	46,005	—	(363)	45,646
Capital, June 30, 2018	**12,222**	**62**	**136,672,625**	**3,616,141**	**(2,056)** —	**69,988**	**3,684,135**
Adjustments to reflect redeemable limited partners' interest at fair value	—	—	—	(65,957)	— —	—	(65,957)
Amortization of restricted stock awards and vesting of restricted stock units	—	—	2,746	2,875	— —	—	2,875
Distributions to common and restricted unit holders and other ($0.46 per common unit)	—	(6)	—	(63,435)	— —	—	(63,441)
Contribution by noncontrolling interests - partially owned properties	—	—	—	—	— —	4,945	4,945
Change in ownership of consolidated subsidiary	—	—	—	(1,014)	— —	(9,472)	(10,486)
Conversion of common and preferred operating partnership units to common stock	—	—	343,895	12,855	— —	—	12,855
Change in fair value of interest rate swaps and other	—	—	—	—	81 —	—	81
Net loss	—	—	—	(2,345)	— —	(392)	(2,737)
Capital, September 30, 2018	**12,222**	**$ 56**	**137,019,266**	**$ 3,499,120**	**$ (1,975)** —	**$ 65,069**	**$ 3,562,270**

See accompanying notes to consolidated financial statements.

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

	Nine Months Ended September 30,	
	2019	**2018**
Operating activities		
Net income	$ 60,914	$ 69,503
Adjustments to reconcile net income to net cash provided by operating activities:		
Loss (gain) from disposition of real estate	282	(42,314)
(Gain) loss from extinguishment of debt	(20,992)	784
Provision for real estate impairment	3,201	—
Depreciation and amortization	206,500	194,447
Amortization of deferred financing costs and debt premiums/discounts	289	954
Share-based compensation	10,614	9,922
Income tax provision	983	2,147
Amortization of interest rate swap terminations and other	701	308
Termination of interest rate swaps	(13,159)	—
Changes in operating assets and liabilities:		
Student contracts receivable	(19,212)	(36,584)
Other assets	(9,061)	(16,739)
Accounts payable and accrued expenses	(3,187)	30,214
Other liabilities	55,853	54,291
Net cash provided by operating activities	**273,726**	**266,933**
Investing activities		
Proceeds from disposition of properties and land parcels	8,854	242,284
Cash paid for acquisition of properties and land parcels	(8,559)	(26,534)
Capital expenditures for owned properties	(52,731)	(55,814)
Investments in owned properties under development	(349,461)	(372,251)
Capital expenditures for on-campus participating properties	(2,517)	(2,918)
Other investing activities	(2,711)	(878)
Net cash used in investing activities	**(407,125)**	**(216,111)**
Financing activities		
Proceeds from unsecured notes	398,816	—
Pay-off of mortgage and construction loans	(15,124)	(146,165)
Defeasance costs related to early extinguishment of debt	—	(2,726)
Pay-off of unsecured term loans	—	(450,000)
Proceeds from revolving credit facility	687,700	882,800
Paydowns of revolving credit facility	(722,900)	(743,500)
Proceeds from construction loans	29,893	88,004
Proceeds from mortgage loans	—	330,000
Scheduled principal payments on debt	(9,843)	(9,728)
Debt issuance costs	(6,462)	(656)
Increase in ownership of consolidated subsidiary	(44,109)	(10,486)
Contribution by noncontrolling interests	1,174	379,901
Taxes paid on net-share settlements	(3,975)	(2,756)
Distributions paid to common and preferred unitholders	(192,966)	(187,177)
Distributions paid on unvested restricted stock awards	(1,489)	(1,293)
Distributions paid to noncontrolling interests - partially owned properties	(8,046)	(151,271)
Net cash provided by (used in) financing activities	**112,669**	**(25,053)**
Net change in cash, cash equivalents, and restricted cash	(20,730)	25,769
Cash, cash equivalents, and restricted cash at beginning of period	106,517	64,772

Cash, cash equivalents, and restricted cash at end of period	**$ 85,787**	**$ 90,541**
Reconciliation of cash, cash equivalents, and restricted cash to the consolidated balance sheets		
Cash and cash equivalents	$ 56,218	$ 50,801
Restricted cash	29,569	39,740
Total cash, cash equivalents, and restricted cash at end of period	$ 85,787	$ 90,541

See accompanying notes to consolidated financial statements.

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

	Nine Months Ended September 30,	
	2019	**2018**
Supplemental disclosure of non-cash investing and financing activities		
Conversion of common and preferred operating partnership units to common stock	$ 6,077	$ 13,332
Non-cash contribution from noncontrolling interest	$ —	$ 8,729
Accrued development costs and capital expenditures	$ 45,406	$ 49,186
Change in fair value of redeemable noncontrolling interest	$ (14,850)	$ (65,857)
Change in ownership of consolidated subsidiary	$ —	$ (175,529)
Initial recognition of operating lease right of use assets	$ 463,445	$ —
Initial recognition of operating lease liabilities	$ 462,495	$ —
Non-cash extinguishment of debt, including accrued interest	$ (34,570)	$ —
Net assets surrendered in conjunction with extinguishment of debt	$ 13,578	$ —
Supplemental disclosure of cash flow information		
Interest paid	$ 81,555	$ 68,970

See accompanying notes to consolidated financial statements.

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 LP (“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, 2019, 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, 2019, ACC owned an approximate 99.6% 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” means 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, 2019, the Company’s property portfolio contained 168 properties with approximately 113,400 beds. The Company’s property portfolio consisted of 128 owned off-campus student housing properties that are in close proximity to colleges and universities, 34 American Campus Equity (“ACE®”) properties operated under ground/facility leases, and six on-campus participating properties operated under ground/facility leases with the related university systems. Of the 168 properties, three were under development as of September 30, 2019, and when completed will consist of a total of approximately 11,300 beds. The Company’s 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”), the Company also provides construction management and development services, primarily for student housing properties owned by colleges and universities, charitable foundations, and others. As of September 30, 2019, also through one of ACC’s TRSs, the Company provided third-party management and leasing services for 37 properties that represented approximately 26,900 beds. Third-party management and leasing services are typically provided pursuant to management contracts that have initial terms that range from one year to five years. As of September 30, 2019, the Company’s total owned and third-party managed portfolio included 205 properties with approximately 140,300 beds.

2. Summary of Significant Accounting Policies

Basis of Presentation and use of Estimates

The accompanying consolidated financial statements, presented in U.S. dollars, are prepared in accordance with U.S. generally accepted accounting principles (“GAAP”). GAAP requires the Company 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. The Company’s 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.

Principles of Consolidation

The Company's consolidated financial statements include its accounts and the accounts of other subsidiaries and joint ventures (including partnerships and limited liability companies) over which it has control. Investments acquired or created are evaluated based on the accounting guidance relating to variable interest entities ("VIEs"), which requires the consolidation of VIEs in which the Company is considered to be the primary beneficiary. If the investment is determined not to be a VIE, then the investment is evaluated for consolidation using the voting interest model.

Recently Issued Accounting Pronouncements

The Company does not expect the following accounting pronouncements issued by the Financial Accounting Standards Board ("FASB") to have a material effect on its consolidated financial statements:

Accounting Standards Update	Effective Date
ASU 2018-15, "Intangibles - Goodwill and Other - Internal-Use Software (Subtopic 350-40): Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement that is a Service Contract"	January 1, 2020
ASU 2018-13, "Fair Value Measurement (Topic 820): Disclosure Framework - Changes to the Disclosure Requirements for Fair Value Measurement"	January 1, 2020
ASU 2016-13, "Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments"	January 1, 2020

Recently Adopted Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02 ("ASU 2016-12"), "Leases (Topic 842): Amendments to the FASB Accounting Standards Codification." ASU 2016-02 outlines principles for the recognition, measurement, presentation and disclosure of leases. Subsequent to the issuance of ASU 2016-02, the FASB issued additional ASUs clarifying aspects of the new lease accounting standard, which were effective upon adoption of ASU 2016-02. These lease-related ASUs are collectively referred to as the "New Leases Standard."

The Company adopted the New Leases Standard on January 1, 2019, utilizing the modified retrospective transition approach. Under this approach, the Company elected to apply the new standard to leases that were in place as of January 1, 2019. Results for reporting periods beginning January 1, 2019 are presented under the New Leases Standard. Upon adoption, the Company did not record an adjustment to beginning retained earnings.

In addition, the Company adopted the following additional practical expedients available for implementation:

- An entity need not reassess whether any existing or expired contracts are or contain leases;
- An entity need not reassess lease classification for any existing or expired leases; and
- An entity need not reassess initial direct costs for any existing leases.

As Lessee:

- Under the New Leases Standard, lessees classify leases as either operating or finance leases based on the principle of whether or not the lease is effectively a financed purchase by the lessee. This classification determines whether lease expense is recognized on a straight-line basis over the term of the lease (operating lease) or under the effective interest method (finance lease). In addition, the New Leases Standard requires lessees to recognize right-of-use assets and related lease liabilities for leases with a term greater than 12 months regardless of their lease classification.
- Upon adoption of the New Leases Standard on January 1, 2019, the Company was a lessee under 28 ground leases and two corporate office headquarters leases for which it recorded $278.2 million in right of use assets ("ROU Assets"), and $277.5 million of operating lease liabilities.
- Because the Company's existing leases under which it is a lessee will continue to be classified as operating leases, the timing and pattern of lease expense recognition (straight-line basis) will remain unchanged. However, for any leases entered into or modified after January 1, 2019, the leases will need to be evaluated under the New Leases Standard and may be classified as finance leases depending on the terms of the transactions.

As Lessor:

- Under the New Leases Standard, the accounting for lessors remained largely unchanged from current GAAP; however, ASU 2016-02 required that lessors expense, on an as-incurred basis, certain initial direct costs that are not incremental in negotiating a lease. Under the prior standard, these costs were capitalizable and therefore the New Leases Standard resulted in certain of these costs being expensed as incurred after adoption. For the Company, these costs include internal leasing payroll costs incurred for owned and presale development projects, as well as certain legal expenses incurred when negotiating commercial leases.
- The New Leases Standard also requires lessors to evaluate collectability of all operating lease payments in a contract at lease commencement and thereafter. If the operating lease payments are deemed not probable of collection, adjustments are recognized as a reduction to lease income. This resulted in the reclassification of the provision for uncollectible accounts from operating expenses to revenue. This adjustment is reflected on a prospective basis in the accompanying consolidated statements of comprehensive income, starting on January 1, 2019. The provision for uncollectible accounts for owned properties was $3.3 million and $2.9 million for the three months ended September 30, 2019 and 2018, respectively, and was $6.1 million and $5.6 million for the nine months ended September 30, 2019 and 2018, respectively. The provision for uncollectible accounts for on-campus participating properties for the three months ended September 30, 2019 was $0.1 million, nominal for the three months ended September 30, 2018, and a $0.6 million benefit and a $0.2 million expense for the nine months ended September 30, 2019 and 2018, respectively.
- The New Leases Standard provides a practical expedient that allows lessors to not separate certain lease and non-lease components if certain criteria are met. The Company assessed the criteria and determined that the timing and pattern of transfer for common area maintenance and the related rental revenue is the same. Therefore, the Company elected the practical expedient which resulted in no change to how revenue is currently recorded.

Other

In addition, on January 1, 2019, the Company adopted the following accounting pronouncements which did not have a material effect on the Company's consolidated financial statements:

- ASU 2018-02, "Income Statement - Reporting Comprehensive Income (Topic 220): Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income"
- ASU 2017-12, "Derivatives and Hedging (Topic 815): Targeted Improvements to Accounting for Hedging Activities"

The SEC issued the Disclosure Update and Simplification Rule in 2018 to remove inconsistencies and duplicative disclosures between US GAAP and SEC regulations. This rule was effective November 5, 2018 and eliminated Rule 3-15(a)(1) of Regulation S-X, which required REITs to present separately all gains and losses on sales of properties outside of continuing operations on the Statement of Comprehensive Income. The adoption of this rule resulted in the presentation of gains and losses from disposition of real estate within operating income on the Consolidated Statements of Comprehensive Income. Prior year amounts have reclassified to conform to current presentation.

In July 2019, the FASB issued ASU 2019-07, "Amendments to SEC Paragraphs Pursuant to SEC Final Rule Releases No. 33-10532, Disclosure Update and Simplification, and Nos. 33-10231 and 33-10442, Investment Company Reporting Modernization, and Miscellaneous Updates" which was effective upon issuance. This release is associated with the SEC's issuance of the Disclosure Update and Simplification Rule referenced above and did not have a material effect on the Company's 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, 2018.

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 financing costs, are capitalized as construction in progress. Upon completion of the project, costs are transferred into the applicable asset category and depreciation commences. Interest totaling approximately $3.0 million and $2.6 million was capitalized during the three months ended September 30, 2019 and 2018, respectively, and interest totaling approximately $9.4 million and $9.6 million was capitalized during the nine months ended September 30, 2019 and 2018, respectively.

Management assesses whether there has been an impairment in the value of the Company’s investments in real estate whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Impairment is recognized when estimated expected future undiscounted cash flows are less than the carrying value of the property, or when a property meets the criteria to be classified as held for sale, at which time an impairment charge is recognized for any excess of the carrying value of the property over the expected net proceeds from the disposal. The estimation of expected future net cash flows is inherently uncertain and relies on assumptions regarding current and future economics and market conditions. If such conditions change, then an adjustment to the carrying value of the Company’s long-lived assets could occur in the future period in which the conditions change. To the extent that a property is impaired, the excess of the carrying amount of the property over its estimated fair value is charged to earnings. In the case of any impairment, the valuation would be based on Level 3 inputs. There were no impairments of the carrying values of the Company's investments in real estate as of September 30, 2019, other than a $3.2 million impairment charge recorded on March 31, 2019 concurrent with the classification of one owned property as held for sale.

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. The Company did not have any properties classified as held for sale as of September 30, 2019.

Restricted Cash

Restricted cash consists of funds held in trust and invested in low risk investments, generally consisting of government backed securities, as permitted by the indentures of trusts, which were established in connection with three bond issues for the Company's on-campus participating properties. Additionally, restricted cash includes escrow accounts held by lenders and resident security deposits, as required by law in certain states. Restricted cash also consists of escrow deposits made in connection with potential property acquisitions and development opportunities. These escrow deposits are invested in interest-bearing accounts at federally-insured banks. Realized and unrealized gains and losses are not material for the periods presented.

Consolidated VIEs

The Company has investments in various entities that qualify as VIEs for accounting purposes and for which the Company is the primary beneficiary and therefore includes the entities in its consolidated financial statements. These VIEs include the Operating Partnership, six joint ventures that own a total of 15 operating properties, one property subject to a presale arrangement, and six properties owned under the on-campus participating property structure. The VIE assets and liabilities consolidated within the Company's assets and liabilities are disclosed at the bottom of the accompanying Consolidated Balance Sheets.

Earnings per Share – Company

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

The following potentially dilutive securities were outstanding for the three and nine months ended September 30, 2019 and 2018, 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,	
	2019	2018	2019	2018
Common OP Units (Note 8)	468,475	602,264	552,221	831,328
Preferred OP Units (Note 8)	35,242	77,513	44,843	77,513
Unvested restricted stock awards (Note 9)	—	883,595	—	—
Total potentially dilutive securities	503,717	1,563,372	597,064	908,841

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,	
	2019	**2018**	**2019**	**2018**
Numerator – basic and diluted earnings per share:				
Net income (loss)	$ 19,336	$ (2,737)	$ 60,914	$ 69,503
Net loss (income) attributable to noncontrolling interests	887	392	(665)	88
Net income (loss) attributable to ACC, Inc. and Subsidiaries common stockholders	20,223	(2,345)	60,249	69,591
Amount allocated to participating securities	(458)	(408)	(1,489)	(1,291)
Net income (loss) attributable to common stockholders	**$ 19,765**	**$ (2,753)**	**$ 58,760**	**$ 68,300**
Denominator:				
Basic weighted average common shares outstanding	**137,403,842**	**137,022,012**	**137,259,130**	**136,742,094**
Unvested restricted stock awards (Note 9)	971,685	—	998,776	918,708
Diluted weighted average common shares outstanding	**138,375,527**	**137,022,012**	**138,257,906**	**137,660,802**
Earnings per share:				
Net income (loss) attributable to common stockholders - basic and diluted	**$ 0.14**	**$ (0.02)**	**$ 0.43**	**$ 0.50**

Earnings per Unit – Operating Partnership

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

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	**2018**	**2019**	**2018**
Numerator – basic and diluted earnings per unit:				
Net income (loss)	$ 19,336	$ (2,737)	$ 60,914	$ 69,503
Net loss (income) attributable to noncontrolling interests – partially owned properties	970	413	(368)	665
Series A preferred unit distributions	(14)	(31)	(54)	(93)
Amount allocated to participating securities	(458)	(408)	(1,489)	(1,291)
Net income (loss) attributable to common unitholders	**$ 19,834**	**$ (2,763)**	**$ 59,003**	**$ 68,784**
Denominator:				
Basic weighted average common units outstanding	**137,872,317**	**137,624,276**	**137,811,351**	**137,573,422**
Unvested restricted stock awards (Note 9)	971,685	—	998,776	918,708
Diluted weighted average common units outstanding	**138,844,002**	**137,624,276**	**138,810,127**	**138,492,130**
Earnings per unit:				
Net income (loss) attributable to common unitholders - basic and diluted	**$ 0.14**	**$ (0.02)**	**$ 0.43**	**$ 0.50**

3. Acquisitions

Presale Development Projects:

In August 2019, The Flex - Stadium Centre, a 340-bed off-campus development property subject to a presale agreement executed in 2018, was completed and acquired by the Company for $36.4 million, including $8.5 million related to the purchase of the land on which the property is built. As the property was consolidated by the Company from the time of execution of the presale agreement with the developer, the closing of the transaction was accounted for as an increase in ownership of a consolidated subsidiary.

In August 2018, The Edge - Stadium Centre, a 412-bed off-campus development property subject to a presale agreement, was completed and acquired by the Company for $42.6 million, including $10.0 million related to the purchase of the land on which the property is built. As the property was consolidated by the Company from the time of execution of the presale agreement with the developer, the closing of the transaction was accounted for as an increase in ownership of a consolidated subsidiary.

Land Acquisition:

In August 2018, the Company purchased a land parcel for a total purchase price of approximately $16.6 million. Total cash consideration was approximately $16.5 million.

4. Property Dispositions

Property Dispositions:

In May 2019, the Company sold College Club Townhomes, an owned property located near Florida A&M University in Tallahassee, Florida, containing 544 beds for $9.5 million, resulting in net proceeds of approximately $8.9 million. The net loss on this disposition totaled approximately $0.3 million. Concurrent with the classification of this property as held for sale in March 2019, the Company reduced the property's carrying amount to its estimated fair value less estimated selling costs and recorded an impairment charge of $3.2 million.

In May 2018, the Company sold a portfolio of three owned properties containing 1,338 beds for approximately $245.0 million, resulting in net proceeds of approximately $242.3 million. The combined net gain on the portfolio disposition totaled approximately $42.3 million.

Joint Venture Activity:

In May 2018, the Company executed an agreement to enter into a joint venture arrangement with Allianz Real Estate (the "ACC / Allianz Joint Venture Transaction"). The transaction included the sale of a partial ownership interest in a portfolio of seven owned properties, containing 4,611 beds, through a joint venture arrangement. The joint venture transaction involved the joint venture partner making a cash contribution of approximately $373.1 million in exchange for a 45% ownership interest. As part of the transaction, the joint venture issued $330 million of secured mortgage debt.

The joint venture was determined to be a VIE. As the Company retained control of the properties after the joint venture transaction, it was deemed the primary beneficiary. As such, the Company's contribution of the properties to the joint venture was recorded at net book value, and the joint venture is included in the Company's consolidated financial statements contained herein. The joint venture partner's ownership interest in the joint venture is accounted for as noncontrolling interest.

5. Investments in Owned Properties

Owned properties, both wholly-owned and those owned through investments in VIEs, consisted of the following:

	September 30, 2019	December 31, 2018
Land	$ 657,986	$ 653,522
Buildings and improvements	6,843,575	6,486,106
Furniture, fixtures and equipment	392,467	371,429
Construction in progress	272,448	302,902
	8,166,476	7,813,959
Less accumulated depreciation	(1,406,609)	(1,230,562)
Owned properties, net	**$ 6,759,867**	**$ 6,583,397**

6. Debt

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

	September 30, 2019	December 31, 2018
Debt secured by owned properties:		
Mortgage loans payable:		
Unpaid principal balance	$ 695,176	$ 727,163
Unamortized deferred financing costs	(1,410)	(1,757)
Unamortized debt premiums	7,842	11,579
Unamortized debt discounts	(212)	—
	701,396	736,985
Construction loans payable [1]	36,977	22,207
Unamortized deferred financing costs	—	(480)
	738,373	758,712
Debt secured by on-campus participating properties:		
Mortgage loans payable [2]	66,445	67,867
Bonds payable [2]	23,215	27,030
Unamortized deferred financing costs	(445)	(525)
	89,215	94,372
Total secured mortgage, construction and bond debt	827,588	853,084
Unsecured notes, net of unamortized OID and deferred financing costs [3]	1,984,748	1,588,446
Unsecured term loans, net of unamortized deferred financing costs [4]	199,033	198,769
Unsecured revolving credit facility	352,100	387,300
Total debt, net	**$ 3,363,469**	**$ 3,027,599**

(1) Construction loans payable relate to the construction loans partially financing the development of presale development projects. The properties are owned by an entity determined to be a VIE for which the Company is the primary beneficiary. The creditor of the construction loans does not have recourse to the assets of the Company.

(2) The creditors of mortgage loans payable and bonds payable related to on-campus participating properties do not have recourse to the assets of the Company.

(3) Includes net unamortized original issue discount ("OID") of $2.4 million and $1.6 million at September 30, 2019 and December 31, 2018, respectively, and net unamortized deferred financing costs of $12.8 million and $10.0 million at September 30, 2019 and December 31, 2018, respectively.

(4) Includes net unamortized deferred financing costs of $1.0 million and $1.2 million at September 30, 2019 and December 31, 2018, respectively.

Mortgage and Construction Loans Payable

In January 2019, the Company refinanced $70.0 million of variable rate debt on one wholly-owned property, extending the maturity to January 2024. The Company entered into an interest rate swap contract to hedge the variable rate cash flows associated with interest payments on this LIBOR-based mortgage loan, resulting in a fixed rate of 4.00%. Refer to Note 10 for information related to derivatives.

In May 2017, the lender of the non-recourse mortgage loan secured by Blanton Common, a property located near Valdosta State University containing 860 beds which was included as part of the GMH student housing transaction in 2008, sent a formal notice of default and initiated foreclosure proceedings. The property generated insufficient cash flow to cover the debt service on the mortgage, which had a balance of $27.4 million at default and a contractual maturity date of August 2017. In May 2017, the lender began receiving the net operating cash flows of the property each month in lieu of scheduled monthly mortgage payments. In June 2017, the Company recorded an impairment charge for this property of $15.3 million. In August 2017, the property transferred to receivership and a third-party manager began managing the property on behalf of the lender. In July 2019, the Company completed the transfer of the property to the lender in settlement of the property's mortgage loan and recognized a net gain from the extinguishment of debt totaling $21.0 million.

In August 2019, the company acquired The Flex - Stadium Centre, a property subject to a presale agreement. Approximately $15.1 million of construction debt used to partially finance the development of the presale project was paid off upon acquisition.

During the nine months ended September 30, 2018, the Company paid off approximately $55.9 million of fixed rate mortgage debt secured by three owned properties. Additionally, during the nine months ended September 30, 2018, the Company paid $2.7 million in debt defeasance costs associated with the early pay-off of mortgage loans in connection with the sale of one owned property and one owned property included in the ACC / Allianz Joint Venture Transaction (see Note 4). These costs were partially offset by the net write-off of $1.9 million of premiums and deferred financing costs, resulting in a loss from early extinguishment of debt of $0.8 million.

In the third quarter of 2018, one of the joint ventures that is part of the Core Transaction paid off approximately $71.0 million of construction debt with proceeds from an additional investment made by the Company to the joint venture (see Note 3). Additionally, in August 2018, upon completion of construction, the Company acquired The Edge - Stadium Centre, a property subject to a presale agreement. Approximately $19.3 million of construction debt used to partially finance the development of the presale project was paid off upon acquisition.

In May 2018, as part of the ACC / Allianz Joint Venture Transaction, the joint venture issued $330.0 million of fixed rate secured mortgage debt with a coupon of 4.07% and the full amount of principal due at maturity in June 2028 (see Note 4).

Unsecured Notes

In June 2019, the Operating Partnership closed a $400 million offering of senior unsecured notes under its existing shelf registration. These 7-year notes were issued at 99.704 percent of par value with a coupon of 3.300 percent and a yield of 3.347 percent and are fully and unconditionally guaranteed by the Company. Net proceeds from the notes totaled approximately $394.0 million, after deducting the underwriting discount and offering expenses which will be amortized over the term of the unsecured notes. The net proceeds were used to repay borrowings under the Company's revolving credit facility.

The following senior unsecured notes issued by the Company are outstanding as of September 30, 2019:

Date Issued	Amount	% of Par Value	Coupon	Yield	Original Issue Discount	Term (Years)
April 2013	$ 400,000	99.659	3.750%	3.791%	$ 1,364	10
June 2014	400,000	99.861	4.125%	4.269% (1)	556	10
September 2015	400,000	99.811	3.350%	3.391%	756	5
October 2017	400,000	99.912	3.625%	3.635%	352	10
June 2019	400,000	99.704	3.300%	3.680% (1)	1,184	7
	$ 2,000,000				**$ 4,212**	

(1) The yield includes the effect of the amortization of interest rate swap terminations (see Note 10).

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, 2019, the Company was in compliance with all such covenants.

Unsecured Revolving Credit Facility

In February 2019, the Company exercised the option under the existing credit agreement to increase the capacity of the unsecured revolving credit facility from $700 million to $1.0 billion. It may be expanded by up to an additional $200 million upon the satisfaction of certain conditions. The maturity date of the revolving credit facility is March 2022.

The unsecured revolving credit facility bears interest at a variable rate, at the Company's option, based upon a base rate of 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. Additionally, the Company is required to pay a facility fee of 0.20% per annum on the $1.0 billion revolving credit facility. As of September 30, 2019, the revolving credit facility bore interest at a weighted average annual rate of 3.25% (2.05% + 1.00% spread + 0.20% facility fee), and availability under the revolving credit facility totaled $647.9 million.

The terms of the unsecured credit facility include certain restrictions and covenants, which limit, among other items, the incurrence of additional indebtedness and liens. The facility contains customary affirmative and negative covenants and also contains financial covenants that, among other things, require the Company to maintain certain maximum leverage ratios and minimum ratios of “EBITDA” (earnings before interest, taxes, depreciation and amortization) to fixed charges. The financial covenants also include a minimum asset value requirement, a maximum secured debt ratio, and a minimum unsecured debt service coverage ratio. As of September 30, 2019, the Company was in compliance with all such covenants.

Unsecured Term Loans

In May 2018, the Company repaid a $300 million unsecured term loan and a $150 million unsecured term loan which were due to mature in September 2018 and March 2021, respectively, using the proceeds from the sale of a partial interest in a portfolio of seven owned properties and the portfolio sale of three owned properties (see Note 4). In connection with the pay-off of these term loan facilities, the Company accelerated the amortization of $0.9 million of deferred financing costs.

The Company is currently party to an Unsecured Term Loan Credit Agreement (the “Term Loan Facility”) totaling $200 million which matures in June 2022. The agreement has an accordion feature that allows the Company to expand the amount by up to an additional $100 million, subject to the satisfaction of certain conditions. The weighted average annual rate on the Term Loan Facility was 3.14% (2.04% + 1.10% spread) at September 30, 2019.

The terms of the Term Loan Facility include certain restrictions and covenants consistent with those of the unsecured revolving credit facility discussed above. As of September 30, 2019, the Company was in compliance with all such covenants.

7. Stockholders’ Equity / Partners’ Capital

Stockholders’ Equity - Company

In May 2018, the Company renewed its 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 $233.0 million that were not sold under the Company's previous ATM equity program that expired in May 2018. Actual sales under the program will depend on a variety of factors including, but not limited to, market conditions, the trading price of the Company’s common stock and determinations of the appropriate sources of funding for the Company.

There was no activity under the Company’s ATM Equity Program during the three and nine months ended September 30, 2019 and 2018. As of September 30, 2019, the Company had approximately $500.0 million available for issuance under its ATM Equity Program.

In 2015, the Company established a Non-Qualified Deferred Compensation Plan (“Deferred Compensation Plan”) maintained for the benefit of certain employees and members of the Company’s Board of Directors, in which vested share awards (see Note 9), salary, and other cash amounts earned may be deposited. Deferred Compensation Plan assets are held in a rabbi trust, which is subject to the claims of the Company’s creditors in the event of bankruptcy or insolvency. The shares held in the Deferred Compensation Plan are classified within stockholders’ equity in a manner similar to the manner in which treasury stock is classified. Subsequent changes in the fair value of the shares are not recognized. During the nine months ended September 30, 2019, 15,670 and 7,345 shares of vested stock were deposited into and withdrawn from the Deferred Compensation Plan, respectively. As of September 30, 2019, 77,928 shares of ACC’s common stock were held in the Deferred Compensation Plan.

8. Noncontrolling Interests

Interests in Consolidated Real Estate Joint Ventures and Presale Arrangements

Noncontrolling interests - partially owned properties: As of September 30, 2019, the Operating Partnership consolidates four joint ventures that own and operate ten owned off-campus properties. Additionally, the Company is party to one presale agreement to purchase a development property that was completed in Fall 2019. The portion of net assets attributable to the third-party partners in these arrangements is classified as "noncontrolling interests - partially owned properties" within equity and capital on the accompanying consolidated balance sheets of ACC and the Operating Partnership, respectively.

Redeemable noncontrolling interests (ACC) / redeemable limited partners (Operating Partnership): In the third quarter of 2017, the Company entered into two joint ventures (the "Core Joint Ventures"). The Company is consolidating these joint ventures and the noncontrolling interest holder in each of these consolidated joint ventures has the option to redeem its noncontrolling interest in the entities through the exercise of put options. The options will be exercisable in the third and fourth quarter of 2019, and the redemption price is based on the fair value of the properties at the time of option exercise. As the exercise of the options is outside of the Company's control, the portion of net assets attributable to the third-party partner in each of the Core Joint Ventures is classified as "redeemable noncontrolling interests" and "redeemable limited partners" in the mezzanine section of the accompanying consolidated balance sheets of ACC and the Operating Partnership, respectively. The redeemable noncontrolling interests related to the joint venture partners in the Core Transaction are marked to their redemption value at each balance sheet date. The redemption value is based on the fair value of the underlying properties held by the joint ventures. This analysis incorporates information obtained from a number of sources, including the Company's analysis of comparable properties in the Company's portfolio, estimations of net operating results of the properties, capitalization rates, discount rates, and other market data. During the nine months ended September 30, 2019, the redemption value of the redeemable noncontrolling interest increased by $11.8 million due to a change in the fair value of the net assets held by the joint ventures that are part of the Core Transaction primarily as a result of the completion of the leasing process for the 2019-2020 academic year. The corresponding offset for the adjustment to the redemption value is recorded in additional paid in capital. The Company's fair value analysis is based on Level 3 inputs and incorporates information obtained from a number of sources, including the Company's analysis of comparable properties in the Company's portfolio, estimations of net operating results of the properties, capitalization rates, discount rates, and other market data. As the change in redemption value is based on fair value, there is no effect on the Company's earnings per share. In August 2019, the Company exercised its option to purchase the remaining ownership interest in one of the properties held in one of the Core Joint Ventures, which reduced the redeemable noncontrolling interest by $35.3 million.

The third-party partners' share of the income or loss of the joint ventures described above is calculated based on the partners' economic interest in the joint ventures, is included in "net income attributable to noncontrolling interests" on the consolidated statements of comprehensive income of ACC, and is reported as "net income attributable to noncontrolling interests - partially owned properties" on the consolidated statements of comprehensive income of the Operating Partnership.

Operating Partnership Ownership

Also included in redeemable noncontrolling interests (ACC) / redeemable limited partners (Operating Partnership) are OP Units for which 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. The units classified as such include Series A Preferred Units ("Preferred OP Units") as well as Common OP Units. The value of OP Units is reported at the greater of fair value, which is based on the closing market value of the Company's common stock at period end, or historical cost at the end of each reporting period. The OP Unitholders' share of the income or loss of the Company is included in "net income attributable to noncontrolling interests" on the consolidated statements of comprehensive income of ACC.

As of September 30, 2019 and December 31, 2018, approximately 0.4% and 0.5%, respectively, of the equity interests of the Operating Partnership were held by owners of Common OP Units and Preferred OP Units not held by ACC or ACC Holdings. During the nine months ended September 30, 2019, 168,584 Preferred OP Units were converted into an equal number of shares of ACC's common stock. During the year ended December 31, 2018, 412,343 Common OP Units were converted into an equal number of shares of ACC's common stock.

Below is a table summarizing the activity of redeemable noncontrolling interests (ACC) / redeemable limited partners (Operating Partnership) for the three months ended March 31, 2019 and 2018, June 30, 2019 and 2018 and September 30, 2019 and 2018, which includes both the redeemable joint venture partners and OP Units discussed above:

Balance, December 31, 2018	**$**	**184,446**
Net income		259
Distributions		(305)
Conversion of OP Units into shares of ACC common stock		(252)
Adjustments to reflect redeemable noncontrolling interests at fair value		2,547
Balance, March 31, 2019	**$**	**186,695**
Net income		163
Distributions		(288)
Adjustments to reflect redeemable noncontrolling interests at fair value		(660)
Balance, June 30, 2019	**$**	**185,910**
Net income		150
Distributions		(235)
Conversion of OP Units into shares of ACC common stock		(5,830)
Contributions from noncontrolling interests		250
Change in ownership of consolidated subsidiary		(35,345)
Adjustments to reflect redeemable noncontrolling interests at fair value		12,963
Balance, September 30, 2019	**$**	**157,863**

Balance, December 31, 2017	**$**	**132,169**
Net income		210
Distributions		(376)
Conversion of OP Units into shares of ACC common stock		(478)
Adjustments to reflect redeemable noncontrolling interests at fair value		(4,526)
Balance, March 31, 2018	**$**	**126,999**
Net income		344
Distributions		(531)
Contributions from noncontrolling interests		71
Adjustments to reflect redeemable noncontrolling interests at fair value		4,426
Balance, June 30, 2018	**$**	**131,309**
Distributions		(306)
Conversion of OP Units into shares of ACC common stock		(12,855)
Contributions from noncontrolling interests		549
Adjustments to reflect redeemable noncontrolling interests at fair value		65,957
Balance, September 30, 2018	**$**	**184,654**

9. Incentive Award Plan

In May 2018, the Company's stockholders approved the American Campus Communities, Inc. 2018 Incentive Award Plan (the "2018 Plan"). The 2018 Plan replaced the Company's 2010 Incentive Award Plan (the "2010 Plan"). The 2018 Plan provides for the grant of various stock-based incentive awards to selected employees and directors of the Company and the Company's affiliates. The types of awards that may be granted under the 2018 Plan include incentive stock options, nonqualified stock options, restricted stock awards ("RSAs"), restricted stock units ("RSUs"), profits interest units ("PIUs") and other stock-based awards. The Company has reserved a total 3.5 million shares of the Company's common stock for issuance pursuant to the 2018 Plan, subject to certain adjustments for changes in the Company's capital structure, as defined in the 2018 Plan. Upon approval of the 2018 Plan, all remaining authorized shares that were not granted under the 2010 Plan were forfeited and are no longer available for issuance as new awards.

Restricted Stock Units ("RSUs")

Upon reelection to the Board of Directors in May 2019, all members of the Company's Board of Directors were granted RSUs in accordance with the 2018 Plan. These RSUs were valued at $162,500 for the Chairman of the Board of Directors and at $117,500 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 2018 Plan. All awards vested and settled immediately on the date of grant, and the Company delivered shares of common stock, as determined by the Compensation Committee of the Board of Directors. A compensation charge of approximately $0.8 million was recorded related to these awards.

In July 2019, the Company appointed one new member to the Board of Directors who was granted RSUs valued at $117,500. A compensation charge of approximately $0.1 million was recorded related to this award.

A summary of RSUs as of September 30, 2019 and activity during the nine months then ended is presented below:

	Number of RSUs
Outstanding at December 31, 2018	**—**
Granted	20,812
Settled in common shares	(18,318)
Settled in cash	(2,494)
Outstanding at September 30, 2019	**—**

Restricted Stock Awards ("RSAs")

A summary of RSAs as of September 30, 2019 and activity during the nine months then ended is presented below:

	Number of RSAs
Nonvested balance at December 31, 2018	**862,680**
Granted	387,341
Vested [1]	(266,556)
Forfeited	(14,486)
Nonvested balance at September 30, 2019	**968,979**

[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. Amortization expense for the three months ended September 30, 2019 and 2018 amounted to approximately $3.0 million and $2.7 million, respectively, and $9.7 million and $8.8 million for the nine months ended September 30, 2019 and 2018, respectively.

10. Derivative Instruments and Hedging Activities

The Company is exposed to certain risks 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 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. These agreements contain provisions such that if the Company defaults on any of its indebtedness, regardless of whether the repayment of the indebtedness has been accelerated by the lender or not, then the Company could also be declared in default on its derivative obligations. As of September 30, 2019, the Company was not in default on any of its indebtedness or derivative instruments.

As disclosed in Note 2, the adoption of ASU 2017-12 did not have a material effect on the Company's consolidated financial statements. The change in the fair value of derivatives designated and that qualify as cash flow hedges is recorded in other comprehensive income ("OCI") (outside of earnings) and subsequently reclassified into earnings in the period that the hedged forecasted transaction affects earnings within the same income statement line item as the earnings effect of the hedged transaction.

The following table summarizes the Company's outstanding interest rate swap contracts which are included in other liabilities on the accompanying consolidated balance sheets as of September 30, 2019:

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	2.2750%	LIBOR - 1 month	$ 12,735	$ (120)
Cullen Oaks mortgage loan	Feb 18, 2014	Feb 15, 2021	2.2750%	LIBOR - 1 month	12,867	(121)
Park Point mortgage loan	Feb 1, 2019	Jan 16, 2024	2.7475%	LIBOR - 1 month	70,000	(4,009)
				Total	**$ 95,602**	**$ (4,250)**

In December 2018, the Company entered into three 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 2019, as discussed in Note 6, the Company terminated the swap contracts resulting in payments to counterparties totaling approximately $13.2 million, which were recorded in accumulated other comprehensive loss and which will be amortized to interest expense over the term of the swap contracts based on the June 2019 issuance and expected additional issuances.

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, 2019 and December 31, 2018:

	Asset Derivatives			**Liability Derivatives**		
		Fair Value as of			**Fair Value as of**	
Description	**Balance Sheet Location**	**9/30/2019**	**12/31/2018**	**Balance Sheet Location**	**9/30/2019**	**12/31/2018**
Interest rate swap contracts	Other assets	$ —	$ 101	Other liabilities	$ 4,250	$ —
Forward starting swap contracts	Other assets	—	—	Other liabilities	—	2,287
Total derivatives designated as hedging instruments		**$ —**	**$ 101**		**$ 4,250**	**$ 2,287**

The table below presents the effect of the Company's derivative financial instruments on the accompanying consolidated statements of comprehensive income for the three and nine months ended September 30, 2019 and 2018.

	Three Months Ended September 30,		Nine Months Ended September 30,	
Description	**2019**	**2018**	**2019**	**2018**
Change in fair value of derivatives and other recognized in OCI	$ (578)	$ (23)	$ (2,074)	$ 418
Termination of interest rate swap payment recognized in OCI	—	—	(13,159)	—
Amortization of interest rate swap terminations [1]	433	104	701	308
Total change in OCI due to derivative financial instruments	**$ (145)**	**$ 81**	**$ (14,532)**	**$ 726**
Interest expense presented in the Consolidated Statements of Operations in which the effects of cash flow hedges are recorded	$ 28,303	$ 25,185	$ 82,432	$ 72,207

(1) Represents amortization from OCI into interest expense.

11. Fair Value Disclosures

There have been no significant changes in the Company's policies and valuation techniques utilized to determine fair value from what was disclosed in the Annual Report on Form 10-K for the year ended December 31, 2018.

Financial Instruments Carried at Fair Value

The following table presents information about the Company's financial instruments measured at fair value on a recurring basis as of September 30, 2019 and December 31, 2018, and indicates the fair value hierarchy of the valuation techniques utilized by the Company to determine such fair value. There were no Level 1 measurements for the periods presented, and the Company had no transfers between Levels 1, 2 or 3 during the periods presented. Refer to Note 8 for a discussion of the Level 3 activity during the period related to the redeemable noncontrolling interests in partially owned properties.

	Fair Value Measurements as of					
	September 30, 2019			December 31, 2018		
	Level 2 Significant Other Observable Inputs	Level 3 Significant Unobservable Inputs	Total	Level 2 Significant Other Observable Inputs	Level 3 Significant Unobservable Inputs	Total
Assets:						
Derivative financial instruments	$ —	$ —	$ —	$ 101	$ —	$ 101
Liabilities:						
Derivative financial instruments	$ 4,250 [1]	$ —	$ 4,250	$ 2,287 [1]	$ —	$ 2,287
Mezzanine:						
Redeemable noncontrolling interests (Company)/Redeemable limited partners (Operating Partnership)	$ 24,219 [2]	$ 133,644 [3]	$ 157,863	$ 27,828 [2]	$ 156,618 [3]	$ 184,446

(1) Valued using discounted cash flow analyses with observable market-based inputs of interest rate curves and option volatility, as well as credit valuation adjustments to reflect nonperformance risk.

(2) Represents the OP Unit component of redeemable noncontrolling interests which is based on the fair value of the Company's common stock at the balance sheet date. Represents a quoted price for a similar asset in an active market. Refer to Note 8.

(3) Represents the Core Joint Ventures component of redeemable noncontrolling interests which is valued using primarily unobservable inputs, including the Company's analysis of comparable properties in the Company's portfolio, estimations of net operating results of the properties, capitalization rates, discount rates, and other market data. Refer to Note 8.

Financial Instruments Not Carried at Fair Value

As of September 30, 2019 and December 31, 2018, the carrying values for the following instruments represent fair values due to the short maturity of the instruments: Cash and Cash Equivalents, Restricted Cash, Student Contracts Receivable, certain items in Other Assets (including receivables, deposits, and prepaid expenses), Accounts Payable, Accrued Expenses, and Other Liabilities.

As of September 30, 2019 and December 31, 2018, the carrying values for the following instruments represent fair values due the variable interest rate feature of the instruments: Construction Loans Payable, Unsecured Revolving Credit Facility, Mortgage Loans Payable (variable rate), and Unsecured Term Loans.

The table below contains the estimated fair value and related carrying amounts for the Company's other financial instruments as of September 30, 2019 and December 31, 2018. There were no Level 1 measurements for the periods presented.

	September 30, 2019			December 31, 2018		
		Estimated Fair Value			Estimated Fair Value	
		Level 2	Level 3		Level 2	Level 3
	Carrying Amount	Significant Other Observable Inputs	Significant Unobservable Inputs	Carrying Amount	Significant Other Observable Inputs	Significant Unobservable Inputs
Assets						
Loans receivable	$ 49,837	$ —	$ 50,993 (1)	$ 54,611	$ —	$ 50,993 (1)
Liabilities (2)						
Unsecured notes	$ 1,984,748	$ 2,074,177 (3)	$ —	$ 1,588,446	$ 1,566,900 (3)	$ —
Mortgage loans payable (fixed rate)	$ 726,964 (4)	$ 732,821 (5)	$ —	$ 693,384 (6)	$ 668,911 (5)	$ —
Bonds payable	$ 22,982	$ 25,194 (7)	$ —	$ 26,741	$ 28,805 (7)	$ —

(1) Valued using a discounted cash flow analysis with inputs of scheduled cash flows and discount rates that a willing buyer and seller might use.

(2) Carrying amounts disclosed include any applicable net unamortized OID, net unamortized deferred financing costs, and net unamortized debt premiums and discounts (see Note 6).

(3) Valued using interest rate and spread assumptions that reflect current creditworthiness and market conditions available for the issuance of unsecured notes with similar terms and remaining maturities.

(4) Does not include one variable rate mortgage loan with a principal balance of $40.8 million as of September 30, 2019.

(5) Valued using the present value of the cash flows at current market interest rates through maturity that primarily fall within the Level 2 category.

(6) Does not include two variable rate mortgage loans with a combined principal balance of $111.4 million as of December 31, 2018.

(7) Valued using quoted prices in markets that are not active due to the unique characteristics of these financial instruments.

12. Leases

Refer to Note 2 for information on the impact of the adoption of the New Leases Standard.

As Lessee

The Company, as lessee, has entered into 49 ground/facility and office space lease agreements, which qualify as operating leases under the New Leases Standard. These leases include leases entered into under the ACE program with university systems and Walt Disney World® Resort, leases with local and regional land owners for owned off-campus properties, leases for corporate office space, and leases under the on-campus participating properties ("OCPPs") structure. Leases entered into under the ACE program are transferable and financeable. Under ground/facility leases, the lessors receive annual minimum (base) rent, variable rent based upon the operating performance of the property, or a combination thereof. The leases have initial terms (excluding extension options) ranging from eleven years to 102 years. The Company's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

The Company records base rent expense under the straight-line method over the term of the lease, and variable rent expense is recorded when the achievement of the target is considered probable. Straight-line rent is capitalized during the construction period and expensed upon the commencement of operations. In the accompanying consolidated statements of comprehensive income, rent expense for ACE properties and OCPPs is included in ground/facility lease expense, and rent expense for owned off-campus properties is included in owned properties operating expenses. Total straight-line rent expense, variable rent expense, and capitalized rent costs for the three months ended September 30, 2019 was $2.5 million, $2.5 million, and $3.2 million, respectively, and $7.4 million, $6.4 million, and $8.3 million for the nine months ended September 30, 2019, respectively.

For purposes of calculating the ROU Asset and lease liability for such leases, extension options are not included in the lease term unless it is reasonably certain that the Company will exercise the option, or the lessor has the sole ability to exercise the option. As most of the Company's leases do not contain an implicit rate, the Company uses its incremental borrowing rate to determine

the present value of the lease payments. This involves determining a secured interest rate for each lease based on the term of the respective lease. The weighted average incremental borrowing rate was 5.35% as of September 30, 2019. The weighted average remaining lease term of leases with a lease liability as of September 30, 2019 is 62.6 years (excluding extension options).

There were no finance lease obligations outstanding as of September 30, 2019. Future minimum commitments over the life of all operating leases, which exclude variable rent payments, are as follows:

	September 30, 2019	December 31, 2018
2019	$ 2,669 [1]	$ 9,463
2020	11,814	12,092
2021	16,749	16,653
2022	23,664	18,999
2023	28,776	18,903
Thereafter	1,691,033	1,042,842
Total minimum lease payments	1,774,705	$ 1,118,952
Less imputed interest	(1,305,226)	
Total lease liabilities	$ 469,479	

[1] Excluding the nine months ended September 30, 2019.

As Lessor

The Company's primary business involves leasing properties to students under agreements that are classified as operating leases, and which have terms of 12 months or less. These student leases do not provide for variable rent payments. The Company is also a lessor under commercial leases at certain owned properties, some of which provide for variable lease payments based upon tenant performance such as a percentage of sales. The Company recognizes the base lease payments provided for under the leases on a straight-line basis over the lease term, and variable payments are recognized in the period in which the changes in facts and circumstances on which the variable payments are based occur. Lease income under both student and commercial leases is included in owned property revenues in the accompanying consolidated statements of comprehensive income. Lease income under student leases totaled $199.8 million and $189.2 million for the three months ended September 30, 2019 and 2018, respectively; and $615.8 million and $570.3 million for the nine months ended September 30, 2019 and 2018, respectively. Lease income under commercial leases totaled $3.4 million and $3.2 million for the three months ended September 30, 2019 and 2018, respectively; and $10.0 million and $9.7 million for the nine months ended September 30, 2019 and 2018, respectively.

13. Commitments and Contingencies

Commitments

Construction Contracts: As of September 30, 2019, the Company estimates additional costs to complete three owned development projects under construction to be approximately $522.0 million.

Joint Ventures: As part of the Core Transaction, the Company entered into two joint ventures during the third quarter of 2017. As part of this transaction, the Company is obligated to increase its investment in the joint ventures over a two year period which was extended through January 2020. As of September 30, 2019, the remaining funding commitment was approximately $130.2 million.

Presale Development Projects: The Company was party to one presale development agreement as of September 30, 2019. The Company is obligated to purchase the property for $72.4 million, which includes the contractual purchase price and the cost of elected upgrades, as long as the developer meets certain construction completion deadlines and other closing conditions. The Company expects to fund the remaining $48.7 million of the purchase price in the fourth quarter of 2019.

Contingencies

Development-related Guarantees: For certain of its third-party development projects, the Company commonly provides alternate housing and project cost guarantees, subject to force majeure. These guarantees are typically limited, on an aggregate basis, to the amount of the projects' related development fees or a contractually agreed-upon maximum exposure amount. Alternate housing guarantees generally require the Company to provide substitute living quarters and transportation for students to and from the university if the project is not complete by an agreed-upon completion date. These guarantees typically expire at the later of five days after completion of the project or once the Company has moved all students from the substitute living quarters into the project.

Under project cost guarantees, the Company is responsible for the construction cost of a project in excess of an approved budget. The budget consists primarily of costs included in the general contractors' guaranteed maximum price contract ("GMP"). In most cases, the GMP obligates the general contractor, subject to force majeure and approved change orders, to provide completion date guarantees and to cover cost overruns and liquidated damages. In addition, the GMP is in certain cases secured with payment and performance bonds. Project cost guarantees expire upon completion of certain developer obligations, which are normally satisfied within one year after completion of the project. The Company's estimated maximum exposure amount under the above guarantees is approximately $10.6 million as of September 30, 2019. As of September 30, 2019, management did not anticipate any material deviations from schedule or budget related to third-party development projects currently in progress.

For one of its third-party development projects that is currently under construction, the Company's obligation to pay alternate housing costs and excess project costs are unlimited in amount. However, if the Company's payment obligation arises from force majeure or is caused by the owner, the owner agrees to reimburse the Company from future cash flow of the project, with such reimbursement being subordinate to any financing on the property but paid prior to the University receiving any cash flow from the property. If the Company's obligation is a result of the general contractor and/or design professionals' negligence, the owner agrees to assign its right to recover from such party to the Company. Additionally, for this project, the Company's exposure to such costs resulting from owner-caused delays, as defined, is limited to $1.0 million. As of September 30, 2019, management did not anticipate any material deviations from schedule or budget related to this project.

In the normal course of business, the Company enters into various development-related purchase commitments with parties that provide development-related goods and services. In the event that the Company was to terminate development services prior to the completion of projects under construction, the Company could potentially be committed to satisfy outstanding purchase orders with such parties.

As a part of the development agreement with Walt Disney World® Resort, the Company has guaranteed the completion of construction of a $614.6 million project to be delivered in phases from 2020 to 2023. In addition, the Company is subject to a development guarantee in the event that the substantial completion of a project phase is delayed beyond its respective targeted delivery date, except in circumstances resulting in unavoidable delays. The agreement dictates that the Company shall pay damages of $20 per bed for each day of delay for any Disney College Internship Program participant who was either scheduled to live in the delayed phase as well as any participant who was not able to participate in the program due to the lack of available housing and would have otherwise been housed in the delayed phase. Under the agreement, the maximum exposure related to the Disney project assuming all beds are not delivered on their respective delivery date is approximately $0.2 million per day.

Conveyance to University: In August 2013, the Company entered into an agreement to convey fee interest in a parcel of land, on which one of the Company's student housing properties resides (University Crossings), to Drexel University (the "University"). Concurrent with the land conveyance, the Company as lessee entered into a ground lease agreement with the University as lessor for an initial term of 40 years, with three 10-year extensions, at the Company's option. The Company also agreed to convey the building and improvements to the University at an undetermined date in the future and to pay real estate transfer taxes not to exceed $2.4 million. The Company paid approximately $0.6 million in real estate transfer taxes upon the conveyance of land to the University, leaving approximately $1.8 million to be paid by the Company upon the transfer of the building and improvements.

Pre-development expenditures: The Company incurs pre-development expenditures such as architectural fees, permits, and deposits associated with the pursuit of third-party and owned development projects. The Company bears the risk of loss of these pre-development expenditures if financing cannot be arranged or the Company is unable to obtain the required permits and authorizations for the project. As such, management periodically evaluates the status of third-party and owned projects that have not yet commenced construction 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. As of September 30, 2019, the Company has deferred approximately $6.0 million in pre-development costs related to third-party and owned development projects that have not yet commenced construction. Such costs are included in other assets on the accompanying consolidated balance sheets.

Other Guarantees: In June 2019, the Company entered into a purchase and sale agreement to buy a land parcel initially scheduled to close on or before June 30, 2021, with potential extensions at the Company's option to June 1, 2022 or June 1, 2023. In connection with the execution of the agreement, the Company made an earnest money deposit of $2.1 million which is included in restricted cash on the accompanying consolidated balance sheet. As a part of the agreement, within 60 days of certain conditions not being met, the seller of the property can either terminate the agreement or exercise an option to require the Company to purchase the undeveloped land, with the Company retaining all rights to fully own, develop, and utilize the land. If the option is exercised, the Company must pay the agreed upon purchase price of $28.7 million and a commission calculated as a percentage of the sales price, and also reimburse the seller for demolition costs.

Litigation: The Company is subject to various claims, lawsuits and legal proceedings, as well as other matters that have not been fully resolved and that have arisen in the ordinary course of business. While it is not possible to ascertain the ultimate outcome of such matters, management believes that the aggregate amount of such liabilities, if any, in excess of amounts provided or covered by insurance, will not have a material adverse effect on the consolidated financial position or results of operations of the Company. However, the outcome of claims, lawsuits and legal proceedings brought against the Company is subject to significant uncertainty. Therefore, although management considers the likelihood of such an outcome to be remote, the ultimate results of these matters cannot be predicted with certainty.

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

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

14. Segments

The Company defines business segments by their distinct customer base and service provided. The Company has identified four reportable segments: Owned Properties, On-Campus Participating Properties, Development Services, and Property Management Services. Management evaluates each segment's performance based on operating income before depreciation, amortization and minority interests.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
Owned Properties				
Rental revenues and other income	$ 211,808	$ 203,526	$ 640,912	$ 600,138
Interest income	117	382	355	1,146
Total revenues from external customers	211,925	203,908	641,267	601,284
Operating expenses before depreciation, amortization, and ground/facility lease expense	(111,836)	(107,997)	(294,768)	(282,193)
Ground/facility lease expense	(2,862)	(2,307)	(7,937)	(6,294)
Interest expense, net (1)	(3,896)	(5,622)	(12,673)	(9,011)
Operating income before depreciation and amortization	$ 93,331	$ 87,982	$ 325,889	$ 303,786
Depreciation and amortization	$ 65,506	$ 62,908	$ 196,638	$ 185,171
Capital expenditures	$ 156,840	$ 144,910	$ 402,192	$ 428,065
On-Campus Participating Properties				
Rental revenues and other income	$ 6,944	$ 6,980	$ 24,788	$ 23,605
Interest income	59	43	170	105
Total revenues from external customers	7,003	7,023	24,958	23,710
Operating expenses before depreciation, amortization, and ground/facility lease expense	(3,822)	(3,875)	(11,585)	(11,030)
Ground/facility lease expense	(353)	(644)	(2,063)	(2,232)
Interest expense, net (1)	(1,255)	(1,282)	(3,869)	(3,804)
Operating income before depreciation and amortization	$ 1,573	$ 1,222	$ 7,441	$ 6,644
Depreciation and amortization	$ 2,289	$ 1,962	$ 6,334	$ 5,856
Capital expenditures	$ 1,750	$ 1,394	$ 2,517	$ 2,918
Development Services				
Development and construction management fees	$ 5,611	$ 835	$ 12,389	$ 3,883
Operating expenses	(2,080)	(2,056)	(6,365)	(5,976)
Operating income (loss) before depreciation and amortization	$ 3,531	$ (1,221)	$ 6,024	$ (2,093)
Property Management Services				
Property management fees from external customers	$ 3,342	$ 2,128	$ 9,118	$ 7,311
Operating expenses	(3,350)	(1,775)	(7,764)	(5,597)
Operating income before depreciation and amortization	$ (8)	$ 353	$ 1,354	$ 1,714

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
Reconciliations				
Total segment revenues and other income	$ 227,881	$ 213,894	$ 687,732	$ 636,188
Unallocated interest income earned on investments and corporate cash	784	849	2,330	2,489
Total consolidated revenues, including interest income	$ 228,665	$ 214,743	$ 690,062	$ 638,677
Segment operating income before depreciation and amortization	$ 98,427	$ 88,336	$ 340,708	$ 310,051
Depreciation and amortization	(70,245)	(67,247)	(210,165)	(199,191)
Net unallocated expenses relating to corporate interest and overhead	(29,533)	(24,615)	(86,155)	(83,958)
(Loss) gain from disposition of real estate	—	—	(282)	42,314
Other operating and nonoperating income	—	570	—	3,218
Gain (loss) from extinguishment of debt	20,992	—	20,992	(784)
Provision for real estate impairment	—	—	(3,201)	—
Income tax (provision) benefit	(305)	219	(983)	(2,147)
Net income (loss)	$ 19,336	$ (2,737)	$ 60,914	$ 69,503

(1) Net of capitalized interest and amortization of debt premiums.

15. Subsequent Events

Distributions: On October 30, 2019, the Board of Directors of the Company declared a distribution per share of $0.47, which will be paid on November 22, 2019 to all common stockholders of record as of November 11, 2019. At the same time, the Operating Partnership will pay an equivalent amount per unit to holders of Common OP Units, as well as the quarterly cumulative preferential distribution to holders of Preferred OP Units (see Note 8).

Derivative Agreements: In October 2019, the Company entered into an interest rate swap to convert $37.5 million of a $40.8 million variable rate mortgage loan at one of its on-campus participating properties to a fixed rate. Additionally, in October 2019, the Company entered into an interest rate swap to convert $100 million of its unsecured term loan to a fixed rate.

Purchase of Noncontrolling Interests: In October 2019, the Company exercised its option to purchase the remaining ownership interests in Hub Ann Arbor, a 310-bed off-campus property, and Hub Flagstaff, a 591-bed off-campus property, for a total of $53.0 million. These properties are held in the Core Joint Ventures described in Note 8.

Property Held For Sale: As of October 31, 2019, management determined that all criteria for Held for Sale classification (per Accounting Standards Codification Topic 360, “Property, Plant and Equipment”) have been met for one owned property. As of September 30, 2019, the net book value of the property was $99.2 million.

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

Forward-looking Statements

This report contains forward-looking statements within the meaning of the federal securities laws. We caution investors that any forward-looking statements presented in this report, or which management may make orally or in writing from time to time, are based on management's beliefs and assumptions made by, and information currently available to, management. When used, the words "anticipate," "believe," "expect," "intend," "may," "might," "plan," "estimate," "project," "should," "will," "result" and similar expressions, do not relate solely to historical matters and are intended to identify forward-looking statements. Such statements are subject to risks, uncertainties and assumptions and may be affected by known and unknown risks, trends, uncertainties and factors that are beyond our control. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those anticipated, estimated or projected. We caution you that forward-looking statements are not guarantees of future performance and will be impacted by actual events when they occur after we make such statements. We expressly disclaim any responsibility to update forward-looking statements, whether as a result of new information, future events or otherwise. Accordingly, investors should use caution in relying on past forward-looking statements, which are based on results and trends at the time they were made, to anticipate future results or trends.

Some of the risks and uncertainties that may cause our actual results, performance or achievements to differ materially from those expressed or implied by forward-looking statements include, among others, the following: general risks affecting the real estate industry; risks associated with changes in University admission or housing policies; risks associated with the availability and terms of financing and the use of debt to fund acquisitions and developments; failure to manage effectively our growth and expansion into new markets or to integrate acquisitions successfully; risks and uncertainties affecting property development and construction; risks associated with downturns in the national and local economies, volatility in capital and credit markets, increases in interest rates, and volatility in the securities markets; costs of compliance with the Americans with Disabilities Act and other similar laws; potential liability for uninsured losses and environmental contamination; risks associated with our Company's potential failure to qualify as a REIT under the Internal Revenue Code of 1986 (the "Code"), as amended, and possible adverse changes in tax and environmental laws; and the other factors discussed in the "Risk Factors" contained in Item 1A of our Form 10-K for the year ended December 31, 2018.

Our Company and Our Business

Overview

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 LP ("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." 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 discussion applies to both the Company and the Operating Partnership.

Property Portfolio

As of September 30, 2019, our total owned property portfolio contained 168 properties, consisting of owned off-campus student housing properties that are in close proximity to colleges and universities, American Campus Equity ("ACE®") properties operated under ground/facility leases with university systems, and on-campus participating properties operated under ground/facility leases with the related university systems. Of the 168 properties, three were under development as of September 30, 2019. 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.

As of September 30, 2019, through ACC's taxable REIT subsidiary ("TRS") entities, we provided third-party management and leasing services for 37 properties, bringing our total owned and third-party managed portfolio to 205 properties. Third-party management and leasing services are typically provided pursuant to management contracts that have initial terms that range from one to five years.

Below is a summary of our property portfolio as of September 30, 2019:

Property portfolio:	**Properties**	**Beds**
Owned operating properties:		
Off-campus properties	128	71,730
On-campus ACE [(1)] [(2)]	31	25,131
Subtotal – operating properties	159	96,861
Owned properties under development:		
On-campus ACE [(2)]	3	11,296
Subtotal – properties under development	3	11,296
Total owned properties	**162**	**108,157**
On-campus participating properties	6	5,230
Total owned property portfolio	**168**	**113,387**
Managed properties	37	26,952
Total property portfolio	**205**	**140,339**

(1) Includes two properties at Prairie View A&M University that we ultimately expect to be refinanced under the existing on-campus participating structure.

(2) Includes 33 properties operated under ground/facility leases with 16 university systems and one property operated under a ground/facility lease with Walt Disney World® Resort.

Leasing Results

Our financial results for the year ended December 31, 2019 are impacted by the results of our annual leasing process for the 2018/2019 and 2019/2020 academic years. As of September 30, 2018, the beginning of the 2018/2019 academic year, occupancy at our 2019 same store properties was 97.0% with a rental rate increase of 2.0% compared to the prior academic year, and occupancy at our total owned property portfolio was also 97.0%. As of September 30, 2019, the beginning of the 2019/2020 academic year, occupancy at our 2020 same store properties was 97.4% with a rental rate increase of 1.4% compared to the prior academic year, and occupancy at our total owned property portfolio (including 2019 development deliveries) was also 97.4%

Development

In the third quarter of 2019, the final stages of construction were completed on two on-campus ACE properties and one owned off-campus property. These properties are summarized in the following table.

Owned Development Projects Recently Completed:

Project	**Location**	**Primary University Served**	**Project Type**	**Beds**	**Total Project Costs**	**Opened for Occupancy**
191 College	Auburn, AL	Auburn University	Off-campus	495	$ 61,900	August 2019
LightView	Boston, MA	Northeastern University	ACE	825	150,700	August 2019
University of Arizona Honors College	Tucson, AZ	University of Arizona	ACE	1,056	84,500	August 2019
				2,376	**$ 297,100**	

At September 30, 2019, we were in the process of constructing three on-campus ACE properties, including one property at Walt Disney World® Resort housing college students participating in the Disney student internship program (the "Disney College Program"), which will be delivered in multiple phases from 2020 to 2023. These properties are summarized in the table below:

Owned Development Projects Under Construction:

Project	Location	Primary University Served	Project Type	Beds	Estimated Project Cost	Total Costs Incurred	Scheduled Occupancy
Disney College Program Phases I-II	Orlando, FL	Walt Disney World® Resort	ACE	1,627	$ 108,500	$ 67,713	May & Aug 2020
Currie Hall Phase II	Los Angeles, CA	Univ. of Southern California	ACE	272	42,000	14,976	August 2020
Holloway Residences	San Francisco, CA	San Francisco State Univ.	ACE	584	129,200	71,610	August 2020
		SUBTOTAL - 2020 DELIVERIES		**2,483**	**$ 279,700**	**$ 154,299**	
Disney College Program Phases III-V	Orlando, FL	Walt Disney World® Resort	ACE	3,369	$ 190,400	$ 75,892	Jan, May & Aug 2021
		SUBTOTAL - 2021 DELIVERIES		**3,369**	**$ 190,400**	**$ 75,892**	
Disney College Program Phases VI-VIII	Orlando, FL	Walt Disney World® Resort	ACE	3,235	$ 193,000	$ 21,316	Jan, May & Aug 2022
		SUBTOTAL – 2022 DELIVERIES		**3,235**	**$ 193,000**	**$ 21,316**	
Disney College Program Phases IX-X	Orlando, FL	Walt Disney World® Resort	ACE	2,209	$ 122,700	$ 12,281	Jan & May 2023
		SUBTOTAL - 2023 DELIVERIES		**2,209**	**$ 122,700**	**$ 12,281**	

Presale Development Projects:

Under the terms of a presale transaction, 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 retains development risk during the construction period. In accordance with accounting guidance, the Company includes presale properties in its consolidated financial statements upon execution of the presale agreement with the developer.

In the third quarter of 2019, the final stages of construction were completed on two presale development projects. In August 2019, the company purchased The Flex at Stadium Centre. The Company expects to acquire 959 Franklin and fund the remaining purchase price of $48.7 million in the fourth quarter of 2019. These properties are summarized in the following table. Refer to Note 3 in the accompanying Notes to Consolidated Financial Statements contained in Item 1 for a more detailed discussion of our recent presale development activity.

Presale Development Projects Recently Completed:

Project	Location	Primary University Served	Project Type	Beds	Purchase Price	Opened for Occupancy
The Flex at Stadium Centre	Tallahassee, FL	Florida State University	Off-campus	340	$ 36,400	August 2019
959 Franklin (1)	Eugene, OR	University of Oregon	Off-campus	443	72,400	September 2019
			SUBTOTAL – 2019 DELIVERIES	**783**	**$ 108,800**	

(1) The Company executed the presale agreement with the developer in March 2018, at which time it provided $15.6 million of mezzanine financing to the project. The Company expects to purchase the remaining ownership from the developer in Q4 2019.

Third-Party Development Services

Through ACC's TRS entities, we provide development and construction management services for student housing properties owned by colleges and universities, charitable foundations and others. In the third quarter of 2019, the final stages of construction were completed on the properties summarized in the following table.

Project	Location	Primary University Served	Beds	Total Fees	Completed
University of Arizona Honors College (1)	Tucson, AZ	University of Arizona	— (1)	$ 2,400	July 2019
The Academic & Residential Complex	Chicago, IL	University of Illinois, Chicago	548	5,100	July 2019
Plaza Verde	Irvine, CA	University of California, Irvine	1,441	5,900	August 2019
Tubman Laws Hall	Dover, DE	Delaware State University	620	2,500	August 2019
Calhoun Hall (2)	Philadelphia, PA	Drexel University	406	1,750	Sept 2019 & Apr 2020
			3,015	**$ 17,650**	

(1) The University of Arizona Honors College project included the construction of a parking garage, academic center and a student recreation and wellness center as part of the overall development project. These components are owned, managed and funded by the University, and the company earned third-party development fees for its role in providing development services for those components of the project.

(2) Includes the construction of a student residence hall and honors college. The residence hall was delivered in Fall 2019, and the honors college will be delivered in Spring 2020. As of September 30, 2019, the Company recognized $1.7 million in development fees related to the project.

During the three months ended September 30, 2019, we closed on bond financing and commenced construction on our second project at the University of California, Riverside, which contributed approximately $3.6 million in revenues during the quarter. The project has an anticipated completion of September 2021 and total fees of $6.7 million. As of September 30, 2019, we were under contract on three third-party development projects that are currently under construction and whose fees total $14.2 million. As of September 30, 2019, fees of approximately $5.6 million remained to be earned by the Company with respect to these projects, which have scheduled completion dates in 2020 and 2021.

Critical Accounting Policies

With the exception of the adoption of ASC Topic 842, Leases ("ASC 842"), there have been no material changes to the Company's critical accounting policies disclosed in the Company's Form 10-K for the year ended December 31, 2018. Refer to Note 2 in the accompanying Notes to Consolidated Financial statements contained in Item 1 for information regarding recently adopted accounting standards, including ASC 842.

Results of Operations

Comparison of the Three Months Ended September 30, 2019 and September 30, 2018

The following table presents our results of operations for the three months ended September 30, 2019 and 2018, including the amount and percentage change in these results between the two periods.

	Three Months Ended September 30,			
	2019	**2018**	**Change ($)**	**Change (%)**
Revenues:				
Owned properties	$ 211,082	$ 202,834	$ 8,248	4.1 %
On-campus participating properties	6,944	6,980	(36)	(0.5)%
Third-party development services	5,611	835	4,776	572.0 %
Third-party management services	3,342	2,128	1,214	57.0 %
Resident services	726	692	34	4.9 %
Total revenues	**227,705**	**213,469**	**14,236**	**6.7 %**
Operating expenses:				
Owned properties	111,836	107,997	3,839	3.6 %
On-campus participating properties	3,822	3,875	(53)	(1.4)%
Third-party development and management services	5,430	3,831	1,599	41.7 %
General and administrative	7,165	7,183	(18)	(0.3)%
Depreciation and amortization	68,930	66,131	2,799	4.2 %
Ground/facility leases	3,215	2,951	264	8.9 %
Total operating expenses	**200,398**	**191,968**	**8,430**	**4.4 %**
Operating income	**27,307**	**21,501**	**5,806**	**27.0 %**
Nonoperating income (expenses):				
Interest income	960	1,274	(314)	(24.6)%
Interest expense	(28,303)	(25,185)	(3,118)	12.4 %
Amortization of deferred financing costs	(1,315)	(1,116)	(199)	17.8 %
Gain from extinguishment of debt	20,992	—	20,992	100.0 %
Other nonoperating income	—	570	(570)	(100.0)%
Total nonoperating expenses	**(7,666)**	**(24,457)**	**16,791**	**(68.7)%**
Income (loss) before income taxes	19,641	(2,956)	22,597	(764.4)%
Income tax (provision) benefit	(305)	219	(524)	(239.3)%
Net income (loss)	**19,336**	**(2,737)**	**22,073**	**(806.5)%**
Net loss attributable to noncontrolling interests	887	392	495	126.3 %
Net income (loss) attributable to ACC, Inc. and Subsidiaries common stockholders	**$ 20,223**	**$ (2,345)**	**$ 22,568**	**(962.4)%**

Same Store and New Property Operations

We define our same store property portfolio as owned properties that were owned and operating for both of the full years ended December 31, 2019 and December 31, 2018, which are not conducting or planning to conduct substantial development, redevelopment, or repositioning activities, and are not classified as held for sale as of September 30, 2019. It also includes the full operating results of properties owned through joint ventures in which the company has a controlling financial interest and which are consolidated for financial reporting purposes.

Same store revenues are defined as revenues generated from our same store portfolio and consist of rental revenue earned from student leases as well as other income items such as utility income, damages, parking income, summer conference rent, application and administration fees, income from retail tenants, the provision for uncollectible accounts, and income earned by one of our TRS entities from ancillary activities such as the provision of food services.

Same store operating expenses are defined as operating expenses generated from our same store portfolio and include usual and customary expenses incurred to operate a property such as payroll, maintenance, utilities, marketing, general and administrative costs, insurance, and property taxes. Same store operating expenses also include an allocation of payroll and other administrative costs related to corporate management and oversight.

A reconciliation of our same store, new property and sold/other property operations to our consolidated statements of comprehensive income is set forth below:

	Same Store Properties		New Properties		Sold Properties/Other [1]		Total - All Properties	
	Three Months Ended September 30,		Three Months Ended September 30,		Three Months Ended September 30,		Three Months Ended September 30,	
	2019	2018	2019	2018	2019	2018	2019	2018
Number of properties	144	144	15	10	1 [2]	4 [3]	160	158
Number of beds	86,717	86,717	10,144	6,985	860	1,548	97,721	95,250
Revenues [4]	$ 194,005	$ 189,791	$ 17,799	$ 9,337	$ 4	$ 1,547	$ 211,808	$ 200,675 [5]
Operating expenses	102,805	98,929	8,886	4,831	145	1,386	111,836	105,146 [5]

(1) Includes recurring professional fees related to the formation and operation of the ACC / Allianz Joint Venture. Does not include the allocation of payroll and other administrative costs related to corporate management and oversight.

(2) Includes one property that was transferred to the lender in settlement of the property’s $27.4 million mortgage loan in July 2019.

(3) Includes the property described above in note 2, one property consisting of two phases sold in May 2019, and one property converted to the OCPP structure in January 2019.

(4) Includes revenues which are reflected as resident services revenue on the accompanying consolidated statements of comprehensive income.

(5) The Company adopted new lease accounting guidance on January 1, 2019 which required the reclassification of the provision for uncollectible accounts from operating expenses to revenue. For purposes of calculating same store and new property results of operations, the reclassification is reflected for all periods presented to ensure comparability between periods. The provision for uncollectible accounts for all owned properties was $3.3 million and $2.9 million for the three months ended September 30, 2019 and 2018, respectively.

Same Store Properties: The increase in revenue from our same store properties was primarily due to an increase in average rental rates for the 2018/2019 and 2019/2020 academic years, as well as an increase in weighted average occupancy from 89.9% during the three months ended September 30, 2018 to 90.9% during the three months ended September 30, 2019. Future revenues will be dependent on our ability to maintain our current leases in effect for the 2019/2020 academic year and our ability to achieve appropriate rental rates and desired occupancy levels for the 2020/2021 academic year at our various properties.

The increase in operating expenses for our same store properties was primarily due to an increase in marketing expenses related to utilizing both traditional mediums and enhanced digital and social marketing channels in the final stages of the 2019/2020 academic year leasing process. This increase was partially offset by a decrease in utilities expense, which was primarily due to asset management initiatives focused on energy-efficient LED installations as well as renegotiated cable, internet and utilities agreements. We anticipate that total operating expenses for our same store property portfolio for 2019 will increase as compared to 2018 due to increases in property taxes, payroll, marketing and general inflation.

New Property Operations: Our new properties for the three and nine months ended September 30, 2019 include development properties that completed construction and opened for operations in Fall 2018 and 2019. These properties are summarized in the table below:

Property	Location	Primary University Served	Beds	Opening Date
Gladding Residence Center (ACE)	Richmond, VA	Virginia Commonwealth University	1,524	August 2018
Irvington House (ACE)	Indianapolis, IN	Butler University	648	August 2018
Greek Leadership Village (ACE)	Tempe, AZ	Arizona State University	957	August 2018
David Blackwell Hall (ACE)	Berkeley, CA	University of California, Berkeley	780	August 2018
NAU Honors College (ACE)	Flagstaff, AZ	Northern Arizona University	636	August 2018
U Club Townhomes at Oxford (ACE)	Oxford, MS	University of Mississippi	528	August 2018
The Edge - Stadium Centre	Tallahassee, FL	Florida State University	413	August 2018
Hub Ann Arbor	Ann Arbor, MI	University of Michigan	310	August 2018
Hub Flagstaff	Flagstaff, AZ	Northern Arizona University	591	August 2018
Campus Edge on Pierce	West Lafayette, IN	Purdue University	598	August 2018
LightView	Boston, MA	Northeastern University	825	August 2019
University of Arizona Honors College	Tucson, AZ	University of Arizona	1,056	August 2019
191 College	Auburn, AL	Auburn University	495	August 2019
The Flex at Stadium Centre	Tallahassee, FL	Florida State University	340	August 2019
959 Franklin	Eugene, OR	University of Oregon	443	September 2019
			10,144	

Third-Party Development Services Revenue

Third-party development services revenue increased by approximately $4.8 million, from $0.8 million during the three months ended September 30, 2018, to $5.6 million for the three months ended September 30, 2019. The increase was primarily due to the closing of bond financing and commencement of construction of our second project at the University of California, Riverside during the three months ended September 30, 2019, which contributed approximately $3.6 million in revenue for the quarter, in addition to an increase in the number of third-party development projects under construction during the three months ended September 30, 2019 as compared to the three months ended September 30, 2018. During the three months ended September 30, 2019, we had eight projects under construction with an average contractual fee of $4.1 million, as compared to four projects under construction during the three months ended September 30, 2018 with an average contractual fee of $4.2 million.

Development services revenues are dependent on our ability to successfully be awarded such projects, the amount of the contractual fee related to the project and the timing and completion of the development and construction of the project. In addition, to the extent projects are completed under budget, we may be entitled to a portion of such savings, which are recognized as revenue when performance has been agreed upon by all parties, or when performance has been verified by an independent third-party. We anticipate that third-party development services revenue will increase in 2019 as compared to 2018 due to an increase in the volume and timing of third-party development projects anticipated to close and commence construction in 2019.

Third-Party Management Services Revenue

Third-party management services revenue increased by approximately $1.2 million, from $2.1 million during the three months ended September 30, 2018, to $3.3 million for the three months ended September 30, 2019. The increase is primarily due to reimbursed payroll costs from the Disney College Program management contract which began in April 2019. As the project's facilities manager, the Company is responsible for the operations and maintenance of the project. Because of the company’s role in funding payroll costs for on-site personnel at the properties, accounting guidance requires the management fee for this project to be recorded on a gross basis in the Company’s consolidated financial statements. Accordingly, both management services revenue and third-party management services expenses for the three months ended September 30, 2019 include approximately $1.1 million in reimbursed payroll costs. We anticipate third-party management services revenue will increase in 2019 as compared to 2018 due to the recognition of reimbursed payroll costs for the Disney College Program management contract, as discussed above, and new management contracts obtained in 2019.

Third-Party Development and Management Services Expenses

Third-party development and management services expenses increased by approximately $1.6 million, from $3.8 million during the three months ended September 30, 2018, to $5.4 million for the three months ended September 30, 2019. The increase is primarily due to $1.1 million of payroll costs from the Disney College Program management contract described above. We anticipate this expense item will increase in 2019 as compared to 2018 due to the recognition of reimbursed payroll costs for the Disney College Program management contract, as well as an overall increase in pursuit activity for third-party development projects during 2019.

Depreciation and Amortization

Depreciation and amortization increased by approximately $2.8 million, from $66.1 million during the three months ended September 30, 2018, to $68.9 million for the three months ended September 30, 2019. The increase was primarily due to a $4.1 million increase related to the completion of construction and opening of ten owned development properties in Fall 2018, and three owned development properties and two presale properties in Fall 2019. The increase was partially offset by a $1.2 million decrease in depreciation expense at same store properties due to assets that became fully amortized or depreciated during the three months ended September 30, 2019. We anticipate depreciation and amortization expense will increase in 2019 as compared to 2018 due to the completion of owned development projects in Fall 2018 and Fall 2019, offset by property dispositions completed during 2018 and 2019.

Interest Expense

Interest expense increased by approximately $3.1 million, from $25.2 million during the three months ended September 30, 2018, to $28.3 million for the three months ended September 30, 2019. The increase was primarily due to $1.1 million of additional interest expense due to the timing of borrowings under our unsecured revolving credit facility during the respective three-month periods and a $3.6 million increase in interest expense related to our $400 million offering of unsecured notes in June 2019. These increases were offset by an $0.8 million decrease in default interest related to a property that was transferred to the lender in settlement of the property’s mortgage loan in July 2019, and a $0.4 million increase in capitalized interest. We anticipate interest expense will increase in 2019 as compared to 2018 due to increased interest rates on a higher average outstanding balance under our revolving credit facility throughout 2019, additional interest incurred from $330 million in mortgage debt as part of the ACC / Allianz Joint Venture Transaction, and additional interest incurred from the issuance of unsecured notes issued in June 2019.

Gain from Extinguishment of Debt

During the three months ended September 30, 2019, we recognized a $21.0 million gain on the extinguishment of debt associated with a property that was transferred to the lender in settlement of the property’s mortgage loan in July 2019. Refer to Note 6 in the accompanying Notes to Consolidated Financial Statements in Item 1 for a detailed discussion of this transaction.

Other Nonoperating Income

During the three months ended September 30, 2018, we recognized a $0.6 million gain on an insurance settlement due to hail damage at one of our owned properties. The gain represents insurance proceeds received in excess of the net book value of the assets written off as a result of the damage.

Income Tax Provision

Income tax provision increased by approximately $0.5 million, from a $0.2 million benefit during the three months ended September 30, 2018 to a $0.3 million expense for the three months ended September 30, 2019. The increase was primarily due to a decrease to an estimated taxable gain recorded in the prior year related resulting from the ACC / Allianz Joint Venture Transaction.

Comparison of the Nine Months Ended September 30, 2019 and September 30, 2018

The following table presents our results of operations for the nine months ended September 30, 2019 and 2018, including the amount and percentage change in these results between the two periods.

	Nine Months Ended September 30,			
	2019	**2018**	**Change ($)**	**Change (%)**
Revenues				
Owned properties	$ 638,657	$ 597,854	$ 40,803	6.8 %
On-campus participating properties	24,788	23,605	1,183	5.0 %
Third-party development services	12,389	3,883	8,506	219.1 %
Third-party management services	9,118	7,311	1,807	24.7 %
Resident services	2,255	2,284	(29)	(1.3)%
Total revenues	**687,207**	**634,937**	**52,270**	**8.2 %**
Operating expenses (income)				
Owned properties	294,768	282,193	12,575	4.5 %
On-campus participating properties	11,585	11,030	555	5.0 %
Third-party development and management services	14,129	11,573	2,556	22.1 %
General and administrative	22,595	27,055	(4,460)	(16.5)%
Depreciation and amortization	206,500	194,447	12,053	6.2 %
Ground/facility leases	10,000	8,526	1,474	17.3 %
Loss (gain) from disposition of real estate	282	(42,314)	42,596	(100.7)%
Provision for real estate impairment	3,201	—	3,201	100.0 %
Other operating income	—	(2,648)	2,648	(100.0)%
Total operating expenses	**563,060**	**489,862**	**73,198**	**14.9 %**
Operating income	**124,147**	**145,075**	**(20,928)**	**(14.4)%**
Nonoperating income (expenses)				
Interest income	2,855	3,740	(885)	(23.7)%
Interest expense	(82,432)	(72,207)	(10,225)	14.2 %
Amortization of deferred financing costs	(3,665)	(4,744)	1,079	(22.7)%
Gain (loss) from extinguishment of debt	20,992	(784)	21,776	(2,777.6)%
Other nonoperating income	—	570	(570)	(100.0)%
Total nonoperating expenses	**(62,250)**	**(73,425)**	**11,175**	**(15.2)%**
Income before income taxes	61,897	71,650	(9,753)	(13.6)%
Income tax provision	(983)	(2,147)	1,164	(54.2)%
Net income	**60,914**	**69,503**	**(8,589)**	**(12.4)%**
Net (income) loss attributable to noncontrolling interests	(665)	88	(753)	(855.7)%
Net income attributable to ACC, Inc. and Subsidiaries common stockholders	**$ 60,249**	**$ 69,591**	**$ (9,342)**	**(13.4)%**

Same Store and New Property Operations

A reconciliation of our same store, new property and sold/other property operations to our consolidated statements of comprehensive income is set forth below:

	Same Store Properties		New Properties		Sold Properties/Other [1]		Total - All Properties	
	Nine Months Ended September 30,		Nine Months Ended September 30,		Nine Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018	2019	2018	2019	2018
Number of properties	144	144	15	10	3 [2]	7 [3]	162	161
Number of beds	86,717	86,717	10,144	6,985	1,548	2,886	98,409	96,588
Revenues [4]	$ 589,581	$ 573,187	$ 49,116	$ 9,594	$ 2,215	$ 11,774	$ 640,912	$ 594,555 [5]
Operating expenses	271,817	265,102	20,782	5,146	2,169	6,362	294,768	276,610 [5]

(1) Includes recurring professional fees and transaction costs related to the formation and operation of the ACC / Allianz Joint Venture. Does not include the allocation of payroll and other administrative costs related to corporate management and oversight.

(2) Includes one property that was transferred to the lender in settlement of the property's $27.4 million mortgage loan in July 2019, and one property consisting of two phases sold in May 2019.

(3) Includes the properties described above in note 2, as well as properties sold in 2018 and one property converted to the OCPP structure in January 2019.

(4) Includes revenues which are reflected as resident services revenue on the accompanying consolidated statements of comprehensive income.

(5) The Company adopted new lease accounting guidance on January 1, 2019, which required the reclassification of the provision for uncollectible accounts from operating expenses to revenue. For purposes of calculating same store and new property results of operations, the reclassification is reflected for all periods presented to ensure comparability between periods. The provision for uncollectible accounts for owned properties was $6.1 million and $5.6 million for the nine months ended September 30, 2019 and 2018, respectively.

Same Store Properties: The increase in revenue from our same store properties was primarily due to an increase in average rental rates for the 2018/2019 and 2019/2020 academic years as well as an increase in weighted average occupancy from 90.5% during the nine months ended September 30, 2018, to 92.8% for the nine months ended September 30, 2019.

The increase in operating expenses from our same store properties was primarily due to anticipated increases in property taxes associated with higher assessed values in certain markets, as well as the increase in marketing expenses previously discussed.

New Property Operations: Our new properties for the nine months ended September 30, 2019 are summarized in the table of new properties contained in the discussion of our results of operations for the three months ended September 30, 2019 and 2018.

On-Campus Participating Properties ("OCPP") Operations

As of September 30, 2019, we had six OCPPs containing 5,230 beds. In January 2019, one owned property located at Prairie View A&M University was converted to the OCPP structure and is now included in our OCPP portfolio, contributing to the increase in both revenues and expenses for the nine months ended September 30, 2019 as compared to the nine months ended September 30, 2018. In addition, the Company adopted new lease accounting guidance on January 1, 2019, which required the reclassification of the provision for uncollectible accounts from operating expenses to revenue. The reclassification is reflected on a prospective basis in the Consolidated Statements of Comprehensive Income contained in Item 1 herein starting in the first quarter 2019. The amount reclassified from operating expenses to revenue was a $0.6 million benefit and a $0.2 million expense for the nine months ended September 30, 2019 and 2018, respectively. We anticipate that revenues from these properties for 2019 will increase due to the factors described above. In addition, future revenues will be dependent on our ability to maintain our current leases in effect for the 2018/2019 academic year and our ability to obtain appropriate rental rates and desired occupancy for the 2019/2020 academic year. We anticipate that operating expenses for these properties for 2019 will increase as compared to 2018 due to the conversion of one property to the OCPP structure in January 2019 and general inflation.

Third-Party Development Services Revenue

Third-party development services revenue increased by approximately $8.5 million, from $3.9 million during the nine months ended September 30, 2018, to $12.4 million for the nine months ended September 30, 2019. The increase was primarily due to the closing of bond financing and commencement of construction of the Calhoun Hall project at Drexel University in March 2019, the ninth phase at Prairie View A&M University in April 2019, and our second project with the University of California, Riverside in July 2019, which contributed $6.9 million in revenue during the nine months ended September 30, 2019, as compared to the closing of bond financing and commencement of construction of the Delaware State University project in May 2018, which contributed $1.6 million in revenue during the nine months ended September 30, 2018. In addition, during the nine months ended September 30, 2019, we also continued development services for five projects that commenced construction in 2018, for which we earned fees of approximately $5.4 million, as compared to three projects that commenced construction in 2017, for which we earned fees of approximately $2.1 million during the nine months ended September 30, 2018.

Third-Party Management Services Revenue

Third-party management services revenue increased by approximately $1.8 million, from $7.3 million during the nine months ended September 30, 2018, to $9.1 million for the nine months ended September 30, 2019. The increase was due to the same factors that contributed to the increase in third-party management services revenue for the three months ended September 30, 2019, as discussed above. The increase was partially offset by discontinued third-party management contracts in 2018 and 2019.

Third-Party Development and Management Services Expenses

Third-party development and management services expenses increased by approximately $2.5 million, from $11.6 million during the nine months ended September 30, 2018, to $14.1 million for the nine months ended September 30, 2019. The increase was due to the same factors that contributed to the increase in third-party development and management services expenses for the three months ended September 30, 2019, as discussed above.

General and Administrative

General and administrative expenses decreased by approximately $4.5 million from $27.1 million during the nine months ended September 30, 2018, to $22.6 million for the nine months ended September 30, 2019. Excluding $5.8 million in transaction costs incurred in connection with the closing of the ACC / Allianz Joint Venture Transaction in May 2018, general and administrative expenses increased by $1.3 million. This increase was primarily due to additional expenses incurred in connection with enhancements to our operating systems platform, additional payroll expenses, and other general inflationary factors. We anticipate general and administrative expenses will decrease in 2019 as compared to 2018 due to transaction costs incurred in 2018 related to the formation of the ACC / Allianz Joint Venture Transaction, offset by an increase in payroll costs and an increase in expenses incurred in connection with enhancements to our operating systems platform.

Depreciation and Amortization

Depreciation and amortization increased by approximately $12.1 million, from $194.4 million during the nine months ended September 30, 2018, to $206.5 million for the nine months ended September 30, 2019. The increase was primarily due to a $15.4 million increase related to the completion of construction and opening of ten development properties in Fall 2018, and three owned development properties and two presale development properties in Fall 2019, as well as a $0.5 million increase in depreciation expense at our on-campus participating properties due to the conversion of one property to the OCPP structure. This increase was partially offset by a $2.7 million decrease in depreciation and amortization expense related to properties sold in 2018 and 2019, in addition to a $1.2 million decrease in depreciation and amortization expense at our same store properties due to assets that became fully amortized or depreciated during the nine months ended September 30, 2019.

Ground/Facility Leases

Ground/facility leases expense increased by approximately $1.5 million, from $8.5 million during the nine months ended September 30, 2018, to $10.0 million for the nine months ended September 30, 2019. The increase was primarily due to ACE development projects that completed construction and opened for operations in Fall 2018 and Fall 2019 and increased variable payments at various ACE same store properties. We anticipate ground/facility leases expense will increase in 2019 as compared to 2018, primarily as a result of the timing of new ACE projects being placed into service, the conversion of one owned property to the OCPP structure in January 2019, and improved performance at various ACE same store properties.

Loss (Gain) from Disposition of Real Estate

During the nine months ended September 30, 2019, we sold one owned property containing 544 beds, resulting in a net loss from disposition of real estate of approximately $0.3 million. During the nine months ended September 30, 2018, we sold a portfolio of three owned properties containing 1,338 beds, resulting in a net gain from disposition of real estate of approximately $42.3 million. Refer to Note 4 in the accompanying Notes to the Consolidated Financial Statements contained in Item 1.

Provision for Real Estate Impairment

During the nine months ended September 30, 2019, we recorded an impairment charge of $3.2 million for one owned property serving students attending Florida A&M University, which was classified as held for sale as of March 31, 2019 and was sold in May 2019.

Other Operating Income

During the nine months ended September 30, 2018, we recorded a $2.6 million gain related to cash proceeds received from a litigation settlement.

Interest Income

Interest income decreased by approximately $0.8 million, from $3.7 million during the nine months ended September 30, 2018, to $2.9 million for the nine months ended September 30, 2019. The decrease was primarily due to the planned forgiveness of loans receivable resulting from the unwinding of a New Market Tax Credit ("NMTC") structure at one of the Company's owned properties in 2018. We anticipate interest income to decrease for the full year 2019 as compared to 2018 due to the 2018 unwinding of the NMTC structure at one of the Company’s owned properties.

Interest Expense

Interest expense increased by approximately $10.2 million, from $72.2 million during the nine months ended September 30, 2018, to $82.4 million for the nine months ended September 30, 2019. The increase was primarily due to $6.8 million of additional interest expense due to the timing of borrowings under our unsecured revolving credit facility during the respective nine month periods, $5.6 million in additional interest expense incurred in the current year related to the issuance of $330 million in mortgage debt as part of the ACC / Allianz Joint Venture Transaction which closed in May 2018, and a $4.1 million increase in interest expense related to our $400 million offering of unsecured notes in June 2019. These increases were offset by a $4.3 million decrease in term loan interest expense due to the pay-off of $450 million of term loans in 2018, a $1.0 million decrease due to the unwinding of an NMTC structure at one of the Company’s owned properties, and a $0.6 million decrease in default interest related to a property that was transferred to the lender in settlement of the property’s mortgage loan in July 2019.

Amortization of Deferred Financing Costs

Amortization of deferred financing costs decreased by approximately $1.0 million, from $4.7 million during the nine months ended September 30, 2018 to $3.7 million for the nine months ended September 30, 2019. The decrease was primarily due to $0.9 million of accelerated amortization recorded in the prior year related to the pay-off of $450 million of term loan debt in May 2018. We anticipate amortization of deferred finance costs will decrease in 2019, as increases related to offerings of unsecured debt in 2019 will be more than offset by the 2018 accelerated amortization related to the pay-off of term loan debt.

Gain (Loss) from Extinguishment of Debt

During the nine months ended September 30, 2019, we recognized a $21.0 million gain on the extinguishment of debt associated with a property that was transferred to the lender in settlement of the property’s mortgage loan in July 2019. During the nine months ended September 30, 2018, we incurred approximately $0.8 million of losses associated with the early pay-off of mortgage loans in connection with the sale of one owned property and one owned property included in the ACC / Allianz Joint Venture Transaction.

Other Nonoperating Income

During the nine months ended September 30, 2018, we recognized a $0.6 million gain on an insurance settlement due to hail damage at one of our owned properties. The gain represents insurance proceeds received in excess of the net book value of the assets written off as a result of the damage.

Income Tax Provision

Income tax provision decreased by approximately $1.1 million from $2.1 million during the nine months ended September 30, 2018, to $1.0 million for the nine months ended September 30, 2019. The decrease was primarily due to estimated state income tax recorded in the prior year related to a taxable gain resulting from the ACC / Allianz Joint Venture Transaction.

Net (Income) Loss Attributable to Noncontrolling Interests

Net income attributable to noncontrolling interests represents consolidated joint venture partners' share of net income, as well as net income allocable to holders of Operating Partnership units. The increase in this item as compared to the prior year is primarily due to the closing of the ACC / Allianz Joint Venture Transaction in May 2018.

Liquidity and Capital Resources

Cash Balances and Cash Flows

As of September 30, 2019, we had $85.8 million in cash and cash equivalents and restricted cash as compared to $106.5 million in cash and cash equivalents and restricted cash as of December 31, 2018. Restricted cash primarily consists of escrow accounts held by lenders, resident security deposits as required by law in certain states, and funds held in escrow in connection with potential acquisition and development opportunities. The following discussion relates to changes in cash due to operating, investing and financing activities, which are presented in our consolidated statements of cash flows included in Item 1.

Operating Activities: For the nine months ended September 30, 2019, net cash provided by operating activities was approximately $273.7 million, as compared to approximately $266.9 million for the nine months ended September 30, 2018, an increase of $6.8 million. This increase in cash flows was due to operating cash flows from the completion of construction of owned development properties and presale development properties in Fall 2018 and 2019 as well as the timing of collections of student contracts receivable. This increase was offset by the timing of property tax payments for owned properties, the sale of properties in 2018 and 2019, and a $13.2 million interest rate swap termination payment made in June 2019.

Investing Activities: Investing activities utilized approximately $407.1 million and $216.1 million for the nine months ended September 30, 2019 and 2018, respectively. The $191.0 million increase in cash utilized in investing activities was primarily due to a $233.4 million decrease in proceeds from disposition of a three property portfolio in 2018 as compared to one property in 2019. This decrease in proceeds was offset by (i) a $22.8 million decrease in cash used to fund the construction of our owned development properties; (ii) an $18.0 million decrease in cash used for the acquisition of land parcels; and (iii) a $3.5 million decrease in cash used to fund capital expenditures at our owned and on-campus participating properties.

Financing Activities: For the nine months ended September 30, 2019, net cash provided by financing activities totaled approximately $112.7 million as compared to net cash utilized by financing activities of $25.1 million for the nine months ended September 30, 2018. The $137.8 million increase in cash provided by financing activities was primarily a result of the following: (i) $398.8 million in proceeds from the issuance of unsecured notes in June 2019; (ii) a $450.0 million decrease in the pay-off of unsecured term loans; (iii) a $143.6 million decrease in distributions to noncontrolling interests as a result of the closing of the mortgage loans associated with the Allianz Joint Venture in May 2018; and (iv) a $133.8 million decrease in cash used to pay off mortgage and construction debt including defeasance costs. These increases were partially offset by: (i) a $378.7 million decrease in proceeds from noncontrolling interests as a result of the Allianz Joint Venture in May 2018; (ii) a $330.0 million decrease in proceeds from mortgage loans; (iii) a $174.5 million decrease in net proceeds on our revolving credit facility; (iv) a $58.1 million decrease in proceeds from construction loans; (v) a $33.6 million increase in funds paid to increase our ownership of consolidated subsidiaries; (vi) a $6.4 million increase in distributions to common and restricted stockholders; and (vii) a $5.8 million increase in payments of debt issuance costs.

Liquidity Needs, Sources and Uses of Capital

As of September 30, 2019, our short-term liquidity needs included, but were not limited to, the following: (i) anticipated distribution payments to our common and restricted stockholders totaling approximately $260.1 million based on an assumed annual cash distribution of $1.88 per share and the number of our shares outstanding as of September 30, 2019; (ii) anticipated distribution payments to our Operating Partnership unitholders totaling approximately $0.9 million based on an assumed annual distribution of $1.88 per common unit and a cumulative preferential per annum cash distribution rate of 5.99% on our Preferred OP Units based on the number of units outstanding as of September 30, 2019; (iii) estimated development costs over the next 12 months totaling approximately $338.6 million for our owned properties currently under construction; (iv) a $48.7 million obligation to purchase one property subject to a presale arrangement (see Note 13 in the accompanying Notes to the Consolidated Financial Statements contained in Item 1); (v) an obligation to increase our investment in two joint ventures, resulting in a funding commitment of approximately $130.2 million (see Note 13 in the accompanying Notes to the Consolidated Financial Statements contained in Item 1); (vi) the pay-off of approximately $34.6 million of outstanding fixed rate mortgage debt scheduled to mature during the next 12 months; and (vii) potential future property or land acquisitions, and commencement of construction of owned development projects, including mezzanine financed developments.

We expect to meet our short-term liquidity requirements by: (i) utilizing current cash on hand and net cash provided by operations; (ii) borrowing under our existing revolving credit facility; (iii) accessing the unsecured bond market; (iv) exercising debt extension options to the extent they are available; (v) issuing securities, including common stock, under our ATM Equity Program discussed more fully in Note 7 in the accompanying Notes to Consolidated Financial Statements contained in Item 1, or otherwise; and (vi) potentially disposing of properties and/or entering into joint venture arrangements, depending on market conditions. Our ability to obtain additional financing will depend on a variety of factors such as market conditions, the general availability of credit, the overall availability of credit to the real estate industry, our credit ratings and credit capacity, as well as the perception of lenders regarding our long or short-term financial prospects.

We may seek additional funds to undertake initiatives not contemplated by our business plan or obtain additional cushion against possible shortfalls. We also may pursue additional financing as opportunities arise. Future financings may include a range of different sizes or types of financing, including the incurrence of additional secured debt and the sale of additional debt or equity securities. These funds may not be available on favorable terms or at all. Our ability to obtain additional financing depends on several factors, including future market conditions, our success or lack of success in penetrating our markets, our future creditworthiness, and restrictions contained in agreements with our investors or lenders, including the restrictions contained in the agreements governing our unsecured credit facility and unsecured notes. These financings could increase our level of indebtedness or result in dilution to our equity holders.

Distributions

We are required to distribute 90% of our REIT taxable income (excluding capital gains) on an annual basis in order to qualify as a REIT for federal income tax purposes. Distributions to common stockholders are at the discretion of the Board of Directors. We may use borrowings under our unsecured revolving credit facility to fund distributions. The Board of Directors considers a number of factors when determining distribution levels, including market factors and our Company’s performance in addition to REIT requirements.

On October 30, 2019, our Board of Directors declared a distribution per share of $0.47, which will be paid on November 22, 2019 to all common stockholders of record as of November 11, 2019. At the same time, the Operating Partnership will pay an equivalent amount per unit to holders of Common OP Units, as well as the quarterly cumulative preferential distribution to holders of Preferred OP Units.

Indebtedness

The amounts below exclude net unamortized debt premiums and discounts related to mortgage loans assumed in connection with property acquisitions, original issue discounts ("OID"s), and deferred financing costs (see Note 6 in the accompanying Notes to the Consolidated Financial Statements contained in Item 1). A summary of our consolidated indebtedness as of September 30, 2019 is as follows:

		Amount	% of Total	Weighted Average Rates [(1)]	Weighted Average Maturities
Secured	$	821,813	24.4%	4.6%	6.2 Years
Unsecured		2,552,100	75.6%	3.5%	4.4 Years
Total consolidated debt	**$**	**3,373,913**	**100.0%**	**3.8%**	**4.8 Years**
Fixed rate debt					
Secured					
Project-based taxable bonds	$	23,215	0.7%	7.6%	5.1 Years
Mortgage		720,779	21.4%	4.5%	5.4 Years
Unsecured					
April 2013 Notes		400,000	11.9%	3.8%	3.5 Years
June 2014 Notes		400,000	11.9%	4.1%	4.8 Years
September 2015 Notes		400,000	11.9%	3.4%	1.0 Years
October 2017 Notes		400,000	11.9%	3.6%	8.1 Years
June 2019 Notes		400,000	11.9%	3.3%	6.8 Years
Total - fixed rate debt		2,743,994	81.6%	3.9%	5.0 Years
Variable rate debt:					
Secured					
Mortgage and construction		77,819	2.3%	4.9%	13.5 Years
Unsecured					
Term loans		200,000	5.8%	3.1%	2.7 Years
Unsecured revolving credit facility		352,100	10.3%	3.2%	2.5 Years
Total - variable rate debt		629,919	18.4%	3.4%	3.9 Years
Total consolidated debt	**$**	**3,373,913**	**100.0%**	**3.8%**	**4.8 Years**

(1) Represents stated interest rate and does not include the effect of the amortization of deferred financing costs, debt premiums and discounts, OIDs, and interest rate swap terminations.

In October 2019, the Company entered into an interest rate swap to convert $37.5 million of a $40.8 million variable rate mortgage loan at one of its on-campus participating properties to a fixed rate. Additionally, in October 2019, the Company entered into an interest rate swap to convert $100 million of its unsecured term loan to a fixed rate.

Funds From Operations ("FFO")

The National Association of Real Estate Investment Trusts ("NAREIT") currently defines FFO as net income or loss attributable to common shares computed in accordance with generally accepted accounting principles ("GAAP"), excluding gains or losses from depreciable operating property sales, impairment charges and real estate depreciation and amortization, and after adjustments for unconsolidated partnerships and joint ventures. We present FFO because we consider it an important supplemental measure of our operating performance and believe it is frequently used by securities analysts, investors and other interested parties in the evaluation of REITs, many of which present FFO when reporting their results. FFO excludes GAAP historical cost depreciation and amortization of real estate and related assets, which assumes that the value of real estate diminishes ratably over time. Historically, however, real estate values have risen or fallen with market conditions. We therefore believe that FFO provides a performance measure that, when compared year over year, reflects the impact to operations from trends in occupancy rates, rental rates, operating costs, and interest costs, among other items, providing perspective not immediately apparent from net income. We compute FFO in accordance with standards established by the Board of Governors of NAREIT in its December 2018 White Paper, which may differ from the methodology for calculating FFO utilized by other equity REITs and, accordingly, may not be comparable to such other REITs.

We also believe it is meaningful to present a measure we refer to as FFO-Modified, or FFOM, which reflects certain adjustments related to the economic performance of our on-campus participating properties, the elimination of transaction costs, and other items, as we determine in good faith. Under our participating ground leases, we and the participating university systems each receive 50% of the properties' net cash available for distribution after payment of operating expenses, debt service (which includes significant amounts towards repayment of principal), and capital expenditures. A substantial portion of our revenues attributable to these properties is reflective of cash that is required to be used for capital expenditures and for the amortization of applicable property indebtedness. These amounts do not increase our economic interest in these properties or otherwise benefit us since our interest in the properties terminates upon the repayment of the applicable property indebtedness. Therefore, unlike the ownership of our owned properties, the unique features of our ownership interest in our on-campus participating properties cause the value of these properties to diminish over time. For example, since the ground/facility leases under which we operate the participating properties require the reinvestment from operations of specified amounts for capital expenditures and for the repayment of debt while our interest in these properties terminates upon the repayment of the debt, such capital expenditures do not increase the value of the property to us and mortgage debt amortization only increases the equity of the ground lessor. Accordingly, we believe it is meaningful to modify FFO to exclude the operations of our on-campus participating properties and to consider their impact on our performance by including only that portion of our revenues from those properties that are reflective of our share of net cash flow and the management fees that we receive, both of which increase and decrease with the operating performance of the properties. This narrower measure of performance measures our profitability for these properties in a manner that is similar to the measure of our profitability from our third-party services business where we similarly incur no initial or ongoing capital investment in a property and derive only consequential benefits from capital expenditures and debt amortization. We believe, however, that this narrower measure of performance is inappropriate in traditional real estate ownership structures where debt amortization and capital expenditures enhance the property owner's long-term profitability from its investment.

Our FFOM may have limitations as an analytical tool because it reflects the contractual calculation of net cash flow from our on-campus participating properties, which is unique to us and is different from that of our owned off-campus properties. Companies that are considered to be in our industry may not have similar ownership structures; and therefore those companies may not calculate FFOM in the same manner that we do, or at all, limiting its usefulness as a comparative measure. We compensate for these limitations by relying primarily on our GAAP and FFO results and using FFOM only supplementally. Further, FFO and FFOM do not represent amounts available for management's discretionary use because of needed capital replacement or expansion, debt service obligations or other commitments and uncertainties. FFO and FFOM should not be considered as alternatives to net income or loss computed in accordance with GAAP as an indicator of our financial performance, or to cash flow from operating activities computed in accordance with GAAP as an indicator of our liquidity, nor are these measures indicative of funds available to fund our cash needs, including our ability to pay dividends or make distributions.

During the quarter ended September 30, 2019, the Company updated the presentation of the calculation of FFO. Prior period amounts have been updated to conform to the current presentation. There were no changes to the FFO calculated or the underlying financial information used in the calculation.

The following table presents a reconciliation of our net income attributable to common stockholders to FFO and FFOM:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
Net income (loss) attributable to ACC, Inc. and Subsidiaries common stockholders	$ 20,223	$ (2,345)	$ 60,249	$ 69,591
Noncontrolling interests' share of net (loss) income	(887)	(392)	665	(88)
Joint venture partners' share of FFO	(1,175)	(1,563)	(6,856)	(2,100)
Loss (gain) from disposition of real estate	—	—	282	(42,314)
Elimination of provision for real estate impairment	—	—	3,201	—
Total depreciation and amortization	68,930	66,131	206,500	194,447
Corporate depreciation (1)	(1,135)	(1,261)	(3,528)	(3,420)
FFO attributable to common stockholders and OP unitholders	**85,956**	**60,570**	**260,513**	**216,116**
Elimination of operations of on-campus participating properties:				
Net loss (income) from on-campus participating properties	424	436	(2,138)	(1,715)
Amortization of investment in on-campus participating properties	(2,289)	(1,962)	(6,334)	(5,856)
	84,091	59,044	252,041	208,545
Modifications to reflect operational performance of on-campus participating properties:				
Our share of net cash flow (2)	353	644	2,063	2,232
Management fees and other	369	302	1,597	1,058
Contribution from on-campus participating properties	722	946	3,660	3,290
Transaction costs (3)	147	(232)	147	7,586
Elimination of (gain) loss from extinguishment of debt (4)	(20,992)	—	(20,992)	784
Elimination of gain from litigation settlement (5)	—	—	—	(2,648)
Elimination of FFO from property in receivership (6)	104	842	1,912	2,037
FFOM attributable to common stockholders and OP unitholders	**$ 64,072**	**$ 60,600**	**$ 236,768**	**$ 219,594**
FFO per share – diluted	**$ 0.62**	**$ 0.44**	**$ 1.88**	**$ 1.56**
FFOM per share – diluted	**$ 0.46**	**$ 0.44**	**$ 1.71**	**$ 1.58**
Weighted-average common shares outstanding – diluted	**138,879,244**	**138,585,384**	**138,854,970**	**138,569,643**

(1) Represents depreciation on corporate assets not added back for purposes of calculating FFO.

(2) 50% of the properties’ net cash available for distribution after payment of operating expenses, debt service (including repayment of principal) and capital expenditures which is included in ground/facility leases expense in the consolidated statements of comprehensive income.

(3) The three months ended September 30, 2019 amount represents transaction costs incurred in connection with the closing of one presale transaction in August 2019. The three months ended September 30, 2018 amount represents transaction costs incurred in connection with the closing of a presale transaction in August 2018, net of an adjustment to estimated state income tax related to a tax gain resulting from the ACC / Allianz real estate joint venture transaction in May 2018. The nine months ended September 30, 2018 amount includes the costs discussed above in addition to transaction costs incurred in connection with the closing of the ACC / Allianz real estate joint venture transaction.

(4) Represents gains and losses associated with the extinguishment of mortgage loans due to real estate disposition transactions, including the sale of partial ownership interests in properties and the transfer of an owned property to the lender in satisfaction of the property's mortgage loan. Such costs are excluded from gains from disposition of real estate reported in accordance with GAAP.

(5) Represents a gain related to cash proceeds received from a litigation settlement.

(6) Represents FFO for an owned property that was transferred to the lender in July 2019 in settlement of the property's mortgage loan.

Inflation

Our student leases do not typically provide for rent escalations. However, they typically do not have terms that extend beyond 12 months. Accordingly, although on a short term basis we would be required to bear the impact of rising costs resulting from inflation, we have the opportunity to raise rental rates at least annually to offset such rising costs. However, a weak economic environment or declining student enrollment at our principal universities may limit our ability to raise rental rates.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Market risk is the risk of loss from adverse changes in market prices and interest rates. Our future earnings and cash flows are dependent upon prevailing market rates. Accordingly, we manage our market risk by matching projected cash inflows from operating, investing, and financing activities with projected cash outflows for debt service, acquisitions, capital expenditures, distributions to stockholders and unitholders, and other cash requirements. The majority of our outstanding debt has fixed interest rates, which minimizes the risk of fluctuating interest rates. Our exposure to market risk includes interest rate fluctuations in connection with our revolving credit facilities and variable rate construction loans and our ability to incur more debt without stockholder approval, thereby increasing our debt service obligations, which could adversely affect our cash flows. No material changes have occurred in relation to market risk since our Annual Report on Form 10-K for the year ended December 31, 2018.

Item 4. Controls and Procedures

American Campus Communities, Inc.

(a) Evaluation of Disclosure Controls and Procedures

As required by SEC Rule 13a-15(b), we have carried out an evaluation, under the supervision of and with the participation of management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures as of the end of the period covered by this report. Based on the foregoing, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures for the quarter covered by this report were effective at the reasonable assurance level.

(b) Changes in Internal Control Over Financial Reporting

There has been no change in our internal control over financial reporting during our most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

American Campus Communities Operating Partnership LP

(a) Evaluation of Disclosure Controls and Procedures

As required by SEC Rule 13a-15(b), we have carried out an evaluation, under the supervision of and with the participation of management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures as of the end of the period covered by this report. Based on the foregoing, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures for the quarter covered by this report were effective at the reasonable assurance level.

(b) Changes in Internal Control Over Financial Reporting

There has been no change in our internal control over financial reporting during our most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II OTHER INFORMATION

Item 1. Legal Proceedings

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

Item 1A. Risk Factors

There have been no material changes to the risk factors that were discussed in Part 1, Item 1A of the Company's and the Operating Partnership's Annual Report on Form 10-K for the year ended December 31, 2018.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

None.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

None.

Item 6. Exhibits

Exhibit Number	Description of Document
31.1	American Campus Communities, Inc. - Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	American Campus Communities, Inc. - Certification of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.3	American Campus Communities Operating Partnership LP - Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.4	American Campus Communities Operating Partnership LP - Certification of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	American Campus Communities, Inc. - Certification of Chief Executive Officer Pursuant to 18 U. S. C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	American Campus Communities, Inc. - Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.3	American Campus Communities Operating Partnership LP - Certification of Chief Executive Officer Pursuant to 18 U. S. C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.4	American Campus Communities Operating Partnership LP - Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101)

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Dated: November 1, 2019

AMERICAN CAMPUS COMMUNITIES, INC.

By: /s/ Daniel B. Perry

Daniel B. Perry
Executive Vice President,
Chief Financial Officer,
Treasurer and Secretary

By: /s/ Kim K. Voss

Kim K. Voss
Executive Vice President,
Chief Accounting Officer,
and Assistant Secretary

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Dated: November 1, 2019

AMERICAN CAMPUS COMMUNITIES
OPERATING PARTNERSHIP LP

By: American Campus Communities Holdings, LLC, its general partner

By: American Campus Communities, Inc., its sole member

By: /s/ Daniel B. Perry

Daniel B. Perry
Executive Vice President,
Chief Financial Officer,
Treasurer and Secretary

By: /s/ Kim K. Voss

Kim K. Voss
Executive Vice President,
Chief Accounting Officer,
and Assistant Secretary

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Section 2: EX-31.1 (EXHIBIT 31.1)

Exhibit 31.1

American Campus Communities, Inc.
Certification of Chief Executive Officer
Pursuant to Section 302 of The Sarbanes–Oxley Act of 2002

I, William C. Bayless, Jr., certify that:

1. I have reviewed this quarterly report on Form 10-Q of American Campus Communities, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: November 1, 2019

By: /s/ William C. Bayless, Jr.

William C. Bayless, Jr.
Chief Executive Officer

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Section 3: EX-31.2 (EXHIBIT 31.2)

Exhibit 31.2

American Campus Communities, Inc.
Certification of Chief Financial Officer
Pursuant to Section 302 of The Sarbanes–Oxley Act of 2002

I, Daniel B. Perry, certify that:

1. I have reviewed this quarterly report on Form 10-Q of American Campus Communities, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: November 1, 2019

By: /s/ Daniel B. Perry

Daniel B. Perry
Executive Vice President, Chief Financial Officer,
Treasurer and Secretary

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Section 4: EX-31.3 (EXHIBIT 31.3)

Exhibit 31.3

American Campus Communities Operating Partnership LP

Certification of Chief Executive Officer
Pursuant to Section 302 of The Sarbanes–Oxley Act of 2002

I, William C. Bayless, Jr., certify that:

1. I have reviewed this quarterly report on Form 10-Q of American Campus Communities Operating Partnership LP;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated:	November 1, 2019	By:	/s/ William C. Bayless, Jr.
			William C. Bayless, Jr. Chief Executive Officer

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Section 5: EX-31.4 (EXHIBIT 31.4)

Exhibit 31.4

American Campus Communities Operating Partnership LP
Certification of Chief Financial Officer
Pursuant to Section 302 of The Sarbanes–Oxley Act of 2002

I, Daniel B. Perry, certify that:

1. I have reviewed this quarterly report on Form 10-Q of American Campus Communities Operating Partnership LP;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c. Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d. Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Dated:	November 1, 2019	By:	/s/ Daniel B. Perry
			Daniel B. Perry
			Executive Vice President, Chief Financial Officer, Treasurer and Secretary

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Section 6: EX-32.1 (EXHIBIT 32.1)

Exhibit 32.1

American Campus Communities, Inc. - Certification of Chief Executive Officer Pursuant to 18 U. S. C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

I, William C. Bayless, Jr., Chief Executive Officer of American Campus Communities, Inc. (the “Company”), certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that:

(i) The Quarterly Report on Form 10-Q of the Company for the quarterly period ended September 30, 2019 (the "Report") fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934 (15 U.S.C. 78m); and

(ii) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated:	November 1, 2019	By:	/s/ William C. Bayless, Jr.
			William C. Bayless, Jr. Chief Executive Officer

This certification is being furnished and not filed, and shall not be incorporated into any document for any purpose, under the Securities Exchange Act of 1934 or the Securities Act of 1933. A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

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Section 7: EX-32.2 (EXHIBIT 32.2)

Exhibit 32.2

American Campus Communities, Inc. - Certification of Chief Financial Officer Pursuant to 18 U. S. C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

I, Daniel B. Perry, Chief Financial Officer of American Campus Communities, Inc. (the "Company"), certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that:

(i) The Quarterly Report on Form 10-Q of the Company for the quarterly period ended September 30, 2019 (the "Report") fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934 (15 U.S.C. 78m); and

(ii) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated:	November 1, 2019	By:	/s/ Daniel B. Perry
			Daniel B. Perry Executive Vice President, Chief Financial Officer, Treasurer and Secretary

This certification is being furnished and not filed, and shall not be incorporated into any document for any purpose, under the Securities Exchange Act of 1934 or the Securities Act of 1933. A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

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Section 8: EX-32.3 (EXHIBIT 32.3)

Exhibit 32.3

American Campus Communities Operating Partnership LP - Certification of Chief Executive Officer Pursuant to 18 U. S. C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

I, William C. Bayless, Jr., Chief Executive Officer of American Campus Communities, Inc., the sole member of American Campus Communities Holdings LLC, the general partner of American Campus Communities Operating Partnership LP (the "Operating Partnership"), certifies, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that:

(i) The Quarterly Report on Form 10-Q of the Operating Partnership for the quarterly period ended September 30, 2019 (the "Report") fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934 (15 U.S.C. 78m); and

(ii) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Operating Partnership.

Dated:	November 1, 2019	By:	/s/ William C. Bayless, Jr.
			William C. Bayless, Jr.
			Chief Executive Officer

This certification is being furnished and not filed, and shall not be incorporated into any document for any purpose, under the Securities Exchange Act of 1934 or the Securities Act of 1933. A signed original of this written statement required by Section 906 has been provided to the Operating Partnership and will be retained by the Operating Partnership and furnished to the Securities and Exchange Commission or its staff upon request.

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Section 9: EX-32.4 (EXHIBIT 32.4)

Exhibit 32.4

American Campus Communities Operating Partnership LP - Certification of Chief Financial Officer Pursuant to 18 U. S. C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

I, Daniel B. Perry, Chief Financial Officer of American Campus Communities, Inc., the sole member of American Campus Communities Holdings LLC, the general partner of American Campus Communities Operating Partnership LP (the "Operating Partnership"), certifies, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that:

(i) The Quarterly Report on Form 10-Q of the Operating Partnership for the quarterly period ended September 30, 2019 (the "Report") fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934 (15 U.S.C. 78m); and

(ii) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Operating Partnership.

Dated:	November 1, 2019	By:	/s/ Daniel B. Perry
			Daniel B. Perry
			Executive Vice President, Chief Financial Officer, Treasurer and Secretary

This certification is being furnished and not filed, and shall not be incorporated into any document for any purpose, under the Securities Exchange Act of 1934 or the Securities Act of 1933. A signed original of this written statement required by Section 906 has been provided to the Operating Partnership and will be retained by the Operating Partnership and furnished to the Securities and Exchange Commission or its staff upon request.

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