

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 March 31, 2020.

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 <input checked="" type="checkbox"/>	No <input type="checkbox"/>
American Campus Communities Operating Partnership LP	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>

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 <input checked="" type="checkbox"/>	No <input type="checkbox"/>
American Campus Communities Operating Partnership LP	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>

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

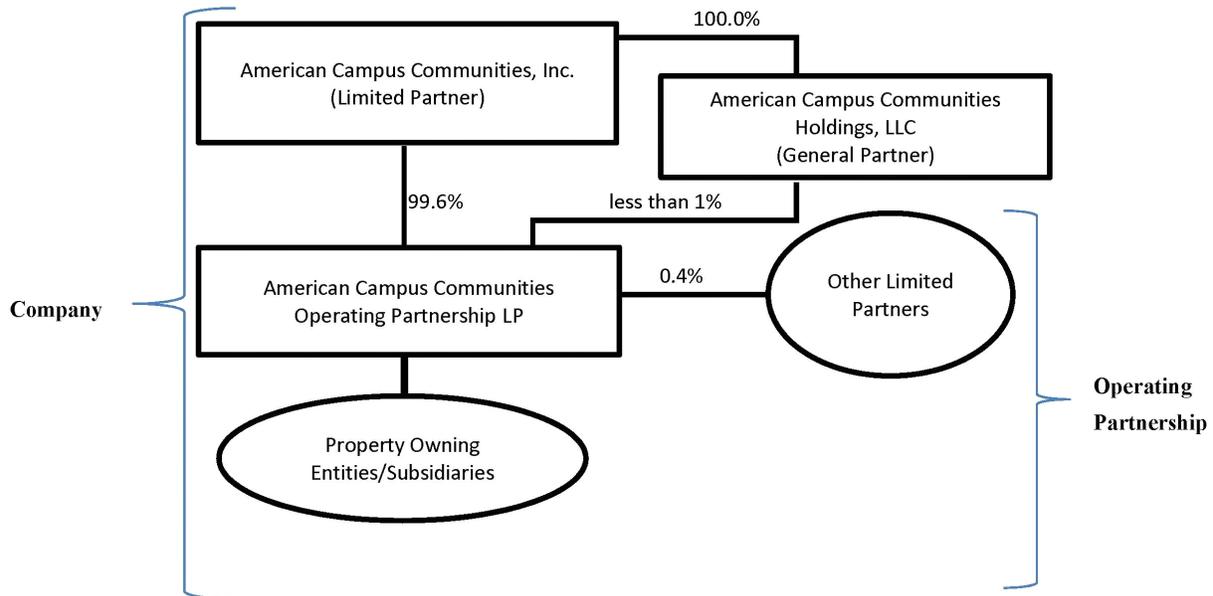
Securities registered pursuant to Section 12(b) of the Act:

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 137,604,447 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 April 24, 2020.

EXPLANATORY NOTE

This report combines the reports on Form 10-Q for the quarterly period ended March 31, 2020 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 March 31, 2020, 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 March 31, 2020, 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 March 31, 2020
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AMERICAN CAMPUS COMMUNITIES, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(in thousands, except share data)

	March 31, 2020	December 31, 2019
	(Unaudited)	
Assets		
Investments in real estate:		
Owned properties, net	\$ 6,636,857	\$ 6,694,715
On-campus participating properties, net	73,716	75,188
Investments in real estate, net	6,710,573	6,769,903
Cash and cash equivalents	176,758	54,650
Restricted cash	32,130	26,698
Student contracts receivable, net	12,287	13,470
Operating lease right of use assets	459,957	460,857
Other assets	228,051	234,176
	6,710,573	6,769,903
Total assets	\$ 7,619,756	\$ 7,559,754
Liabilities and equity		
Liabilities:		
Secured mortgage, construction and bond debt, net	\$ 749,902	\$ 787,426
Unsecured notes, net	1,981,472	1,985,603
Unsecured term loans, net	199,209	199,121
Unsecured revolving credit facility	609,700	425,700
Accounts payable and accrued expenses	53,086	88,411
Operating lease liabilities	477,779	473,070
Other liabilities	178,702	157,368
	4,249,850	4,116,699
Total liabilities	4,249,850	4,116,699
Commitments and contingencies (Note 12)		
Redeemable noncontrolling interests	17,768	104,381
Equity:		
American Campus Communities, Inc. and Subsidiaries stockholders' equity:		
Common stock, \$0.01 par value, 800,000,000 shares authorized, 137,523,031 and 137,326,824 shares issued and outstanding at March 31, 2020 and December 31, 2019, respectively	1,375	1,373
Additional paid in capital	4,467,906	4,458,456
Common stock held in rabbi trust, 81,416 and 77,928 shares at March 31, 2020 and December 31, 2019, respectively	(3,615)	(3,486)
Accumulated earnings and dividends	(1,129,108)	(1,144,721)
Accumulated other comprehensive loss	(26,747)	(16,946)
	3,309,811	3,294,676
Total American Campus Communities, Inc. and Subsidiaries stockholders' equity	3,309,811	3,294,676
Noncontrolling interests - partially owned properties	42,327	43,998
	3,352,138	3,338,674
Total equity	3,352,138	3,338,674
Total liabilities and equity	\$ 7,619,756	\$ 7,559,754

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

Investments in real estate, net	\$ 596,506		\$ 788,393
Cash, cash equivalents and restricted cash	\$ 37,711		\$ 59,908
Other assets	\$ 14,794		\$ 18,387

Secured mortgage and construction debt, net	\$	417,765	\$	418,241
Accounts payable, accrued expenses and other liabilities	\$	34,317	\$	56,976

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 March 31,	
	2020	2019
Revenues:		
Owned properties	\$ 232,091	\$ 224,419
On-campus participating properties	10,709	11,448
Third-party development services	2,055	3,171
Third-party management services	3,829	2,311
Resident services	720	782
Total revenues	249,404	242,131
Operating expenses (income):		
Owned properties	92,474	92,169
On-campus participating properties	3,366	3,957
Third-party development and management services	6,207	4,186
General and administrative	10,158	7,315
Depreciation and amortization	66,169	68,755
Ground/facility leases	4,069	3,549
Gain from disposition of real estate	(48,525)	—
Provision for impairment	—	3,201
Total operating expenses	133,918	183,132
Operating income	115,486	58,999
Nonoperating income (expenses):		
Interest income	851	926
Interest expense	(27,783)	(27,061)
Amortization of deferred financing costs	(1,287)	(1,132)
Loss from early extinguishment of debt	(4,827)	—
Total nonoperating expenses	(33,046)	(27,267)
Income before income taxes	82,440	31,732
Income tax provision	(379)	(364)
Net income	82,061	31,368
Net income attributable to noncontrolling interests	(1,206)	(1,728)
Net income attributable to ACC, Inc. and Subsidiaries common stockholders	\$ 80,855	\$ 29,640
Other comprehensive loss		
Change in fair value of interest rate swaps and other	(9,801)	(5,794)
Comprehensive income	\$ 71,054	\$ 23,846
Net income per share attributable to ACC, Inc. and Subsidiaries common shareholders		
Basic and diluted	\$ 0.58	\$ 0.21
Weighted-average common shares outstanding:		
Basic	137,477,169	137,101,535
Diluted	138,587,513	138,152,378

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	Noncontrolling Interests – Partially Owned Properties	Total
Equity, December 31, 2019	137,326,824	\$ 1,373	\$4,458,456	77,928	\$ (3,486)	\$ (1,144,721)	\$ (16,946)	\$ 43,998	\$3,338,674
Adjustments to reflect redeemable noncontrolling interests at fair value	—	—	9,490	—	—	—	—	—	9,490
Amortization of restricted stock awards	—	—	3,988	—	—	—	—	—	3,988
Vesting of restricted stock awards	199,695	2	(4,157)	—	—	—	—	—	(4,155)
Distributions to common and restricted stockholders and other (\$0.47 per common share)	—	—	—	—	—	(65,242)	—	—	(65,242)
Distributions to noncontrolling interests - partially owned properties	—	—	—	—	—	—	—	(2,566)	(2,566)
Change in fair value of interest rate swaps and other	—	—	—	—	—	—	(9,801)	—	(9,801)
Deposits to deferred compensation plan, net of withdrawals	(3,488)	—	129	3,488	(129)	—	—	—	—
Net income	—	—	—	—	—	80,855	—	895	81,750
Equity, March 31, 2020	137,523,031	\$ 1,375	\$4,467,906	81,416	\$ (3,615)	\$ (1,129,108)	\$ (26,747)	\$ 42,327	\$3,352,138

	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	—	—	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

See accompanying notes to consolidated financial statements.

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

	Three Months Ended March 31,	
	2020	2019
Operating activities		
Net income	\$ 82,061	\$ 31,368
Adjustments to reconcile net income to net cash provided by operating activities:		
Gain from disposition of real estate	(48,525)	—
Loss from early extinguishment of debt	4,827	—
Provision for impairment	—	3,201
Depreciation and amortization	66,169	68,755
Amortization of deferred financing costs and debt premiums/discounts	(3)	(19)
Share-based compensation	3,988	3,765
Income tax provision	379	364
Amortization of interest rate swap terminations and other	428	102
Changes in operating assets and liabilities:		
Student contracts receivable, net	1,143	(5,491)
Other assets	6,990	(7,723)
Accounts payable and accrued expenses	(36,172)	(30,595)
Other liabilities	9,499	16,885
Net cash provided by operating activities	90,784	80,612
Investing activities		
Proceeds from disposition of properties and land parcels	146,144	—
Capital expenditures for owned properties	(11,852)	(10,751)
Investments in owned properties under development	(84,359)	(104,768)
Capital expenditures for on-campus participating properties	(565)	(230)
Other investing activities	(1,347)	(1,123)
Net cash provided by (used in) investing activities	48,021	(116,872)
Financing activities		
Proceeds from unsecured notes	399,240	—
Pay-off of mortgage and construction loans	(34,219)	—
Costs paid related to early extinguishment of debt	(4,156)	—
Pay-off of unsecured notes	(400,000)	—
Proceeds from revolving credit facility	1,295,700	180,600
Paydowns of revolving credit facility	(1,111,700)	(110,500)
Proceeds from construction loans	—	14,174
Scheduled principal payments on debt	(2,040)	(2,040)
Debt issuance costs	(4,693)	(1,853)
Increase in ownership of consolidated subsidiary	(77,200)	—
Contribution by noncontrolling interests	—	625
Taxes paid on net-share settlements	(4,155)	(3,831)
Distributions paid to common and restricted stockholders	(65,242)	(63,611)
Distributions paid to noncontrolling interests	(2,800)	(3,966)
Net cash (used in) provided by financing activities	(11,265)	9,598
Net change in cash, cash equivalents, and restricted cash	127,540	(26,662)
Cash, cash equivalents, and restricted cash at beginning of period	81,348	106,517
Cash, cash equivalents, and restricted cash at end of period	\$ 208,888	\$ 79,855
Reconciliation of cash, cash equivalents, and restricted cash to the consolidated balance sheets		
Cash and cash equivalents	\$ 176,758	\$ 46,166
Restricted cash	32,130	33,689

Total cash, cash equivalents, and restricted cash at end of period	<u>\$ 208,888</u>	<u>\$ 79,855</u>
Supplemental disclosure of non-cash investing and financing activities		
Conversion of common and preferred operating partnership units to common stock	<u>\$ —</u>	<u>\$ 251</u>
Accrued development costs and capital expenditures	<u>\$ 27,056</u>	<u>\$ 35,545</u>
Change in fair value of derivative instruments, net	<u>\$ (10,229)</u>	<u>\$ (5,896)</u>
Change in fair value of redeemable noncontrolling interest	<u>\$ 9,490</u>	<u>\$ (2,547)</u>
Initial recognition of operating lease right of use assets	<u>\$ —</u>	<u>\$ 280,687</u>
Initial recognition of operating lease liabilities	<u>\$ —</u>	<u>\$ 279,982</u>
Supplemental disclosure of cash flow information		
Interest paid	<u>\$ 31,959</u>	<u>\$ 20,912</u>

See accompanying notes to consolidated financial statements.

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

	<u>March 31, 2020</u>	<u>December 31, 2019</u>
	(Unaudited)	
Assets		
Investments in real estate:		
Owned properties, net	\$ 6,636,857	\$ 6,694,715
On-campus participating properties, net	73,716	75,188
Investments in real estate, net	<u>6,710,573</u>	<u>6,769,903</u>
Cash and cash equivalents	176,758	54,650
Restricted cash	32,130	26,698
Student contracts receivable, net	12,287	13,470
Operating lease right of use assets	459,957	460,857
Other assets	<u>228,051</u>	<u>234,176</u>
Total assets	<u>\$ 7,619,756</u>	<u>\$ 7,559,754</u>
Liabilities and capital		
Liabilities:		
Secured mortgage, construction and bond debt, net	\$ 749,902	\$ 787,426
Unsecured notes, net	1,981,472	1,985,603
Unsecured term loans, net	199,209	199,121
Unsecured revolving credit facility	609,700	425,700
Accounts payable and accrued expenses	53,086	88,411
Operating lease liabilities	477,779	473,070
Other liabilities	<u>178,702</u>	<u>157,368</u>
Total liabilities	<u>4,249,850</u>	<u>4,116,699</u>
Commitments and contingencies (Note 12)		
Redeemable limited partners	17,768	104,381
Capital:		
Partners' capital:		
General partner - 12,222 OP units outstanding at both March 31, 2020 and December 31, 2019	41	40
Limited partner - 137,592,225 and 137,392,530 OP units outstanding at March 31, 2020 and December 31, 2019, respectively	3,336,517	3,311,582
Accumulated other comprehensive loss	<u>(26,747)</u>	<u>(16,946)</u>
Total partners' capital	<u>3,309,811</u>	<u>3,294,676</u>
Noncontrolling interests - partially owned properties	<u>42,327</u>	<u>43,998</u>
Total capital	<u>3,352,138</u>	<u>3,338,674</u>
Total liabilities and capital	<u>\$ 7,619,756</u>	<u>\$ 7,559,754</u>

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

Investments in real estate, net	\$ 596,506	\$ 788,393
Cash, cash equivalents and restricted cash	\$ 37,711	\$ 59,908
Other assets	\$ 14,794	\$ 18,387
Secured mortgage and construction debt, net	\$ 417,765	\$ 418,241
Accounts payable, accrued expenses and other liabilities	\$ 34,317	\$ 56,976

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 March 31,	
	2020	2019
Revenues:		
Owned properties	\$ 232,091	\$ 224,419
On-campus participating properties	10,709	11,448
Third-party development services	2,055	3,171
Third-party management services	3,829	2,311
Resident services	720	782
Total revenues	249,404	242,131
Operating expenses (income):		
Owned properties	92,474	92,169
On-campus participating properties	3,366	3,957
Third-party development and management services	6,207	4,186
General and administrative	10,158	7,315
Depreciation and amortization	66,169	68,755
Ground/facility leases	4,069	3,549
Gain from disposition of real estate	(48,525)	—
Provision for impairment	—	3,201
Total operating expenses	133,918	183,132
Operating income	115,486	58,999
Nonoperating income (expenses):		
Interest income	851	926
Interest expense	(27,783)	(27,061)
Amortization of deferred financing costs	(1,287)	(1,132)
Loss from early extinguishment of debt	(4,827)	—
Total nonoperating expenses	(33,046)	(27,267)
Income before income taxes	82,440	31,732
Income tax provision	(379)	(364)
Net income	82,061	31,368
Net income attributable to noncontrolling interests – partially owned properties	(916)	(1,568)
Net income attributable to American Campus Communities Operating Partnership LP	81,145	29,800
Series A preferred units distributions	(14)	(31)
Net income attributable to common unitholders	\$ 81,131	\$ 29,769
Other comprehensive loss		
Change in fair value of interest rate swaps and other	(9,801)	(5,794)
Comprehensive income	\$ 71,330	\$ 23,975
Net income per unit attributable to common unitholders		
Basic and diluted	\$ 0.58	\$ 0.21
Weighted-average common units outstanding		
Basic	137,945,644	137,696,323
Diluted	139,055,988	138,747,166

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	Total
	Units	Amount	Units	Amount	Loss	Properties	
	Capital, December 31, 2019	12,222	\$ 40	137,392,530	\$ 3,311,582	\$ (16,946)	
Adjustments to reflect redeemable limited partners' interest at fair value	—	—	—	9,490	—	—	9,490
Amortization of restricted stock awards	—	—	—	3,988	—	—	3,988
Vesting of restricted stock awards	—	—	199,695	(4,155)	—	—	(4,155)
Distributions to common and restricted unit holders and other (\$0.47 per common unit)	—	(6)	—	(65,236)	—	—	(65,242)
Distributions to noncontrolling joint venture partners	—	—	—	—	—	(2,566)	(2,566)
Change in fair value of interest rate swaps and other	—	—	—	—	(9,801)	—	(9,801)
Net income	—	7	—	80,848	—	895	81,750
Capital, March 31, 2020	12,222	\$ 41	137,592,225	\$ 3,336,517	\$ (26,747)	\$ 42,327	\$ 3,352,138

	General Partner		Limited Partner		Accumulated Other Comprehensive	Noncontrolling Interests - Partially Owned	Total
	Units	Amount	Units	Amount	Loss	Properties	
	Capital, December 31, 2018	12,222	\$ 55	137,024,667	\$ 3,485,393	\$ (4,397)	
Adjustments to reflect redeemable limited partners' interest at fair value	—	—	—	(2,547)	—	—	(2,547)
Amortization of restricted stock awards	—	—	—	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

See accompanying notes to consolidated financial statements.

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

	Three Months Ended March 31,	
	2020	2019
Operating activities		
Net income	\$ 82,061	\$ 31,368
Adjustments to reconcile net income to net cash provided by operating activities:		
Gain from disposition of real estate	(48,525)	—
Loss from early extinguishment of debt	4,827	—
Provision for impairment	—	3,201
Depreciation and amortization	66,169	68,755
Amortization of deferred financing costs and debt premiums/discounts	(3)	(19)
Share-based compensation	3,988	3,765
Income tax provision	379	364
Amortization of interest rate swap terminations and other	428	102
Changes in operating assets and liabilities:		
Student contracts receivable, net	1,143	(5,491)
Other assets	6,990	(7,723)
Accounts payable and accrued expenses	(36,172)	(30,595)
Other liabilities	9,499	16,885
Net cash provided by operating activities	90,784	80,612
Investing activities		
Proceeds from disposition of properties and land parcels	146,144	—
Capital expenditures for owned properties	(11,852)	(10,751)
Investments in owned properties under development	(84,359)	(104,768)
Capital expenditures for on-campus participating properties	(565)	(230)
Other investing activities	(1,347)	(1,123)
Net cash provided by (used in) investing activities	48,021	(116,872)
Financing activities		
Proceeds from unsecured notes	399,240	—
Pay-off of mortgage and construction loans	(34,219)	—
Costs paid related to early extinguishment of debt	(4,156)	—
Pay-off of unsecured notes	(400,000)	—
Proceeds from revolving credit facility	1,295,700	180,600
Paydowns of revolving credit facility	(1,111,700)	(110,500)
Proceeds from construction loans	—	14,174
Scheduled principal payments on debt	(2,040)	(2,040)
Debt issuance costs	(4,693)	(1,853)
Increase in ownership of consolidated subsidiary	(77,200)	—
Contribution by noncontrolling interests	—	625
Taxes paid on net-share settlements	(4,155)	(3,831)
Distributions paid to common and preferred unitholders	(64,814)	(63,343)
Distributions paid on unvested restricted stock awards	(662)	(573)
Distributions paid to noncontrolling interests - partially owned properties	(2,566)	(3,661)
Net cash (used in) provided by financing activities	(11,265)	9,598
Net change in cash, cash equivalents, and restricted cash	127,540	(26,662)
Cash, cash equivalents, and restricted cash at beginning of period	81,348	106,517
Cash, cash equivalents, and restricted cash at end of period	\$ 208,888	\$ 79,855
Reconciliation of cash, cash equivalents, and restricted cash to the consolidated balance sheets		
Cash and cash equivalents	\$ 176,758	\$ 46,166

Restricted cash	32,130	33,689
Total cash, cash equivalents, and restricted cash at end of period	<u>\$ 208,888</u>	<u>\$ 79,855</u>
Supplemental disclosure of non-cash investing and financing activities		
Conversion of common and preferred operating partnership units to common stock	<u>\$ —</u>	<u>\$ 251</u>
Accrued development costs and capital expenditures	<u>\$ 27,056</u>	<u>\$ 35,545</u>
Change in fair value of derivative instruments, net	<u>\$ (10,229)</u>	<u>\$ (5,896)</u>
Change in fair value of redeemable noncontrolling interest	<u>\$ 9,490</u>	<u>\$ (2,547)</u>
Initial recognition of operating lease right of use assets	<u>\$ —</u>	<u>\$ 280,687</u>
Initial recognition of operating lease liabilities	<u>\$ —</u>	<u>\$ 279,982</u>
Supplemental disclosure of cash flow information		
Interest paid	<u>\$ 31,959</u>	<u>\$ 20,912</u>

See accompanying notes to consolidated financial statements.

AMERICAN CAMPUS COMMUNITIES, INC. AND SUBSIDIARIES
AMERICAN CAMPUS COMMUNITIES OPERATING PARTNERSHIP LP AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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1. Organization and Description of Business

American Campus Communities, Inc. (“ACC”) is a real estate investment trust (“REIT”) that commenced operations effective with the completion of an initial public offering (“IPO”) on August 17, 2004. Through ACC’s controlling interest in American Campus Communities Operating Partnership 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 March 31, 2020, 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 March 31, 2020, 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 March 31, 2020, the Company’s property portfolio contained 166 properties with approximately 111,900 beds. The Company’s property portfolio consisted of 126 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 166 properties, three were under development as of March 31, 2020, 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 March 31, 2020, also through one of ACC’s TRSs, the Company provided third-party management and leasing services for 35 properties that represented approximately 26,000 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 March 31, 2020, the Company’s total owned and third-party managed portfolio included 201 properties with approximately 137,900 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.

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AMERICAN CAMPUS COMMUNITIES OPERATING PARTNERSHIP LP AND SUBSIDIARIES
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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

In March 2020, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2020-04, "Reference Rate Reform (Topic 848), Facilitation of the Effects of Reference Rate Reform on Financial Reporting." ASU 2020-04 contains practical expedients for reference rate reform related activities that impact debt, leases, derivatives and other contracts. The guidance in ASU 2020-04 is optional and may be elected over time as reference rate reform activities occur. During the first quarter, the Company has elected to apply the hedge accounting expedients related to probability and the assessments of effectiveness for future LIBOR-indexed cash flows to assume that the index upon which future hedged transactions will be based matches the index on the corresponding derivatives. Application of these expedients preserves the presentation of derivatives consistent with past presentation. The Company continues to evaluate the impact of the guidance and may apply other elections as applicable as additional changes in the market occur.

In March 2020, the Securities and Exchange Commission ("SEC") adopted final rules that amend the financial disclosure requirements for subsidiary issuers and guarantors of registered debt securities in Rule 3-10 of Regulation S-X. Under the amended rules, parent companies can provide alternative disclosures in lieu of separate audited financial statements of subsidiary issuers and guarantors that meet certain circumstances. The rule is effective on January 4, 2021, but earlier compliance is permitted. The Company is in the process of evaluating the rule and its potential effect on the consolidated financial statements of both ACC and ACCOP.

In addition, the Company does not expect the following accounting pronouncements issued by the FASB to have a material effect on its consolidated financial statements:

Accounting Standards Update	Effective Date
ASU 2019-12, "Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes"	January 1, 2021

Recently Adopted Accounting Pronouncements

In June 2016, the FASB issued ASU 2016-13, "Financial Instruments-Credit Losses (Topic 326), Measurement of Credit Losses on Financial Instruments." The standard requires entities to estimate a lifetime expected credit loss for most financial assets, including trade and other receivables, held-to-maturity debt securities, loans and other financial instruments, and to present the net amount of the financial instrument expected to be collected. In November 2018, the FASB issued ASU 2018-19, "Codification Improvements to Topic 326, Financial Instruments-Credit Losses," which amends the transition requirements and scope of ASU 2016-13 and clarifies that receivables arising from operating leases are not within the scope of the credit losses standard, but rather, should be accounted for in accordance with the leases standard. The Company adopted ASU 2016-13 on January 1, 2020.

The Company notes that a majority of its financial instruments result from operating leasing transactions, which as mentioned above, are not within the scope of the new standard. However, the Company did perform both a quantitative and qualitative analysis on the financial assets that are covered under this guidance, including its loans receivable. Based on this analysis, which included analyzing historical performance, occupancy rates, projected future performance, and macroeconomic trends, the Company concluded this new standard did not have a material impact on the consolidated financial statements.

In addition, on January 1, 2020, the Company adopted the following accounting pronouncements which did not have a material effect on the Company's consolidated financial statements:

- 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"

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- ASU 2018-13, “Fair Value Measurement (Topic 820): Disclosure Framework - Changes to the Disclosure Requirements for Fair Value Measurement”

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 SEC. 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, 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.

Leasing Revenue

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 \$231.4 million and \$221.7 million for the three months ended March 31, 2020 and 2019, respectively. Lease income under commercial leases totaled \$3.2 million and \$3.4 million for the three months ended March 31, 2020 and 2019, respectively.

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, five joint ventures that own a total of 10 operating properties and a land parcel, 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.

Impairment of Long-Lived Assets

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. As of March 31, 2020, the Company evaluated whether the global economic disruption caused by the novel coronavirus disease (“COVID-19”), which was characterized on March 11, 2020 by the World Health Organization as a pandemic, was an impairment indicator. The Company examined a number of factors and concluded that there were no impairments of the carrying values of the Company’s investments in real estate as of March 31, 2020.

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3. Earnings Per Share

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 months ended March 31, 2020 and 2019, 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 March 31,	
	2020	2019
Common OP Units (Note 8)	468,475	594,788
Preferred OP Units (Note 8)	35,242	64,361
Total potentially dilutive securities	503,717	659,149

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

	Three Months Ended March 31,	
	2020	2019
Numerator – basic and diluted earnings per share:		
Net income	\$ 82,061	\$ 31,368
Net income attributable to noncontrolling interests	(1,206)	(1,728)
Net income attributable to ACC, Inc. and Subsidiaries common stockholders	80,855	29,640
Amount allocated to participating securities	(662)	(573)
Net income attributable to common stockholders	\$ 80,193	\$ 29,067
Denominator:		
Basic weighted average common shares outstanding	137,477,169	137,101,535
Unvested restricted stock awards (Note 9)	1,110,344	1,050,843
Diluted weighted average common shares outstanding	138,587,513	138,152,378
Earnings per share:		
Net income attributable to common stockholders - basic and diluted	\$ 0.58	\$ 0.21

AMERICAN CAMPUS COMMUNITIES, INC. AND SUBSIDIARIES
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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 March 31,	
	2020	2019
Numerator – basic and diluted earnings per unit:		
Net income	\$ 82,061	\$ 31,368
Net income attributable to noncontrolling interests – partially owned properties	(916)	(1,568)
Series A preferred unit distributions	(14)	(31)
Amount allocated to participating securities	(662)	(573)
Net income attributable to common unitholders	\$ 80,469	\$ 29,196
Denominator:		
Basic weighted average common units outstanding	137,945,644	137,696,323
Unvested restricted stock awards (Note 9)	1,110,344	1,050,843
Diluted weighted average common units outstanding	139,055,988	138,747,166
Earnings per unit:		
Net income attributable to common unitholders - basic and diluted	\$ 0.58	\$ 0.21

4. Property Dispositions

Property Dispositions

In March 2020, the Company sold The Varsity, an owned property located near University of Maryland in College Park, Maryland, containing 901 beds for \$148.0 million, resulting in net cash proceeds of approximately \$146.1 million. The net gain on this disposition totaled approximately \$48.5 million.

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AMERICAN CAMPUS COMMUNITIES OPERATING PARTNERSHIP LP AND SUBSIDIARIES
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5. Investments in Real Estate

Owned Properties

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

	March 31, 2020	December 31, 2019
Land	\$ 643,380	\$ 654,985
Buildings and improvements	6,646,917	6,749,757
Furniture, fixtures and equipment	389,589	391,208
Construction in progress	437,203	341,554
	<u>8,117,089</u>	<u>8,137,504</u>
Less accumulated depreciation	(1,480,232)	(1,442,789)
Owned properties, net	<u>\$ 6,636,857</u>	<u>\$ 6,694,715</u>

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 \$3.2 million and \$2.7 million was capitalized during the three months ended March 31, 2020 and 2019, respectively.

On-Campus Participating Properties

Our on-campus participating properties segment includes six on-campus properties that are operated under long-term ground/facility leases with three university systems. Under our ground/facility leases, we receive an annual distribution representing 50% of these properties' net cash flows, as defined in the ground/facility lease agreements. We also manage these properties under long-term management agreements and are paid management fees equal to a percentage of defined gross receipts.

On-campus participating properties consisted of the following:

	March 31, 2020	December 31, 2019
Buildings and improvements	\$ 156,359	\$ 155,941
Furniture, fixtures and equipment	13,705	13,552
Construction in progress	—	6
	<u>170,064</u>	<u>169,499</u>
Less accumulated depreciation	(96,348)	(94,311)
On-campus participating properties, net	<u>\$ 73,716</u>	<u>\$ 75,188</u>

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6. Debt

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

	<u>March 31, 2020</u>	<u>December 31, 2019</u>
Debt secured by owned properties:		
Mortgage loans payable:		
Unpaid principal balance	\$ 657,840	\$ 693,584
Unamortized deferred financing costs	(1,172)	(1,294)
Unamortized debt premiums	5,173	6,596
Unamortized debt discounts	(187)	(199)
	<u>661,654</u>	<u>698,687</u>
Debt secured by on-campus participating properties:		
Mortgage loans payable ⁽¹⁾	65,428	65,942
Bonds payable ⁽¹⁾	23,215	23,215
Unamortized deferred financing costs	(395)	(418)
	<u>88,248</u>	<u>88,739</u>
Total secured mortgage, construction and bond debt	749,902	787,426
Unsecured notes, net of unamortized OID and deferred financing costs ⁽²⁾	1,981,472	1,985,603
Unsecured term loans, net of unamortized deferred financing costs ⁽³⁾	199,209	199,121
Unsecured revolving credit facility	609,700	425,700
Total debt, net	<u>\$ 3,540,283</u>	<u>\$ 3,397,850</u>

⁽¹⁾ 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.

⁽²⁾ Includes net unamortized original issue discount ("OID") of \$2.8 million and \$2.3 million at March 31, 2020 and December 31, 2019, respectively, and net unamortized deferred financing costs of \$15.7 million and \$12.1 million at March 31, 2020 and December 31, 2019, respectively.

⁽³⁾ Includes net unamortized deferred financing costs of \$0.8 million and \$0.9 million at March 31, 2020 and December 31, 2019, respectively.

Mortgage Loans Payable

During the three months ended March 31, 2020, the Company paid off approximately \$34.2 million of fixed rate mortgage debt secured by one owned property. During the three months ended March 31, 2019, the Company did not pay off any mortgage debt.

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.

Unsecured Notes

In January 2020, the Operating Partnership closed a \$400 million offering of senior unsecured notes under its existing shelf registration. These 10-year notes were issued at 99.81% of par value with a coupon of 2.85% and are fully and unconditionally guaranteed by the Company. Interest on the notes is payable semi-annually on February 1 and August 1, with the first payment due and payable on August 1, 2020. The notes will mature on February 1, 2030. Net proceeds from the sale of the senior unsecured notes totaled approximately \$394.5 million, after deducting the underwriting discount and offering expenses which will be amortized over the term of the unsecured notes. The Company used the proceeds to fund the early redemption of its \$400 million 3.35% Senior Notes due October 2020. The prepayment resulted in a loss from early extinguishment of debt of approximately \$4.8 million for the three months ended March 31, 2020, which is included in the accompanying statements of comprehensive income.

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The following senior unsecured notes issued by the Company are outstanding as of March 31, 2020:

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
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
January 2020	400,000	99.810	2.850%	2.872%	760	10
	\$ 2,000,000				\$ 4,216	

⁽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 March 31, 2020, 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 March 31, 2020, the revolving credit facility bore interest at a weighted average annual rate of 2.13% (0.93% + 1.00% spread + 0.20% facility fee), and availability under the revolving credit facility totaled \$390.3 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 March 31, 2020, the Company was in compliance with all such covenants.

Unsecured Term Loans

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. In November and December 2019, the Company entered into two interest rate swap contracts to hedge the variable rate cash flows associated with the LIBOR-based interest payments on the Term Loan Facility. The weighted average annual rate on the Term Loan Facility was 2.54% (1.44% + 1.10% spread) at March 31, 2020. 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 March 31, 2020, the Company was in compliance with all such covenants.

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7. Stockholders' Equity / Partners' Capital

Stockholders' Equity - Company

The Company has an at-the-market share offering program (the "ATM Equity Program") through which the Company may issue and sell, from time to time, shares of common stock having an aggregate offering price of up to \$500 million. 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 months ended March 31, 2020 and 2019. As of March 31, 2020, the Company had approximately \$500.0 million available for issuance under its ATM Equity Program.

The Company has a Non-Qualified Deferred Compensation Plan ("Deferred Compensation Plan") 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 three months ended March 31, 2020, 9,365 and 5,877 shares of vested stock were deposited into and withdrawn from the Deferred Compensation Plan, respectively. As of March 31, 2020, 81,416 shares of ACC's common stock were held in the Deferred Compensation Plan.

8. Noncontrolling Interests

Interests in Consolidated Real Estate Joint Ventures

Noncontrolling interests - partially owned properties: As of March 31, 2020, the Operating Partnership consolidates four joint ventures that own and operate ten owned off-campus properties. 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): The noncontrolling interest holder in the Core Spaces / DRW Real Estate Investment joint ventures (the "Core Joint Ventures"), which were formed in 2017, had the option to redeem its noncontrolling interest in the entities through the exercise of put options. As the exercise of the options was outside of the Company's control, the portion of net assets attributable to the third-party partner was classified as "redeemable noncontrolling interests" and "redeemable limited partners" in the mezzanine section of the December 31, 2019 consolidated balance sheets of ACC and the Operating Partnership, respectively. The redemption price was based on the fair value of the properties at the time of option exercise. These redeemable noncontrolling interests were marked to their redemption value at each balance sheet date. As the change in redemption value was based on fair value, there was no effect on the Company's earnings per share. The noncontrolling interest holder exercised its option to redeem its remaining ownership interest in the Core Joint Ventures during the three months ended March 31, 2020, which reduced the redeemable noncontrolling interest by \$77.2 million. As of March 31, 2020, the Company had 100% ownership interest in all five properties initially held by the Core Joint Ventures.

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 March 31, 2020 and December 31, 2019, approximately 0.4% 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 three months ended March 31, 2020, no Common or Preferred OP Units were converted into an equal number of shares of ACC's common stock.

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During the year ended December 31, 2019, 126,313 Common OP Units and 42,271 Preferred 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, 2020 and 2019, which includes both the redeemable joint venture partners and OP Units discussed above:

Balance, December 31, 2019	\$	104,381
Net income		311
Distributions		(234)
Purchase of noncontrolling interests		(77,200)
Adjustments to reflect redeemable noncontrolling interests at fair value		(9,490)
Balance, March 31, 2020	\$	17,768
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

9. Incentive Award Plan

The Company has an Incentive Award Plan (the "Plan") that 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 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 Plan, subject to certain adjustments for changes in the Company's capital structure, as defined in the Plan.

Restricted Stock Awards

A summary of RSAs as of March 31, 2020 and activity during the three months then ended is presented below:

		<u>Number of RSAs</u>
Nonvested balance at December 31, 2019		967,341
Granted		443,998
Vested ⁽¹⁾		(295,385)
Forfeited		(10,787)
Nonvested balance at March 31, 2020		1,105,167

⁽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 March 31, 2020 and 2019 amounted to approximately \$4.0 million and \$3.8 million, respectively.

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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 March 31, 2020, the Company was not in default on any of its indebtedness or derivative instruments.

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 March 31, 2020:

<u>Hedged Debt Instrument</u>	<u>Effective Date</u>	<u>Maturity Date</u>	<u>Pay Fixed Rate</u>	<u>Receive Floating Rate Index</u>	<u>Current Notional Amount</u>	<u>Fair Value</u>
Cullen Oaks mortgage loan	Feb 18, 2014	Feb 15, 2021	2.2750%	LIBOR - 1 month	\$ 12,446	\$ (209)
Cullen Oaks mortgage loan	Feb 18, 2014	Feb 15, 2021	2.2750%	LIBOR - 1 month	12,575	(211)
Park Point mortgage loan	Feb 1, 2019	Jan 16, 2024	2.7475%	LIBOR - 1 month	70,000	(6,368)
College Park mortgage loan	Oct 16, 2019	Oct 16, 2022	1.2570%	LIBOR - 1 month, with 1 day lookback	37,500	(927)
Unsecured term loan	Nov 4, 2019	Jun 27, 2022	1.4685%	LIBOR - 1 month	100,000	(2,656)
Unsecured term loan	Dec 2, 2019	Jun 27, 2022	1.4203%	LIBOR - 1 month	100,000	(2,547)
Total					\$ 332,521	\$ (12,918)

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 March 31, 2020 and December 31, 2019:

<u>Description</u>	<u>Balance Sheet Location</u>	<u>Asset Derivatives</u>		<u>Liability Derivatives</u>		
		<u>Fair Value as of</u>		<u>Fair Value as of</u>		
		<u>3/31/2020</u>	<u>12/31/2019</u>	<u>3/31/2020</u>	<u>12/31/2019</u>	
Interest rate swap contracts	Other assets	\$ —	\$ 743	Other liabilities	\$ 12,918	\$ 3,436
Total derivatives designated as hedging instruments		\$ —	\$ 743		\$ 12,918	\$ 3,436

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The table below presents the effect of the Company's derivative financial instruments on the accompanying consolidated statements of comprehensive income for the three months ended March 31, 2020 and 2019.

Description	Three Months Ended March 31,	
	2020	2019
Change in fair value of derivatives and other recognized in OCI	\$ (10,229)	\$ (5,896)
Amortization of interest rate swap terminations ⁽¹⁾	428	102
Total change in OCI due to derivative financial instruments	\$ (9,801)	\$ (5,794)
Interest expense presented in the Consolidated Statements of Operations in which the effects of cash flow hedges are recorded	\$ 27,783	\$ 27,061

⁽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, 2019.

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 March 31, 2020 and December 31, 2019, 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					
	March 31, 2020			December 31, 2019		
	Level 2	Level 3	Total	Level 2	Level 3	Total
Assets:						
Derivative financial instruments	\$ —	\$ —	\$ —	\$ 743 ⁽¹⁾	\$ —	\$ 743
Liabilities:						
Derivative financial instruments	\$ 12,918 ⁽¹⁾	\$ —	\$ 12,918	\$ 3,436 ⁽¹⁾	\$ —	\$ 3,436
Mezzanine:						
Redeemable noncontrolling interests (Company)/Redeemable limited partners (Operating Partnership)	\$ 14,768 ⁽²⁾	\$ 3,000	\$ 17,768	\$ 23,690 ⁽²⁾	\$ 80,691 ⁽³⁾	\$ 104,381

⁽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 reported at the greater of the fair value of the Company's common stock or historical cost 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 March 31, 2020 and December 31, 2019, 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 March 31, 2020 and December 31, 2019, the carrying values for the following instruments represent fair values due the variable interest rate feature of the instruments: Unsecured Revolving Credit Facility and Mortgage Loan Payable (variable rate).

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The table below contains the estimated fair value and related carrying amounts for the Company's other financial instruments as of March 31, 2020 and December 31, 2019. There were no Level 1 measurements for the periods presented.

	March 31, 2020			December 31, 2019		
	Carrying Amount	Estimated Fair Value		Carrying Amount	Estimated Fair Value	
		Level 2	Level 3		Level 2	Level 3
Assets						
Loans receivable	\$ 51,268	\$ —	\$ 48,307 ⁽¹⁾	\$ 50,553	\$ —	\$ 48,307 ⁽¹⁾
Liabilities ⁽²⁾						
Unsecured notes	\$ 1,981,472	\$ 1,977,419 ⁽³⁾	\$ —	\$ 1,985,603	\$ 2,069,817 ⁽³⁾	\$ —
Mortgage loans payable (fixed rate)	\$ 723,978 ⁽⁴⁾	\$ 772,773 ⁽⁵⁾	\$ —	\$ 761,296 ⁽⁴⁾	\$ 766,821 ⁽⁵⁾	\$ —
Bonds payable	\$ 23,017	\$ 25,292 ⁽⁶⁾	\$ —	\$ 23,001	\$ 25,110 ⁽⁶⁾	\$ —
Unsecured term loan (fixed rate)	\$ 199,209	\$ 203,420 ⁽⁷⁾	\$ —	\$ 199,121	\$ 198,687 ⁽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 \$2.9 million and \$3.1 million as of March 31, 2020 and December 31, 2019, respectively.

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

⁽⁷⁾ In 2019, the Company entered into two interest rate swap contracts to hedge the variable rate cash flows associated with the LIBOR-based interest payments on the Term Loan Facility (see Note 6). Valued using the present value of the cash flows at interpolated 1-month LIBOR swap rates through maturity that primarily fall within the Level 2 category.

12. Commitments and Contingencies

Commitments

Construction Contracts: As of March 31, 2020, the Company estimates additional costs to complete three owned development projects under construction to be approximately \$355.3 million.

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 March 31, 2020.

As of March 31, 2020, management does not anticipate any material deviations from schedule or budget related to third-party development projects currently in progress. Although the company currently anticipates completing these projects on time and within budget, the project locations are currently subject to "shelter in place" or "stay at home" orders adopted by state and local authorities in response to the COVID-19 pandemic. Some of these orders may adversely affect the timely completion and final project costs of some or all of our projects under development if, for example, we are required to temporarily cease construction

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entirely, experience delays in obtaining governmental permits and authorizations, or experience disruption in the supply of materials or labor; however, the Company anticipates that deviations from schedule or budget related due to the effects of the COVID-19 pandemic will qualify as force majeure events.

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.

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.

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 March 31, 2020, the Company has deferred approximately \$9.5 million in pre-development costs related to third-party and owned development projects that have not yet commenced construction. Such costs are net of any contractual arrangements through which the Company could be reimbursed by another party. Such costs are included in other assets on the accompanying consolidated balance sheets.

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.

Litigation Settlement: Although the Company denied any wrongdoing in this matter and believes it has valid defenses to the claims asserted, in March 2020, the Company entered into a memorandum of settlement to resolve an alleged collective action pursuant to which the Company agreed to pay an aggregate of \$1.5 million to the plaintiffs, which memorandum is subject to court approval. During the quarter ended December 31, 2019, when the settlement became probable and reasonably estimable, the Company recorded litigation expense of \$0.4 million based on legal counsel's estimate of the settlement amount which was not yet determined. During the first quarter 2020, the Company recorded an additional \$1.1 million in litigation expense to reflect the amount owed under the memorandum of settlement, which is reflected in general and administrative expenses in the accompanying consolidated statements of operations.

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13. 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.

During the year ended December 31, 2019, the Company updated the presentation of certain items in the reconciliations section in the segment disclosures by including additional detail in the reconciliation of segment income before depreciation and amortization to consolidated net income. These updates were also made in the tables below.

	Three Months Ended March 31,	
	2020	2019
Owned Properties		
Rental revenues and other income	\$ 232,811	\$ 225,201
Interest income	117	119
Total revenues from external customers	232,928	225,320
Operating expenses before depreciation, amortization, and ground/facility lease expense	(92,474)	(92,169)
Ground/facility lease expense	(3,209)	(2,667)
Interest expense, net ⁽¹⁾	(3,046)	(4,763)
Operating income before depreciation and amortization	\$ 134,199	\$ 125,721
Depreciation and amortization	\$ 63,243	\$ 65,504
Capital expenditures	\$ 96,211	\$ 115,519
On-Campus Participating Properties		
Rental revenues and other income	\$ 10,709	\$ 11,448
Interest income	19	41
Total revenues from external customers	10,728	11,489
Operating expenses before depreciation, amortization, and ground/facility lease expense	(3,366)	(3,957)
Ground/facility lease expense	(860)	(882)
Interest expense, net ⁽¹⁾	(1,142)	(1,303)
Operating income before depreciation and amortization	\$ 5,360	\$ 5,347
Depreciation and amortization	\$ 2,037	\$ 2,029
Capital expenditures	\$ 565	\$ 230
Development Services		
Development and construction management fees	\$ 2,055	\$ 3,171
Operating expenses	(2,525)	(2,300)
Operating (loss) income before depreciation and amortization	\$ (470)	\$ 871
Property Management Services		
Property management fees from external customers	\$ 3,829	\$ 2,311
Operating expenses	(3,682)	(1,886)
Operating income before depreciation and amortization	\$ 147	\$ 425
Reconciliations		
Total segment revenues and other income	\$ 249,540	\$ 242,291
Unallocated interest income earned on investments and corporate cash	715	766
Total consolidated revenues, including interest income	\$ 250,255	\$ 243,057
Segment income before depreciation and amortization	\$ 139,236	\$ 132,364
Segment depreciation and amortization	(65,280)	(67,533)
Corporate depreciation	(889)	(1,222)
Net unallocated expenses relating to corporate interest and overhead	(33,038)	(27,544)

Gain from disposition of real estate	48,525	—
Amortization of deferred financing costs	(1,287)	(1,132)
Provision for impairment	—	(3,201)
Loss from early extinguishment of debt	(4,827)	—
Income tax provision	(379)	(364)
Net income	<u>\$ 82,061</u>	<u>\$ 31,368</u>

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

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14. Subsequent Events

Distributions: On April 29, 2020, the Board of Directors of the Company declared a distribution per share of \$0.47, which will be paid on May 22, 2020 to all common stockholders of record as of May 11, 2020. 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).

COVID-19 Pandemic: COVID-19, which was characterized on March 11, 2020 by the World Health Organization as a pandemic, has currently resulted in a widespread health crisis, which has adversely affected international, national and local economies and financial markets generally, and has had an unprecedented effect on many businesses including the student housing industry. Given the daily evolution of the COVID-19 pandemic and the global responses to curb its spread, the Company is not able to estimate the resulting effects on its results of operations, cash flows, financial condition, or liquidity for the year ending December 31, 2020. The Company will continue to closely monitor the magnitude and duration of the economic disruption associated with the COVID-19 pandemic, especially as it relates to whether future evolving facts and circumstances indicate if an impairment indicator has occurred with respect to the Company's investments in real estate.

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; risks related to the novel coronavirus disease ("COVID-19") pandemic as outlined in Part II, Item 1A herein; and the other factors discussed in the "Risk Factors" contained in Item 1A of our Form 10-K for the year ended December 31, 2019.

COVID-19, which was characterized on March 11, 2020 by the World Health Organization as a pandemic, has currently resulted in a widespread health crisis, which has adversely affected international, national and local economies and financial markets generally, and has had an unprecedented effect on many businesses including the student housing industry. The discussions below, including without limitation statements with respect to outlooks of future operating performance and liquidity, are subject to the future effects of the COVID-19 pandemic and the global responses to curb its spread, which continue to evolve daily. As such, as described in Part II, Item 1A, Risk Factors, the full magnitude of the pandemic and its ultimate effect on our results of operations, cash flows, financial condition, and liquidity for the year ending December 31, 2020, as well as for future years, is uncertain at this time.

Our Company and Our Business

Overview

We are the one of the largest owners, managers, and developers of high quality student housing properties in the United States. We are 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. Refer to Note 1 in the accompanying Notes to the Consolidated Financial Statements contained in Item 1 for additional information regarding our business objectives and investment strategies. Refer to Note 13 in the accompanying Notes to the Consolidated Financial Statements contained in Item 1 for information about our operating segments.

Property Portfolio

We believe that the ownership and operation of student housing communities in close proximity to selected colleges and universities presents an attractive long-term investment opportunity for our investors. We intend to continue to execute our strategy of identifying existing differentiated, typically highly amenitized, student housing communities or development opportunities in close proximity to university campuses with high barriers to entry which are projected to experience substantial increases in enrollment and/or are under-serviced in terms of existing on and/or off-campus student housing.

Below is a summary of our property portfolio as of March 31, 2020:

Property portfolio:	Properties	Beds
Owned operating properties:		
Off-campus properties	126	70,223
On-campus ACE ⁽¹⁾⁽²⁾	31	25,131
Subtotal – operating properties	157	95,354
Owned properties under development:		
On-campus ACE ⁽²⁾	3	11,296
Subtotal – properties under development	3	11,296
Total owned properties	160	106,650
On-campus participating properties	6	5,230
Total owned property portfolio	166	111,880
Managed properties	35	25,966
Total property portfolio	201	137,846

⁽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, 2020 are impacted by the results of our annual leasing process for the 2019/2020 and 2020/2021 academic years. 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%.

As previously discussed, the COVID-19 pandemic has had an unprecedented effect on the student housing industry, including many of the universities in markets where the Company owns properties shifting to an online delivery method for academic instruction in order to accommodate shelter in place orders issued by state and local municipalities. In response to such orders, the Company has adapted its marketing strategies to conduct leasing activities for the upcoming 2020/2021 academic year through virtual channels. Management currently anticipates slower leasing velocity during the upcoming months until such shelter in place orders are lifted, and the ultimate impact of the pandemic on the annual leasing results for the 2020/2021 academic year, if any, is unknown at this time.

Development

Owned Development Projects Under Construction:

At March 31, 2020, 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:

Project	Location	Primary University Served	Project Type	Beds	Estimated Project Cost	Total Costs Incurred	Scheduled Occupancy
Disney College Program Phases I-II ⁽¹⁾	Orlando, FL	<i>Walt Disney World</i> [®] Resort	ACE	1,627	\$ 108,500	\$ 96,113	May & Aug 2020
Currie Hall Phase II	Los Angeles, CA	Univ. of Southern California	ACE	272	42,000	32,531	August 2020
Holloway Residences	San Francisco, CA	San Francisco State Univ.	ACE	584	129,200	107,475	August 2020
		SUBTOTAL - 2020 DELIVERIES		2,483	\$ 279,700	\$ 236,119	
Disney College Program Phases III-V ⁽¹⁾	Orlando, FL	<i>Walt Disney World</i> [®] Resort	ACE	3,369	\$ 190,400	\$ 130,262	Jan, May & Aug 2021
		SUBTOTAL - 2021 DELIVERIES		3,369	\$ 190,400	\$ 130,262	
Disney College Program Phases VI-VIII ⁽¹⁾	Orlando, FL	<i>Walt Disney World</i> [®] Resort	ACE	3,235	\$ 193,000	\$ 43,580	Jan, May & Aug 2022
		SUBTOTAL - 2022 DELIVERIES		3,235	\$ 193,000	\$ 43,580	
Disney College Program Phases IX-X ⁽¹⁾	Orlando, FL	<i>Walt Disney World</i> [®] Resort	ACE	2,209	\$ 122,700	\$ 20,506	Jan & May 2023
		SUBTOTAL - 2023 DELIVERIES		2,209	\$ 122,700	\$ 20,506	

⁽¹⁾ In response to the recent developments related to COVID-19, *Walt Disney World*[®] Resort has closed and has not announced a reopening date. Although completion is currently anticipated to occur

as originally scheduled, the ultimate occupancy date and levels will depend on the reopening date. As such, the effect on the project's initial operating results cannot be determined.

Although the Company currently anticipates completing the above projects on time and within budget, the project locations are currently subject to “shelter in place” or “stay at home” orders adopted by state and local authorities in response to the COVID-19 pandemic. Some of these orders may adversely affect the timely completion and final project costs of some or all of our projects under development if, for example, we are required to temporarily cease construction entirely, experience delays in obtaining governmental permits and authorizations, or experience disruption in the supply of materials or labor.

Third-Party Development and Management Services

As of March 31, 2020, we were under contract on three third-party development projects that are currently under construction and whose fees total \$14.2 million. As of March 31, 2020, fees of approximately \$4.5 million remained to be earned by the Company with respect to these projects, which have scheduled completion dates in 2020 and 2021.

Although the completion of the third-party development projects currently under construction is anticipated to occur as originally scheduled, the timely completion of the projects is subject to any future shelter in place or related orders issued by state and/or local municipalities affecting construction sites. To the extent COVID-19 related orders and/or events delay the construction of such projects, the timing of the recognition of third-party development revenue could also be impacted.

Critical Accounting Policies

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, 2019. Refer to Note 2 in the accompanying Notes to Consolidated Financial statements contained in Item 1 for information regarding recently adopted accounting standards.

Results of Operations

COVID 19, which was characterized on March 11, 2020 by the World Health Organization as a pandemic, did not materially affect the Company's results of operations for the three months ended March 31, 2020. However, for the reasons described previously, the Company is unable to predict the full magnitude of the pandemic and its effect on our results of operations for the remainder of the year ending December 31, 2020, and future years. The most significant factors affecting the Company's future results of operations are: (1) the level of lease terminations and rent refunds and abatements granted to student and commercial tenants; (2) the economic hardship experienced by student and commercial tenants and its ultimate effect on rent collections and thus the provision for uncollectible accounts; (3) the ultimate outcome of the Company's leasing efforts for the 2020/2021 academic year; (4) the impact of any stimulus payments received by the Company, our tenants, and/or our University partners under the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act"); and (5) any increase in, or reduction to, operating expenses as a result of the pandemic.

Comparison of the Three Months Ended March 31, 2020 and March 31, 2019

The following table presents our results of operations for the three months ended March 31, 2020 and 2019, including the amount and percentage change in these results between the two periods.

	Three Months Ended March 31,		Change (\$)	Change (%)
	2020	2019		
Revenues:				
Owned properties	\$ 232,091	\$ 224,419	\$ 7,672	3.4 %
On-campus participating properties	10,709	11,448	(739)	(6.5)%
Third-party development services	2,055	3,171	(1,116)	(35.2)%
Third-party management services	3,829	2,311	1,518	65.7 %
Resident services	720	782	(62)	(7.9)%
Total revenues	249,404	242,131	7,273	3.0 %
Operating expenses:				
Owned properties	92,474	92,169	305	0.3 %
On-campus participating properties	3,366	3,957	(591)	(14.9)%
Third-party development and management services	6,207	4,186	2,021	48.3 %
General and administrative	10,158	7,315	2,843	38.9 %
Depreciation and amortization	66,169	68,755	(2,586)	(3.8)%
Ground/facility leases	4,069	3,549	520	14.7 %
Gain from disposition of real estate	(48,525)	—	(48,525)	100.0 %
Provision for impairment	—	3,201	(3,201)	(100.0)%
Total operating expenses	133,918	183,132	(49,214)	(26.9)%
Operating income	115,486	58,999	56,487	95.7 %
Nonoperating income (expenses):				
Interest income	851	926	(75)	(8.1)%
Interest expense	(27,783)	(27,061)	(722)	2.7 %
Amortization of deferred financing costs	(1,287)	(1,132)	(155)	13.7 %
Loss from early extinguishment of debt	(4,827)	—	(4,827)	100.0 %
Total nonoperating expenses	(33,046)	(27,267)	(5,779)	21.2 %
Income before income taxes	82,440	31,732	50,708	159.8 %
Income tax provision	(379)	(364)	(15)	4.1 %
Net income	82,061	31,368	50,693	161.6 %
Net income attributable to noncontrolling interests	(1,206)	(1,728)	522	(30.2)%
Net income attributable to ACC, Inc. and Subsidiaries common stockholders	\$ 80,855	\$ 29,640	\$ 51,215	172.8 %

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, 2020 and December 31, 2019, which are not conducting or planning to conduct substantial development, redevelopment, or repositioning activities, and are not classified as held for sale as of March 31, 2020. 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 March 31,		Three Months Ended March 31,		Three Months Ended March 31,		Three Months Ended March 31,	
	2020	2019	2020	2019	2020	2019	2020	2019
Number of properties	152	152	5	—	1	5 ⁽²⁾	158	157
Number of beds	92,195	92,195	3,159	—	901	2,911	96,255	95,106
Revenues ⁽³⁾	\$ 219,767	\$ 218,231	\$ 10,343	\$ 221	\$ 2,701	\$ 6,749	\$ 232,811	\$ 225,201
Operating expenses	88,113	88,120	3,291	525	1,070	3,524	92,474	92,169

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

⁽²⁾ Includes properties sold in 2019 and 2020 and one property transferred to the lender in July 2019 in settlement of its mortgage loan.

⁽³⁾ Includes revenues which are reflected as resident services revenue on the accompanying consolidated statements of comprehensive income.

Same Store Properties: The increase in revenue from our same store properties was primarily due to an increase in average rental rates for the 2019/2020 academic year, as well as an increase in weighted average occupancy from 96.9% during the three months ended March 31, 2019 to 97.0% during the three months ended March 31, 2020.

The increase in operating expenses for our same store properties was primarily due to anticipated increases in payroll expenses due to increases in Fair Labor Standards Act (“FLSA”) minimum exempt status salaries and statutory minimum wage increases in numerous states.

On-Campus Participating Properties (“OCPP”) Operations

Same Store OCPP Properties: As of March 31, 2020, we had six on-campus participating properties containing 5,230 beds. Revenues from these properties decreased by \$0.7 million, from \$11.4 million for the three months ended March 31, 2019, to \$10.7 million for the three months ended March 31, 2020. This decrease was primarily due to an increase in the provision for uncollectible accounts, offset by an increase in average rental rates coupled with an increase in average occupancy from 95.8% for the three months ended March 31, 2019, to 98.3% for the three months ended March 31, 2020. Operating expenses at these properties decreased by \$0.6 million, from \$4.0 million for the three months ended March 31, 2019, to \$3.4 million for the three months ended March 31, 2020, primarily due to transaction costs incurred in the prior year associated with the conversion of an owned property to the OCPP structure.

Third-Party Development Services Revenue

Third-party development services revenue decreased by approximately \$1.1 million, from \$3.2 million during the three months ended March 31, 2019, to \$2.1 million for the three months ended March 31, 2020. The decrease was primarily due to the closing of bond financing and commencement of construction of the Calhoun Hall project at Drexel University during the prior year, which contributed approximately \$1.3 million in revenue for the three months ended March 31, 2019.

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.

Third-Party Management Services Revenue

Third-party management services revenue increased by approximately \$1.5 million, from \$2.3 million during the three months ended March 31, 2019, to \$3.8 million for the three months ended March 31, 2020. The increase is primarily due to reimbursed payroll and other costs from the Disney College Program management contract which began in April 2019. As facilities manager, the Company is responsible for the operations and maintenance of the projects. Because of the company's role in funding payroll costs for on-site personnel at the properties, as well as other miscellaneous costs, 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 March 31, 2020 include approximately \$1.2 million in such reimbursed costs. The remainder of the increase in revenue as compared to the prior year is due to newly executed contracts, net of contracts discontinued during the respective periods.

Third-Party Development and Management Services Expenses

Third-party development and management services expenses increased by approximately \$2.0 million, from \$4.2 million during the three months ended March 31, 2019, to \$6.2 million for the three months ended March 31, 2020. The increase is primarily due to \$1.1 million of payroll costs from the Disney College Program management contract described above, as well as an increase in the provision for uncollectable accounts related to accounts receivable from third-party development and management projects.

General and Administrative

General and administrative expenses increased by approximately \$2.9 million, from \$7.3 million during the three months ended March 31, 2019, to \$10.2 million for the three months ended March 31, 2020. The increase was primarily due to \$1.1 million in litigation settlement expenses incurred during the three months ended March 31, 2020, as well as additional expenses incurred in connection with enhancements to our operating systems platform and other general inflationary factors.

Depreciation and Amortization

Depreciation and amortization decreased by approximately \$2.6 million, from \$68.8 million during the three months ended March 31, 2019, to \$66.2 million for the three months ended March 31, 2020. This decrease was primarily due to an approximate \$4.2 million decrease related to assets at our same store properties that became fully depreciated or amortized over the last year, a decrease of approximately \$1.7 million related to properties sold in 2019 and 2020, and a decrease of approximately \$0.3 million in depreciation of corporate assets. These decreases were offset by an increase of approximately \$3.6 million related to the completion of construction and opening of owned development properties in Fall 2019.

Ground/Facility Leases

Ground/facility leases expense increased by approximately \$0.6 million from \$3.5 million during the three months ended March 31, 2019, to \$4.1 million for the three months ended March 31, 2020. This increase was primarily due to ACE development projects that completed construction and opened for operations in Fall 2019 and increased variable payments at various ACE same store properties.

Gain from Disposition of Real Estate

During the three months ended March 31, 2020, we sold one owned property containing 901 beds, resulting in a net gain from disposition of real estate of approximately \$48.5 million. Refer to Note 4 in the accompanying Notes to Consolidated Financial Statements contained in Item 1 for additional details regarding our recent disposition transaction.

Provision for Impairment

During the three months ended March 31, 2019, we recorded an impairment charge of approximately \$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.

Interest Expense

Interest expense increased by approximately \$0.7 million, from \$27.1 million during the three months ended March 31, 2019, to \$27.8 million for the three months ended March 31, 2020. The increase was primarily due to \$3.4 million of additional interest incurred related to our offerings of unsecured notes in June 2019 and January 2020, net of unsecured notes repaid in January 2020 that were originally scheduled to mature in October 2020. This increase was offset by: (i) a \$0.9 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; (ii) a \$0.5 million decrease in interest on our term loan facility due to interest rate swaps executed in November and December 2019; (iii) a \$0.5 million increase in capitalized interest related to the timing of construction activities for our owned development pipeline; (iv) a \$0.4 million decrease related to mortgage loans paid off in 2019 and 2020; and (v) an \$0.3 million decrease in interest expense related to the timing of borrowings under our unsecured revolving credit facility during the respective three-month periods.

Loss from Early Extinguishment of Debt

During the three months ended March 31, 2020, we recognized a \$4.8 million loss on the extinguishment of debt related to the early redemption of our \$400 million 3.35% Senior Notes due October 2020. The redemption was funded using net proceeds from the Operating Partnership's closing of a \$400 million offering of senior unsecured notes under its existing shelf registration in January 2020. Refer to Note 6 in the accompanying Notes to Consolidated Financial Statements in Item 1 for a detailed discussion of this transaction.

Net Income 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. Net income attributable to noncontrolling interests decreased by \$0.5 million, from \$1.7 million for the three months ended March 31, 2019 to \$1.2 million for the three months ended March 31, 2020. This decrease is primarily due to the purchase of the remaining ownership interests in properties held in a joint venture as part of the Core Transaction, as well as decreased operating performance at certain properties held through joint ventures.

Liquidity and Capital Resources

Cash Balances and Cash Flows

As of March 31, 2020, we had \$208.9 million in cash and cash equivalents and restricted cash as compared to \$81.3 million in cash and cash equivalents and restricted cash as of December 31, 2019. 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 three months ended March 31, 2020, net cash provided by operating activities was approximately \$90.8 million, as compared to approximately \$80.6 million for the three months ended March 31, 2019, an increase of \$10.2 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 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 and the disposition of properties in 2019 and 2020.

Investing Activities: For the three months ended March 31, 2020, net cash provided by investing activities totaled approximately \$48.0 million as compared to net cash utilized by investing activities of \$116.9 million for the three months ended March 31, 2019. The \$164.9 million increase in cash provided by investing activities was primarily a result of \$146.1 million in proceeds from the disposition of one property during the three months ended March 31, 2020 as compared to none in the prior year, and \$20.4 million decrease in cash used to fund the construction of our owned development properties. These increases were partially offset by a \$1.4 million increase in cash used to fund capital expenditures at our owned and on-campus participating properties.

Financing Activities: For the three months ended March 31, 2020, net cash utilized by financing activities totaled approximately \$11.3 million as compared to net cash provided by financing activities of \$9.6 million for the three months ended March 31, 2019.

The \$20.9 million increase in cash utilized by financing activities was primarily a result of the following: (i) the \$404.2 million pay-off of unsecured notes including costs associated with the early extinguishment of the notes; (ii) the purchase of the remaining ownership interest in two properties for \$77.2 million; (iii) the \$34.2 million pay-off of mortgage debt; (iv) a \$14.2 million decrease due to proceeds from construction loans in the prior year period; (v) a \$2.8 million increase in payments of debt issuance costs; and (vi) a \$1.6 million increase in distributions to common and restricted stockholders. These increases in cash utilized were partially offset by: (i) \$399.2 million in proceeds from the issuance of unsecured notes in January 2020 and (ii) a \$113.9 million increase in net proceeds on our revolving credit facility.

Liquidity Needs, Sources and Uses of Capital

As previously discussed, the ultimate effect of the COVID-19 pandemic on the student housing industry generally, and the Company specifically, is uncertain at this time. As such, the Company is unable to predict the full magnitude of the pandemic and its effect on our future cash flows and liquidity needs. The most significant factors affecting our future results are outlined above under Results of Operations.

As of March 31, 2020, 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 \$260.8 million based on an assumed annual cash distribution of \$1.88 per share and the number of our shares outstanding as of March 31, 2020; (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 March 31, 2020; (iii) estimated development costs over the next 12 months totaling approximately \$255.4 million for our owned properties currently under construction; (iv) potential future developments, property or land acquisitions; and (v) recurring capital expenditures.

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, which has availability of \$390.3 million as of March 31, 2020; (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. Although the Company's liquidity position and cash flows were unaffected by the COVID-19 pandemic as of and for the quarter ended March 31, 2020, the impact of the pandemic on global capital markets and the related effect on the Company's stock price has introduced additional economic uncertainty which could affect our ability to obtain additional financing to meet short-term and/or long-term liquidity needs.

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 April 29, 2020, our Board of Directors declared a distribution per share of \$0.47, which will be paid on May 22, 2020 to all common stockholders of record as of May 11, 2020. 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.

Although the ultimate magnitude of the impact of COVID-19 on the Company's cash flows is uncertain, any curtailed or deferred tenant demand, lease terminations, rent refunds and abatements, and increased uncollectible accounts we experience could materially adversely affect our cash flows from operations, and thus our ability to make distributions to stockholders.

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 March 31, 2020 is as follows:

	Amount	% of Total	Weighted Average Rates ⁽¹⁾	Weighted Average Maturities
Secured	\$ 746,483	21.2%	4.5%	6.2 Years
Unsecured	2,809,700	78.8%	3.2%	5.0 Years
Total consolidated debt	\$ 3,556,183	100.0%	3.4%	5.3 Years
Fixed rate debt				
Secured				
Project-based taxable bonds	\$ 23,215	0.7%	7.6%	4.6 Years
Mortgage	720,361	20.4%	4.4%	6.2 Years
Unsecured				
April 2013 Notes	400,000	11.2%	3.8%	3.0 Years
June 2014 Notes	400,000	11.2%	4.1%	4.3 Years
October 2017 Notes	400,000	11.2%	3.6%	7.6 Years
June 2019 Notes	400,000	11.2%	3.3%	6.3 Years
January 2020 Notes	400,000	11.2%	2.9%	9.8 Years
Term loans	200,000	5.7%	2.5%	2.2 Years
Total - fixed rate debt	2,943,576	82.8%	3.7%	5.9 Years
Variable rate debt:				
Secured				
Mortgage	2,907	0.1%	3.3%	25.3 Years
Unsecured				
Unsecured revolving credit facility	609,700	17.1%	2.1%	2.0 Years
Total - variable rate debt	612,607	17.2%	2.1%	2.1 Years
Total consolidated debt	\$ 3,556,183	100.0%	3.4%	5.3 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.

As discussed previously, the Company's ability to service its debt and related financial obligations was unaffected by the COVID-19 pandemic as of March 31, 2020; however, the ultimate magnitude of the pandemic on our future cash flows and liquidity position is uncertain at this time. While the Company was in compliance with all debt covenants for both secured and unsecured indebtedness as of March 31, 2020, the economic disruption caused by the COVID-19 pandemic could affect our future ability to remain in compliance with our debt covenants, depending on the ultimate impact to the valuation of collateral and any additional financing we obtain to meet our liquidity needs. The specific covenants that management is closely monitoring as the situation evolves

include the debt to total asset value and fixed charge coverage requirements per the Company's unsecured revolving credit facility. As it relates to the debt to total asset value covenant, which is highly dependent on net operating income levels of the Company's operating properties, management estimates that net operating income at such properties could decrease in the next twelve months by up to approximately \$165 million before the Company would be in the position of potentially violating the covenant. As it relates to the fixed charge coverage requirement, which is highly dependent upon a specific measure of Earnings Before Interest, Taxes, Depreciation, and Amortization ("EBITDA"), as defined in the related agreement, management estimates that the EBITDA measure for the next twelve months could decrease by up to approximately \$280 million before the Company would be in the position of potentially violating the covenant. In addition, our credit ratings given by Moody's and Standard & Poor's are based on a number of factors, which include their assessment of our financial strength, liquidity, capital structure, asset quality and sustainability of cash flow and earnings. If we are unable to maintain our current credit ratings due to the COVID-19 pandemic or other changes in market conditions, the cost of funds under our credit facilities and our liquidity and access to capital markets would be adversely affected. The Company has a BBB credit rating with a stable outlook from Moody's Investors Services, Inc. and a Baa2 credit rating with a negative outlook from Standard & Poor's Rating Group.

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 year ended December 31, 2019, the Company updated the presentation of the calculation of FFO, as it relates to the presentation of consolidated joint venture partners’ share of FFO and the presentation of corporate depreciation. 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 March 31,	
	2020	2019
Net income attributable to ACC, Inc. and Subsidiaries common stockholders	\$ 80,855	\$ 29,640
Noncontrolling interests' share of net income	1,206	1,728
Joint Venture ("JV") partners' share of FFO		
JV partners' share of net income	(916)	(1,568)
JV partners' share of depreciation and amortization	(1,965)	(2,157)
	(2,881)	(3,725)
Gain from disposition of real estate	(48,525)	—
Elimination of provision for real estate impairment	—	3,201
Total depreciation and amortization	66,169	68,755
Corporate depreciation ⁽¹⁾	(889)	(1,222)
FFO attributable to common stockholders and OP unitholders	95,935	98,377
Elimination of operations of on-campus participating properties ("OCPPs")		
Net income from OCPPs	(3,706)	(3,692)
Amortization of investment in OCPPs	(2,037)	(2,029)
	90,192	92,656
Modifications to reflect operational performance of OCPPs		
Our share of net cash flow ⁽²⁾	860	882
Management fees and other	583	820
Contribution from OCPPs	1,443	1,702
Elimination of loss from extinguishment of debt ⁽³⁾	4,827	—
Elimination of FFO from property in receivership ⁽⁴⁾	—	969
Elimination of litigation settlement expense ⁽⁵⁾	1,100	—
Funds from operations-modified ("FFOM") attributable to common stockholders and OP unitholders	\$ 97,562	\$ 95,327
FFO per share – diluted	\$ 0.69	\$ 0.71
FFOM per share – diluted	\$ 0.70	\$ 0.69
Weighted-average common shares outstanding – diluted	139,091,230	138,811,527

⁽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⁾ Represents loss associated with the January 2020 redemption of the Company's \$400 million 3.35% Senior Notes originally scheduled to mature in October 2020.

⁽⁴⁾ Represents FFO for an owned property that was transferred to the lender in July 2019 in settlement of the property's mortgage loan.

⁽⁵⁾ Represents the settlement of a litigation matter that is included in general and administrative expenses in the accompanying consolidated statements of comprehensive income.

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 facility 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, 2019, except as disclosed in Part II, Item 1A, herein, "Risk Factors."

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

Except as described below, 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, 2019.

The effects of the COVID-19 pandemic have materially affected how we are operating our business, and the duration and extent to which this will impact our future results of operations and overall financial performance remains uncertain.

The novel coronavirus disease ("COVID-19"), which was characterized on March 11, 2020 by the World Health Organization as a pandemic, has currently resulted in a widespread health crisis, which has adversely affected international, national and local economies and financial markets generally, and has had an unprecedented effect on many businesses including the student housing industry.

Beginning in April 2020, our operations have begun to be negatively affected by a range of external factors related to the COVID-19 pandemic that are not within our control. All of the colleges and universities our properties serve have canceled in-person classes and many have closed their on-campus residence halls or encouraged students living in on-campus residence halls to return to their permanent residences for the remainder of the spring term and in some cases for the summer term. Also, many governmental entities have imposed a wide range of restrictions on physical movement to limit the spread of COVID-19. While our properties remain open, as a result of these actions, we have experienced significant decreases in students physically occupying their units at many of our properties. We have waived all late fees and financial-related eviction proceedings temporarily and are working with residents and families who endure financial hardship on a case by case basis. We have also offered rent abatement and refunds at some of our on-campus properties based on individual university policies. In addition, we have closed our on-site offices to walk-in traffic and transitioned property tours to virtual experiences. Furthermore, we have experienced cancellations of summer conferences and other events, which will impact revenue we typically earn during the summer months at certain of our properties. Any curtailed or deferred tenant demand we experience could materially adversely affect our revenues and cash flows from operations, and thus our ability to make distributions to stockholders and service indebtedness.

At this time, there is uncertainty as to the dates for reopening by colleges and universities, and whether they will resume in-person classes for the upcoming 2020/2021 academic year, continue to offer classes online, adopt a hybrid online/on-campus model, or possibly, in some cases, reopen at all. Should a significant number of the colleges and universities that our properties serve fail to resume in-person classes for the upcoming 2020/2021 academic year, we would experience further adverse effects.

A significant number of the locations in which we conduct business are subject to "shelter in place" or "stay at home" orders adopted by state and local authorities. This has resulted in the temporary closing of our corporate headquarters and other offices and the implementation of travel restrictions, all of which have disrupted how we operate our business. We have taken steps to allow our workforce to render critical business functions remotely. Many of these measures are being deployed for the first time and there is no guarantee that the data security and privacy safeguards we have put in place will be completely effective or that we will not encounter some of the common risks associated with employees accessing data and systems remotely. Additionally, some of these orders may adversely affect the completion of some or all of our projects under development at both universities and at *Walt Disney World*® Resort if we are required to temporarily cease construction entirely, experience delays in obtaining governmental permits and authorizations, or experience disruption in the supply of materials or labor, which may result in our not completing these development projects on schedule or within budgeted amounts.

The COVID-19 pandemic has impacted the capital markets and could impact our cost of borrowing. Also, the pandemic may pose risks arising from market liquidity and credit concerns. Any deterioration of the capital markets could cause our income and expense to vary from expectations. As of March 31, 2020, we had no impairment charges associated with our long-term real estate investments, but we cannot predict future market conditions, market liquidity or credit availability, and can provide no assurance that our real estate portfolio will remain materially unimpaired. While we were in compliance with all debt covenants for both secured and unsecured indebtedness as of March 31, 2020, the economic disruption caused by the COVID-19 pandemic could

affect our future ability to remain in compliance with our debt covenants, depending on the ultimate impact to the valuation of collateral and any additional financing we obtain to meet our liquidity needs. In addition, our credit ratings given by Moody's and Standard & Poor's are based on a number of factors, which include their assessment of our financial strength, liquidity, capital structure, asset quality and sustainability of cash flow and earnings. If we are unable to maintain our current credit ratings due to the COVID-19 pandemic or other changes in market conditions, the cost of funds under our credit facilities and our liquidity and access to capital markets would be adversely affected.

The COVID-19 pandemic and the responses to curb its spread continue to evolve daily. As such, it is uncertain as to the full magnitude of the pandemic on our results of operations, cash flows, financial condition, or liquidity for the year ending December 31, 2020, or future years.

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

<u>Exhibit Number</u>	<u>Description of Document</u>
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: May 1, 2020

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: May 1, 2020

**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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**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: May 1, 2020

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)

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: May 1, 2020

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)

**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: May 1, 2020

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: May 1, 2020

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 March 31, 2020 (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: May 1, 2020

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 March 31, 2020 (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: May 1, 2020

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 March 31, 2020 (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: May 1, 2020

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 March 31, 2020 (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: May 1, 2020

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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