AMERICAN CAMPUS COMMUNITIES INC
Form 10-K
March 01, 2011

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-K

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

For the fiscal year ended December 31, 2010.

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

Commission file number 001-32265

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

Maryland	76-0753089
(State or Other Jurisdiction of Incorporation or Organization)	(IRS Employer Identification No.)
12700 Hill Country Boulevard, Suite T-200 Austin, TX	78738
(Address of Principal Executive Offices)	(Zip Code)

(512) 732-1000

(Registrant's telephone number, including area code)

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

(Title of Each Class)	(Name of Each Exchange on Which Registered)
Common Stock, $.01 par value	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.
Yes x No o

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.
Yes o No x

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. Yes x No o

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes x No o

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. o

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

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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes o No x

The aggregate market value of voting and non-voting common equity held by non-affiliates of the registrant was $1,432,510,310 based on the last sale price of the common equity on June 30, 2010 which is the last business day of the Company's most recently completed second quarter.

There were 66,915,264 shares of the Company's common stock with a par value of $0.01 per share outstanding as of the close of business on February 21, 2011.

DOCUMENTS INCORPORATED BY REFERENCE

Part III of this report incorporates information by reference from the definitive Proxy Statement for the 2011 Annual Meeting of Stockholders.

FORM 10-K

FOR THE YEAR ENDED DECEMBER 31, 2010

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PART I

Item 1. Business

Overview

American Campus Communities, Inc. (referred to herein as the "Company," "us," "we," and "our") is a real estate investmen trust ("REIT") that was incorporated on March 9, 2004 and commenced operations effective with the completion of our initial public offering ("IPO") on August 17, 2004. Through our controlling interest in American Campus Communities Operating Partnership LP (the "Operating Partnership"), we are one of the largest owners, managers and developers of high quality student housing properties in the United States in terms of beds owned, developed, and under management. 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.

As of December 31, 2010, our property portfolio contained 104 student housing properties with approximately 65,000 beds in approximately 20,800 apartment units. Our property portfolio consisted of 96 owned off-campus properties that are in close proximity to colleges and universities, four American Campus Equity ("ACE®") properties operated under ground/facility leases with three university systems and four on-campus participating properties operated under ground/facility leases with the related university systems. Our communities contain modern housing units and are supported by a resident assistant system and other student-oriented programming, with many offering resort-style amenities.

Through our taxable REIT subsidiaries ("TRS"), we provide construction management and development services, primarily for student housing properties owned by colleges and universities, charitable foundations, and others. As of December 31, 2010, we provided third-party management and leasing services for 37 properties (nine of which we served as the third-party developer and construction manager) that represented approximately 28,200 beds in approximately 10,700 units, and one joint venture property in which we own a noncontrolling interest with approximately 600 beds in approximately 200 units. Third-party management and leasing services are typically provided pursuant to multi-year management contracts that have initial terms that range from one to five years. As of December 31, 2010, our total owned, joint venture and third-party managed portfolio was comprised of 142 properties with approximately 93,800 beds in approximately 31,700 units.

Business Objectives, Investment Strategies, and Operating Segments

Business Objectives

Our primary business objectives are to create long-term stockholder value by deploying capital to develop, redevelop, acquire and operate student housing communities, and to sell communities when they no longer meet our long-term investment strategy and when market conditions are favorable. We believe we can achieve these objectives by continuing to implement our investment strategies and successfully manage our operating segments, which are described in more detail below.

Investment Strategies

We seek to own high quality, well designed and well located student housing properties. We seek to acquire or develop properties in markets that have stable or increasing student populations, are in submarkets with barriers to entry and provide opportunities for economic growth as a result of their product position and/or differentiated design and close proximity to campuses, or through our superior operational capabilities. We believe that our reputation and

established relationships with universities give us an advantage in sourcing acquisitions and developments and obtaining municipal approvals and community support for our development projects.

Acquisitions: In December 2010, we acquired a 274-unit, 868-bed wholly-owned property (Jefferson 2nd Avenue) located near the campus of the University of Florida in Gainesville, for a purchase price of $33.9 million, which excludes approximately $2.2 million of anticipated transaction costs, initial integration expenses and capital expenditures necessary to bring this property up to our operating standards. We did not assume any debt as part of this transaction.

On November 3, 2010, we acquired the remaining 90% interest in three student housing properties previously owned in a joint venture with Fidelity (hereinafter referred to as "Fund II") in which we previously held a 10% interest, for a purchase price of $64.5 million. The acquired portfolio contains 1,728 beds and consists of two properties in Charlotte, North Carolina located near the campus of the University of North Carolina at Charlotte and one property in Denton, Texas located near the campus of the University of North Texas. As part of the transaction, we assumed $46.8 million of fixed-rate mortgage debt with a weighted average annual interest rate of 5.5% and an average term to maturity of 1.5 years.

On September 1, 2010, we acquired the remaining 90% interest in 11 student housing properties previously owned in another joint venture with Fidelity (hereinafter referred to as "Fund III") in which we previously held a 10% interest, for a purchase price of $275.9 million. The acquired portfolio contains 6,806 beds located in various markets throughout the country. As part of the transaction, we assumed $193.8 million of fixed-rate mortgage debt with a weighted average annual interest rate of 6.0% and an average term to maturity of 3.8 years. We also assumed a $7.2 million variable-rate mortgage loan that was paid off in September.

In July 2010, we acquired a 201-unit, 487-bed wholly-owned property (Sanctuary Lofts) located near the campus of Texas State University in San Marcos, Texas, for a purchase price of $21.4 million, which excludes approximately $1.8 million of anticipated transaction costs, initial integration expenses and capital expenditures necessary to bring this property up to our operating standards. We did not assume any debt as part of this transaction.

In March 2010, one of the Fidelity joint ventures (Fund III) in which we previously owned a 10% interest assigned its ownership interest in the University Heights property to us for a price of $9.9 million, the value of the mortgage indebtedness. This 528-bed property, serving students attending the University of Alabama at Birmingham, is now 100% wholly-owned and is consolidated by us.

We believe our relationship with university systems and individual educational institutions, our knowledge of the student housing market and our prominence as the first publicly-traded REIT focused exclusively on student housing in the United States will afford us a competitive advantage in acquiring additional student housing properties.

Development: Since 1996, we have developed or are currently developing 18 of our owned properties, consisting of 14 wholly-owned properties and four on-campus participating properties. This includes one wholly-owned property that opened for occupancy in August 2009 and four wholly-owned properties under development as of December 31, 2010 with total combined development budgets of approximately $190.4 million. Three of these properties are scheduled to open for occupancy in August 2011 and one in August 2012. As of December 31, 2010, our total Construction in Progress balance was $54.2 million, consisting of $12.1 million related to our Villas on Sycamore project, $16.6 million related to our Villas at Babcock project, $17.5 million related to our Lobo Village project and $8.0 million related to our Portland State University project.

Our experienced development staff intends to continue to identify and acquire land parcels in close proximity to colleges and universities that offer location advantages or that allow for the development of unique products that offer a competitive advantage. We expect to continue to benefit from opportunities derived from our extensive network with colleges and universities as well as our relationship with certain developers with whom we have previously developed off-campus student housing properties.

Operating Segments

We define business segments by their distinct customer base and service provided. We have identified four reportable segments: Wholly-Owned Properties, On-Campus Participating Properties, Development Services and Property Management Services. For a detailed financial analysis of our segments' results of operations and financial position, please refer to Note 18 in the accompanying Notes to Consolidated Financial Statements contained in Item 8.

Property Operations

Unique Leasing Characteristics: Student housing properties are typically leased by the bed on an individual lease liability basis, unlike multifamily housing where leasing is by the unit. Individual lease liability limits each resident's liability to his or her own rent without liability for a roommate's rent. A parent or guardian is generally required to execute each lease as a guarantor unless the resident provides adequate proof of income or financial aid. The number

of lease contracts that we administer is therefore equivalent to the number of beds occupied and not the number of units. Unlike traditional multifamily housing, most of our leases for an individual property commence and terminate on the same dates and typically have terms of 9 or 12 months. (Please refer to the property table contained in Item 2 – Properties for a listing of the typical lease terms at our properties.) As an example, in the case of our typical 12-month leases, the commencement date coincides with the commencement of the respective university's Fall academic term and the termination date is the last day of the subsequent summer school session. As such, we must re-lease each property in its entirety each year.

Management Philosophy: Our management philosophy is based upon meeting the following objectives:

Satisfying the specialized needs of residents by providing the highest levels of customer service;

Developing and maintaining an academically oriented environment via a premier residence life/student development program;

Maintaining each project's physical plant in top condition;

Maximizing revenue through the development and implementation of a strategic annual marketing plan and leasing administration program; and

Maximizing cash flow through maximizing revenue coupled with prudent control of expenses.

Wholly-Owned Properties: As of December 31, 2010, our Wholly-Owned Properties segment consisted of 96 owned off-campus properties within close proximity to 68 colleges and universities in 27 states and four ACE owned on-campus properties operated under ground/facility leases with three related university systems, two of which were under construction as of December 31, 2010. Off-campus properties are generally located in close proximity to the school campus, generally with pedestrian, bicycle, or university shuttle access. Off-campus housing tends to offer more relaxed rules and regulations than on-campus housing, resulting in off-campus housing being generally more appealing to upper-classmen. We believe that the support of colleges and universities can be beneficial to the success of our wholly-owned properties. We actively seek to have these institutions recommend our facilities to their students or to provide us with mailing lists so that we may directly market to students and parents. In some cases, the institutions actually promote our off-campus facilities in their recruiting and admissions literature. In cases where the educational institutions do not provide mailing lists or recommendations for off-campus housing, most provide comprehensive lists of suitable properties to their students, and we continually work to ensure that our properties are on these lists in each of the markets that we serve.

Off-campus housing is subject to competition for tenants with on-campus housing owned by colleges and universities, and vice versa. Colleges and universities can generally avoid real estate taxes and borrow funds at lower interest rates than us (and other private sector operators), thereby decreasing their operating costs. Residence halls owned and operated by the primary colleges and universities in the markets of our off-campus properties may charge lower rental rates, but typically offer fewer amenities than we offer at our properties. Additionally, most universities are only able to house a small percentage of their overall enrollment, and are therefore highly dependant upon the off-campus market to provide housing for their students. High-quality, well run off-campus student housing can be a critical component to an institution's ability to attract and retain students. Therefore, developing and maintaining good relationships with educational institutions can result in a privately owned off-campus facility becoming, in effect, an extension of the institution's housing program, with the institution providing highly valued references and recommendations to students and parents.

This segment also competes with national and regional owner-operators of off-campus student housing in a number of markets as well as with smaller local owner-operators. Therefore, the performance of this segment could be affected by the construction of new on-campus or off-campus residences, increases or decreases in the general levels of rents for housing in competing communities, increases or decreases in the number of students enrolled at one or more of the colleges or universities in the market of a property, and other general economic conditions.

LAMS: We believe we have developed the industry's only specialized, fully integrated leasing administration and marketing software program, which we call LAMS. We utilize LAMS to maximize our revenue and improve the efficiency and effectiveness of our marketing and lease administration process. Through LAMS, each of our properties' ongoing marketing and leasing efforts are supervised at the corporate office on a real time basis. Among other things, LAMS provides:

a fully integrated prospect tracking and follow-up system;

a built-in marketing effectiveness program to measure the success of our marketing efforts on a real time basis;

a real-time monitor of lease closings and leasing terms;

an automated lease generation system;

the generation of future period rent rolls to aid in budgeting and forecasting; and

a customized report writer.

American Campus Equity (ACE): Branded and marketed to colleges and universities as the ACE program, the transaction structure provides us with what we believe is a lower-risk opportunity compared to other off-campus projects, as our ACE projects will have premier on-campus locations with marketing and operational assistance from the university. The subject university substantially benefits by increasing its housing capacity with modern, well-amenitized student housing with no or minimal impacts to its own credit ratios, preserving the university's credit capacity to fund academic and research facilities.

On-Campus Participating Properties: Our On-Campus Participating Properties segment includes on-campus properties owned by one of our TRSs that are operated under ground/facility leases with the related university systems. We participate with two university systems in the operations and cash flows of four on-campus participating properties under long-term ground/facility leases. The subject universities hold title to both the land and improvements on these properties.

Under our ground/facility leases, we receive an annual distribution representing 50% of these properties' net cash available for distribution after payment of operating expenses (which includes our management fees), debt service (which includes repayment of principal) and capital expenditures. We also manage these properties under multi-year management agreements and are paid a management fee representing 5% of receipts. We have developed each of our on-campus participating properties. For purposes of our consolidated financial statements contained in Item 8, the development fee earned by our TRS during the construction period is deferred and recognized in revenue over the term of the underlying ground leases.

While the terms of each specific ground/facility lease agreement tend to vary in certain respects, the following terms are generally common to all: (i) a term of 30-40 years, subject to early termination upon repayment of the related financing, which generally has a 25-year amortization; (ii) ground/facility lease rent of a nominal amount (e.g., $100 per annum over the lease term) plus 50% of net cash flow; (iii) the right of first refusal by the institution to purchase our leasehold interest in the event we propose to sell it to any third-party; (iv) an obligation by the educational institution to promote the project, include information relative to the project in brochures and mailings and to permit us to advertise the project; (v) the requirement to receive the educational institution's consent to increase rental rates by a percentage greater than the percentage increase in our property operating expenses plus the amount of any increases in debt service, and (vi) the option of the institution to purchase our interest in and assume management of the facility, with the purchase price calculated at the discounted present cash value of our leasehold interest.

We do not have access to the cash flows and working capital of these on-campus participating properties except for the annual net cash distribution. Additionally, a substantial portion of these properties' cash flow is dedicated to capital reserves required under the applicable property indebtedness and to the amortization of such indebtedness. These amounts do not increase our economic interest in these properties since our interest, including our right to share in the net cash available for distribution from the properties, terminates upon the amortization of their indebtedness. Our economic interest in these properties is therefore limited to our interest in the net cash flow, management fees, and development fees from these properties. Accordingly, when considering these properties' contribution to our operations, we focus upon our share of these properties' net cash available for distribution and the management/development fees that we receive from these properties rather than upon their contribution to our gross revenues and expenses for financial reporting purposes.

Our on-campus participating properties are susceptible to some of the same risks as our wholly-owned properties, including: (i) seasonality in rents; (ii) annual re-leasing that is highly dependent on marketing and university admission policies; and (iii) competition for tenants from other on-campus housing operated by educational institutions or other off-campus properties.

Third-Party Services

Our third-party services consist of development services and management services and are typically provided to university and college clients. Many of our third-party management services are provided to clients for whom we also provide development services. While management evaluates the operational performance of our third-party services based on the distinct segments identified below, at times we also evaluate these segments on a combined basis.

Development Services:

Our Development Services segment consists of development and construction management services that we provide through one of our TRSs for third-party owners. These services range from short-term consulting projects to long-term full-scale development and construction projects. Development revenues are generally recognized based on a proportionate performance method based on contract deliverables and construction revenues are generally recognized based on the percentage-of-completion method. We typically provide these services to colleges and universities seeking to modernize their on-campus student housing properties. They look to us to bring our student housing experience and expertise to ensure they develop marketable, functional, and financially sustainable facilities. Educational institutions usually seek to build housing that will enhance their recruitment and retention of students while facilitating their academic objectives. Most of these development service contracts are awarded via a competitive request for proposal ("RFP") process that qualifies developers based on their overall capability to provide specialized student housing design, development, construction management, financial structuring, and property management services. Our development services typically include pre-development, design and financial structuring services. Our pre-development services typically include feasibility studies for third-party owners and design services. Feasibility studies include an initial feasibility analysis, review of conceptual design, and assistance with master planning. Some of the documents produced in this process include the conceptual design documents, preliminary development and operating budgets, cash flow projections and a preliminary market assessment. Our design services include coordination with the architect and other members of the design team, review of construction plans and assistance with project due diligence and project budgets.

Construction management services typically consist of hiring of project professionals and a general contractor, coordinating and supervising the construction, equipping and furnishing process on behalf of the project owner, including site visits, hiring of a general contractor and project professionals, and full coordination and administration of all activities necessary for project completion in accordance with plans and specifications and with verification of adequate insurance.

Our Development Services activities benefit our primary goal of owning and operating student housing properties in a number of ways. By providing these services to others, we are able to expand and refine our unit plan and community design, the operational efficiency of our material specifications and our ability to determine market acceptance of unit and community amenities. Our development and construction management personnel enable us to establish relationships with general contractors, architects and project professionals throughout the nation. Through these services, we gain experience and expertise in residential and commercial construction methodologies under various labor conditions, including right-to-work labor markets, markets subject to prevailing wage requirements and fully unionized environments. This segment is subject to competition from other specialized student housing development companies as well as from national real estate development companies.

Property Management Services: Our Property Management Services segment, conducted by our TRSs, includes revenues generated from third-party management contracts in which we are typically responsible for all aspects of operations, including marketing, leasing administration, facilities maintenance, business administration, accounts payable, accounts receivable, financial reporting, capital projects, and residence life student development. As of December 31, 2010, we provided third-party management and leasing services for 37 properties that represented approximately 28,200 beds in approximately 10,700 units, nine of which we developed. We provide these services pursuant to management agreements that have initial terms that range from one to five years.

There are several housing options that compete with our third-party managed properties including, but not limited to, multifamily housing, for-rent single family dwellings, other off-campus specialized student housing and the aforementioned on-campus participating properties.

Americans with Disabilities Act and Federal Fair Housing Act

Many laws and governmental regulations are applicable to our properties and changes in the laws and regulations, or their interpretation by agencies and the courts, occur frequently. Our properties must comply with Title III of the Americans with Disabilities Act, or ADA, to the extent that such properties are “public accommodations” as defined by the ADA. The ADA may require removal of structural barriers to access by persons with disabilities in certain public areas of our properties where such removal is readily achievable. We believe that the existing properties are in substantial compliance with the ADA and that we will not be required to make substantial capital expenditures to address the requirements of the ADA. However, noncompliance with the ADA could result in imposition of fines or an award of damages to private litigants. The obligation to make readily achievable accommodations is an ongoing one, and we intend to continue to assess our properties and to make alterations as appropriate in this respect.

Under the federal and state fair housing laws, discrimination on the basis of certain protected classes is prohibited. Violation of these laws can result in significant damage awards to victims.

Environmental Matters

Under various laws and regulations relating to the protection of the environment, an owner of real estate may be held liable for the costs of removal or remediation of certain hazardous or toxic substances located on or in its property. These laws often impose liability without regard to whether the owner was responsible for, or even knew of, the presence of such substances. The presence of such substances may adversely affect the owner’s ability to rent or

sell the property or use the property as collateral. Independent environmental consultants conducted Phase I environmental site assessments (which involve visual inspection but not soil or groundwater analysis) on all of the wholly-owned properties and on-campus participating properties in our existing portfolio. Phase I environmental site assessments did not reveal any environmental liabilities that would have a material adverse effect on us. In addition, we are not aware of any environmental liabilities that management believes would have a material adverse effect on the Company. There is no assurance that Phase I environmental site assessments would reveal all environmental liabilities or that environmental conditions not known to us may exist now or in the future which would result in liability to the Company for remediation or fines, either under existing laws and regulations or future changes to such requirements.

From time to time, the United States Environmental Protection Agency, or EPA, designates certain sites affected by hazardous substances as "Superfund" sites pursuant to CERCLA. Superfund sites can cover large areas, affecting many different parcels of land. Although CERCLA imposes joint and several liability for contamination on property owners and operators regardless of fault, the EPA may choose to pursue potentially responsible parties ("PRPs") based on their actual contribution to the contamination. PRPs are liable for the costs of responding to the hazardous substances. Each of Villas on Apache, The Village on University (disposed of in December 2006) and University Village at San Bernardino (disposed of in January 2005) are located within federal Superfund sites. The EPA designated these areas as Superfund sites because groundwater underneath these areas is contaminated. We have not been named, and do not expect to be named, as a PRP with respect to these sites. However, there can be no assurance regarding potential future developments concerning such sites.

Insurance

We carry liability and property insurance on our properties, which we believe is of the type and amount customarily obtained on real property assets. We intend to obtain similar coverage for properties we acquire in the future. However, there are certain types of losses, generally of a catastrophic nature, such as losses from floods or earthquakes, which may be subject to limitations in certain areas. When not otherwise contractually stipulated, we exercise our judgment in determining amounts, coverage limits, and deductibles, in an effort to maintain appropriate levels of insurance on our investments. If we suffer a substantial loss, our insurance coverage may not be sufficient due to market conditions at the time or other unforeseen factors. Inflation, changes in building codes and ordinances, environmental considerations and other factors also might make it infeasible to use insurance proceeds to replace a property after it has been damaged or destroyed.

Employees

As of December 31, 2010, we had approximately 2,334 employees, consisting of:

- approximately 1,251 on-site employees in our wholly-owned properties segment, including 539 Resident Assistants;
- approximately 104 on-site employees in our on-campus participating properties segment, including 48 Resident Assistants;
- approximately 868 employees in our property management services segment, including 786 on-site employees and 82 corporate office employees;
- approximately 38 corporate office employees in our development services segment; and
- approximately 73 executive, corporate administration and financial personnel.

Our employees are not currently represented by a labor union.

Offices and Website

Our principal executive offices are located at 12700 Hill Country Boulevard, Suite T-200 Austin, TX 78738. Our telephone number at that location is (512) 732-1000.

We file our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and other reports required by Sections 13(a) and 15(d) of the Securities Exchange Act of 1934. You may read and copy any materials we file with the SEC at the SEC's Public Reference Room at 100 F Street, NE, Washington, DC 20549. You

may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. The SEC maintains an internet site that contains reports, proxy and information statements and other information regarding issuers that file electronically with the SEC. The address of that site is www.sec.gov.

Our website is located at www.americancampus.com. We make available free of charge through our website our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to these reports filed or furnished pursuant to Sections 13(a) or 15(d) of the Securities Act of 1934, as amended, as soon as reasonably practicable after we electronically file such material with, or furnish it to, the SEC. Our website also contains copies of our Corporate Governance Guidelines and Code of Business Ethics as well as the charters of our Nominating and Corporate Governance, Audit, and Compensation committees. The information on our website is not part of this filing.

Forward-looking Statements

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

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

Item 1A. Risk Factors

The following risk factors may contain defined terms that are different from those used in other sections of this report. Unless otherwise indicated, when used in this section, the terms "we" and "us" refer to American Campus Communities, Inc. and its subsidiaries, including American Campus Communities Operating Partnership LP, our Operating Partnership, and the term "securities" refers to shares of common stock of American Campus Communities, Inc. and units of limited partnership interest in our Operating Partnership.

The factors described below represent the Company's principal risks. Other factors may exist that the Company does not consider to be significant based on information that is currently available or that the Company is not currently able to anticipate.

Risks Related to Our Properties, Our Markets and Our Business

Volatility in capital and credit markets, or other unfavorable changes in economic conditions, could adversely impact us.

The capital and credit markets experienced volatility and disruption, particularly in the latter half of 2008 through the first quarter of 2010. This made it more difficult to borrow money. In the event of renewed market disruption and volatility, we may not be able to obtain new debt financing or refinance our existing debt on favorable terms or at all, which would adversely affect our liquidity, our ability to make distributions to stockholders, acquire and dispose of assets and continue our development pipeline. Unfavorable changes in economic conditions may have a material adverse impact on our cash flows and operating results.

Our results of operations are subject to an annual leasing cycle, short lease-up period, seasonal cash flows, changing university admission and housing policies and other risks inherent in the student housing industry.

We generally lease our owned properties under 12-month leases, and in certain cases, under nine-month or shorter-term semester leases. As a result, we may experience significantly reduced cash flows during the summer months at properties with lease terms shorter than 12 months. Furthermore, all of our properties must be entirely re-leased each year, exposing us to increased leasing risk. In addition, we are subject to increased leasing risk on our properties under construction and future acquired properties based on our lack of experience leasing those properties and unfamiliarity with their leasing cycles. Student housing properties are also typically leased during a limited leasing season that usually begins in January and ends in August of each year. We are therefore highly dependent on the effectiveness of our marketing and leasing efforts and personnel during this season.

Changes in university admission policies could adversely affect us. For example, if a university reduces the number of student admissions or requires that a certain class of students, such as freshman, live in a university owned facility, the demand for beds at our properties may be reduced and our occupancy rates may decline. While we may engage in marketing efforts to compensate for such change in admission policy, we may not be able to effect such marketing efforts prior to the commencement of the annual lease-up period or our additional marketing efforts may not be successful.

We rely on our relationships with colleges and universities for referrals of prospective student-tenants or for mailing lists of prospective student-tenants and their parents. Many of these colleges and universities own and operate their own competing on-campus facilities. Any failure to maintain good relationships with these colleges and universities could therefore have a material adverse effect on us. If colleges and universities refuse to make their lists of prospective student-tenants and their parents available to us or increase the costs of these lists, there could be a material adverse effect on us.

Federal and state laws require colleges to publish and distribute reports of on-campus crime statistics, which may result in negative publicity and media coverage associated with crimes occurring on or in the vicinity of our on-campus properties. Reports of crime or other negative publicity regarding the safety of the students residing on, or near, our properties may have an adverse effect on both our on-campus and off-campus business.

We face significant competition from university-owned on-campus student housing, from other off-campus student housing properties and from traditional multifamily housing located within close proximity to universities.

On-campus student housing has certain inherent advantages over off-campus student housing in terms of physical proximity to the university campus and integration of on-campus facilities into the academic community. Colleges and universities can generally avoid real estate taxes and borrow funds at lower interest rates than us and other private sector operators. We also compete with national and regional owner-operators of off-campus student housing in a number of markets as well as with smaller local owner-operators.

Currently, the industry is fragmented with no participant holding a significant market share. There are a number of student housing complexes that are located near or in the same general vicinity of many of our owned properties and that compete directly with us. Such competing student housing complexes may be newer than our properties, located closer to campus, charge less rent, possess more attractive amenities or offer more services or shorter term or more flexible leases.

Rental income at a particular property could also be affected by a number of other factors, including the construction of new on-campus and off-campus residences, increases or decreases in the general levels of rents for housing in competing communities, increases or decreases in the number of students enrolled at one or more of the colleges or universities in the market of the property and other general economic conditions.

We believe that a number of other large national companies with substantial financial and marketing resources may be potential entrants in the student housing business. The entry of one or more of these companies could increase competition for students and for the acquisition, development and management of other student housing properties.

We may be unable to successfully complete and operate our properties or our third-party developed properties.

We intend to continue to develop and construct student housing. These activities may include any of the following risks:

- we may be unable to obtain financing on favorable terms or at all;
- we may not complete development projects on schedule, within budgeted amounts or in conformity with building plans and specifications;
- we may encounter delays or refusals in obtaining all necessary zoning, land use, building, occupancy and other required governmental permits and authorizations;

occupancy and rental rates at newly developed or renovated properties may fluctuate depending on a number of factors, including market and economic conditions, and may reduce or eliminate our return on investment;
we may become liable for injuries and accidents occurring during the construction process and for environmental liabilities, including off-site disposal of construction materials;
we may decide to abandon our development efforts if we determine that continuing the project would not be in our best interests; and
we may encounter strikes, weather, government regulations and other conditions beyond our control.

Our newly developed properties will be subject to risks associated with managing new properties, including lease-up and integration risks. In addition, new development activities, regardless of whether or not they are ultimately successful, typically will require a substantial portion of the time and attention of our development and management personnel. Newly developed properties may not perform as expected.

We anticipate that we will, from time to time, elect not to proceed with ongoing development projects. If we elect not to proceed with a development project, the development costs associated therewith will ordinarily be charged against income for the then-current period. Any such charge could have a material adverse effect on our results of operations in the period in which the charge is taken.

We may in the future develop properties nationally, internationally or in geographic regions other than those in which we currently operate. We do not possess the same level of familiarity with development in these new markets, which could adversely affect our ability to develop such properties successfully or at all or to achieve expected performance. Future development opportunities may not be available to us on terms that meet our investment criteria or we may be unsuccessful in capitalizing on such opportunities. Our ability to capitalize on such opportunities will be largely dependent upon external sources of capital that may not be available to us on favorable terms or at all.

We typically provide guarantees of timely completion of projects that we develop for third parties. In certain cases, our contingent liability under these guarantees may exceed our development fee from the project. Although we seek to mitigate this risk by, among other things, obtaining similar guarantees from the project contractor, we could sustain significant losses if development of a project were to be delayed or stopped and we were unable to cover our guarantee exposure with the guarantee received from the project contractor.

We may be unable to successfully acquire properties on favorable terms.

Our future growth will be dependent upon our ability to successfully acquire new properties on favorable terms. With respect to recently acquired properties, and as we acquire additional properties, we will continue to be subject to risks associated with managing new properties, including lease-up and integration risks. Newly developed and recently acquired properties may not perform as expected and may have characteristics or deficiencies unknown to us at the time of acquisition. Future acquisition opportunities may not be available to us on terms that meet our investment criteria or we may be unsuccessful in capitalizing on such opportunities. Our ability to capitalize on such opportunities will be largely dependent upon external sources of capital that may not be available to us on favorable terms or at all, especially under the current credit environment.

Our ability to acquire properties on favorable terms and successfully operate them involves the following significant risks:

our potential inability to acquire a desired property may be caused by competition from other real estate investors;
competition from other potential acquirers may significantly increase the purchase price and decrease expected yields;
we may be unable to finance an acquisition on favorable terms or at all;
we may have to incur significant unexpected capital expenditures to improve or renovate acquired properties;

we may be unable to quickly and efficiently integrate new acquisitions, particularly acquisitions of portfolios of properties, into our existing operations;
market conditions may result in higher than expected costs and vacancy rates and lower than expected rental rates; and
we may acquire properties subject to liabilities but without any recourse, or with only limited recourse, to the sellers, or with liabilities that are unknown to us, such as liabilities for clean-up of undisclosed environmental contamination, claims by tenants, vendors or other persons dealing with the former owners of our properties and claims for indemnification by members, directors, officers and others indemnified by the former owners of our properties.

Our failure to finance property acquisitions on favorable terms, or operate acquired properties to meet our financial expectations, could adversely affect us.

Difficulties of selling real estate could limit our flexibility.

We intend to evaluate the potential disposition of assets that may no longer help us meet our objectives. When we decide to sell an asset, we may encounter difficulty in finding buyers in a timely manner as real estate investments generally cannot be disposed of quickly, especially when market conditions are poor. This may limit our ability to vary our portfolio promptly in response to changes in economic or other conditions. In addition, in order to maintain our status as a REIT, the Internal Revenue Code imposes restrictions on our ability to sell properties held fewer than two years, which may cause us to incur losses thereby reducing our cash flows and adversely impacting distributions to shareholders.

Our debt level reduces cash available for distribution and could have other important adverse consequences.

As of December 31, 2010, our total consolidated indebtedness was approximately $1,335.2 million (excluding unamortized debt premiums and discounts). Our debt service obligations expose us to the risk of default and reduce or eliminate cash resources that are available to operate our business or pay distributions that are necessary to maintain our qualification as a REIT. There is no limit on the amount of indebtedness that we may incur except as provided by the covenants in our corporate-level debt. We may incur additional indebtedness to fund future property development, acquisitions and other working capital needs, which may include the payment of distributions to our security holders. The amount available to us and our ability to borrow from time to time under our corporate-level debt is subject to certain conditions and the satisfaction of specified financial covenants. Our level of debt and the limitations imposed on us by our debt agreements could have significant adverse consequences, including the following:

We may be unable to borrow additional funds as needed or on favorable terms.

We may be unable to refinance our indebtedness at maturity or the refinancing terms may be less favorable than the terms of our original indebtedness.

We may be forced to dispose of one or more of our properties, possibly on disadvantageous terms.

We may default on our scheduled principal payments or other obligations as a result of insufficient cash flow or otherwise, and the lenders or mortgagees may foreclose on our properties that secure their loans and receive an assignment of rents and leases.

Foreclosures could create taxable income without accompanying cash proceeds, a circumstance that could hinder our ability to meet the REIT distribution requirements imposed by the Internal Revenue Code.

Compliance with the provisions of our debt agreements, including the financial and other covenants, such as the maintenance of specified financial ratios, could limit our flexibility and a default in these requirements, if uncured, could result in a requirement that we repay indebtedness, which could severely affect our liquidity and increase our financing costs.

We may be unable to renew, repay or refinance our outstanding debt.

We are subject to the risk that our indebtedness will not be able to be renewed, repaid or refinanced when due or that the terms of any renewal or refinancing will not be as favorable as the existing terms of such indebtedness. If we were unable to refinance our indebtedness on acceptable terms, or at all, we might be forced to dispose of one or more of our properties on disadvantageous terms, which might result in losses to us. Such losses could have a material adverse effect on us and our ability to make distributions to our stockholders and pay amounts due on our debt.

Variable rate debt is subject to interest rate risk.

We have a construction loan with a varying interest rate that is dependent upon the market index. In addition, we have a secured revolving credit facility and secured agency facility both bearing interest at a variable rate on all amounts

drawn on the facilities. We may incur additional variable rate debt in the future. Increases in interest rates on variable rate debt would increase our interest expense, unless we make arrangements that hedge the risk of rising interest rates, which would adversely affect net income and cash available for payment of our debt obligations and distributions to stockholders.

We may incur losses on interest rate swap and hedging arrangements.

We may periodically enter into agreements to reduce the risks associated with increases in interest rates. Although these agreements may partially protect against rising interest rates, they also may reduce the benefits to us if interest rates decline. If an arrangement is not indexed to the same rate as the indebtedness that is hedged, we may be exposed to losses to the extent which the rate governing the indebtedness and the rate governing the hedging arrangement change independently of each other. Finally, nonperformance by the other party to the arrangement may subject us to increased credit risks.

We face risks associated with land holdings.

We hold land for future development and may in the future acquire additional land holdings. The risks inherent in owning or purchasing and developing land increase as demand for student housing, or rental rates, decrease. As a result, we hold certain land and may in the future acquire additional land in our development pipeline at a cost we may not be able to recover fully or on which we cannot build and develop into a profitable student housing project. Also, real estate markets are highly uncertain and, as a result, the value of undeveloped land has fluctuated significantly and may continue to fluctuate as a result of changing market conditions. In addition, carrying costs can be significant and can result in losses or reduced margins in a poorly performing project. Under current market conditions, we may have impairments of our land held for development.

We may not be able to recover pre-development costs for third-party university developments.

University systems and educational institutions typically award us development services contracts on the basis of a competitive award process, but such contracts are typically executed following the formal approval of the transaction by the institution's governing body. In the intervening period, we may incur significant pre-development and other costs in the expectation that the development services contract will be executed. If an institution's governing body does not ultimately approve our selection and the terms of the pending development contract, we may not be able to recoup these costs from the institution and the resulting losses could be material.

Our awarded projects may not be successfully structured or financed and may delay our recognition of revenues.

The recognition and timing of revenues from our awarded development services projects will, among other things, be contingent upon successfully structuring and closing project financing as well as the timing of construction. The development projects that we have been awarded have at times been delayed beyond the originally scheduled construction commencement date. If such delays were to occur with our current awarded projects, our recognition of expected revenues and receipt of expected fees from these projects would be delayed.

We may encounter delays in completion or experience cost overruns with respect to our properties under construction.

As of December 31, 2010, we were in the process of constructing four wholly-owned properties. These properties are subject to the various risks relating to properties that are under construction referred to elsewhere in these risk factors, including the risks that we may encounter delays in completion and that any such project may experience cost overruns or may not be completed on time. Additionally, if we do not complete the construction of properties on schedule, we may be required to provide alternative housing to the students with whom we have signed leases. We generally do not make any arrangements for such alternative housing for these properties and we would likely incur significant expenses in the event we provide such housing. If construction is not completed on schedule, students may attempt to break their leases and our occupancy at such properties for that academic year may suffer.

Our guarantees could result in liabilities in excess of our development fees.

In third-party developments, we typically provide guarantees of the obligations of the developer, including development budgets and timely project completion. These guarantees include, among other things, the cost of providing alternate housing for students in the event we do not timely complete a development project. These guarantees typically exclude delays resulting from force majeure and also, in third-party transactions, are typically limited in amount to the amount of our development fees from the project. In certain cases, however, our contingent liability under these guarantees has exceeded our development fee from the project and we may agree to such arrangements in the future. Our obligations under alternative housing guarantees typically expire five days after construction is complete. Project cost guarantees are normally satisfied within one year after completion of the

project.

Universities have the right to terminate our participating ground leases.

The ground leases through which we own our on-campus participating properties provide that the university lessor may purchase our interest in and assume the management of the facility, with the purchase price calculated at the discounted present value of cash flows from our leasehold interest. The exercise of any such buyout would result in a reduction in our portfolio.

Changes in laws and litigation risks could affect our business.

We are generally not able to pass through to our residents under existing leases real estate taxes, income taxes or other taxes. Consequently, any such tax increases may adversely affect our financial condition and limit our ability to satisfy our financial obligations and make distributions to security holders. Changes that increase our potential liability under environmental laws or our expenditures on environmental compliance could have the same impact.

As a publicly traded owner of properties, we may become involved in legal proceedings, including consumer, employment, tort or commercial litigation, that if decided adversely to or settled by us, and not adequately covered by insurance, could result in liability that is material to our financial condition or results of operations.

Risks Related to the Real Estate Industry

Our performance and value are subject to risks associated with real estate assets and with the real estate industry.

Our ability to satisfy our financial obligations and make expected distributions to our security holders depends on our ability to generate cash revenues in excess of expenses and capital expenditure requirements. Events and conditions generally applicable to owners and operators of real property that are beyond our control may decrease cash available for distribution and the value of our properties. These events include:

general economic conditions;
rising level of interest rates;
local oversupply, increased competition or reduction in demand for student housing;
inability to collect rent from tenants;
vacancies or our inability to rent units on favorable terms;
inability to finance property development and acquisitions on favorable terms;
increased operating costs, including insurance premiums, utilities, and real estate taxes;
costs of complying with changes in governmental regulations;
the relative illiquidity of real estate investments;
decreases in student enrollment at particular colleges and universities;
changes in university policies related to admissions and housing; and
changing student demographics.

In addition, periods of economic slowdown or recession, rising interest rates or declining demand for real estate, or the public perception that any of these events may occur, could result in a general decline in rents or an increased incidence of defaults under existing leases, which would adversely affect us.

Potential losses may not be covered by insurance.

We carry fire, earthquake, terrorism, business interruption, vandalism, malicious mischief, boiler and machinery, commercial general liability and workers' compensation insurance covering all of the properties in our portfolio under various policies. We believe the policy specifications and insured limits are appropriate and adequate given the relative risk of loss, the cost of the coverage and industry practice. There are, however, certain types of losses, such as property damage from generally unsecured losses such as riots, wars, punitive damage awards or acts of God that may be either uninsurable or not economically insurable. Some of our properties are insured subject to limitations involving large deductibles and policy limits that may not be sufficient to cover losses. In addition, we may discontinue earthquake, terrorism or other insurance on some or all of our properties in the future if the cost of premiums from any of these policies exceeds, in our judgment, the value of the coverage discounted for the risk of loss.

If we experience a loss that is uninsured or that exceeds policy limits, we could lose the capital invested in the damaged properties as well as the anticipated future cash flows from those properties. In addition, if the damaged properties are subject to recourse indebtedness, we would continue to be liable for the indebtedness, even if these properties were irreparably damaged and require substantial expenditures to rebuild or repair. In the event of a significant loss at one or more of our properties, the remaining insurance under our policies, if any, could be insufficient to adequately insure our other properties. In such event, securing additional insurance, if possible, could be significantly more expensive than our current policies.

Unionization or work stoppages could have an adverse effect on us.

We are at times required to use unionized construction workers or to pay the prevailing wage in a jurisdiction to such workers. Due to the highly labor intensive and price competitive nature of the construction business, the cost of unionization and/or prevailing wage requirements for new developments could be substantial. Unionization and prevailing wage requirements could adversely affect a new development's profitability. Union activity or a union workforce could increase the risk of a strike, which would adversely affect our ability to meet our construction timetables.

We could incur significant costs related to government regulation and private litigation over environmental matters.

Under various environmental laws, including the Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA"), a current or previous owner or operator of real property may be liable for contamination resulting from the release or threatened release of hazardous or toxic substances or petroleum at that property, and an entity that arranges for the disposal or treatment of a hazardous or toxic substance or petroleum at another property may be held jointly and severally liable for the cost to investigate and clean up such property or other affected property. Such parties are known as potentially responsible parties ("PRPs"). Such environmental laws often impose liability without regard to whether the owner or operator knew of, or was responsible for, the presence of the contaminants, and the costs of any required investigation or cleanup of these substances can be substantial. PRPs are liable to the government as well as to other PRPs who may have claims for contribution. The liability is generally not limited under such laws and could exceed the property's value and the aggregate assets of the liable party. The presence of contamination or the failure to remediate contamination at our properties may expose us to third-party liability for personal injury or property damage, or adversely affect our ability to sell, lease or develop the real property or to borrow using the real property as collateral.

Environmental laws also impose ongoing compliance requirements on owners and operators of real property. Environmental laws potentially affecting us address a wide variety of matters, including, but not limited to, asbestos-containing building materials ("ACBM"), storage tanks, storm water and wastewater discharges, lead-based paint, wetlands, and hazardous wastes. Failure to comply with these laws could result in fines and penalties or expose us to third-party liability. Some of our properties may have conditions that are subject to these requirements and we could be liable for such fines or penalties or liable to third parties.

Existing conditions at some of our properties may expose us to liability related to environmental matters.

Some of the properties in our portfolio may contain asbestos-containing building materials, or ACBMs. Environmental laws require that ACBMs be properly managed and maintained, and may impose fines and penalties on building owners or operators for failure to comply with these requirements. Also, some of the properties in our portfolio contain, or may have contained, or are adjacent to or near other properties that have contained or currently contain storage tanks for the storage of petroleum products or other hazardous or toxic substances. These operations create a potential for the release of petroleum products or other hazardous or toxic substances. Third parties may be permitted by law to seek recovery from owners or operators for personal injury associated with exposure to contaminants, including, but not limited to, petroleum products, hazardous or toxic substances, and asbestos fibers. Also, some of the properties may contain regulated wetlands that can delay or impede development or require costs to be incurred to mitigate the impact of any disturbance. Absent appropriate permits, we can be held responsible for restoring wetlands and be required to pay fines and penalties.

Over the past several years, there have been an increasing number of lawsuits against owners and managers of residential properties, although not against us, alleging personal injury and property damage caused by the presence of mold in residential real estate. Some of these lawsuits have resulted in substantial monetary judgments or

settlements. Insurance carriers have reacted to these liability awards by excluding mold related programs designed to minimize the existence of mold in any of our properties as well as guidelines for promptly addressing and resolving reports of mold to minimize any impact mold might have on residents or the property.

We do not carry environmental insurance on our properties. Environmental liability at any of our properties may have a material adverse effect on our financial condition, results of operations, cash flow, the trading price of our stock or our ability to satisfy our debt service obligations and pay dividends or distributions to our security holders.

We may incur significant costs complying with the Americans with Disabilities Act and similar laws.

Under the Americans with Disabilities Act of 1990, or the ADA, all public accommodations must meet federal requirements related to access and use by disabled persons. Additional federal, state and local laws also may require modifications to our properties, or restrict our ability to renovate our properties. For example, the Fair Housing Amendments Act of 1988, or FHAA, requires apartment properties first occupied after March 13, 1990 to be accessible to the handicapped. We have not conducted an audit or investigation of all of our properties to determine our compliance with present requirements. Noncompliance with the ADA or FHAA could result in the imposition of fines or an award or damages to the government or private litigants and also could result in an order to correct any non-complying feature. Also, discrimination on the basis of certain protected classes can result in significant awards to victims. We cannot predict the ultimate amount of the cost of compliance with the ADA, FHAA or other legislation. If we incur substantial costs to comply with the ADA, FHAA or any other legislation, we could be materially and adversely affected.

We may incur significant costs complying with other regulations.

The properties in our portfolio are subject to various federal, state and local regulatory requirements, such as state and local fire and life safety requirements. If we fail to comply with these various requirements, we might incur governmental fines or private damage awards. Furthermore, existing requirements could change and require us to make significant unanticipated expenditures that would materially and adversely affect us.

Joint venture investments could be adversely affected by our lack of sole decision-making authority, our reliance on co-venturers' financial condition and disputes between our co-venturers and us.

We have co-invested, and may continue in the future to co-invest, with third parties through partnerships, joint ventures or other entities, acquiring non-controlling interests in or sharing responsibility for managing the affairs of a property, partnership, joint venture or other entity. In connection with joint venture investments, we do not have sole decision-making control regarding the property, partnership, joint venture or other entity. Investments in partnerships, joint ventures or other entities may, under certain circumstances, involve risks not present were a third-party not involved, including the possibility that our partners or co-venturers might become bankrupt or fail to fund their share of required capital contributions. Our partners or co-venturers also may have economic or other business interests or goals that are inconsistent with our business interests or goals, and may be in a position to take actions contrary to our preferences, policies or objectives. Such investments also will have the potential risk of impasses on decisions, such as a sale, because neither we nor our partners or co-venturers would have full control over the partnership or joint venture. Disputes between us and our partners or co-venturers may result in litigation or arbitration that would increase our expenses and prevent our officers and/or directors from focusing their time and effort exclusively on our business. Consequently, actions by or disputes with our partners or co-venturers might result in subjecting properties owned by the partnership, joint venture or other entity to additional risk. In addition, we may in certain circumstances be liable for the actions of our partners or co-venturers.

Risks Related to Our Organization and Structure

Our stock price will fluctuate.

The market price and volume of our common stock will fluctuate due not only to general stock market conditions but also to the risk factors discussed above and below and the following:

operating results that vary from the expectations of securities analysts and investors;
investor interest in our property portfolio;

the reputation and performance of REITs;
the attractiveness of REITs as compared to other investment vehicles;
our financial condition and the results of our operations;
the perception of our growth and earnings potential;
dividend payment rates and the form of the payment;
increases in market rates, which may lead purchasers of our common stock to demand a higher yield; and
changes in financial markets and national economic and general market conditions.

To qualify as a REIT, we may be forced to limit the activities of a TRS.

To qualify as a REIT, no more than 25% of the value of our total assets may consist of the securities of one or more taxable REIT subsidiaries, or TRSs. Certain of our activities, such as our third-party development, management and leasing services, must be conducted through a TRS for us to qualify as a REIT. In addition, certain non-customary services must be provided by a TRS or an independent contractor. If the revenues from such activities create a risk that the value of our TRS entities, based on revenues or otherwise, approaches the 25% threshold, we will be forced to curtail such activities or take other steps to remain under the 25% threshold. Since the 25% threshold is based on value, it is possible that the IRS could successfully contend that the value of our TRS entities exceeds the 25% threshold even if the TRS accounts for less than 25% of our consolidated revenues, income or cash flow. Our on-campus participating properties and our third-party services are held by a TRS. Consequently, income earned from our on-campus participating properties and our third-party services will be subject to regular federal income taxation and state and local income taxation where applicable, thus reducing the amount of cash available for distribution to our security holders.

A TRS is not permitted to directly or indirectly operate or manage a "hotel, motel or other establishment more than one-half of the dwelling units in which are used on a transient basis." We believe that our method of operating our TRS entities will not be considered to constitute such an activity. Future Treasury Regulations or other guidance interpreting the applicable provisions might adopt a different approach, or the IRS might disagree with our conclusion. In such event we might be forced to change our method of operating our TRS entities, which could adversely affect us, or of one of our TRS entities could fail to qualify as a taxable REIT subsidiary, which would likely cause us to fail to qualify as a REIT.

Failure to qualify as a REIT would have significant adverse consequences to us and the value of our securities.

We intend to operate in a manner that will allow us to qualify as a REIT for federal income tax purposes under the Internal Revenue Code. If we lose our REIT status, we will face serious tax consequences that would substantially reduce or eliminate the funds available for investment and for distribution to security holders for each of the years involved, because:

we would not be allowed a deduction for dividends to security holders in computing our taxable income and such amounts would be subject to federal income tax at regular corporate rates;
we also could be subject to the federal alternative minimum tax and possibly increased state and local taxes; and
unless we are entitled to relief under applicable statutory provisions, we could not elect to be taxed as a REIT for four taxable years following the year during which we were disqualified.

In addition, if we fail to qualify as a REIT, we will not be required to pay dividends to stockholders, and all dividends to stockholders will be subject to tax as ordinary income to the extent of our current and accumulated earnings and profits. As a result of all these factors, our failure to qualify as a REIT also could impair our ability to expand our business and raise capital, and would adversely affect the value of our common stock.

Qualification as a REIT involves the application of highly technical and complex Internal Revenue Code provisions for which there are only limited judicial and administrative interpretations. The complexity of these provisions and of the applicable Treasury Regulations that have been promulgated under the Internal Revenue Code is greater in the case of a REIT that, like us, holds its assets through a partnership or a limited liability company. The determination of various factual matters and circumstances not entirely within our control may affect our ability to qualify as a REIT. In order to qualify as a REIT, we must satisfy a number of requirements, including requirements regarding the composition of our assets and two "gross income tests": (a) at least 75% of our gross income in any year must be derived from qualified sources, such as rents from real property, mortgage interest, dividends from other REITs and gains from sale of such assets, and (b) at least 95% of our gross income must be derived from sources meeting the 75% income test above, and other passive investment sources, such as other interest and dividends and gains from sale of securities. Also, we must pay dividends to stockholders aggregating annually at least 90% of our REIT taxable income, excluding any net capital gains. In addition, legislation, new regulations, administrative interpretations or court decisions may adversely affect our investors, our ability to qualify as a REIT for federal income tax purposes or the desirability of an investment in a REIT relative to other investments.

Even if we qualify as a REIT for federal income tax purposes, we may be subject to some federal, state and local taxes on our income or property and, in certain cases, a 100% penalty tax, in the event we sell property as a dealer or if a TRS enters into agreements with us or our tenants on a basis that is determined to be other than an arm's length basis.

To qualify as a REIT, we may be forced to borrow funds on a short-term basis during unfavorable market conditions.

In order to qualify as a REIT, we are required under the Internal Revenue Code to distribute annually at least 90% of our REIT taxable income, determined without regard to the dividends paid deduction and excluding any net capital gain. A TRS may, in its discretion, retain any income it generates net of any tax liability it incurs on that income without affecting the 90% distribution requirements to which we are subject as a REIT. Net income of our TRS entities is included in REIT taxable income and increases the amount required to be distributed, only if such amounts are paid out as a dividend by a TRS. If a TRS distributes any of its after-tax income to us, that distribution will be included in our REIT taxable income. In addition, we will be subject to income tax at regular corporate rates to the extent that we distribute less than 100% of our net taxable income, including any net capital gains. Because of these distribution requirements, we may not be able to fund future capital needs, including any necessary acquisition financing, from operating cash flow. Consequently, we will be compelled to rely on third-party sources to fund our capital needs. We may not be able to obtain this financing on favorable terms or at all. Any additional indebtedness that we incur will increase our leverage. Our access to third-party sources of capital depends, in part, on:

general market conditions;
our current debt levels and the number of properties subject to encumbrances;
our current performance and the market's perception of our growth potential;
our cash flow and cash dividends; and
the market price per share of our stock.

If we cannot obtain capital from third-party sources, we may not be able to acquire or develop properties when strategic opportunities exist, satisfy our debt service obligations or make cash distributions to our security holders, including those necessary to qualify as a REIT.

Our charter contains restrictions on the ownership and transfer of our stock.

Our charter provides that, subject to certain exceptions, no person or entity may beneficially own, or be deemed to own by virtue of the applicable constructive ownership provisions of the Internal Revenue Code, more than 9.8% (by value or by number of shares, whichever is more restrictive) of the outstanding shares of our common stock or more than 9.8% by value of all our outstanding shares, including both common and preferred stock. We refer to this restriction as the "ownership limit." A person or entity that becomes subject to the ownership limit by virtue of a violative transfer that results in a transfer to a trust is referred to as a "purported beneficial transferee" if, had the violative transfer been effective, the person or entity would have been a record owner and beneficial owner or solely a beneficial owner of our stock, or is referred to as a "purported record transferee" if, had the violative transfer been effective, the person or entity would have been solely a record owner of our stock.

The constructive ownership rules under the Internal Revenue Code are complex and may cause stock owned actually or constructively by a group of related individuals and/or entities to be owned constructively by one individual or entity. As a result, the acquisition of less than 9.8% of our stock (or the acquisition of an interest in an entity that owns, actually or constructively, our stock) by an individual or entity, could, nevertheless cause that individual or entity, or another individual or entity, to own constructively in excess of 9.8% of our outstanding stock and thereby subject the stock to the ownership limit. Our charter, however, requires exceptions to be made to this limitation if our board of directors determines that such exceptions will not jeopardize our tax status as a REIT. This ownership limit could delay, defer or prevent a change of control or other transaction that might involve a premium price for our common stock or otherwise be in the best interest of our security holders.

Certain tax and anti-takeover provisions of our charter and bylaws may inhibit a change of our control.

Certain provisions contained in our charter and bylaws and the Maryland General Corporation Law may discourage a third-party from making a tender offer or acquisition proposal to us. If this were to happen, it could delay, deter or prevent a change in control or the removal of existing management. These provisions also may delay or prevent the security holders from receiving a premium for their securities over then-prevailing market prices. These provisions include:

the REIT ownership limit described above;

authorization of the issuance of our preferred shares with powers, preferences or rights to be determined by our board of directors;

the right of our board of directors, without a stockholder vote, to increase our authorized shares and classify or reclassify unissued shares;

advance-notice requirements for stockholder nomination of directors and for other proposals to be presented to stockholder meetings; and

the requirement that a majority vote of the holders of common stock is needed to remove a member of our board of directors for "cause."

The Maryland business statutes also impose potential restrictions on a change of control of our company.

Various Maryland laws may have the effect of discouraging offers to acquire us, even if the acquisition would be advantageous to security holders. Our bylaws exempt us from some of those laws, such as the control share acquisition provisions, but our board of directors can change our bylaws at any time to make these provisions applicable to us.

Our rights and the rights of our security holders to take action against our directors and officers are limited.

Maryland law provides that a director or officer has no liability in that capacity if he or she performs his or her duties in good faith, in a manner he or she reasonably believe to be in our best interests and with the care that an ordinary prudent person in a like position would use under similar circumstances. In addition, our charter eliminates our directors' and officers' liability to us and our stockholders for money damages except for liability resulting from actual receipt of an improper benefit in money, property or services or active and deliberate dishonesty established by a final judgment and which is material to the cause of action. Our bylaws require us to indemnify directors and officers for liability resulting from actions taken by them in those capacitates to the maximum extent permitted by Maryland law. As a result, we and our security holders may have more limited rights against our directors and officers than might otherwise exist under common law. In addition, we may be obligated to fund the defense costs incurred by our directors and officers.

Item 1B. Unresolved Staff Comments

There were no unresolved comments from the staff of the SEC at December 31, 2010.

Item 2. Properties

The following table presents certain summary information about our properties. Our properties generally are modern facilities, and amenities at most of our properties include a swimming pool, basketball courts and a large community center featuring a fitness center, computer center, study areas, and a recreation room with billiards and other games. Some properties also have a jacuzzi/hot tub, volleyball courts, tennis courts and in-unit washers and dryers. Callaway House also has a food service facility. Lease terms are generally 12 months at wholly-owned properties and 9 months at our on-campus participating properties. These properties are included in the Wholly-Owned Properties and On-Campus Participating Properties segments discussed in Item 1 and the accompanying Notes to Consolidated Financial Statements contained in Item 8. All dollar amounts in this table and others herein, except share and per share amounts, are stated in thousands unless otherwise indicated.

We own fee title to all of these properties except for:

University Village at Temple, which is subject to a 75-year ground lease with Temple University (with four additional six-year extensions);

University Centre, which is subject to a 95-year ground lease;

Vista del Sol and Barrett Honors College, which are both subject to a 65-year ground/facility lease with Arizona State University (both with two additional ten-year extensions);

Lobo Village, which is subject to a 40-year ground/facility lease with the University of New Mexico (with three additional ten-year extensions);

Portland State University project, which is subject to a 65-year ground/facility lease with Portland State University (with two additional ten-year extensions); and

Four on-campus participating properties held under ground/facility leases with two university systems.

Property	Year Built	Date Acquired/ Developed	Primary University Served	Typical Lease Term (Mos)	Year Ended December 31, 2010 Revenue	Average Monthly Revenue/ Bed (1)	2010 Average Occupancy (1)	Occupanc as of 12/31/10
WHOLLY-OWNED PROPERTIES								
Villas on Apache	1987	May-99	Arizona State University Main Campus	12	$1,625	$548	78.6%	86.8 %
The Village at Blacksburg	1990/ 1998	Dec-00	Virginia Polytechnic Institute and State University	12	5,170	396	99.2%	98.9 %
River Club Apartments	1996	Aug-99	The University of Georgia – Athens	12	3,414	363	96.1%	96.7 %
River Walk Townhomes	1998	Aug-99	The University of Georgia – Athens	12	1,439	358	97.6%	97.6 %
The Callaway House	1999	Mar-01	Texas A&M University	9	7,517(2)	n/a (2)	78.3%	103.2%
The Village at Alafaya Club	1999	Jul-00	The University of Central Florida	12	6,042	572	99.2%	99.5 %
The Village at Science Drive	2000	Nov-01	The University of Central Florida	12	5,360	586	99.4%	99.3 %
University Village at Boulder Creek	2002	Aug-02	The University of Colorado at Boulder	12	2,842	729	98.7%	98.7 %
University Village - Fresno	2004	Aug-04	California State University – Fresno	12	2,620	528	93.1%	86.9 %
University Village - Temple (3)	2004	Aug-04	Temple University	12	6,755	688	99.0%	98.7 %
University Village at Sweet Home	2005	Aug-05	State University of New York – Buffalo	12	6,572	654	98.6%	99.0 %
University Club Tallahassee (4)	2000	Feb-05	Florida State University	12	4,286	449	99.0%	99.2 %
The Grove at University Club (4)	2002	Feb-05	Florida State University	12	902	462	96.2%	98.4 %
College Club Tallahassee (4)	2001	Feb-05	Florida A&M University	12	2,159	357	94.0%	95.6 %
	2004	Feb-05	Florida A&M University	12	900	351	95.7%	96.9 %

The Greens at College Club (4)								
University Club Apartments	1999	Feb-05	University of Florida	12	2,104	432	93.8%	97.9 %
The Estates	2002	Mar-05	University of Florida	12	6,651	523	96.3%	96.2 %
CityParc at Fry Street	2004	Mar-05	University of North Texas	12	2,997	580	98.6%	98.1 %
Entrada Real	2000	Mar-06	University of Arizona	12	2,651	545	99.3%	99.2 %
Royal Oaks (4)	1990	Mar-06	Florida State University	12	1,236	436	99.9%	100.0%
Royal Pavilion (4)	1991	Mar-06	Florida State University	12	1,125	437	99.8%	100.0%
Royal Village Tallahassee (4)	1992	Mar-06	Florida State University	12	1,589	444	98.2%	98.6 %
Royal Village Gainesville	1996	Mar-06	University of Florida	12	2,825	514	95.9%	94.0 %
Northgate Lakes	1997/98	Mar-06	The University of Central Florida	12	5,034	566	98.8%	99.4 %
Royal Lexington	1994	Mar-06	The University of Kentucky	12	1,925	412	97.7%	98.9 %

Property	Year Built	Date Acquired/ Developed	Primary University Served	Typical Lease Term (Mos)	Year Ended December 31, 2010 Revenue	Average Monthly 2010 Revenue Per Bed (1)	Average Occupancy (1)	Occupancy as of 12/31/10	# of Buildings	# of Units	# of Beds
The Woods at Greenland	2001	Mar-06	Middle Tennessee State University	12	1,372	402	97.6 %	97.8 %	3	78	276
Raiders Crossing	2002	Mar-06	Middle Tennessee State University	12	1,481	429	98.9 %	99.6 %	4	96	276
Raiders Pass	2002/03	Mar-06	Texas Tech University	12	4,756	453	99.4 %	99.6 %	12	264	828
Aggie Station	2003	Mar-06	Texas A&M University	12	2,786	506	99.8 %	99.6 %	5	156	450
The Outpost - San Marcos	2003/04	Mar-06	Texas State University – San Marcos	12	2,883	474	99.6 %	99.6 %	5	162	486
The Outpost - San Antonio	2005	Mar-06	University of Texas – San Antonio	12	5,724	538	99.9 %	100.0 %	10	276	828
Callaway Villas	2006	Aug-06	Texas A&M University	12	5,413	683	87.9 %	99.4 %	20	236	704
The Village on Sixth Avenue	2000/ 2006	Jan-07	Marshall University	12	3,988	438	97.4 %	97.2 %	14	248	752
Newtown Crossing	2005/ 2007	Feb-07	University of Kentucky	12	5,854	540	92.9 %	97.7 %	7	356	942
Olde Towne University Square	2005	Feb-07	University of Toledo	12	3,801	542	99.7 %	99.6 %	4	224	550
Peninsular Place	2005	Feb-07	Eastern Michigan University	12	2,653	439	96.9 %	98.5 %	2	183	478
	2007	Aug-07		9/12	6,890	742	86.9 %	98.0 %	2	234	838

University Centre			Rutgers University, NJIT, Essex CCC								
Sunnyside Commons	1925-2001	Feb-08	West Virginia University	12	827	412	100.3%	101.2%	9	68	161
Pirates Place Townhomes	1996	Feb-08	East Carolina University	12	1,936	306	86.0 %	90.9 %	12	144	528
The Highlands	2004	June-08	University of Nevada at Reno	12	3,559	412	94.6 %	91.8 %	17	216	732
Jacob Heights I (4)	2004	June-08	Minnesota State University	12	826	505	80.8 %	90.1 %	11	42	162
Jacob Heights III (4)	2006	June-08	Minnesota State University	12	489	500	81.6 %	94.8 %	14	24	96
The Summit (4)	2003	June-08	Minnesota State University	12	3,427	416	98.1 %	98.7 %	9	192	672
GrandMarc – Seven Corners	2000	June-08	University of Minnesota	12	4,542	632	118.3%	125.7%	1	186	440
University Village – Sacramento	1979	June-08	California State University – Sacramento	12	2,459	534	94.0 %	100.0%	41	250	394
Aztec Corner	1995	June-08	San Diego State University	12	4,643	627	98.7 %	98.3 %	3	180	606
University Crossings	1926/ 2003	June-08	University of Pennsylvania / Drexel	12	7,936	541	98.4 %	99.4 %	1	260	1,016
Campus Corner	1997	June-08	Indiana University	12	3,876	422	93.7 %	99.0 %	23	254	796
The Tower at 3rd	1973	June-08	University of Illinois	12	2,749	658	97.2 %	94.1 %	1	188	375
University Mills	2002	June-08	University of Northern Iowa	12	2,285	381	98.8 %	99.0 %	11	121	481
Pirates Cove	2000	June-08	East Carolina University	12	4,363	334	96.6 %	98.4 %	26	264	1,056

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Property	Year Built	Date Acquired/ Developed	Primary University Served	Typical Lease Term (Mos)	Year Ended December 31, 2010	Average Monthly Revenue Per Bed (1)	2010 Average Occupancy (1)	Occupancy as of 12/31/10	# of Buildings	# of Units	# of Beds
University Manor	2002	June-08	East Carolina University	12	2,773	359	99.1 %	98.8 %	18	168	600
Brookstone Village	1993	June-08	UNC – Wilmington	12	1,334	433	102.2 %	102.5 %	12	124	238
Campus Walk – Wilmington	1989	June-08	UNC – Wilmington	12	1,831	511	96.7 %	104.5 %	12	289	290
Campus Club – Statesboro	2003	June-08	Georgia Southern University	12	4,874	410	94.6 %	95.0 %	26	276	984
University Pines	2001	June-08	Georgia Southern University	12	2,596	395	94.5 %	97.6 %	13	144	552
Lakeside Apartments	1991	June-08	University of Georgia	12	3,552	368	94.4 %	96.6 %	20	244	776
The Club	1989	June-08	University of Georgia	12	1,788	310	97.8 %	97.1 %	17	120	480
The Edge -Orlando	1999	June-08	Central Florida	12	6,691	555	99.4 %	99.6 %	21	306	930
University Place	2003	June-08	University of Virginia	12	2,249	380	91.1 %	94.5 %	12	144	528
Southview Apartments	1998	June-08	James Madison University	12	5,179	447	97.6 %	98.9 %	21	240	960
Stone Gate Apartments	2000	June-08	James Madison University	12	3,725	459	98.7 %	99.3 %	15	168	672
The Commons	1991	June-08	James Madison University	12	2,339	389	91.1 %	97.7 %	11	132	528
	2001	June-08		12	2,906	353	96.8 %	97.1 %	15	168	648

University Gables			Middle Tennessee State University								
Campus Ridge	2003	June-08	East Tennessee State University	12	2,334	368	93.3 %	97.0 %	10	132	528
The Enclave	2002	June-08	Bowling Green State University	12	1,590	265	98.4 %	99.0 %	11	120	480
Hawks Landing	1994	June-08	Miami University of Ohio	12	2,029	381	88.5 %	98.8 %	13	122	484
Willowtree Apartments (4)	1968	June-08	University of Michigan	12	3,000	464	92.2 %	99.5 %	13	310	568
Willowtree Towers (4)	1974	June-08	University of Michigan	12	1,494	464	92.2 %	99.6 %	3	163	283
Abbott Place	1999	June-08	Michigan State University	12	3,403	422	99.1 %	98.9 %	9	222	654
The Centre	2004	June-08	Western Michigan University	12	3,169	363	98.9 %	99.4 %	23	232	700
University Meadows	2001	June-08	Central Michigan University	12	2,640	364	92.7 %	97.9 %	23	184	616
Campus Way	1993	June-08	University of Alabama	12	3,620	424	98.4 %	97.8 %	9	196	684
University Pointe	2004	June-08	Texas Tech University	12	4,389	519	99.0 %	99.1 %	11	204	682
University Trails	2003	June-08	Texas Tech University	12	4,104	482	98.7 %	99.4 %	20	240	684
Vista del Sol - ACE (5)	2008	Aug-08	Arizona State University	12	15,451	626	98.2 %	99.4 %	12	613	1,866
Villas at Chestnut	2008	Aug-08	State University of	12	4,615	689	98.8 %	99.3 %	12	196	552

Ridge			New York – Buffalo										
Subtotal – Same Store Wholly-Owned Properties (6)					270,933	482	96.4 %		98.4 %		910	14,092	44,482
Barrett Honors College –ACE (5)	2009	Aug-09	Arizona State University	12	11,729	730	73.1 %		97.8 %		7	602	1,721
Campus Trails	1991	June-08	Mississippi State University	12	1,932	366	87.7 %		84.2 %		14	156	480
University Heights (7)	2001	Mar-10	University of Alabama at Birmingham	12	1,957	364	90.9 %		97.9 %		8	176	528
Sanctuary Lofts (7)	2008	July-10	Texas State University – San Marcos	12	1,663	516	96.2 %		94.5 %		4	201	487

Property	Year Built	Date Acquired/ Developed	Primary University Served	Typical Lease Term (Mos)	Year Ended December 31, 2010 Revenue	Average Monthly Revenue/ Bed (1)	2010 Average Occupancy (1)	Occupancy as of 12/31/10	# of Buildings	# of Units
Lions Crossing (7)	1996	Sep-10	Penn State University	12	1,479	484	99.4%	99.4%	17	204
Nittany Crossing (7)	1996/97	Sep-10	Penn State University	12	1,345	460	99.4%	99.4%	11	204
State College Park (7)	1991	Sep-10	Penn State University	12	1,427	438	99.5%	99.5%	15	196
The View (7)	2003	Sep-10	University of Nebraska	12	732	310	97.1%	97.5%	12	157
Chapel Ridge (7)	2003	Sep-10	UNC – Chapel Hill	12	1,281	598	98.3%	97.4%	13	180
Chapel View (7)	1986/ 2003	Sep-10	UNC – Chapel Hill	12	874	617	96.8%	96.9%	14	224
University Oaks (7)	2004	Sep-10	University of South Carolina	12	1,282	476	98.9%	98.8%	14	181
Blanton Common (7)	2005/07	Sep-10	Valdosta State University	12	1,361	421	89.9%	90.6%	21	276
Burbank Commons (7)	1995	Sep-10	Louisiana State University	12	888	420	98.7%	98.7%	7	134
University Crescent (7)	1999	Sep-10	Louisiana State University	12	1,257	501	99.0%	98.9%	15	192
University Greens (7)	1999	Sep-10	University of Oklahoma	12	768	392	91.7%	92.4%	13	156
The Edge – Charlotte (7)	2000	Nov-10	University of North Carolina at Charlotte	12	604	418	98.5%	98.6%	15	180
University Walk (7)	2002	Nov-10	University of North Carolina at Charlotte	12	441	451	98.4%	98.5%	12	120

Uptown Apartments (7)	2004	Nov-10	University of North Texas	12	583	544	98.8%	98.9%	12	180
Jefferson 2nd Avenue (7)	2008	Dec-10	University of Florida	12	434	503	98.6%	98.6%	7	274
Villas at Babcock (8)	2011	Aug-11	University of Texas – San Antonio	12	21	n/a	n/a	n/a	16	204
Lobo Village - ACE (8)	2011	Aug-11	University of New Mexico	12	45	n/a	n/a	n/a	20	216
Villas on Sycamore (8)	2011	Aug-11	Sam Houston State University	12	8	n/a	n/a	n/a	88	170
Portland State University - ACE (9)	2012	Aug-12	Portland State University	12	-	n/a	n/a	n/a	1	282
Subtotal – New Wholly-Owned Properties					32,111	510	88.3%	97.0%	356	4,865
Total – Wholly-Owned Properties					303,044	488	95.5%	98.1%	1,266	18,957
ON-CAMPUS PARTICIPATING PROPERTIES (10) (11)										
University Village – PVAMU	1996/ 97/98	Aug-96 Aug-98	Prairie View A&M University	9	9,265	506	76.9%	97.2%	30	612
University College – PVAMU	2000/ 2003	Aug-00 Aug-03	Prairie View A&M University	9	6,993	510	71.9%	99.8%	14	756
University Village – TAMIU	1997	Aug-97	Texas A&M International University	9	1,282	498	79.3%	88.4%	4	84
Cullen Oaks	2001/ 2005	Aug-01 Aug-05	The University of Houston	9	6,435	712	84.6%	98.1%	4	411
Total - On-Campus Participating Properties					23,975	547	76.9%	97.7%	52	1,863
Grand Total- All Properties					$327,019	$493 (12)	94.0%	98.0%	1,318	20,820

(1) Average monthly revenue per bed is calculated based upon our base rental revenue earned during typical lease terms for the year ended December 31, 2010 divided by average occupied beds over the typical lease term. Average occupancy is calculated based on the average number of occupied beds during typical lease terms for the year ended December 31, 2010 divided by total beds.

(2) As rent at this property includes food services, revenue is not comparable to the other properties in this chart.

(3) Subject to a 75-year ground lease with Temple University.

(4) For lease administration purposes, University Club Tallahassee and The Grove at University Club are reported combined, College Club Tallahassee and The Greens at College Club are reported combined, Royal Oaks, Royal Pavilion, and Royal Village Tallahassee are reported combined, Jacob Heights I, Jacob Heights III, and The Summit are reported combined, and Willowtree Apartments and Willowtree Towers are reported combined. As a result, revenue for the year ended December 31, 2010 is allocated to the respective properties based on relative bed count.

(5) Subject to a 65-year ground/facility lease with Arizona State University.

(6) Our same store wholly-owned portfolio represents properties that were owned by us for both of the full years ended December 31, 2010 and 2009.

(7) These properties were acquired during 2010. Average occupancy is calculated based on the period these properties were owned and operated by us in 2010.

(8) Currently under development with a scheduled completion date of August 2011.

(9) Currently under development with a scheduled completion date of August 2012.

(10) Although our on-campus participating properties accounted for 8.9% of our units, 7.0% of our beds and 7.3% of our revenues for the year ended December 31, 2010, because of the structure of their ownership and financing we have only received approximately $1.7 million in distributions of excess cash flow during the year ended December 31, 2010. The ground/facility leases through which we own our on-campus participating properties provide that the university lessor may purchase our interest in and assume the management of the facility.

(11) Subject to ground/facility leases with their primary university systems. Average occupancy is calculated based on the nine month academic year (excluding the summer months).

(12) Does not include revenues from The Callaway House because of its food service component.

Item 3. Legal Proceedings

From time to time, we are subject to various lawsuits, claims and proceedings arising in the ordinary course of business. As of December 31, 2010, none of these were expected to have a material adverse effect on our cash flows, financial condition, or results of operations.

Item 4. [Removed and Reserved]

PART II

Item 5. Market for the Registrant's Common Equity and Related Stockholder Matters

Market Information

The Company's common stock has been listed and is traded on the New York Stock Exchange ("NYSE") under the symbol "ACC". The following table sets forth, for the periods indicated, the high and low sale prices in dollars on the NYSE for our common stock and the distributions we declared with respect to the periods indicated.

	High	Low	Distributions Declared
Quarter ended March 31, 2009	$ 23.43	$ 14.88	$ 0.3375
Quarter ended June 30, 2009	$ 24.17	$ 16.65	$ 0.3375
Quarter ended September 30, 2009	$ 29.09	$ 19.33	$ 0.3375
Quarter ended December 31, 2009	$ 28.86	$ 25.62	$ 0.3375
Quarter ended March 31, 2010	$ 28.90	$ 24.20	$ 0.3375
Quarter ended June 30, 2010	$ 30.56	$ 23.62	$ 0.3375
Quarter ended September 30, 2010	$ 31.34	$ 25.92	$ 0.3375
Quarter ended December 31, 2010	$ 33.63	$ 30.03	$ 0.3375

Holders

As of February 23, 2011, there were approximately 22,400 holders of record of the Company's common stock and 66,915,264 shares of common stock outstanding.

Distributions

We intend to continue to declare quarterly distributions on our common stock. The actual amount, timing and form of payment of distributions, however, will be at the discretion of our Board of Directors and will depend upon our financial condition in addition to the requirements of the Code, and no assurance can be given as to the amounts, timing or form of payment of future distributions. The payment of distributions is subject to restrictions under the Company's corporate-level debt described in Note 11 to the Consolidated Financial Statements in Item 8 and discussed in Management's Discussion and Analysis of Financial Condition and Results of Operations in Item 7 under Liquidity and Capital Resources.

Equity Compensation Plans

In May 2010, our stockholders approved the American Campus Communities, Inc. 2010 Incentive Award Plan (the "2010 Plan"). The 2010 Plan provides for the grant of various stock-based incentive awards to selected employees and directors of the Company and the Company's affiliates. The types of awards that may be granted under the 2010 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 of 1.7 million shares of the Company's common stock for issuance pursuant to the 2010 Plan, subject to certain adjustments for changes in the Company's capital structure, as defined in the 2010 Plan. Refer to Note 13 in the accompanying Notes to Consolidated Financial Statements in Item 8 for a more detailed description of the Plan. As of December 31, 2010, the total units and shares issued under the Plan were as follows:

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	# of Securities to be Issued Upon Exercise of Outstanding Options, Warrants, and Rights		Weighted-Average Exercise Price of Outstanding Options, Warrants, and Rights	# of Securities Remaining Available for Future Issuance Under Equity Compensation Plans
Equity Compensation Plans Approved by Security Holders	638,807	(1)	$ -0-	1,722,965
Equity Compensation Plans Not Approved by Security Holders	n/a		n/a	n/a

(1) Consists of restricted stock awards granted to executive officers and certain employees and common units of limited partnership interest in the Operating Partnership.

Item 6. Selected Financial Data

The following table sets forth selected financial and operating data on a consolidated historical basis for the Company.

The following data should be read in conjunction with the Notes to Consolidated Financial Statements in Item 8 and Management's Discussion and Analysis of Financial Condition and Results of Operations included in Item 7.

	As of and for the Year Ended December 31,				
	2010	2009	2008	2007	2006
Statements of Operations Information:					
Revenues	$344,991	$304,946	$231,155	$147,135	$118,953
Income (loss) from continuing operations	25,091	(987)	(11,342)	(1,431)	3,700
Discontinued operations:					
(Loss) income attributable to discontinued operations	(4,288)	(2,115)	(1,477)	-	2,287
(Loss) gain from disposition of real estate	(3,705)	(9,358)	-	-	18,648
Net income (loss)	17,098	(12,460)	(12,819)	(1,431)	24,635
Net income attributable to noncontrolling interests	(888)	(380)	(236)	(255)	(2,038)
Net income (loss) attributable to common shareholders	16,210	(12,840)	(13,055)	(1,686)	22,597
Per Share and Distribution Data:					
Earnings per diluted share:					
Income (loss) from continuing operations	$0.40	$(0.05)	$(0.32)	$(0.08)	$0.08
Discontinued operations	(0.14)	(0.23)	(0.04)	-	1.08
Net income (loss)	0.26	(0.28)	(0.36)	(0.08)	1.16
Cash distributions declared per share / unit	1.35	1.35	1.35	1.35	1.35
Cash distributions declared	76,424	64,492	50,563	32,931	25,287
Balance Sheet Data:					
Total assets	$2,693,484	$2,234,981	$2,183,909	$1,076,296	$884,381
Secured mortgage, construction and bond debt	1,144,103	1,029,455	1,162,221	533,430	432,294
Senior secured term loan	100,000	100,000	100,000	-	-
Secured revolving credit facilities	101,000	94,000	14,700	9,600	-
Capital lease obligations	911	2,314	2,555	2,798	2,348
Stockholders' equity	1,213,962	899,030	785,119	428,562	341,944
Selected Owned Property Information:					
Owned properties	104	85	86	44	38
Units	20,820	17,008	17,212	9,519	7,711
Beds	64,933	52,118	52,817	28,657	23,663
Occupancy as of December 31,	98.0%	96.2%	92.4%	95.1%	96.2%
	$118,084	$77,579	$36,395	$29,047	$35,237

Net cash provided by operating activities					
Net cash used in investing activities	(246,163)	(120,664)	(435,275)	(187,591)	(102,718)
Net cash provided by financing activities	175,493	83,578	412,407	91,510	121,947
Funds From Operations ("FFO"):					
Net income (loss) attributable to common shareholders	$16,210	$(12,840)	$(13,055)	$(1,686)	$22,597
Noncontrolling interests	888	380	236	255	2,038
Loss (gain) from disposition of real estate	3,705	9,358	-	-	(18,648)
Loss from unconsolidated joint ventures	2,023	2,073	1,619	108	-
FFO from unconsolidated joint ventures	(1,195)	246	(487)	(108)	-
Real estate related depreciation and amortization	75,667	75,814	56,459	29,824	24,956
Funds from operations (1) (2)	$97,298	$75,031	$44,772	$28,393	$30,943

(1) As defined by the National Association of Real Estate Investment Trusts or NAREIT, funds from operations or FFO represents income (loss) before allocation to minority interests (computed in accordance with GAAP), excluding gains (or losses) from sales of property, plus real estate related depreciation and amortization (excluding amortization of loan origination costs) 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 is intended to exclude 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. Because FFO excludes depreciation and amortization unique to real estate, gains and losses from property dispositions and extraordinary items, it provides a performance measure that, when compared year over year, reflects the impact to operations from trends in occupancy rates, rental rates, operating costs, development activities and interest costs, 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 March 1995 White Paper (as amended in November 1999 and April 2002), which may differ from the methodology for calculating FFO utilized by other equity REITs and, accordingly, may not be comparable to such other REITs. Further, FFO does 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 should not be considered as an alternative to net income (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 is it indicative of funds available to fund our cash needs, including our ability to pay distributions.

(2) When considering our FFO, we believe it is also a meaningful measure of our performance to make certain adjustments related to our on-campus participating properties. See Management's Discussion and Analysis of Financial Condition and Results of Operations—Funds from Operations in Item 7 contained herein.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

Our Company and Our Business

Overview

We are 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. 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.

Property Portfolio

As of December 31, 2010, our total property portfolio contained 104 student housing properties with approximately 65,000 beds in approximately 20,800 apartment units, all of which we manage. Our communities contain modern housing units and are supported by a resident assistant system and other student-oriented programming, with many offering resort-style amenities.

As of December 31, 2010, our property portfolio included 100 wholly-owned properties, which consisted of 96 owned off-campus properties that are in close proximity to 68 colleges and universities in 27 states and four owned on-campus properties, two of which were under construction as of December 31, 2010. The net operating income of

these student housing communities, which is one of the financial measures that we use to evaluate community performance, is affected by the demand and supply dynamics within our markets, which drives our rental rates and occupancy levels and is affected by our ability to control operating costs. Our overall operating performance is also impacted by the general availability and cost of capital and the performance of our newly developed and acquired student housing communities. Our primary business objectives are to create long-term stockholder value by accessing capital on cost effective terms, deploying that capital to develop, redevelop and acquire student housing communities and selling communities when they no longer meet our long-term investment strategy and when market conditions are favorable.

The construction of our four owned on-campus properties is funded with our equity through the ACE program which enables colleges and universities to preserve their credit capacity to fund core academic infrastructure. Each of these properties operate under a ground/facility lease with a related university system.

Additionally, we participate with two university systems in the ownership of four on-campus properties under long-term ground/facility leases; we refer to these properties as our "on-campus participating properties."

Third-Party Development and Management Services

We also provide development and construction management services for student housing properties owned by universities, 501(c) 3 foundations and others. Our clients have included some of the nation's most prominent systems of higher education, including the State University of New York System, the University of California System, the University of Houston System, the Texas A&M University System, the Texas State University System, the University of Georgia System, the University of North Carolina System, the Purdue University System, the University of Colorado System, and the West Virginia University System. We have developed student housing properties for these clients and a majority of the time have been retained to manage these properties following their opening. Since 1996, we have developed and assisted in securing financing for 36 third-party student housing properties. As of December 31, 2010, we were under contract on two projects that are currently in progress and whose fees range from $2.2 million to $2.5 million. As of December 31, 2010, fees of approximately $1.3 million remained to be earned by us with respect to these projects, which have scheduled completion dates of August 2011.

As of December 31, 2010, we owned a noncontrolling interest in one joint venture that owned one student housing property with approximately 600 beds in approximately 200 units. We also provided third-party management and leasing services for 37 properties that represented approximately 28,200 beds in approximately 10,700 units, nine of which we developed. Our third-party management and leasing services are typically provided pursuant to management contracts that have initial terms that range from one to five years. As of December 31, 2010, our total owned, joint venture and third-party managed portfolio was comprised of 142 properties that represented approximately 93,800 beds in approximately 31,700 units.

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. While fee revenue from our third-party development, construction management and property management services allows us to develop strong and key relationships with colleges and universities, this area has over time become a smaller portion of our operations due to the continued focus on and growth of our wholly-owned property portfolio. Nevertheless, we believe these services continue to provide synergies with respect to our ability to identify, close, and successfully operate student housing properties.

Critical Accounting Policies

The preparation of financial statements in conformity with accounting principles generally accepted in the United States ("GAAP") requires management to make estimates and assumptions in certain circumstances that affect amounts reported in our consolidated and combined financial statements and related notes. In preparing these financial statements, management has utilized all available information, including its past history, industry standards and the current economic environment, among other factors, in forming its estimates and judgments of certain amounts included in the consolidated and combined financial statements, giving due consideration to materiality. It is possible that the ultimate outcome anticipated by management in formulating its estimates may not be realized. Application of the critical accounting policies below involves the exercise of judgment and use of assumptions as to future uncertainties and, as a result, actual results could differ from these estimates. In addition, other companies in similar businesses may utilize different estimation policies and methodologies, which may impact the comparability of our results of operations and financial condition to those companies.

Revenue and Cost Recognition of Third-Party Development and Management Services

Development revenues are generally recognized based on a proportionate performance method based on contract deliverables, while construction revenues are recognized using the percentage of completion method, as determined by construction costs incurred relative to total estimated construction costs. For projects where our fee is based on a fixed price, any cost overruns incurred during construction, as compared to the original budget, will reduce the net fee generated on those projects. Incentive fees are generally recognized when the project is complete and performance has been agreed upon by all parties, or when performance has been verified by an independent third-party.

We also evaluate the collectability of fee income and expense reimbursements generated through the provision of development and construction management services based upon the individual facts and circumstances, including the contractual right to receive such amounts in accordance with the terms of the various projects, and reserve any amounts that are deemed to be uncollectible.

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

Third-party management fees are generally received and recognized on a monthly basis and are computed as a percentage of property receipts, revenues or a fixed monthly amount, in accordance with the applicable management contract. Incentive management fees are recognized when the contractual criteria have been met.

Student Housing Rental Revenue Recognition and Accounts Receivable

Student housing rental revenue is recognized on a straight-line basis over the term of the contract. Ancillary and other property related income is recognized in the period earned. In estimating the collectability of our accounts receivable, we analyze the aging of resident receivables, historical bad debts, and current economic trends. These estimates have a direct impact on our net income, as an increase in our allowance for doubtful accounts reduces our net income.

Allocation of Fair Value to Acquired Properties

The price that we pay to acquire a property is impacted by many factors, including the condition of the buildings and improvements, the occupancy of the building, favorable or unfavorable financing, and numerous other factors. Accordingly, we are required to make subjective assessments to allocate the purchase price paid to acquire investments in real estate among the assets acquired and liabilities assumed based on our estimate of the fair values of such assets and liabilities. This includes, among other items, determining the value of the buildings and improvements, land, in-place tenant leases, and any debt assumed from the seller. Each of these estimates requires a great deal of judgment and some of the estimates involve complex calculations. Our calculation methodology is summarized in Note 2 to our consolidated financial statements contained in Item 8 herein. These allocation assessments have a direct impact on our results of operations because if we were to allocate more value to land there would be no depreciation with respect to such amount or if we were to allocate more value to the buildings as opposed to allocating to the value of in-place tenant leases, this amount would be recognized as an expense over a much longer period of time, since the amounts allocated to buildings are depreciated over the estimated lives of the buildings whereas amounts allocated to in-place tenant leases are amortized over the terms of the leases (generally less than one year).

Long-Lived Assets–Impairment

On a periodic basis, management is required to assess whether there are any indicators that the value of our real estate properties may be impaired. A property’s value is considered impaired if management’s estimate of the aggregate future undiscounted cash flows to be generated by the property are less than the carrying value of the property. These estimates of cash flows consider factors such as expected future operating income, trends and prospects, as well as the effects of demand, competition and other factors. To the extent impairment has occurred, the loss will be measured as the excess of the carrying amount of the property over the fair value of the property, thereby reducing our net income.

Capital Expenditures

We distinguish between capital expenditures necessary for the ongoing operations of our properties and acquisition-related improvements incurred within one to two years of acquisition of the related property. (Acquisition-related improvements are expenditures that have been identified at the time the property is acquired, and which we intended to incur in order to position the property to be consistent with our physical standards). We capitalize non-recurring expenditures for additions and betterments to buildings and land improvements. In addition, we generally capitalize expenditures for exterior painting, roofing, and other major maintenance projects that substantially extend the useful life of the existing assets. The cost of ordinary repairs and maintenance that do not improve the value of an asset or extend its useful life are charged to expense when incurred. Planned major repair, maintenance and improvement projects are capitalized when performed. In some circumstances, lenders require us to maintain a reserve account for future repairs and capital expenditures. These amounts are classified as restricted cash on the accompanying consolidated balance sheets, as the funds are not available to us for current use.

Results of Operations

Comparison of the Years Ended December 31, 2010 and December 31, 2009

The following table presents our results of operations for the years ended December 31, 2010 and 2009, including the amount and percentage change in these results between the two periods.

	Year Ended December 31,			
	2010	2009	Change ($)	Change (%)
Revenues:				
Wholly-owned properties	$301,747	$267,294	$34,453	12.9 %
On-campus participating properties	23,975	22,727	1,248	5.5 %
Third-party development services	9,302	5,015	4,287	85.5 %
Third-party management services	8,670	8,795	(125)	(1.4 %)
Resident services	1,297	1,115	182	16.3 %
Total revenues	344,991	304,946	40,045	13.1 %
Operating expenses:				
Wholly-owned properties	143,037	130,147	12,890	9.9 %
On-campus participating properties	10,492	10,200	292	2.9 %
Third-party development and management services	12,781	11,250	1,531	13.6 %
General and administrative	11,561	10,955	606	5.5 %
Depreciation and amortization	77,234	74,554	2,680	3.6 %
Ground/facility leases	2,944	2,107	837	39.7 %
Total operating expenses	258,049	239,213	18,836	7.9 %
Operating income	86,942	65,733	21,209	32.3 %
Nonoperating income and (expenses):				
Interest income	187	118	69	58.5 %
Interest expense	(60,654)	(61,192)	538	(0.9 %)
Amortization of deferred financing costs	(4,485)	(3,435)	(1,050)	30.6 %
Loss from unconsolidated joint ventures	(2,023)	(2,073)	50	(2.4 %)
Other nonoperating income	5,694	402	5,292	1,316.4 %
Total nonoperating expenses	(61,281)	(66,180)	4,899	(7.4 %)
Income (loss) before income taxes and discontinued operations	25,661	(447)	26,108	(5,840.7 %)
Income tax provision	(570)	(540)	(30)	5.6 %
Income (loss) from continuing operations	25,091	(987)	26,078	(2,642.1 %)
Discontinued operations:				
Loss attributable to discontinued operations	(4,288)	(2,115)	(2,173)	102.7 %
Loss from disposition of real estate	(3,705)	(9,358)	5,653	(60.4 %)
Total discontinued operations	(7,993)	(11,473)	3,480	(30.3 %)
Net income (loss)	17,098	(12,460)	29,558	(237.2 %)
Income attributable to noncontrolling interests	(888)	(380)	(508)	133.7 %

Net income (loss) attributable to common shareholders	$16,210	$(12,840)	$29,050	$(226.2 %)

Wholly-Owned Properties Operations

Revenues from our wholly-owned properties for the year ended December 31, 2010 compared to the year ended December 31, 2009 increased by $34.5 million primarily due to the acquisition of 14 properties from two of our unconsolidated joint ventures in September and November 2010, the improved lease-up for the 2010/2011 academic year, the acquisition of three properties in March, July and December 2010, and the completion of construction of Barrett Honors College in August 2009. Operating expenses increased approximately $12.9 million for the year ended December 31, 2010 as compared to the prior year, primarily due to the same factors which affected the increase in revenues.

New Property Operations. Our new properties for the year ended December 31, 2010 as compared to year ended December 31, 2009 consist of the following: (i) 14 properties acquired in September and December 2010 from two joint ventures in which we previously held a 10% interest; (ii) Jefferson 2nd Avenue, acquired in December 2010; (iii) Sanctuary Lofts, acquired in July 2010; (iv) Campus Trails, a property that experienced significant property damage in April 2010 as a result of a fire in which 72 beds were destroyed and are currently in the process of being rebuilt; (v) University Heights, acquired in March 2010; and (vi) Barrett Honors College at Arizona State University, which completed construction and opened for occupancy in August 2009. These new properties contributed an additional $24.5 million of revenues and an additional $11.5 million of operating expenses during the year ended December 31, 2010 as compared to the year ended December 31, 2009.

Same Store Property Operations (Excluding New Property Activity). We had 77 properties containing 44,402 beds which were operating during both years ended December 31, 2010 and 2009. These properties produced revenues of $270.9 million and $260.8 million during the years ended December 31, 2010 and 2009, respectively, an increase of $10.1 million. This increase was primarily due to an increase in average occupancy from 93.1% during the year ended December 31, 2009 to 96.4% during the year ended December 31, 2010. Future revenues will be dependent on our ability to maintain our current leases in effect for the 2010/2011 academic year and our ability to obtain appropriate rental rates and desired occupancy for the 2011/2012 academic year at our various properties during our leasing period, which typically begins in January and ends in August.

At these existing same store properties, operating expenses increased by $1.4 million, from $127.9 million for the year ended December 31, 2009 to $129.3 million for the year ended December 31, 2010. This increase was primarily due to increased utilities costs as a result of higher occupancy at the properties and maintenance costs incurred during the year ended December 31, 2010 as compared with 2009. These increases were offset by a decrease in marketing costs incurred during the prior year in order to stimulate leasing velocity for the 2009/2010 academic year. We anticipate that operating expenses for our same store property portfolio in 2011 will increase slightly as compared with 2010 as a result of general inflation.

On-Campus Participating Properties (“OCPP”) Operations

We had four participating properties containing 4,519 beds which were operating during both years ended December 31, 2010 and 2009. Revenues from our participating properties increased to $24.0 million during the year ended December 31, 2010 from $22.7 million for the year ended December 31, 2009, an increase of $1.3 million. This increase was primarily a result of an increase in average rental rates during the year ended December 31, 2010 as compared to the prior year, as well as an increase in average occupancy from 74.7% for the year ended December 31, 2009 to 76.9% for the year ended December 31, 2010.

At these properties, operating expenses increased from $10.2 million for the year ended December 31, 2009 to $10.5 million for the year ended December 31, 2010, an increase of $0.3 million. This increase was primarily due to an

increase in bad debt expense. We anticipate that operating expenses in 2011 will increase slightly as compared with 2010 as a result of general inflation.

Third-Party Development Services Revenue

Third party development services revenue increased by $4.3 million, from $5.0 million during the year ended December 31, 2009 to $9.3 million for the year ended December 31, 2010. This increase was primarily due to $4.7 million of revenue earned during the year ended December 31, 2010 related to our participation in cost savings on the University of California – Irvine Phase III project, which completed construction and opened for occupancy in August 2010. During the year ended December 31, 2010, we had four projects in progress with an average contractual fee of approximately $4.0 million, as compared to the year ended December 31, 2009 in which we had five projects in progress with an average contractual fee of approximately $3.4 million. Closing of third-party development services projects during 2011 will be dependent upon the Company's university clients obtaining project financing, which has been adversely affected by current capital market conditions.

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. It is possible that projects for which we have deferred pre-development costs will not close and that we will not be reimbursed for such costs. The pre-development costs associated therewith will ordinarily be charged against income for the then-current period.

Third-Party Management Services Revenue

Third party management services revenue decreased by $0.1 million from $8.8 million for the year ended December 31, 2009 to $8.7 million for the year ended December 31, 2010. We experienced a decrease in management services revenue of $0.4 million during the year ended December 31, 2010 as a result of our September and November 2010 purchases of a 14-property portfolio from joint ventures in which we previously held a 10% interest. This decrease was offset by additional revenue of $0.6 million related to our Hampton Roads property, which completed the final phase of construction in July 2010. The remainder of the variance is due to contracts that terminated during 2009 and 2010, offset by new contracts obtained during the same periods. We anticipate third party management services revenue to decrease in 2011 primarily as a result of lost management fee revenue related to the 14- property portfolio purchased from joint ventures in September and November 2010, as well as the discontinuation of a large management contract at the University of Central Florida in January 2011 that contributed $1.2 million of management fees during the year ended December 31, 2010.

Resident Services Revenue

Revenue from resident services increased by $0.2 million, from $1.1 million for the year ended December 31, 2009 to $1.3 million for the year ended December 31, 2010. This increase was primarily due to additional revenue earned from the properties acquired during 2010.

Third-Party Development and Management Services Expenses

Third-party development and management services expenses increased by $1.5 million, from $11.3 million during the year ended December 31, 2009 to $12.8 million for the year ended December 31, 2010. This increase was primarily the result of approximately $0.9 million in reserves recorded during the year ended December 31, 2010 on predevelopment costs incurred for third-party development projects and accounts receivable from third-party management contracts. Additionally, we incurred an additional $0.4 million of expense during the year ended December 31, 2010 related to a third-party development project at Boise State University that did not move forward using us as developer due to the University’s decision to proceed with building a portion of the project themselves utilizing traditional University debt. We anticipate third-party development and management services expenses to decrease in 2011 as a result of less activity in our management services segment due to the 14 properties acquired from our joint ventures with Fidelity in September and November 2010, as well as an anticipated decrease in reserves recorded on predevelopment costs for third-party development projects and accounts receivable from third-party management contracts.

General and Administrative

General and administrative expenses increased by $0.6 million, from $11.0 million during the year ended December 31, 2009 to $11.6 million for the year ended December 31, 2010. This increase was primarily a result of $1.0 million of acquisition-related costs such as broker fees, due diligence costs and legal and accounting fees incurred for property acquisitions completed during the year ended December 31, 2010. We anticipate general and administrative expenses

to increase in 2011 as a result of increased salary and benefits expense, including restricted stock award amortization, increased public company expenses, anticipated increases in travel related expenditures and general inflationary increases.

Depreciation and Amortization

Depreciation and amortization increased by $2.7 million, from $74.5 million during the year ended December 31, 2009 to $77.2 million for the year ended December 31, 2010. This increase was primarily due to the following items: (i) additional depreciation and amortization expense of approximately $4.1 million recorded during the year ended December 31, 2010 related to the acquisition of a 14-property portfolio from two joint ventures in which we previously held a 10% interest in September and November 2010; (ii) additional depreciation and amortization expense of approximately $1.4 million recorded during the year ended December 31, 2010 as compared to the same period in 2009 related to renovation projects completed during 2009 and 2010 at several of the properties acquired from GMH; and (iii) the opening of Barrett Honors College in August 2009 and three other properties acquired in March, July and December 2010, which contributed an additional $3.5 million of depreciation and amortization expense during the year ended December 31, 2010 as compared to the prior year. These increases were offset by amortization expense of approximately $8.9 million related to the value assigned to in-place leases at the properties acquired from GMH, which was fully amortized by the end of 2009. We expect depreciation and amortization expense to increase in 2011 as a result of properties acquired during 2010 and the anticipated completion of three owned development projects, currently under construction, scheduled to open for occupancy in August 2011.

Ground/Facility Leases

Ground/facility leases expense increased by $0.8 million, from $2.1 million during the year ended December 31, 2009 to $2.9 million for the year ended December 31, 2010. This increase was primarily due to improved operating results at our on-campus participating properties, which increased our share of the cash flow available for distribution. We anticipate ground/facility leases expense to increase slightly in 2011 as a result of improved operations at our on-campus participating properties and the completion of construction and commencement of operations of another ACE development project in August 2011.

Interest Expense

Interest expense decreased by $0.5 million, from $61.2 million during the year ended December 31, 2009 to $60.7 million for the year ended December 31, 2010. We experienced a decrease in interest expense of approximately $6.0 million during the year ended December 31, 2010 as compared to the same period in 2009 as a result of mortgage loans paid off during 2009 and 2010. This decrease was offset by additional interest of $2.4 million incurred during the year ended December 31, 2010 related to loans assumed on the 14 properties we purchased from two joint ventures in September and November 2010, an additional $1.8 million in interest expense incurred during the year ended December 31, 2010 as compared to the prior year related to our Freddie Mac revolving credit facility entered into in September 2009, and an additional $0.3 million of interest expense incurred during the year ended December 31, 2010 as compared to the prior year related to the timing of draws and paydowns on our $225 million revolving credit facility. In addition, interest expense increased as a result of a decrease in capitalized interest of $1.7 million during the year ended December 31, 2010 as compared to the prior year due to the timing and volume of construction activities on our owned development projects during the respective periods. The remaining decrease in interest expense during the year ended December 31, 2010 is primarily a result of scheduled repayments of principal on our amortizing mortgage debt. We expect interest expense to decrease in 2011 due to the payoff of mortgage debt in 2010 and mortgage debt scheduled to mature in 2011, and an increase in capitalized interest associated with our increased owned development activity, offset by additional interest expense incurred in connection with loans assumed on the 14 properties acquired from two joint ventures in 2010 and additional interest expense incurred from anticipated borrowings on our corporate-level debt.

Amortization of Deferred Financing Costs

Amortization of deferred financing costs increased approximately $1.1 million, from $3.4 million during the year ended December 31, 2009 to $4.5 million for the year ended December 31, 2010, primarily due to an additional $1.3 million of finance cost amortization incurred during the year ended December 31, 2010 related to the refinancing of our revolving credit facility in August 2009 and the Freddie Mac revolving credit facility entered into in September 2009. We also incurred an additional $0.2 million of amortization of finance costs incurred to assume debt on the 14 properties acquired from two joint ventures in 2010. These increases were offset by a decrease in finance cost amortization of $0.4 million as a result of mortgage loans paid off during 2009 and 2010. We expect amortization of deferred financing costs in 2011 to increase slightly as a result of debt assumed in connection with our acquisition of 14 properties in September and November 2010, offset by mortgage loans paid off in 2010 and 2011.

Loss from Unconsolidated Joint Ventures

Loss from unconsolidated joint ventures represents our share of the net loss from the Hampton Roads military housing joint venture in which we have a minimal economic interest, as well as our 10% share of the loss from two joint ventures with Fidelity. In September and November 2010, we acquired the full ownership interests in 14 properties previously owned by the Fidelity joint ventures. Subsequent to the acquisition, the 14 properties containing 8,534 beds are now wholly-owned and are consolidated by us. One property containing 636 beds was not acquired by us

and will continue to be owned by one of the Fidelity joint ventures. Loss from unconsolidated joint ventures decreased approximately $0.1 million from $2.1 million during the year ended December 31, 2009 to $2.0 million for the year ended December 31, 2010. This decrease was primarily a result of our purchase of the full ownership interests in 14 joint venture properties in September and November 2010, as more fully described above.

Other Nonoperating Income

Other nonoperating income of $5.7 million for the year ended December 31, 2010 represents the following items: (i) a $4.1 million gain recorded as a result of remeasuring our equity method investments in two joint ventures, in which we previously held a 10% interest, to fair value immediately prior to our September and November 2010 acquisitions of the remaining 90% interest in 14 properties previously owned by the joint ventures; and (ii) a gain on insurance settlement of $1.6 million related to a fire that occurred at one of our owned off-campus properties in April 2010. The gain represents insurance proceeds received in excess of the book value of the property written off as a result of the fire damage. Other nonoperating income of $0.4 million for the year ended December 31, 2009 represents tax incentive amounts received in cash in excess of our estimate of the future potential benefit of the tax incentive recorded upon acquisition of a property located in Ypsilanti, Michigan. Upon acquisition of this property in February 2007, any future potential benefit of such tax incentive was assumed from the seller.

Discontinued Operations

Discontinued operations for the periods presented includes the following properties: (i) Riverside Estates, a wholly-owned property sold in December 2009 for a sale price of $18.2 million, (ii) Cambridge at Southern, a wholly-owned property sold in March 2010 for a sale price of $19.5 million, and (ii) Campus Walk – Oxford, a wholly-owned property sold in April 2010 for a sale price of $9.2 million. Refer to Note 6 in the accompanying Notes to Consolidated Financial Statements contained in Item 8 herein for a table summarizing the results of operations of the properties classified within discontinued operations.

Comparison of the Years Ended December 31, 2009 and December 31, 2008

The following table presents our results of operations for the years ended December 31, 2009 and 2008, including the amount and percentage change in these results between the two periods.

	Year Ended December 31,			
	2009	2008	Change($)	Change(%)
Revenues:				
Wholly-owned properties	$267,294	$192,277	$75,017	39.0 %
On-campus participating properties	22,727	22,042	685	3.1 %
Third-party development services	5,015	7,922	(2,907)	(36.7 %)
Third-party management services	8,795	6,578	2,217	33.7 %
Resident services	1,115	2,336	(1,221)	(52.3 %)
Total revenues	304,946	231,155	73,791	31.9 %
Operating expenses:				
Wholly-owned properties	130,147	100,121	30,026	30.0 %
On-campus participating properties	10,200	10,771	(571)	(5.3 %)
Third-party development and management services	11,250	11,123	127	1.1 %
General and administrative	10,955	11,274	(319)	(2.8 %)
Depreciation and amortization	74,554	55,865	18,689	33.5 %
Ground/facility leases	2,107	1,778	329	18.5 %
Total operating expenses	239,213	190,932	48,281	25.3 %
Operating income	65,733	40,223	25,510	63.4 %
Nonoperating income and (expenses):				
Interest income	118	1,128	(1,010)	(89.5 %)
Interest expense	(61,192)	(48,626)	(12,566)	25.8 %
Amortization of deferred financing costs	(3,435)	(2,546)	(889)	34.9 %
Loss from unconsolidated joint ventures	(2,073)	(1,619)	(454)	28.0 %
Other nonoperating income	402	486	(84)	(17.3 %)
Total nonoperating expenses	(66,180)	(51,177)	(15,003)	29.3 %
Loss before income taxes and discontinued operations	(447)	(10,954)	10,507	(95.9 %)
Income tax provision	(540)	(388)	(152)	39.2 %
Loss from continuing operations	(987)	(11,342)	10,355	(91.3 %)
Discontinued operations:				
Loss attributable to discontinued operations	(2,115)	(1,477)	(638)	43.2 %
Loss from disposition of real estate	(9,358)	-	(9,358)	100.0 %
Total discontinued operations	(11,473)	(1,477)	(9,996)	676.8 %
Net loss	(12,460)	(12,819)	359	(2.8 %)
Income attributable to noncontrolling interests	(380)	(236)	(144)	61.0 %
Net loss attributable to common shareholders	$(12,840)	$(13,055)	$215	(1.6 %)

Wholly-Owned Properties Operations

Revenues from our wholly-owned properties for the year ended December 31, 2009 compared to the year ended December 31, 2008 increased by $75.0 million primarily due to the acquisition of GMH's student housing business in June 2008, the completion of construction and opening of Vista del Sol and Villas at Chestnut Ridge in August 2008, and the completion of construction and opening of Barrett Honors College in August 2009. Operating expenses increased approximately $30.0 million for the year ended December 31, 2009 as compared to the prior year, primarily due to the same factors which affected the increase in revenues.

New Property Operations. For the year ended December 31, 2009, the GMH student housing properties contributed an additional $53.4 million of revenues and an additional $23.4 million of operating expenses. In addition, we acquired two properties in February 2008: Pirate's Place, located near the campus of East Carolina University in Greenville, North Carolina, and Sunnyside Commons, located near the campus of West Virginia University in Morgantown, West Virginia. In August 2008, we completed construction of and opened Vista del Sol and Villas at Chestnut Ridge, and in August 2009 we completed construction of and opened Barrett Honors College. These five non-GMH new properties contributed an additional $18.1 million of revenues and an additional $5.4 million of operating expenses during the year ended December 31, 2009 as compared to the year ended December 31, 2008.

Same Store Property Operations (Excluding New Property Activity). We had 37 properties containing 20,000 beds which were operating during both the years ended December 31, 2009 and 2008. These properties produced revenues of $130.5 million and $128.2 million during the years ended December 31, 2009 and 2008, respectively, an increase of $2.3 million. This increase was primarily due to an increase in average rental rates during the year ended December 31, 2009 as compared to the prior year, in addition to an increase in average occupancy from 95.1% during the year ended December 31, 2008 to 95.5% during the year ended December 31, 2009.

At these existing same store properties, operating expenses increased from $60.1 million for the year ended December 31, 2008 to $61.2 million for the year ended December 31, 2009, an increase of $1.1 million. This increase was primarily due to an increase in marketing costs incurred to stimulate leasing velocity for the 2009/2010 academic year.

On-Campus Participating Properties ("OCPP") Operations

We had four participating properties containing 4,519 beds which were operating during both the years ended December 31, 2009 and 2008. Revenues from our participating properties increased to $22.7 million during the year ended December 31, 2009 from $22.0 million for the year ended December 31, 2008, an increase of $0.7 million. This increase was primarily a result of an increase in average rental rates during the year ended December 31, 2009 as compared to the prior year.

At these properties, operating expenses decreased from $10.8 million for the year ended December 31, 2008 to $10.2 million for the year ended December 31, 2009, a decrease of $0.6 million. This decrease was primarily due to hurricane costs incurred during the year ended December 31, 2008 that were not incurred in 2009.

Third Party Development Services Revenue

Third party development services revenue decreased by $2.9 million, from $7.9 million during the year ended December 31, 2008 to $5.0 million for the year ended December 31, 2009. This decrease was primarily related to the closing and commencement of construction of the University of California, Irvine Phase III project in August 2008, which contributed an additional $2.2 million to third party development services revenue during the year ended December 31, 2008 compared to the year ended December 31, 2009. In addition, the University of Hawaii – Manoa and Concordia University projects were completed in August 2008 and closing and commencement of construction occurred for The Highlands at Edinboro University of Pennsylvania project in February 2008. These three projects combined contributed $2.4 million of additional third party development services revenue during the year ended December 31, 2008 as compared to the year ended December 31, 2009. These decreases were offset by the commencement of construction of the Cleveland State University Phase II project in August 2009, which resulted in $1.5 million in third party development services revenue recognized during the year ended December 31, 2009.

Third Party Management Services Revenue

Third party management services revenues increased by $2.2 million from $6.6 million for the year ended December 31, 2008 to $8.8 million for the year ended December 31, 2009. This increase was primarily due to an additional $1.6 million in management fees recognized during the year ended December 31, 2009 from third party management contracts assumed as part of the GMH acquisition in June 2008, including 20 properties owned in two joint ventures with Fidelity in which we had a 10% interest. Additionally, we assumed management of four properties located in Canada, which contributed an additional $0.2 million of third party management services revenue for the year ended December 31, 2009. Finally, during 2008 and 2009 we assumed management of additional phases at our Hampton Roads military housing project, which also contributed an additional $0.2 million of third party management services revenue during the year ended December 31, 2009.

Resident Services Revenue

Revenue from resident services represents certain services and resident amenities deemed to be noncustomary for a property's geographic region that are required under federal tax laws to be provided by our TRS entities. Resident services revenues decreased approximately $1.2 million, from $2.3 million for the year ended December 31, 2008 to $1.1 million for the year ended December 31, 2009. This decrease was primarily due to a decrease in the type and level of such services provided during the year ended December 31, 2009 as compared to the prior year.

Third Party Development and Management Services Expenses

Third party development and management services expenses increased by $0.1 million, from $11.1 million during the year ended year ended December 31, 2008 to $11.2 million for the year ended December 31, 2009. This increase was primarily due to an increase in payroll and related costs as a result of an increase in activity for potential ACE projects and new management contracts assumed from GMH.

General and Administrative

General and administrative expenses decreased approximately $0.3 million, from $11.3 million during the year ended December 31, 2008 to $11.0 million for the year ended December 31, 2009. This decrease was primarily due to merger costs incurred during the year ended year ended December 31, 2008 related to our acquisition of GMH in June 2008.

Depreciation and Amortization

Depreciation and amortization increased by $18.7 million, from $55.9 million during the year ended December 31, 2008 to $74.6 million for the year ended December 31, 2009. This increase was primarily due to the acquisition of the GMH student housing business in June 2008, which contributed an additional $13.0 million to depreciation and amortization expense for the year ended December 31, 2009, of which $0.6 million related to the valuation assigned to in-place leases for such properties. The increase was also due to the completion of construction and opening of Vista del Sol and Villas at Chestnut Ridge in August 2008 and Barrett Honors College in August 2009, which contributed an additional $4.5 million to depreciation and amortization expense for the year ended December 31, 2009.

Ground Lease Expense

Ground lease expense increased $0.3 million from $1.8 million during the year ended December 31, 2008 to $2.1 million for the year ended December 31, 2009, primarily due to ground/facility lease costs incurred for Vista del Sol and Barrett Honors College, which completed construction and opened in August 2008 and August 2009, respectively.

Interest Income

Interest income decreased by $1.0 million, from $1.1 million for the year ended December 31, 2008 to $0.1 million for the year ended December 31, 2009. This decrease was primarily due to interest earned on proceeds from our April 2008 equity offering, which were not utilized until the closing of our acquisition of GMH in June 2008, as well as a decrease in interest rates during the year ended December 31, 2009 as compared to the prior year.

Interest Expense

Interest expense increased $12.6 million, from $48.6 million during the year ended December 31, 2008 to $61.2 million for the year ended December 31, 2009. This increase was primarily due to $598.8 million of mortgage debt assumed from GMH in June 2008, which contributed an additional $11.7 million of interest expense for the year ended December 31, 2009. We also incurred an additional $0.9 million of interest expense during the year ended December 31, 2009 related to the senior secured term loan entered into in May 2008, as well as an additional $0.8 million of interest expense related to the $125 million secured Freddie Mac revolving credit facility entered into in September 2009. These increases were offset by a $1.8 million decrease to interest expense related to the pay-off of $80.8 million of mortgage loans during the year ended December 31, 2009.

Amortization of Deferred Financing Costs

Amortization of deferred financing costs increased approximately $0.9 million from $2.5 million during the year ended December 31, 2008 to $3.4 million for the year ended December 31, 2009, primarily due to the amortization of additional finance costs incurred to assume debt on properties acquired from GMH, the senior secured term loan entered into in May 2008, and the Freddie Mac revolving credit facility entered into in September 2009.

Loss from Unconsolidated Joint Ventures

Loss from unconsolidated joint ventures represents our share of the net loss from the Hampton Roads military housing joint venture in which we have a minimal economic interest, as well as our 10% share of the loss from two joint ventures owning 20 properties formed or assumed as part of our acquisition of GMH in June 2008.

Loss from unconsolidated joint ventures increased approximately $0.5 million from $1.6 million during the year ended December 31, 2008 to $2.1 million for the year ended December 31, 2009. This increase was primarily due to the loss from the two joint ventures formed or assumed as part of our acquisition of GMH in June 2008.

Income Tax Provision

The Company's provision for income taxes increased by $0.1 million, from $0.4 million for the year ended December 31, 2008 to $0.5 million for the year ended December 31, 2009. This increase was primarily a result of additional state tax liabilities accrued related to the acquisition of the GMH portfolio in June 2008.

Discontinued Operations

Discontinued operations for the periods presented include the following properties: (i) The Courtyards, a wholly-owned property sold in July 2008 for a sale price of approximately $17.4 million, (ii) The Verge, a wholly-owned property sold in August 2008 for a sale price of approximately $36.4 million, (iii) Riverside Estates, a wholly-owned property sold in December 2009 for a sale price of $18.2 million, (iv) Cambridge at Southern, a wholly-owned property sold in March 2010 for a sale price of $19.5 million, and (v) Campus Walk – Oxford, a wholly-owned property sold in April 2010 for a sale price of $9.2 million. Refer to Note 6 in the accompanying Notes to Consolidated Financial Statements contained in Item 8 herein for a table summarizing the results of operations of the properties classified within discontinued operations.

Noncontrolling Interests

Noncontrolling interests represent holders of common and preferred units in our Operating Partnership as well as certain third-party partners in joint ventures consolidated by us for financial reporting purposes. Accordingly, these external partners are allocated their share of income/loss during the respective reporting periods. See Note 9 in the accompanying Notes to Consolidated Financial Statements contained in Item 8 herein for a detailed discussion of noncontrolling interests.

Cash Flows

Comparison of Years Ended December 31, 2010 and December 31, 2009

Operating Activities

For the year ended December 31, 2010, net cash provided by operating activities was approximately $118.1 million, as compared to $77.6 million for the year ended December 31, 2009, an increase of $40.5 million. This increase was primarily due to operating cash flows provided from the timing of the acquisition of 17 properties in 2010, improved operations of the GMH portfolio and the completion of construction and opening of Barrett Honors College in August 2009.

Investing Activities

Investing activities utilized approximately $246.2 million and $120.7 million for the years ended December 31, 2010 and 2009, respectively. The $125.5 million increase in cash utilized in investing activities during the year ended December 31, 2010 related primarily to a $163.1 million increase in the use of cash to acquire properties and undeveloped land. We acquired a total of 17 properties during the year ended December 31, 2010 as compared to no property acquisition activity for the year ended December 31, 2009. This increase in cash utilized in investing activities was offset by a $27.3 million decrease in cash used to fund the construction of our wholly-owned

development properties. During the year ended December 31, 2009, one wholly-owned property was under development, which was completed and opened for occupancy in August 2009, while four wholly-owned properties were in the early stages of development during the year ended December 31, 2010, with scheduled completion dates of August 2011 for three properties and August 2012 for the remaining property. In addition, there was a $10.6 million decrease in cash used for capital expenditures at our wholly-owned properties due to renovations at several GMH properties during the year ended December 31, 2009. For the years ended December 31, 2010, 2009 and 2008, our cash utilized in investing activities was comprised of the following:

	Year Ended December 31,		
	2010	2009	2008
Property dispositions	$2,114	$1,485	$4,418
Property and land acquisitions	(170,511)	(7,385)	(283,871)
Capital expenditures for on-campus participating properties	(1,141)	(739)	(719)
Capital expenditures for wholly-owned properties	(30,399)	(40,992)	(15,346)
Investments in wholly-owned properties under development	(46,455)	(73,737)	(124,224)
Purchase of corporate furniture, fixtures, and equipment	(2,182)	(606)	(2,178)
Change in restricted cash related to capital reserves	1,184	1,711	(2,745)
Proceeds from insurance settlement	1,726	-	-
Investment in unconsolidated joint ventures	(499)	(401)	(10,610)
Total	$(246,163)	$(120,664)	$(435,275)

Financing Activities

Cash provided by financing activities totaled approximately $175.5 million and $83.6 million for the years ended December 31, 2010 and 2009, respectively. The $91.9 million increase in cash provided by financing activities was primarily a result of the following: (i) the August 2010 equity offering, in which we raised $357.1 million, net of offering costs, as compared to $198.3 million, net of offering costs, raised in our May 2009 equity offering; (ii) the ATM Equity Program in which we raised $16.0 million, net of offering costs, during the year ended December 31, 2010; and (iii) a $5.0 million decrease in debt issuance and assumption costs as a result of $4.9 million incurred to refinance our secured revolving facility in August 2009 and $3.0 million incurred to obtain the secured agency facility in September 2009, offset by $1.8 million in costs incurred during the year ended December 31, 2010 associated with mortgage debt assumed in connection with property acquisitions, $0.6 million of fees paid to increase the borrowing capacity under our secured revolving credit facility and $0.5 million in fees paid to obtain construction financing for a wholly-owned development project. These items were offset by (i) a $12.0 million increase in distributions to stockholders during the year ended December 31, 2010, as a result of the issuance of common stock in connection with our August 2010 and May 2009 equity offerings; and (ii) a $72.3 million decrease in proceeds (net of paydowns) received from our secured revolving credit facilities as a result of borrowing $94 million under our agency facility in September 2009 as compared to $7 million under this facility during the year ended December 31, 2010.

Comparison of Years Ended December 31, 2009 and December 31, 2008

Operating Activities

For the year ended December 31, 2009, net cash provided by operating activities was approximately $77.6 million, as compared to approximately $36.4 million for the year ended December 31, 2008, an increase of $41.2 million. This increase was primarily due to operating cash flows provided from the timing of the acquisition of the GMH student housing business on June 11, 2008 and the completion of construction and opening of Vista del Sol and Villas at Chestnut Ridge in August 2008 and Barrett Honors College in August 2009.

Investing Activities

Investing activities utilized approximately $120.7 million and $435.3 million for the years ended December 31, 2009 and 2008, respectively. The $314.6 million decrease in cash utilized in investing activities during the year ended December 31, 2009 related primarily to a $276.5 million decrease in the use of cash to acquire properties and undeveloped land. We acquired a total of 44 properties during the year ended December 31, 2008 and no properties during the year ended December 31, 2009. In June 2008, we used approximately $269.4 million of cash to acquire the GMH student housing business, including 42 properties containing 24,939 beds located in various markets throughout

the country. We also experienced a $50.5 million decrease in cash used to fund the construction of our wholly-owned development properties. During the year ended December 31, 2009, one wholly-owned property was under development, which was completed and opened for occupancy in August 2009, while three properties were under development during the year ended December 31, 2008, two of which were completed and opened for occupancy in August 2008. These decreases in cash utilized in investing activities were offset by a $25.6 million increase in cash used for capital expenditures at our wholly-owned properties during the year ended December 31, 2009, as we continued with renovations at several GMH properties.

Financing Activities

Cash provided by financing activities totaled approximately $83.6 million and $412.4 million for the years ended December 31, 2009 and 2008, respectively. The $328.8 million decrease in cash provided by financing activities was primarily a result of the following: (i) the May 2009 equity offering which raised $198.3 million, net of offering costs, as compared to $252.2 million, net of offering costs, raised in our April 2008 equity offering; (ii) the $100 million senior secured term loan which was fully funded on June 11, 2008, the proceeds of which were used to pay a portion of the cash consideration for the acquisition of GMH; (iii) the contribution of 15 GMH student housing properties in 2008 to a joint venture in which we received $74.4 million in proceeds and retained a 10% equity interest in the joint venture; (iv) a $75.8 million decrease in proceeds from construction loans used to fund the construction of Vista del Sol, an owned ACE development property, and Villas at Chestnut Ridge, an owned off-campus development property, which both opened for occupancy in August 2008; (v) the pay-off of $110.9 million in mortgage and construction loan debt that matured during the year ended December 31, 2009, as compared to the pay-off of $24.4 million in mortgage loan debt during the year ended December 31, 2008; (vi) a $74.2 million increase in proceeds (net of paydowns) received from our secured revolving credit facilities as a result of us closing a $125 million secured agency facility in September 2009, of which we borrowed $94 million at closing; and (vii) a $13.9 million increase in distributions to stockholders as a result of issuances of common stock in our April 2008 and May 2009 equity offerings and as partial consideration for the acquisition of GMH in 2008.

Structure of Owned On-campus Properties

Under our ACE program, we have entered into four ground/facility leases with three university systems to finance, construct, and manage four student housing properties. Under the terms of these ground/facility leases, the university systems own the land and typically the improvements, and we make rent payments to the university systems that consist of fixed and variable rent payments that are dependent upon the operating performance of the properties.

Structure of On-campus Participating Properties

At our on-campus participating properties, the subject universities own both the land and improvements. We then have a leasehold interest under a ground/facility lease. Under the lease, we receive an annual distribution representing 50% of these properties' net cash available for distribution after payment of operating expenses (which includes our management fees), debt service (which includes repayment of principal) and capital expenditures. We also manage these properties under multi-year management agreements and are paid a management fee representing 5% of receipts.

We do not have access to the cash flows and working capital of these participating properties except for the annual net cash distribution as described above. Additionally, a substantial portion of these properties' cash flow is dedicated to capital reserves required under the applicable property indebtedness and to the amortization of such indebtedness. These amounts do not increase our economic interest in these properties since our interest, including our right to share in the net cash available for distribution from the properties, terminates upon the amortization of their indebtedness. Our economic interest in these properties is therefore limited to our interest in the net cash flow and management and development fees from these properties, as reflected in our calculation of Funds from Operations Modified ("FFOM") contained herein. Accordingly, when considering these properties' contribution to our operations, we focus upon our share of these properties' net cash available for distribution and the management fees that we receive from these properties, rather than upon their contribution to our gross revenues and expenses for financial reporting purposes.

The following table reflects the amounts related to our on-campus participating properties included in our consolidated financial statements for the years ended December 31, 2010, 2009, and 2008:

	Year Ended December 31,		
	2010	2009	2008
Revenues	$ 23,975	$ 22,727	$ 22,042
Direct operating expenses (1)	(9,811)	(9,650)	(10,073)
Amortization	(4,345)	(4,351)	(4,322)
Amortization of deferred financing costs	(181)	(180)	(185)
Ground/facility lease (2)	(1,841)	(1,086)	(1,401)
Net operating income	7,797	7,460	6,061
Interest income	18	42	206
Interest expense	(6,006)	(6,183)	(6,166)
Net income	$ 1,809	$ 1,319	$ 101

(1) Excludes property management fees of $1.1 million for the year ended December 31, 2010 and $1.0 million for each of the years ended December 31, 2009 and 2008. This expense and the corresponding fee revenue recognized by us have been eliminated in consolidation. Also excludes the allocation of expenses related to corporate management and oversight.

(2) Represents the universities' 50% share of the properties' net cash available for distribution after payment of operating expenses, debt service (including payment of principal) and capital expenditures.

Liquidity and Capital Resources

Cash Balances and Liquidity

As of December 31, 2010, excluding our on-campus participating properties, we had $131.5 million in cash and cash equivalents and restricted cash as compared to $87.5 million in cash and cash equivalents and restricted cash as of December 31, 2009. Restricted cash primarily consists of escrow accounts held by lenders and resident security deposits, as required by law in certain states. This increase in cash and cash equivalents was primarily due to the completion of our equity offering in August 2010, which generated net proceeds of approximately $357.1 million. We used approximately $54.8 million of offering proceeds to paydown the outstanding balance to $-0- on our secured revolving credit facility and an additional $39.9 million of cash proceeds to pay-off mortgage debt. In September and November 2010, we used approximately $90.1 million of offering proceeds to acquire full ownership interest in 14 properties owned in two joint ventures in which we previously held a 10% ownership interest. In December, we used approximately $33.8 million of offering proceeds to acquire a property in Gainesville, Florida. Finally, we used these offering proceeds to fund development costs on our four wholly-owned development projects.

As of December 31, 2010, 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 $91.0 million based on an assumed annual cash distribution of $1.35 per share based on the number of our shares outstanding as of December 31, 2010, (ii) anticipated distribution payments to our Operating Partnership unitholders totaling approximately $1.5 million based on an assumed annual distribution of $1.35 per common unit of limited partnership interest ("Common Unit") and a cumulative preferential per annum cash distribution rate of 5.99% on our preferred units of limited partnership interest ("Series A Preferred Units") based on the number of units outstanding as of December 31, 2010, (iii) the pay-off of approximately $152.9 million of fixed-rate mortgage debt scheduled to mature during the next 12 months, (iv) the pay-off of a $100.0 million construction loan scheduled to mature in December

2011, (v) development costs over the next 12 months totaling approximately $80.8 million for four wholly-owned properties currently under construction, and (vi) funds for other potential development projects.

We have a $100 million senior secured term loan scheduled to mature in May 2011. We expect to extend the maturity date through May 2012 by exercising the remaining 12-month extension option available to us. In addition, we have a $225 million revolving credit facility scheduled to mature in August 2012 that is currently secured by 10 of our wholly-owned properties and a $125 million secured revolving credit facility with a Freddie Mac lender scheduled to mature in September 2014 that is currently secured by 11 of our wholly-owned properties. We expect to meet our short-term liquidity requirements by (i) borrowing under our existing secured revolving credit facilities discussed above, (ii) potentially disposing of properties depending on market conditions, (iii) issuing securities, including common stock, under our $150 million ATM Equity Program, and (iv) utilizing net cash provided by operations.

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 revolving credit facilities and term loan. These financings could increase our level of indebtedness or result in dilution to our equity holders.

2010 Equity Offering

On August 20, 2010, we completed an equity offering, consisting of the sale of 13,800,000 shares of our common stock at a price of $27.00 per share, including 1,800,000 shares issued as a result of the exercise of the underwriters' overallotment option in full at closing. The offering generated gross proceeds of $372.6 million. The aggregate proceeds, net of the underwriting discount and expenses of the offering, were approximately $357.1 million.

ATM Equity Program

In May 2010, we announced the establishment of an at-the-market share offering program (the "ATM Equity Program") through which we may issue and sell, from time to time, shares of common stock having an aggregate offering price of up to $150 million. Actual sales under the program will depend on a variety of factors, including, but not limited to, market conditions, the trading price of our common stock and determinations of the appropriate sources of funding. During the year ended December 31, 2010, we sold approximately 0.6 million shares at weighted average price of $28.49 per share for net proceeds of approximately $16.0 million after payment of approximately $0.3 million of commissions to the sales agents. We may continue to sell shares of common stock under this program from time to time based on market conditions, although we are not under an obligation to sell any shares. As of December 31, 2010, we had approximately $133.7 million available for issuance under this program.

Secured Revolving Credit Facility

The Operating Partnership has a $225 million revolving credit facility that may be expanded by up to an additional $75 million upon the satisfaction of certain conditions. The maturity date of the facility is August 14, 2012 and can be extended 12 months through August 2013. As of December 31, 2010, the facility was secured by 10 of our wholly-owned properties.

Availability under the revolving credit facility is limited to an "aggregate borrowing base amount" equal to the lesser of (i) 50% to 65% of the value of certain properties, calculated as set forth in the credit facility, and (ii) the adjusted net operating income from these properties divided by a formula amount. The facility bears interest at a variable rate, at our option, based upon a base rate or one-, two-, or three-month LIBOR, with a LIBOR floor of 2.0%, plus, in each case, a spread based upon our total leverage. Additionally, we are required to pay an unused commitment fee of 0.35% per annum. In August 2010, we paid down the entire balance on the facility using proceeds from our equity offering. As of December 31, 2010, total availability under the facility totaled approximately $214.8 million.

The terms of the facility include certain restrictions and covenants, which limit, among other items, the incurrence of additional indebtedness, liens, and the disposition of assets. The facility contains customary affirmative and negative covenants and also contains financial covenants that, among other things, require us to maintain certain minimum ratios of "EBITDA" (earnings before interest, taxes, depreciation and amortization) to fixed charges and total indebtedness. We may not pay distributions that exceed a specified percentage of funds from operations, as adjusted, for any four consecutive quarters. The financial covenants also include consolidated net worth and leverage ratio

tests. As of December 31, 2010, we were in compliance with all such covenants.

Secured Agency Facility

We have a $125 million secured revolving credit facility with a Freddie Mac lender. The facility has a five-year term and is currently secured by 11 properties referred to as the "Collateral Pool." The facility bears interest at one- or three-month LIBOR plus a spread that varies based on the debt service ratio of the Collateral Pool. Additionally, we are required to pay an unused commitment fee of 1.0% per annum. As of December 31, 2010, the balance outstanding on the facility totaled $101.0 million, bearing interest at a weighted average annual rate of 2.28%. The secured agency facility includes some, but not all, of the same financial covenants as the secured revolving credit facility, described above.

Senior Secured Term Loan

The Operating Partnership has a $100 million senior secured term loan that matures on May 23, 2011 and can be extended through May 2012 through the exercise of a 12-month extension option. The secured term loan bears interest at a variable rate, at our option, based upon a base rate or one-, two-, three-, or six-month LIBOR plus, in each case, a spread based upon our total leverage. As of December 31, 2010, the balance outstanding on the secured term loan was $100.0 million.

On February 23, 2009, we entered into two $50.0 million interest rate swap agreements effective March 20, 2009 through February 20, 2012, which are both used to hedge our exposure to fluctuations in interest payments on its LIBOR-based senior secured term loan. Under the terms of the two interest rate swap agreements, we pay an average fixed rate of 1.7925% and receive one-month LIBOR floating rate. As a result of these two interest rate swaps, we have effectively fixed the interest rate on our senior secured term loan to 3.3% as of December 31, 2010 (1.8% + 1.5% spread). In the event that the swaps at any time have a negative fair value below a certain threshold level, we could be required to post cash into a collateral account pledged to the interest rate swap providers. As of December 31, 2010, we had deposited approximately $0.9 million into a collateral account related to one of the interest rate swaps. Refer to Note 14 in the accompanying Notes to Consolidated Financial Statements contained in Item 1 herein for a more detailed discussion of our derivative instruments and hedging activities.

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 secured 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 January 28, 2011, we declared a fourth quarter 2010 distribution per share of $0.3375, which was paid on February 25, 2011 to all common stockholders of record as of February 14, 2011. At the same time, the Operating Partnership paid an equivalent amount per unit to holders of Common Units, as well as the quarterly cumulative preferential distribution to holders of Series A Preferred Units.

Recurring Capital Expenditures

Our properties require periodic investments of capital for general capital expenditures and improvements. Our policy is to capitalize costs related to the acquisition, development, rehabilitation, construction, and improvement of properties, including interest and certain internal personnel costs related to the communities under rehabilitation and construction. Capital improvements are costs that increase the value and extend the useful life of an asset. Ordinary repair and maintenance costs that do not extend the useful life of the asset are expensed as incurred. Recurring capital expenditures represent non-incremental building improvements required to maintain current revenues and typically include: appliances, carpeting and flooring, HVAC equipment, kitchen/bath cabinets, new roofs, site improvements and various exterior building improvements. Non-recurring capital expenditures include expenditures that were taken into consideration when underwriting the purchase of a property which were considered necessary to bring the property up to "operating standard," and incremental improvements that include, among other items: community centers, new windows, and kitchen/bath apartment upgrades. Additionally, we are required by certain of our lenders to contribute amounts to reserves for capital repairs and improvements at their mortgaged properties. These annual contributions may exceed the amount of capital expenditures actually incurred in such year at such properties.

Our historical recurring capital expenditures at our wholly-owned properties are set forth below:

	As of and for the Year Ended December 31,		
	2010	2009	2008
Average beds	50,506	47,223	45,069
Total recurring capital expenditures	$ 10,136	$ 9,190	$ 8,032
Average per bed	$ 201	$ 195	$ 178

Pre-Development Expenditures

Our third-party and owned development activities have historically required us to fund pre-development expenditures such as architectural fees, permits and deposits. The closing and/or commencement of construction of these development projects is subject to a number of risks such as our inability to obtain financing on favorable terms and delays or refusals in obtaining necessary zoning, land use, building, and other required governmental permits and authorizations As such, we cannot always predict accurately the liquidity needs of these activities. We frequently incur these pre-development expenditures before a financing commitment and/or required permits and authorizations have been obtained. Accordingly, we bear the risk of the loss of these pre-development expenditures if financing cannot ultimately be arranged on acceptable terms or we are unable to successfully obtain the required permits and authorizations. Historically, our third-party and owned development projects have been successfully structured and financed; however, these developments have at times been delayed beyond the period initially scheduled, causing revenue to be recognized in later periods. As of December 31, 2010, we have deferred approximately $8.4 million in pre-development costs related to third-party and owned development projects that have not yet commenced construction.

Indebtedness

As of December 31, 2010, we had approximately $1,335.2 million of outstanding consolidated indebtedness (excluding net unamortized debt discounts and debt premiums of approximately $6.6 million and $16.6 million, respectively), comprised of a $100.0 million balance on our senior secured term loan, $101.0 million balance on our secured agency facility, $1,052.4 million in mortgage and construction loans secured by our wholly-owned properties, $32.4 million in mortgage loans secured by two phases of an on-campus participating property, and $49.4 million in bond issuances secured by three of our on-campus participating properties. The weighted average interest rate on our consolidated indebtedness as of December 31, 2010 was 5.04% per annum. As of December 31, 2010, approximately 15.1% of our total consolidated indebtedness was variable rate debt, comprised of our secured agency facility and Vista del Sol construction loan discussed below.

Wholly-Owned Properties

The weighted average interest rate of the $1,052.4 million of wholly-owned mortgage and construction debt was 5.31% per annum as of December 31, 2010. Each of the mortgage loans is a non-recourse obligation subject to customary exceptions. The loans generally may not be prepaid prior to maturity; in certain cases prepayment is allowed, subject to prepayment penalties.

The development and construction for Vista de Sol, an owned on-campus property, was partially financed with a $100.0 million construction loan. We have the option of choosing the Prime rate or one-, two-, or three-month LIBOR plus 1.20%. The loan requires payments of interest only during the term of the loan and any accrued interest and outstanding borrowings become due on the maturity date. In October 2010, we elected to exercise the remaining 12-month extension option available to us, which extended the maturity date to December 2011. As of December 31, 2010, the balance outstanding on the construction loan totaled $100.0 million, bearing interest at a rate of 1.51% per annum.

On-Campus Participating Properties

Three of our on-campus participating properties are 100% financed with $49.4 million of outstanding project-based taxable bonds. Under the terms of these financings, one of our special purpose subsidiaries publicly issued three series of taxable bonds and loaned the proceeds to three special purpose subsidiaries that each hold a separate leasehold interest. Although a default in payment by these special purpose subsidiaries could result in a default under

one or more series of bonds, the indebtedness of any of these special purpose subsidiaries is not cross-defaulted or cross-collateralized with indebtedness of the Company, the Operating Partnership or other special purpose subsidiaries. Repayment of principal and interest on these bonds is insured by MBIA, Inc. The loans encumbering the leasehold interests are non-recourse, subject to customary exceptions.

The Cullen Oaks Phase I and Phase II on-campus participating properties are currently encumbered by mortgage loans with balances as of December 31, 2010 of approximately $16.1 million and $16.3 million, respectively. The loans mature in February 2014 and bear interest at a rate of LIBOR plus 1.35%. In connection with these loans, we entered into an interest rate swap agreement effective February 15, 2007 through February 15, 2014, that is designated to hedge our exposure to fluctuations on interest payments attributed to changes in interest rates associated with payments on the loans. Under the terms of the interest rate swap agreement, we pay a fixed rate of 6.69% per annum and receive a floating rate of LIBOR plus 1.35%. Pursuant to the Leases, in the event the leasehold estate does not achieve Financial Break Even (defined as revenues less operating expenses, excluding management fees, less debt service), the applicable Lessor would be required to make a rental payment, also known as the Contingent Payment, sufficient to achieve Financial Break Even. The Contingent Payment provision remains in effect until such time as any financing placed on the facilities would receive an investment grade rating without the Contingent Payment provision. In the event that the Lessor is required to make a Contingent Payment, future net cash flow distributions would be first applied to repay such Contingent Payments and then to unpaid management fees prior to normal distributions. We have guaranteed payment of this property’s indebtedness.

The weighted average interest rate of the indebtedness encumbering our on-campus participating properties was 7.18% at December 31, 2010.

Off Balance Sheet Items

As discussed in Note 17 in the accompanying Notes to Consolidated Financial Statements contained in Item 1 herein, we continue to hold a 10% equity interest in an unconsolidated joint venture with mortgage debt outstanding of approximately $18.2 million as of December 31, 2010. Our Operating Partnership serves as non-recourse, carve-out guarantor of this debt, which means we are liable to the lender for any loss, damage, cost, expense, liability, claim or other obligation incurred by the lender arising out of or in connection with certain non-recourse exceptions in connection with the debt. Pursuant to the limited liability company agreement, the joint venture agreed to indemnify, defend and hold harmless the Operating Partnership with respect to such obligations, except to the extent such obligations were caused by the willful misconduct, gross negligence, fraud or bad faith of the Operating Partnership or its employees, agents or affiliates.

Contractual Obligations

The following table summarizes our contractual obligations as of December 31, 2010:

	Total	2011	2012	2013	2014	2015	Thereafter
Long-term debt (1)[2]	$1,581,024	$422,213	$185,165	$129,874	$265,673	$218,868	$359,231
Owned development projects (3)	80,821	80,821	-	-	-	-	-
Operating leases (4)	84,102	3,217	3,384	2,624	2,498	2,482	69,897
Capital leases	960	668	292	-	-	-	-
	$1,746,907	$506,919	$188,841	$132,498	$268,171	$221,350	$429,128

(1) Long-term debt obligations reflect the payment of both principal and interest. For long-term obligations with a variable interest rate, the rate in effect at December 31, 2010 was assumed to remain constant over all periods presented.

(2) Assumes we do not exercise the 12-month extension option available to us on our $100 million senior secured term loan, which is more fully discussed in Note 11 in the accompanying Notes to Consolidated Financial Statements contained in Item 8 herein.

(3) Consists of the completion costs related to Villas at Babcock, Villas on Sycamore and Lobo Village, which will be funded entirely by us and are each scheduled to be completed in August 2011. Also includes completion costs related to the Portland State University project which is scheduled to be completed in August 2012. This project will be partially funded by us and partially financed with a construction loan. The amounts above do not include the portion of costs to be financed with the construction loan. We have entered into a contract with a general contractor for certain phases of the construction of these projects. However, these contracts do not generally cover all of the costs that are necessary to place these properties into service, including the cost of furniture and marketing and leasing costs. The unfunded commitments presented include all such costs, not only those costs that we are obligated to fund under the construction contracts.

(4)

Includes minimum annual lease payments under the ground/facility leases for University Village - Temple, University Centre, Vista del Sol, Barrett Honors College, Lobo Village and our Portland State University project.

Funds From Operations

As defined by NAREIT, FFO represents income (loss) before allocation to noncontrolling interests (computed in accordance with GAAP), excluding gains (or losses) from sales of property, plus real estate related depreciation and amortization (excluding amortization of loan origination costs) 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 is intended to exclude 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. Because FFO excludes depreciation and amortization unique to real estate, gains and losses from property dispositions and extraordinary items, it provides a performance measure that, when compared year over year, reflects the impact to operations from trends in occupancy rates, rental rates, operating costs, development activities and interest costs, 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 March 1995 White Paper (as amended in November 1999 and April 2002), which may differ from the methodology for calculating FFO utilized by other equity REITs and, accordingly, may not be comparable to such other REITs. Further, FFO does 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 should not be considered as an alternative to net income (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 is it indicative of funds available to fund our cash needs, including our ability to pay dividends or make distributions.

The following table presents a reconciliation of our FFO to our net income (loss) attributable to common shareholders:

	Year Ended December 31,		
	2010	2009	2008
Net income (loss) attributable to common shareholders	$16,210	$(12,840)	$(13,055)
Noncontrolling interests	888	380	236
Loss from disposition of real estate	3,705	9,358	-
Loss from unconsolidated joint ventures	2,023	2,073	1,619
FFO from unconsolidated joint ventures (1)	(1,195)	246	(487)
Real estate related depreciation and amortization	75,667	75,814	56,459
Funds from operations ("FFO")	$97,298	$75,031	$44,772
FFO per share – diluted	$1.64	$1.49	$1.16
Weighted average common shares outstanding - diluted	59,453,190	50,451,767	38,595,230

(1) Represents our share of the FFO from three joint ventures in which we are or were a noncontrolling partner. Includes the Hampton Roads Military Housing joint venture in which we have a minimal economic interest as well as our 10% noncontrolling interest in two joint ventures (Fund II and Fund III) formed or assumed as part of the company's acquisition of GMH.

While our on-campus participating properties contributed $24.0 million, $22.7 million and $22.0 million to our revenues for the years ended December 31, 2010, 2009 and 2008, respectively, 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.

As noted above, FFO excludes GAAP historical cost depreciation and amortization of real estate and related assets because these GAAP items assume that the value of real estate diminishes over time. However, unlike the ownership of our wholly-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, when considering our FFO, we believe it is also a meaningful measure of our performance to modify FFO to exclude the operations of our on-campus participating properties and to consider their impact on 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 measure of the properties, a measure referred to herein as FFOM. 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 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.

We also exclude impairment charges from FFOM, as we believe the inclusion of such charges is inconsistent with the treatment of gains and losses on the disposition of real estate, which are not included in FFO. Additionally, we believe that excluding impairment charges from FFOM more appropriately presents the operating performance of the Company's real estate investments on a comparative basis.

Funds From Operations—Modified ("FFOM"):

	Year Ended December 31,		
	2010	2009	2008
Funds from operations	$97,298	$75,031	$44,772
Elimination of operations of on-campus participating properties and unconsolidated joint venture:			
Net income from on-campus participating properties	(1,809)	(1,319)	(101)
Amortization of investment in on-campus participating properties	(4,345)	(4,350)	(4,322)
FFO from Hampton Roads unconsolidated joint venture (1)	160	(288)	419
	91,304	69,074	40,768
Modifications to reflect operational performance of on-campus participating properties:			
Our share of net cash flow (2)	1,710	979	1,409
Management fees	1,086	1,042	1,006
Impact of on-campus participating properties	2,796	2,021	2,415
Gain on remeasurement of equity method investments (3)	(4,098)	-	-
Elimination of provision for asset impairment –wholly owned property (4)	4,036	-	-
Elimination of provision for asset impairments –unconsolidated joint ventures (5)	1,414	464	-
Gain on insurance settlement (6)	(1,596)	-	-
Funds from operations – modified ("FFOM")	$93,856	$71,559	$43,183
FFOM per share – diluted	$1.58	$1.42	$1.12
Weighted average common shares outstanding - diluted	59,453,190	50,451,767	38,595,230

(1) Our share of the FFO from the Hampton Roads Military Housing unconsolidated joint venture is excluded from the calculation of the FFOM, as management believes this amount does not accurately reflect the company's participation in the economics of this transaction.

(2) 50% of the properties' net cash available for distribution after payment of operating expenses, debt service (including repayment of principal) and capital expenditures. Amounts represent actual cash received for the year-to-date periods. As a result of using accrual-based results in interim periods and cash-based results for year-to-date periods, the sum of reported interim results may not agree to annual cash received.

(3) Represents non-cash gains recorded to remeasure the company's equity method investments in Fund II and Fund III to fair value as a result of the company purchasing Fidelity's 90% interest in 14 properties previously owned through the joint ventures in September and November 2010.

(4) Represents an impairment charge recorded during the three months ended March 31, 2010 for Campus Walk – Oxford, a property that was sold in April 2010. Although impairment charges are included in the calculation of net

income (loss) and FFO, the company excludes such charges from FFOM because it believes the inclusion of such charges is inconsistent with the treatment of gains and losses on the disposition of real estate, which are not included in FFO. Additionally, the company believes that excluding impairment charges from FFOM more appropriately presents the operating performance of the company's real estate investments on a comparative basis.

(5) Represents our share of impairment charges recorded during the periods presented for properties owned through our unconsolidated Fidelity Joint Ventures.

(6) Represents a gain on insurance settlement related to significant property damage resulting from a fire that occurred at one of our wholly-owned properties in April 2010.

Our FFOM may have limitations as an analytical tool because it reflects the unique contractual calculation of net cash flow from our on-campus participating properties, which is different from that of our off campus owned properties. Additionally, FFOM reflects features of our ownership interests in our on-campus participating properties that are unique to us. Companies that are considered to be in our industry may not have similar ownership structures; and therefore those companies may not calculate a 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 our modified FFO only supplementally.

Inflation

Our 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 7A. Quantitative and Qualitative Disclosures About Market Risk

We use fixed and floating rate debt to finance acquisitions, developments and maturing debt. These borrowings expose us to market risk related to changes in interest rates. For fixed rate debt, interest rate changes affect the fair market value but do not impact net income to common stockholders or cash flows. Conversely, for floating rate debt, interest rate changes generally do not affect the fair market value but do impact net income to common stockholders and cash flows, assuming other factors are held constant.

At December 31, 2010 and 2009 we had fixed rate debt of $984.8 million and $882.8 million, respectively (excluding net unamortized debt discounts and debt premiums). Holding other variables constant (such as debt levels), a one percentage point increase in interest rates (100 basis points) would cause a $32.1 million and $32.5 million decline in the fair value of our fixed rate debt as of December 31, 2010 and 2009, respectively. Conversely, a one percentage point decrease in interest rates would cause a $33.6 million and $34.2 million increase in the fair value of our fixed rate debt as of December 31, 2010 and 2009, respectively. Due to the structure of our floating rate debt and interest rate protection instruments, the impact of a one percentage point increase or decrease in interest rates on our net income to common stockholders and cash flows would not be significant at December 31, 2010 or 2009.

All of our outstanding indebtedness is effectively fixed rate except for our secured revolving credit facilities and our Vista del Sol construction loan. Our secured agency facility had an outstanding balance of $101.0 million at December 31, 2010 and bears interest at one- or three-month LIBOR plus a spread that varies based on the debt service ratio of the Collateral Pool. The Vista del Sol construction loan had an outstanding balance of $100.0 million at December 31, 2010 and bears interest at the lender's Prime rate or LIBOR plus 1.20%, at our election. We have in place two $50.0 million interest rate swap agreements, designated as cash flow hedges, which effectively fix the interest rate on the outstanding balance of the senior secured term loan at 1.8% plus a spread based upon our total leverage, through maturity in May 2011. In addition, we have in place an interest rate swap agreement, designated as a cash flow hedge, which effectively fixes the interest rate on the outstanding balance of the Cullen Oaks Phase I and Phase II mortgage loans at 6.69% through maturity in 2014. We anticipate incurring additional variable rate indebtedness in the future, including draws under our secured revolving credit facilities and construction loans. We may in the future use derivative financial instruments to manage, or hedge, interest rate risks related to such variable rate borrowings. We do not, and do not expect to, use derivatives for trading or speculative purposes, and we expect to enter into contracts only with major financial institutions.

Item 8. Financial Statements and Supplementary Data

The information required herein is included as set forth in Item 15 (a) – Financial Statements.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

Not applicable.

Item 9A. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

We have adopted and maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in our Exchange Act reports is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow for timely decisions regarding required disclosure. In designing and evaluating the disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management is required to apply its judgment in evaluating the cost-benefit relationship of possible 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 period covered by this report were effective.

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.

Management's Annual Report on Internal Control over Financial Reporting

The management of American Campus Communities, Inc. is responsible for establishing and maintaining adequate internal control over financial reporting. We have designed our internal control over financial reporting to provide reasonable assurance that our published financial statements are fairly presented, in all material respects, in conformity with generally accepted accounting principles.

Our management is required by paragraph (c) of Rule 13a-15 of the Securities Exchange Act of 1934, as amended, to assess the effectiveness of our internal control over financial reporting as of the end of each fiscal year. In making this assessment, our management used the Internal Control — Integrated Framework issued in July 1994 by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO").

Our management conducted the required assessment of the effectiveness of our internal control over financial reporting as of December 31, 2010. Based upon this assessment, our management believes that our internal control over financial reporting is effective as of December 31, 2010. Ernst & Young LLP, an independent registered public accounting firm, has issued an attestation report regarding the effectiveness of our internal control over financial reporting, which is included herein.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

Information with respect to this Item 10 is incorporated by reference from our Proxy Statement, which we intend to file on or before March 25, 2011 in connection with the Annual Meeting of Stockholders to be held May 5, 2011.

Item 11. Executive Compensation

Information with respect to this Item 11 is incorporated by reference from our Proxy Statement, which we intend to file on or before March 25, 2011 in connection with the Annual Meeting of Stockholders to be held May 5, 2011.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

Information with respect to this Item 12 is incorporated by reference from our Proxy Statement, which we intend to file on or before March 25, 2011 in connection with the Annual Meeting of Stockholders to be held May 5, 2011.

Item 13. Certain Relationships, Related Transactions and Director Independence

Information with respect to this Item 13 is incorporated by reference from our Proxy Statement, which we intend to file on or before March 25, 2011 in connection with the Annual Meeting of Stockholders to be held May 5, 2011.

Item 14. Principal Accounting Fees and Services

Information with respect to this Item 14 is incorporated by reference from our Proxy Statement, which we intend to file on or before March 25, 2011 in connection with the Annual Meeting of Stockholders to be held May 5, 2011.

PART IV

Item 15. Exhibits and Financial Statement Schedules

(a) Financial Statements

The following consolidated financial information is included as a separate section of this Annual Report on Form 10-K:

	Page No.
Report of Independent Registered Public Accounting Firm – Internal Control over Financial Reporting	F-1
Report of Independent Registered Public Accounting Firm - Audit	F-2
Consolidated Balance Sheets as of December 31, 2010 and December 31, 2009	F-3
Consolidated Statements of Operations for the years ended December 31, 2010, 2009 and 2008	F-4
Consolidated Statements of Changes in Equity for the years ended December 31, 2010, 2009 and 2008	F-5
Consolidated Statements of Cash Flows for the years ended December 31, 2010, 2009 and 2008	F-6
Notes to Consolidated Financial Statements	F-7

(b) Exhibits

Exhibit Number	Description of Document
2.1	Agreement and Plan of Merger, dated as of February 11, 2008, among GMH Communities Trust, GMH Communities, Inc., GMH Communities, LP, American Campus Communities, Inc., American Campus Communities Operating Partnership LP, American Campus Communities Acquisition LLC and American Campus Communities Acquisition Limited Partnership. Incorporated by reference to Exhibit 99.1 to Current Report on Form 8-K of American Campus Communities, Inc. (File No. 001-32265) filed on February 14, 2008.
3.1	Articles of Amendment and Restatement of American Campus Communities, Inc. Incorporated by reference to Exhibit 3.1 to the Registration Statement on Form S-11 (Registration No. 333-114813) of American Campus Communities, Inc.
3.2	Bylaws of American Campus Communities, Inc. Incorporated by reference to Exhibit 3.2 to the Registration Statement on Form S-11 (Registration No. 333-114813) of American Campus Communities, Inc.
4.1	Form of Certificate for Common Stock of American Campus Communities, Inc. Incorporated by reference to Exhibit 4.1 to the Registration Statement on Form S-11 (Registration No. 333-114813) of American Campus Communities, Inc.
10.1	Form of Amended and Restated Partnership Agreement of American Campus Communities Operating Partnership LP. Incorporated by reference to Exhibit 10.1 to the Registration Statement on Form S-11 (Registration No. 333-114813) of American Campus Communities, Inc.
10.2	Form of First Amendment to Amended and Restated Agreement of Limited Partnership of American Campus Communities Operating Partnership LP, dated as of March 1, 2006, between American Campus Communities Holdings LLC and those persons who have executed such amendment as limited partners. Incorporated by reference to Exhibit 99.2 to Current Report on Form 8-K of American Campus

Communities, Inc. (File No. 001-32265) filed on March 7, 2006.

10.3* American Campus Communities, Inc. 2004 Incentive Award Plan. Incorporated by reference to Exhibit 10.2 to the Registration Statement on Form S-11 (Registration No. 333-114813) of American Campus Communities, Inc.

10.4* Amendment No. 1 to American Campus Communities, Inc. 2004 Incentive Award Plan. Incorporated by reference to Exhibit 99.7 to Current Report on Form 8-K of American Campus Communities, Inc. (File No. 001-32265) filed on November 5, 2007.

10.5* Amendment No. 2 to American Campus Communities, Inc. 2004 Incentive Award Plan. Incorporated by reference to Exhibit 99.1 to Current Report on Form 8-K of American Campus Communities, Inc. (File No. 001-32265) filed on March 11, 2008.

10.6* American Campus Communities, Inc. 2010 Incentive Award Plan. Incorporated by reference to Exhibit 99.1 to Current Report on Form 8-K of American Campus Communities, Inc. (File No. 001-32265) filed on May 7, 2010.

10.7 American Campus Communities, Inc. 2004 Outperformance Bonus Plan. Incorporated by reference to Exhibit 10.3 to the Registration Statement on Form S-11 (Registration No. 333-114813) of American Campus Communities, Inc.

10.8 Form of PIU Grant Notice (including Registration Rights). Incorporated by reference to Exhibit 10.4 to the Registration Statement on Form S-11 (Registration No. 333-114813) of American Campus Communities, Inc.

10.9 Form of PIU Grant Notice (including Registration Rights), dated as of August 20, 2007. Incorporated by reference to Exhibit 99.1 to Current Report on Form 8-K of American Campus Communities, Inc. (File No. 001-32265) filed on August 23, 2007.

10.10 Form of Indemnification Agreement between American Campus Communities, Inc. and certain of its directors and officers. Incorporated by reference to Exhibit 10.5 to the Registration Statement on Form S-11 (Registration No. 333-114813) of American Campus Communities, Inc.

10.11 Form of Employment Agreement between American Campus Communities, Inc. and William C. Bayless, Jr. Incorporated by reference to Exhibit 10.6 to the Registration Statement on Form S-11 (Registration No. 333-114813) of American Campus Communities, Inc.

10.12 Amendment No. 1 to Employment Agreement, dated as of April 28, 2005, between American Campus Communities, Inc. and William C. Bayless, Jr. Incorporated by reference to Exhibit 99.6 to Current Report on Form 8-K of American Campus Communities, Inc. (File No. 001-32265) filed on May 3, 2005.

10.13 Amendment No. 2 to Employment Agreement, dated as of November 1, 2007, between American Campus Communities, Inc. and William C. Bayless, Jr. Incorporated by reference to Exhibit 99.3 to Current Report on Form 8-K of American Campus Communities, Inc. (File No. 001-32265) filed on November 5, 2007.

10.14 Third Amendment to Employment Agreement, dated as of March 23, 2010, between William C. Bayless, Jr. and American Campus Communities, Inc. Incorporated by reference to Exhibit 99.1 to Current Report on Form 8-K of American Campus Communities, Inc. (File No. 001-32265) filed on March 24, 2010.

10.15 Employment Agreement, dated as of April 18, 2005, between American Campus Communities, Inc. and James C. Hopke. Incorporated by reference to Exhibit 99.1 to Current Report on Form 8-K of American Campus Communities, Inc. (File No. 001-32265) filed on May 3, 2005.

10.16 Second Amendment to Employment Agreement, dated as of March 23, 2010, between James C. Hopke, Jr. and American Campus Communities, Inc. Incorporated by reference to Exhibit 99.4 to Current Report on Form 8-K of American Campus Communities, Inc. (File No. 001-32265) filed on March 24, 2010.

10.17 Amendment No. 1 to Employment Agreement, dated as of November 1, 2007, between American Campus Communities, Inc. and James C. Hopke. Incorporated by reference to Exhibit 99.6 to Current Report on Form 8-K of American Campus Communities, Inc. (File No. 001-32265) filed on November 5, 2007.

10.18

Employment Agreement, dated as of April 28, 2005, between American Campus Communities, Inc. and Greg A. Dowell. Incorporated by reference to Exhibit 99.2 to Current Report on Form 8-K of American Campus Communities, Inc. (File No. 001-32265) filed on May 3, 2005.

10.19 Amendment No. 1 to Employment Agreement, dated as of November 1, 2007, between American Campus Communities, Inc. and Greg A. Dowell. Incorporated by reference to Exhibit 99.5 to Current Report on Form 8-K of American Campus Communities, Inc. (File No. 001-32265) filed on November 5, 2007.

10.20 Second Amendment to Employment Agreement, dated as of March 23, 2010, between Greg A. Dowell and American Campus Communities, Inc. Incorporated by reference to Exhibit 99.2 to Current Report on Form 8-K of American Campus Communities, Inc. (File No. 001-32265) filed on March 24, 2010.

10.21 Employment Agreement, dated as of November 1, 2007, between American Campus Communities, Inc. and Jonathan A. Graf. Incorporated by reference to Exhibit 99.1 to Current Report on Form 8-K of American Campus Communities, Inc. (File No. 001-32265) filed on November 5, 2007.

10.22 First Amendment to Employment Agreement, dated as of March 23, 2010, between Jonathan A. Graf and American Campus Communities, Inc. Incorporated by reference to Exhibit 99.3 to Current Report on Form 8-K of American Campus Communities, Inc. (File No. 001-32265) filed on March 24, 2010.

10.23 Employment Agreement, dated as of January 30, 2009, between James E. Wilhelm III and American Campus Communities, Inc. Incorporated by reference to Exhibit 99.14 to Current Report on Form 8-K of American Campus Communities, Inc. (File No. 001-32265) filed on March 24, 2010.

10.24 First Amendment to Employment Agreement, dated as of March 23, 2010, between James E. Wilhelm III and American Campus Communities, Inc. Incorporated by reference to Exhibit 99.5 to Current Report on Form 8-K of American Campus Communities, Inc. (File No. 001-32265) filed on March 24, 2010.

10.25 Form of Confidentiality and Noncompetition Agreement. Incorporated by reference to Exhibit 10.9 to the Registration Statement on Form S-11 (Registration No. 333-114813) of American Campus Communities, Inc.

10.26 Form of Second Amended and Restated Credit Agreement, dated as of August 14, 2009, among American Campus Communities Operating Partnership LP, as Borrower, American Campus Communities, Inc., as Parent Guarantor, the Subsidiary Guarantors listed on the signature pages thereto, the banks, financial institutions and other institutional lenders listed on the signature pages thereto as Initial Lenders, KeyBank National Association, as the initial issuer of Letters of Credit, Swing Line Bank and Administrative Agent, JPMorgan Chase Bank, N.A. and Bank of America, N.A., as Co-Syndication Agents, Deutsche Bank Trust Company Americas and U.S. Bank National Association, as Co-Documentation Agents, and KeyBank Capital Markets Inc., as Lead Arranger. Incorporated by reference to Exhibit 99.1 to Current Report on Form 8-K of American Campus Communities, Inc. (File No. 001-32265) filed on August 14, 2009.

10.27 Form of First Amendment to Second Amended and Restated Credit Agreement dated as of July 30, 2010 among American Campus Communities Operating Partnership LP, as Borrower; American Campus Communities, Inc., as Parent Guarantor; the Subsidiary Guarantors listed on the signature pages thereto; KeyBank National Association; the other lenders that are signatories thereto; and KeyBank National Association, as Administrative Agent. Incorporated by reference to Exhibit 99.1 to Current Report on Form 8-K of American Campus Communities, Inc. (File No. 001-32265) filed on August 2, 2010.

10.28 Form of Senior Secured Term Loan Agreement among American Campus Communities, Inc., as Parent Guarantor, American Campus Communities Operating Partnership LP, as Borrower, the Subsidiary Guarantors named therein, the Initial Lenders named therein, KeyBank National Association, as Administrative Agent, and KeyBanc Capital Markets Inc., as Lead Arranger. Incorporated by reference to Exhibit 99.1 to Current Report on Form 8-K of American Campus Communities, Inc. (File No. 001-32265) filed on May 29, 2008.

10.29 Form of Contribution and Sale Agreement, dated as of December 2, 2005, among Royal Tallahassee Partnership, Royal Tallahassee Partnership II Limited Partnership, Royal Tallahassee III Partnership, Royal Gainesville Limited Partnership, Royal Orlando Limited Partnership, Royal Lexington Limited Partnership, Royal Tucson Entrada Real Limited Partnership, Royal Texas-Tennessee Limited Partnership, Royal Texas-Tennessee II Limited Partnership, Raiders Pass Phase II Limited Partnership, Royal San Marcos Limited Partnership and Royal San Antonio Limited Partnership, on the one hand, and American Campus Communities, Inc. and American Campus Communities Operating Partnership LP, on the other hand. Incorporated by reference to Exhibit 99.1 to Current Report on Form 8-K of American Campus Communities, Inc. (File No. 001-32265) filed on February 13, 2006.

10.30 Form of First Amendment to Contribution and Sale Agreement, dated as of December 16, 2005, among Royal Tallahassee Partnership, Royal Tallahassee Partnership II Limited Partnership, Royal Tallahassee III Partnership, Royal Gainesville Limited Partnership, Royal Orlando Limited Partnership, Royal Lexington Limited Partnership, Royal Tucson Entrada Real Limited Partnership, Royal Texas-Tennessee Limited Partnership, Royal Texas-Tennessee II Limited Partnership, Raiders Pass Phase II Limited Partnership, Royal San Marcos Limited Partnership and Royal San Antonio Limited Partnership, on the one hand, and American Campus Communities, Inc. and American Campus Communities Operating Partnership LP, on the other hand. Incorporated by reference to Exhibit 99.2 to Current Report on Form 8-K of American Campus Communities, Inc. (File No. 001-32265) filed on February 13, 2006.

10.31 Form of Second Amendment to Contribution and Sale Agreement, dated as of January 30, 2006, among Royal Tallahassee Partnership, Royal Tallahassee Partnership II Limited Partnership, Royal Tallahassee III Partnership, Royal Gainesville Limited Partnership, Royal Orlando Limited Partnership, Royal Lexington Limited Partnership, Royal Tucson Entrada Real Limited Partnership, Royal Texas-Tennessee Limited Partnership, Royal Texas-Tennessee II Limited Partnership, Raiders Pass Phase II Limited Partnership, Royal San Marcos Limited Partnership and Royal San Antonio Limited Partnership, on the one hand, and American Campus Communities, Inc. and American Campus Communities Operating Partnership LP, on the other hand. Incorporated by reference to Exhibit 99.3 to Current Report on Form 8-K of American Campus Communities, Inc. (File No. 001-32265) filed on February 13, 2006.

10.32 Form of Third Amendment to Contribution and Sale Agreement, dated as of February 7, 2006, among Royal Tallahassee Partnership, Royal Tallahassee Partnership II Limited Partnership, Royal Tallahassee III Partnership, Royal Gainesville Limited Partnership, Royal Orlando Limited Partnership, Royal Lexington Limited Partnership, Royal Tucson Entrada Real Limited Partnership, Royal Texas-Tennessee Limited Partnership, Royal Texas-Tennessee II Limited Partnership, Raiders Pass Phase II Limited Partnership, Royal San Marcos Limited Partnership and Royal San Antonio Limited Partnership, on the one hand, and American Campus Communities, Inc. and American Campus Communities Operating Partnership LP, on the other hand. Incorporated by reference to Exhibit 99.4 to Current Report on Form 8-K of American Campus Communities, Inc. (File No. 001-32265) filed on February 13, 2006.

10.33 Form of Fourth Amendment to Contribution and Sale Agreement, dated as of February 8, 2006, among Royal Tallahassee Partnership, Royal Tallahassee Partnership II Limited Partnership, Royal Tallahassee III Partnership, Royal Gainesville Limited Partnership, Royal Orlando Limited Partnership, Royal Lexington Limited Partnership, Royal Tucson Entrada Real Limited Partnership, Royal Texas-Tennessee Limited Partnership, Royal Texas-Tennessee II Limited Partnership, Raiders Pass Phase II Limited Partnership, Royal San Marcos Limited Partnership and Royal San Antonio Limited Partnership, on the one hand, and American Campus Communities, Inc. and American Campus Communities Operating Partnership LP, on the other hand. Incorporated by reference to Exhibit 99.5 to Current Report on Form 8-K of American Campus Communities, Inc. (File No. 001-32265) filed on February 13, 2006.

10.34 Form of Registration Rights and Lock-Up Agreement, dated as of March 1, 2006, between American Campus Communities, Inc. and each of the persons who are signatory thereto. Incorporated by reference to Exhibit 99.3 to Current Report on Form 8-K of American Campus Communities, Inc. (File No. 001-32265) filed on March 7, 2006.

10.35 Form of Tax Matters Agreement, dated as of March 1, 2006, among American Campus Communities Operating Partnership LP, American Campus Communities, Inc., American Campus Communities Holdings LLC and each of the limited partners of American Campus Communities Operating Partnership LP who have executed a signature page thereto. Incorporated by reference to Exhibit 99.4 to Current

Report on Form 8-K of American Campus Communities, Inc. (File No. 001-32265) filed on March 7, 2006.

10.36 Form of Equity Distribution Agreement, dated May 19, 2010, between American Campus Communities, Inc., American Campus Communities Operating Partnership LP and American Campus Communities Holdings LLC, on one hand, and Merrill Lynch, Pierce, Fenner & Smith Incorporated, on the other hand. Incorporated by reference to Exhibit 99.1 to Current Report on Form 8-K of American Campus Communities, Inc. (File No. 001-32265) filed on May 20, 2010.

10.37	Form of Equity Distribution Agreement, dated May 19, 2010, between American Campus Communities, Inc., American Campus Communities Operating Partnership LP and American Campus Communities Holdings LLC, on one hand, and J.P. Morgan Securities Inc., on the other hand. Incorporated by reference to Exhibit 99.2 to Current Report on Form 8-K of American Campus Communities, Inc. (File No. 001-32265) filed on May 20, 2010.
10.38	Form of Equity Distribution Agreement, dated May 19, 2010, between American Campus Communities, Inc., American Campus Communities Operating Partnership LP and American Campus Communities Holdings LLC, on one hand, and KeyBanc Capital Markets Inc., on the other hand. Incorporated by reference to Exhibit 99.3 to Current Report on Form 8-K of American Campus Communities, Inc. (File No. 001-32265) filed on May 20, 2010.
10.39	Form of Agreement for Assignment of LLC Interests, dated as of June 1, 2010, between GF II/GMH II LLC and American Campus Communities Operating Partnership LP. Incorporated by reference to Exhibit 99.1 to Current Report on Form 8-K of American Campus Communities, Inc. (File No. 001-32265) filed on June 7, 2010.
10.40	Form of Agreement for Assignment of LLC Interests, dated as of June 1, 2010, between GF III/ACC LLC and American Campus Communities Operating Partnership LP. Incorporated by reference to Exhibit 99.2 to Current Report on Form 8-K of American Campus Communities, Inc. (File No. 001-32265) filed on June 7, 2010.
21.1	List of Subsidiaries of the Registrant.
23.2	Consent of Ernst & Young LLP.
31.1	Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	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	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.
*	Indicates management compensation plan.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

March 1, 2011 AMERICAN CAMPUS COMMUNITIES, INC.

By: /s/ William C. Bayless, Jr.
President and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Name	Title	Date
/s/ William C. Bayless, Jr. William C. Bayless, Jr.	President, Chief Executive Officer and Director (Principal Executive Officer)	March 1, 2011
/s/ Jonathan A. Graf Jonathan A. Graf	Executive Vice President, Chief Financial Officer, Treasurer and Secretary (Principal Financial Officer)	March 1, 2011
/s/ R.D. Burck R.D. Burck	Chairman of the Board of Directors	March 1, 2011
/s/ G. Steven Dawson G. Steven Dawson	Director	March 1, 2011
/s/ Cydney Donnell Cydney Donnell	Director	March 1, 2011
/s/ Edward Lowenthal Edward Lowenthal	Director	March 1, 2011
/s/ Joseph Macchione Joseph Macchione	Director	March 1, 2011
/s/ Winston W. Walker Winston W. Walker	Director	March 1, 2011

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Shareholders of
American Campus Communities, Inc.

We have audited American Campus Communities, Inc.'s and Subsidiaries (the Company) internal control over financial reporting as of December 31, 2010, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (the COSO criteria). American Campus Communities, Inc.'s and Subsidiaries management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, American Campus Communities, Inc. and Subsidiaries maintained, in all material respects, effective internal control over financial reporting as of December 31, 2010, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of American Campus Communities, Inc. and Subsidiaries as of December 31, 2010 and 2009, and the related consolidated statements of operations, equity, and cash flows for each of the three years in the period ended December 31, 2010 of American Campus Communities, Inc. and Subsidiaries and our report dated March 1, 2011 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

Austin, Texas

March 1, 2011

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Shareholders of
American Campus Communities, Inc.

We have audited the accompanying consolidated balance sheets of American Campus Communities, Inc. and Subsidiaries (the Company) as of December 31, 2010 and 2009, and the related consolidated statements of operations, equity, and cash flows for each of the three years in the period ended December 31, 2010. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of American Campus Communities, Inc. and Subsidiaries at December 31, 2010 and 2009 and the consolidated results of their operations and their cash flows for each of the three years in the period ended December 31, 2010, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company's internal control over financial reporting as of December 31, 2010, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated March 1, 2011 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

Austin, Texas
March 1, 2011

AMERICAN CAMPUS COMMUNITIES, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(in thousands, except share data)

	December 31, 2010	December 31, 2009
Assets		
Investments in real estate:		
Wholly-owned properties, net	$2,433,844	$2,014,970
On-campus participating properties, net	62,486	65,690
Investments in real estate, net	2,496,330	2,080,660
Cash and cash equivalents	113,507	66,093
Restricted cash	26,764	29,899
Student contracts receivable, net	5,736	5,381
Other assets	51,147	52,948
Total assets	$2,693,484	$2,234,981
Liabilities and equity		
Liabilities:		
Secured mortgage, construction and bond debt	$1,144,103	$1,029,455
Senior secured term loan	100,000	100,000
Secured agency facility	101,000	94,000
Accounts payable and accrued expenses	34,771	26,543
Other liabilities	61,011	45,487
Total liabilities	1,440,885	1,295,485
Commitments and contingencies (Note 17)		
Redeemable noncontrolling interests	34,704	36,722
Equity:		
American Campus Communities, Inc. stockholders' equity:		
Common stock, $.01 par value, 800,000,000 shares authorized, 66,875,663 and 52,203,893 shares issued and outstanding at December 31, 2010 and 2009, respectively	667	521
Additional paid in capital	1,468,179	1,092,030
Accumulated earnings and dividends	(249,381)	(189,165)
Accumulated other comprehensive loss	(5,503)	(4,356)
Total American Campus Communities, Inc. stockholders' equity	1,213,962	899,030
Noncontrolling interests	3,933	3,744
Total equity	1,217,895	902,774
Total liabilities and equity	$2,693,484	$2,234,981

See accompanying notes to consolidated financial statements.

AMERICAN CAMPUS COMMUNITIES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except share and per share data)

	Year Ended December 31,		
	2010	2009	2008
Revenues:			
Wholly-owned properties	$301,747	$267,294	$192,277
On-campus participating properties	23,975	22,727	22,042
Third-party development services	9,302	5,015	7,922
Third-party management services	8,670	8,795	6,578
Resident services	1,297	1,115	2,336
Total revenues	344,991	304,946	231,155
Operating expenses:			
Wholly-owned properties	143,037	130,147	100,121
On-campus participating properties	10,492	10,200	10,771
Third-party development and management services	12,781	11,250	11,123
General and administrative	11,561	10,955	11,274
Depreciation and amortization	77,234	74,554	55,865
Ground/facility leases	2,944	2,107	1,778
Total operating expenses	258,049	239,213	190,932
Operating income	86,942	65,733	40,223
Nonoperating income and (expenses):			
Interest income	187	118	1,128
Interest expense	(60,654)	(61,192)	(48,626)
Amortization of deferred financing costs	(4,485)	(3,435)	(2,546)
Loss from unconsolidated joint ventures	(2,023)	(2,073)	(1,619)
Other nonoperating income	5,694	402	486
Total nonoperating expenses	(61,281)	(66,180)	(51,177)
Income (loss) before income taxes and discontinued operations	25,661	(447)	(10,954)
Income tax provision	(570)	(540)	(388)
Income (loss) from continuing operations	25,091	(987)	(11,342)
Discontinued operations:			
Loss attributable to discontinued operations	(4,288)	(2,115)	(1,477)
Loss from disposition of real estate	(3,705)	(9,358)	-
Total discontinued operations	(7,993)	(11,473)	(1,477)
Net income (loss)	17,098	(12,460)	(12,819)
Net income attributable to noncontrolling interests	(888)	(380)	(236)
Net income (loss) attributable to common shareholders	$16,210	$(12,840)	$(13,055)
Income (loss) per share attributable to common shareholders – basic:			
Income (loss) from continuing operations per share	$0.40	$(0.05)	$(0.32)

Net income (loss) per share	$0.27	$(0.28)	$(0.36)
Income (loss) per share attributable to common shareholders – diluted:			
Income (loss) from continuing operations per share	$0.40	$(0.05)	$(0.32)
Net income (loss) per share	$0.26	$(0.28)	$(0.36)
Weighted-average common shares outstanding:			
Basic	57,682,808	48,706,480	36,947,656
Diluted	59,338,227	48,706,480	36,947,656
Distributions declared per common share	$1.35	$1.35	$1.35

See accompanying notes to consolidated financial statements.

AMERICAN CAMPUS COMMUNITIES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(in thousands, except share data)

	Preferred Stock	Common Shares	Par Value of Common Shares	Additional Paid in Capital	Accumulated Earnings and Dividends	Accumulated Other Comprehensive Loss	Noncontrolling Interests	Total
Equity, December 31, 2007	$-	27,275,491	$273	$478,345	$ (48,181)	$ (1,875)	$ 4,141	$432,703
Net proceeds from sale of common stock	-	9,200,000	92	251,994	-	-	-	252,086
Common stock consideration for GMH	-	5,442,801	54	154,643	-	-	-	154,697
Issuance of preferred stock	131	-	-	-	-	-	-	131
Redemption of preferred stock	(131)	-	-	-	-	-	-	(131)
Adjustments to reflect redeemable noncontrolling interests at fair value	-	-	-	7,201	-	-	-	7,201
Amortization of restricted stock awards	-	-	-	1,908	-	-	-	1,908
Vesting of restricted stock awards	-	44,409	-	(147)	-	-	-	(147)
Distributions to common, preferred and restricted stockholders	-	-	-	-	(50,592)	-	-	(50,592)
Distributions to joint venture partners	-	-	-	-	-	-	(316)	(316)
Conversion of common units to common stock	-	391,582	4	7,697	-	-	-	7,701
Amortization of gain on swap termination to earnings	-	-	-	-	-	(211)	-	(211)
Comprehensive loss:								
Change in fair value of interest rate swaps	-	-	-	-	-	(3,031)	-	(3,031)
Net loss	-	-	-	-	(13,055)	-	266	(12,789)
Total comprehensive loss								(15,820)
Equity, December 31, 2008	-	42,354,283	423	901,641	(111,828)	(5,117)	4,091	789,210
Net proceeds from sale of common stock	-	9,775,000	98	198,252	-	-	-	198,350
Adjustments to reflect redeemable	-	-	-	(10,676)	-	-	-	(10,676)

noncontrolling interests at fair value								
Amortization of restricted stock awards	-	-	-	2,709	-	-	-	2,709
Vesting of restricted stock awards	-	59,210	-	(257)	-	-	-	(257)
Distributions to common and restricted stockholders	-	-	-	-	(64,497)	-	-	(64,497)
Distributions to joint venture partners	-	-	-	-	-	-	(840)	(840)
Conversion of common units to common stock	-	15,400	-	361	-	-	-	361
Comprehensive loss:	-							
Change in fair value of interest rate swaps	-	-	-	-	-	761	-	761
Net loss	-	-	-	-	(12,840)	-	493	(12,347)
Total comprehensive loss								(11,586)
Equity, December 31, 2009	-	52,203,893	521	1,092,030	(189,165)	(4,356)	3,744	902,774
Net proceeds from sale of common stock	-	14,371,100	144	372,879	-	-	-	373,023
Adjustments to reflect redeemable noncontrolling interests at fair value	-	-	-	(3,274)	-	-	-	(3,274)
Amortization of restricted stock awards	-	-	-	3,612	-	-	-	3,612
Vesting of restricted stock awards	-	90,525	-	(917)		-	-	(917)
Distributions to common and restricted stockholders	-	-	-	-	(76,426)	-	-	(76,426)
Distributions to joint venture partners	-	-	-	-	-	-	(285)	(285)
Conversions of common units to common stock	-	210,145	2	3,849	-	-	-	3,851
Comprehensive income:								
Change in fair value of interest rate swaps	-	-	-	-	-	(1,147)	-	(1,147)
Net income	-	-	-	-	16,210	-	474	16,684
Total comprehensive income								15,537
Equity, December 31, 2010	$-	66,875,663	$667	$1,468,179	$(249,381)	$(5,503)	$3,933	$1,217,895

See accompanying notes to consolidated financial statements.

AMERICAN CAMPUS COMMUNITIES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	Year Ended December 31,		
	2010	2009	2008
Operating activities			
Net income (loss) attributable to common shareholders	$16,210	$(12,840)	$(13,055)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Loss from disposition of real estate	3,705	9,358	-
Gain on remeasurement of equity method investments	(4,098)	-	-
Gain from insurance settlements	(1,596)	-	-
Income attributable to noncontrolling interests	888	380	236
Depreciation and amortization	77,568	77,348	57,555
Provision for asset impairment	4,036	-	-
Amortization of deferred financing costs and debt premiums/discounts	2,685	3,430	1,734
Share-based compensation	3,745	2,811	2,099
Loss from unconsolidated joint ventures	2,023	2,073	1,619
Distributions received from unconsolidated joint ventures	200	250	120
Amortization of gain on interest rate swap termination	-	-	(211)
Income tax provision	570	540	375
Changes in operating assets and liabilities:			
Restricted cash	7,898	328	(1,045)
Student contracts receivable, net	234	(290)	(34)
Other assets	(753)	3,359	(6,998)
Accounts payable and accrued expenses	3,054	(9,387)	(3,177)
Other liabilities	1,715	219	(2,823)
Net cash provided by operating activities	118,084	77,579	36,395
Investing activities			
Net proceeds from disposition of real estate	2,114	1,485	4,418
Cash paid for GMH acquisition	-	-	(269,358)
Cash paid for property acquisitions	(154,461)	-	(11,287)
Cash paid for land acquisitions	(16,050)	(7,385)	(3,226)
Investments in wholly-owned properties	(76,854)	(114,729)	(139,570)
Investments in on-campus participating properties	(1,141)	(739)	(719)
Change in restricted cash related to capital reserves	1,184	1,711	(2,745)
Proceeds from insurance settlement	1,726	-	-
Investments in unconsolidated joint ventures	(499)	(401)	(10,610)
Purchase of corporate furniture, fixtures and equipment	(2,182)	(606)	(2,178)
Net cash used in investing activities	(246,163)	(120,664)	(435,275)
Financing activities			
Proceeds from sale of common stock	388,871	207,719	264,500
Offering costs	(15,814)	(9,369)	(12,249)
Proceeds from sale of preferred stock	-	-	131
Redemption of preferred stock	-	-	(131)
Pay-off of mortgage and construction loans	(110,662)	(110,949)	(24,362)
Proceeds from contribution of properties to joint venture	-	-	74,368

Proceeds from secured term loan	-	-	100,000
Proceeds from secured agency facility	7,000	94,000	-
Proceeds from secured revolving credit facility	54,800	115,405	45,800
Paydowns of secured revolving credit facility	(54,800)	(130,105)	(40,700)
Proceeds from construction loans	-	5,334	81,167
Principal payments on debt	(12,100)	(10,441)	(10,886)
Change in construction accounts payable	-	(2,747)	(6,591)
Debt issuance and assumption costs	(3,091)	(8,094)	(5,808)
Distributions to common and restricted stockholders	(76,579)	(64,565)	(50,637)
Distributions to noncontrolling partners	(2,009)	(2,610)	(2,195)
Redemption of Common Units	(123)	-	-
Net cash provided by financing activities	175,493	83,578	412,407
Net change in cash and cash equivalents	47,414	40,493	13,527
Cash and cash equivalents at beginning of period	66,093	25,600	12,073
Cash and cash equivalents at end of period	$113,507	$66,093	$25,600
Supplemental disclosure of non-cash investing and financing activities			
Loans assumed in connection with company and property acquisitions	$(247,752)	$-	$(615,175)
Issuance of common stock in connection with GMH acquisition	$-	$-	$(154,697)
Issuance of Common Units in connection with GMH acquisition	$-	$-	$(199)
Issuance of Common Units in connection with land acquisition	$-	$(2,005)	$-
Financing of equipment through capital lease obligations	$-	$629	$-
Change in fair value of derivative instruments, net	$(1,147)	$761	$(3,031)
Supplemental disclosure of cash flow information			
Interest paid	$60,718	$62,263	$52,108
Income taxes paid	$300	$642	$282

See accompanying notes to consolidated financial statements.

AMERICAN CAMPUS COMMUNITIES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Organization and Description of Business

American Campus Communities, Inc. (the "Company") is a real estate investment trust ("REIT") that was incorporated on March 9, 2004 and commenced operations effective with the completion of an initial public offering ("IPO") on August 17, 2004. Through the Company's controlling interest in American Campus Communities Operating Partnership LP (the "Operating Partnership"), the Company 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. The Company 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.

As of December 31, 2010, the Company's property portfolio contained 104 student housing properties with approximately 65,000 beds in approximately 20,800 apartment units. The Company's property portfolio consisted of 96 owned off-campus properties that are in close proximity to colleges and universities, four American Campus Equity ("ACE®") properties operated under ground/facility leases with three university systems and four on-campus participating properties operated under ground/facility leases with the related university systems. 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 the Company's taxable REIT subsidiaries ("TRS"), it also provides construction management and development services, primarily for student housing properties owned by colleges and universities, charitable foundations, and others. As of December 31, 2010, the Company provided third-party management and leasing services for 37 properties (nine of which the Company served as the third-party developer and construction manager) that represented approximately 28,200 beds in approximately 10,700 units, and one joint venture property in which we own a noncontrolling interest with approximately 600 beds in approximately 200 units. Third-party management and leasing services are typically provided pursuant to management contracts that have initial terms that range from one to five years. As of December 31, 2010, the Company's total owned, joint venture and third-party managed portfolio included 142 properties with approximately 93,800 beds in approximately 31,700 units.

2. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States ("GAAP") and include the financial position, results of operations and cash flows of the Company, the Operating Partnership and subsidiaries of the Operating Partnership, including joint ventures in which the Company has a controlling interest. Third-party equity interests in the Operating Partnership and consolidated joint ventures are reflected as noncontrolling interests in the consolidated financial statements. The Company also has a noncontrolling interest in two unconsolidated joint ventures, which are accounted for under the equity method. All intercompany amounts have been eliminated. All dollar amounts in the tables herein, except share and per share amounts, are stated in thousands unless otherwise indicated. Certain prior period amounts have been reclassified to conform to the current period presentation.

Recent Accounting Pronouncements

On January 1, 2010, the Company adopted new accounting guidance related to variable interest entities ("VIEs"). These new accounting pronouncements amend the existing accounting guidance to: (i) require an enterprise to perform an

analysis to determine whether the enterprise's variable interest or interests give it a controlling financial interest in a VIE, identifying the primary beneficiary of the VIE, (ii) require an ongoing reassessment of whether an enterprise is the primary beneficiary of a VIE, rather than only when specific events occur, (iii) eliminate the quantitative approach previously required for determining the primary beneficiary of a VIE, (iv) amend certain guidance for determining whether an entity is a VIE, (v) add an additional reconsideration event when changes in facts and circumstances pertinent to a VIE occur, (vi) eliminate the exception for troubled debt restructuring regarding VIE reconsideration, and (vii) require advanced disclosures that will provide users of financial statements with more transparent information about an enterprise's involvement in a VIE. Upon the adoption of this new accounting guidance, management reevaluated its potential VIEs and concluded that there is no change from its initial assessment regarding which entities are consolidated by the Company and those that are accounted for under the equity method of accounting.

AMERICAN CAMPUS COMMUNITIES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Investments in Real Estate

Investments in real estate are recorded at historical cost. Major improvements that extend the life of an asset are capitalized and depreciated over the remaining useful life of the asset. The cost of ordinary repairs and maintenance are charged to expense when incurred. Depreciation and amortization are recorded on a straight-line basis over the estimated useful lives of the assets as follows:

Buildings and improvements	7-40 years
Leasehold interest - on-campus participating properties	25-34 years (shorter of useful life or respective lease term)
Furniture, fixtures and equipment	3-7 years

Project costs directly associated with the development and construction of an owned real estate project, which include interest, property taxes, and amortization of deferred finance costs, are capitalized as construction in progress. Upon completion of the project, costs are transferred into the applicable asset category and depreciation commences. Interest totaling approximately $1.1 million, $2.9 million and $5.5 million was capitalized during the years ended December 31, 2010, 2009 and 2008, respectively. Amortization of deferred financing costs totaling approximately $13,000, $-0- and $0.2 million was capitalized as construction in progress during the years ended December 31, 2010, 2009 and 2008, respectively.

Management assesses whether there has been an impairment in the value of the Company's investments in real estate whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Impairment is recognized when estimated expected future undiscounted cash flows are less than the carrying value of the property. The estimation of expected future net cash flows is inherently uncertain and relies on assumptions regarding current and future economics and market conditions. If such conditions change, then an adjustment to the carrying value of the Company's long-lived assets could occur in the future period in which the conditions change. To the extent that a property is impaired, the excess of the carrying amount of the property over its estimated fair value is charged to earnings. The Company believes that there were no impairments of the carrying values of its investments in real estate as of December 31, 2010.

The Company allocates the purchase price of acquired properties to net tangible and identified intangible assets based on relative fair values. Fair value estimates are based on information obtained from a number of sources, including independent appraisals that may be obtained in connection with the acquisition or financing of the respective property and other market data. Information obtained about each property as a result of due diligence, marketing and leasing activities is also considered. The value of in-place leases is based on the difference between (i) the property valued with existing in-place leases adjusted to market rental rates and (ii) the property valued "as-if" vacant. As lease terms are typically one year or less, rates on in-place leases generally approximate market rental rates. Factors considered in the valuation of in-place leases include an estimate of the carrying costs during the expected lease-up period considering current market conditions, nature of the tenancy, and costs to execute similar leases. Carrying costs

include estimates of lost rentals at market rates during the expected lease-up period, as well as marketing and other operating expenses. The value of in-place leases is amortized over the remaining initial term of the respective leases, generally less than one year. The purchase price of property acquisitions is not expected to be allocated to tenant relationships, considering the terms of the leases and the expected levels of renewals.

Long-Lived Assets–Held for Sale

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

a. Management, having the authority to approve the action, commits to a plan to sell the asset.

b. The asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets.

c. An active program to locate a buyer and other actions required to complete the plan to sell the asset have been initiated.

AMERICAN CAMPUS COMMUNITIES, INC. AND SUBSIDIARIES
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d. The sale of the asset is probable, and transfer of the asset is expected to qualify for recognition as a completed sale, within one year.

e. The asset is being actively marketed for sale at a price that is reasonable in relation to its current fair value.

f. Actions required to complete the plan indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

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

Owned On-Campus Properties

Under its ACE program, the Company as lessee has entered into four ground/facility lease agreements with three university systems to finance, construct, and manage four student housing properties. Two properties were under construction as of December 31, 2010 with one scheduled to open for occupancy in August 2011 and the other in August 2012. The terms of the leases, including extension options, range from 65 to 85 years, and the lessor has title to the land and usually any improvements placed thereon. The Company's involvement in construction requires the lessor's post construction ownership of the improvements to be treated as a sale with a subsequent leaseback by the Company. However, these sale-leaseback transactions do not qualify for sale-leaseback accounting because of the Company's continuing involvement in the constructed assets. As a result of the Company's continuing involvement, these leases are accounted for by the deposit method, in which the assets subject to the ground/facility leases are reflected at historical cost, less amortization, and the financing obligations are reflected at the terms of the underlying financing.

On-Campus Participating Properties

The Company has entered into ground and facility leases with two university systems and colleges to finance, construct, and manage four on-campus student housing facilities. Under the terms of the leases, the lessor has title to the land and any improvements placed thereon. Each lease terminates upon final repayment of the construction related financing, the amortization period of which is contractually stipulated. The Company's involvement in construction requires the lessor's post construction ownership of the improvements to be treated as a sale with a subsequent leaseback by the Company. The sale-leaseback transaction has been accounted for as a financing, and as a result, any fee earned during construction is deferred and recognized over the term of the lease. The resulting financing obligation is reflected at the terms of the underlying financing, i.e., interest is accrued at the contractual rates and principal reduces in accordance with the contractual principal repayment schedules.

The Company reflects these assets subject to ground/facility leases at historical cost, less amortization. Costs are amortized, and deferred fee revenue in excess of the cost of providing the service are recognized, over the lease term.

Cash and Cash Equivalents

The Company considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. The Company maintains cash balances in various banks. At times the Company's balances may exceed the amount insured by the FDIC. As the Company only uses money-centered financial institutions, the Company does not believe it is exposed to any significant credit risk related to its cash and cash equivalents.

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. 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.

AMERICAN CAMPUS COMMUNITIES, INC. AND SUBSIDIARIES
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Intangible Assets

In connection with property acquisitions completed in 2010, the acquisition of GMH Communities Trust ("GMH") in June 2008 and the acquisition of two properties in February 2008, the Company capitalized approximately $5.5 million and $19.0 million, respectively, related to management's estimate of the fair value of the in-place leases assumed. These intangible assets are amortized on a straight-line basis over the average remaining term of the underlying leases. Amortization expense was approximately $1.8 million, $9.7 million and $9.1 million for the years ended December 31, 2010, 2009 and 2008, respectively. In 2008, the Company also capitalized $1.5 million related to management's estimate of the fair value of third-party management contracts acquired from GMH. These intangible assets are amortized on a straight-line basis over a period of three years. Amortization expense related to these acquired management contracts was approximately $0.5 million, $0.5 million and $0.3 million for the years ended December 31, 2010, 2009 and 2008, respectively. Accumulated amortization at December 31, 2010 and December 31, 2009 was approximately $4.7 million and $19.9 million, respectively. Intangible assets, net of amortization, are included in other assets on the accompanying consolidated balance sheets and the amortization of intangible assets is included in depreciation and amortization expense in the accompanying consolidated statements of operations. See Note 5 herein for a detailed discussion of the property acquisitions completed during 2010 and 2008.

Deferred Financing Costs

The Company defers financing costs and amortizes the costs over the terms of the related debt using the effective interest method. Upon repayment of or in conjunction with a material change in the terms of the underlying debt agreement, any unamortized costs are charged to earnings. Accumulated amortization at December 31, 2010 and December 31, 2009 was approximately $11.8 million and $9.0 million, respectively. Deferred financing costs, net of amortization, are included in other assets on the accompanying consolidated balance sheets.

Joint Ventures

The Company holds interests in both consolidated and unconsolidated joint ventures. The Company consolidates joint ventures when it exhibits financial or operational control, which is determined using accounting standards related to the consolidation of joint ventures and VIEs. For joint ventures that are defined as VIEs, the primary beneficiary consolidates the entity. The Company considers itself to be the primary beneficiary of a VIE when it has the power to direct the activities that most significantly impact the performance of the VIE, such as management of day-to-day operations, preparing and approving operating and capital budgets, and encumbering or selling the related properties. In instances where the Company is not the primary beneficiary, it does not consolidate the joint venture for financial reporting purposes.

For joint ventures that are not defined as VIEs, management first considers whether the Company is the general partner or a limited partner (or the equivalent in such investments which are not structured as partnerships). The Company consolidates joint ventures where it is the general partner and the limited partners in such investments do not have rights which would preclude control and, therefore, consolidation for financial reporting purposes. For joint ventures where the Company is the general partner, but does not control the joint venture as the other partners hold substantive participating rights, the Company uses the equity method of accounting. For joint ventures where the Company is a limited partner, management considers factors such as ownership interest, voting control, authority to make decisions, and contractual and substantive participating rights of the partners to determine if the presumption that the general partner controls the entity is overcome. In instances where these factors indicate the Company controls the joint venture, the Company consolidates the joint venture; otherwise it uses the equity method of

accounting.

Debt Premiums and Discounts

Debt premiums and discounts represent fair value adjustments to account for the difference between the stated rates and market rates of debt assumed in connection with the Company's property acquisitions. The debt premiums and discounts are amortized to interest expense over the term of the related loans using the effective-interest method. As of December 31, 2010 and December 31, 2009, net unamortized debt premiums were approximately $16.6 million and $3.8 million, respectively, and net unamortized debt discounts were approximately $6.6 million and $8.5 million, respectively. Debt premiums and discounts are included in secured mortgage, construction and bond debt on the accompanying consolidated balance sheets.

Rental Revenues and Related Receivables

Students are required to execute lease contracts with payment schedules that vary from single to monthly payments. Receivables are recorded when billed, revenues and related lease incentives are recognized on a straight-line basis over the term of the contracts, and balances are considered past due when payment is not received on the contractual due date. Generally, the Company requires each executed contract to be accompanied by a refundable security deposit and a signed parental guaranty. Security deposits are refundable, net of any outstanding charges, upon expiration of the underlying contract.

AMERICAN CAMPUS COMMUNITIES, INC. AND SUBSIDIARIES
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Allowances for receivables are established when management determines that collection of such receivables are doubtful. When management has determined receivables to be uncollectible, they are removed as an asset with a corresponding reduction in the allowance for doubtful accounts.

The allowance for doubtful accounts is summarized as follows:

	Balance, Beginning of Period	Charged to Expense	Write-Offs	Balance, End of Period
Year ended December 31, 2008	$3,000	$2,955	$(2,106)	$3,849
Year ended December 31, 2009	$3,849	$4,327	$(2,066)	$6,110
Year ended December 31, 2010	$6,110	$5,178	$(2,667)	$8,621

Third-Party Development Services Revenue and Costs

Development revenues are generally recognized based on a proportionate performance method based on contract deliverables, while construction revenues are recognized using the percentage of completion method, as determined by construction costs incurred relative to total estimated construction costs. Costs associated with such projects are deferred and recognized in relation to the revenues earned on executed contracts. For projects where the Company's fee is based on a fixed price, any cost overruns incurred during construction, as compared to the original budget, will reduce the net fee generated on those projects. Incentive fees are generally recognized when the project is complete and performance has been agreed upon by all parties, or when performance has been verified by an independent third-party. The Company also evaluates the collectability of fee income and expense reimbursements generated through the provision of development and construction management services based upon the individual facts and circumstances, including the contractual right to receive such amounts in accordance with the terms of the various projects, and reserves any amounts that are deemed to be uncollectible.

Pre-development expenditures such as architectural fees, permits and deposits associated with the pursuit of third-party and owned development projects are expensed as incurred, until such time that management believes it is probable that the contract will be executed and/or construction will commence. Because the Company frequently incurs these pre-development expenditures before a financing commitment and/or required permits and authorizations have been obtained, the Company bears the risk of loss of these pre-development expenditures if financing cannot ultimately be arranged on acceptable terms or the Company is unable to successfully obtain the required permits and authorizations. As such, management evaluates the status of third-party and owned projects that have not yet commenced construction on a periodic basis and expenses any deferred costs related to projects whose current status indicates the commencement of construction is unlikely and/or the costs may not provide future value to the Company in the form of revenues. Such write-offs are included in third-party development and management services expenses (in the case of third-party development projects) or general and administrative expenses (in the case of owned development projects) on the accompanying consolidated statements of operations. As of December 31, 2010, the Company has deferred approximately $8.4 million in pre-development costs related to third-party and owned development projects that have not yet commenced construction. Such costs are included in other assets on the accompanying consolidated balance sheets.

Third-Party Management Services Revenue

Management fees are recognized when earned in accordance with each management contract. Incentive management fees are recognized when the incentive criteria have been met.

Advertising Costs

Advertising costs are expensed during the period incurred. The Company uses no direct response advertising. Advertising expense approximated $8.4 million, $9.5 million and $5.2 million for the years ended December 31, 2010, 2009 and 2008, respectively.

AMERICAN CAMPUS COMMUNITIES, INC. AND SUBSIDIARIES
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Derivative Instruments and Hedging Activities

The Company records all derivative financial instruments on the balance sheet at fair value. Changes in fair value are recognized either in earnings or as other comprehensive income, depending on whether the derivative has been designated as a fair value or cash flow hedge and whether it qualifies as part of a hedging relationship, the nature of the exposure being hedged, and how effective the derivative is at offsetting movements in underlying exposure. The Company discontinues hedge accounting when: (i) it determines that the derivative is no longer effective in offsetting changes in the fair value or cash flows of a hedged item; (ii) the derivative expires or is sold, terminated, or exercised; (iii) it is no longer probable that the forecasted transaction will occur; or (iv) management determines that designating the derivative as a hedging instrument is no longer appropriate. In all situations in which hedge accounting is discontinued and the derivative remains outstanding, the Company will carry the derivative at its fair value on the balance sheet, recognizing changes in the fair value in current-period earnings. The Company uses interest rate swaps to effectively convert a portion of its floating rate debt to fixed rate, thus reducing the impact of rising interest rates on interest payments. These instruments are designated as cash flow hedges and the interest differential to be paid or received is accrued as interest expense. The Company's counter-parties are major financial institutions. See Note 14 herein for an expanded discussion on derivative instruments and hedging activities.

Common Stock Issuances and Costs

Specific incremental costs directly attributable to the Company's equity offerings are deferred and charged against the gross proceeds of the offering. As such, underwriting commissions and other common stock issuance costs are reflected as a reduction of additional paid in capital. See Note 12 herein for an expanded discussion on common stock issuances and costs.

Comprehensive Income (Loss)

Comprehensive income (loss) includes net income (loss) and other comprehensive income (loss), consisting of unrealized gains (losses) on derivative instruments. Comprehensive income (loss) is presented in the accompanying consolidated statements of changes in equity, and accumulated other comprehensive loss is displayed as a separate component of stockholders' equity.

Stock-Based Compensation

The Company has recognized compensation expense related to certain stock-based awards (see Note 13) over the underlying vesting periods, which amounted to approximately $3.9 million, $3.0 million and $2.1 million for the years ended December 31, 2010, 2009 and 2008, respectively.

Income Taxes

The Company has elected to be taxed as a REIT under the Internal Revenue Code of 1986, as amended (the "Code"). To qualify as a REIT, the Company must meet a number of organizational and operational requirements, including a requirement that it currently distribute at least 90% of its adjusted taxable income to its stockholders. As a REIT, the Company will generally not be subject to corporate level federal income tax on taxable income it currently distributes to its stockholders. If the Company fails to qualify as a REIT in any taxable year, it will be subject to federal income taxes at regular corporate rates (including any applicable alternative minimum tax) and may not be able to qualify as a REIT for the subsequent four taxable years. Even if the Company qualifies for taxation as a REIT,

the Company may be subject to certain state and local income and excise taxes on its income and property, and to federal income and excise taxes on its undistributed income.

The Company owns two TRS entities that manage the Company's non-REIT activities and each is subject to federal, state and local income taxes.

Other Nonoperating Income

Other nonoperating income of $5.7 million for the year ended December 31, 2010 represents the following items: (i) a $4.1 million gain recorded as a result of remeasuring the Company's equity method investments in two joint ventures, in which the Company previously held a 10% interest, to fair value immediately prior to the Company's September and November 2010 acquisitions of the remaining 90% interest in 14 properties previously owned by the joint ventures; and (ii) a gain on insurance settlement of $1.6 million related to a fire that occurred at one of the Company's owned off-campus properties in April 2010. The gain represents insurance proceeds received in excess of the book value of the property written off as a result of the fire damage.

Other nonoperating income of $0.4 million and $0.5 million for the years ended December 31, 2009 and 2008 represents tax incentive amounts received in cash in excess of the Company's estimate of the future potential benefit of the tax incentive recorded upon acquisition of a property located in Ypsilanti, Michigan. Upon acquisition of this property in February 2007, any future potential benefit of such tax incentive was assumed from the seller.

AMERICAN CAMPUS COMMUNITIES, INC. AND SUBSIDIARIES
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3. Earnings per Share

Basic earnings per share is computed using net income (loss) attributable to common shareholders and the weighted average number of shares of the Company's common stock outstanding during the period. Diluted earnings per share reflects common shares issuable from the assumed conversion of common and preferred Operating Partnership 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 years ended December 31, 2010, 2009 and 2008, but were not included in the computation of diluted earnings per share because the effects of their inclusion would be anti-dilutive.

	Year Ended December 31,		
	2010	2009	2008
Common Operating Partnership units (Note 9)	-	1,170,469	1,253,650
Preferred Operating Partnership units (Note 9)	114,963	114,963	114,963
Restricted Stock Awards (Note 13)	-	459,855	278,961
Total potentially dilutive securities	114,963	1,745,287	1,647,574

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

	Year Ended December 31,		
	2010	2009	2008
Basic earnings per share calculation:			
Income (loss) from continuing operations	$25,091	$(987)	$(11,342)
Income from continuing operations attributable to noncontrolling interests	(1,083)	(664)	(278)
Income (loss) from continuing operations attributable to common shareholders	24,008	(1,651)	(11,620)
Amount allocated to participating securities	(745)	(652)	(398)
Income (loss) from continuing operations attributable to common shareholders, net of amount allocated to participating securities	23,263	(2,303)	(12,018)
Loss from discontinued operations	(7,993)	(11,473)	(1,477)
Loss from discontinued operations attributable to noncontrolling interests	195	284	42
Loss from discontinued operations attributable to common shareholders	(7,798)	(11,189)	(1,435)
Net income (loss) attributable to common shareholders, as adjusted – basic	$15,465	$(13,492)	$(13,453)
Income (loss) from continuing operations attributable to common shareholders, as adjusted – per share	$0.40	$(0.05)	$(0.32)
Loss from discontinued operations attributable to common shareholders – per share	$(0.13)	$(0.23)	$(0.04)
	$0.27	$(0.28)	$(0.36)

Net income (loss) attributable to common shareholders, as adjusted – per share			
Basic weighted average common shares outstanding	57,682,808	48,706,480	36,947,656

AMERICAN CAMPUS COMMUNITIES, INC. AND SUBSIDIARIES
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	Year Ended December 31,		
	2010	2009	2008
Diluted earnings per share calculation:			
Income (loss) from continuing operations attributable to common shareholders, net of amount allocated to participating securities	$23,263	$(2,303)	$(12,018)
Income from continuing operations allocated to Common Units	407	-	-
Income (loss) from continuing operations attributable to common shareholders, as adjusted	23,670	(2,303)	(12,018)
Loss from discontinued operations attributable to common shareholders	(7,798)	(11,189)	(1,435)
Loss from discontinued operations allocated to Common Units	(177)	-	-
Loss from discontinued operations attributable to common shareholders, as adjusted	(7,975)	(11,189)	(1,435)
Net income (loss) attributable to common shareholders, as adjusted – diluted	$15,695	$(13,492)	$(13,453)
Income (loss) from continuing operations attributable to common shareholders, net of amount allocated to participating securities – per share	$0.40	$(0.05)	$(0.32)
Loss from discontinued operations attributable to common shareholders – per share	$(0.14)	$(0.23)	$(0.04)
Net income (loss) attributable to common shareholders- per share	$0.26	$(0.28)	$(0.36)
Basic weighted average common shares outstanding	57,682,808	48,706,480	36,947,656
Restricted Stock Awards (Note 13)	527,449	-	-
Common Operating Partnership units (Note 9)	1,127,970	-	-
Diluted weighted average common shares outstanding	59,338,227	48,706,480	36,947,656

4. Income Taxes

As mentioned in Note 2, the Company qualifies as a REIT under the Internal Revenue Code of 1986, as amended (the "Code"). As a REIT, the Company is not subject to federal income tax as long as it distributes at least 90% of its taxable income to its shareholders each year. Therefore, no provision for federal income taxes for the REIT has been included in the accompanying consolidated financial statements. If the Company fails to qualify as a REIT, the Company will be subject to federal income tax (including any applicable alternative minimum tax) on its taxable income and to federal income and excise taxes on its undistributed income.

The Company's TRSs are subject to federal, state, and local income taxes. As such, deferred income taxes result from temporary differences between the carrying amounts of assets and liabilities of the TRSs for financial reporting purposes and the amounts used for income tax purposes. Deferred tax assets and liabilities are measured using enacted tax rates in effect in the years in which those temporary differences are expected to reverse. Significant components of the deferred tax assets and liabilities of the TRSs are as follows:

AMERICAN CAMPUS COMMUNITIES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

	December 31, 2010	2009
Deferred tax assets:		
Fixed and intangible assets	$ 7,359	$ 7,760
Net operating loss carryforwards	2,187	3,246
Prepaid and deferred rent	2,353	2,313
Bad debt reserves	620	240
Accrued expenses and other	1,980	1,049
Stock compensation	1,119	933
Total deferred tax assets	15,618	15,541
Valuation allowance for deferred tax assets	(15,184)	(15,053)
Deferred tax assets, net of valuation allowance	434	488
Deferred tax liability:		
Deferred financing costs	434	488
Net deferred tax liabilities	$ -	$ -

Significant components of the Company's income tax provision are as follows:

	Year Ended December 31, 2010	2009	2008
Current:			
Federal	$ (100)	$ -	$ -
State	(470)	(540)	(388)
Deferred:			
Federal	-	-	-
State	-	-	-
Total provision -- continuing operations	$ (570)	$ (540)	$ (388)

TRS earnings subject to tax consisted of approximately $3.5 million income, $2.7 million loss and $2.0 million loss for the years ended December 31, 2010, 2009 and 2008, respectively. The reconciliation of income tax attributable to continuing operations for the TRSs computed at the U.S. statutory rate to income tax provision is as follows:

	Year Ended December 31, 2010	2009	2008
Tax (provision) benefit at U.S. statutory rates on TRS income subject to tax	$ (207)	$ 908	$ 673
State income tax, net of federal income tax benefit	(2)	33	(8)
Effect of permanent differences and other	(47)	217	(23)
Increase in valuation allowance	156	(1,158)	(665)
TRS income tax provision	$ (100)	$ -	$ (23)

At December 31, 2010, the TRSs had net operating loss carryforwards ("NOLs") of approximately $5.7 million for income tax purposes that begin to expire in 2027. These NOLs may be used to offset future taxable income generated by each of the respective TRSs. Due to the various limitations to which the use of NOLs are subject, the Company

has applied a valuation allowance to the NOLs given the likelihood that the NOLs will expire unused. The Company and its subsidiaries file income tax returns in the U.S. federal jurisdiction and various states' jurisdictions as required and, as of December 31, 2010, the 2009, 2008 and 2007 calendar tax years are subject to examination by the tax authorities.

Beginning on January 1, 2007, the Company adopted accounting guidance related to uncertainty in income taxes, which clarifies the accounting and disclosure for uncertainty in tax positions and seeks to reduce the diversity of practice associated with certain aspects of the recognition and measurement related to accounting for income taxes. The Company had no unrecognized tax benefits for the years ended December 31, 2010, 2009, or 2008, and as of December 31, 2010, the Company does not expect to record any unrecognized tax benefits. Because no unrecognized tax benefits have been recorded, no related interest or penalties have been calculated and this guidance had no impact on the Company's consolidated financial statements.

AMERICAN CAMPUS COMMUNITIES, INC. AND SUBSIDIARIES
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5. Property Acquisitions

2010 Acquisitions

On November 3, 2010, the Company acquired the remaining 90% interest in three student housing properties previously owned in a joint venture with Fidelity (hereinafter referred to as "Fund II") in which the Company previously held a 10% interest, for a purchase price of approximately $64.5 million. This acquisition consisted of two properties in Charlotte, North Carolina located near the campus of the University of North Carolina at Charlotte and one property in Denton, Texas located near the campus of the University of North Texas. As part of the transaction, the Company assumed $46.8 million of fixed-rate mortgage debt with a weighted average annual interest rate of 5.5% and an average term to maturity of 1.5 years.

On September 1, 2010, the Company acquired the remaining 90% interest in 11 student housing properties previously owned in another joint venture with Fidelity (hereinafter referred to as "Fund III") in which the Company previously held a 10% interest, for a purchase price of $275.9 million. The acquired portfolio contains 6,806 beds located in various markets throughout the country. As part of the transaction, the Company assumed $193.8 million of fixed-rate mortgage debt with a weighted average annual interest rate of 6.0% and an average term to maturity of 3.8 years. The Company also assumed a $7.2 million variable-rate mortgage loan that was paid off by the Company in September. The following summarizes our allocation of total consideration to the assets and liabilities acquired from Fund II and Fund III:

Land	$42,544
Buildings	310,291
Furniture, fixtures and equipment	10,206
In-place leases	4,374
Deferred financing costs	1,796
Debt premiums	(16,176)
Working capital liabilities, net of assets	(325)
Total consideration	$352,710

The acquisitions of the properties previously owned by Fund II and Fund III were accounted for as a business combination achieved in stages and as a result, the Company was required to remeasure its equity method investments in the joint venture properties to their respective acquisition-date fair values and recognize the resulting gain in earnings. The Company therefore recorded a non-cash gain of approximately $3.9 million for Fund III and approximately $0.2 million for Fund II, which is included in other nonoperating income on the accompanying consolidated statements of operations for the year ended December 31, 2010. Subsequent to the acquisition, the Company now consolidates the 14 properties acquired.

In December 2010, the Company acquired a 274-unit, 868-bed wholly-owned property (Jefferson 2nd Avenue) located near the campus of the University of Florida in Gainesville, for a purchase price of $33.9 million, which excludes approximately $2.2 million of anticipated transaction costs, initial integration expenses and capital expenditures necessary to bring this property up to the Company's operating standards. The Company did not assume any debt as part of this transaction.

In July 2010, the Company acquired a 201-unit, 487-bed wholly-owned property (Sanctuary Lofts) located near the campus of Texas State University in San Marcos, Texas, for a purchase price of $21.4 million, which excludes approximately $1.8 million of anticipated transaction costs, initial integration expenses and capital expenditures necessary to bring this property up to the Company's operating standards. The Company did not assume any debt as part of this transaction.

In March 2010, one of the Fidelity joint ventures (Fund III) in which the Company previously owned a 10% interest assigned its ownership interest in the University Heights property to the Operating Partnership for a price of $9.9 million, the value of the mortgage indebtedness. This 528-bed property, serving students attending the University of Alabama at Birmingham, is now 100% wholly-owned and is consolidated by the Company.

AMERICAN CAMPUS COMMUNITIES, INC. AND SUBSIDIARIES
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2008 Acquisitions

On June 11, 2008, the Company completed the acquisition of GMH's student housing business pursuant to an Agreement and Plan of Merger dated as of February 11, 2008 (the "Merger Agreement"). Concurrent with the closing of the GMH acquisition, the Company formed a joint venture with a wholly-owned subsidiary of Fidelity Real Estate Growth Fund III, LP ("Fidelity") and contributed 15 GMH student housing properties to the venture with an estimated value of $325.9 million. The Company also assumed GMH's equity interest in an existing joint venture with Fidelity that owns six properties. At the time of closing, the GMH student housing portfolio consisted of 42 wholly-owned properties containing 24,939 beds located in various markets throughout the country. Two of the acquired wholly-owned properties totaling 1,468 beds were sold during the third quarter of 2008 and one property totaling 700 beds was sold on December 31, 2009 (see Note 6).

The total consideration paid for the GMH student housing portfolio (exclusive of 15 properties contributed to the Fidelity joint venture) was approximately $1,018.7 million, inclusive of transaction costs. Under the terms of the Merger Agreement, each GMH common share and each unit in GMH Communities, LP (the "GMH Operating Partnership") issued and outstanding as of the date of closing, received cash consideration of $3.36 and 0.07642 of a share of the Company's common stock, or at the election of the GMH Operating Partnership unitholder, 0.07642 of a unit in the Operating Partnership. The value of the Company's common stock and Common Operating Partnership units issued was based on the closing price of the Company's common stock on February 11, 2008. The Company issued 5.4 million shares of common stock and 7,004 Common Operating Partnership units, each valued at $28.43 per share or unit.

The following summarizes our allocation of total consideration to the assets and liabilities acquired from GMH, excluding the 15 properties contributed to the joint venture with Fidelity:

Land	$130,164
Buildings	799,667
Furniture, fixtures and equipment	32,160
In-place leases and other intangible assets	20,283
Investments in unconsolidated joint ventures	10,610
Debt discounts, net of debt premiums	9,464
Undeveloped land parcels	5,000
Deferred financing costs	4,126
Working capital assets, net of liabilities	7,270
Total consideration	$1,018,744

In February 2008, the Company acquired a 144-unit, 528-bed property (Pirate's Place) located near the campus of East Carolina University in Greenville, North Carolina, for a purchase price of $10.6 million, which excludes $0.8 million of transaction costs, initial integration expenses and capital expenditures. As part of the transaction, the Company assumed approximately $7.0 million in fixed-rate mortgage debt with an annual interest rate of 7.15% and remaining term to maturity of 14.9 years.

In February 2008, the Company also acquired a 68-unit, 161-bed property (Sunnyside Commons) located near the campus of West Virginia University in Morgantown, West Virginia, for a purchase price of $7.5 million, which excludes $0.6 million of transaction costs, initial integration expenses and capital expenditures. The Company did not assume any debt as part of this transaction.

The acquired properties' results of operations have been included in the accompanying consolidated statements of operations since their respective acquisition closing dates. The following pro forma information for the years ended December 31, 2010, 2009 and 2008, present consolidated financial information for the Company as if the property acquisitions discussed above, the $100 million senior secured term loan borrowing, and the April 2008 and August 2010 equity offerings had occurred at the beginning of the earliest period presented. The unaudited pro forma information is provided for informational purposes only and is not indicative of results that would have occurred or which may occur in the future:

	Year Ended December 31,		
	2010	2009	2008
Total revenues	$ 385,477	$ 357,547	$ 335,617
Net income (loss) attributable to common shareholders	$ 24,129	$ 642	$ (18,912)
Net income (loss) per share attributable to common shareholders, as adjusted - basic	$ 0.35	$ 0.00	$ (0.34)
Net income (loss) per share attributable to common shareholders, as adjusted - diluted	$ 0.34	$ 0.00	$ (0.34)

AMERICAN CAMPUS COMMUNITIES, INC. AND SUBSIDIARIES
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6. Property Dispositions and Discontinued Operations

On April 30, 2010, the Company sold Campus Walk - Oxford for a purchase price of $9.2 million, including the assumption of the existing $8.1 million mortgage loan, resulting in net proceeds of approximately $1.0 million. The resulting loss on disposition of approximately $55,000 is included in discontinued operations in the accompanying consolidated statements of operations for the year ended December 31, 2010. In March 2010, the Company classified Campus Walk – Oxford as held for sale and concurrent with the held for sale classification, the property was recorded at the lower of cost or fair value resulting in an impairment charge of approximately $4.0 million, which is included in discontinued operations in the accompanying consolidated statements of operations for the year ended December 31, 2010.

On March 26, 2010, the Company sold Cambridge at Southern for a purchase price of $19.5 million, including the assumption of the existing $18.4 million mortgage loan, resulting in net proceeds of approximately $0.9 million. The resulting loss on disposition of approximately $3.6 million is included in discontinued operations in the accompanying consolidated statements of operations for the year ended December 31, 2010.

On December 31, 2009, the Company sold Riverside Estates for a purchase price of $18.2 million, including the assumption of the existing $16.2 million mortgage loan, resulting in net proceeds of approximately $1.3 million. The resulting loss on disposition of approximately $9.4 million is included in discontinued operations in the accompanying consolidated statement of operations for the year ended December 31, 2009.

As part of the acquisition of GMH on June 11, 2008, the Company acquired two properties (The Courtyards and The Verge) that were under contract to be sold as of such date. The Courtyards was sold in July 2008 for approximately $17.4 million, including the assumption of the existing $16.9 million mortgage loan, resulting in net cash proceeds of approximately $0.4 million. The Verge was sold in August 2008 for approximately $36.4 million, including the assumption of the existing $31.4 million mortgage loan, resulting in net proceeds of approximately $3.6 million. There was no gain or loss recorded on these dispositions for book purposes.

The related net loss for the afore-mentioned properties is reflected in the accompanying consolidated statements of operations as discontinued operations for all periods presented. Below is a summary of the results of operations for Campus Walk – Oxford, Cambridge at Southern, Riverside Estates, The Courtyards and The Verge through their respective disposition dates for all periods presented:

	Year Ended December 31,		
	2010	2009	2008
Total revenues	$1,310	$ 8,052	$ 5,153
Total operating expenses	(1,153)	(7,606)	(4,831)
Provision for asset impairment	(4,036)	-	-
Operating (loss) income	(3,879)	446	322
Total nonoperating expenses	(409)	(2,561)	(1,799)
Net loss	$(4,288)	$ (2,115)	$ (1,477)

7. Investments in Wholly-Owned Properties

Wholly-owned properties consisted of the following:

	December 31,	
	2010	2009
Land (1)	$ 313,005	$ 250,044
Buildings and improvements	2,177,780	1,825,915
Furniture, fixtures and equipment	129,175	112,831
Construction in progress	54,244	-
	2,674,204	2,188,790
Less accumulated depreciation	(240,360)	(173,820)
Wholly-owned properties, net	$ 2,433,844	$ 2,014,970

(1) The land balance above includes undeveloped land parcels with book values of approximately $36.0 million and $27.6 million as of December 31, 2010 and December 31, 2009, respectively.

AMERICAN CAMPUS COMMUNITIES, INC. AND SUBSIDIARIES
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8. On-Campus Participating Properties

The Company is a party to ground/facility lease agreements ("Leases") with two university systems (each, a "Lessor") for the purpose of developing, constructing, and operating student housing facilities on university campuses. Under the terms of the Leases, title to the constructed facilities is held by the applicable Lessor and such Lessor receives a de minimus base rent paid at inception and 50% of defined net cash flows on an annual basis through the term of the lease. The Leases terminate upon the earlier to occur of the final repayment of the related debt, the amortization period of which is contractually stipulated, or the end of the lease term.

Pursuant to the Leases, in the event the leasehold estates do not achieve Financial Break Even (defined as revenues less operating expenses, excluding management fees, less debt service), the applicable Lessor would be required to make a rental payment, also known as the Contingent Payment, sufficient to achieve Financial Break Even. The Contingent Payment provision remains in effect until such time as any financing placed on the facilities would receive an investment grade rating without the Contingent Payment provision. In the event that the Lessor is required to make a Contingent Payment, future net cash flow distributions would be first applied to repay such Contingent Payments and then to unpaid management fees prior to normal distributions. Beginning in November 1999 and December 2002, as a result of the debt financing on the facilities achieving investment grade ratings without the Contingent Payment provision, the Texas A&M University System is no longer required to make Contingent Payments under either the Prairie View A&M University Village or University College Leases. The Contingent Payment obligation continues to be in effect for the Texas A&M International University and University of Houston leases.

In the event the Company seeks to sell its leasehold interest, the Leases provide the applicable Lessor the right of first refusal of a bona fide purchase offer and an option to purchase the lessee's rights under the applicable Lease. Additionally, as discussed in Note 11, three of the on-campus participating properties are 100% financed with project-based taxable bonds.

In conjunction with the execution of each Lease, the Company has entered into separate five-year agreements to manage the related facilities for 5% of defined gross receipts. The five-year terms of the management agreements are not contingent upon the continuation of the Leases. Upon expiration of the initial five year terms, the agreements continue on a month-to-month basis.

On-campus participating properties are as follows:

			Historical Cost – December 31,	
Lessor/University	Lease Commencement	Required Debt Repayment (1)	2010	2009
Texas A&M University System / Prairie View A&M University (2)	2/1/96	9/1/23	$ 39,393	$ 38,918
Texas A&M University System / Texas A&M International	2/1/96	9/1/23	6,317	6,216
Texas A&M University System / Prairie View A&M University (3)	10/1/99	8/31/25/ 8/31/28	24,762	24,398

University of Houston System / University of Houston (4)	9/27/00	8/31/35	35,393	35,192
			105,865	104,724
Less accumulated amortization			(43,379)	(39,034)
On-campus participating properties, net			$ 62,486	$ 65,690

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

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

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

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

AMERICAN CAMPUS COMMUNITIES, INC. AND SUBSIDIARIES
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9. Noncontrolling Interests

Third-party joint venture partners: The Company consolidates four joint ventures that own and operate the Callaway House, University Village at Sweet Home, University Centre and Villas at Chestnut Ridge owned-off campus properties. The portion of net assets attributable to the third-party partners in these joint ventures is classified as "noncontrolling interests" within equity on the accompanying consolidated balance sheets. Accordingly, the third-party partners' share of the income or loss of the joint ventures is reported on the consolidated statements of operations as "noncontrolling interests share of net income / loss."

Operating Partnership units: Certain partners in the Operating Partnership hold their ownership through common and preferred units of limited partnership interest, hereinafter referred to as "Common Units" or "Series A Preferred Units." Common Units and Series A Preferred Units are exchangeable into an equal number of shares of the Company's common stock, or, at the Company's election, cash. A Common Unit and a share of the Company's common stock have essentially the same economic characteristics, as they effectively participate equally in the net income and distributions of the Operating Partnership. Series A Preferred Units have a cumulative preferential per annum cash distribution rate of 5.99%, payable quarterly concurrently with the payment of dividends on the Company's common stock.

The Company follows accounting guidance stipulating that securities that are redeemable for cash or other assets at a fixed or determinable price on a fixed or determinable date, at the option of the holder, or upon the occurrence of an event that is not solely within the control of the issuer, must be classified outside of permanent equity in the mezzanine section of the consolidated balance sheets. In accordance with such guidance, management evaluates whether the Company controls the actions or events necessary to issue the maximum number of shares that could be required to be delivered under share settlement of the contract. Based on this assessment, which includes evaluating terms in the applicable agreements related to redemption provisions, the Company has determined that Common Units and Series A Preferred Units in the Operating Partnership should be classified as "redeemable noncontrolling interests" in the mezzanine section of the consolidated balance sheets. The value of redeemable noncontrolling interests on the consolidated balance sheets is reported at the greater of fair value or historical cost at the end of each reporting period. Changes in the value from period to period are charged to additional paid in capital on the accompanying consolidated statements of changes in equity. Accordingly, income or loss allocated to these redeemable noncontrolling interests on the Company's consolidated statements of operations includes the Series A Preferred Unit distributions as well as the pro rata share of the Operating Partnership's net income or loss allocated to Common Units. Below is a table summarizing the activity of redeemable noncontrolling interests for the years ended December 31, 2010 and 2009:

Balance, December 31, 2008	$26,286
Net loss	(113)
Distributions	(1,770)
Conversions of Common Units into common shares	(362)
Issuance of Common Units in connection with land acquisition	2,005
Adjustments to carry Common Units at fair value	10,676
Balance, December 31, 2009	36,722
Net income	414
Distributions	(1,724)
Conversions of Common Units into common shares	(3,859)
Redemption of Common Units for cash	(123)

Adjustments to carry Common Units at fair value	3,274
Balance, December 31, 2010	$34,704

During the years ended December 31, 2010 and 2009, 210,145 and 15,400 Common Units, respectively, were converted into shares of the Company's common stock. As of both December 31, 2010 and 2009, approximately 2% of the equity interests of the Operating Partnership was held by owners of Common Units and Series A Preferred Units.

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10. Investment in Unconsolidated Joint Ventures

Investments in unconsolidated joint ventures are accounted for utilizing the equity method. As discussed in Note 2, the equity method is used when the Company has the ability to exercise significant influence over operating and financial policies of the joint venture but does not have control of the joint venture. Under the equity method, these investments are initially recognized on the balance sheet at cost and are subsequently adjusted to reflect the Company's proportionate share of net earnings or losses of the joint venture, distributions received, contributions, and certain other adjustments, as appropriate. When circumstances indicate there may have been a loss in value of an equity method investment, the Company evaluates the investment for impairment by estimating the Company's ability to recover its investment from future expected discounted cash flows. If the Company determines the loss in value is other than temporary, the Company recognizes an impairment charge to reflect the investment at fair value. The Company believes that there were no impairments of the carrying values of its equity method investments as of December 31, 2010. The company's investments in its unconsolidated joint ventures are included in other assets on the accompanying consolidated balance sheets and its share of the income or loss from such joint ventures is included in loss from unconsolidated joint ventures on the accompanying consolidated statements of operations.

Fidelity Joint Ventures: As discussed more fully in Note 5, in September and November 2010, the Company acquired Fidelity's 90% interest in a 14-property portfolio previously owned by Fund II and Fund III, joint ventures in which the Company owns or owned a 10% equity interest. The acquisition was accounted for as a business combination achieved in stages and as a result, the Company was required to remeasure its equity method investments in the joint venture properties to their respective acquisition-date fair values and recognize the resulting gain in earnings. The acquisition-date fair value of the Company's 10% equity interest in the 14 properties acquired was approximately $10.5 million, which was determined by estimating the fair value of the real estate acquired and mortgage debt assumed. The fair value of the real estate acquired was estimated based on income and market valuation techniques using information such as broker estimates, purchase prices for recent transactions on comparable assets and net operating income capitalization analyses using observable market inputs such as capitalization rates, asset quality grading, geographic location analysis, and local supply and demand observations. The fair value of the mortgage debt assumed was estimated using observable inputs such as market rates for debt with the same or similar terms. The resulting gain of $4.1 million is included in other nonoperating income in the accompanying consolidated statements of operations for the year ended December 31, 2010. Subsequent to the acquisition, the 14 properties acquired are now wholly-owned and are consolidated by the Company.

As of December 31, 2010, the Company still owns a 10% noncontrolling interest in Fund II, which continues to own one property containing 636 beds. As the Company purchased all of the properties owned by Fund III in September 2010, the Company no longer has an investment in that joint venture subsequent to the acquisition. The Company's equity method investment in Fund II totaled $0.3 million and $1.8 million as of December 31, 2010 and 2009, respectively, and the Company's equity method investment in Fund III totaled $6.2 million as of December 31, 2009. For the years ended December 31, 2010, 2009 and 2008, respectively, the Company's share of loss from these joint ventures on a combined basis was $1.6 million, $1.6 million and $1.1 million. Fund II is funded in part with secured third party debt in the amount of $18.2 million. As more fully discussed in Note 17, the Operating Partnership serves as non-recourse, carve-out guarantor of this debt. Additionally, due to Fund II's governing documents not providing for maximum capital commitments from the members, the Company's maximum exposure to loss stemming from its investment in Fund II could be unlimited.

The Company continues to serve as property manager for the property owned by Fund II. The Company also served as property manager for all of the properties owned by Fund II and Fund III until its acquisition of the 14-property

portfolio discussed above in September and November 2010. For the years ended December 31, 2010, 2009 and 2008, the Company earned approximately $1.6 million, $2.3 million and $1.3 million, respectively, in property management fees from Fund II and Fund III.

Hampton Roads Joint Venture: The Company also holds a noncontrolling equity interest in a joint venture that owns a military housing privatization project with the United States Navy to design, develop, construct, renovate, and manage unaccompanied soldier housing located on naval bases in Norfolk and Newport News, Virginia. The project is financed through taxable revenue bonds, and the construction of the final phase of the project was completed in July 2010. During 2010, the Company discontinued applying the equity method in regards to its investment in this joint venture as a result of the Company's share of losses exceeding its investment in the joint venture. Because the company has not guaranteed any obligations of the investee and is not otherwise committed to provide further financial support to the investee, it therefore suspended recording its share of losses once the investment was reduced to zero. The Company's equity method investment in the joint venture was $-0- and $0.5 million as of December 31, 2010 and 2009, respectively, and the Company's share in the loss from this joint venture was $0.5 million for each of the years ended December 31, 2010, 2009 and 2008. The Company earned combined development and management fees from this joint venture of approximately $1.7 million, $1.2 million and $0.8 million for the years ended December 31, 2010, 2009 and 2008, respectively.

AMERICAN CAMPUS COMMUNITIES, INC. AND SUBSIDIARIES
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11. Debt

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

	December 31, 2010	2009
Debt secured by wholly-owned properties:		
Mortgage loans payable	$ 952,374	$ 850,046
Construction loans payable	100,000	100,000
	1,052,374	950,046
Debt secured by on-campus participating properties:		
Mortgage loan payable	32,421	32,718
Bonds payable	49,375	51,390
	81,796	84,108
Senior secured term loan	100,000	100,000
Secured agency facility	101,000	94,000
Unamortized debt premiums	16,567	3,765
Unamortized debt discounts	(6,634)	(8,464)
Total debt	$ 1,345,103	$ 1,223,455

During the twelve months ended December 31, 2010, the following transactions occurred:

	Year Ended December 31, 2010
Balance, beginning of period	$ 1,223,455
Additions:	
Assumption of debt upon acquisition of properties (including a debt premium of approximately $16.2 million)	263,929
Draws on secured revolving credit facility	54,800
Draw on secured agency facility	7,000
Deductions:	
Pay down of secured revolving credit facility	(54,800)
Pay off of maturing mortgage loans	(110,662)
Pay off of mortgage loans in connection with property dispositions	(26,266)
Scheduled repayments of principal	(10,553)
Amortization of debt premiums and discounts	(1,800)
Balance, end of period	$ 1,345,103

Loans Assumed in Connection with Property Acquisitions

On November 3, 2010, the Company acquired the remaining 90% interest in three student housing properties previously owned by Fund II (see Notes 5 and 10). In connection with this acquisition, the Company assumed approximately $46.8 million of fixed-rate mortgage debt. At the time of assumption, the fixed-rate mortgage debt had a weighted average annual interest rate of 5.5% and an average term to maturity of 1.5 years. Upon assumption of this

mortgage debt, the Company recorded debt premiums of approximately $1.8 million to reflect the estimated fair value of the debt assumed.

On September 1, 2010, the Company acquired the remaining 90% interest in 11 student housing properties previously owned by Fund III (see Notes 5 and 10). In connection with this acquisition, the Company assumed approximately $193.8 million of fixed-rate mortgage debt. At the time of assumption, the fixed-rate mortgage debt had a weighted average annual interest rate of 6.0% and an average term to maturity of 3.8 years. Upon assumption of this mortgage debt, the Company recorded debt premiums of approximately $14.3 million to reflect the estimated fair value of the debt assumed. The Company also assumed approximately $7.2 million of variable-rate mortgage debt on one of the properties acquired from Fund III that was paid off by the Company in September.

AMERICAN CAMPUS COMMUNITIES, INC. AND SUBSIDIARIES
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Secured Revolving Credit Facility

The Operating Partnership has a $225 million revolving credit facility that may be expanded by up to an additional $75 million upon the satisfaction of certain conditions. The maturity date of the facility is August 14, 2012 and can be extended 12 months through August 2013. As of December 31, 2010, the facility was secured by 10 of the Company's wholly-owned properties.

Availability under the revolving credit facility is limited to an "aggregate borrowing base amount" equal to the lesser of (i) 50% to 65% of the value of certain properties, calculated as set forth in the credit facility, and (ii) the adjusted net operating income from these properties divided by a formula amount. The facility bears interest at a variable rate, at the Company's option, based upon a base rate or one-, two-, or three-month LIBOR, with a LIBOR floor of 2.0%, plus, in each case, a spread based upon the Company's total leverage. Additionally, the Company is required to pay an unused commitment fee of 0.35% per annum. In August 2010, the Company paid off the entire balance on the facility using proceeds from the August 2010 equity offering (see Note 12). As of December 31, 2010, the total availability under the facility totaled approximately $214.8 million.

The terms of the facility include certain restrictions and covenants, which limit, among other items, the incurrence of additional indebtedness, liens, and the disposition of assets. The facility contains customary affirmative and negative covenants and also contains financial covenants that, among other things, require the Company to maintain certain minimum ratios of "EBITDA" (earnings before interest, taxes, depreciation and amortization) to fixed charges and total indebtedness. The Company may not pay distributions that exceed a specified percentage of funds from operations, as adjusted, for any four consecutive quarters. The financial covenants also include consolidated net worth and leverage ratio tests. As of December 31, 2010, the Company was in compliance with all such covenants.

Secured Agency Facility

The Company has a $125 million secured revolving credit facility with a Freddie Mac lender. The facility has a five-year term and is currently secured by 11 properties referred to as the "Collateral Pool." The facility bears interest at one- or three-month LIBOR plus a spread that varies based on the debt service ratio of the Collateral Pool. Additionally, the Company is required to pay an unused commitment fee of 1.0% per annum. As of December 31, 2010, the balance outstanding on the secured agency facility totaled $101.0 million, bearing interest at a weighted average annual rate of 2.28%. The secured agency facility includes some, but not all, of the same financial covenants as the secured revolving credit facility, described above.

Senior Secured Term Loan

The Operating Partnership has a $100 million senior secured term loan that matures on May 23, 2011 and can be extended through May 2012 through the exercise of a 12-month extension option. The secured term loan bears interest at a variable rate, at the Company's option, based upon a base rate or one-, two-, three-, or six-month LIBOR plus, in each case, a spread based upon the Company's total leverage. As of December 31, 2010, the balance outstanding on the secured term loan was $100 million. The Company guarantees the Operating Partnership's obligations under the secured term loan. The secured term loan is secured by 19 of the Company's wholly-owned properties and includes the same restrictions and covenants as the secured revolving credit facility, described above.

On February 23, 2009, the Company entered into two $50.0 million interest rate swap agreements effective March 20, 2009 through February 20, 2012, which are both used to hedge the Company's exposure to fluctuations in interest

payments on its LIBOR-based senior secured term loan. Under the terms of the two interest rate swap agreements, the Company pays an average fixed rate of 1.7925% and receives a one-month LIBOR floating rate. As a result of these two interest rate swaps, the Company effectively fixed the interest rate on its senior secured term loan to 3.3% as of December 31, 2010 (1.8% + 1.5% spread). In the event that the swaps at any time have a negative fair value below a certain threshold level, the Company is required to post cash into a collateral account pledged to the interest rate swap providers. As of December 31, 2010, the Company had deposited approximately $0.9 million into a collateral account related to one of the interest rate swaps. See Note 14 herein for a more detailed discussion of the Company's derivative instruments and hedging activities.

Construction Loans and Mortgage Notes Payable

Construction loans and mortgage notes payable at December 31, 2010, excluding debt premiums and discounts, consisted of 67 loans secured by wholly-owned properties and on-campus participating properties consisting of:

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Property	Principal Outstanding (1)	Interest Rate at December 31, 2010	Maturity Date	Amortization
Cullen Oaks – Phase I	$ 16,127	6.69 %(2)	February 2014	30 years
Cullen Oaks – Phase II	16,293	6.69 %(2)	February 2014	30 years
University Village at Boulder Creek	14,938	5.71 %	November 2012	30 years
The Grove at University Club Tallahassee	3,988	5.75 %	March 2013	30 years
College Club Tallahassee	8,195	6.74 %	December 2011	30 years
The Estates	35,554	5.20 %	June 2015	30 years
The Woods at Greenland	5,699	5.69 %	October 2012	30 years
Raiders Crossing	6,140	6.18 %	December 2012	30 years
Entrada Real	8,968	5.61 %	November 2012	30 years
The Outpost San Marcos	12,785	5.74 %	October 2013	30 years
The Outpost San Antonio	22,520	4.99 %	October 2014	30 years
City Parc at Fry Street	10,773	5.96 %	September 2014	30 years
Raiders Pass - Phase I	14,543	5.91 %	October 2012	30 years
Raiders Pass – Phase II	3,579	5.66 %	October 2012	30 years
The Callaway House	17,997	7.10 %	April 2011	30 years
Aggie Station	10,803	5.96 %	October 2012	30 years
The Village on Sixth Avenue – Phase I	15,152	5.48 %	May 2014	30 years
The Village on Sixth Avenue – Annex	1,359	6.63 %	October 2016	30 years
Newtown Crossing	30,629	5.65 %	June 2015	30 years
Olde Towne University Square	19,830	5.65 %	June 2015	30 years
Peninsular Place	16,292	5.65 %	June 2015	30 years
Vista del Sol	100,000	1.51 %(3)	December 2011	Interest only
Pirates Place	6,209	7.15 %	January 2023	30 years
Jacob Heights I	3,850	5.54 %		Interest only

				February 2016	
Jacob Heights III	2,948	6.19	%	August 2016	Interest only
The Summit	23,825	5.60	%	March 2017	Interest only
GrandMarc – Seven Corners	17,710	5.19	%	June 2014	30 years
University Village – Sacramento	14,740	5.32	%	February 2016	Interest only
Aztec Corner	28,600	5.97	%	August 2016	30 years
University Crossings	32,544	5.42	%	November 2013	30 years
University Crossings - Annex	7,991	5.90	%	November 2013	30 years
Campus Corner	22,266	5.84	%	November 2016	Interest only
The Tower at 3rd	14,491	4.96	%	September 2015	Interest only
University Mills	8,639	4.92	%	August 2014	30 years
University Manor	13,984	4.92	%	August 2014	30 years
Brookstone Village	4,141	5.38	%	February 2016	Interest only
Campus Walk – Wilmington	6,700	5.00	%	September 2015	Interest only
University Pines	10,862	6.95	%	June 2013	30 years
Lakeside Apartments	14,100	5.84	%	November 2016	Interest only
The Edge-Orlando	29,914	5.22	%	January 2011	Interest only
Southview Apartments	18,918	4.56	%	June 2015	Interest only
Stone Gate Aparments	14,264	4.56	%	June 2015	Interest only
The Commons	5,334	5.60	%	April 2024	30 years
University Gables	13,722	6.95	%	June 2013	30 years
The Enclave	9,591	4.92	%	August 2014	30 years
Hawks Landing	15,600	5.84	%	November 2016	Interest only
Willowtree Apartments	13,220	7.09	%	October 2011	30 years
Willowtree Towers	6,468	7.09	%	October 2011	30 years
Abbott Place	17,850	5.84	%	November 2016	Interest only
The Centre	19,875	5.60	%	March 2017	Interest only
University Meadows	9,633	4.92	%	October 2015	Interest only

Campus Way	15,375	5.84	%	November 2016	Interest only
Campus Trails	7,486	5.84	%	November 2016	Interest only
University Pointe	21,300	5.28	%	October 2015	Interest only
Lions Crossing	24,807	6.46	%	June 2011	Interest only
Nittany Crossing	21,345	6.46	%	June 2011	Interest only
State College Park	24,848	6.46	%	June 2011	Interest only
Chapel Ridge	16,180	4.61	%	March 2012	Interest only
Chapel View	9,690	4.93	%	July 2015	Interest only
The Edge - Charlotte	11,845	5.50	%	May 2012	Interest only

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Property	Principal Outstanding (1)	Interest Rate at December 31, 2010	Maturity Date	Amortization
University Walk	14,760	5.51 %	May 2012	Interest only
University Oaks	22,150	5.60 %	March 2017	Interest only
Blanton Common	29,000	6.33 %	August 2017	Interest only
Burbank Commons	14,887	5.84 %	November 2016	Interest only
University Crescent	24,150	5.60 %	February 2017	Interest only
University Greens	6,659	7.44 %	May 2011	30 years
Uptown Apartments	20,160	5.51 %	May 2012	Interest only
Total	$ 1,084,795	Wtd Avg Rate 5.35 %		

(1) For federal income tax purposes, the aggregate cost of the loans is equal to the carrying amount.

(2) Both loans bear interest at a rate of LIBOR plus 1.35%. The floating rate on both loans was swapped to a fixed rate of 6.69%. This interest rate swap terminates in February 2014, at which time the interest rate will revert back to a variable rate. The TRS has guaranteed payment of both loans, up to a limit of $4.0 million of loan principal plus interest and litigation fees potentially incurred by the lender. This guaranty will remain in effect until the balance on the loan is paid in full.

(3) The Company has the option of choosing Prime rate or one-, two-, or three-month LIBOR plus 1.20%.

Bonds Payable

Three of the on-campus participating properties are 100% financed with outstanding project-based taxable bonds. Under the terms of these financings, one of the Company's special purpose subsidiaries publicly issued three series of taxable bonds and loaned the proceeds to three special purpose subsidiaries that each hold a separate leasehold interest. The bonds encumbering the leasehold interests are non-recourse, subject to customary exceptions. Although a default in payment by these special purpose subsidiaries could result in a default under one or more series of bonds, indebtedness of any of these special purpose subsidiaries is not cross-defaulted or cross-collateralized with indebtedness of the Company, the Operating Partnership or other special purpose subsidiaries. Repayment of principal and interest on these bonds is insured by MBIA, Inc. Interest and principal are paid semi-annually and annually, respectively, through maturity. Covenants include, among other items, budgeted and actual debt service coverage ratios. Bonds payable at December 31, 2010 consisted of the following:

Series	Mortgaged Facilities Subject to Leases	Original	Principal December 31, 2010	Weighted Average Rate	Maturity Date	Required Monthly Debt Service
1999	University Village-PVAMU/TAMIU	$ 39,270	$ 29,055	7.70 %	September 2023	$ 302
2001		20,995	16,710	7.48 %		158

	University College–PVAMU					August 2025	
2003	University College–PVAMU	4,325	3,610	5.99	%	August 2028	28
	Total/weighted average rate	$ 64,590	$ 49,375	7.50	%		$ 488

Schedule of Debt Maturities

Scheduled debt maturities (reflecting automatic extensions where applicable) for each of the five years subsequent to December 31, 2010 and thereafter, are as follows:

	Scheduled Principal	Due at Maturity	Total
2011	$ 10,498	$ 352,930	$ 363,428
2012	10,437	125,054	135,491
2013	9,319	77,509	86,828
2014	7,281	223,283	230,564
2015	5,090	188,101	193,191
Thereafter	44,716	280,952	325,668
	$ 87,341	$ 1,247,829	$ 1,335,170

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Payment of principal and interest were current at December 31, 2010. Certain of the mortgage notes and bonds payable are subject to prepayment penalties.

12. Stockholders' Equity

On August 20, 2010, the Company completed an equity offering, consisting of the sale of 13,800,000 shares of the Company's common stock at a price of $27.00 per share, including 1,800,000 shares issued as a result of the exercise of the underwriters' overallotment option in full at closing. The offering generated gross proceeds of $372.6 million. The aggregate proceeds to the Company, net of the underwriting discount and expenses of the offering, were approximately $357.1 million.

In May 2010, the Company announced the establishment of 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 $150 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. During the year ended December 31, 2010, the Company sold approximately 0.6 million shares at weighted average price of $28.49 per share for net proceeds of approximately $16.0 million after payment of approximately $0.3 million of commissions to the sales agents. The Company may continue to sell shares of common stock under this program from time to time based on market conditions, although the Company is not under an obligation to sell any shares. As of December 31, 2010, the Company had approximately $133.7 million available for issuance under this program.

On May 11, 2009, the Company completed an equity offering, consisting of the sale of 9,775,000 shares of the Company's common stock at a price of $21.25 per share, including 1,275,000 shares issued as a result of the exercise of the underwriters' overallotment option in full at closing. The offering generated gross proceeds of $207.7 million. The aggregate proceeds to the Company, net of the underwriting discount and expenses of the offering, were approximately $198.3 million.

On April 23, 2008, the Company completed an equity offering, consisting of the sale of 9,200,000 shares of the Company's common stock at a price of $28.75 per share, including the exercise of 1,200,000 shares issued as a result of the exercise of the underwriters' overallotment option in full at closing. The offering generated gross proceeds of $264.5 million. The aggregate proceeds to the Company, net of the underwriting discount, structuring fee and expenses of the offering, was approximately $252.1 million.

13. Incentive Award Plan

In May 2010, the Company's stockholders approved the American Campus Communities, Inc. 2010 Incentive Award Plan (the "2010 Plan"). The 2010 Plan provides for the grant of various stock-based incentive awards to selected employees and directors of the Company and the Company's affiliates. The types of awards that may be granted under the 2010 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 of 1.7 million shares of the Company's common stock for issuance pursuant to the 2010 Plan, subject to certain adjustments for changes in the Company's capital structure, as defined in the 2010 Plan. As of December 31, 2010, 1,722,965 shares were available for issuance under the 2010 Plan.

Restricted Stock Units

Upon initial appointment to the Board of Directors and reelection to the Board of Directors at each Annual Meeting of Stockholders, each outside member of the Board of Directors is granted RSUs. On the Settlement Date, the Company will deliver to the recipients a number of shares of common stock or cash, as determined by the Compensation Committee of the Board of Directors, equal to the number of RSUs held by the recipients. In addition, recipients of RSUs are entitled to dividend equivalents equal to the cash distributions paid by the Company on one share of common stock for each RSU issued, payable currently or on the Settlement Date, as determined by the Compensation Committee of the Board of Directors.

Upon reelection to the Board of Directors in May 2010, the Chairman of the Board of Directors was granted RSUs valued at $51,500 and the remaining outside members were each granted RSUs valued at $41,500. The number of RSUs was determined based on the fair market value of the Company's stock on the date of grant, as defined in the Plan. All awards vested and settled immediately on the date of grant, and the Company delivered shares of common stock and cash, as determined by the Compensation Committee of the Board of Directors.

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A summary of the Company's RSUs under the Plan for the years ended December 31, 2010 and 2009, is presented below:

	Number of RSUs	Weighted-Average Grant Date Fair Value Per RSU
Outstanding at December 31, 2008	11,556	$ 26.83
Granted	11,870	21.82
Settled in common shares	(8,594)	22.89
Settled in cash	(9,456)	22.46
Outstanding at December 31, 2009	5,376	29.77
Granted	9,674	26.77
Settled in common shares	(5,894)	27.24
Settled in cash	(9,156)	28.23
Outstanding at December 31, 2010	-	$ -

The Company recognized expense of approximately $0.3 million, $0.3 million and $0.2 million for the years ended December 31, 2010, 2009 and 2008, respectively, reflecting the fair value of the RSUs issued on the date of grant. The weighted-average grant-date fair value for each RSU granted during the year ended December 31, 2008 was $30.34.

Restricted Stock Awards

The Company awards RSAs to its executive officers and certain employees that vest in equal annual installments over a five year period. Unvested awards are forfeited upon the termination of an individual's employment with the Company under specified circumstances. Recipients of RSAs receive dividends, as declared by the Company's Board of Directors, on unvested shares, provided that the recipient continues to be employed by the Company. A summary of the Company's RSAs under the Plan for the years ended December 31, 2010 and 2009, is presented below:

	Number of RSAs	Weighted-Average Grant Date Fair Value Per RSA
Nonvested balance at December 31, 2008	282,408	$ 27.79
Granted	256,650	21.13
Vested	(50,210)	27.46
Forfeited	(26,913)	26.28
Nonvested balance at December 31, 2009	461,935	24.21
Granted	206,144	25.96
Vested	(84,631)	24.77

Forfeited	(75,067)	24.55
Nonvested balance at December 31, 2010	508,381	$ 27.27

The weighted-average grant date fair value for each RSA granted and forfeited during the year ended December 31, 2008 was $27.62 and $26.97, respectively. The Company recognizes the value of these awards as an expense over the vesting periods, which amounted to approximately $3.6 million, $2.7 million and $1.9 million for the years ended December 31, 2010, 2009 and 2008, respectively.

The total fair value of RSAs vested during the year ended December 31, 2010, was approximately $2.3 million. Additionally, as of December 31, 2010, the Company had approximately $9.4 million of total unrecognized compensation cost related to these RSAs, which is expected to be recognized over a remaining weighted-average period of 3.2 years.

14. Derivatives Instruments and Hedging Activities

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

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Cash Flow Hedges of Interest Rate Risk

The Company's objectives in using interest rate derivatives are to add stability to interest expense and to manage its exposure to interest rate movements. To accomplish this objective, the Company primarily uses interest rate swaps as part of its interest rate risk management strategy. Interest rate swaps designated as cash flow hedges involve the receipt of variable-rate amounts from a counterparty in exchange for the Company making fixed-rate payments over the life of the agreements without exchange of the underlying notional amount.

The effective portion of changes in the fair value of derivatives designated and that qualify as cash flow hedges is recorded in Accumulated Other Comprehensive Income (Loss) and is subsequently reclassified into earnings in the period that the hedged forecasted transaction affects earnings. During the year ended December 31, 2010, such derivatives were used to hedge the variable cash flows associated with the Company's $100 million senior secured term loan and the Cullen Oaks Phase I and Phase II loans.

The following table summarizes the Company's outstanding interest rate swap contracts as of December 31, 2010:

Date Entered	Effective Date	Maturity Date	Pay Fixed Rate		Receive Floating Rate Index	Notional Amount	Fair Value
Feb. 12, 2007	Feb. 15, 2007	Feb. 15, 2014	6.689	%	LIBOR – 1 mo. plus 1.35%	$ 33,156	$ (3,907)
Feb. 23, 2009	March 20, 2009	Feb. 20, 2012	1.785	%	LIBOR – 1 month	50,000	(794)
Feb. 23, 2009	March 20, 2009	Feb. 20, 2012	1.800	%	LIBOR – 1 month	50,000	(802)

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 December 31, 2010 and December 31, 2009:

	Derivative Liabilities as of			
	December 31, 2010		December 31, 2009	
	Balance Sheet Location	Fair Value	Balance Sheet Location	Fair Value
Interest rate swap contracts	Other liabilities	$ 5,503	Other Liabilities	$ 4,356
Total derivatives designated as hedging instruments		$ 5,503		$ 4,356

The tables below present the effects of the Company's derivative financial instruments on other comprehensive income ("OCI") and the consolidated statements of operations for the years ended December 31, 2010, 2009 and 2008:

	Amount of Income (Loss) Recognized in OCI on Derivative (Effective Portion)

Cash Flow Hedging Relationships	Year Ended December 31, 2010	2009	2008
Interest rate swap contracts	$ (1,147)	$ 761	$ (3,031)
Total	$ (1,147)	$ 761	$ (3,031)

Location of Gain Reclassified from Accumulated OCI Into Income	Amount of Gain Reclassified from Accumulated OCI Into Income (Effective Portion) Year Ended December 31, 2010	2009	2008
Interest expense	$ -	$ -	$ 211
Total	$ -	$ -	$ 211

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15. Fair Value Disclosures

The following table presents information about the Company's liabilities measured at fair value on a recurring basis as of December 31, 2010, and indicates the fair value hierarchy of the valuation techniques utilized by the Company to determine such fair value. In general, fair values determined by Level 1 inputs utilize quoted prices (unadjusted) in active markets for identical assets or liabilities the Company has the ability to access. Fair values determined by Level 2 inputs utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets and inputs other than quoted prices observable for the asset or liability, such as interest rates and yield curves observable at commonly quoted intervals. Level 3 inputs are unobservable inputs for the asset or liability, and include situations where there is little, if any, market activity for the asset or liability.

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

Disclosures concerning assets and liabilities measured at fair value are as follows:

Fair Value Measurements on a Recurring or Nonrecurring Basis as of December 31, 2010

	Quoted Prices in Active Markets for Identical Assets and Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at December 31, 2010
Liabilities:				
Derivative financial instruments	$ -	$ 5,503	$ -	$ 5,503

The Company uses derivative financial instruments, specifically interest rate swaps, for nontrading purposes. The Company uses interest rate swaps to manage interest rate risk arising from previously unhedged interest payments associated with variable rate debt. Through December 31, 2010, derivative financial instruments were designated and qualified as cash flow hedges. Derivative contracts with positive net fair values inclusive of net accrued interest receipts or payments, are recorded in other assets. Derivative contracts with negative net fair values, inclusive of net accrued interest payments or receipts, are recorded in other liabilities. The valuation of these instruments is determined using widely accepted valuation techniques including discounted cash flow analysis on the expected cash flows of each derivative. This analysis reflects the contractual terms of the derivatives, including the period to maturity, and uses observable market-based inputs, including interest rate curves. The fair values of interest rate swaps are determined using the market standard methodology of netting the discounted future fixed cash receipts (or payments) and the discounted expected variable cash payments (or receipts). The variable cash payments (or receipts) are based on an expectation of future interest rates (forward curves) derived from observable market interest rate curves.

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

Although the Company has determined the majority of the inputs used to value its derivatives fall within Level 2 of the fair value hierarchy, the credit valuation adjustments associated with its derivatives utilize Level 3 inputs, such as estimates of current credit spreads to evaluate the likelihood of default by the Company and its counterparty. However, as of December 31, 2010, the Company has assessed the significance of the impact of the credit valuation adjustments on the overall valuation of its derivative positions and has determined that the credit valuation adjustments are not significant to the overall valuation of the Company's derivative financial instruments. As a result, the Company has determined each of its derivative valuations in its entirety is classified in Level 2 of the fair value hierarchy.

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Other Fair Value Disclosures

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

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

Senior Secured Term Loan, Secured Credit Facilities and Construction Loans: the fair value of the Company's secured term loan, secured credit facilities and construction loans approximate carrying values due to the variable interest rate feature of these instruments.

Mortgage Loans: the fair value of mortgage loans is based on the present value of the cash flows at current rates through maturity.

Bonds Payable: the fair value of bonds payable is based on market quotes for bonds outstanding.

The table below contains the estimated fair value and related carrying amounts for the Company's mortgage loans and bonds payable as of December 31, 2010 and December 31, 2009:

	December 31, 2010		December 31, 2009	
	Fair Value	Carrying Amount	Fair Value	Carrying Amount
Mortgage loans	$1,032,742	$994,728	$912,332	$878,065
Bonds payable	49,489	49,375	49,865	51,390

16. Lease Commitments

The Company entered into a 65-year ground/facility lease agreement on December 2, 2010 for the purpose of constructing a student housing facility on the campus of Portland State University in Portland, Oregon. The agreement will terminate on June 30, 2076 and has two ten year extensions available. During the first 30 years, under the terms of the ground lease, the lessor will receive annual minimum rents of approximately $0.6 million. For the remaining years of the lease, the lessor will receive variable rent payments based upon the operating performance of the property. Straight-lined rental amounts are capitalized during the construction period and will be expensed once the property commences operation. The project has an anticipated completion date of August 2012.

The Company entered into a 40-year ground/facility lease agreement on May 28, 2010 for the purpose of constructing Lobo Village, a student housing facility on the campus of the University of New Mexico in Albuquerque, New Mexico. The agreement will terminate on the 40th anniversary date of the opening date (August 2051) and has three ten year extensions available. During the first five years, under the terms of the ground lease, the lessor will receive annual minimum rents that range from approximately $0.3 million for the first lease year to approximately $0.4 million for the fifth lease year. For the remaining years of the lease, the lessor will receive the greater of (i) a defined percentage of gross revenues or (ii) minimum variable rent payments of $350,000. Straight-lined rental amounts are capitalized during the construction period and will be expensed once the property commences operation. The project

has an anticipated completion date of August 2011.

The Company entered into a 65-year ground/facility lease agreement on October 30, 2007 for the purpose of constructing Barrett Honors College, a student housing facility on the campus of Arizona State University in Tempe, Arizona. The agreement will terminate on the 65th anniversary date of the opening date (August 2074) and has two ten year extensions available. During the first ten years, under the terms of the ground lease, the lessor will receive annual minimum rents of approximately $0.3 million. For the remaining years of the lease, the lessor will receive variable rent payments based upon the operating performance of the property. Straight-lined rental amounts were capitalized during the construction period and expensed upon the commencement of operations in August 2009. Rent expense under this agreement was approximately $50,000 and $14,000 for the years ended December 31, 2010 and 2009, respectively.

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The Company entered into a 65-year ground/facility lease agreement on December 22, 2006 for the purpose of constructing Vista del Sol, a student housing facility on the campus of Arizona State University in Tempe, Arizona. The agreement will terminate on the 65th anniversary date of the opening date (August 2073) and has two ten year extensions available. During the first five years, under the terms of the ground lease, the lessor will receive annual minimum rents of approximately $0.7 million and variable rent payments based upon the operating performance of the property. For the remaining years of the lease, the lessor will receive variable rent payments based upon the operating performance of the property. Straight-lined rental amounts were capitalized during the construction period and expensed upon the commencement of operations in August 2008. Rent expense under this agreement was approximately $1.1 million, $1.0 million and $0.4 million for the years ended December 31, 2010, 2009 and 2008, respectively.

The Company entered into a 95-year ground lease agreement on August 3, 2005 for the purpose of constructing University Centre, a student housing facility near the campuses of Rutgers University and the New Jersey Institute of Technology in Newark, New Jersey. The agreement terminates in July 2102 with no extensions or renewals available. Under the terms of the ground lease, the lessor receives escalating annual rents ranging from $0.1 million to $0.4 million and contingent rental payments based upon the operating performance of the property. Rent expense under the ground lease agreement was approximately $0.3 million for each of the years ended December 31, 2010, 2009 and 2008.

The Company entered into a ground lease agreement on October 2, 2003 for the purpose of constructing a student housing facility near the campus of Temple University in Philadelphia, Pennsylvania. The agreement terminates June 30, 2079 and has four six year extensions available. Under the terms of the ground lease, the lessor receives annual minimum rents of $0.1 million and contingent rental payments which are based upon the operating performance of the property. Rent expense under the ground lease agreement was approximately $0.2 million for each of the years ended December 31, 2010, 2009 and 2008.

The Company is a party to a lease for corporate office space beginning December 17, 2010, and expiring December 31, 2020. The Company is also party to a lease for corporate office space beginning June 19, 2008, and expiring July 31, 2013. The terms of leases provide for a period of free rent and scheduled rental rate increases and common area maintenance charges upon expiration of the free rent period.

The Company also has various operating and capital leases for furniture, office and technology equipment, which expire through 2015. Rental expense under the operating lease agreements approximated $2.4 million, $2.2 million and $1.4 million for the years ended December 31, 2010, 2009 and 2008, respectively.

Wholly-owned properties, net at December 31, 2010 included approximately $2.6 million related to capital leases of furniture, net of approximately $2.1 million of accumulated amortization.

Future minimum commitments over the life of all leases subsequent to December 31, 2010, are as follows:

	Operating	Capital
2011	$ 3,217	$ 668
2012	3,384	292
2013	2,624	-
2014	2,498	-
2015	2,482	-

Thereafter	69,897	-
Total minimum lease payments	84,102	960
Amount representing interest	-	(49)
Balance of minimum lease payments	$ 84,102	$ 911

The capital lease obligations are reflected in other liabilities in the accompanying consolidated balance sheets and amortization of assets recorded under capital leases is included in depreciation expense.

17. Commitments and Contingencies

Commitments

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

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In the normal course of business, the Company enters into various development-related purchase commitments with parties that provide development-related goods and services. In the event that the Company was to terminate development services prior to the completion of projects under construction, the Company could potentially be committed to satisfy outstanding purchase orders with such parties. At December 31, 2010, management did not anticipate any material deviations from schedule or budget related to third-party development projects currently in progress.

Guaranty of Joint Venture Mortgage Debt: As mentioned in Note 10, Fund II is funded in part with secured third party debt in the amount of $18.2 million. The Operating Partnership serves as non-recourse, carve-out guarantor of this debt, which means the Operating Partnership is liable to the lender for any loss, damage, cost, expense, liability, claim or other obligation incurred by the lender arising out of or in connection with certain non-recourse exceptions in connection with the debt. Pursuant to the limited liability company agreement, Fund II agreed to indemnify, defend and hold harmless the Operating Partnership with respect to such obligations, except to the extent such obligations were caused by the willful misconduct, gross negligence, fraud or bad faith of the Operating Partnership or its employees, agents or affiliates. Therefore, the Operating Partnership's exposure under the guarantee for obligations not caused by the willful misconduct, gross negligence, fraud or bad faith of the Operating Partnership or its employees, agents or affiliates is not expected to exceed the Company's 10% proportionate interest in the related mortgage debt.

The Company has estimated the fair value of guarantees entered into to be immaterial. The Company's estimated maximum exposure amount under the above guarantees is approximately $30.0 million.

Contingencies

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

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

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

18. Segments

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

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	Year Ended December 31,		
	2010	2009	2008
Wholly-Owned Properties			
Rental revenues	$303,044	$268,409	$194,613
Interest and other income	42	40	110
Total revenues from external customers	303,086	268,449	194,723
Operating expenses before depreciation, amortization, ground/facility lease, and allocation of corporate overhead	(143,725)	(131,449)	(99,563)
Ground/facility leases	(1,103)	(1,021)	(376)
Interest expense	(47,115)	(52,435)	(42,870)
Operating income before depreciation, amortization and allocation of corporate overhead	$111,143	$83,544	$51,914
Depreciation and amortization	$71,149	$68,832	$50,570
Capital expenditures	$73,428	$114,729	$142,796
Total segment assets at December 31,	$2,522,690	$2,093,638	$2,060,591
On-Campus Participating Properties			
Rental revenues	$23,975	$22,727	$22,042
Interest and other income	18	42	206
Total revenues from external customers	23,993	22,769	22,248
Operating expenses before depreciation, amortization, ground/facility lease, and allocation of corporate overhead	(9,811)	(9,650)	(10,073)
Ground/facility lease	(1,841)	(1,086)	(1,402)
Interest expense	(6,006)	(6,183)	(6,166)
Operating income before depreciation, amortization and allocation of corporate overhead	$6,335	$5,850	$4,607
Depreciation and amortization	$4,345	$4,350	$4,322
Capital expenditures	$1,141	$739	$719
Total segment assets at December 31,	$75,948	$78,718	$83,946
Development Services			
Development and construction management fees from external customers	$9,302	$5,015	$7,922
Intersegment revenues	-	-	2,502
Total revenues	9,302	5,015	10,424
Operating expenses	(9,367)	(8,590)	(9,471)
Operating (loss) income before depreciation, amortization and allocation of corporate overhead	$(65)	$(3,575)	$953
Total segment assets at December 31,	$4,757	$4,338	$7,196
Property Management Services			
Property management fees from external customers	$8,670	$8,795	$6,578
Intersegment revenues	11,558	10,730	7,532
Total revenues	20,228	19,525	14,110
Operating expenses	(7,842)	(7,406)	(6,485)
Operating income before depreciation, amortization and allocation of corporate overhead	$12,386	$12,119	$7,625

Total segment assets at December 31,	$4,513	$4,545	$7,258
Reconciliations			
Total segment revenues	$356,609	$315,758	$241,505
Unallocated interest income earned on corporate cash	127	36	812
Elimination of intersegment revenues	(11,558)	(10,730)	(10,034)
Total consolidated revenues, including interest income	$345,178	$305,064	$232,283
Segment operating income before depreciation, amortization and allocation of corporate overhead	$129,799	$97,938	$65,099
Depreciation and amortization	(81,719)	(77,989)	(58,411)
Net unallocated expenses relating to corporate overhead	(26,090)	(18,725)	(16,509)
Loss from unconsolidated joint ventures	(2,023)	(2,073)	(1,619)
Gain on fair value remeasurements of equity method investments	4,098	-	-
Other nonoperating income	1,596	402	486
Income tax provision	(570)	(540)	(388)
Income (loss) from continuing operations	$25,091	$(987)	$(11,342)
Total segment assets	$2,607,908	$2,181,239	$2,158,991
Unallocated corporate assets	85,576	53,742	24,918
Total assets at December 31,	$2,693,484	$2,234,981	$2,183,909

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19. Quarterly Financial Information (Unaudited)

The information presented below represents the quarterly consolidated financial results of the Company for the years ended December 31, 2010 and 2009. The results below might differ from previously disclosed quarterly results due to certain reclassifications associated with discontinued operations during the periods presented.

	2010				
	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Total
Total revenues	$ 81,543	$ 76,682	$ 88,631	$ 98,135	$ 344,991
Net (loss) income	$ (2,189)	$ 768	$ 3,905	$ 13,726	$ 16,210
Net (loss) income per share- basic	$ (0.05)	$ 0.01	$ 0.06	$ 0.20	$ 0.27 (1)
Net (loss) income per share- diluted	$ (0.05)	$ 0.01	$ 0.06	$ 0.20	$ 0.26 (1)

	2009				
	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Total
Total revenues	$ 75,743	$ 71,271	$ 76,423	$ 81,509	$ 304,946
Net income (loss)	$ 277	$ (5,310)	$ (5,804)	$ (2,003)	$ (12,840)
Net income (loss) per share- basic	$ 0.00	$ (0.11)	$ (0.11)	$ (0.04)	$ (0.28) (1)
Net income (loss) per share- diluted	$ 0.00	$ (0.11)	$ (0.11)	$ (0.04)	$ (0.28)(1)

(1) The sum of the net income (loss) per share for the quarterly periods presented will not total to the annual net income (loss) per share amounts due to differences in the weighted average basic and diluted common shares outstanding during the respective periods.

20. Subsequent Events

Distributions: On January 28, 2011, the Company declared a fourth quarter 2010 distribution per share of $0.3375 which was paid on February 25, 2011 to all common stockholders of record as of February 14, 2011. At the same time, the Operating Partnership paid an equivalent amount per unit to holders of Common Units, as well as the quarterly cumulative preferential distribution to holders of Series A Preferred Units (see Note 9).

Pay-off of mortgage debt: On the scheduled maturity date of January 1, 2011, the Company paid off approximately $29.9 million of fixed-rate mortgage debt secured by one of our wholly-owned properties, located in Orlando, Florida (The Edge).

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21. Schedule of Real Estate and Accumulated Depreciation

			Initial Cost		Basis Step-Up			Total Costs				
	Units	Beds	Land	Buildings and Improvements and Furniture, Fixtures and Equipment	Land	Buildings and Improvements and Furniture, Fixtures and Equipment	Costs Capitalized Subsequent to Acquisition	Land (1)	Buildings and Improvements and Furniture, Fixtures and Equipment	Total (2)	Accumulated Depreciation (3)	Encumbran (4)
Wholly-Owned Properties												
Villas on Apache	111	288	$1,465	$8,071	$-	$-	$3,252	$1,465	$11,323	$12,788	$4,941	$-
The Village at Blacksburg	288	1,056	3,826	22,155	-	-	4,169	3,826	26,324	30,150	8,150	-
River Club Apartments	266	792	3,478	19,655	-	-	1,922	3,478	21,577	25,055	7,117	-
River Walk Townhomes	100	336	1,442	8,194	-	-	795	1,442	8,989	10,431	2,923	-
The Callaway House	173	538	5,081	20,499	-	-	1,890	5,081	22,389	27,470	6,979	17,997
The Village at Alafaya Club	228	839	3,788	21,851	-	-	1,747	3,788	23,598	27,386	7,109	-
The Village at Science Drive	192	732	4,673	19,021	-	-	1,159	4,673	20,180	24,853	5,229	-
University Village at Boulder Creek	82	309	939	14,887	96	1,506	938	1,035	17,331	18,366	4,542	14,938
University Village-Fresno	105	406	900	15,070	29	483	300	929	15,853	16,782	3,518	-
University Village - Temple	220	749	-	38,739	-	2,380	665	-	41,784	41,784	8,164	-

University Village at Sweet Home	269	828	2,473	34,626	-	-	523	2,473	35,149	37,622	6,374	-
University Club Tallahassee(5)	152	608	4,065	17,368	-	-	2,483	4,065	19,851	23,916	5,088	-
The Grove at University Club (5)	64	128	600	5,735	-	-	487	600	6,222	6,822	1,111	3,988
College Club Tallahassee(6)	96	384	1,498	11,156	-	-	1,382	1,498	12,538	14,036	2,920	8,195
The Greens at College Club (6)	40	160	601	4,893	-	-	576	601	5,469	6,070	1,191	-

AMERICAN CAMPUS COMMUNITIES, INC. AND SUBSIDIARIES
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			Initial Cost		Basis Step-Up			Total Costs				
	Units	Beds	Land	Buildings and Improvements and Furniture, Fixtures and Equipment	Land	Buildings and Improvements and Furniture, Fixtures and Equipment	Costs Capitalized Subsequent to Acquisition	Land (1)	Buildings and Improvements and Furniture, Fixtures and Equipment	Total (2)	Accumulated Depreciation (3)	Encumbrances (4)	Year Built
University Club Apartments	94	376	$1,416	$11,848	$-	$-	$1,003	$1,416	$12,851	$14,267	$2,193	$-	1999
The Estates	396	1,044	4,254	43,164	-	-	2,060	4,254	45,224	49,478	7,879	35,554	2002
CityParc at Fry Street	136	418	1,902	17,678	-	-	922	1,902	18,600	20,502	3,513	10,773	2004
Entrada Real	98	363	1,475	15,859	-	-	569	1,475	16,428	17,903	2,396	8,968	2000
Royal Oaks (7)	82	224	1,346	8,153	-	-	583	1,346	8,736	10,082	1,315	-	1990
Royal Pavilion (7)	60	204	1,212	7,304	-	-	530	1,212	7,834	9,046	1,198	-	1991
Royal Village Tallahassee (7)	75	288	1,764	10,768	-	-	748	1,764	11,516	13,280	1,691	-	1992
Royal Village Gainesville	118	448	2,484	15,153	-	-	972	2,484	16,125	18,609	2,540	-	1996
Northgate Lakes	194	710	4,807	27,284	-	-	1,347	4,807	28,631	33,438	4,268	-	1998
Royal Lexington	94	364	2,848	12,783	-	-	1,058	2,848	13,841	16,689	2,159	-	1994
The Woods at	78	276	1,050	7,286	-	-	619	1,050	7,905	8,955	1,269	5,699	2001

Greenland													
Raiders Crossing	96	276	1,089	8,404	-	-	602	1,089	9,006	10,095	1,412	6,140	2002
Raiders Pass	264	828	3,877	32,445	-	-	1,312	3,877	33,757	37,634	4,981	18,122	2002
Aggie Station	156	450	1,634	18,821	-	-	674	1,634	19,495	21,129	2,780	10,803	2002
The Outpost-San Marcos	162	486	1,987	18,973	-	-	569	1,987	19,542	21,529	2,743	12,785	2004
The Outpost-San Antonio	276	828	3,262	36,252			589	3,262	36,841	40,103	5,078	22,520	2005
Callaway Villas	236	704	3,903	32,286	-	-	349	3,903	32,635	36,538	4,782	-	2006
The Village on Sixth Avenue	248	752	2,763	22,480	-	-	2,225	2,763	24,705	27,468	3,245	16,511	2000/ 2006
Newtown Crossing	356	942	6,763	53,597	-	-	816	6,763	54,413	61,176	6,788	30,629	2005/ 2007
Olde Towne University Square	224	550	2,277	24,614	-	-	790	2,277	25,404	27,681	3,447	19,830	2005

AMERICAN CAMPUS COMMUNITIES, INC. AND SUBSIDIARIES
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			Initial Cost		Basis Step-Up			Total Costs					
	Units	Beds	Land	Buildings and Improvements and Furniture, Fixtures and Equipment	Land	Buildings and Improvements and Furniture, Fixtures and Equipment	Costs Capitalized Subsequent to Acquisition	Land (1)	Buildings and Improvements and Furniture, Fixtures and Equipment	Total (2)	Accumulated Depreciation (3)	Encumbrances (4)	Y B
Peninsular Place	183	478	$2,306	$16,559	$-	$-	$429	$2,306	$16,988	$19,294	$2,458	$16,292	200
University Centre	234	838	-	77,378	-	-	1,958	-	79,336	79,336	8,126	-	200
Sunnyside Commons	68	161	6,933	768	-	-	136	6,933	904	7,837	91	-	192
Pirates Place	144	528	1,159	9,652	-	-	1,347	1,159	10,999	12,158	1,032	6,209	199
The Highlands	216	732	4,821	24,822	-	-	1,169	4,821	25,991	30,812	2,241	-	200
Jacob Heights I (8)	42	162	407	5,888	-	-	117	407	6,005	6,412	491	3,850	200
Jacob Heights III (8)	24	96	233	3,637	-	-	69	233	3,706	3,939	291	2,948	200
The Summit (8)	192	672	1,678	26,939	-	-	486	1,678	27,425	29,103	2,038	23,825	200
GrandMarc – Seven Corners	186	440	4,491	28,807	-	-	1,065	4,491	29,872	34,363	2,231	17,710	200
University Village – Sacramento	250	394	7,275	12,639	-	-	1,475	7,275	14,114	21,389	1,136	14,740	197
Aztec Corner	180	606	17,460	32,209	-	-	398	17,460	32,607	50,067	2,426	28,600	199
University Crossings	260	1,016	20,622	47,830	-	-	4,017	20,622	51,847	72,469	3,656	40,535	192 200
Campus Corner	254	796	1,591	20,928	-	-	759	1,591	21,687	23,278	1,805	22,266	199
The Tower	188	375	1,145	19,128	-	-	8,666	1,145	27,794	28,939	1,842	14,491	197

at 3rd													
University Mills	121	481	524	12,334	-	-	626	524	12,960	13,484	1,136	8,639	200
Pirates Cove	264	1,056	2,173	26,704	-	-	2,946	2,173	29,650	31,823	2,892	-	200
University Manor	168	600	1,387	14,889	-	-	1,730	1,387	16,619	18,006	1,603	13,984	200
Brookstone Village	124	238	1,203	7,024	-	-	985	1,203	8,009	9,212	639	4,141	199
Campus Walk – Wilmington	289	290	2,794	11,718	-	-	774	2,794	12,492	15,286	900	6,700	198
Campus Club – Statesboro	276	984	3,075	31,100	-	-	3,193	3,075	34,293	37,368	3,231	-	200

AMERICAN CAMPUS COMMUNITIES, INC. AND SUBSIDIARIES
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			Initial Cost		Basic Step-Up			Total Costs					
	Units	Beds	Land	Buildings and Improvements and Furniture, Fixtures and Equipment	Land	Buildings and Improvements and Furniture, Fixtures and Equipment	Costs Capitalized Subsequent to Acquisition	Land (1)	Buildings and Improvements and Furniture, Fixtures and Equipment	Total (2)	Accumulated Depreciation (3)	Encumbrances (4)	Year Built
University Pines	144	552	$1,707	$17,527	$-	$-	$782	$1,707	$18,309	$20,016	$1,463	$10,862	2001
Lakeside Apartments	244	776	2,347	22,999	-	-	1,937	2,347	24,936	27,283	2,247	14,100	1991
The Club	120	480	1,164	11,979	-	-	1,594	1,164	13,573	14,737	1,323	-	1989
The Edge – Orlando	306	930	6,053	37,802	-	-	1,762	6,053	39,564	45,617	3,162	29,914	1999
University Place	144	528	2,794	15,639	-	-	572	2,794	16,211	19,005	1,350	-	2003
Southview Apartments	240	960	3,492	41,760	-	-	3,354	3,492	45,114	48,606	4,384	18,918	1998
Stone Gate Apartments	168	672	2,929	28,164	-	-	1,637	2,929	29,801	32,730	2,429	14,264	2000
The Commons	132	528	2,173	17,786	-	-	1,464	2,173	19,250	21,423	1,671	5,334	1991
University Gables	168	648	1,309	13,148	-	-	1,815	1,309	14,963	16,272	1,565	13,722	2001
Campus Ridge	132	528	960	12,831	-	-	448	960	13,279	14,239	1,129	-	2003
The Enclave	120	480	582	9,205	-	-	912	582	10,117	10,699	916	9,591	2002
Hawks Landing	122	484	1,445	13,735	-	-	2,661	1,445	16,396	17,841	1,591	15,600	1994

Willowtree Apartments (9)	310	568	6,014	15,135	-	-	542	6,014	15,677	21,691	1,260	13,220	1968
Willowtree Towers (9)	163	283	3,793	6,745	-	-	270	3,793	7,015	10,808	628	6,468	1974
Abbott Place	222	654	1,833	18,313	-	-	1,933	1,833	20,246	22,079	1,942	17,850	1999
The Centre	232	700	1,804	19,395	-	-	1,060	1,804	20,455	22,259	1,824	19,875	2004
University Meadows	184	616	1,426	14,870	-	-	1,227	1,426	16,097	17,523	1,441	9,633	2001
Campus Way	196	684	1,581	21,845	-	-	1,711	1,581	23,556	25,137	2,067	15,375	1993
University Pointe	204	682	989	27,576	-	-	758	989	28,334	29,323	2,236	21,300	2004
University Trails	240	684	1,183	25,173	-	-	936	1,183	26,109	27,292	2,134	-	2003
Vista del Sol (ACE)	613	1,866	-	135,939	-	-	982	-	136,921	136,921	10,069	100,000	2008

AMERICAN CAMPUS COMMUNITIES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

			Initial Cost		Basis Step-Up			Total Costs					
	Units	Beds	Land	Buildings and Improvements and Furniture, Fixtures and Equipment	Land	Buildings and Improvements and Furniture, Fixtures and Equipment	Costs Capitalized Subsequent to Acquisition	Land (1)	Buildings and Improvements and Furniture, Fixtures and Equipment	Total (2)	Accumulated Depreciation (3)	Encumbrances (4)	Year Built
Villas at Chestnut Ridge	196	552	$2,756	$33,510	$-	$-	$89	$2,756	$33,599	$36,355	$2,548	$-	2008
Barrett Honors College (ACE)	602	1,721	-	131,302	-	-	148	-	131,450	131,450	5,258	-	2009
Campus Trails	156	480	1,358	11,291	-	-	2,836	1,358	14,127	15,485	1,004	7,486	1991
Lions Crossing	204	696	4,453	32,824	-	-	120	4,453	32,944	37,397	310	24,807	1996
Nittany Crossing	204	684	4,337	31,920	-	-	97	4,337	32,017	36,354	300	21,345	1996
State College Park	196	752	4,612	34,027	-	-	285	4,612	34,312	38,924	327	24,848	1991
The View	157	590	1,499	11,004	-	-	57	1,499	11,061	12,560	107	-	2003
Chapel Ridge	180	544	4,244	30,792	-	-	183	4,244	30,975	35,219	283	16,180	2003
Chapel View	224	358	2,161	16,062	-	-	64	2,161	16,126	18,287	152	9,690	1986
University Oaks	181	662	2,150	17,369	-	-	88	2,150	17,457	19,607	180	22,150	2004
Blanton Common	276	860	3,788	29,662	-	-	22	3,788	29,684	33,472	284	29,000	2005/ 2007

University Heights	176	528	1,387	8,236	-	-	646	1,387	8,882	10,269	260	-	2001
Burbank Commons	134	532	2,512	20,063	-	-	61	2,512	20,124	22,636	203	14,887	1995
University Crescent	192	612	3,548	28,403	-	-	28	3,548	28,431	31,979	287	24,150	1999
University Greens	156	516	1,117	9,244	-	-	192	1,117	9,436	10,553	102	6,659	2000
The Edge – Charlotte	180	720	3,076	22,841	-	-	28	3,076	22,869	25,945	116	11,845	1999
University Walk	120	480	2,016	14,599	-	-	23	2,016	14,622	16,638	69	14,760	2002
Uptown Apartments	180	528	3,031	21,685	-	-	35	3,031	21,720	24,751	98	20,160	2004
Sanctuary Lofts	201	487	2,960	18,180	-	-	395	2,960	18,575	21,535	283	-	2006
Jefferson 2nd Avenue	274	868	4,434	27,236	-	-	21	4,434	27,257	31,691	60	-	2008
Villas at Babcock (10)	204	792	4,642	16,638	-	-	-	4,642	16,638	21,280	-	-	2011

AMERICAN CAMPUS COMMUNITIES, INC. AND SUBSIDIARIES
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			Initial Cost		Basis Step-Up			Total Costs		
	Units	Beds	Land	Buildings and Improvements and Furniture, Fixtures and Equipment	Land	Buildings and Improvements and Furniture, Fixtures and Equipment	Costs Capitalized Subsequent to Acquisition	Land (1)	Buildings and Improvements and Furniture, Fixtures and Equipment	Total (2)
Lobo Village (ACE) (10)	216	864	-	17,463	-	-	-	-	17,463	17,463
Villas on Sycamore (10)	170	680	3,000	12,102	-	-	-	3,000	12,102	15,102
Portland State (ACE) (10)	282	978	-	8,041	-	-	-	-	8,041	8,041
Subtotal	18,957	60,414	$ 276,878	$ 2,250,085	$ 125	$ 4,369	$ 106,745	$ 277,003	$ 2,361,199	$ 2,638,202
On-Campus Participating Properties										
University Village – PVAMU	612	1,920	$ -	$ 36,506	$ -	$ -	$ 2,887	$ -	$ 39,393	$ 39,393
University College – PVAMU	756	1,470	-	22,650	-	-	2,112	-	24,762	24,762
University Village – TAMIU	84	250	-	5,844	-	-	473	-	6,317	6,317
Cullen Oaks Phase I and II	411	879	-	33,910	-	-	1,483	-	35,393	35,393

Subtotal	1,863	4,519	-	98,910	-	-	6,955	-	105,865	105,865
Total-all properties	20,820	64,933	$ 276,878	$ 2,348,995	$ 125	$ 4,369	$ 113,700	$ 277,003	$ 2,467,064	$ 2,744,067

(1) Does not include undeveloped land parcels with a total book value of approximately $36.0 million as of December 31, 2010.

(2) Total aggregate costs for Federal income tax purposes is approximately $2,810.7 million.

(3) The depreciable lives for buildings and improvements and furniture, fixtures and equipment range from three to forty years.

(4) Total encumbrances exclude net unamortized debt premiums of approximately $16.5 million and net unamortized debt discounts of approximately $6.6 million as of December 31, 2010.

(5) For lease administration purposes, University Club Tallahassee and The Grove at University Club are reported combined. As a result, costs capitalized subsequent to acquisition and accumulated depreciation are allocated to the respective properties based on relative bed count.

(6) For lease administration purposes, College Club Tallahassee and The Greens at College Club are reported combined. As a result, costs capitalized subsequent to acquisition and accumulated depreciation are allocated to the respective properties based on relative bed count.

(7) For lease administration purposes, Royal Oaks, Royal Pavilion, and Royal Village Tallahassee are reported combined. As a result, costs capitalized subsequent to acquisition and accumulated depreciation are allocated to the respective properties based on relative bed count.

(8) For lease administration purposes, Jacob Heights I, Jacob Heights III and The Summit are reported combined. As a result, costs capitalized subsequent to acquisition and accumulated depreciation are allocated to the respective properties based on relative bed count.

(9) For lease administration purposes, Willowtree Apartments and Willowtree Towers are reported combined. As a result, costs capitalized subsequent to acquisition and accumulated depreciation are allocated to the respective properties based on relative bed count.

(10) Villas at Babcock, Lobo Village, Villas on Sycamore and the Portland State University project commenced construction during 2010. Initial costs represent construction costs associated with the development of this property. Year built represents the scheduled completion date.

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The changes in the Company's investments in real estate and related accumulated depreciation for each of the years ended December 31, 2010, 2009, and 2008 are as follows:

	For the Year Ended December 31,					
	2010		2009		2008	
	Wholly-Owned (1)	On-Campus (2)	Wholly-Owned (1)	On-Campus (2)	Wholly-Owned (1)	On-Campus (2)
Investments in Real Estate:						
Balance, beginning of year	$2,188,790	$104,724	$2,100,185	$103,985	$1,017,425	$103,266
Acquisition of land for development	16,050	-	9,390	-	8,226	-
Acquisition of properties	425,472	-	-	-	980,504	-
Improvements and development expenditures	82,008	1,141	107,647	739	145,011	719
Provision for asset impairment	(4,036)	-	-	-	-	-
Disposition of properties	(34,080)	-	(28,432)	-	(50,981)	-
Balance, end of year	$2,674,204	$105,865	$2,188,790	$104,724	$2,100,185	$103,985
Accumulated Depreciation:						
Balance, beginning of year	$(173,820)	$(39,034)	$(113,352)	$(34,683)	$(70,363)	$(30,361)
Depreciation for the year	(68,719)	(4,345)	(61,765)	(4,351)	(42,989)	(4,322)
Disposition of properties	2,179	-	1,297	-	-	-
Balance, end of year	$(240,360)	$(43,379)	$(173,820)	$(39,034)	$(113,352)	$(34,683)

(1) Owned off-campus properties and owned on-campus properties

(2) On-campus participating properties