AMERICAN CAMPUS COMMUNITIES INC
Form 10-K
February 28, 2012

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

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

For the fiscal year ended December 31, 2011.

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 $2,464,550,014 based on the last sale price of the common equity on June 30, 2011 which is the last business day of the Company's most recently completed second quarter.

There were 74,561,852 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 17, 2012.

DOCUMENTS INCORPORATED BY REFERENCE

Part III of this report incorporates information by reference from the definitive Proxy Statement for the 2012 Annual Meeting of Stockholders.

FORM 10-K

FOR THE YEAR ENDED DECEMBER 31, 2011

TABLE OF CONTENTS

		PAGE NO.
PART I.		
Item 1.	Business	1
Item 1A.	Risk Factors	6
Item 1B.	Unresolved Staff Comments	16
Item 2.	Properties	16
Item 3.	Legal Proceedings	22
Item 4.	Removed and Reserved	22
PART II.		
Item 5.	Market for Registrant’s Common Equity and Related Stockholder Matters	22
Item 6.	Selected Financial Data	23
Item 7.	Management’s Discussion and Analysis of Financial Condition and Results of Operations	24
Item 7A.	Quantitative and Qualitative Disclosures About Market Risk	41
Item 8.	Financial Statements and Supplementary Data	42
Item 9.	Changes in and Disagreements with Accountants on Accounting and Financial Disclosure	42
Item 9A.	Controls and Procedures	42
PART III.		
Item 10.	Directors, Executive Officers and Corporate Governance	43
Item 11.	Executive Compensation	43
Item 12.	Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters	43
Item 13.	Certain Relationships, Related Transactions and Director Independence	43
Item 14.	Principal Accounting Fees and Services	43
PART IV.		
Item 15.	Exhibits and Financial Statement Schedules	44
SIGNATURES		48

PART I

Item 1. Business

Overview

Formed on March 9, 2004, American Campus Communities, Inc. (referred to herein as the "Company," "us," "we," and "our") is a real estate investment trust ("REIT") that is 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, 2011, our total owned, joint venture and third-party managed portfolio included 148 properties with approximately 96,600 beds in approximately 32,700 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 2011, we acquired controlling financial interests in four off-campus properties containing 1,211 units and 3,403 beds, and one retail shopping center that we plan to develop into a mixed-use community containing both student housing and retail. The combined purchase price for our controlling financial interest in these five properties was approximately $237.0 million.

We believe our relationships 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: In August 2011, we completed the final stages of construction on two owned off-campus properties and two on-campus American Campus Equity ("ACE®") properties containing 626 units and 2,480 beds. In addition, as of December 31, 2011, we were in the process of constructing five owned off-campus properties and six ACE on-campus properties. These properties are summarized in the table below:

Property	Location	Primary University Served	Units	Beds	Estimated Project Cost	Costs Incurred as of 12/31/11 (1)	Scheduled to Open for Occupancy
University Pointe at College Station - ACE	Portland, OR	Portland State University	282	978	$ 87,800	$ 51,796	September 2012
The Suites – ACE	Flagstaff, AZ	Northern Arizona University	275	550	28,100	10,772	August 2012
Hilltop Townhomes – ACE	Flagstaff, AZ	Northern Arizona University	144	576	32,500	13,325	August 2012
Casas del Rio – ACE	Albuquerque, NM	University of New Mexico	283	1,028	39,400	10,484	August 2012
The Villas at Vista del Sol - ACE	Tempe, AZ	Arizona State University	104	400	21,900	5,602	August 2012
Casa de Oro - ACE	Glendale, AZ	Arizona State University	109	365	14,600	2,837	August 2012
U Club on Frey	Kennesaw, GA	Kennesaw State University	114	456	22,500	12,452	August 2012
U Club Townhomes on Marion Pugh	College Station, TX	Texas A&M University	160	640	34,100	23,704	August 2012
Campus Edge on UTA Boulevard	Arlington, TX	Univ. of Texas at Arlington	128	488	24,900	10,037	August 2012
Villas on Rensch	Amherst, NY	University at Buffalo	153	610	44,800	25,052	August 2012

The Village at Overton Park	Lubbock, TX	Texas Tech University	163	612	34,800	17,590	August 2012
Total			1,915	6,703	$ 385,400	$ 183,651	

(1) In addition to construction in progress, costs incurred to date include land, furniture deposits and prepaid insurance.

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.

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.

Wholly-Owned Properties: 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 dependent 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.

American Campus Equity (ACE): Included in our wholly-owned properties segment and branded and marketed to colleges and universities as the ACE program, this 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 four on-campus properties owned by one of our taxable REIT subsidiaries ("TRSs") that are operated under long-term ground/facility leases with two university systems. Under our ground/facility leases, we receive an annual distribution representing 50% of these properties' net cash flows, as defined in the ground/facility lease agreements. We also manage these properties under multi-year management agreements and are paid a management fee representing 5% of receipts. Refer to Note 8 in the accompanying Notes to Consolidated Financial Statements contained in Item 8 herein for a more detailed description of these properties.

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. 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. 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 environmental site assessments on all of the wholly-owned properties and on-campus participating properties in our existing portfolio. We are not aware of any environmental conditions that management believes would have a material adverse effect on the Company. There is no assurance, however, that environmental site assessments or other investigations would reveal all environmental conditions 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, 2011, we had approximately 2,387 employees, consisting of:

- approximately 1,348 on-site employees in our wholly-owned properties segment, including 566 Resident Assistants;
- approximately 107 on-site employees in our on-campus participating properties segment, including 48 Resident Assistants;
- approximately 819 employees in our property management services segment, including 729 on-site employees and 90 corporate office employees;

approximately 44 corporate office employees in our development services segment; and
approximately 69 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, 2011, our total consolidated indebtedness was approximately $1,442.4 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 construction loans with varying interest rates that are dependent upon the market index. In addition, we have an unsecured 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, 2011, we were in the process of constructing 11 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, 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, 2011.

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. The 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 Note 18 in the accompanying Notes to Consolidated Financial Statements contained in Item 8. We own fee title to all of these properties except for properties subject to ground/facility leases and our on-campus participating properties, as discussed more fully in Note 8 and Note 16 in 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.

Property	Year Built	Date Acquired/ Developed	Primary University Served	Typical Lease Term (Mos)	Year Ended December 31, 2011 Revenue	Average Monthly Revenue/ Bed (1)	2011 Average Occupancy (2)	Occupancy as of 12/31/11
WHOLLY-OWNED PROPERTIES								
The Village at Blacksburg	1990/ 1998	Dec-00	Virginia Polytechnic Institute and State University	12	5,353	409	99.2%	99.5%
The Callaway House	1999	Mar-01	Texas A&M University	9	7,816(3)	n/a(3)	103.4%	103.3%
The Village at Alafaya Club	1999	Jul-00	The University of Central Florida	12	6,266	579	99.4%	99.4%
The Village at Science Drive	2000	Nov-01	The University of Central Florida	12	5,541	596	99.4%	99.3%
University Village at Boulder Creek	2002	Aug-02	The University of Colorado at Boulder	12	2,961	759	98.7%	98.7%
University Village - Fresno	2004	Aug-04	California State University – Fresno	12	2,525	497	93.9%	98.0%
University Village - Temple	2004	Aug-04	Temple University	12	6,852	700	98.7%	98.8%
University Village at Sweet Home	2005	Aug-05	State University of New York – Buffalo	12	6,585	672	95.6%	90.2%
University Club Townhomes (4)	2000/ 2002	Feb-05	Florida State University	12	5,383	466	99.1%	99.2%
	2001	Feb-05	Florida A&M University	12	3,158	369	95.7%	94.7%

College Club Townhomes (4)								
University Club Apartments	1999	Feb-05	University of Florida	12	2,113	451	97.4%	98.4%
The Estates	2002	Mar-05	University of Florida	12	6,618	519	97.0%	99.0%
CityParc at Fry Street	2004	Mar-05	University of North Texas	12	3,025	587	98.4%	97.8%
Entrada Real	2000	Mar-06	University of Arizona	12	2,764	559	99.4%	99.7%
University Village Tallahassee (5)	1990/91/92	Mar-06	Florida State University	12	4,060	455	98.4%	99.2%
Royal Village Gainesville	1996	Mar-06	University of Florida	12	2,719	497	95.6%	97.1%
Northgate Lakes	1997/98	Mar-06	The University of Central Florida	12	5,085	572	99.3%	99.4%
Royal Lexington	1994	Mar-06	The University of Kentucky	12	1,994	424	98.3%	98.4%
The Woods at Greenland	2001	Mar-06	Middle Tennessee State University	12	1,381	404	97.6%	97.8%
Raiders Crossing	2002	Mar-06	Middle Tennessee State University	12	1,518	436	99.0%	97.8%
Raiders Pass	2002/03	Mar-06	Texas Tech University	12	4,753	462	98.7%	97.1%
Aggie Station	2003	Mar-06	Texas A&M University	12	2,868	521	99.5%	99.8%
The Outpost - San Marcos	2003/04	Mar-06	Texas State University – San Marcos	12	2,982	490	99.6%	99.6%
The Outpost - San Antonio	2005	Mar-06	University of Texas – San Antonio	12	5,821	553	99.9%	99.9%

17

Property	Year Built	Date Acquired/ Developed	Primary University Served	Typical Lease Term (Mos)	Year Ended December 31, 2011 Revenue	Average Monthly Revenue/ Bed (1)	2011 Average Occupancy (2)	Occupancy as of 12/31/11	# Bui
Callaway Villas	2006	Aug-06	Texas A&M University	12	5,932	716	91.9%	99.9%	
The Village on Sixth Avenue	2000/06	Jan-07	Marshall University	12	4,114	449	97.3%	97.2%	14
Newtown Crossing	2005/07	Feb-07	University of Kentucky	12	6,248	545	98.3%	99.3%	
Olde Towne University Square	2005	Feb-07	University of Toledo	12	3,812	559	99.5%	98.2%	
Peninsular Place	2005	Feb-07	Eastern Michigan University	12	2,749	448	98.5%	99.0%	
University Centre	2007	Aug-07	Rutgers University, NJIT, Essex CCC	9/12	7,147	776	86.5%	98.0%	
Sunnyside Commons	1925/ 2001	Feb-08	West Virginia University	12	864	425	100.8%	100.6%	
Pirates Place Townhomes	1996	Feb-08	East Carolina University	12	2,336	351	91.7%	93.0%	
The Highlands	2004	June-08	University of Nevada at Reno	12	3,723	423	95.0%	98.9%	
Jacob Heights and The Summit (5)	2003-2006	June-08	Minnesota State University	12	5,090	443	97.3%	98.3%	
GrandMarc – Seven Corners	2000	June-08	University of Minnesota	12	4,620	619	125.9%	125.7%	
University Village – Sacramento	1979	June-08	California State University – Sacramento	12	2,762	551	102.4%	104.1%	
	1995	June-08	San Diego State University	12	4,344	574	98.4%	97.9%	

Aztec Corner								
University Crossings	1926/ 2003	June-08	University of Pennsylvania / Drexel	12	8,462	569	99.3%	99.4%
Campus Corner	1997	June-08	Indiana University	12	4,293	440	96.8%	99.1%
The Tower at 3rd	1973	June-08	University of Illinois	12	3,156	665	96.7%	98.9%
University Mills	2002	June-08	University of Northern Iowa	12	2,413	398	98.8%	98.1%
Pirates Cove (6)	2000	June-08	East Carolina University	12	4,584	347	98.3%	98.7%
University Manor	2002	June-08	East Carolina University	12	2,822	378	96.9%	93.7%
Brookstone Village	1993	June-08	UNC – Wilmington	12	1,429	460	102.1%	102.1%
Campus Walk – Wilmington	1989	June-08	UNC – Wilmington	12	2,121	539	104.7%	105.5%
University Pines	2001	June-08	Georgia Southern University	12	2,823	403	97.9%	99.5%
Lakeside Apartments	1991	June-08	University of Georgia	12	3,706	364	97.6%	98.3%
The Club	1989	June-08	University of Georgia	12	1,895	322	97.6%	98.1%
The Edge -Orlando	1999	June-08	The University of Central Florida	12	6,885	575	99.4%	99.5%
University Place	2003	June-08	University of Virginia	12	2,339	396	89.3%	85.6%
Southview Apartments	1998	June-08	James Madison University	12	5,333	459	98.5%	98.4%
Stone Gate Apartments	2000	June-08	James Madison University	12	3,749	473	96.9%	92.9%

18

Property	Year Built	Date Acquired/ Developed	Primary University Served	Typical Lease Term (Mos)	Year Ended December 31, 2011	Average Monthly Revenue/ Bed (1)	2011 Average Occupancy (2)	Occupancy as of 12/31/11	# Buil
The Commons	1991	June-08	James Madison University	12	2,491	395	96.7%	95.3%	1
University Gables	2001	June-08	Middle Tennessee State University	12	2,966	359	97.6%	98.1%	1
Campus Ridge	2003	June-08	East Tennessee State University	12	2,436	375	96.1%	94.9%	1
The Enclave	2002	June-08	Bowling Green State University	12	1,691	281	98.7%	99.2%	1
Hawks Landing	1994	June-08	Miami University of Ohio	12	2,334	394	98.9%	99.0%	1
Willowtree Apartments & Towers (4)	1968/ 1974	June-08	University of Michigan	12	4,738	459	98.3%	96.7%	1
Abbott Place	1999	June-08	Michigan State University	12	3,528	440	99.1%	99.4%	
The Centre	2004	June-08	Western Michigan University	12	3,318	378	99.3%	99.3%	2
University Meadows	2001	June-08	Central Michigan University	12	2,818	385	93.8%	98.5%	2
Campus Way	1993	June-08	University of Alabama	12	3,626	429	97.4%	97.1%	
University Pointe	2004	June-08	Texas Tech University	12	4,485	538	97.5%	95.5%	1
University Trails	2003	June-08	Texas Tech University	12	4,262	503	98.5%	97.1%	2
Vista del Sol - ACE	2008	Aug-08	Arizona State University	12	15,757	644	97.3%	98.4%	1
Villas at Chestnut Ridge	2008	Aug-08	State University of New York – Buffalo	12	4,767	710	99.0%	99.1%	1

Barrett Honors College – ACE	2009	Aug-09	Arizona State University	9	12,509	764	97.4%	97.4%	
University Heights	2001	Mar-10	University of Alabama at Birmingham	12	2,712	392	98.3%	99.2%	
Sanctuary Lofts	2008	July-10	Texas State University – San Marcos	12	3,853	602	97.7%	97.3%	
Lions Crossing	1996	Sep-10	Penn State University	12	4,626	493	99.4%	99.4%	1
Nittany Crossing	1996/97	Sep-10	Penn State University	12	4,203	471	99.4%	99.3%	1
State College Park	1991	Sep-10	Penn State University	12	4,413	451	99.1%	98.5%	1
The View	2003	Sep-10	University of Nebraska	12	2,405	323	99.0%	99.7%	1
Chapel Ridge	2003	Sep-10	UNC – Chapel Hill	12	3,865	603	96.3%	94.3%	1
Chapel View	1986/ 2003	Sep-10	UNC – Chapel Hill	12	2,702	633	96.6%	97.5%	1
University Oaks	2004	Sep-10	University of South Carolina	12	3,984	482	98.8%	99.1%	1
Blanton Common	2005/07	Sep-10	Valdosta State University	12	4,630	416	97.8%	99.4%	2
Burbank Commons	1995	Sep-10	Louisiana State University	12	2,784	426	97.7%	96.4%	
University Crescent	1999	Sep-10	Louisiana State University	12	3,906	512	98.9%	98.7%	1
University Greens	1999	Sep-10	University of Oklahoma	12	2,448	393	94.2%	98.8%	1
The Edge – Charlotte	2000	Nov-10	University of North Carolina at Charlotte	12	3,915	442	98.7%	98.9%	1

19

Property	Year Built	Date Acquired/ Developed	Primary University Served	Typical Lease Term (Mos)	Year Ended December 31, 2011 Revenue	Average Monthly Revenue/ Bed (1)	2011 Average Occupancy (2)	Occupancy as of 12/31/11	# Bui
University Walk	2002	Nov-10	University of North Carolina at Charlotte	12	2,771	470	98.9%	99.0%	
Uptown Apartments	2004	Nov-10	University of North Texas	12	3,729	567	97.9%	97.9%	
2nd Ave Centre	2008	Dec-10	University of Florida	12	5,036	474	98.3%	99.3%	
Subtotal – Same Store Wholly-Owned Properties (7)					343,600	499	98.0%	98.4%	1,
Campus Trails (8)	1991	June-08	Mississippi State University	12	2,051	375	90.2%	98.8%	
Villas at Babcock	2011	Aug-11	University of Texas – San Antonio	12	2,088	493	99.5%	99.5%	
Lobo Village - ACE	2011	Aug-11	University of New Mexico	12	2,091	451	99.3%	99.5%	
Villas on Sycamore	2011	Aug-11	Sam Houston State University	12	1,467	420	96.3%	96.2%	
University Village Northwest - ACE	2011	Aug-11	Prairie View A&M University	9	402	538	99.4%	99.3%	
University Shoppes at Orlando (9)	1976/87	Aug-11	University of Central Florida	12	589	n/a	n/a	n/a	
Eagles Trail (10)	2007	Sep-11	University of Southern Mississippi	12	907	332	80.2%	79.4%	
Studio Green (10)	1963/68	Nov-11	Florida State University	12	274	272	72.7%	72.7%	
26 West (10)	2008	Dec-11	University of Texas - Austin	12	778	747	97.7%	97.7%	

The Varsity (10)	2011	Dec-11	University of Maryland	12	541	657	91.2%	91.2%
University Pointe at College Station – ACE (11)	2012	Sep-12	Portland State University	12	-	n/a	n/a	n/a
Casas del Rio - ACE (11)	2012	Aug-12	University of New Mexico	10	18	n/a	n/a	n/a
The Suites - ACE (11)	2012	Aug-12	Northern Arizona University	10	11	n/a	n/a	n/a
Hilltop Townhomes - ACE (11)	2012	Aug-12	Northern Arizona University	12	28	n/a	n/a	n/a
U Club on Frey (11)	2012	Aug-12	Kennesaw State University	12	26	n/a	n/a	n/a
Campus Edge on UTA Boulevard (11)	2012	Aug-12	University of Texas - Arlington	12	5	n/a	n/a	n/a
U Club Townhomes on Marion Pugh (11)	2012	Aug-12	Texas A&M University	12	12	n/a	n/a	n/a
Villas on Rensch (11)	2012	Aug-12	University at Buffalo	12	4	n/a	n/a	n/a
The Village at Overton Park (11)	2012	Aug-12	Texas Tech University	12	6	n/a	n/a	n/a
Casa de Oro - ACE (11)	2012	Aug-12	Arizona State University	12	-	n/a	n/a	n/a
The Villas at Vista del Sol - ACE (11)	2012	Aug-12	Arizona State University	12	-	n/a	n/a	n/a
Subtotal – New Wholly-Owned Properties					11,298	439	92.5%	92.2%

Total – Wholly-Owned Properties	354,898	497	97.8%	97.7%	1,

Property	Year Built	Date Acquired/ Developed	Primary University Served	Typical Lease Term (Mos)	Year Ended December 31, 2011 Revenue	Average Monthly Revenue/ Bed (1)	2011 Average Occupancy (2)	Occupancy as of 12/31/11	B
ON-CAMPUS PARTICIPATING PROPERTIES (12)									
University Village – PVAMU	1996/ 97/98	Aug-96 Aug-98	Prairie View A&M University	9	9,836	535	98.3%	99.0%	
University College – PVAMU	2000/ 2003	Aug-00 Aug-03	Prairie View A&M University	9	7,162	532	96.8%	99.6%	
University Village – TAMIU	1997	Aug-97	Texas A&M International University	9	1,405	528	95.2%	89.2%	
Cullen Oaks	2001/ 2005	Aug-01 Aug-05	The University of Houston	9	6,849	738	99.2%	96.5%	
Total - On-Campus Participating Properties					25,252	574	97.8%	98.2%	
Grand Total- All Properties					$ 380,150	$ 501 (13)	97.8%	97.8%	

(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, 2011 divided by average occupied beds over the typical lease term.

(2) Average occupancy is calculated based on the average number of occupied beds during typical lease terms for the year ended December 31, 2011 divided by total beds. For on-campus participating properties, average occupancy is calculated based on the nine month academic year (excluding the summer months).

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

(4) University Club Townhomes, College Club Townhomes, and Willowtree Apartments & Towers each consist of two phases that are counted separately in the property portfolio numbers contained in Note 1 in the accompanying Notes to Consolidated Financial Statements contained in Item 8.

(5) University Village Tallahassee and Jacob Heights/The Summit each consist of 3 phases that are counted separately in the property portfolio numbers contained in Note 1 in the accompanying Notes to Consolidated Financial Statements contained in Item 8.

(6) This property is classified as Held for Sale as of December 31, 2011 and is therefore included in discontinued operations in the accompanying Consolidated Financial Statements contained in Item 8.

(7) Our same store wholly-owned portfolio represents properties that were owned by us for the full year ended December 31, 2011.

(8) This property incurred business interruption due to significant property damage resulting from a fire in April 2010. The 72 beds damaged by the fire reopened for occupancy in August 2011.

(9) This property was purchased in 2011 with the intent to demolish the existing retail center and develop a new mixed-use community, with an anticipated completion date of August 2014.

(10) These properties were acquired during 2011. Average occupancy is calculated based on the period these properties were owned and operated by us in 2011. For the acquisition of The Varsity, the Company purchased a 79.5% controlling interest.

(11) Currently under development with scheduled completion dates of August or September 2012.

(12) Although our on-campus participating properties accounted for 8.1% of our units, 6.3% of our beds and 6.5% of our revenues for the year ended December 31, 2011, because of the structure of their ownership and financing we have only received approximately $2.2 million in distributions of excess cash flow during the year ended December 31, 2011.

(13) 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, 2011, 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, 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
Quarter ended March 31, 2011	$ 33.84	$ 30.60	$ 0.3375
Quarter ended June 30, 2011	$ 35.93	$ 32.09	$ 0.3375
Quarter ended September 30, 2011	$ 41.09	$ 32.57	$ 0.3375
Quarter ended December 31, 2011	$ 42.63	$ 35.28	$ 0.3375

Holders

As of February 17, 2012, there were approximately 29,800 holders of record of the Company's common stock and 74,561,852 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.

See Part III, Item 12, for a description of securities authorized for issuance under equity compensation plans.

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,				
	2011	2010	2009	2008	2007
Statements of Operations Information:					
Revenues	$390,317	$329,276	$290,073	$220,153	$140,241
Income (loss) from continuing operations	42,069	22,232	190	(9,304)	(1,303)
Discontinued operations:					
Income (loss) attributable to discontinued operations	1,097	(1,429)	(3,292)	(3,515)	(128)
Gain (loss) from disposition of real estate	14,806	(3,705)	(9,358)	-	-
Net income (loss)	57,972	17,098	(12,460)	(12,819)	(1,431)
Net income attributable to noncontrolling interests	(1,343)	(888)	(380)	(236)	(255)
Net income (loss) attributable to common shareholders	56,629	16,210	(12,840)	(13,055)	(1,686)
Per Share and Distribution Data:					
Earnings per diluted share:					
Income (loss) from continuing operations	$0.58	$0.35	$(0.03)	$(0.27)	$(0.07)
Discontinued operations	0.22	(0.09)	(0.25)	(0.09)	(0.01)
Net income (loss)	0.80	0.26	(0.28)	(0.36)	(0.08)
Cash distributions declared per share / unit	1.35	1.35	1.35	1.35	1.35
Cash distributions declared	93,813	76,424	64,492	50,563	32,931
Balance Sheet Data:					
Total assets	$3,008,582	$2,693,484	$2,234,981	$2,183,909	$1,076,296
Secured mortgage, construction and bond debt	858,530	1,144,103	1,029,455	1,162,221	533,430
Term loans and credit facilities	589,000	201,000	194,000	114,700	9,600
Capital lease obligations	450	911	2,314	2,555	2,798
Stockholders' equity	1,375,216	1,213,962	899,030	785,119	428,562
Selected Owned Property Information:					
Owned properties	116	104	85	86	44
Units	22,947	20,820	17,008	17,212	9,519

Beds	71,801		64,933		52,118		52,817		28,657	
Occupancy as of December 31,	97.8	%	98.0	%	96.2	%	92.4	%	95.1	%
Net cash provided by operating activities	$131,033		$115,949		$80,443		$36,395		$29,047	
Net cash used in investing activities	(440,298	)	(244,492	)	(123,528	)	(435,275	)	(187,591	)
Net cash provided by financing activities	218,157		175,957		83,578		412,407		91,510	
Funds From Operations (“FFO”) (1) (2):										
Net income (loss) attributable to common shareholders	$56,629		$16,210		$(12,840	)	$(13,055	)	$(1,686	)
Noncontrolling interests	1,343		888		380		236		255	
(Gain) loss from disposition of real estate	(14,806	)	3,705		9,358		-		-	
Loss from unconsolidated joint ventures	641		2,023		2,073		1,619		108	
FFO from unconsolidated joint ventures	(576	)	(1,195	)	246		(487	)	(108	)
Real estate related depreciation and amortization	87,951		75,667		75,814		56,459		29,824	
Elimination of provision for asset impairment (3)	1,105		5,450		464		-		-	
Funds from operations	$132,287		$102,748		$75,495		$44,772		$28,393	

(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.

(2) 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 or loss (computed in accordance with GAAP) as an indicator of our financial performance or to cash flow from operating activities (computed in accordance with GAAP) as an indicator of our liquidity, nor is it indicative of funds available to fund our cash needs, including our ability to pay distributions.

(3) In October 2011, NAREIT issued guidance directing member companies to exclude impairment write-downs of depreciable real estate from the calculation of FFO. Previously, the company had included such charges in the calculation of FFO. In order to conform to the current NAREIT guidance, the company has revised its calculation of FFO for all periods presented to exclude such impairment charges.

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. Refer to Item 1 contained herein for additional information regarding our business objectives, investment strategies, and operating segments.

Property Portfolio

As of December 31, 2011, our property portfolio contained 116 properties with approximately 71,800 beds in approximately 22,900 apartment units. Our property portfolio consisted of 101 owned off-campus student housing properties that are in close proximity to colleges and universities, 10 ACE properties operated under ground/facility leases with five university systems, four on-campus participating properties operated under ground/facility leases with the related university systems, and one property containing a retail shopping center which we plan to develop into a mixed-use community including both student housing and retail. Of the 116 properties, 11 were under development as of December 31, 2011, and when completed will consist of a total of approximately 6,700 beds in approximately 1,900 units. Our communities contain modern housing units and are supported by a resident assistant system and other student-oriented programming, with many offering resort-style amenities.

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.

Third-Party Development and Management Services

We 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. 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. As of December 31, 2011, we were under contract on four third-party development projects that are currently in progress and whose fees range from $0.5 million to $4.6 million. As of December 31, 2011, fees of approximately $2.9 million remained to be earned by us with respect to these projects, which have scheduled completion dates of August 2012.

As of December 31, 2011, we also provided third-party management and leasing services for 31 properties that represented approximately 24,200 beds in approximately 9,600 units, and one joint venture property in which we own a noncontrolling interest with approximately 600 beds in approximately 200 units. 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.

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 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 proportional 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).

Impairment of Long-Lived Assets

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.

For our properties under development, capitalized interest is generally based on the weighted average interest rate of our total debt. Upon substantial completion of the properties, cost capitalization ceases. The total capitalized development costs are then transferred to the applicable asset category and depreciation commences. These estimates used by management require judgment, and accordingly we believe cost capitalization to be a critical accounting estimate.

Results of Operations

Comparison of the Years Ended December 31, 2011 and December 31, 2010

The following table presents our results of operations for the years ended December 31, 2011 and 2010, including the amount and percentage change in these results between the two periods.

	Year Ended December 31,			
	2011	2010	Change ($)	Change (%)
Revenues:				
Wholly-owned properties	$348,961	$286,032	$62,929	22.0 %
On-campus participating properties	25,252	23,975	1,277	5.3 %
Third-party development services	7,497	9,302	(1,805)	(19.4 %)
Third-party management services	7,254	8,670	(1,416)	(16.3 %)
Resident services	1,353	1,297	56	4.3 %
Total revenues	390,317	329,276	61,041	18.5 %
Operating expenses:				
Wholly-owned properties	165,547	134,849	30,698	22.8 %
On-campus participating properties	10,180	10,492	(312)	(3.0 %)
Third-party development and management services	11,368	12,781	(1,413)	(11.1 %)
General and administrative	12,752	11,561	1,191	10.3 %
Depreciation and amortization	86,969	73,125	13,844	18.9 %
Ground/facility leases	3,608	2,944	664	22.6 %
Total operating expenses	290,424	245,752	44,672	18.2 %
Operating income	99,893	83,524	16,369	19.6 %
Nonoperating income and (expenses):				
Interest income	584	187	397	212.3 %
Interest expense	(52,214)	(60,144)	7,930	(13.2 %)
Amortization of deferred financing costs	(5,120)	(4,436)	(684)	15.4 %
Loss from unconsolidated joint ventures	(641)	(2,023)	1,382	(68.3 %)
Other nonoperating income	-	5,694	(5,694)	(100.0 %)
Total nonoperating expenses	(57,391)	(60,722)	3,331	(5.5 %)
Income before income taxes and discontinued operations	42,502	22,802	19,700	86.4 %
Income tax provision	(433)	(570)	137	(24.0 %)
Income from continuing operations	42,069	22,232	19,837	89.2 %
Discontinued operations:				
Income (loss) attributable to discontinued operations	1,097	(1,429)	2,526	(176.8 %)
Gain (loss) from disposition of real estate	14,806	(3,705)	18,511	(499.6 %)
Total discontinued operations	15,903	(5,134)	21,037	(409.8 %)

Net income	57,972	17,098	40,874	239.1	%
Income attributable to noncontrolling interests	(1,343)	(888)	(455)	51.2	%
Net income attributable to common shareholders	$56,629	$16,210	$40,419	249.3	%

Wholly-Owned Properties Operations

Revenues from our wholly-owned properties for the year ended December 31, 2011 compared to the year ended December 31, 2010 increased by $63.0 million primarily due to the acquisition of 14 properties in September and November 2010 from two joint ventures in which we previously held a 10% interest (hereinafter referred to as the "Fidelity Portfolio"), the acquisition of seven properties and one retail shopping center during 2010 and 2011, the completion of construction and opening of four properties in August 2011, and improved occupancy and increased rental rates at our same store properties.

New Property Operations. Our new properties consist of the following: (i) 14-property Fidelity Portfolio; (ii) 2nd Avenue Centre, 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 reopened for occupancy in August 2011; (v) four owned development projects that opened for occupancy in August 2011; (vi) University Shoppes - Orlando, acquired in July 2011; (vii) Eagles Trail, acquired in September 2011, (viii) Studio Green, acquired in November 2011; and (ix) 26 West and The Varsity, both acquired in December 2011. These new properties contributed an additional $52.9 million of revenues and an additional $27.8 million of operating expenses during the year ended December 31, 2011 as compared to the year ended December 31, 2010.

Same Store Property Operations (Excluding New Property Activity). Excluding five properties included in discontinued operations on the accompanying consolidated statements of operations, we had 73 properties containing 42,743 beds which were operating during both years ended December 31, 2011 and 2010. These properties produced revenues of $277.0 million and $266.9 million during the years ended December 31, 2011 and 2010, respectively, an increase of approximately $10.1 million. This increase was primarily due to an increase in average rental rates for the 2010/2011 and 2011/2012 academic years as well as an increase in average occupancy from 95.7% during the year ended December 31, 2010 to 96.7% during the year ended December 31, 2011. Future revenues will be dependent on our ability to maintain our current leases in effect for the 2011/2012 academic year and our ability to obtain appropriate rental rates and desired occupancy for the 2012/2013 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 approximately $2.9 million from $124.3 million for the year ended December 31, 2010 to $127.2 million for the year ended December 31, 2011. This increase was primarily due to increased utility, maintenance and payroll costs incurred during the year ended December 31, 2011 as compared with 2010 as a result of higher occupancy at the properties. These increases were offset by a decrease to property tax expense for the year December 31, 2011 due to the successful resolution of property tax appeals for certain of our same store properties for tax years ranging from 2009-2011. We anticipate that operating expenses for our same store property portfolio in 2012 will increase slightly as compared with 2011 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, 2011 and 2010. Revenues from our participating properties increased to $25.3 million during the year ended December 31, 2011 from $24.0 million for the year ended December 31, 2010, 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, 2011 as compared to the prior year, as well as an increase in average occupancy from 76.9% for the year ended December 31, 2010 to 78.3% for the year ended December 31, 2011.

At these properties, operating expenses decreased from $10.5 million for the year ended December 31, 2010 to $10.2 million for the year ended December 31, 2011, a decrease of $0.3 million. This decrease was primarily due to a utility refund of approximately $0.7 million received at one of the properties in 2011, offset by general inflationary increases. We anticipate that operating expenses in 2012 will increase slightly as compared with 2011 as a result of general inflation.

Third-Party Development Services Revenue

Third-party development services revenue decreased by approximately $1.8 million, from $9.3 million during the year ended December 31, 2010 to $7.5 million for the year ended December 31, 2011. This decrease was primarily due to $6.1 million of revenue earned during the year ended December 31, 2010 from our University of California – Irvine

Phase III project, which completed construction and opened for occupancy in August 2010. $4.7 million of the revenue earned in 2010 related to our participation in cost savings on the project. In addition, lower fees were recognized during the year ended December 31, 2011 as compared to the prior year for our Edinboro Phase II project, which completed construction and opened for occupancy in August 2011. These decreases were offset by the closing of bond financing and commencement of construction on our Illinois State University, Northern Illinois University and University of Wyoming projects during the year ended December 31, 2011, which in total contributed an additional $5.5 million to third-party development services revenue during the period. During the year ended December 31, 2011, we had six projects in progress with an average contractual fee of approximately $2.2 million, as compared to the year ended December 31, 2010 in which we had four projects in progress with an average contractual fee of approximately $4.0 million.

Development services revenues are dependent on our ability to successfully be awarded such projects, the amount of the contractual fee related to the project and the timing and completion of the development and construction of the project. In addition, to the extent projects are completed under budget, we may be entitled to a portion of such savings, which are recognized as revenue when performance has been agreed upon by all parties, or when performance has been verified by an independent third-party. 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 approximately $1.4 million, from $8.7 million for the year ended December 31, 2010 to $7.3 million for the year ended December 31, 2011. We experienced a decrease in management services revenue of approximately $1.3 million during year ended December 31, 2011 as a result of our acquisition of the Fidelity Portfolio. We anticipate third-party management services revenue to decrease slightly in 2012 primarily as a result of the discontinuation of three management contracts in early 2012 that contributed approximately $0.3 million of management services revenue during the year ended December 31, 2011.

Third-Party Development and Management Services Expenses

Third-party development and management services expenses decreased by approximately $1.4 million, from $12.8 million during the year ended December 31, 2010 to $11.4 million for the year ended December 31, 2011. This decrease was primarily a result of less activity in our management services segment due to our acquisition of the Fidelity Portfolio. We anticipate third-party development and management services expenses to increase slightly in 2012 as a result of an increase in our pursuit of ACE projects and general inflation.

General and Administrative

General and administrative expenses increased by approximately $1.2 million, from $11.6 million during the year ended December 31, 2010 to $12.8 million for the year ended December 31, 2011. This increase was primarily a result of additional salary and benefits expense, public company costs and other general inflationary factors during the year ended December 31, 2011, offset by $1.0 million of acquisition-related costs such as broker fees, due diligence costs and legal and accounting fees incurred during the year ended December 31, 2010, related to the purchase of the Fidelity Portfolio. We anticipate general and administrative expenses to increase in 2012 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 approximately $13.9 million, from $73.1 million during the year ended December 31, 2010 to $87.0 million for the year ended December 31, 2011. This increase was primarily due to the following items: (i) additional depreciation and amortization expense of approximately $8.8 million recorded during the year ended December 31, 2011 related to our acquisition of the 14-property Fidelity Portfolio, (ii) additional depreciation and amortization expense of approximately $3.0 million recorded during the year ended December 31, 2011 related to the acquisition of eight other properties during 2010 and 2011; and (iii) the completion of construction and opening of four owned developments in August 2011, which contributed an additional $1.8 million of depreciation expense. We expect depreciation and amortization expense to increase significantly in 2012 as a result of properties acquired during 2011, the completion of four owned development projects in August 2011 and the anticipated completion of 11 owned development projects, currently under construction, scheduled to open for occupancy in Fall 2012.

Ground/Facility Leases

Ground/facility leases expense increased by approximately $0.7 million, from $2.9 million during the year ended December 31, 2010 to $3.6 million for the year ended December 31, 2011. This increase was primarily due to a utility refund of approximately $0.7 million received in 2011 at one of our on-campus participating properties, which increased the University's share of the cash flow available for distribution. We anticipate ground/facility leases expense to increase in 2012 as a result of the completion of construction and commencement of operations of two

ACE development projects in August 2011 and the anticipated completion of six ACE development projects, currently under construction, scheduled to open for occupancy in Fall 2012.

Interest Income

Interest income increased by approximately $0.4 million, from $0.2 million during the year ended December 31, 2010 to $0.6 million for the year ended December 31, 2011. In 2011, we entered into two option agreements to purchase two properties that will open in August 2012. As part of the option agreements, we provided mezzanine financing to the developers, for which we earn interest at a rate of 10% per annum.

Interest Expense

Interest expense decreased by approximately $7.9 million, from $60.1 million during the year ended December 31, 2010 to $52.2 million for the year ended December 31, 2011. We experienced a decrease in interest expense of approximately $6.8 million during the year ended December 31, 2011 as compared to the prior year as a result of mortgage and construction loans paid off during 2010 and 2011. In addition, interest expense decreased as a result of an increase in capitalized interest of approximately $5.3 million during the year ended December 31, 2011 as compared to the prior year due to the timing and volume of construction activities on our owned development projects during the respective periods. These decreases were offset by additional interest of approximately $2.4 million incurred during the year ended December 31, 2011 related to loans assumed in connection with our acquisition of the 14-property Fidelity Portfolio. We also incurred $2.6 million of additional interest expense on our corporate-level debt related to our new $200 million unsecured term loan which was used to repay our maturing $100 million senior secured term loan in May 2011 and increased borrowings under our revolving credit facility to partially fund property acquisitions in 2011.

We expect interest expense to increase in 2012 as a result of the timing of increased borrowings under our unsecured term loan and an anticipated unsecured bond offering in 2012, which will be slightly offset by reduced interest expense due to the payoff of mortgage debt in 2011 and mortgage debt scheduled to mature in 2012, and an increase in capitalized interest associated with our increased owned development activity.

Amortization of Deferred Financing Costs

Amortization of deferred financing costs increased approximately $0.7 million, from $4.4 million during the year ended December 31, 2010 to $5.1 million for the year ended December 31, 2011. This increase was primarily due to an additional $0.7 million of finance cost amortization recorded during the year ended December 31, 2011 in connection with finance costs paid upon the assumption of debt from our acquisition of the 14-property Fidelity Portfolio. In addition, $0.2 million of finance cost amortization was recorded during the year ended December 31, 2011 associated with finance costs incurred in connection with our new $650 million credit facility entered into in May 2011. These increases were offset by a decrease in finance cost amortization of $0.2 million as a result of mortgage debt paid off during 2010 and 2011. We expect amortization of deferred financing costs in 2012 to decrease as a result of mortgage debt paid off in 2011.

Loss from Unconsolidated Joint Ventures

Loss from unconsolidated joint ventures decreased approximately $1.4 million from $2.0 million during the year ended December 31, 2010 to $0.6 million for the year ended December 31, 2011. This decrease was due to the following items: (i) a $0.9 million decrease in our share of the loss from the joint ventures with Fidelity as a result of our purchase of the full ownership interests in the Fidelity Portfolio in September and November 2010, and (ii) a $0.5 million decrease in our share of the loss from the Hampton Roads military housing joint venture as a result of us discontinuing the application of the equity method for our investment in this joint venture.

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 to remeasure our equity method investments in two joint ventures with Fidelity, in which we held a 10% interest, to fair value immediately prior to our acquisitions in September and November 2010 of the remaining 90% interest in 14 properties 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.

Discontinued Operations

Discontinued operations on the accompanying consolidated statements of operations includes the following wholly-owned properties: (i) Pirates Cove, a property classified as Held for Sale as of December 31, 2011, (ii) Villas on Apache, sold in April 2011 for a sales price of $14.8 million, (iii) River Club Apartments, sold in April 2011 for a sales price of $23.0 million, (iv) River Walk Townhomes, sold in April 2011 for a sales price of $9.7 million, (v) Campus Club – Statesboro, sold in May 2011 for a sales price of $34.5 million, (vi) Cambridge at Southern, sold in March 2010 for a sales price of $19.5 million, and (vii) Campus Walk – Oxford, sold in April 2010 for a sales 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, 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	$286,032	$252,421	$33,611	13.3 %
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	329,276	290,073	39,203	13.5 %
Operating expenses:				
Wholly-owned properties	134,849	121,773	13,076	10.7 %
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	73,125	70,048	3,077	4.4 %
Ground/facility leases	2,944	2,107	837	39.7 %
Total operating expenses	245,752	226,333	19,419	8.6 %
Operating income	83,524	63,740	19,784	31.0 %
Nonoperating income and (expenses):				
Interest income	187	118	69	58.5 %
Interest expense	(60,144)	(58,225)	(1,919)	3.3 %
Amortization of deferred financing costs	(4,436)	(3,232)	(1,204)	37.3 %
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	(60,722)	(63,010)	2,288	(3.6 %)
Income before income taxes and discontinued operations	22,802	730	22,072	3,023.6 %
Income tax provision	(570)	(540)	(30)	5.6 %
Income from continuing operations	22,232	190	22,042	11,601.1 %
Discontinued operations:				
Loss attributable to discontinued operations	(1,429)	(3,292)	1,863	(56.6 %)
Loss from disposition of real estate	(3,705)	(9,358)	5,653	(60.4 %)
Total discontinued operations	(5,134)	(12,650)	7,516	(59.4 %)
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 $33.8 million primarily due to the acquisition of the 14-property Fidelity Portfolio, 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 $13.1 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 consist of the following: (i) 14-property Fidelity Portfolio; (ii) 2nd Avenue Centre, 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 reopened for occupancy in August 2011; (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). Excluding five properties included in discontinued operations on the accompanying consolidated statements of operations, we had 72 properties containing 41,026 beds which were operating during both years ended December 31, 2010 and 2009. These properties produced revenues of $255.2 million and $246.0 million during the years ended December 31, 2010 and 2009, respectively, an increase of $9.2 million. This increase was primarily due to an increase in average occupancy from 93.5% during the year ended December 31, 2009 to 96.6% during the year ended December 31, 2010.

At these existing same store properties, operating expenses increased by $1.6 million, from $119.5 million for the year ended December 31, 2009 to $121.1 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.

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.

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.

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 the Fidelity Portfolio. 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.

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.

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.

Depreciation and Amortization

Depreciation and amortization increased by $3.1 million, from $70.0 million during the year ended December 31, 2009 to $73.1 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 our acquisition of the 14-property Fidelity Portfolio; (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 $8.3 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.

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.

Interest Expense

Interest expense increased by $1.9 million, from $58.2 million during the year ended December 31, 2009 to $60.1 million for the year ended December 31, 2010. During the year ended December 31, 2010, we incurred an additional $2.4 million of interest related to loans assumed in connection with our acquisition of the 14-property Fidelity Portfolio. We also incurred an additional $1.8 million in interest expense during the year ended December 31, 2010 related to our Freddie Mac revolving credit facility entered into in September 2009, as well as an additional $0.3 million of interest expense in 2010 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. These increases were offset by a decrease in interest expense of approximately $3.6 million during the year ended December 31, 2010 as compared to the prior year as a result of mortgage loans paid off during 2009 and 2010. 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.

Amortization of Deferred Financing Costs

Amortization of deferred financing costs increased approximately $1.2 million, from $3.2 million during the year ended December 31, 2009 to $4.4 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 secured 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 finance cost amortization in connection with finance costs paid upon the assumption of debt from our acquisition of the 14-property Fidelity Portfolio. These increases were offset by a decrease in finance cost amortization of $0.3 million as a result of mortgage loans paid off during 2009 and 2010.

Loss from Unconsolidated 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 the Fidelity Portfolio in September and November 2010.

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 to remeasure our equity method investments in two joint ventures with Fidelity, in which we held a 10% interest, to fair value immediately prior to our acquisitions in September and November 2010 of the remaining 90% interest in 14 properties 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. 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 on the accompanying consolidated statements of operations includes the following wholly-owned properties: (i) Pirates Cove, a property classified as Held for Sale as of December 31, 2011, (ii) Villas on Apache, sold in April 2011 for a sales price of $14.8 million, (iii) River Club Apartments, sold in April 2011 for a sales price of $23.0 million, (iv) River Walk Townhomes, sold in April 2011 for a sales price of $9.7 million, (v) Campus Club – Statesboro, sold in May 2011 for a sales price of $34.5 million, (vi) Cambridge at Southern, sold in March 2010 for a sales price of $19.5 million, (vii) Campus Walk – Oxford, sold in April 2010 for a sales price of $9.2 million, and (viii) Riverside Estates, sold in December 2009 for a sales price of $18.2 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.

Liquidity and Capital Resources

Cash Balances and Cash Flows

As of December 31, 2011, excluding our on-campus participating properties, we had $37.0 million in cash and cash equivalents and restricted cash as compared to $131.5 million in cash and cash equivalents and restricted cash as of December 31, 2010. Restricted cash primarily consists of escrow accounts held by lenders and resident security deposits, as required by law in certain states. The following discussion relates to changes in cash due to operating, investing and financing activities, which are presented in our Consolidated Statements of Cash Flows included in Item 8 herein.

Operating Activities: For the year ended December 31, 2011, net cash provided by operating activities was approximately $131.0 million, as compared to $115.9 million for the year ended December 31, 2010, an increase of $15.1 million. This increase in cash provided by operating activities was primarily due to operating cash flows provided from the timing of the acquisition of 17 properties in 2010 and five properties in 2011, the completion of construction and opening of four owned development projects in August 2011, and improved operations at our same store wholly-owned properties.

Investing Activities: Investing activities utilized approximately $440.3 million and $244.5 million for the years ended December 31, 2011 and 2010, respectively. The $195.8 million increase in cash utilized in investing activities was primarily a result of the following: (i) a $157.7 million increase in cash used to fund the construction of our wholly-owned development properties as 15 wholly-owned properties were under construction during the year ended December 31, 2011, of which four were completed and opened for occupancy in August 2011, while four wholly-owned properties were under construction during the year ended December 31, 2010; (ii) an $82.4 million increase in cash paid to acquire properties as we acquired five unencumbered properties in 2011 as compared to 17 properties in 2010, of which 14 of the properties were encumbered with $247.8 million of property-level mortgage debt; (iii) entered into two option agreements to purchase two properties scheduled to open in August 2012 and as part of these agreements, we provided mezzanine financing to the respective developers totaling $7.1 million; (iv) paid cash of $3.3 million during the year ended December 31, 2011 to acquire the remaining noncontrolling interest from third party partners in joint ventures that own and operate two wholly-owned properties; and (v) acquired a 79.5% interest in a partnership that owns a property, including loaning $24.9 million to the seller to retain a 20.5% noncontrolling interest in the property. These increases in cash utilized in investing activities were primarily offset by a $78.3 million increase in net proceeds received from property dispositions. Four unencumbered wholly-owned properties were sold during the year ended December 31, 2011 as compared to two encumbered wholly-owned properties during the year ended December 31, 2010.

Financing Activities: Cash provided by financing activities totaled approximately $218.2 million and $176.0 million for the years ended December 31, 2011 and 2010, respectively. The $42.2 million increase in cash provided by financing activities was primarily a result of the following: (i) a $381.0 million increase in proceeds (net of paydowns) received from our corporate credit facilities during the year ended December 31, 2011, which was used toward the acquisition of properties and the pay-off of maturing mortgage and construction debt; (ii) a $29.4 million increase in proceeds from construction loans used to partially fund the construction of three wholly-owned development properties, scheduled to open for occupancy in August 2012; and (iii) a $7.7 million increase in the change of our construction accounts payable balance as a result of an increase in development activity financed with construction loans in 2011 as compared to 2010. These increases were offset by (i) a $167.7 million decrease in net proceeds raised through the issuance of our common stock; (ii) a $189.2 million increase in cash used to pay-off maturing mortgage and construction debt; (iii) a $17.2 million increase in distributions to stockholders during the year ended December 31, 2011, as a result of the issuance of common stock in connection with our August 2010 equity offering and our ATM Equity Programs; and (iv) a $3.9 million increase in debt issuance and assumption costs as a result of $6.4 million paid to close on a combined $650 million credit facility in May 2011, offset by $1.8 million in debt assumption costs during the year ended December 31, 2010 associated with mortgage debt assumed in connection with property acquisitions.

Liquidity Needs, Sources and Uses of Capital

As of December 31, 2011, 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 $99.0 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, 2011, (ii) anticipated distribution payments to our Operating Partnership unitholders totaling approximately $1.4 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, 2011, (iii) the pay-off of approximately $78.3 million of fixed-rate mortgage debt scheduled to mature during the next 12 months, (iv) estimated development costs over the next 12 months totaling approximately $224.3 million for 11 wholly-owned properties currently under construction, (v) funds for other development projects scheduled to commence construction during the next 12 months, and (vi) potential future property acquisitions.

We expect to meet our short-term liquidity requirements by (i) borrowing under our existing credit facilities and construction loans discussed below, (ii) potentially disposing of properties depending on market conditions, (iii) issuing securities, including common stock, under our $300 million at-the-market ("ATM") share offering program, and (iv) utilizing net cash provided by operations. In addition, during the fourth quarter of 2011, the Company was assigned a "Baa3" issuer rating by Moody's Investors Service and a "BBB-" corporate credit rating by Standard & Poor's Ratings Services. Both ratings are considered "investment grade" and indicated a stable outlook for the Company. These ratings potentially provide us with access to the unsecured bond market, an additional avenue that can be used to fund our liquidity needs.

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.

ATM Equity Programs

As discussed in more detail in Note 12 in the accompanying Notes to Consolidated Financial Statements contained in Item 8 herein, during 2010 and 2011, we utilized our ATM share offering programs to sell shares of our common stock into the existing trading market at current market prices. As of December 31, 2011, we had approximately $224.7 million available for issuance under our 2011 ATM Equity Program.

Unsecured Credit Facility

As discussed in more detail in Note 11 in the accompanying Notes to Consolidated Financial Statements contained in Item 8 herein, in May 2011, we entered into a Third Amended and Restated Credit Agreement (the "Credit Facility"). Pursuant to the new Credit Facility, which includes an unsecured revolving credit facility and an unsecured term loan, the size of the combined facility was increased to $650 million and certain maturity dates were extended. We also have interest rate swaps that effectively fix the interest rate to 3.70% (1.80% + 1.90% spread) on $100 million of the $200 million outstanding balance of the new unsecured term loan. Refer to Note 14 in the accompanying Notes to Consolidated Financial Statements contained in Item 8 herein for a more detailed discussion of our derivative instruments and hedging activities.

As of December 31, 2011, the balance outstanding on our revolving credit facility totaled $273.0 million, bearing interest at a weighted average annual rate of 2.19%, and availability under the revolving credit facility totaled approximately $175.9 million. The terms of the combined Credit Facility include certain restrictions and covenants, as discussed more fully in Note 11 in the accompanying Notes to Consolidated Financial Statements contained in Item 8 herein, including covenants that restrict the amount of distributions that we can pay. As of December 31, 2011, we were in compliance with all such covenants.

Secured Agency Facility

As discussed in more detail in Note 11 in the accompanying Notes to Consolidated Financial Statements contained in Item 8 herein, we also have a $125 million secured revolving credit facility with a Freddie Mac lender. As of December 31, 2011, the balance outstanding on the facility totaled $116.0 million, bearing interest at a weighted average annual rate of 2.47%. The secured agency facility includes some, but not all, of the same financial covenants as the Credit Facility, as described above. As of December 31, 2011, we were in compliance with all such covenants.

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 27, 2012, we declared a fourth quarter 2011 distribution per share of $0.3375, which was paid on February 24, 2012 to all common stockholders of record as of February 13, 2012. 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

Recurring capital expenditures represent expenditures that are recurring in nature to maintain a property's income, value, and competitive position within the market. Recurring capital expenditures typically include, but are not limited to, appliances, furnishings, carpeting and flooring, HVAC equipment, and kitchen/bath cabinets. Maintenance and repair costs incurred during our annual turn process due to normal wear and tear by residents are expensed as incurred. Recurring capital expenditures exclude expenditures that were taken into consideration when underwriting the purchase of a property and are considered necessary to bring the property up to our operating standards, as well as capital expenditures for renovations, community repositioning, and other revenue-enhancing projects. Additionally, we are required by certain of our lenders to contribute amounts to reserves for capital repairs and improvements at their mortgaged properties, which may exceed the amount of capital expenditures actually incurred by us during those periods.

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

	As of and for the Year Ended December 31,		
	2011	2010	2009
Average beds	56,418	50,506	47,223
Total recurring capital expenditures	$ 11,101	$ 10,136	$ 9,190
Average per bed	$ 197	$ 201	$ 195

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, 2011, we have deferred approximately $17.0 million in pre-development costs related to third-party and owned development projects that have not yet commenced construction.

Indebtedness

As of December 31, 2011, we had approximately $1,442.4 million of outstanding consolidated indebtedness (excluding net unamortized debt discounts and debt premiums of approximately $5.2 million and $10.3 million, respectively), comprised of a $200.0 million balance on our unsecured term loan, $116.0 million balance on our secured agency facility, $273.0 million balance on our unsecured revolving credit facility, $774.1 million in mortgage and construction loans secured by our wholly-owned properties, $32.1 million in mortgage loans secured by two phases of an on-campus participating property and $47.2 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, 2011 was 4.35% per annum. As of December 31, 2011, approximately 42.9% of our total consolidated indebtedness was variable rate debt, comprised of our secured agency facility, unsecured revolving credit facility, unsecured term loan and three construction loans discussed below.

Wholly-Owned Properties

Mortgage debt: The weighted average interest rate of the $744.7 million of wholly-owned mortgage debt was 5.57% per annum as of December 31, 2011. Each of the mortgage loans is a non-recourse obligation subject to customary exceptions. Each of these mortgages has a 30-year amortization, and none are cross-defaulted or cross-collateralized to any other indebtedness. The loans generally may not be prepaid prior to maturity; in certain cases prepayment is allowed, subject to prepayment penalties.

Construction loans: The development and construction of two on-campus ACE properties (The Suites and Hilltop Townhomes), which are scheduled to complete construction and open for occupancy in August 2012, are partially financed on a combined basis with a $45.4 million construction loan. For each borrowing we have the option of choosing the Prime rate or one-, two-, three-, or six-month LIBOR plus 2.35%. 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 of May 16, 2014. The term of loan can be extended through May 2016 through the exercise of two 12-month extension options. As of December 31, 2011, the balance outstanding on the construction loan totaled $5.2 million, bearing interest at a weighted average rate per annum of 2.63%. In addition, the development and construction of University Pointe at College Station, an on-campus ACE property scheduled to complete construction and open for occupancy in September 2012, is partially financed with a $57.5 million construction loan. For each borrowing we have the option of choosing the Prime rate or one-, two-, three-, or six-month LIBOR plus 2.65%. 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 of December 2, 2013. The term of loan can be extended through December 2017 through the exercise of two 24-month extension options. As of December 31, 2011, the balance outstanding on the construction loan totaled $19.3 million, bearing interest at a weighted average rate per annum of 2.92%.

In addition, as discussed in more detail in Note 7 in the accompanying Notes to Consolidated Financial Statements contained in Item 8, we are consolidating a variable interest entity (“VIE”) that owns the University Edge property located in Kent, Ohio. As a result, our construction loan payable balance includes $4.9 million related to the construction loan that is financing the development and construction of this property, which is anticipated to be complete in August 2012. The total amount of the construction loan is $24.8 million, bearing interest at 3.0% as of December 31, 2011. The loan matures on January 29, 2014. As the Company is not legally a party to this loan, and is only including the loan in its consolidated financial statements to comply with accounting guidance related to VIE’s, the creditor of this construction loan does not have recourse to the assets of the Company.

On-Campus Participating Properties

Bonds: As discussed in Note 11 in the Notes to Consolidated Financial Statements contained in Item 8 herein, three of our on-campus participating properties are 100% financed with project-based taxable bonds. As of December 31, 2011, the bonds carry a balance of $47.2 million and bear interest at a weighted average rate of 7.53%. The loans encumbering the leasehold interests are non-recourse, subject to customary exceptions.

Mortgage loans: The Cullen Oaks Phase I and Phase II on-campus participating properties are currently encumbered by mortgage loans with balances as of December 31, 2011 of approximately $16.0 million and $16.1 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%. We have guaranteed payment of this property’s indebtedness.

Off Balance Sheet Items

As discussed in Note 17 in the accompanying Notes to Consolidated Financial Statements contained in Item 8 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, 2011. 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, 2011:

	Total	2012	2013	2014	2015	2016	Thereafter
Long-term debt (1) (2)	$1,662,458	$147,036	$162,378	$572,374	$421,136	$182,250	$177,284
Owned development projects (3)	224,254	224,254	-	-	-	-	-
Operating leases (4)	149,057	4,552	4,088	4,011	3,948	3,875	128,583
Pre-sale contract (5)	26,600	26,600	-	-	-	-	-
Capital leases	461	461	-	-	-	-	-
	$2,062,830	$402,903	$166,466	$576,385	$425,084	$186,125	$305,867

(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, 2011 was assumed to remain constant over all periods presented.

(2) Assumes we do not exercise extension options available to us on our unsecured credit facility, which is more fully discussed in Note 11 in the accompanying Notes to Consolidated Financial Statements contained in Item 8 herein, and our construction loans, which are discussed in Liquidity and Capital Resources contained in Item 7 herein.

(3) Consists of the completion costs related to 11 owned development projects which will be funded entirely by us and are scheduled to be completed between August and September 2011. 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 ground/facility lease agreements entered into with university systems and other third parties. Refer to Note 16 in the accompanying Notes to Consolidated Financial Statements contained in Item 8 herein for a more detailed discussion of our ground/facility leases.

(5) In July 2011, we entered into a Purchase and Contribution agreement with a private developer whereby we are obligated to purchase a student housing property as long as the developer meets certain construction completion deadlines. The development of the property is anticipated to be completed in August 2012. The contractual obligation amount represents the purchase price of $31.1 million, less the mezzanine loan amount of $4.5 million that we previously funded to the developer in July 2011.

Funds From Operations (“FFO”)

The National Association of Real Estate Investment Trusts (“NAREIT”) currently defines FFO as net income or loss attributable to common shares computed in accordance with generally accepted accounting principles (“GAAP”), excluding gains or losses from depreciable operating property sales, plus real estate depreciation and amortization, and after adjustments for unconsolidated partnerships and joint ventures. We present FFO because we consider it an important supplemental measure of our operating performance and believe it is frequently used by securities analysts,

investors and other interested parties in the evaluation of REITs, many of which present FFO when reporting their results. FFO excludes GAAP historical cost depreciation and amortization of real estate and related assets, which assumes that the value of real estate diminishes ratably over time. Historically, however, real estate values have risen or fallen with market conditions. We therefore believe that FFO provides a performance measure that, when compared year over year, reflects the impact to operations from trends in occupancy rates, rental rates, operating costs, and interest costs, among other items, providing perspective not immediately apparent from net income. We compute FFO in accordance with standards established by the Board of Governors of NAREIT in its 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.

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

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

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

	Year Ended December 31,		
	2011	2010	2009
Net income (loss) attributable to common shareholders	$56,629	$16,210	$(12,840)
Noncontrolling interests	1,343	888	380
(Gain) loss from disposition of real estate	(14,806)	3,705	9,358
Loss from unconsolidated joint ventures	641	2,023	2,073
FFO from unconsolidated joint ventures (1)	(576)	(1,195)	246
Real estate related depreciation and amortization	87,951	75,667	75,814
Elimination of provision for asset impairment – wholly-owned properties (2) (3)	559	4,036	-
Elimination of provision for asset impairment – unconsolidated joint ventures (2) (4)	546	1,414	464
Funds from operations ("FFO")	132,287	102,748	75,495
Elimination of operations of on-campus participating properties and unconsolidated joint venture:			
Net income from on-campus participating properties	(3,074)	(1,809)	(1,319)
Amortization of investment in on-campus participating properties	(4,468)	(4,345)	(4,350)
FFO from Hampton Roads unconsolidated joint venture (5)	-	160	(288)
	124,745	96,754	69,538
Modifications to reflect operational performance of on-campus participating properties:			
Our share of net cash flow (6)	2,190	1,710	979
Management fees	1,144	1,086	1,042
Impact of on-campus participating properties	3,334	2,796	2,021
Gain on remeasurement of equity method investments (7)	-	(4,098)	-
Gain on insurance settlement (8)	-	(1,596)	-
Funds from operations – modified ("FFOM")	$128,079	$93,856	$71,559
FFO per share – diluted	$1.87	$1.73	$1.50
FFOM per share – diluted	$1.81	$1.58	$1.42
Weighted average common shares outstanding - diluted	70,834,789	59,453,190	50,451,767

(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 the Fidelity Joint Ventures. In September and November 2010, we purchased Fidelity's 90% interest in 14 joint venture properties. Subsequent to the acquisition, the 14 properties are now wholly-owned and are consolidated by us. One property was not acquired and will continue to be owned by one of the Fidelity Joint Ventures.

(2)

In October 2011, NAREIT issued guidance directing member companies to exclude impairment write-downs of depreciable real estate from the calculation of FFO. Previously, we had included such charges in the calculation of FFO. In order to conform to the current NAREIT guidance, we have revised our calculation of FFO for all periods presented to exclude such impairment charges. This change in presentation has no effect on FFOM for any of the periods presented, as we previously excluded such charges from FFOM.

(3) For the year ended December 31, 2011, represents an impairment charge recorded for Pirates Cove, a wholly-owned property classified as Held for Sale as of December 31, 2011 and is included in discontinued operations for all periods presented. For the year ended December 31, 2010, represents an impairment charge recorded for Campus Walk – Oxford, a wholly-owned property that was sold in April 2010.

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

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

(6) 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 the year-to-date periods, the sum of reported interim results may not agree to annual cash received.

(7) Represents non-cash gains recorded to remeasure our equity method investments in the Fidelity Joint Ventures to fair value as a result of our purchase of Fidelity's remaining 90% interest in the 14 joint venture properties in September and November 2010.

(8) 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.

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 are exposed to certain market risks inherent in our operations. These risks generally arise from transactions entered into in the normal course of business. We believe our primary market risk exposure relates to interest rate risk. We do not enter into derivatives or other financial instruments for trading or speculative purposes.

The table below provides information about our assets and our liabilities sensitive to changes in interest rates as of December 31, 2011 and 2010:

	December 31, 2011				December 31, 2010			
	Amount (in 000s)	Weighted Average Maturity (in years)	Weighted Average Interest Rate	% of Total	Amount (in 000s)	Weighted Average Maturity (in years)	Weighted Average Interest Rate	% of Total
Fixed rate debt (1)	$924,041	3.9	5.50 %	64.1 %	$1,133,400	3.8	5.61 %	84.9 %
Variable rate debt	518,350	2.6	2.29	35.9	201,000	2.3	1.90	15.1

(1) Includes $100 million of the $200 million outstanding balance on our unsecured term loan and $32.1 million of mortgage loans which are effectively fixed by the use of an interest rate swap.

For fixed rate debt, interest rate changes affect the fair market value but do not impact net income attributable to common shareholders or cash flows. Conversely, for floating rate debt, interest rate changes generally do not affect the fair market value but do impact net income attributable to common shareholders and cash flows, assuming other

factors are held constant. Holding other variables constant (such as debt levels), a one percentage point variance in interest rates (100 basis points) would change the unrealized fair market value of the fixed rate debt by approximately $66.6 million. The net income attributable to common shareholders and cash flow impact on the next year resulting from a one percentage point variance in interest rates on floating rate debt, excluding debt effectively fixed by interest rate swap agreements, would be approximately $5.2 million, holding all other variables constant.

As of December 31, 2011, the effect of our hedge agreements was to fix the interest rate on approximately $132.1 million of our variable rate debt. Had the hedge agreements not been in place during 2011, our annual interest costs would have been approximately $3.3 million lower, based on balances and reported interest rates through the year as the variable interest rates were less than the effective interest rates on the associated hedge agreements. Additionally, if the variable interest rates on this debt had been 100 basis points higher through 2011 and the hedge agreements not been in place, our annual interest costs would have been approximately $1.3 million higher. Derivative financial instruments expose us to credit risk in the event of non-performance by the counterparties under the terms of the interest rate hedge agreements. We believe we minimize our credit risk on these transactions by dealing with major, creditworthy financial institutions. As part of our on-going control procedures, we monitor the credit ratings of counterparties and our exposure to any single entity, thus minimizing credit risk concentration. We believe the likelihood of realized losses from counterparty non-performance is remote.

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, 2011. Based upon this assessment, our management believes that our internal control over financial reporting is effective as of December 31, 2011. 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.

42

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 26, 2012 in connection with the Annual Meeting of Stockholders to be held May 3, 2012.

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 26, 2012 in connection with the Annual Meeting of Stockholders to be held May 3, 2012.

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

Information pertaining to security ownership of management and certain beneficial owners of the Company's common stock with respect to this Item 12 is incorporated by reference from our Proxy Statement, which we intend to file on or before March 26, 2012 in connection with the Annual Meeting of Stockholders to be held May 3, 2012, to the extent not set forth below.

The Company maintains the American Campus Communities, Inc. 2010 Incentive Award Plan (the "2010 Plan"), as discussed in more detail in Note 13 in the accompanying Notes to Consolidated Financial Statements in Item 8. As of December 31, 2011, the total units and shares issued under the 2010 Plan were as follows:

	# 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	679,726	(1)	$ -0-	1,579,524
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 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 26, 2012 in connection with the Annual Meeting of Stockholders to be held May 3, 2012.

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 26, 2012 in connection with the Annual Meeting of Stockholders to be held May 3, 2012.

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, 2011 and December 31, 2010	F-3
Consolidated Statements of Operations for the years ended December 31, 2011, 2010 and 2009	F-4
Consolidated Statements of Changes in Equity for the years ended December 31, 2011, 2010 and 2009	F-5
Consolidated Statements of Cash Flows for the years ended December 31, 2011, 2010 and 2009	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 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.

10.8 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.

10.9 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.

10.10 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.

10.11 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.

10.12 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.

10.13 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.

10.14 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.

10.15 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.

10.16 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.

10.17 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.

10.18 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.

10.19 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.

10.20 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.

10.21 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.

10.22 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.

10.23 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.

10.24 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.

10.25 Form of Third Amended and Restated Credit Agreement, dated as of May 20, 2011, among American Campus Communities Operating Partnership LP, as Borrower, American Campus Communities, Inc., as Parent Guarantor, the other entities listed on the signature pages thereof as Guarantors, the banks, financial institutions and other institutional lenders listed on the signature pages thereof as Initial Lenders, KeyBank National Association, as the initial issuer of Letters of Credit, Swing Line Bank and Administrative Agent, KeyBanc Capital Markets Inc. and J.P. Morgan Securities LLC, as Joint Lead Arrangers, JPMorgan Chase Bank, N.A. as Syndication Agent, and Bank of America, N.A., U.S. Bank National Association and Compass Bank, as Co-Documentation Agents. 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 25, 2011.

10.26 Form of First Amendment to Third Amended and Restated Credit Agreement, dated as of January 10, 2012, among American Campus Communities Operating Partnership LP, as Borrower, American Campus Communities, Inc., as Parent Guarantor, the other entities listed on the signature pages thereof as Guarantors, the banks, financial institutions and other institutional lenders listed on the signature pages thereof as Lenders, 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 January 13, 2012.

10.27 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.

10.28 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.

10.29 Form of Equity Distribution Agreement, dated November 9, 2011, 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 1.1 to Current Report on Form 8-K of American Campus Communities, Inc. (File No. 001-32265) filed on November 10, 2011.

10.30 Form of Equity Distribution Agreement, dated November 9, 2011, between American Campus Communities, Inc., American Campus Communities Operating Partnership LP and American Campus Communities Holdings LLC, on one hand, and Deutsche Bank Securities Inc., on the other hand. Incorporated by reference to Exhibit 1.2 to Current Report on Form 8-K of American Campus Communities, Inc. (File No. 001-32265) filed on November 10, 2011.

10.31 Form of Equity Distribution Agreement, dated November 9, 2011, 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 LLC, on the other hand. Incorporated by reference to Exhibit 1.3 to Current Report on Form 8-K of American Campus Communities, Inc. (File No. 001-32265) filed on November 10, 2011.

10.32	Form of Equity Distribution Agreement, dated November 9, 2011, 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 1.4 to Current Report on Form 8-K of American Campus Communities, Inc. (File No. 001-32265) filed on November 10, 2011.
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.
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document
*	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.

February 28, 2012 AMERICAN CAMPUS COMMUNITIES, INC.

/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)	February 28, 2012
/s/ Jonathan A. Graf Jonathan A. Graf	Executive Vice President, Chief Financial Officer, Treasurer and Secretary (Principal Financial Officer)	February 28, 2012
/s/ R.D. Burck R.D. Burck	Chairman of the Board of Directors	February 28, 2012
/s/ G. Steven Dawson G. Steven Dawson	Director	February 28, 2012
/s/ Cydney Donnell Cydney Donnell	Director	February 28, 2012
/s/ Edward Lowenthal Edward Lowenthal	Director	February 28, 2012
/s/ Joseph Macchione Joseph Macchione	Director	February 28, 2012
/s/ Winston W. Walker Winston W. Walker	Director	February 28, 2012

48

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. and Subsidiaries' (the Company) internal control over financial reporting as of December 31, 2011, 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. 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, 2011, 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, 2011 and 2010, and the related consolidated statements of operations, changes in equity, and cash flows for each of the three years in the period ended December 31, 2011 of American Campus Communities, Inc. and Subsidiaries and our report dated February 28, 2012 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

Austin, Texas

February 28, 2012

F-1

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, 2011 and 2010, and the related consolidated statements of operations, changes in equity, and cash flows for each of the three years in the period ended December 31, 2011. 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, 2011 and 2010 and the consolidated results of their operations and their cash flows for each of the three years in the period ended December 31, 2011, 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), American Campus Communities, Inc.'s internal control over financial reporting as of December 31, 2011, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 28, 2012 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

Austin, Texas
February 28, 2012

AMERICAN CAMPUS COMMUNITIES, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(in thousands, except share data)

	December 31, 2011	December 31, 2010
Assets		
Investments in real estate:		
Wholly-owned properties, net	$2,761,757	$2,433,844
Wholly-owned property held for sale	27,300	-
On-campus participating properties, net	59,850	62,486
Investments in real estate, net	2,848,907	2,496,330
Cash and cash equivalents	22,399	113,507
Restricted cash	22,956	26,764
Student contracts receivable, net	5,324	5,736
Other assets	108,996	51,147
Total assets	$3,008,582	$2,693,484
Liabilities and equity		
Liabilities:		
Secured mortgage, construction and bond debt	$858,530	$1,144,103
Unsecured term loan	200,000	-
Senior secured term loan	-	100,000
Unsecured revolving credit facility	273,000	-
Secured agency facility	116,000	101,000
Accounts payable and accrued expenses	36,884	34,771
Other liabilities	77,840	61,011
Total liabilities	1,562,254	1,440,885
Commitments and contingencies (Note 17)		
Redeemable noncontrolling interests	42,529	34,704
Equity:		
American Campus Communities, Inc. stockholders' equity:		
Common stock, $.01 par value, 800,000,000 shares authorized, 72,759,546 and 66,875,663 shares issued and outstanding at December 31, 2011 and 2010, respectively	725	667
Additional paid in capital	1,664,416	1,468,179
Accumulated earnings and dividends	(286,565)	(249,381)
Accumulated other comprehensive loss	(3,360)	(5,503)
Total American Campus Communities, Inc. stockholders' equity	1,375,216	1,213,962
Noncontrolling interests	28,583	3,933

Total equity	1,403,799	1,217,895
Total liabilities and equity	$3,008,582	$2,693,484

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,		
	2011	2010	2009
Revenues:			
Wholly-owned properties	$348,961	$286,032	$252,421
On-campus participating properties	25,252	23,975	22,727
Third-party development services	7,497	9,302	5,015
Third-party management services	7,254	8,670	8,795
Resident services	1,353	1,297	1,115
Total revenues	390,317	329,276	290,073
Operating expenses:			
Wholly-owned properties	165,547	134,849	121,773
On-campus participating properties	10,180	10,492	10,200
Third-party development and management services	11,368	12,781	11,250
General and administrative	12,752	11,561	10,955
Depreciation and amortization	86,969	73,125	70,048
Ground/facility leases	3,608	2,944	2,107
Total operating expenses	290,424	245,752	226,333
Operating income	99,893	83,524	63,740
Nonoperating income and (expenses):			
Interest income	584	187	118
Interest expense	(52,214)	(60,144)	(58,225)
Amortization of deferred financing costs	(5,120)	(4,436)	(3,232)
Loss from unconsolidated joint ventures	(641)	(2,023)	(2,073)
Other nonoperating income	-	5,694	402
Total nonoperating expenses	(57,391)	(60,722)	(63,010)
Income before income taxes and discontinued operations	42,502	22,802	730
Income tax provision	(433)	(570)	(540)
Income from continuing operations	42,069	22,232	190
Discontinued operations:			
Income (loss) attributable to discontinued operations	1,097	(1,429)	(3,292)
Gain (loss) from disposition of real estate	14,806	(3,705)	(9,358)
Total discontinued operations	15,903	(5,134)	(12,650)
Net income (loss)	57,972	17,098	(12,460)
Net income attributable to noncontrolling interests	(1,343)	(888)	(380)
Net income (loss) attributable to common shareholders	$56,629	$16,210	$(12,840)
Income (loss) per share attributable to common shareholders – basic:			

Income (loss) from continuing operations per share	$0.58	$0.36	$(0.03)
Net income (loss) per share	$0.81	$0.27	$(0.28)
Income (loss) per share attributable to common shareholders – diluted:			
Income (loss) from continuing operations per share	$0.58	$0.35	$(0.03)
Net income (loss) per share	$0.80	$0.26	$(0.28)
Weighted-average common shares outstanding:			
Basic	69,243,203	57,682,808	48,706,480
Diluted	69,807,394	59,338,227	48,706,480
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)

	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, 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 noncontrolling interests at fair value	-	-	(10,676)	-	-	-	(10,676)
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)
	-	-	3,612	-	-	-	3,612

Amortization of restricted stock awards							
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
Net proceeds from sale of common stock	5,716,760	57	204,968	-	-	-	205,025
Adjustments to reflect redeemable noncontrolling interests at fair value	-	-	(9,876)	-	-	-	(9,876)
Amortization of restricted stock awards	-	-	4,252	-	-	-	4,252
Vesting of restricted stock awards	102,522	-	(1,269)	-	-	-	(1,269)
Distributions to common and restricted stockholders	-	-	-	(93,813)	-	-	(93,813)
Distributions to joint venture partners	-	-	-	-	-	(335)	(335)
Noncontrolling interest retained by seller – property acquisition	-	-	-	-	-	24,908	24,908
Conversion of common units to common stock	64,601	1	1,101	-	-	-	1,102
Increase in ownership of consolidated subsidiaries	-	-	(2,939)	-	-	(336)	(3,275)
Comprehensive income:							

Change in fair value of interest rate swaps	-	-	-	-	2,143	-	2,143
Net income	-	-	-	56,629	-	413	57,042
Total comprehensive income							59,185
Equity, December 31, 2011	72,759,546	$ 725	$ 1,664,416	$ (286,565)	$ (3,360)	$ 28,583	$ 1,403,799

See accompanying notes to consolidated financial statements.

AMERICAN CAMPUS COMMUNITIES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	Year Ended December 31,		
	2011	2010	2009
Operating activities			
Net income (loss)	$57,972	$17,098	$(12,460)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
(Gain) loss from disposition of real estate	(14,806)	3,705	9,358
Gain on remeasurement of equity method investments	-	(4,098)	-
Gain from insurance settlements	-	(1,596)	-
Depreciation and amortization	89,271	77,568	77,348
Provision for asset impairment	559	4,036	-
Amortization of deferred financing costs and debt premiums/discounts	326	2,685	3,430
Share-based compensation	4,367	3,745	2,811
Loss from unconsolidated joint ventures	641	2,023	2,073
Distributions received from unconsolidated joint ventures	-	200	250
Income tax provision	433	570	540
Changes in operating assets and liabilities:			
Restricted cash	865	7,368	(69)
Student contracts receivable, net	394	234	(290)
Other assets	(13,457)	(2,358)	6,620
Accounts payable and accrued expenses	421	3,054	(9,387)
Other liabilities	4,047	1,715	219
Net cash provided by operating activities	131,033	115,949	80,443
Investing activities			
Net proceeds from disposition of real estate	80,376	2,114	1,485
Cash paid for property acquisitions	(236,865)	(154,461)	-
Loan made to noncontrolling partner of consolidated subsidiary	(24,908)	-	-
Cash paid for land acquisitions	(13,058)	(16,050)	(7,385)
Capital expenditures for wholly-owned properties	(23,277)	(30,399)	(40,992)
Investments in wholly-owned properties under development	(202,575)	(44,850)	(76,998)
Capital expenditures for on-campus participating properties	(1,832)	(1,141)	(739)
Cash paid for increased ownership in consolidated subsidiaries	(3,275)	-	-
Investment in mezzanine loans	(7,100)	-	-
Change in restricted cash related to capital reserves	548	1,250	2,108
Proceeds from insurance settlement	1,907	1,726	-
Investments in unconsolidated joint ventures	-	(499)	(401)
Purchase of corporate furniture, fixtures and equipment	(10,239)	(2,182)	(606)
Net cash used in investing activities	(440,298)	(244,492)	(123,528)
Financing activities			
Proceeds from sale of common stock	208,980	388,871	207,719
Offering costs	(3,602)	(15,814)	(9,369)
Pay-off of mortgage and construction loans	(299,838)	(110,662)	(110,949)
Proceeds from unsecured term loan	200,000	-	-
Pay-off of secured term loan	(100,000)	-	-

Proceeds from credit facilities	378,000	61,800	209,405
Paydowns of credit facilities	(90,000)	(54,800)	(130,105)
Proceeds from construction loans	29,350	-	5,334
Principal payments on debt	(9,603)	(11,636)	(10,441)
Change in construction accounts payable	7,721	-	(2,747)
Debt issuance and assumption costs	(6,982)	(3,091)	(8,094)
Distributions to common and restricted stockholders	(93,813)	(76,579)	(64,565)
Distributions to noncontrolling partners	(1,750)	(2,009)	(2,610)
Redemption of Common Units	(306)	(123)	-
Net cash provided by financing activities	218,157	175,957	83,578
Net change in cash and cash equivalents	(91,108)	47,414	40,493
Cash and cash equivalents at beginning of period	113,507	66,093	25,600
Cash and cash equivalents at end of period	$22,399	$113,507	$66,093
Supplemental disclosure of non-cash investing and financing activities			
Loans assumed in connection with property acquisitions	$-	$(247,752)	$-
Issuance of Common Units in connection with land acquisition	$-	$-	$(2,005)
Financing of equipment through capital lease obligations	$281	$-	$629
Change in fair value of derivative instruments, net	$2,143	$(1,147)	$761
Supplemental disclosure of cash flow information			
Interest paid	$63,601	$61,864	$66,090
Income taxes paid	$420	$300	$642

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, 2011, the Company's property portfolio contained 116 properties with approximately 71,800 beds in approximately 22,900 apartment units. The Company's property portfolio consisted of 101 owned off-campus student housing properties that are in close proximity to colleges and universities, 10 American Campus Equity ("ACE®") properties operated under ground/facility leases with five university systems, four on-campus participating properties operated under ground/facility leases with the related university systems, and one property containing a retail shopping center which the Company plans to develop into a mixed-use community including both student housing and retail. Of the 116 properties, 11 were under development as of December 31, 2011, and when completed will consist of a total of approximately 6,700 beds in approximately 1,900 units. 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, 2011, the Company provided third-party management and leasing services for 31 properties (nine of which the Company served as the third-party developer and construction manager) that represented approximately 24,200 beds in approximately 9,600 units, and one joint venture property in which the Company owns 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, 2011, the Company's total owned, joint venture and third-party managed portfolio included 148 properties with approximately 96,600 beds in approximately 32,700 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

In June 2011, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update 2011-05 ("ASU 2011-05"), "Presentation of Comprehensive Income." ASU 2011-05 eliminates the option to present components of other comprehensive income as part of the statement of changes in stockholders' equity and requires all nonowner changes in stockholders' equity be presented either in a single continuous statement of comprehensive income or in two separate but consecutive statements. ASU 2011-05 is effective for the Company beginning January 1, 2012 and its adoption will change where the Company presents other comprehensive income components within our 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.

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

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 $6.6 million, $1.1 million and $2.9 million was capitalized during the years ended December 31, 2011, 2010 and 2009, respectively. Amortization of deferred financing costs totaling approximately $0.3 million, $13,000 and $-0- was capitalized as construction in progress during the years ended December 31, 2011, 2010 and 2009, 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, 2011, other than the impairment charge discussed in Note 6.

The Company allocates the purchase price of acquired properties to net tangible and identified intangible assets based on relative fair values. Fair value estimates are based on information obtained from a number of sources, including independent appraisals that may be obtained in connection with the acquisition or financing of the respective property and other market data. Information obtained about each property as a result of due diligence, marketing and leasing activities is also considered. The value of in-place leases is based on the difference between (i) the property valued with existing in-place leases adjusted to market rental rates and (ii) the property valued "as-if" vacant. As lease terms are typically one year or less, rates on in-place leases generally approximate market rental rates. Factors considered in the valuation of in-place leases include an estimate of the carrying costs during the expected lease-up period considering current market conditions, nature of the tenancy, and costs to execute similar leases. Carrying costs include estimates of lost rentals at market rates during the expected lease-up period, as well as marketing and other operating expenses. The value of in-place leases is amortized over the remaining initial term of the respective leases, generally less than one year. The purchase price of property acquisitions is not expected to be allocated to tenant

relationships, considering the terms of the leases and the expected levels of renewals.

Long-Lived Assets–Held for Sale

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

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

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

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

d. The sale of the asset is probable, and transfer of the asset is expected to qualify for recognition as a completed sale, within one year.

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

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

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

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

Owned On-Campus Properties

Under its ACE program, the Company as lessee has entered into 11 ground/facility lease agreements with five university systems to finance, construct, and manage 11 student housing properties. Seven properties were under construction or being redeveloped as of December 31, 2011 with five scheduled to open for occupancy in August 2012, one in September 2012 and one in August 2013. The terms of the leases, including extension options, range from 30 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.

Intangible Assets

In connection with property acquisitions completed in 2011, 2010 and the acquisition of GMH Communities Trust ("GMH") in June 2008, the Company capitalized approximately $2.6 million, $5.5 million and $18.8 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 $4.1 million, $1.8 million and $9.7 million for the years ended December 31, 2011, 2010 and 2009, 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 $0.2 million, $0.5 million and $0.5 million for the years ended December 31, 2011, 2010 and 2009, respectively. Accumulated amortization at December 31, 2011 and December 31, 2010 was approximately $8.0 million and $4.7 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 2011 and 2010.

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

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, 2011 and December 31, 2010 was approximately $10.7 million and $11.8 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, 2011 and December 31, 2010, net unamortized debt premiums were approximately $10.3 million and $16.6 million, respectively, and net unamortized debt discounts were approximately $5.2 million and $6.6 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.

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.

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

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, 2009	$ 3,849	$ 4,327	$ (2,066)	$ 6,110
Year ended December 31, 2010	$ 6,110	$ 5,178	$ (2,667)	$ 8,621
Year ended December 31, 2011	$ 8,621	$ 5,740	$ (4,865)	$ 9,496

Third-Party Development Services Revenue and Costs

Development revenues are generally recognized based on a proportional 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, 2011, the Company has deferred approximately $17.0 million in pre-development costs related to third-party and owned development projects that have not yet commenced construction. Such costs are included in other assets on the accompanying consolidated balance sheets.

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 $9.2 million, $8.4 million and $9.5 million for the years ended December 31, 2011, 2010 and 2009, respectively.

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.

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

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.

Share-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 $4.6 million, $3.9 million and $3.0 million for the years ended December 31, 2011, 2010 and 2009, 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 for the year ended December 31, 2009 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
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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 reflect 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, 2011, 2010 and 2009, 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,		
	2011	2010	2009
Common Operating Partnership units (Note 9)	913,132	-	1,170,469
Preferred Operating Partnership units (Note 9)	114,263	114,963	114,963
Restricted Stock Awards (Note 13)	-	-	459,855
Total potentially dilutive securities	1,027,395	114,963	1,745,287

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

	Year Ended December 31,		
	2011	2010	2009
Basic earnings per share calculation:			
Income from continuing operations	$42,069	$22,232	$190
Income from continuing operations attributable to noncontrolling interests	(1,107)	(1,024)	(695)
Income (loss) from continuing operations attributable to common shareholders	40,962	21,208	(505)
Amount allocated to participating securities	(773)	(745)	(652)
Income (loss) from continuing operations attributable to common shareholders, net of amount allocated to participating securities	40,189	20,463	(1,157)
Income (loss) from discontinued operations	15,903	(5,134)	(12,650)
Income (loss) from discontinued operations attributable to noncontrolling interests	(236)	136	315
Income (loss) from discontinued operations attributable to common shareholders	15,667	(4,998)	(12,335)
Net income (loss) attributable to common shareholders, as adjusted – basic	$55,856	$15,465	$(13,492)
Income (loss) from continuing operations attributable to common shareholders, as adjusted – per share	$0.58	$0.36	$(0.03)
Income (loss) from discontinued operations attributable to common shareholders – per share	$0.23	$(0.09)	$(0.25)

Net income (loss) attributable to common shareholders, as adjusted – per share	$0.81	$0.27	$(0.28)
Basic weighted average common shares outstanding	69,243,203	57,682,808	48,706,480

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

	Year Ended December 31,		
	2011	2010	2009
Diluted earnings per share calculation:			
Income (loss) from continuing operations attributable to common shareholders, net of amount allocated to participating securities	$40,189	$20,463	$ (1,157)
Income from continuing operations allocated to Common Units	-	354	-
Income (loss) from continuing operations attributable to common shareholders, as adjusted	40,189	20,817	(1,157)
Income (loss) from discontinued operations attributable to common shareholders	15,667	(4,998)	(12,335)
Income (loss) from discontinued operations allocated to Common Units	-	(124)	-
Income (loss) from discontinued operations attributable to common shareholders, as adjusted	15,667	(5,122)	(12,335)
Net income (loss) attributable to common shareholders, as adjusted – diluted	$55,856	$15,695	$(13,492)
Income (loss) from continuing operations attributable to common shareholders, net of amount allocated to participating securities – per share	$0.58	$0.35	$(0.03)
Income (loss) from discontinued operations attributable to common shareholders – per share	$0.22	$(0.09)	$(0.25)
Net income (loss) attributable to common shareholders- per share	$0.80	$0.26	$(0.28)
Basic weighted average common shares outstanding	69,243,203	57,682,808	48,706,480
Restricted Stock Awards (Note 13)	564,191	527,449	-
Common Operating Partnership units (Note 9)	-	1,127,970	-
Diluted weighted average common shares outstanding	69,807,394	59,338,227	48,706,480

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,	
	2011	2010
Deferred tax assets:		
Fixed and intangible assets	$ 3,534	$ 7,359
Net operating loss carryforwards	4,355	2,187
Prepaid and deferred rent	2,510	2,353
Bad debt reserves	884	620
Accrued expenses and other	2,813	1,980
Stock compensation	1,370	1,119
Total deferred tax assets	15,466	15,618
Valuation allowance for deferred tax assets	(15,088)	(15,184)
Deferred tax assets, net of valuation allowance	378	434
Deferred tax liability:		
Deferred financing costs	378	434
Net deferred tax liabilities	$ -	$ -

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

	Year Ended December 31,		
	2011	2010	2009
Current:			
Federal	$ -	$ (100)	$ -
State	(433)	(470)	(540)
Deferred:			
Federal	-	-	-
State	-	-	-
Total provision -- continuing operations	$ (433)	$ (570)	$ (540)

TRS earnings subject to tax consisted of approximately $6.7 million loss, $3.5 million income and $2.7 million loss for the years ended December 31, 2011, 2010 and 2009, 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,		
	2011	2010	2009
Tax benefit (provision) at U.S. statutory rates on TRS income subject to tax	$ 121	$ (207)	$ 908
State income tax, net of federal income tax benefit	1	(2)	33
Effect of permanent differences and other	(60)	(47)	217
(Decrease) increase in valuation allowance	(62)	156	(1,158)
TRS income tax provision	$ -	$ (100)	$ -

At December 31, 2011, the TRSs had net operating loss carryforwards ("NOLs") of approximately $12.9 million for income tax purposes that begin to expire in 2026. 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. Of the valuation allowance applied at December 31,2011, approximately $0.3 million may be credited directly to additional paid in capital should subsequent tax benefits be recognized. 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, 2011, the 2010, 2009 and 2008 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 material unrecognized tax benefits for the years ended December 31, 2011, 2010, or 2009, and as of December 31, 2011, 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
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

5. Property Acquisitions

2011 Acquisitions

In December, the Company acquired a 79.5% interest in a partnership that owns a 258-unit, 901-bed property (The Varsity) located near the campus of the University of Maryland in College Park, for a total property value of $121.5 million. The seller retained a 20.5% noncontrolling interest in the property, which was funded by a note from the Company totaling $24.9 million. The note bears interest at an annual rate of 12% and is due on the earlier of the date the Company calls the note (to occur no earlier than June 28, 2013) or December 28, 2016. The note is secured by the noncontrolling partner's membership interests in The Varsity and is included in other assets on the accompanying consolidated balance sheets. The purchase price for the Company's 79.5% interest was $96.6 million, which excludes approximately $1.7 million of anticipated transaction costs, initial integration expenses and capital expenditures necessary to bring this property up to the Company's operating standards. The Company did not assume any property-level debt as part of this transaction.

In December, the Company acquired a 367-unit, 1,026-bed wholly-owned property (26 West) located near the campus of The University of Texas in Austin, for a purchase price of $86.2 million, which excludes approximately $3.1 million of anticipated transaction costs, initial integration expenses and capital expenditures necessary to bring this property up to the Company's operating standards. The Company did not assume any property-level debt as part of this transaction.

In November, the Company acquired a 370-unit, 684-bed wholly-owned property (Studio Green) located near the campus of Florida State University in Tallahassee, for a purchase price of $6.8 million. The units are currently being vacated by the Company to prepare for the development of the property. The Company did not assume any property-level debt as part of this transaction.

In September, the Company acquired a 216-unit, 792-bed wholly-owned property (Eagles Trail) located near the campus of the University of Southern Mississippi in Hattiesburg, for a purchase price of $20.0 million, which excludes approximately $2.9 million of anticipated transaction costs, initial integration expenses and capital expenditures necessary to bring this property up to the Company's operating standards. The Company did not assume any property-level debt as part of this transaction.

In July, the Company acquired a retail shopping center located near the campus of the University of Central Florida in Orlando, for a purchase price of approximately $27.4 million. The Company plans to develop the site into a mixed-use community including both student housing and retail. The Company did not assume any property-level debt as part of this transaction.

Since their respective acquisition dates, the acquired properties discussed above contributed a combined $3.1 million of revenues for the year ended December 31, 2011. These properties had a combined net loss of $0.9 million for the year ended December 31, 2011, which includes $1.5 million of acquisition-related costs such as broker fees, due diligence costs and legal and accounting fees.

2010 Acquisitions

In September and November 2010, the Company acquired the remaining 90% interest in 14 student housing properties previously owned in two joint ventures with Fidelity (hereinafter referred to as the "Fidelity Joint Ventures") in which

the Company previously held a 10% interest. The purchase price for the 90% interest acquired was approximately $340.4 million. The acquisitions of the properties previously owned by the Fidelity Joint Ventures 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 combined non-cash gain of approximately $4.1 million for the Fidelity Joint Ventures, 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.

Also during 2010, the Company acquired three additional properties containing 1,883 beds in three separate transactions for a combined purchase price of approximately $65.2 million.

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

The acquired property's results of operations have been included in the accompanying consolidated statements of operations since the respective acquisition closing dates. The following pro forma information for the years ended December 31, 2011, 2010 and 2009, presents consolidated financial information for the Company as if the property acquisitions discussed above and the August 2010 equity offering 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,		
	2011	2010	2009
Total revenues	$ 407,369	$ 384,515	$ 355,712
Net income (loss) attributable to common shareholders	$ 63,874	$ 28,450	$ (9,675)
Net income (loss) per share attributable to common shareholders, as adjusted - basic	$ 0.91	$ 0.42	$ (0.17)
Net income (loss) per share attributable to common shareholders, as adjusted - diluted	$ 0.90	$ 0.41	$ (0.17)

6. Property Dispositions and Discontinued Operations

As of December 31, 2011, one owned off-campus property (Pirates Cove) was classified as Held for Sale on the company's consolidated balance sheet. Concurrent with this classification, the property is recorded at the lower of cost or fair value less estimated selling costs. This resulted in an impairment charge of approximately $0.6 million, which is included in discontinued operations in the accompanying consolidated statements of operations for the year ended December 31, 2011. Accordingly, net income (loss) for Pirates Cove is included in discontinued operations for all periods presented.

In April and May 2011, the Company sold four unencumbered owned off-campus properties (Campus Club – Statesboro, River Club Apartments, River Walk Townhomes and Villas on Apache) for a total sales price of approximately $82.0 million resulting in combined net proceeds of approximately $80.0 million. The combined gain on these dispositions of approximately $14.8 million is included in discontinued operations on the accompanying consolidated statements of operations for the year ended December 31, 2011.

In 2010, the Company sold two encumbered owned off-campus properties (Campus Walk – Oxford and Cambridge at Southern) for a total sales price of approximately $28.7 million resulting in combined net proceeds of approximately $1.9 million. The combined loss on these dispositions of approximately $3.7 million is included in discontinued operations on the accompanying consolidated statements of operations for the year ended December 31, 2010.

In 2009, the Company sold an encumbered owned off-campus property (Riverside Estates) for a sales price of approximately $18.2 million 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 statements of operations for the year ended December 31, 2009.

The properties discussed above are included in the wholly-owned properties segment (see Note 18). Below is a summary of the results of operations for the properties discussed above through their respective disposition dates for all periods presented:

	Year Ended December 31,		
	2011	2010	2009
Total revenues	$ 8,629	$ 17,025	$ 22,925
Total operating expenses	(4,671)	(9,007)	(13,186)
Depreciation and amortization	(2,302)	(4,443)	(7,300)
Provision for asset impairment	(559)	(4,036)	-
Operating income (loss)	1,097	(461)	2,439
Total nonoperating expenses	-	(968)	(5,731)
Net income (loss)	$ 1,097	$ (1,429)	$ (3,292)

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

7. Investments in Wholly-Owned Properties

Wholly-owned properties consisted of the following:

	December 31,	
	2011	2010
Land (1) (2)	$ 380,074	$ 313,005
Buildings and improvements	2,380,582	2,177,780
Furniture, fixtures and equipment	139,249	129,175
Construction in progress (2)	157,900	54,244
	3,057,805	2,674,204
Less accumulated depreciation	(296,048)	(240,360)
Wholly-owned properties, net (3)	$ 2,761,757	$ 2,433,844

(1) The land balance above includes undeveloped land parcels with book values of approximately $15.8 million and $36.0 million as of December 31, 2011 and December 31, 2010, respectively. Also includes land totaling approximately $28.2 million and $7.6 million as of December 31, 2011 and December 31, 2010, respectively, related to properties under development.

(2) Land and construction in progress as of December 31, 2011, include approximately $4.8 million and $5.2 million, respectively, related to the University Edge property located in Kent, Ohio, that will serve students attending Kent State University. In July 2011, the Company entered into a Purchase and Contribution agreement with a private developer whereby the Company is obligated to purchase the property as long as the developer meets certain construction completion deadlines. The development of the property is anticipated to be completed in August 2012. The entity is financed with a $4.5 million mezzanine loan from the Company and a $24.8 million construction loan from a third-party lender. The Company is responsible for leasing, management, and initial operations of the project while the third-party developer is responsible for the development of the property. The entity that owns the University Edge property is deemed to be a VIE (see note 2), and the Company is determined to be the primary beneficiary of the VIE. As such, the assets and liabilities of the entity owning the property are included in the Company's consolidated financial statements.

(3) The balance above excludes Pirates Cove which is classified as wholly-owned property held for sale in the accompanying consolidated balance sheet as of December 31, 2011.

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.

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

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)	2011	2010
Texas A&M University System / Prairie View A&M University (2)	2/1/96	9/1/23	$ 40,255	$ 39,393
Texas A&M University System / Texas A&M International	2/1/96	9/1/23	6,567	6,317
Texas A&M University System / Prairie View A&M University (3)	10/1/99	8/31/25/ 8/31/28	25,142	24,762
University of Houston System / University of Houston (4)	9/27/00	8/31/35	35,734	35,393
			107,698	105,865
Less accumulated amortization			(47,848)	(43,379)
On-campus participating properties, net			$ 59,850	$ 62,486

(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.

9. Noncontrolling Interests

Third-party joint venture partners: As of December 31, 2011, the Company consolidates four joint ventures that own and operate The Varsity, University Village at Sweet Home, University Centre and Villas at Chestnut Ridge owned-off campus properties. The portion of net assets attributable to the third-party partners in these joint ventures is classified as “noncontrolling interests” 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.”

As mentioned in Note 5, in December 2011, the Company acquired a 79.5% interest in the existing entity that owns The Varsity, a property located in College Park, Maryland. Accordingly, the seller’s retained 20.5% interest in the property is included in noncontrolling interests on the accompanying consolidated balance sheet as of December 31,

2011.

In March 2011, the Company acquired the remaining noncontrolling interest from the third-party partner in the joint venture that owns and operates the Callaway House owned off-campus property. The Company paid approximately $3.2 million in cash consideration for the remaining noncontrolling interest and recognized the $2.8 million excess of consideration paid over the carrying amount of the noncontrolling interest acquired as an adjustment to additional paid in capital in the accompanying consolidated statement of changes in equity.

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.

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

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, 2011 and 2010:

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 reflect Common Units at fair value	3,274
Balance, December 31, 2010	34,704
Net income	930
Distributions	(1,415)
Conversions of Common Units into common shares	(1,103)
Redemption of Common Units for cash	(306)
Partnership units retained in connection with property acquisition	(157)
Adjustments to reflect Common Units at fair value	9,876
Balance, December 31, 2011	$42,529

During the years ended December 31, 2011 and 2010, 64,601 and 210,145 Common Units, respectively, were converted into an equal number of shares of the Company's common stock. As of December 31, 2011 and 2010, approximately 1% and 2%, respectively, of the equity interests of the Operating Partnership was held by owners of Common Units and Series A Preferred Units.

10. Investments 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, 2011. 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.

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

As of December 31, 2011, the Company owned noncontrolling interests in two unconsolidated joint ventures that are accounted for utilizing the equity method of accounting. The first investment consists of a 10% noncontrolling interest in a joint venture with Fidelity which owns one property containing 636 beds. The Company's joint venture with Fidelity 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 the joint venture's governing documents not providing for maximum capital commitments from the members, the Company's maximum exposure to loss stemming from its investment in this joint venture could be unlimited. The second investment consists of a noncontrolling equity interest in a joint venture with the United States Navy that owns military housing privatization projects located on naval bases in Norfolk and Newport News, Virginia. In 2010, the Company discontinued applying the equity method in regards to its investment in this joint venture as a result of the Company's share of losses exceeding its investment in the joint venture. Because the company has not guaranteed any obligations of the investee and is not otherwise committed to provide further financial support to the investee, it therefore suspended recording its share of losses once the investment was reduced to zero. The Company's investments in these joint ventures, included in other assets on the accompanying consolidated balance sheets, totaled approximately $(0.3) million and $0.3 million as of December 31, 2011 and 2010, respectively.

The Company also earns fees for providing management and development services to these joint ventures. For the year ended December 31, 2011, the Company earned management fees of approximately $1.7 million from these joint ventures. For the years ended December 31, 2010 and 2009, the Company earned combined development and management fees of approximately $3.3 million and $3.5 million, respectively, from these joint ventures. The management fees earned in 2010 and 2009 also include fees from 14 properties previously owned in unconsolidated joint ventures with Fidelity that were acquired by the Company in September and November 2010.

11. Debt

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

	December 31,	
	2011	2010
Debt secured by wholly-owned properties:		
Mortgage loans payable	$ 744,724	$ 952,374
Construction loans payable (1)	29,350	100,000
	774,074	1,052,374
Debt secured by on-campus participating properties:		
Mortgage loan payable	32,097	32,421
Bonds payable	47,220	49,375
	79,317	81,796
Unsecured revolving credit facility	273,000	-
Unsecured term loan	200,000	-
Senior secured term loan	-	100,000
Secured agency facility	116,000	101,000
Unamortized debt premiums	10,298	16,567
Unamortized debt discounts	(5,159)	(6,634)
Total debt	$ 1,447,530	$ 1,345,103

(1) Construction loans payable as of December 31, 2011 includes $4.9 million related to a construction loan for the University Edge development property, a VIE that the Company is including in its consolidated financial statements (see Note 7). The creditor of this construction loan does not have recourse to the assets of the Company.

Mortgage and Construction Loans Payable

Mortgage loans payable generally feature either monthly interest and principal payments or monthly interest-only payments with balloon payments due at maturity. For purposes of classification in the following table, variable rate mortgage loans subject to interest rate swaps are deemed to be fixed rate, due to the Company having effectively fixed the interest rate for the underlying debt instrument. Construction loans payable generally feature monthly payments of interest only during the term of loan and any accrued interest and outstanding borrowings become due at maturity. Mortgage and construction loans payable, excluding debt premiums and discounts, consisted of the following as of December 31, 2011:

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

	Principal Outstanding December 31,		As of December 31, 2011 Weighted Average Interest Rate	Weighted Average	Number of Properties
	2011	2010		Years to Maturity	Encumbered
Fixed Rate:					
Mortgage loans payable (1)	$ 776,821	$ 984,795	5.61 %	3.5 years	51
Variable Rate:					
Construction loans payable (2)	29,350	100,000	2.88 %	2.0 years	4
Total	$ 806,171	$ 1,084,795	5.51 %	3.4 years	55

(1) Fixed rate mortgage loans payable mature at various dates from March 2012 through April 2024 and carry interest rates ranging from 4.56% to 7.15%.

(2) Variable rate construction loans payable mature at various dates from December 2013 through May 2014 and carry interest rates based on LIBOR plus a spread, which translate into interest rates ranging from 2.63% to 3.00% at December 31, 2011.

During the twelve months ended December 31, 2011, the following transactions occurred:

	Mortgage Loans Payable	Construction Loans Payable
Balance, December 31, 2010	$ 994,728	$ 100,000
Additions:		
Draws under advancing construction notes payable	-	29,350
Deductions:		
Pay off of maturing mortgage notes payable (1)	(199,839)	-
Pay off of construction note payable (2)	-	(100,000)
Scheduled repayments of principal	(8,135)	-
Amortization of debt premiums and discounts	(4,794)	-
Balance, December 31, 2011	$ 781,960	$ 29,350

(1) The Company paid off fixed rate mortgage debt secured by the following wholly-owned properties: The Edge-Orlando, The Callaway House, University Greens, Lions Crossing, Nittany Crossing, State College Park, Willowtree Apartments and Towers, College Club Tallahassee, The Edge- Charlotte, University Walk and Uptown.

(2) In May 2011, the Company used the proceeds from its new unsecured term loan discussed below to pay off $100.0 million of variable rate construction debt secured by an owned on-campus ACE property (Vista del Sol).

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, 2011 consisted of the following:

Series	Mortgaged Facilities Subject to Leases	Original	Principal December 31, 2011	Weighted Average Rate	Maturity Date	Required Monthly Debt Service
1999	University Village-PVAMU/TAMIU	$ 39,270	$ 27,670	7.73 %	September 2023	$ 302
2001	University College–PVAMU	20,995	16,060	7.52 %	August 2025	158
2003	University College–PVAMU	4,325	3,490	6.02 %	August 2028	28
	Total/weighted average rate	$ 64,590	$ 47,220	7.53 %		$ 488

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

Unsecured Credit Facility

In May 2011, the Company entered into a Third Amended and Restated Credit Agreement (the "Credit Facility"). Pursuant to the new Credit Facility, the Company's $225 million senior secured revolving credit facility was increased in size to a $450 million unsecured facility, which may be expanded by up to an additional $150 million upon the satisfaction of certain conditions. In addition, the maturity date of the amended facility was extended to May 20, 2014, and can be extended for an additional 12 months to May 20, 2015, subject to the satisfaction of certain conditions. Also in connection with the execution of the new Credit Facility, the Company's $100 million senior secured term loan was repaid in its entirety and replaced with a new $200 million unsecured term loan with a maturity date of May 20, 2015, which may be extended at the Company's option to May 20, 2016 subject to the satisfaction of certain conditions.

Each loan bears interest at a variable rate, at the Company's option, based upon a base rate or one-, two-, three- or six-month LIBOR, plus, in each case, a spread based upon the Company's credit rating from either Moody's Investor Services, Inc. or Standard & Poor's Rating Group. The Company has entered into interest rate swaps that effectively fix the interest rate to 3.70% (1.80% + 1.90% spread) on $100 million of the $200 million outstanding balance of the new unsecured term loan (see Note 14 for more details). The remaining $100 million balance of the unsecured term loan continues to bear interest at a variable rate (2.19% as of December 31, 2011). Availability under the revolving credit facility is limited to an "aggregate borrowing base amount" equal to 60% of the value of the Company's unencumbered properties, calculated as set forth in the Credit Facility. Additionally, the Company is required to pay an unused commitment fee ranging from 0.25% to 0.35% per annum, based on the outstanding balance under the revolving credit facility. As of December 31, 2011, the balance outstanding on the revolving credit facility totaled $273.0 million, bearing interest at a weighted average annual rate of 2.19%, and availability under the revolving credit facility totaled approximately $175.9 million.

The terms of the Credit Facility include certain restrictions and covenants, which limit, among other items, the incurrence of additional indebtedness, liens, and the disposition of assets. The facility contains customary affirmative and negative covenants and also contains financial covenants that, among other things, require the Company to maintain certain minimum ratios of "EBITDA" (earnings before interest, taxes, depreciation and amortization) to fixed charges and total indebtedness. The Company may not pay distributions that exceed a specified percentage of funds from operations, as adjusted, for any four consecutive quarters. The financial covenants also include consolidated net worth and leverage ratio tests. As of December 31, 2011, the Company was in compliance with all such covenants.

Secured Agency Facility

The Company has a $125 million secured revolving credit facility with a Freddie Mac lender. The facility has a five-year term and is currently secured by 10 properties referred to as the "Collateral Pool." The facility bears interest at one- or three-month LIBOR plus a spread that varies based on the debt service ratio of the Collateral Pool. Additionally, the Company is required to pay an unused commitment fee of 1.0% per annum. As of December 31, 2011, the balance outstanding on the secured agency facility totaled $116.0 million, bearing interest at a weighted average annual rate of 2.47%. The secured agency facility includes some, but not all, of the same financial covenants as the unsecured credit facility, described above. As of December 31, 2011, the Company was in compliance with all such covenants.

Schedule of Debt Maturities

Scheduled debt maturities (reflecting automatic extensions where applicable) for each of the five years subsequent to December 31, 2011 and thereafter, are as follows:

	Scheduled Principal	Due at Maturity	Total
2012	$ 10,433	$ 78,289	$ 88,722
2013	9,332	96,778	106,110
2014	7,309	521,364	528,673
2015	5,088	388,101	393,189
2016	4,131	161,255	165,386
Thereafter	40,614	119,697	160,311
	$ 76,907	$ 1,365,484	$ 1,442,391

Payment of principal and interest were current at December 31, 2011. Certain of the mortgage notes and bonds payable are subject to prepayment penalties.

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

12. Stockholders' Equity

In May 2010, the Company originated an at-the-market ("ATM") share offering program through which the Company could, but had no obligation to, sell shares of common stock having an aggregate offering price of up to $150 million (the "2010 ATM Equity Program"), in amounts and at times as determined by the Company, into the existing trading market at current market prices. As of December 31, 2011, no further common shares are available for issuance under the 2010 ATM Equity Program as the Company has sold an aggregate of $150.0 million.

The following table presents activity under the Company's 2010 ATM Equity Program for the periods presented:

	Year Ended December 31,	
	2011	2010
Total net proceeds	$ 131,721	$ 16,027
Commissions paid to sales agents	2,006	244
Shares of common stock sold	3,814	571
Weighted average price per share	$ 35.06	$ 28.49

In November 2011, the Company renewed its ATM share offering program, allowing the Company to sell shares of common stock having an aggregate offering price of up to $300 million (the "2011 ATM Equity Program") from time to time into the existing trading market at current market prices as well as through negotiated transactions. The Company may, but has no obligation to, sell shares of common stock through the 2011 ATM Equity Program in amounts and at times as determined by the Company. Actual sales under the program will depend on a variety of factors, including, but not limited to, market conditions, the trading price of the Company's common stock and determinations of the appropriate sources of funding for the Company.

The following table presents activity under the Company's 2011 ATM Equity Program since its inception:

	Year Ended December 31, 2011
Total net proceeds	$ 74,121
Commissions paid to sales agents	1,129
Shares of common stock sold	1,903
Weighted average price per share	$ 39.54

As of December 31, 2011, the Company had approximately $224.7 million available for issuance under the 2011 ATM Equity Program.

13. Incentive Award Plan

In May 2010, the Company's stockholders approved the American Campus Communities, Inc. 2010 Incentive Award Plan (the "Plan"). The 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 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 Plan, subject to certain adjustments for changes in the Company's capital structure, as defined in the Plan. As of December 31, 2011, 1,579,524 shares were available for issuance under the 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.

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

Upon reelection to the Board of Directors in May 2011, all members of the Company's Board of Directors were granted restricted stock units ("RSUs") in accordance with the Plan. These RSUs were valued at $75,000 for the Chairman of the Board of Directors and at $51,500 for all other members. The number of RSUs was determined based on the fair market value of the Company's stock on the date of grant, as defined in the Plan. All awards vested and settled immediately on the date of grant, and the Company delivered shares of common stock and cash, as determined by the Compensation Committee of the Board of Directors.

A summary of the Company's RSUs under the Plan for the years ended December 31, 2011 and 2010, is presented below:

	Number of RSUs	Weighted-Average Grant Date Fair Value Per RSU
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	-	-
Granted	9,497	35.02
Settled in common shares	(3,279)	35.02
Settled in cash	(6,218)	35.02
Outstanding at December 31, 2011	-	$ -

The Company recognized expense of approximately $0.3 million for each of the years ended December 31, 2011, 2010 and 2009, 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, 2009 was $21.82.

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, 2011 and 2010, is presented below:

	Number of RSAs	Weighted-Average Grant Date Fair Value Per RSA
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

Granted	193,978	31.55
Vested	(99,243)	25.19
Forfeited	(53,816)	25.52
Nonvested balance at December 31, 2011	549,300 $	31.69

The fair value of RSA's is calculated based on the closing market value of the Company's common stock on the date of grant. The fair value of these awards is amortized to expense over the vesting periods, which amounted to approximately $4.3 million, $3.6 million and $2.7 million for the years ended December 31, 2011, 2010 and 2009, respectively. The weighted-average grant date fair value for each RSA granted and forfeited during the year ended December 31, 2009 was $21.13 and $26.28, respectively.

The total fair value of RSAs vested during the year ended December 31, 2011, was approximately $3.3 million. Additionally, as of December 31, 2011, the Company had approximately $10.9 million of total unrecognized compensation cost related to these RSAs, which is expected to be recognized over a remaining weighted-average period of 3.0 years.

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

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.

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. No portion of designated hedges was ineffective during the years ended December 31, 2011, 2010 and 2009.

As discussed in Note 11, in connection with the closing of the Company's new Credit Facility in May 2011, the Company's $100 million senior secured term loan was repaid and replaced with a new $200 million variable rate unsecured term loan. In connection with this transaction, the Company's two existing $50 million interest rate swaps that were previously hedging the variable cash flows associated with the $100 million senior secured term loan were applied to the new $200 million unsecured term loan. There was no ineffectiveness resulting from the application of these interest rate swaps to a portion of the new $200 million unsecured term loan, as the critical terms (reset dates, underlying index, business day convention, etc.) of the new $200 million unsecured term loan match the terms of the previous $100 million senior secured term loan and the existing interest rate swap contracts. As of December 31, 2011, the Company also had a $33.2 million interest rate swap contract that was used to hedge the variable cash flows associated with the Cullen Oaks Phase I and Phase II loans.

The following table summarizes the Company's outstanding interest rate swap contracts as of December 31, 2011:

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	$ (3,141)
Feb. 23, 2009	March 20, 2009	Feb. 20, 2012	1.785 %	LIBOR – 1 month	50,000	(109)
Feb. 23, 2009	March 20, 2009	Feb. 20, 2012	1.800 %	LIBOR – 1 month	50,000	(110)

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, 2011 and December 31, 2010:

	Derivative Liabilities as of			
	December 31, 2011		December 31, 2010	
	Balance Sheet Location	Fair Value	Balance Sheet Location	Fair Value
Interest rate swap contracts	Other liabilities	$3,360	Other liabilities	$5,503
Total derivatives designated as hedging instruments		$3,360		$5,503

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

The table below presents the effects of the Company's derivative financial instruments on other comprehensive income ("OCI") for the years ended December 31, 2011, 2010 and 2009:

	Amount of Income (Loss) Recognized in OCI on Derivative (Effective Portion) Year Ended December 31,		
Cash Flow Hedging Relationships	2011	2010	2009
Interest rate swap contracts	$ 2,143	$ (1,147)	$ 761
Total	$ 2,143	$ (1,147)	$ 761

15. Fair Value Disclosures

The following table presents information about the Company's financial instruments measured at fair value on a recurring basis as of December 31, 2011 and 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 as of December 31, 2011				Fair Value Measurements 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)	Total	Quoted Prices in Active Markets for Identical Assets and Liabilities	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total

					(Level 1)			
Liabilities:								
Derivative financial instruments	$ -	$ 3,360	$ -	$3,360	$-	$ 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, 2011, 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.

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

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, 2011, the Company has assessed the significance of the impact of the credit valuation adjustments on the overall valuation of its derivative positions and has determined that the credit valuation adjustments are not significant to the overall valuation of the Company's derivative financial instruments. As a result, the Company has determined each of its derivative valuations in its entirety is classified in Level 2 of the fair value hierarchy.

Other Fair Value Disclosures

Cash and Cash Equivalents, Restricted Cash, Student Contracts Receivable, Loans 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.

Unsecured Term Loan, Unsecured Revolving Credit Facility, Secured Agency Facility and Construction Loans: the fair value of the Company's unsecured term loan, secured agency facility and construction loans approximate carrying values due to the variable interest rate feature of these instruments.

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

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, 2011 and December 31, 2010:

	December 31, 2011		December 31, 2010	
	Fair Value	Carrying Amount	Fair Value	Carrying Amount
Mortgage loans	$840,985	$781,960	$1,032,742	$994,728
Bonds payable	53,711	47,220	49,489	49,375

16. Lease Commitments

The Company as lessee has entered into ground/facility lease agreements with university systems and other third parties for the purpose of financing, constructing and operating student housing properties. Under the terms of the ground/facility leases, the lessor typically receives annual minimum rent during the earlier years and variable rent based upon the operating performance of the property during the latter years. The Company recognizes rent expense under the straight-line method over the term of the lease and any difference between the straight-line rent amount and amount payable under the lease terms is recorded as prepaid or deferred rent. As of December 31, 2011 and 2010, prepaid rent totaled approximately $1.1 million and $0.7 million, respectively.

A summary of the Company's ground/facility lease agreements and related rent expense and/or capitalized rent for the year ended December 31, 2011 is summarized below:

Property	Primary University Served	Lease Commencement Date	Lease Term	Extension Option	2011 Rent Expense	2011 Rent Capitalized
Barrett Honors College (ACE)	Arizona State University	October 2007	65 years	2, 10 year options	$ 103	$ -
Vista del Sol (ACE)	Arizona State University	December 2006	65 years	2, 10 year options	1,081	-
University Centre	Rutgers University	August 2005	95 years	none	331	-
University Village-Temple	Temple University	October 2003	75 years	4, 6 year options	191	-
Lobo Village (ACE) (1)	University of New Mexico	May 2010	40 years	3, 10 year options	142	198
Univ. Village Northwest (ACE) (1)	Prairie View A&M University	March 2011	30 years	none	4	4
Hilltop Townhomes (ACE) (2)	Northern Arizona University	May 2011	40 years	4, 10 year options	-	209
The Suites (ACE) (2)	Northern Arizona University	May 2011	40 years	4, 10 year options	-	151
Casas del Rio (ACE) (2)	University of New Mexico	May 2011	40 years	3, 10 year options	-	288
University Pointe at College Station (ACE) (3)	Portland State University	December 2010	65 years	2, 10 year options	-	292
Callaway House at Austin (4)	University of Texas at Austin	February 2011	99 years	2, 30 year options	-	206
Total					$ 1,852	$ 1,348

(1) Straight-lined rental amounts were capitalized during the construction period and expensed upon the commencement of operations in August 2011.

(2) Scheduled to open for occupancy in August 2012.

(3) Scheduled to open for occupancy in September 2012.

(4) Scheduled to open for occupancy in August 2013.

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

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 2016. Rental expense under the operating lease agreements approximated $3.2 million, $2.4 million and $2.2 million for the years ended December 31, 2011, 2010 and 2009, respectively.

Wholly-owned properties, net at December 31, 2011 included approximately $1.5 million related to capital leases of furniture, net of approximately $1.2 million of accumulated amortization.

Future minimum commitments over the life of all leases subsequent to December 31, 2011, are as follows:

	Operating	Capital
2012	$ 4,552	$ 461
2013	4,088	-
2014	4,011	-
2015	3,948	-
2016	3,875	-
Thereafter	128,583	-
Total minimum lease payments	149,057	461
Amount representing interest	-	(11)
Balance of minimum lease payments	$ 149,057	$ 450

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.

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, 2011, management did not anticipate any material deviations from schedule or budget related to third-party development projects currently in progress.

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

Guaranty of Joint Venture Mortgage Debt: The Company's joint venture with Fidelity (see Note 10) 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, 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. 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 $28.6 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.

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

	Year Ended December 31,		
	2011	2010	2009
Wholly-Owned Properties			
Rental revenues	$350,314	$287,329	$253,536
Interest and other income	68	42	40
Total revenues from external customers	350,382	287,371	253,576
Operating expenses before depreciation, amortization, ground/facility lease, and allocation of corporate overhead	(166,198)	(135,537)	(123,075)
Ground/facility leases	(1,329)	(1,103)	(1,021)
Interest expense	(36,525)	(46,605)	(49,468)
Operating income before depreciation, amortization and allocation of corporate overhead	$146,330	$104,126	$80,012
Depreciation and amortization	$81,338	$67,040	$64,326
Capital expenditures	$225,852	$75,249	$117,990
Total segment assets at December 31,	$2,843,749	$2,522,690	$2,093,638
On-Campus Participating Properties			
Rental revenues	$25,252	$23,975	$22,727
Interest and other income	15	18	42
Total revenues from external customers	25,267	23,993	22,769
Operating expenses before depreciation, amortization, ground/facility lease, and allocation of corporate overhead	(9,437)	(9,811)	(9,650)
Ground/facility lease	(2,279)	(1,841)	(1,086)
Interest expense	(5,840)	(6,006)	(6,183)
Operating income before depreciation, amortization and allocation of corporate overhead	$7,711	$6,335	$5,850
Depreciation and amortization	$4,468	$4,345	$4,350
Capital expenditures	$1,832	$1,141	$739
Total segment assets at December 31,	$73,109	$75,948	$78,718
Development Services			
Development and construction management fees	$7,497	$9,302	$5,015
Operating expenses	(9,820)	(9,367)	(8,590)
Operating loss before depreciation, amortization and allocation of corporate overhead	$(2,323)	$(65)	$(3,575)
Total segment assets at December 31,	$14,159	$4,757	$4,338
Property Management Services			
Property management fees from external customers	$7,254	$8,670	$8,795
Intersegment revenues	13,867	11,558	10,730
Total revenues	21,121	20,228	19,525
Operating expenses	(9,532)	(7,842)	(7,406)
Operating income before depreciation, amortization and allocation of corporate overhead	$11,589	$12,386	$12,119

Total segment assets at December 31,	$4,535	$4,513	$4,545
Reconciliations			
Total segment revenues	$404,267	$340,894	$300,885
Unallocated interest income earned on corporate cash	501	127	36
Elimination of intersegment revenues	(13,867)	(11,558)	(10,730)
Total consolidated revenues, including interest income	$390,901	$329,463	$290,191
Segment operating income before depreciation, amortization and allocation of corporate overhead	$163,307	$122,782	$94,406
Depreciation and amortization	(92,089)	(77,561)	(73,280)
Net unallocated expenses relating to corporate overhead	(28,075)	(26,090)	(18,725)
Loss from unconsolidated joint ventures	(641)	(2,023)	(2,073)
Gain on fair value remeasurements of equity method investments	-	4,098	-
Other nonoperating income	-	1,596	402
Income tax provision	(433)	(570)	(540)
Income from continuing operations	$42,069	$22,232	$190
Total segment assets	$2,935,552	$2,607,908	$2,181,239
Unallocated corporate assets	73,030	85,576	53,742
Total assets at December 31,	$3,008,582	$2,693,484	$2,234,981

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

19. Quarterly Financial Information (Unaudited)

The information presented below represents the quarterly consolidated financial results of the Company for the years ended December 31, 2011 and 2010. The results below might differ from previously disclosed quarterly results due to certain reclassifications associated with discontinued operations during the periods presented.

	2011					
	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Total	
Total revenues	$99,267	$89,092	$96,108	$105,850	$390,317	
Net income attributable to common shareholders	$17,413	$21,740	$1,641	$15,835	$56,629	
Net income attributable to common shareholders per share - basic	$0.26	$0.31	$0.02	$0.22	$0.81	(1)
Net income attributable to common shareholders per share - diluted	$0.25	$0.31	$0.02	$0.22	$0.80	(1)

	2010					
	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Total	
Total revenues	$77,698	$72,865	$84,589	$94,124	$329,276	
Net (loss) income attributable to common shareholders	$(2,189)	$768	$3,905	$13,726	$16,210	
Net (loss) income attributable to common shareholders per share - basic	$(0.05)	$0.01	$0.06	$0.20	$0.27	(1)
Net (loss) income attributable to common shareholders per share - diluted	$(0.05)	$0.01	$0.06	$0.20	$0.26	(1)

(1) Net income (loss) per share is computed independently for each of the quarters presented. Therefore, the sum of quarterly net income (loss) per share amounts may not equal the total computed for the year.

20. Subsequent Events

Credit Facility: On January 10, 2012, the Company entered into a First Amendment to Third Amended and Restated Credit Agreement (the “First Amendment”). Pursuant to the First Amendment, the Company’s $200 million unsecured term loan was increased in size to $350 million, such that, when combined with the Company’s $450 million unsecured revolving credit facility, the Company has an aggregate Credit Facility of $800 million, which may be expanded by up to an additional $100 million upon the satisfaction of certain conditions. The Company used the proceeds from the expanded term loan to repay outstanding amounts on the revolving credit facility.

In addition, the maturity date of the term loan was extended from May 20, 2015 to January 10, 2017 and the maturity date of the revolving credit facility was extended to January 10, 2016, and can be extended for an additional 12 months to January 10, 2017, subject to the satisfaction of certain conditions. The First Amendment provides for the

interest rate on each loan at a variable rate, at the Company's option, based upon a base rate or one-, two-, three- or six-month LIBOR, plus, in each case, a spread based upon the Company's investment grade rating from either Moody's Investor Services, Inc. or Standard & Poor's Rating Group, which are more favorable than those contained in the prior facility discussed in Note 11.

Interest Rate Swaps: On February 2, 2012, the Company entered into multiple interest rate swap agreements totaling $350 million to hedge the Company's exposure to fluctuations in interest payments on its LIBOR-based unsecured term loan. The swaps are effective February 2, 2012 through January 2, 2017. Under the terms of the interest rate swap agreements, the Company will pay an average fixed rate of 0.8792% plus a spread based upon the Company's credit rating and receives a floating rate of LIBOR. The counter-parties to the swaps are major financial institutions.

2011 ATM Equity Program: Subsequent to December 31, 2011, the Company sold approximately 1.8 million shares under the 2011 ATM Equity Program for net proceeds of approximately $73.9 million after payment of approximately $1.1 million of commissions paid to sales agents.

Property Acquisition: In January 2012, the Company acquired the remaining 90% ownership interest in University Heights, a former Fidelity joint venture asset, for a purchase price of $14.5 million. The 636-bed off-campus community serves students attending the University of Tennessee in Knoxville. The Company did not assume any property-level debt as part of this transaction.

Distributions: On January 27, 2012, the Company declared a fourth quarter 2011 distribution per share of $0.3375 which was paid on February 24, 2012 to all common stockholders of record as of February 13, 2012. 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).

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

21. Schedule of Real Estate and Accumulated Depreciation

			Initial Cost		Basis Step-Up		
	Units	Beds	Land	Buildings and Improvements and Furniture, Fixtures and Equipment	Land	Buildings and Improvements and Furniture, Fixtures and Equipment	Cost Capital Subsequ Acquis
Wholly-Owned Properties							
The Village at Blacksburg	288	1,056	$ 3,826	$ 22,155	$ -	$ -	$
The Callaway House	173	538	5,081	20,499	-	-	
The Village at Alafaya Club	228	839	3,788	21,851	-	-	
The Village at Science Drive	192	732	4,673	19,021	-	-	
University Village at Boulder Creek	82	309	939	14,887	96	1,506	
University Village- Fresno	105	406	900	15,070	29	483	
University Village- Temple	220	749	-	38,739	-	2,380	
University Village at Sweet Home	269	828	2,473	34,626	-	-	
University Club Townhomes (4)	216	736	4,665	23,103	-	-	
College Club Townhomes (5)	136	544	2,099	16,049	-	-	
University Club Apartments	94	376	1,416	11,848	-	-	
The Estates	396	1,044	4,254	43,164	-	-	
CityParc at Fry Street	136	418	1,902	17,678	-	-	
Entrada Real	98	363	1,475	15,859	-	-	
University Village- Tallahassee (6)	217	716	4,322	26,225	-	-	
Royal Village Gainesville	118	448	2,484	15,153	-	-	
Northgate Lakes	194	710	4,807	27,284	-	-	
Royal Lexington	94	364	2,848	12,783	-	-	
The Woods at Greenland	78	276	1,050	7,286	-	-	

Raiders Crossing	96	276	1,089	8,404	-	-
Raiders Pass	264	828	3,877	32,445	-	-
Aggie Station	156	450	1,634	18,821	-	-
The Outpost- San Marcos	162	486	1,987	18,973	-	-
The Outpost- San Antonio	276	828	3,262	36,252	-	-
Callaway Villas	236	704	3,903	32,286	-	-
The Village on Sixth Avenue	248	752	2,763	22,480	-	-
Newtown Crossing	356	942	7,004	53,597	-	-
Olde Town University Square	224	550	2,277	24,614	-	-
Peninsular Place	183	478	2,306	16,559	-	-
University Centre	234	838	-	77,378	-	-
Sunnyside Commons	68	161	6,933	768	-	-
Pirates Place Townhomes	144	528	1,159	9,652	-	-
The Highlands	216	732	4,821	24,822	-	-
The Summit and Jacob Heights (7)	258	930	2,318	36,464	-	-
GrandMarc- Seven Corners	186	440	4,491	28,807	-	-
University Village- Sacramento	250	394	7,275	12,639	-	-

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

			Initial Cost		Basis Step-Up		
	Units	Beds	Land	Buildings and Improvements and Furniture, Fixtures and Equipment	Land	Buildings and Improvements and Furniture, Fixtures and Equipment	Costs Capitaliz Subsequen Acquisiti
Aztec Corner	180	606	$ 17,460	$ 32,209	$ -	$ -	$
University Crossings	260	1,016	20,622	47,830	-	-	
Campus Corner	254	796	1,591	20,928	-	-	
The Tower at 3rd	188	375	1,145	19,128	-	-	
University Mills	121	481	524	12,334	-	-	
Pirates Cove	264	1,056	2,173	26,704	-	-	
University Manor	168	600	1,387	14,889	-	-	
Brookstone Village	124	238	1,203	7,024	-	-	
Campus Walk- Wilmington	289	290	2,794	11,718	-	-	
University Pines	144	552	1,707	17,527	-	-	
Lakeside Apartments	244	776	2,347	22,999	-	-	
The Club	120	480	1,164	11,979	-	-	
The Edge- Orlando	306	930	6,053	37,802	-	-	
University Place	144	528	2,794	15,639	-	-	
Southview Apartments	240	960	3,492	41,760	-	-	
Stone Gate Apartments	168	672	2,929	28,164	-	-	
The Commons	132	528	2,173	17,786	-	-	
University Gables	168	648	1,309	13,148	-	-	
Campus Ridge	132	528	960	12,831	-	-	
The Enclave	120	480	582	9,205	-	-	

Hawks Landing	122	484	1,445	13,735	-	-
Willowtree Apts. and Towers (8)	473	851	9,807	21,880	-	-
Abbott Place	222	654	1,833	18,313	-	-
The Centre	232	700	1,804	19,395	-	-
University Meadows	184	616	1,426	14,870	-	-
Campus Way	194	680	1,581	21,845	-	-
University Pointe	204	682	989	27,576	-	-
University Trails	240	684	1,183	25,173	-	-
Vista del Sol (ACE)	613	1,866	-	135,939	-	-
Villas at Chestnut Ridge	196	552	2,756	33,510	-	-
Barrett Honors College (ACE)	604	1,721	-	131,302	-	-
Campus Trails	156	480	1,358	11,291	-	-
Lions Crossing	204	696	4,453	32,824	-	-
Nittany Crossing	204	684	4,337	31,920	-	-
State College Park	196	752	4,612	34,027	-	-
The View	157	590	1,499	11,004	-	-
Chapel Ridge	180	544	4,244	30,792	-	-
Chapel View	224	358	2,161	16,062	-	-
University Oaks	181	662	2,150	17,369	-	-

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

			Initial Cost		Basis Step-Up		
	Units	Beds	Land	Buildings and Improvements and Furniture, Fixtures and Equipment	Land	Buildings and Improvements and Furniture, Fixtures and Equipment	Cap Subs Acc
Blanton Common	276	860	$ 3,788	$ 29,662	$ -	$ -	$
University Heights	176	528	1,387	8,236	-	-	
Burbank Commons	134	532	2,512	20,063	-	-	
University Crescent	192	612	3,548	28,403	-	-	
University Greens	156	516	1,117	9,244	-	-	
The Edge- Charlotte	180	720	3,076	22,841	-	-	
University Walk	120	480	2,016	14,599	-	-	
Uptown Apartments	180	528	3,031	21,685	-	-	
Sanctuary Lofts	201	487	2,960	18,180	-	-	
2nd Avenue Centre	274	868	4,434	27,236	-	-	
Villas at Babcock	204	792	4,642	30,901	-	-	
Lobo Village (ACE)	216	864	-	42,490	-	-	
Villas on Sycamore	170	680	3,000	24,640	-	-	
University Village Northwest (ACE)	36	144	-	4,228	-	-	
University Shoppes – Orlando (9)	-	-	25,668	1,400	-	-	
Eagles Trail	216	792	608	19,061	-	-	
Studio Green	370	684	6,366	434	-	-	
26 West	367	1,026	21,396	63,994	-	-	
The Varsity	258	901	11,605	108,529	-	-	

					-		-
University Pointe at College Station (ACE) (10)	282	978	-	51,617	-		-
					-		-
Casas del Rio (ACE) (10)	283	1,028	-	9,893	-		-
					-		-
The Suites (ACE) (10)	275	550	-	10,353	-		-
					-		-
Hilltop Townhomes (ACE) (10)	144	576	-	12,789	-		-
					-		-
U Club on Frey (10)	114	456	3,300	8,841	-		-
					-		-
Campus Edge on UTA Boulevard (10)	128	488	2,661	7,057	-		-
					-		-
U Club Townhomes on Marion Pugh (10)	160	640	6,722	16,578	-		-
					-		-
Villas on Rensch (10)	153	610	10,231	14,359	-		-
					-		-
The Village at Overton Park (10)	163	612	5,262	11,914	-		-
					-		-
Casa de Oro (ACE) (10)	109	365	-	2,504	-		-
					-		-
The Villas at Vista del Sol (ACE) (10)	104	400	-	5,308	-		-
					-		-
University Edge (10) (11)	201	608	4,801	5,395	-		-
Subtotal (12)	21,285	67,890	$ 366,279	$ 2,581,106	$ 125	$ 4,369	$
On-Campus Participating Properties							
University Village - PVAMU	612	1,920	$ -	$ 36,506	$ -	$ -	$
University College - PVAMU	756	1,470	-	22,650	-	-	

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

			Initial Cost		Basis Step-Up			
	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	La
University Village - TAMIU	84	250	$ -	$ 5,844	$ -	$ -	$ 723	$
Cullen Oaks Phase I and II	411	879	-	33,910	-	-	1,824	
Subtotal	1,863	4,519	-	98,910	-	-	8,788	
Undeveloped land parcels	-	-	15,843	-	-	-	-	
Total	23,148	72,409	$ 382,122	$ 2,680,016	$ 125	$ 4,369	$ 130,333	$

(1) Total aggregate costs for Federal income tax purposes is approximately $3,247.9 million.

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

(3) Total encumbrances exclude net unamortized debt premiums of approximately $10.3 million and net unamortized debt discounts of approximately $5.2 million as of December 31, 2011.

(4) For property portfolio count purposes (as described in Note 1) University Club Townhomes includes two properties: University Club Tallahassee and The Grove at University Club. For lease administration purposes these two properties are reported combined.

(5) For property portfolio count purposes (as described in Note 1) College Club Townhomes includes two properties: College Club Tallahassee and The Greens at College Club. For lease administration purposes these two properties are reported combined.

(6) For property portfolio count purposes (as described in Note 1) University Village - Tallahassee includes three properties: Royal Oaks, Royal Pavilion and Royal Village Tallahassee. For lease administration purposes these three properties are reported combined.

(7) For property portfolio count purposes (as described in Note 1) The Summit and Jacob Heights includes three properties: Jacob Heights I, Jacob Heights III and The Summit. For lease administration purposes these three properties are reported combined.

(8) For property portfolio count purposes (as described in Note 1) Willowtree Apartments and Towers includes two properties: Willowtree Apartments and Willowtree Towers. For lease administration purposes these two properties are reported combined.

(9) This property is a retail shopping center and does not currently have units or beds. The Company plans to develop the site into a mixed-use community including both student housing and retail.

(10)

Initial costs represent construction costs associated with the development of this property. Year built represents the scheduled completion date.

(11) This property is not included in the property portfolio count (as described in Note 1) because the Company does not currently own the property but the Company was determined to be the primary beneficiary of the VIE that owns University Edge and therefore consolidates the assets and liabilities of the property.

(12) Amounts include Pirates Cove, which is classified as wholly-owned property held for sale in the accompanying consolidated balance sheets as of December 31, 2011.

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

The changes in the Company's investments in real estate and related accumulated depreciation for each of the years ended December 31, 2011, 2010 and 2009 are as follows:

	For the Year Ended December 31,					
	2011		2010		2009	
	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	$2,674,204	$105,865	$2,188,790	$104,724	$2,100,185	$103,985
Acquisition of land for development	13,059	-	16,050	-	9,390	-
Acquisition of properties	259,061	-	425,472	-	-	-
Improvements and development expenditures	229,191	1,833	82,008	1,141	107,647	739
Provision for asset impairment	(559)	-	(4,036)	-	-	-
Disposition of properties	(85,689)	-	(34,080)	-	(28,432)	-
Balance, end of year	$3,089,267 (3)	$107,698	$2,674,204	$105,865	$2,188,790	$104,724
Accumulated Depreciation:						
Balance, beginning of year	$(240,360)	$(43,379)	$(173,820)	$(39,034)	$(113,352)	$(34,683)
Depreciation for the year	(79,096)	(4,469)	(68,719)	(4,345)	(61,765)	(4,351)
Disposition of properties	19,246	-	2,179	-	1,297	-
Balance, end of year	$(300,210) (3)	$(47,848)	$(240,360)	$(43,379)	$(173,820)	$(39,034)

(1) Includes owned off-campus properties and owned on-campus properties.
(2) Includes on-campus participating properties.
(3) The investments in real estate and accumulated depreciation balances above include Pirates Cove which is classified as wholly-owned property held for sale in the accompanying consolidated balance sheets as of December 31, 2011.