

AMERICAN CAMPUS COMMUNITIES INC
Form 10-Q
August 04, 2017
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

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

For the quarterly period ended June 30, 2017.

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

For the Transition Period From _____ to _____

Commission file number 001-32265 (American Campus Communities, Inc.)

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

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

Maryland (American Campus Communities, Inc.)	76-0753089 (American Campus Communities, Inc.)
Maryland (American Campus Communities Operating Partnership, L.P.)	56-2473181 (American Campus Communities Operating Partnership, L.P.)
(State or Other Jurisdiction of Incorporation or Organization)	(IRS Employer Identification No.)

12700 Hill Country Blvd., Suite T-200	78738
Austin, TX	(Zip Code)
(Address of Principal Executive Offices)	

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

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

American Campus Communities, Inc. Yes No

American Campus Communities Operating Partnership, L.P. Yes No

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

American Campus Communities, Inc. Yes No

American Campus Communities Operating Partnership, L.P. Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer", "accelerated

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filer”, “smaller reporting company”, and “emerging growth company” in Rule 12b-2 of the Exchange Act.

American Campus Communities,

Inc.

Large accelerated filer Accelerated Filer

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

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

American Campus Communities Operating Partnership, L.P.

Large accelerated filer Accelerated Filer

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

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

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

American Campus Communities, Inc. Yes No

American Campus Communities Operating Partnership, L.P. Yes No

There were 136,426,506 shares of the American Campus Communities, Inc.'s common stock with a par value of \$0.01 per share outstanding as of the close of business on July 28, 2017.

EXPLANATORY NOTE

This report combines the reports on Form 10-Q for the quarterly period ended June 30, 2017 of American Campus Communities, Inc. and American Campus Communities Operating Partnership, L.P. Unless stated otherwise or the context otherwise requires, references to “ACC” mean American Campus Communities, Inc., a Maryland corporation that has elected to be treated as a real estate investment trust (“REIT”) under the Internal Revenue Code, and references to “ACCOP” mean American Campus Communities Operating Partnership, L.P., a Maryland limited partnership. References to the “Company,” “we,” “us” or “our” mean collectively ACC, ACCOP and those entities/subsidiaries owned or controlled by ACC and/or ACCOP. References to the “Operating Partnership” mean collectively ACCOP and those entities/subsidiaries owned or controlled by ACCOP. The following chart illustrates the Company’s and the Operating Partnership’s corporate structure:

The general partner of ACCOP is American Campus Communities Holdings, LLC (“ACC Holdings”), an entity that is wholly-owned by ACC. As of June 30, 2017, ACC Holdings held an ownership interest in ACCOP of less than 1%. The limited partners of ACCOP are ACC and other limited partners consisting of current and former members of management and nonaffiliated third parties. As of June 30, 2017, ACC owned an approximate 99.2% limited partnership interest in ACCOP. As the sole member of the general partner of ACCOP, ACC has exclusive control of ACCOP’s day-to-day management. Management operates the Company and the Operating Partnership as one business. The management of ACC consists of the same members as the management of ACCOP. The Company is structured as an umbrella partnership REIT (“UPREIT”) and ACC contributes all net proceeds from its various equity offerings to the Operating Partnership. In return for those contributions, ACC receives a number of units of the Operating Partnership (“OP Units,” see definition below) equal to the number of common shares it has issued in the equity offering. Contributions of properties to the Company can be structured as tax-deferred transactions through the issuance of OP Units in the Operating Partnership. Based on the terms of ACCOP’s partnership agreement, OP Units can be exchanged for ACC’s common shares on a one-for-one basis. The Company maintains a one-for-one relationship between the OP Units of the Operating Partnership issued to ACC and ACC Holdings and the common shares issued to the public. The Company believes that combining the reports on Form 10-Q of ACC and ACCOP into this single report provides the following benefits:

- (1) enhances investors’ understanding of the Company and the Operating Partnership by enabling investors to view the business as a whole in the same manner as management views and operates the business;
 - (2) eliminates duplicative disclosure and provides a more streamlined and readable presentation since a substantial portion of the disclosure applies to both the Company and the Operating Partnership; and
 - (3) creates time and cost efficiencies through the preparation of one combined report instead of two separate reports.
-

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

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

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

FORM 10-Q
 FOR THE QUARTER ENDED June 30, 2017
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AMERICAN CAMPUS COMMUNITIES, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(in thousands, except share data)

	June 30, 2017 (Unaudited)	December 31, 2016
Assets		
Investments in real estate:		
Wholly-owned properties, net	\$5,805,403	\$ 5,427,014
Wholly-owned properties held for sale	—	25,350
On-campus participating properties, net	82,940	85,797
Investments in real estate, net	5,888,343	5,538,161
Cash and cash equivalents	25,476	22,140
Restricted cash	28,319	24,817
Student contracts receivable, net	7,447	8,428
Other assets	275,388	272,367
Total assets	\$6,224,973	\$ 5,865,913
Liabilities and equity		
Liabilities:		
Secured mortgage, construction and bond debt, net	\$680,556	\$ 688,195
Unsecured notes, net	1,189,775	1,188,737
Unsecured term loans, net	347,417	149,065
Unsecured revolving credit facility	142,286	99,300
Accounts payable and accrued expenses	62,547	76,614
Other liabilities	179,342	158,437
Total liabilities	2,601,923	2,360,348
Commitments and contingencies (Note 13)		
Redeemable noncontrolling interests	55,344	55,078
Equity:		
American Campus Communities, Inc. and Subsidiaries stockholders' equity:		
Common stock, \$0.01 par value, 800,000,000 shares authorized, 136,316,192 and 132,225,488 shares issued and outstanding at June 30, 2017 and December 31, 2016, respectively	1,363	1,322
Additional paid in capital	4,312,413	4,118,842
Common stock held in rabbi trust, 63,354 and 20,181 shares at June 30, 2017 and December 31, 2016, respectively	(1,688) (975
Accumulated earnings and dividends	(754,660) (670,137
Accumulated other comprehensive loss	(3,428) (4,067
Total American Campus Communities, Inc. and Subsidiaries stockholders' equity	3,554,000	3,444,985
Noncontrolling interests - partially owned properties	13,706	5,502

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Total equity	3,567,706	3,450,487
Total liabilities and equity	\$6,224,973	\$ 5,865,913

See accompanying notes to consolidated financial statements.

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AMERICAN CAMPUS COMMUNITIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(unaudited, in thousands, except share and per share data)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
Revenues:				
Wholly-owned properties	\$ 169,156	\$ 174,682	\$ 347,987	\$ 360,384
On-campus participating properties	6,171	6,214	16,329	16,260
Third-party development services	675	2,121	1,131	3,156
Third-party management services	2,288	2,253	4,902	4,663
Resident services	718	713	1,597	1,515
Total revenues	179,008	185,983	371,946	385,978
Operating expenses:				
Wholly-owned properties	75,172	77,722	150,129	156,573
On-campus participating properties	3,892	3,299	7,157	6,341
Third-party development and management services	3,827	3,560	7,910	7,298
General and administrative	9,782	6,126	16,516	11,435
Depreciation and amortization	55,943	53,703	108,266	107,419
Ground/facility leases	2,465	2,467	4,822	4,771
Provision for real estate impairment	15,317	—	15,317	—
Total operating expenses	166,398	146,877	310,117	293,837
Operating income	12,610	39,106	61,829	92,141
Nonoperating income and (expenses):				
Interest income	1,232	1,475	2,464	2,754
Interest expense	(14,573)	(20,119)	(29,290)	(42,746)
Amortization of deferred financing costs	(1,023)	(1,352)	(2,051)	(3,894)
(Loss) gain from disposition of real estate	(632)	—	(632)	17,409
Total nonoperating expense	(14,996)	(19,996)	(29,509)	(26,477)
(Loss) income before income taxes	(2,386)	19,110	32,320	65,664
Income tax provision	(267)	(345)	(524)	(690)
Net (loss) income	(2,653)	18,765	31,796	64,974
Net income attributable to noncontrolling interests				
Redeemable noncontrolling interests	(12)	(223)	(306)	(741)
Partially owned properties	(97)	(104)	(202)	(208)
Net income attributable to noncontrolling interests	(109)	(327)	(508)	(949)
Net (loss) income attributable to ACC, Inc. and Subsidiaries common stockholders	\$(2,762)	\$ 18,438	\$ 31,288	\$ 64,025
Other comprehensive income (loss)				
Change in fair value of interest rate swaps and other	155	(23)	639	(1,433)
Comprehensive (loss) income	\$(2,607)	\$ 18,415	\$ 31,927	\$ 62,592

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Net (loss) income per share attributable to ACC, Inc. and
Subsidiaries common stockholders

Basic and diluted	\$ (0.02)	\$ 0.14	\$ 0.23	\$ 0.50
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Weighted-average common shares outstanding

Basic	134,614,418	30,456,923	133,837,748	26,951,454
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Diluted	134,614,418	31,240,667	134,745,192	27,753,492
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Distributions declared per common share	\$ 0.44	\$ 0.42	\$ 0.86	\$ 0.82
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See accompanying notes to consolidated financial statements.

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

	Common Shares	Par Value of Common Shares	Additional Paid in Capital	Common Stock Held in Rabbi Trust	Common Stock Held in Rabbi Trust at Cost	Accumulated Earnings and Dividends	Accumulated Other Comprehensive Loss	Noncontrolling Interests – Partially Owned Properties	Total
Equity, December 31, 2016	132,225,488	\$ 1,322	\$4,118,842	20,181	\$(975)	\$(670,137)	\$(4,067)	\$ 5,502	\$3,450,487
Adjustments to reflect redeemable noncontrolling interests at fair value	—	—	2,092	—	—	—	—	—	2,092
Amortization of restricted stock awards	—	—	8,191	—	—	—	—	—	8,191
Vesting of restricted stock awards and restricted stock units	165,248	2	(3,498)	43,173	(713)	—	—	—	(4,209)
Distributions to common and restricted stockholders	—	—	—	—	—	(115,811)	—	—	(115,811)
Distributions to noncontrolling interests - partially owned properties	—	—	—	—	—	—	—	(156)	(156)
Net proceeds from sale of common stock	3,925,456	39	186,786	—	—	—	—	—	186,825
Change in fair value of interest rate swaps and other	—	—	—	—	—	—	435	—	435
Amortization of interest rate swap terminations	—	—	—	—	—	—	204	—	204
	—	—	—	—	—	—	—	8,158	8,158

Contributions
by
noncontrolling
interest

Net income	—	—	—	—	—	31,288	—	202	31,490
Equity, June 30, 2017	136,316,192	\$ 1,363	\$ 4,312,413	63,354	\$(1,688)	\$(754,660)	\$(3,428)	\$ 13,706	\$ 3,567,706

See accompanying notes to consolidated financial statements.

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

	Six Months Ended June 30,	
	2017	2016
Operating activities		
Net income	\$31,796	\$64,974
Adjustments to reconcile net income to net cash provided by operating activities:		
Loss (gain) from disposition of real estate	632	(17,409)
Provision for real estate impairment	15,317	—
Depreciation and amortization	108,266	107,419
Amortization of deferred financing costs and debt premiums/discounts	(1,806)	(2,372)
Share-based compensation	8,902	5,492
Income tax provision	524	690
Amortization of interest rate swap terminations and other	204	205
Changes in operating assets and liabilities:		
Restricted cash	(2,189)	(4,238)
Student contracts receivable, net	1,239	11,283
Other assets	(13,814)	5,830
Accounts payable and accrued expenses	(16,020)	(11,849)
Other liabilities	(4,413)	(8,730)
Net cash provided by operating activities	128,638	151,295
Investing activities		
Proceeds from disposition of properties	24,462	72,640
Cash paid for acquisition of operating and under development properties	(157,967)	(57,132)
Cash paid for land acquisitions	(16,955)	(856)
Capital expenditures for wholly-owned properties	(36,026)	(23,185)
Investments in wholly-owned properties under development	(240,702)	(187,158)
Capital expenditures for on-campus participating properties	(870)	(1,064)
Change in escrow deposits for real estate investments	225	5,450
Change in restricted cash related to capital reserves	41	(928)
Purchase of corporate furniture, fixtures and equipment	(3,562)	(3,377)
Net cash used in investing activities	(431,354)	(195,610)
Financing activities		
Proceeds from sale of common stock	189,757	740,025
Offering costs	(2,354)	(31,972)
Pay-off of mortgage and construction loans	—	(34,226)
Pay-off of unsecured term loans	—	(400,000)
Proceeds from unsecured term loan	200,000	150,000
Proceeds from revolving credit facility	478,600	67,700
Paydowns of revolving credit facility	(435,614)	(136,600)
Proceeds from construction loans	1,037	—
Scheduled principal payments on debt	(6,494)	(7,771)
Debt issuance and assumption costs	(5,840)	(744)
Contributions by noncontrolling interest	8,158	—
Taxes paid on net-share settlements	(4,283)	(2,977)

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Distributions to common and restricted stockholders	(115,811)	(107,639)
Distributions to noncontrolling interests	(1,104)	(1,402)
Net cash provided by financing activities	306,052	234,394
Net change in cash and cash equivalents	3,336	190,079
Cash and cash equivalents at beginning of period	22,140	16,659
Cash and cash equivalents at end of period	\$25,476	\$206,738
Supplemental disclosure of non-cash investing and financing activities		
Loans assumed in connection with property acquisitions	\$—	\$(10,012)
Conversion of common and preferred operating partnership units to common stock	\$—	\$259
Non-cash contribution from noncontrolling interest	\$3,000	\$—
Non-cash consideration exchanged in purchase of land parcel	\$(3,071)	\$—
Change in accrued construction in progress	\$25,214	\$27,472
Change in fair value of derivative instruments, net	\$435	\$(1,638)
Change in fair value of redeemable noncontrolling interests	\$2,092	\$(14,879)
Supplemental disclosure of cash flow information		
Cash paid for interest, net of amounts capitalized	\$32,925	\$49,621

See accompanying notes to consolidated financial statements.

AMERICAN CAMPUS COMMUNITIES OPERATING PARTNERSHIP, L.P. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

(in thousands, except unit data)

	June 30, 2017 (Unaudited)	December 31, 2016
Assets		
Investments in real estate:		
Wholly-owned properties, net	\$5,805,403	\$ 5,427,014
Wholly-owned properties held for sale	—	25,350
On-campus participating properties, net	82,940	85,797
Investments in real estate, net	5,888,343	5,538,161
Cash and cash equivalents	25,476	22,140
Restricted cash	28,319	24,817
Student contracts receivable, net	7,447	8,428
Other assets	275,388	272,367
Total assets	\$6,224,973	\$ 5,865,913
Liabilities and capital		
Liabilities:		
Secured mortgage, construction and bond debt, net	\$680,556	\$ 688,195
Unsecured notes, net	1,189,775	1,188,737
Unsecured term loans, net	347,417	149,065
Unsecured revolving credit facility	142,286	99,300
Accounts payable and accrued expenses	62,547	76,614
Other liabilities	179,342	158,437
Total liabilities	2,601,923	2,360,348
Commitments and contingencies (Note 13)		
Redeemable limited partners	55,344	55,078
Capital:		
Partners' capital:		
General partner - 12,222 OP units outstanding at both June 30, 2017 and December 31, 2016	74	82
Limited partner - 136,367,324 and 132,233,447 OP units outstanding at June 30, 2017 and December 31, 2016, respectively	3,557,354	3,448,970
Accumulated other comprehensive loss	(3,428)	(4,067)
Total partners' capital	3,554,000	3,444,985
Noncontrolling interests - partially owned properties	13,706	5,502
Total capital	3,567,706	3,450,487
Total liabilities and capital	\$6,224,973	\$ 5,865,913

See accompanying notes to consolidated financial statements.

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AMERICAN CAMPUS COMMUNITIES OPERATING PARTNERSHIP, L.P. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(unaudited, in thousands, except unit and per unit data)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
Revenues:				
Wholly-owned properties	\$ 169,156	\$ 174,682	\$ 347,987	\$ 360,384
On-campus participating properties	6,171	6,214	16,329	16,260
Third-party development services	675	2,121	1,131	3,156
Third-party management services	2,288	2,253	4,902	4,663
Resident services	718	713	1,597	1,515
Total revenues	179,008	185,983	371,946	385,978
Operating expenses:				
Wholly-owned properties	75,172	77,722	150,129	156,573
On-campus participating properties	3,892	3,299	7,157	6,341
Third-party development and management services	3,827	3,560	7,910	7,298
General and administrative	9,782	6,126	16,516	11,435
Depreciation and amortization	55,943	53,703	108,266	107,419
Ground/facility leases	2,465	2,467	4,822	4,771
Provision for real estate impairment	15,317	—	15,317	—
Total operating expenses	166,398	146,877	310,117	293,837
Operating income	12,610	39,106	61,829	92,141
Nonoperating income and (expenses):				
Interest income	1,232	1,475	2,464	2,754
Interest expense	(14,573)	(20,119)	(29,290)	(42,746)
Amortization of deferred financing costs	(1,023)	(1,352)	(2,051)	(3,894)
(Loss) gain from disposition of real estate	(632)	—	(632)	17,409
Total nonoperating expense	(14,996)	(19,996)	(29,509)	(26,477)
(Loss) income before income taxes	(2,386)	19,110	32,320	65,664
Income tax provision	(267)	(345)	(524)	(690)
Net (loss) income	(2,653)	18,765	31,796	64,974
Net income attributable to noncontrolling interests – partially owned properties	(97)	(104)	(202)	(208)
Net (loss) income attributable to American Campus Communities Operating Partnership, L.P.	(2,750)	18,661	31,594	64,766
Series A preferred unit distributions	(31)	(37)	(62)	(79)
Net (loss) income attributable to common unitholders	\$(2,781)	\$ 18,624	\$ 31,532	\$ 64,687
Other comprehensive income (loss)				
Change in fair value of interest rate swaps and other	155	(23)	639	(1,433)
Comprehensive (loss) income	\$(2,626)	\$ 18,601	\$ 32,171	\$ 63,254
Net (loss) income per unit attributable to common unitholders				
Basic and diluted	\$(0.02)	\$ 0.14	\$ 0.23	\$ 0.50

Weighted-average common units outstanding				
Basic	135,643,549	31,760,705	134,866,879	28,258,368
Diluted	135,643,549	32,544,449	135,774,323	29,060,406
Distributions declared per Common Unit	\$0.44	\$ 0.42	\$0.86	\$ 0.82

See accompanying notes to consolidated financial statements.

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

	General Partner		Limited Partner		Accumulated Other Comprehensive Loss	Noncontrolling Interests - Partially Owned Properties	Total
	Units	Amount	Units	Amount			
Capital, December 31, 2016	12,222	\$ 82	132,233,447	\$3,448,970	\$ (4,067)	\$ 5,502	\$3,450,487
Adjustments to reflect redeemable limited partners' interest at fair value	—	—	—	2,092	—	—	2,092
Amortization of restricted stock awards	—	—	—	8,191	—	—	8,191
Vesting of restricted stock awards and restricted stock units	—	—	208,421	(4,209)	—	—	(4,209)
Distributions	—	(11)	—	(115,800)	—	—	(115,811)
Distributions to noncontrolling interests - partially owned properties	—	—	—	—	—	(156)	(156)
Issuance of units in exchange for contributions of equity offering proceeds	—	—	3,925,456	186,825	—	—	186,825
Change in fair value of interest rate swaps and other	—	—	—	—	435	—	435
Amortization of interest rate swap terminations	—	—	—	—	204	—	204
Contributions by noncontrolling interest	—	—	—	—	—	8,158	8,158
Net income	—	3	—	31,285	—	202	31,490
Capital as of June 30, 2017	12,222	\$ 74	136,367,324	\$3,557,354	\$ (3,428)	\$ 13,706	\$3,567,706

See accompanying notes to consolidated financial statements.

AMERICAN CAMPUS COMMUNITIES OPERATING PARTNERSHIP, L.P. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

(unaudited, in thousands)

	Six Months Ended June 30, 2017	2016
Operating activities		
Net income	\$ 31,796	\$ 64,974
Adjustments to reconcile net income to net cash provided by operating activities:		
Loss (gain) from disposition of real estate	632	(17,409)
Provision for real estate impairment	15,317	—
Depreciation and amortization	108,266	107,419
Amortization of deferred financing costs and debt premiums/discounts	(1,806)	(2,372)
Share-based compensation	8,902	5,492
Income tax provision	524	690
Amortization of interest rate swap terminations and other	204	205
Changes in operating assets and liabilities:		
Restricted cash	(2,189)	(4,238)
Student contracts receivable, net	1,239	11,283
Other assets	(13,814)	5,830
Accounts payable and accrued expenses	(16,020)	(11,849)
Other liabilities	(4,413)	(8,730)
Net cash provided by operating activities	128,638	151,295
Investing activities		
Proceeds from disposition of properties	24,462	72,640
Cash paid for acquisition of operating and under development properties	(157,967)	(57,132)
Cash paid for land acquisitions	(16,955)	(856)
Capital expenditures for wholly-owned properties	(36,026)	(23,185)
Investments in wholly-owned properties	(240,702)	(187,158)

under development				
Capital expenditures for on-campus participating properties	(870)	(1,064)
Change in escrow deposits for real estate investments	225		5,450	
Change in restricted cash related to capital reserves	41			