AMERICAN CAMPUS COMMUNITIES INC
Form 10-Q
May 07, 2010

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

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

For the quarterly period ended March 31, 2010.

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

Commission file number 001-32265

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

Maryland	76-0753089
(State or Other Jurisdiction of Incorporation or Organization)	(IRS Employer Identification No.)
805 Las Cimas Parkway, Suite 400 Austin, TX (Address of Principal Executive Offices)	78746 (Zip Code)

(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. 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 o No 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 Exchange Act)
Yes o No x

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

There were 52,315,528 shares of American Campus Communities, Inc.'s common stock with a par value of $0.01 per share outstanding as of the close of business on May 3, 2010.

FORM 10-Q
FOR THE QUARTER ENDED MARCH 31, 2010

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AMERICAN CAMPUS COMMUNITIES, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(in thousands, except share and per share data)

	March 31, 2010 (unaudited)	December 31, 2009
Assets		
Investments in real estate:		
Wholly-owned properties, net	$ 1,977,067	$ 2,014,970
Wholly-owned property held for sale	9,100	-
On-campus participating properties, net	64,655	65,690
Investments in real estate, net	2,050,822	2,080,660
Cash and cash equivalents	21,550	66,093
Restricted cash	28,451	29,899
Student contracts receivable, net	4,520	5,381
Other assets	50,212	52,948
Total assets	$ 2,155,555	$ 2,234,981
Liabilities and equity		
Liabilities:		
Secured mortgage, construction and bond debt	$ 974,539	$ 1,029,455
Senior secured term loan	100,000	100,000
Secured agency facility	94,000	94,000
Accounts payable and accrued expenses	22,214	26,543
Other liabilities	46,521	45,487
Total liabilities	1,237,274	1,295,485
Redeemable noncontrolling interests	36,015	36,722
Equity:		
American Campus Communities, Inc. stockholders' equity:		
Common stock, $.01 par value, 800,000,000 shares authorized, 52,293,300 and 52,203,893 shares issued and outstanding at March 31, 2010 and December 31, 2009, respectively	521	521
Additional paid in capital	1,092,301	1,092,030
Accumulated earnings and dividends	(209,201)	(189,165)
Accumulated other comprehensive loss	(5,188)	(4,356)
Total American Campus Communities, Inc. stockholders' equity	878,433	899,030
Noncontrolling interests	3,833	3,744
Total equity	882,266	902,774
Total liabilities and equity	$ 2,155,555	$ 2,234,981

See accompanying notes to consolidated financial statements.

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AMERICAN CAMPUS COMMUNITIES, INC. AND SUBSIDIARIES

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

	Three Months Ended March 31, 2010	2009
Revenues:		
Wholly-owned properties	$ 71,192	$ 65,335
On-campus participating properties	7,311	6,874
Third party development services	574	1,052
Third party management services	2,214	2,242
Resident services	252	240
Total revenues	81,543	75,743
Operating expenses:		
Wholly-owned properties	31,476	30,490
On-campus participating properties	2,399	2,030
Third party development and management services	3,099	2,977
General and administrative	2,753	2,748
Depreciation and amortization	17,488	19,332
Ground/facility leases	571	552
Total operating expenses	57,786	58,129
Operating income	23,757	17,614
Nonoperating income and (expenses):		
Interest income	17	39
Interest expense	(15,301)	(15,264)
Amortization of deferred financing costs	(1,042)	(790)
Loss from unconsolidated joint ventures	(1,414)	(554)
Total nonoperating expenses	(17,740)	(16,569)
Income before income taxes and discontinued operations	6,017	1,045
Income tax provision	(143)	(135)
Income from continuing operations	5,874	910
Discontinued operations:		
Loss attributable to discontinued operations	(4,283)	(401)
Loss from disposition of real estate	(3,646)	-
Total discontinued operations	(7,929)	(401)
Net (loss) income	(2,055)	509
Net income attributable to noncontrolling interests	(134)	(232)
Net (loss) income attributable to common shareholders	$ (2,189)	$ 277
Net (loss) income per share attributable to common shareholders- basic and diluted:		
Income from continuing operations per share	$ 0.10	$ 0.01

Net (loss) income per share	$ (0.05)	$ 0.00
Weighted-average common shares outstanding:		
Basic	52,235,644	42,377,638
Diluted	52,805,966	42,820,592
Distributions declared per common share	$ 0.3375	$ 0.3375

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	Accumulated Earnings and Distributions	Accumulated Other Comprehensive Loss	Noncontrolling Interests	Total
Equity, December 31, 2009	52,203,893	$ 521	$ 1,092,030	$ (189,165)	$ (4,356)	$ 3,744	$ 902,774
Amortization of restricted stock awards	-	-	929	-	-	-	929
Vesting of restricted stock awards	84,631	-	(916)	-	-	-	(916)
Distributions to common and restricted stockholders	-	-	-	(17,847)	-	-	(17,847)
Distributions to joint venture partners	-	-	-	-	-	(48)	(48)
Conversion of common units to common stock	4,776	-	126	-	-	-	126
Reclassification of noncontrolling interests	-	-	132	-	-	-	132
Comprehensive loss:							
Change in fair value of interest rate swaps	-	-	-	-	(832)	-	(832)
Net loss	-	-	-	(2,189)	-	137	(2,052)
Total comprehensive loss	-	-	-	-	-	-	(2,884)
Equity, March 31, 2010	52,293,300	$ 521	$ 1,092,301	$ (209,201)	$ (5,188)	$ 3,833	$ 882,266

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)

	Three Months Ended March 31,	
	2010	2009
Operating activities		
Net (loss) income attributable to common shareholders	$ (2,189)	$ 277
Adjustments to reconcile net (loss) income attributable to common shareholders to net cash provided by operating activities:		
Income attributable to noncontrolling interests	134	232
Loss from disposition of real estate	3,646	-
Provision for asset impairment	4,036	-
Depreciation and amortization	17,822	20,102
Amortization of deferred financing costs and debt premiums/discounts	1,109	739
Share-based compensation	929	583
Loss from unconsolidated joint ventures	1,414	554
Income tax provision	143	135
Changes in operating assets and liabilities:		
Restricted cash	1,122	2,878
Student contracts receivable, net	991	1,072
Other assets	(95)	5,755
Accounts payable and accrued expenses	(5,410)	(9,423)
Other liabilities	137	(3,001)
Distributions received from unconsolidated joint ventures	180	-
Net cash provided by operating activities	23,969	19,903
Investing activities		
Net proceeds from disposition of real estate	1,098	-
Cash paid for property acquisition	(9,618)	-
Investments in wholly-owned properties	(4,701)	(35,813)
Investments in on-campus participating properties	(43)	(38)
Purchase of corporate furniture, fixtures and equipment	(183)	(146)
Net cash used in investing activities	(13,447)	(35,997)
Financing activities		
Secured revolving credit facility, net	-	63,600
Proceeds from construction loans	-	3,028
Pay-off of mortgage loans	(34,536)	(29,831)
Principal payments on debt	(2,180)	(2,603)
Change in construction accounts payable	-	(2,312)
Distributions to common and restricted stockholders	(17,854)	(14,477)
Distributions to noncontrolling partners	(495)	(715)
Net cash (used in) provided by financing activities	(55,065)	16,690
Net change in cash and cash equivalents	(44,543)	596
Cash and cash equivalents at beginning of period	66,093	25,600

Cash and cash equivalents at end of period	$ 21,550	$ 26,196
Supplemental disclosure of non-cash investing and financing activities		
Change in fair value of derivative instruments, net	$ (832)	$ (783)
Supplemental disclosure of cash flow information		
Interest paid	$ 15,512	$ 17,116

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 March 31, 2010, the Company’s property portfolio contained 85 student housing properties with approximately 52,100 beds and approximately 17,000 apartment units. The Company’s property portfolio consisted of 79 owned off-campus properties that are in close proximity to colleges and universities, two American Campus Equity (“ACE®”) properties operated under ground/facility leases with a related university system and four on-campus participating properties operated under ground/facility leases with the related university systems. As of March 31, 2010, the Company also owned a noncontrolling interest in two joint ventures that owned an aggregate of 18 student housing properties with approximately 9,800 beds in approximately 2,900 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 March 31, 2010, the Company provided third-party management and leasing services for 33 properties (five of which the Company served as the third-party developer and construction manager) that represented approximately 24,700 beds in approximately 9,400 units. Third-party management and leasing services are typically provided pursuant to multi-year management contracts that have initial terms that range from one to five years. As of March 31, 2010, the Company’s total owned, joint venture and third-party managed portfolio included 136 properties with approximately 86,600 beds in approximately 29,300 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 three unconsolidated joint ventures, which are accounted for under the equity method. All intercompany amounts have been eliminated. All dollar amounts in the tables herein, except share and per share amounts, are stated in thousands unless otherwise indicated. Certain prior period amounts have been reclassified to conform to the current period presentation.

Recent Accounting Pronouncements

On January 1, 2010 the Company adopted new accounting guidance related to variable interest entities (“VIEs”). These new accounting pronouncements amend the existing accounting guidance to: (i) require an enterprise to perform an analysis to determine whether the enterprise’s variable interest or interests give it a controlling financial interest in a VIE, identifying the primary beneficiary of the VIE, (ii) require an ongoing reassessment of whether an enterprise is the primary beneficiary of a VIE, rather than only when specific events occur, (iii) eliminate the quantitative approach previously required for determining the primary beneficiary of a VIE, (iv) amend certain guidance for determining whether an entity is a VIE, (v) add an additional reconsideration event when changes in facts and circumstances pertinent to a VIE occur, (vi) eliminate the exception for troubled debt restructuring regarding VIE reconsideration, and (vii) require advanced disclosures that will provide users of financial statements with more transparent information about an enterprise’s involvement in a VIE. Upon the adoption of this new accounting guidance, management reevaluated its potential VIEs and concluded that there is no change from its initial assessment regarding which entities are consolidated by the Company and those that are accounted for under the equity method of accounting.

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

Interim Financial Statements

The accompanying interim financial statements are unaudited, but have been prepared in accordance with GAAP for interim financial information and in conjunction with the rules and regulations of the Securities and Exchange Commission. Accordingly, they do not include all disclosures required by GAAP for complete financial statements. In the opinion of management, all adjustments (consisting solely of normal recurring matters) necessary for a fair presentation of the financial statements for these interim periods have been included. Because of the seasonal nature of the Company's operations, the results of operations and cash flows for any interim period are not necessarily indicative of results for other interim periods or for the full year. These financial statements should be read in conjunction with the financial statements and the notes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 2009.

Use of Estimates

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

Investments in Real Estate

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

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

Project costs directly associated with the development and construction of an owned real estate project, which include interest, property taxes, and amortization of deferred finance costs, are capitalized as construction in progress. Upon completion of the project, costs are transferred into the applicable asset category and depreciation commences. Interest totaling approximately $-0- and $1.0 million was capitalized during the three months ended March 31, 2010 and 2009, respectively. There was no amortization of deferred financing costs capitalized as construction in progress during the three months ended March 31, 2010 and 2009.

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. Other than the impairment of a property discussed in Note 4 herein, the Company believes that there were no impairments of the carrying values of its investments in real estate as of March 31, 2010.

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

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

Long-Lived Assets–Held for Sale

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

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

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

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

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

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

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

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

Owned On-Campus Properties

Under its ACE program, the Company as lessee, entered into two 65-year ground and facility leases with a university system to finance, construct, and manage two student housing facilities. Both leases include the option to extend the lease term for two additional terms of ten years each, and the lessor has title to the land and 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 and 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 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.

Intangible Assets

In connection with a property acquisition completed in March 2010 and the acquisition of GMH Communities Trust ("GMH") in June 2008, the Company capitalized approximately $0.2 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 $0.1 million and $4.1 million for the three months ended March 31, 2010 and 2009, respectively. 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 $0.1 million for both three month periods ended March 31, 2010 and 2009. The amortization of intangible assets is included in depreciation and amortization expense in the accompanying consolidated statements of operations. See Note 3 herein for a detailed discussion of the property acquisition completed during the three months ended March 31, 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 March 31, 2010 and December 31, 2009 approximated $9.9 million and $9.0 million, respectively. Deferred financing costs, net of amortization, are included in other assets on the accompanying consolidated balance sheets.

Joint Ventures

The Company holds interests in both consolidated and unconsolidated joint ventures. The Company consolidates joint ventures when it exhibits financial or operational control, which is determined using accounting standards related to the consolidation of joint ventures and VIE's. For joint ventures that are defined as VIE's, the primary beneficiary consolidates the entity. 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 (or the equivalent) and the limited partners (or the equivalent) 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 (or the equivalent), but does not control the joint venture as the other partners (or the equivalent) hold substantive participating rights, the Company uses the equity method of accounting. For joint ventures where the Company is a limited partner (or the equivalent), management considers factors such as ownership interest, voting control, authority to make decisions, and contractual and substantive participating rights of the partners (or the equivalent) 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 March 31, 2010 and December 31, 2009, net unamortized debt premiums were approximately $3.4 million and $3.8 million, respectively, and net unamortized debt discounts were approximately $7.9 million and $8.5 million, respectively. Debt premiums and discounts are included in secured mortgage, construction and bond debt on the accompanying consolidated balance sheets.

Third-Party Development Services Revenue and Costs

Development revenues are generally recognized based on a proportionate performance method based on contract deliverables, while construction revenues are recognized using the percentage of completion method, as determined by construction costs incurred relative to total estimated construction costs. Costs associated with such projects are deferred and recognized in relation to the revenues earned on executed contracts. For projects where the Company's fee is based on a fixed price, any cost overruns incurred during construction, as compared to the original budget, will reduce the net fee generated on those projects. Incentive fees are generally recognized when the project is complete and performance has been agreed upon by all parties, or when performance has been verified by an independent third-party. The Company also evaluates the collectibility 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.

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

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 March 31, 2010, the Company has deferred approximately $11.2 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.

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 11 herein for an expanded discussion on derivative instruments and hedging activities.

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.

Earnings per Share

Basic earnings per share is computed using net (loss) income 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 three months ended March 31, 2010 and 2009, respectively, but were not included in the computation of diluted earnings per share because the effects of their inclusion would be anti-dilutive.

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

	Three Months Ended March 31,	
	2010	2009
Common Operating Partnership units (Note 7)	1,188,064	1,096,047
Preferred Operating Partnership units (Note 7)	114,963	114,963
Total potentially dilutive securities	1,303,027	1,211,010

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

	Three Months Ended March 31,	
	2010	2009
Basic earnings per share calculation:		
Income from continuing operations	$ 5,874	$ 910
Income from continuing operations attributable to noncontrolling interests	(328)	(245)
Income from continuing operations attributable to common shareholders	5,546	665
Amount allocated to participating securities	(225)	(182)
Income from continuing operations attributable to common shareholders, net of amount allocated to participating securities	5,321	483
Loss from discontinued operations	(7,929)	(401)
Loss from discontinued operations attributable to noncontrolling interests	194	13
Loss from discontinued operations attributable to common shareholders	(7,735)	(388)
Net (loss) income attributable to common shareholders, as adjusted – basic	$ (2,414)	$ 95
Income from continuing operations attributable to common shareholders, as adjusted – per share	$ 0.10	$ 0.01
Loss from discontinued operations attributable to common shareholders – per share	$ (0.15)	$ (0.01)
Net (loss) income attributable to common shareholders, as adjusted – per share	$ (0.05)	$ 0.00
Basic weighted average common shares outstanding	52,235,644	42,377,638
Diluted earnings per share calculation:		
Income from continuing operations attributable to common shareholders, net of amount allocated to participating securities	$ 5,321	$ 483
Loss from discontinued operations attributable to common shareholders	(7,735)	(388)
Net (loss) income attributable to common shareholders, as adjusted – diluted	$ (2,414)	$ 95
Income from continuing operations attributable to common shareholders, net of amount allocated to participating securities – per share	$ 0.10	$ 0.01
Loss from discontinued operations attributable to common shareholders – per share	$ (0.15)	$ (0.01)
Net (loss) income attributable to common shareholders - per share	$ (0.05)	$ 0.00
Basic weighted average common shares outstanding	52,235,644	42,377,638
Restricted Stock Awards (Note 10)	570,322	442,954
Diluted weighted average common shares outstanding	52,805,966	42,820,592

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

3. Property Acquisitions

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

The acquired property's results of operations have been included in the accompanying consolidated statements of operations since the acquisition closing date. The following pro forma information for the three months ended March 31, 2010 and 2009, presents consolidated financial information for the Company as if the property acquisition discussed above, had occurred on January 1, 2009. 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:

	Three Months Ended March 31,	
	2010	2009
Total revenues	$ 81,898	$ 76,151
Net (loss) income attributable to common shareholders	$ (2,191)	$ 83
Net loss per share – basic	$ (0.05)	$ 0.00
Net loss per share – diluted	$ (0.05)	$ 0.00

4. Property Dispositions and Discontinued Operations

In March 2010, the Company classified Campus Walk – Oxford as held for sale and the property was sold on April 30, 2010. See Note 15 herein for an expanded discussion on this property disposition. Concurrent with the held for sale classification, the property was recorded at the lower of cost or fair value resulting in an impairment charge of approximately $4.0 million, which is included in discontinued operations in the accompanying consolidated statement of operations for the three months ended March 31, 2010. Accordingly, net loss for Campus Walk – Oxford is included in discontinued operations for all periods presented.

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

On December 31, 2009, the Company sold Riverside Estates for a purchase price of $18.2 million, including the assumption of the existing $16.2 million mortgage loan, resulting in net proceeds of approximately $1.3 million. Accordingly, net loss for Riverside Estates is included in discontinued operations for all periods presented.

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

	Three Months Ended March 31, 2010	Three Months Ended March 31, 2009
Total revenues	$ 1,163	$ 1,997
Total operating expenses	1,036	1,766
Provision for asset impairment	4,036	-
Operating (loss) income	(3,909)	231
Total nonoperating expenses	(374)	(632)
Net loss	$ (4,283)	$ (401)

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

5. Investments in Wholly-Owned Properties

Wholly-owned properties consisted of the following:

	March 31, 2010	December 31, 2009
Land (1)	$ 247,017	$ 250,044
Buildings and improvements	1,807,115	1,825,915
Furniture, fixtures and equipment	110,790	112,831
	2,164,922	2,188,790
Less accumulated depreciation	(187,855)	(173,820)
Wholly-owned properties, net (2)	$ 1,977,067	$ 2,014,970

(1) The land balance above includes undeveloped land parcels with a total book value of $27.6 million as of both March 31, 2010 and December 31, 2009.

(2) The balance above excludes Campus Walk – Oxford which is classified as wholly-owned property held for sale in the accompanying consolidated balance sheet as of March 31, 2010.

6. On-Campus Participating Properties

The Company is a party to ground/facility lease agreements (“Leases”) with certain state university systems and colleges (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.

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.

AMERICAN CAMPUS COMMUNITIES, INC. AND SUBSIDIARIES
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On-campus participating properties are as follows:

Lessor/University	Lease Commencement	Required Debt Repayment (1)	Historical Cost March 31, 2010	Historical Cost December 31, 2009
Texas A&M University System / Prairie View A&M University (2)	2/1/96	9/1/23	$ 38,943	$ 38,918
Texas A&M University System / Texas A&M International	2/1/96	9/1/23	6,217	6,216
Texas A&M University System / Prairie View A&M University (3)	10/1/99	8/31/25 / 8/31/28	24,409	24,398
University of Houston System / University of Houston (4)	9/27/00	8/31/35	35,198	35,192
			104,767	104,724
Less accumulated amortization			(40,112)	(39,034)
On-campus participating properties, net			$ 64,655	$ 65,690

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

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

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

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

7. Noncontrolling Interests

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

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

The Company follows accounting guidance stipulating that securities that are redeemable for cash or other assets at a fixed or determinable price on a fixed or determinable date, at the option of the holder, or upon the occurrence of an event that is not solely within the control of the issuer, must be classified outside of permanent equity in the mezzanine section of the consolidated balance sheets. In accordance with such guidance, management evaluates whether the Company controls the actions or events necessary to issue the maximum number of shares that could be required to be delivered under share settlement of the contract. Based on this assessment, which includes evaluating terms in the applicable agreements related to redemption provisions, the Company has determined that Common Units and Series A Preferred Units in the Operating Partnership should be classified as "redeemable noncontrolling interests" in the mezzanine section of the consolidated balance sheets. The value of redeemable noncontrolling interests on the consolidated balance sheets is reported at the greater of fair value or historical cost at the end of each reporting period. 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.

During the three months ended March 31, 2010 and 2009, 4,776 and 1,000 Common Units, respectively, were converted into shares of the Company's common stock. As of March 31, 2010 and December 31, 2009, approximately 2% of the equity interests of the Operating Partnership was held by owners of Common Units and Series A Preferred Units.

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

8. Investment in Unconsolidated Joint Ventures

Investments in unconsolidated joint ventures are accounted for utilizing the equity method. As discussed in Note 2 herein, 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 in 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 March 31, 2010.

Fidelity Joint Ventures: The Company owns a 10% interest in two joint ventures with Fidelity that own 18 properties containing approximately 9,800 beds. The Company serves as property manager for all of the joint venture properties. These joint ventures are hereinafter referred to collectively as the "Fidelity Joint Ventures."

The Fidelity Joint Ventures are funded in part with secured third party debt in the amount of $293.5 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 respective limited liability company agreements, the Fidelity Joint Ventures 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 guarantees 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's $6.8 million and $8.0 million investment in these two joint ventures at March 31, 2010 and December 31, 2009, respectively, is included in other assets in the accompanying consolidated balance sheets, and the Company's $0.9 million and $0.3 million share in the loss from these two joint ventures for the three months ended March 31, 2010 and 2009, respectively, is included in loss from unconsolidated joint ventures in the accompanying consolidated statements of operations. For the three months ended March 31, 2010 and 2009, the Company earned approximately $0.5 million and $0.6 million, respectively, in property management fees from these joint ventures. Due to the respective limited liability company agreements not providing for maximum capital commitments from the members, the Company's maximum exposure to loss stemming from its investment in the Fidelity Joint Ventures could be unlimited.

Hampton Roads Joint Venture: The Company also holds a noncontrolling equity interest in a joint venture that owns a military housing privatization project with the United States Navy to design, develop, construct, renovate, and manage unaccompanied soldier housing located on naval bases in Norfolk and Newport News, Virginia. The project is financed through taxable revenue bonds. The Company's $-0- and $0.5 million investment in this joint venture at March 31, 2010 and December 31, 2009, respectively, is included in other assets in the accompanying consolidated balance sheets, and the Company's share in the loss from this joint venture of $0.5 million and $0.3 million for the three months ended March 31, 2010 and 2009, respectively, is included in loss from unconsolidated joint ventures in the accompanying consolidated statements of operations. The Company earned combined development and management fees from this joint venture of approximately $0.3 million for both three month periods ended March 31, 2010 and 2009.

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

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

	March 31, 2010	December 31, 2009
Debt secured by wholly-owned properties:		
Mortgage loans payable	$ 795,023	$ 850,046
Construction loan payable	100,000	100,000
	895,023	950,046
Debt secured by on-campus participating properties:		
Mortgage loans payable	32,637	32,718
Bonds payable	51,390	51,390
	84,027	84,108
Senior secured term loan	100,000	100,000
Secured agency facility	94,000	94,000
Unamortized debt premiums	3,381	3,765
Unamortized debt discounts	(7,892)	(8,464)
Total debt	$ 1,168,539	$ 1,223,455

Pay-off of Mortgage Debt

During the three months ended March 31, 2010, the Company paid off $34.5 million of fixed-rate mortgage debt secured by two of its wholly-owned properties (Campus Club – Statesboro and University Trails), which was scheduled to mature on March 1, 2010. As of March 31, 2010, the Company has an additional $49.3 million of outstanding fixed-rate mortgage debt scheduled to mature throughout the remainder of 2010, all of which we expect to pay-off on or before their respective maturity dates.

Secured Revolving Credit Facility

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

Availability under the revolving credit facility is limited to an "aggregate borrowing base amount" equal to the lesser of (i) 50% to 65% of the value of certain properties, calculated as set forth in the credit facility, and (ii) the adjusted net operating income from these properties divided by a formula amount. The facility bears interest at a variable rate, at the Company's option, based upon a base rate or one-, two-, or three-month LIBOR, with a LIBOR floor of 2.0%, plus, in each case, a spread based upon the Company's total leverage. Additionally, the Company is required to pay an unused commitment fee of 0.35% per annum. As of March 31, 2010, there was no balance on the facility and availability under the facility totaled $154.3 million.

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

Secured Agency Facility

The Company has a $125 million secured revolving credit facility with a Freddie Mac lender. The facility has a five-year term and is currently secured by 11 properties referred to as the "Collateral Pool." The facility bears interest at one- or three-month LIBOR plus a spread that varies based on the debt service ratio of the Collateral Pool. Additionally, the Company is required to pay an unused commitment fee of 1.0% per annum. As of March 31, 2010, the balance outstanding on the secured agency facility totaled $94.0 million, bearing interest at a weighted average rate of 2.2%. The secured agency facility includes certain financial covenants which are the same as are required for the secured revolving credit facility, described above.

AMERICAN CAMPUS COMMUNITIES, INC. AND SUBSIDIARIES
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Senior Secured Term Loan

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

On February 23, 2009, the Company entered into two $50.0 million interest rate swap agreements effective March 20, 2009 through February 20, 2012, which are both used to hedge the Company's exposure to fluctuations in interest payments on its LIBOR-based senior secured term loan. Under the terms of the two interest rate swap agreements, the Company pays an average fixed rate of 1.7925% and receives a one-month LIBOR floating rate. As a result of these two interest rate swaps, the Company effectively fixed the interest rate on its senior secured term loan to 3.55% as of March 31, 2010 (1.7925% + 1.75% spread). In the event that the swaps at any time have a negative fair value below a certain threshold level, the Company is required to post cash into a collateral account pledged to the interest rate swap providers. As of March 31, 2010, the Company had deposited approximately $0.7 million into a collateral account related to one of the interest rate swaps. See Note 11 herein for a more detailed discussion of the Company's derivative instruments and hedging activities.

10. Incentive Award Plan

The Company has adopted the 2004 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 Company has reserved a total of 1,210,000 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 March 31, 2010, 211,767 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 restricted stock units ("RSUs"). Upon 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. There were no RSU grants or settlements during the three months ended March 31, 2010 and there were 5,376 RSUs that had not yet been settled as of March 31, 2010.

Restricted Stock Awards

The Company awards restricted stock 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 as of March 31, 2010 and changes during the three months ended March 31, 2010, is presented below:

	Number of RSAs
Nonvested balance at December 31, 2009	461,935
Granted	206,711
Vested	(84,631)
Forfeited	(63,918)
Nonvested balance at March 31, 2010	520,097

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AMERICAN CAMPUS COMMUNITIES, INC. AND SUBSIDIARIES
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The Company recognizes the value of these awards as an expense over the vesting periods, which amounted to approximately $0.9 million and $0.6 million for the three months ended March 31, 2010 and 2009, respectively.

Common Units

Upon vesting of awards under the Company's 2004 Outperformance Bonus Plan in August 2007, the Compensation Committee of the Board of Directors exercised its permitted discretion and granted 132,400 Common Units to selected recipients.

11. 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. During the three months ended March 31, 2010, such derivatives were used to hedge the variable cash flows associated with the Company's $100 million senior secured term loan and the Cullen Oaks Phase I and Phase II loans.

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

Date Entered	Effective Date	Maturity Date	Pay Fixed Rate	Receive Floating Rate Index	Notional Amount	Fair Value
Feb. 12, 2007	Feb. 15, 2007	Feb. 15, 2014	6.689%	LIBOR – 1 mo. plus 1.35%	$ 33,156	$ (3,730)
Feb. 23, 2009	March 20, 2009	Feb. 20, 2012	1.785%	LIBOR – 1 month	50,000	(724)
Feb. 23, 2009	March 20, 2009	Feb. 20, 2012	1.800%	LIBOR – 1 month	50,000	(734)

The table below presents the fair value of the Company's derivative financial instruments as well as their classification on the consolidated balance sheets as of March 31, 2010 and December 31, 2009:

	Derivative Liabilities			
	As of March 31, 2010		As of December 31, 2009	
	Balance Sheet Location	Fair Value	Balance Sheet Location	Fair Value
Interest rate swap contracts	Other liabilities	$ 5,188	Other Liabilities	$ 4,356
Total derivatives designated as hedging instruments		$ 5,188		$ 4,356

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AMERICAN CAMPUS COMMUNITIES, INC. AND SUBSIDIARIES
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The table below presents the effect of the Company's derivative financial instruments on other comprehensive income ("OCI") for the three months ended March 31, 2010 and 2009:

Cash Flow Hedging Relationships	Amount of Loss Recognized in OCI on Derivative (Effective Portion) Three Months Ended March 31, 2010	2009
Interest rate swap contracts	$ (832)	$ (783)
Total	$ (832)	$ (783)

The Company reported comprehensive loss of $0.3 million for the three months ended March 31, 2009, which includes net income of $0.5 million offset by an unrealized loss of $0.8 million (reflected in the table above).

12. Fair Value Disclosures

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

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

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

	Quoted Prices in Active Markets for Identical Assets and Liabilities	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at March 31, 2010

	(Level 1)			
Assets:				
Real estate (1)	$ 9,100	$ -	$ -	$ 9,100
Liabilities:				
Derivative financial Instruments (2)	$ -	$ 5,188	$ -	$ 5,188

(1) During the three months ended March 31, 2010, we recognized an impairment loss of approximately $4.0 million on a wholly-owned property classified as held for sale as of March 31, 2010. We estimated the fair value based on a contract price less selling costs.

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

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

Although the Company has determined the majority of the inputs used to value its derivative fall within Level 2 of the fair value hierarchy, the credit valuation adjustment associated with its derivative utilizes 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 March 31, 2010, the Company has assessed the significance of the impact of the credit valuation adjustments on the overall valuation of its derivative positions and has determined that the credit valuation adjustments are not significant to the overall valuation of the Company's derivative financial instruments. As a result, the Company has determined its derivative valuations in their entirety are classified in Level 2 of the fair value hierarchy.

Other Fair Value Disclosures

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

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

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

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

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

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

	March 31, 2010		December 31, 2009	
	Fair Value	Carrying Amount	Fair Value	Carrying Amount
Mortgage loans	$ 861,872	$ 823,149	$ 912,332	$ 878,065
Bonds payable	50,484	51,390	49,865	51,390

13. Commitments and Contingencies
Commitments

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

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

Guaranty of Joint Venture Mortgage Debt: As mentioned in Note 8, the Fidelity Joint Ventures are funded in part with secured third party debt in the amount of $293.5 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 respective limited liability company agreements, the Fidelity Joint Ventures 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 guarantees 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 $303.1 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.

14. 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, noncontrolling interests and allocation of corporate overhead. Intercompany fees are reflected at the contractually stipulated amounts.

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AMERICAN CAMPUS COMMUNITIES, INC. AND SUBSIDIARIES
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	Three Months Ended March 31, 2010	2009
Wholly-Owned Properties		
Rental revenues	$ 71,444	$ 65,575
Interest and other income	11	11
Total revenues from external customers	71,455	65,586
Operating expenses before depreciation, amortization, ground/facility lease, and allocation of corporate overhead	31,691	30,758
Ground/facility lease	265	260
Interest expense	12,181	13,680
Operating income before depreciation, amortization and allocation of corporate overhead	$ 27,318	$ 20,888
Depreciation and amortization	$ 16,066	$ 17,901
Capital expenditures	$ 4,701	$ 35,813
Total segment assets at March 31,	$ 2,032,798	$ 2,070,872
On-Campus Participating Properties		
Rental revenues	$ 7,311	$ 6,874
Interest and other income	3	24
Total revenues from external customers	7,314	6,898
Operating expenses before depreciation, amortization, ground/facility lease and allocation of corporate overhead	2,232	1,897
Ground/facility lease	306	292
Interest expense	1,503	1,559
Operating income before depreciation, amortization and allocation of corporate overhead	$ 3,273	$ 3,150
Depreciation and amortization	$ 1,079	$ 1,090
Capital expenditures	$ 43	$ 38
Total segment assets at March 31,	$ 79,883	$ 82,318
Development Services		
Development and construction management fees from external customers	$ 574	$ 1,052
Operating expenses	2,327	2,267
Operating loss before depreciation, amortization and allocation of corporate overhead	$ (1,753)	$ (1,215)
Total segment assets at March 31,	$ 5,217	$ 6,277
Property Management Services		
Property management fees from external customers	$ 2,214	$ 2,242
Intersegment revenues	2,875	2,696
Total revenues	5,089	4,938
Operating expenses	2,027	1,831
Operating income before depreciation, amortization and allocation of corporate overhead	$ 3,062	$ 3,107
Total segment assets at March 31,	$ 4,412	$ 6,209

Reconciliations		
Total segment revenues	$ 84,432	$ 78,474
Unallocated interest income earned on corporate cash	3	4
Elimination of intersegment revenues	(2,875)	(2,696)
Total consolidated revenues, including interest income	$ 81,560	$ 75,782
Segment operating income before depreciation, amortization and allocation of corporate overhead	$ 31,900	$ 25,930
Depreciation and amortization	(18,530)	(20,122)
Net unallocated expenses relating to corporate overhead	(5,939)	(4,209)
Loss from unconsolidated joint ventures	(1,414)	(554)
Income tax provision	(143)	(135)
Income from continuing operations	$ 5,874	$ 910
Total segment assets	$ 2,122,310	$ 2,165,676
Unallocated corporate assets	33,245	24,261
Total assets at March 31,	$ 2,155,555	$ 2,189,937

AMERICAN CAMPUS COMMUNITIES, INC. AND SUBSIDIARIES
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15. Subsequent Events

Pay-off of Mortgage Debt: On April 1, 2010, the Company paid off $17.4 million in fixed-rate mortgage debt secured by one of our wholly-owned properties (River Club Apartments) that was scheduled to mature on August 1, 2010.

Property Disposition: On April 30, 2010, the Company sold Campus Walk – Oxford for a purchase price of $9.2 million, including the assumption of the existing $8.1 million mortgage loan, resulting in net proceeds of approximately $0.8 million.

Distributions: On May 5, 2010, the Company declared a first quarter 2010 distribution per share of $0.3375 which will be paid on May 28, 2010 to all common stockholders of record as of May 18, 2010. At the same time, the Operating Partnership will pay 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 7).

Adoption of New Incentive Award Plan: On May 6, 2010, the Company's stockholders, upon the recommendation of the Board of Directors, approved the American Campus Communities, Inc. 2010 Incentive Award Plan (the "2010 Plan"). The 2010 Plan includes an authorization to issue up to 1,683,110 shares of the Company's common stock (1,500,000 newly authorized shares plus 183,110 shares available for grant under the Company's 2004 Incentive Award Plan as of March 15, 2010. The 2010 Plan provides for various types of equity awards to directors, executive and other officers and key employees. The types of awards that may be granted under the 2010 Plan include incentive stock options, nonqualified stock options, RSAs, RSUs, profits interest units ("PIUs") and other stock-based awards.

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

Forward-looking Statements

This report contains forward-looking statements within the meaning of the federal securities laws. We caution investors that any forward-looking statements presented in this report, or which management may make orally or in writing from time to time, are based on management's beliefs and assumptions made by, and information currently available to, management. When used, the words "anticipate," "believe," "expect," "intend," "may," "might," "plan," "e "project," "should," "will," "result" and similar expressions, which do not relate solely to historical matters, 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 while forward-looking statements reflect our good faith beliefs when we make them, they are not guarantees of future performance and are 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; and 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.

The risks included here are not exhaustive, and additional factors could adversely affect our business and financial performance, including factors and risks included in other sections of this report. Moreover, we operate in a very competitive and rapidly changing environment. New risk factors emerge from time to time and it is not possible for management to predict all such risk factors, nor can it assess the impact of all such risk factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. Given these risks and uncertainties, investors should not place undue reliance on forward-looking statements as a prediction of actual results.

Our Company and Our Business

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

As of March 31, 2010, our property portfolio contained 85 student housing properties with approximately 52,100 beds and approximately 17,000 apartment units. Our property portfolio consisted of 79 owned off-campus properties that are in close proximity to colleges and universities, two American Campus Equity (“ACE®”) properties operated under ground/facility leases with a related university system and four on-campus participating properties operated under ground/facility leases with the related university systems. As of March 31, 2010, we also owned a noncontrolling interest in two joint ventures that owned an aggregate of 18 student housing properties with approximately 9,800 beds in approximately 2,900 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.

Through our taxable REIT subsidiaries ("TRS"), we provide construction management and development services, primarily for student housing properties owned by colleges and universities, charitable foundations, and others. As of March 31, 2010, we provided third-party management and leasing services for 33 properties (five of which we served as the third-party developer and construction manager) that represented approximately 24,700 beds in approximately 9,400 units. Third-party management and leasing services are typically provided pursuant to multi-year management contracts that have initial terms that range from one to five years. As of March 31, 2010, our total owned, joint venture and third-party managed portfolio was comprised of 136 properties with approximately 86,600 beds in approximately 29,300 units.

Third-Party Development Services

Our third-party development and construction management services as of March 31, 2010 consisted of three projects under contract and currently in progress with fees ranging from $2.5 million to $7.6 million. As of March 31, 2010, fees of approximately $2.2 million remained to be earned by us with respect to these projects, which have scheduled completion dates of July 2010 through August 2011.

While we believe that our third party development/construction management and property management services allow us to develop strong and key relationships with colleges and universities, revenue from 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, acquire or develop, and successfully operate, student housing properties.

American Campus Equity ("ACE®") Development Activities

An emerging opportunity in the wholly-owned property segment is the equity investment and ownership of on-campus housing via traditional long-term ground leases. Branded and marketed to colleges and universities as the ACE program, the transaction structure provides us with what we believe is a lower-risk opportunity compared to other off-campus projects, as our ACE projects will have premier on-campus locations with marketing and operational assistance from the university. The subject university substantially benefits by increasing its housing capacity with modern, well-amenitized student housing with no or minimal impacts to its own credit ratios, preserving the university's credit capacity to fund academic and research facilities.

Property Operations

As of March 31, 2010 our property portfolio consisted of the following:

PROPERTY	YR ACQUIRED / DEVELOPED (1)	LOCATION	PRIMARY UNIVERSITY SERVED	UNITS	BEDS
Wholly-Owned properties:					
1. Villas on Apache	1999	Tempe, AZ	Arizona State University Main Campus	111	288
2. River Club Apartments	1999	Athens, GA	The University of Georgia – Athens	266	792
3. River Walk Townhomes	1999	Athens, GA	The University of Georgia – Athens	100	336
4. The Village at Blacksburg	2000	Blacksburg, VA	Virginia Polytechnic Inst. & State University	288	1,056
5. The Callaway House	2001	College Station, TX	Texas A&M University	173	538
6. The Village at Alafaya Club	2000	Orlando, FL	The University of Central Florida	228	839
7. The Village at Science Drive	2001	Orlando, FL	The University of Central Florida	192	732
8. University Village at Boulder Creek	2002	Boulder, CO	The University of Colorado at Boulder	82	309
9. University Village at Fresno	2004	Fresno, CA	California State University – Fresno	105	406
10. University Village at TU (2)	2004	Philadelphia, PA	Temple University	220	749
11. University Club Tallahassee	2005	Tallahassee, FL	Florida State University	152	608
12. The Grove at University Club	2005	Tallahassee, FL	Florida State University	64	128
13. College Club Tallahassee	2005	Tallahassee, FL	Florida A&M University	96	384
14. The Greens at College Club	2005	Tallahassee, FL	Florida A&M University	40	160
15. University Club Gainesville	2005	Gainesville, FL	University of Florida	94	376
16. City Parc at Fry Street	2005	Denton, TX	University of North Texas	136	418
17. The Estates	2005	Gainesville, FL	University of Florida	396	1,044
18. University Village at Sweet Home	2005	Amherst, NY	State University of New York – Buffalo	269	828
19. Entrada Real	2006	Tucson, AZ	University of Arizona	98	363
20. Royal Oaks	2006	Tallahassee, FL	Florida State University	82	224
21. Royal Pavilion	2006	Tallahassee, FL	Florida State University	60	204
22. Royal Village Tallahassee	2006	Tallahassee, FL	Florida State University	75	288
	2006	Gainesville, FL	University of Florida	118	448

23. Royal Village Gainesville					
24. Northgate Lakes	2006	Orlando, FL	The University of Central Florida	194	710
25. Royal Lexington	2006	Lexington, KY	University of Kentucky	94	364
26. The Woods at Greenland	2006	Murfreesboro, TN	Middle Tennessee State University	78	276
27. Raider's Crossing	2006	Murfreesboro, TN	Middle Tennessee State University	96	276
28. Raider's Pass	2006	Lubbock, TX	Texas Tech University	264	828
29. Aggie Station	2006	College Station, TX	Texas A&M University	156	450
30. The Outpost San Marcos	2006	San Marcos, TX	Texas State University – San Marcos	162	486
31. The Outpost San Antonio	2006	San Antonio, TX	University of Texas – San Antonio	276	828
32. Callaway Villas	2006	College Station, TX	Texas A&M University	236	704
33. Village on Sixth	2007	Huntington, WV	Marshall University	248	752
34. Newtown Crossing	2007	Lexington, KY	University of Kentucky	356	942
35. Olde Towne University Square	2007	Toledo, OH	University of Toledo	224	550
36. Peninsular Place	2007	Ypsilanti, MI	Eastern Michigan University	183	478
37. University Centre	2007	Newark, NJ	Rutgers University, NJIT, Essex CCC	234	838
38. Sunnyside Commons	2008	Morgantown, WV	West Virginia University	68	161
39. Pirate's Place	2008	Greenville, NC	East Carolina University	144	528
40. University Highlands	2008	Reno, NV	University of Nevada at Reno	216	732
41. Jacob Heights I	2008	Mankato, MN	Minnesota State University	42	162

PROPERTY	YR ACQUIRED / DEVELOPED (1)	LOCATION	PRIMARY UNIVERSITY SERVED	UNITS	BEDS
42. Jacob Heights III	2008	Mankato, MN	Minnesota State University	24	96
43. The Summit	2008	Mankato, MN	Minnesota State University	192	672
44. GrandMarc – Seven Corners	2008	Minneapolis, MN	University of Minnesota	186	440
45. University Village – Sacramento	2008	Sacramento, CA	California State University – Sacramento	250	394
46. Aztec Corner	2008	San Diego, CA	San Diego State University	180	606
47. University Crossings	2008	Philadelphia, PA	University of Pennsylvania / Drexel	260	1,016
48. Campus Corner	2008	Bloomington, IN	Indiana University	254	796
49. Tower at 3rd	2008	Champaign, IL	University of Illinois	147	295
50. University Mills	2008	Cedar Falls, IA	University of Northern Iowa	121	481
51. Pirates Cove	2008	Greenville, NC	East Carolina University	264	1,056
52. University Manor	2008	Greenville, NC	East Carolina University	168	600
53. Brookstone Village	2008	Wilmington, NC	UNC – Wilmington	124	238
54. Campus Walk – Wilmington	2008	Wilmington, NC	UNC – Wilmington	289	290
55. Campus Club – Statesboro	2008	Statesboro, GA	Georgia Southern University	276	984
56. University Pines	2008	Statesboro, GA	Georgia Southern University	144	552
57. Lakeside	2008	Athens, GA	University of Georgia	244	776
58. The Club	2008	Athens, GA	University of Georgia	120	480
59. The Edge	2008	Orlando, FL	Central Florida	306	930
60. University Place	2008	Charlottesville, VA	University of Virginia	144	528
61. Southview	2008	Harrisonburg, VA	James Madison University	240	960
62. Stonegate	2008	Harrisonburg, VA	James Madison University	168	672
63. The Commons	2008	Harrisonburg, VA	James Madison University	132	528
64. University Gables	2008	Murfreesboro, TN	Middle Tennessee State University	168	648
65. Campus Ridge	2008	Johnson City, TN	East Tennessee State University	132	528
66. The Enclave I	2008	Bowling Green, OH	Bowling Green State University	120	480
67. Hawks Landing	2008	Oxford, OH	Miami University of Ohio	122	484
68. Willow Tree Apartments	2008	Ann Arbor, MI	University of Michigan	310	568
69. Willow Tree Towers	2008	Ann Arbor, MI	University of Michigan	163	283
70. Abbott Place	2008	East Lansing, MI	Michigan State University	222	654
	2008	Kalamazoo, MI		232	700

71. University Centre – Kalamazoo			Western Michigan University		
72. University Meadows	2008	Mt. Pleasant, MI	Central Michigan University	184	616
73. Campus Way	2008	Tuscaloosa, AL	University of Alabama	196	684
74. Campus Walk – Oxford (3)	2008	Oxford, MS	University of Mississippi	108	432
75. Campus Trails	2008	Starkville, MS	Mississippi State University	156	480
76. University Pointe	2008	Lubbock, TX	Texas Tech University	204	682
77. University Trails	2008	Lubbock, TX	Texas Tech University	240	684
78. Vista del Sol (4)	2008	Tempe, AZ	Arizona State University	613	1,866
79. Villas at Chestnut Ridge	2008	Amherst, NY	State University of New York – Buffalo	196	552
80. Barrett Honors College (4)	2009	Tempe, AZ	Arizona State University	604	1,721
81. University Heights	2010	Birmingham, AL	University of Alabama at Birmingham	176	528
Total wholly-owned properties				15,095	47,563

PROPERTY	YEAR ACQUIRED / DEVELOPED (1)	LOCATION	PRIMARY UNIVERSITY SERVED	UNITS	BEDS
On-campus participating properties:					
82. University Village – PVAMU	1996 / 97 / 98	Prairie View, TX	Prairie View A&M University	612	1,920
83. University College – PVAMU	2000 / 2003	Prairie View, TX	Prairie View A&M University	756	1,470
84. University Village – TAMIU	1997	Laredo, TX	Texas A&M International University	84	250
85. Cullen Oaks – Phase I and II	2001 / 2006	Houston, TX	The University of Houston	411	879
Total on-campus participating properties				1,863	4,519
Total – all properties				16,958	52,082

(1) As of March 31, 2010, the average age of our wholly-owned properties was approximately 10.1 years.

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

(3) This property is classified as held for sale as of March 31, 2010 and was sold on April 30, 2010.

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

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Results of Operations

Comparison of the Three Months Ended March 31, 2010 and March 31, 2009

The following table presents our results of operations for the three months ended March 31, 2010 and 2009, including the amount and percentage change in these results between the two periods:

	Three Months Ended March 31,			
	2010	2009	Change ($)	Change (%)
Revenues:				
Wholly-owned properties	$ 71,192	$ 65,335	$ 5,857	9.0 %
On-campus participating properties	7,311	6,874	437	6.4 %
Third party development services	574	1,052	(478)	(45.4 %)
Third party management services	2,214	2,242	(28)	(1.2 %)
Resident services	252	240	12	5.0 %
Total revenues	81,543	75,743	5,800	7.7 %
Operating expenses:				
Wholly-owned properties	31,476	30,490	986	3.2 %
On-campus participating properties	2,399	2,030	369	18.2 %
Third party development and management services	3,099	2,977	122	