2019 Annual Report

AMERICAN CAMPUS COMMUNITIES

Where students love living.®

On the cover:

Plaza Verde,
University of California, Irvine

Dear Fellow Shareholder

The ACC team accomplished a number of exciting strategic and financial objectives in 2019. We set new company records for revenue, net operating income (NOI) and FFOM per share. We also delivered our 15th consecutive year of internal value creation - with same store growth in rental rate, rental revenue and NOI - again demonstrating the stability of cash flows and resiliency that prudent student housing investment offers when combined with ACC's best-in-class operating platform.

Once again, we led the student housing sector in lease-up results with our Fall opening occupancy for the 2019/2020 academic year of 97.4 percent outperforming our peers by 280 basis points.

Continuing to demonstrate the value creation opportunity afforded to us via our highly accretive development platform, we placed five new American Campus Communities into service fully stabilized at 98.1 percent occupancy on move-in day. These projects were completed on time and on budget and offer a stabilized yield north of 6 percent, representing approximately $150 million of value created at delivery.

We also continued construction on $786 million of core Class A development that is scheduled to deliver from 2020 through 2023. These projects are all located on campus and remain on track to meet their targeted stabilized development yields in the range of 6.25 – 6.8 percent, also representing highly accretive investments for you, our shareholders. Expanding our potential development pipeline, we were awarded five new on-campus development projects, including long-term master development opportunities at the University of California-Berkeley and West Virginia University.

During the year, our Environmental Social and Governance (ESG) committee completed an evaluation of the company's existing strengths, weaknesses, opportunities and threats, executed an entity-level ESG analysis, benchmarked existing practices versus those publicly disclosed from a selection of peers and published a Letter of Commitment to ESG found on the company's website. We are especially inspired by the long-term partnership we formed with the Hi, How Are You Project aimed at tackling issues of mental health among college students as part of the company's mission to support the wellbeing of our residents. A guiding tenet for our Residence Life program, this awareness initiative includes staff training on peer-to-peer support that launched at more than 200 properties across the country, resident social events to build connection and community, and information on health and wellness.

As we enter 2020, we are excited about the opportunities before us – none more so than the opening of the first phase of our pioneering development at Walt Disney World® that will provide a live-learn resident experience for the Disney College Program participants. The project represents the application of our five core competencies, listed below, beyond our core student housing business focus.

- Consumer based strategic approach to programming, designing and developing residential accommodations and communities
- Creating affordable price points previously not available in the market
- Institutional quality development and operating platforms
- Developing proprietary software to create competitive advantage and flexibility that benefit the customer experience
- Sophisticated and complex transaction structuring capabilities focused on win-win-win outcomes

Acknowledging and bringing these core competencies to bear, in conjunction with the advancement of our proprietary NextGen operating platform provide us with significant growth opportunities in the years to come.

In closing, I'd like to thank the entire ACC family for their commitment and tireless efforts, and on behalf of all of us, we thank each and every one of you for your support.

Sincerely,

Bill Bayless
Chief Executive Officer

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

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

For the fiscal year ended December 31, 2019.

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

For the Transition Period From ____________________ to _________________.

Commission file number 001-32265 (American Campus Communities, Inc.)
Commission file number 333-181102-01 (American Campus Communities Operating Partnership LP)

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

(American Campus Communities, Inc.)	**Maryland**	**76-0753089**
(American Campus Communities Operating Partnership LP)	**Maryland**	**56-2473181**
	(State or Other Jurisdiction of Incorporation or Organization)	*(IRS Employer Identification No.)*
	12700 Hill Country Blvd., Suite T-200	**78738**
	Austin, TX	*(Zip Code)*
	(Address of Principal Executive Offices)	

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

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

Title of Each Class	Trading Symbol(s)	Name of Each Exchange on Which Registered
Common Stock, par value $.01 per share	ACC	New York Stock Exchange

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

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

American Campus Communities, Inc.	Yes ☒	No ☐
American Campus Communities Operating Partnership LP	Yes ☐	No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.

American Campus Communities, Inc.	Yes ☐	No ☒
American Campus Communities Operating Partnership LP	Yes ☐	No ☒

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

American Campus Communities, Inc.	Yes ☒	No ☐
American Campus Communities Operating Partnership LP	Yes ☒	No ☐

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

American Campus Communities, Inc.	Yes ☒	No ☐
American Campus Communities Operating Partnership LP	Yes ☒	No ☐

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

American Campus Communities, Inc.

Large accelerated filer	☒		Accelerated Filer ☐	
Non-accelerated filer	☐		Smaller reporting company	☐
			Emerging growth company	☐

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

American Campus Communities Operating Partnership LP

Large accelerated filer	☐		Accelerated Filer ☐	
Non-accelerated filer	☒	(Do not check if a smaller reporting	Smaller reporting company	☐
			Emerging growth company	☐

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

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

American Campus Communities, Inc.	Yes ☐	No ☒
American Campus Communities Operating Partnership LP	Yes ☐	No ☒

The aggregate market value of voting and non-voting common equity held by non-affiliates of the registrant was $4,729,996,649 based on the last sale price of the common equity on June 30, 2019 which is the last business day of the Company's most recently completed second quarter.

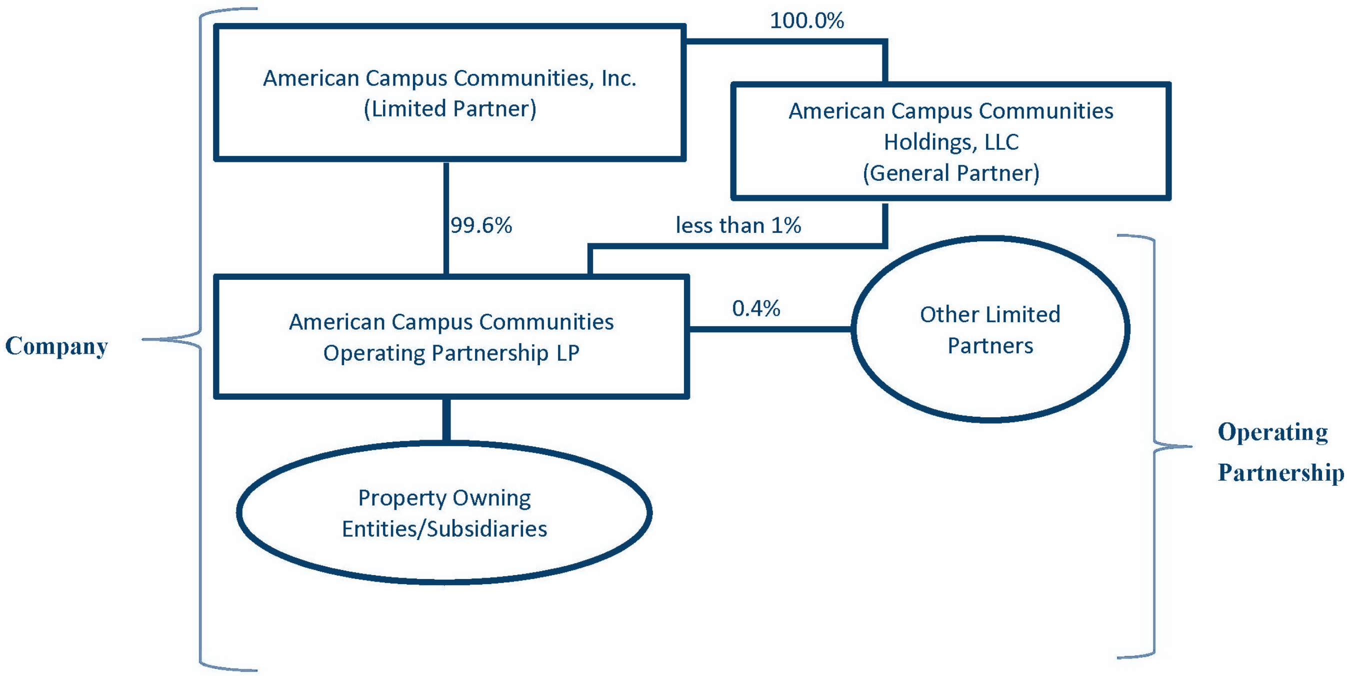
There were 137,404,752 shares of the Company's common stock with a par value of $0.01 per share outstanding as of the close of business on February 21, 2020.

DOCUMENTS INCORPORATED BY REFERENCE

Part III of this report incorporates information by reference from the definitive Proxy Statement for the 2020 Annual Meeting of Stockholders.

EXPLANATORY NOTE

This report combines the annual reports on Form 10-K for the year ended December 31, 2019 of American Campus Communities, Inc. and American Campus Communities Operating Partnership LP. Unless stated otherwise or the context otherwise requires, references to "ACC" mean American Campus Communities, Inc., a Maryland corporation that has elected to be treated as a real estate investment trust ("REIT") under the Internal Revenue Code, and references to "ACCOP" mean American Campus Communities Operating Partnership LP, a Maryland limited partnership. References to the "Company," "we," "us," or "our" mean collectively ACC, ACCOP, and those entities/subsidiaries owned or controlled by ACC and/or ACCOP. References to the "Operating Partnership" mean collectively ACCOP and those entities/subsidiaries owned or controlled by ACCOP. The following chart illustrates the Company's and the Operating Partnership's corporate structure:



The general partner of ACCOP is American Campus Communities Holdings, LLC ("ACC Holdings"), an entity that is wholly-owned by ACC. As of December 31, 2019, ACC Holdings held an ownership interest in ACCOP of less than 1%. The limited partners of ACCOP are ACC and other limited partners consisting of current and former members of management and nonaffiliated third parties. As of December 31, 2019, ACC owned an approximate 99.6% limited partnership interest in ACCOP. As the sole member of the general partner of ACCOP, ACC has exclusive control of ACCOP's day-to-day management. Management operates the Company and the Operating Partnership as one business. The management of ACC consists of the same members as the management of ACCOP. The Company is structured as an umbrella partnership REIT ("UPREIT"), and ACC contributes all net proceeds from its various equity offerings to the Operating Partnership. In return for those contributions, ACC receives a number of units of ACCOP ("OP Units," see definition below) equal to the number of common shares it has issued in the equity offering. Contributions of properties to the Company can be structured as tax-deferred transactions through the issuance of OP Units in ACCOP. Based on the terms of ACCOP's partnership agreement, OP Units can be exchanged for ACC's common shares on a one-for-one basis. The Company maintains a one-for-one relationship between the OP Units of ACCOP issued to ACC and ACC Holdings and the common shares issued to the public. The Company believes that combining the reports on Form 10-K of the Company and the Operating Partnership into this single report provides the following benefits:

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

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

To help investors understand the significant differences between the Company and the Operating Partnership, this report provides separate consolidated financial statements for the Company and the Operating Partnership. A single set of consolidated notes to such financial statements is presented that includes separate discussions for the Company and the Operating Partnership when applicable (for example, noncontrolling interests, stockholders' equity or partners' capital, earnings per share or unit, etc.). A combined Management's Discussion and Analysis of Financial Condition and Results of Operations section is also included that presents discrete information related to each entity, as applicable. This report also includes separate Part II, Item 9A Controls and Procedures sections and separate Exhibits 31 and 32 certifications for each of the Company and the Operating Partnership in order to establish that the requisite certifications have been made and that the Company and the Operating Partnership are compliant with Rule 13a-15 or Rule 15d-15 of the Securities Exchange Act of 1934 and 18 U.S.C. §1350.

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

FORM 10-K
FOR THE YEAR ENDED DECEMBER 31, 2019

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PART I

Item 1. Business

Overview

American Campus Communities, Inc. ("ACC") is a real estate investment trust ("REIT") that commenced operations effective with the completion of an initial public offering ("IPO") on August 17, 2004. Through ACC's controlling interest in American Campus Communities Operating Partnership LP ("ACCOP"), ACC is one of the largest owners, managers, and developers of high quality student housing properties in the United States in terms of beds owned and under management. ACC is a fully integrated, self-managed, and self-administered equity REIT with expertise in the acquisition, design, financing, development, construction management, leasing, and management of student housing properties. ACC's common stock is publicly traded on the New York Stock Exchange ("NYSE") under the ticker symbol "ACC."

The general partner of ACCOP is American Campus Communities Holdings, LLC ("ACC Holdings"), an entity that is wholly-owned by ACC. As of December 31, 2019, ACC Holdings held an ownership interest in ACCOP of less than 1%. The limited partners of ACCOP are ACC and other limited partners consisting of current and former members of management and nonaffiliated third parties. As of December 31, 2019, ACC owned an approximate 99.6% limited partnership interest in ACCOP. As the sole member of the general partner of ACCOP, ACC has exclusive control of ACCOP's day-to-day management. Management operates ACC and ACCOP as one business. The management of ACC consists of the same members as the management of ACCOP. ACC consolidates ACCOP for financial reporting purposes, and ACC does not have significant assets other than its investment in ACCOP. Therefore, the assets and liabilities of ACC and ACCOP are the same on their respective financial statements. References to the "Company," "we," "us" or "our" mean collectively ACC, ACCOP and those entities/subsidiaries owned or controlled by ACC and/or ACCOP. References to the "Operating Partnership" mean collectively ACCOP and those entities/subsidiaries owned or controlled by ACCOP.

As of December 31, 2019, our total owned and third-party managed portfolio included 203 properties with approximately 139,300 beds.

Business Objectives, Investment Strategies, and Operating Segments

Business Objectives

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

Investment Strategies

We seek to own high quality, well designed and well located student housing properties. We seek to acquire or develop properties in markets that have stable or increasing student populations, are in submarkets with barriers to entry and provide opportunities for economic growth as a result of their product position and/or differentiated design and close proximity to campuses, or through our superior operational capabilities. We believe that our reputation and established relationships with universities give us an advantage in sourcing acquisitions and developments and obtaining municipal approvals and community support for our development projects.

Development

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

Presale Development Projects:

Under the terms of a presale transaction, the Company is obligated to purchase the property as long as certain construction completion deadlines and other closing conditions are met. As a part of the presale agreements, the Company has the option to elect not to purchase the asset, which would result in the Company paying a significant penalty if the developer is not in default under the terms of the presale agreement. The Company is responsible for leasing, management, and initial operations of the project while the third-party developer retains development risk during the construction period. In accordance with accounting guidance, the Company includes presale properties in its consolidated financial statements upon execution of the presale agreement with the developer.

Operating Segments

We define business segments by their distinct customer base and service provided. We have identified four reportable segments: Owned Properties, On-Campus Participating Properties, Development Services and Property Management Services. For a detailed financial analysis of our segments' results of operations and financial position, please refer to Note 16 in the accompanying Notes to Consolidated Financial Statements contained in Item 8.

Property Operations

Unique Leasing Characteristics: Student housing properties are typically leased by the bed on an individual lease liability basis, unlike multifamily housing where leasing is by the unit. Individual lease liability limits each resident's liability to his or her own rent without liability for a roommate's rent. A parent or guardian is generally required to execute each lease as a guarantor unless the resident provides adequate proof of income or financial aid. The number of lease contracts that we administer is therefore approximately equivalent to the number of beds occupied and not the number of units. Leases at our off-campus properties typically require 12 monthly rental installments, whereas leases for our residence hall properties typically correspond to the university's academic year and require ten monthly rental installments. Please refer to the property table contained in Item 2 – Properties for a listing of the typical rent payment terms at our properties. As an example, in the case of our typical off-campus leases, the commencement date coincides with the commencement of the respective university's Fall academic term and the termination date is the last day of the subsequent summer school session. As such, we must re-lease each property in its entirety each year.

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

- Satisfying the specialized needs of residents by providing the highest levels of customer service;
- Developing and maintaining an academically oriented environment via a premier residence life/student development program;
- Maintaining each project's physical plant in top condition;
- Maximizing revenue through the development and implementation of a strategic annual marketing plan and leasing administration program; and
- Maximizing cash flow through maximizing revenue coupled with prudent control of expenses.

Owned Properties: Our off-campus properties are generally located in close proximity to the school campus, generally with pedestrian, bicycle, or university shuttle access. Off-campus housing tends to offer more relaxed rules and regulations than on-campus housing, resulting in off-campus housing being generally more appealing to upper-classmen. We believe that the support of colleges and universities can be beneficial to the success of our owned properties. We actively seek to have these institutions recommend our facilities to their students or to provide us with mailing lists so that we may directly market to students and parents. In some cases, the institutions actually promote our off-campus facilities in their recruiting and admissions literature. In cases where the educational institutions do not provide mailing lists or recommendations for off-campus housing, most provide comprehensive lists of suitable properties to their students, and we continually work to ensure that our properties are on these lists in each of the markets that we serve.

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

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

American Campus Equity ("ACE®"): Included in our owned properties segment and branded and marketed to colleges and universities as the ACE program, this transaction structure provides us with what we believe is a lower-risk opportunity compared to other off-campus projects, as our ACE projects 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.

In 2018, we expanded our ACE program and executed an agreement to develop a ten-phase purpose-built housing project serving student interns participating in the highly competitive Disney College Program. This project offers natural synergies with our other ACE projects and exploits our core competency of housing college students. The project will serve the highly competitive student internship program, which has been part of Walt Disney World® Resort for almost 40-years. The $614.6 million living-learning community will include ACC-designed units offering a variety of configurations and price points providing privacy and individuality for college student participants. The development will also include a centralized 25,000-square-foot Disney Education Center located on site, offering college accredited coursework allowing participants to earn credit hours transferable to their respective universities.

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

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

Third-Party Services

Our third-party services consist of development services and management services and are typically provided to university and college clients. Fee revenue earned from this business segment allows us to develop strong and key relationships with colleges and universities. We believe these services continue to provide synergies with respect to our ability to identify, close, and successfully operate student housing properties. While management evaluates the operational performance of our third-party services based on the distinct segments identified below, at times we also evaluate these segments on a combined basis.

Development Services: Our Development Services segment consists of development and construction management services that we provide through one of our taxable REIT subsidiaries ("TRSs") for student housing properties owned by universities, 501(c)3 foundations, and others. Our clients have included some of the nation's most prominent systems of higher education. These services range from short-term consulting projects to long-term full-scale development and construction projects. We typically provide these services to colleges and universities seeking to modernize their on-campus student housing properties, and we are sometimes retained to manage these properties following their opening. They look to us to bring our student housing experience and expertise to ensure they develop marketable, functional and financially sustainable facilities. Educational institutions usually seek to build housing that will enhance their recruitment and retention of students while facilitating their academic objectives. Most of these development service contracts are awarded via a competitive request for proposal ("RFP") process that qualifies developers based on their overall capability to provide specialized student housing design, development, construction management, financial structuring and property management services. Our development services typically include pre-development, design and financial structuring services. Our pre-development services typically include feasibility studies for third-party owners and design services. Feasibility studies include an initial feasibility analysis, review of conceptual design and assistance with master planning. Some of the documents produced in this process include the conceptual design documents, preliminary development and operating budgets, cash flow projections and a preliminary market assessment. Our design services include coordination with the architect and other members of the design team, review of construction plans and assistance with project due diligence and project budgets.

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

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

Property Management Services: Our Property Management Services segment includes revenues generated from third-party management contracts in which we are typically responsible for all aspects of operations, including marketing, leasing administration, facilities maintenance, business administration, accounts payable, accounts receivable, financial reporting, capital projects, and residence life student development. We provide these services pursuant to management agreements that have initial terms that range from one to five years.

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

Americans with Disabilities Act and Federal Fair Housing Act

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

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

Our Commitment to Environmental, Social and Governance Factors ("ESG")

Since its formation, the Company has aspired to high standards of ethics, transparency, governance, labor practices, resident engagement, developing and operating efficient and sustainable communities, and being a good business partner. Formalizing this long-term initiative, in 2018 and continuing in 2019, we created an Environmental, Social and Governance ("ESG") Committee comprised of employees of the Company, including the our president, and engaged a third-party ESG consultant to assist in the assessment of priorities and communication strategies.

During 2019, the ESG committee and consultant completed an ESG evaluation of certain of our existing practices and issued a Letter of Commitment to ESG, which is available on the Company's website, www.americancampus.com. The information contained on our website, including the Letter of Commitment to ESG, is not a part of or incorporated into this report.

Environmental Matters

Under various laws and regulations relating to the protection of the environment, an owner of real estate may be held liable for the costs of removal or remediation of certain hazardous or toxic substances located on or in its property. These laws often impose liability without regard to whether the owner was responsible for, or even knew of, the presence of such substances. The presence of such substances may adversely affect the owner's ability to rent or sell the property or use the property as collateral. Independent environmental consultants conducted environmental site assessments on all acquired or developed owned properties and on-campus participating properties in our existing portfolio. We are not aware of any environmental conditions that management believes would have a material adverse effect on the Company. There is no assurance, however, that environmental site assessments or other investigations would reveal all environmental conditions or that environmental conditions not known to us may exist now or in the future which would result in liability to the Company for remediation or fines, either under existing laws and regulations or future changes to such requirements.

From time to time, the United States Environmental Protection Agency, or EPA, designates certain sites affected by hazardous substances as "Superfund" sites pursuant to CERCLA. Superfund sites can cover large areas, affecting many different parcels of land. Although CERCLA imposes joint and several liability for contamination on property owners and operators regardless of fault, the EPA may choose to pursue potentially responsible parties ("PRPs") based on their actual contribution to the contamination. PRPs are liable for the costs of responding to the hazardous substances. Each of Villas on Apache (disposed of in April 2011), The Village on University (disposed of in December 2006) and University Village at San Bernardino (disposed of in January 2005) are located within federal Superfund sites. The EPA designated these areas as Superfund sites because groundwater underneath these areas is contaminated. We have not been named, and do not expect to be named, as a PRP with respect to these sites. However, there can be no assurance regarding potential future developments concerning such sites.

Insurance

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

Employees

As of December 31, 2019, we had approximately 3,096 employees, consisting of:

- approximately 1,842 on-site employees in our owned properties segment, including 692 Resident Assistants;
- approximately 109 on-site employees in our on-campus participating properties segment, including 48 Resident Assistants;
- approximately 936 employees in our property management services segment, including 731 on-site employees and 205 corporate office employees;
- approximately 61 corporate office employees in our development services segment; and
- approximately 148 executive, corporate administration and financial personnel.

Our employees are not currently represented by a labor union.

Offices and Access to SEC Filings

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

We file our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and other reports required by Sections 13(a) and 15(d) of the Securities Exchange Act of 1934 with the SEC. The SEC maintains website that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC. The address of that website is www.sec.gov.

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

Forward-looking Statements

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

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

Item 1A. Risk Factors

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

The factors described below represent our principal risks. Other factors may exist that we do not consider being significant based on information that is currently available or that we are not currently able to anticipate.

Risks Related to Our Properties, Our Business and the Real Estate Industry

Our results of operations are subject to risks inherent in the student housing industry, including a concentrated lease-up period and seasonal cash flows.

Leases at our off-campus properties typically require 12 monthly rental installments, whereas leases at our residence hall properties typically correspond to the university's academic year and require ten monthly rental installments. As a result, we may experience significantly reduced cash flows during the summer months at our residence hall properties. Furthermore, all of our properties must be entirely re-leased each year during a limited leasing season. We are therefore highly dependent on the effectiveness of our marketing and leasing efforts and personnel during this season, exposing us to significant leasing risk. In addition, we are subject to increased leasing risk on our properties under construction and future acquired properties based on our lack of experience leasing those properties and unfamiliarity with their leasing cycles. If we are unable to lease a substantial portion of our properties, or if the rental rates upon such leasing are significantly lower than expected rates, our cash flow from operations and our ability to make distributions to stockholders and service indebtedness could be adversely affected.

Additionally, prior to the commencement of each new lease period, generally during the first two weeks of August, we prepare the units for new incoming residents. During this period (referred to as "turn"), we incur significant expenses making our units ready for occupancy, which we recognize as incurred. We therefore experience seasonally decreased operating results and cash flows during the third quarter of each year as a result of expenses we incur during turn as well as lower revenue at our residence hall properties.

We rely on our relationships with universities, and changes in university personnel and/or policies could adversely affect our operating results.

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

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

A decrease in enrollment at the Universities at which our properties are located could adversely affect our financial results.

University enrollment can be affected by a number of factors including, but not limited to, the current macroeconomic environment, students' ability to afford tuition and/or the availability of student loans, competition for international students, the impact of visa requirements for international students, higher demand for distance education, and budget constraints that could limit a University's ability to attract and retain students. If a University's enrollment were to significantly decline as a result of these or other factors, our ability to achieve our leasing targets and thus our properties' financial performance could be adversely affected.

We face significant competition from university-owned student housing and from other private student housing communities located within close proximity to universities.

On-campus student housing traditionally has certain inherent advantages over off-campus student housing because of, among other factors, closer physical proximity to the university campus and integration of on-campus facilities into the academic community. Colleges and universities can generally avoid real estate taxes, while we and other private sector owners are subject to full real estate tax rates. Also, colleges and universities may be able to borrow funds at lower interest rates than those available to us and other private sector owners. As a result, universities may be able to offer more convenient and/or less expensive student housing than we can, which may adversely affect our occupancy and rental rates.

We also compete with other national and regional owner-operators of off-campus student housing in a number of markets as well as with smaller local owner-operators. There are a number of purpose-built student housing properties that compete directly with us located near or in the same general vicinity of many of our student housing communities. Such competing student housing communities may be newer than our student housing communities, located closer to campus, charge less rent, possess more attractive amenities, or offer more services, shorter lease terms or more flexible leases. The construction of competing properties or decreases in the general levels of rents for housing at competing properties could adversely affect our rental income.

We have recently seen a number of large new entrants in the student housing business and there may be additional new entrants with substantial financial and marketing resources. The entry of these companies has increased and may continue to increase competition for students and for the acquisition, development and management of other student housing properties.

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

We intend to continue to develop and construct student housing. These activities include a number of risks, which may include the following:

- we may be unable to obtain financing on favorable terms or at all;
- we may not complete development projects on schedule, within budgeted amounts or in conformity with building plans and specifications;
- we may encounter delays or refusals in obtaining all necessary zoning, land use, building, occupancy and other required governmental permits and authorizations;
- occupancy and rental rates at newly developed or renovated properties may fluctuate depending on a number of factors, including market and economic conditions, and may reduce or eliminate our return on investment;
- we may become liable for injuries and accidents occurring during the construction process and for environmental liabilities, including off-site disposal of construction materials;
- we may decide to abandon our development efforts if we determine that continuing the project would not be in our best interests; and
- we may encounter strikes, weather, government regulations and other conditions beyond our control.

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

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

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

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

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

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

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

- our potential inability to acquire a desired property may be caused by competition from other real estate investors;
- competition from other potential acquirers may significantly increase the purchase price and decrease expected yields;
- we may be unable to finance an acquisition on favorable terms or at all;
- we may have to incur significant unexpected capital expenditures to improve or renovate acquired properties;
- we may be unable to quickly and efficiently integrate new acquisitions, particularly acquisitions of portfolios of properties, into our existing operations;
- market conditions may result in higher than expected costs and vacancy rates and lower than expected rental rates; and
- we may acquire properties subject to liabilities but without any recourse, or with only limited recourse, to the sellers, or with liabilities that are unknown to us, such as liabilities for clean-up of undisclosed environmental contamination, claims by tenants, vendors or other persons dealing with the former owners of our properties and claims for indemnification by members, directors, officers and others indemnified by the former owners of our properties.

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

Difficulties of selling real estate could limit our flexibility.

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

Our ownership of properties through ground leases may expose us to the loss of such properties upon the exercise by the lessors of purchase options or the breach or termination of the ground leases.

We have acquired an interest in certain of our properties by acquiring a leasehold interest in the property on which the building is located (or under development), and we may acquire additional properties in the future through the purchase of interests in ground leases. We could lose our interests in a property if the ground lease is terminated, if a purchase option is exercised by the lessor or if we breach the ground lease, which could adversely affect our financial condition or results of operations.

We face risks associated with land holdings.

We hold land for future development and may in the future acquire additional land holdings. The risks inherent in owning or purchasing and developing land increase as demand for student housing, or rental rates, decrease. As a result, we hold certain land and may in the future acquire additional land in our development pipeline at a cost we may not be able to recover fully or on which we cannot build and develop into a profitable student housing project. Also, real estate markets are highly uncertain and, as a result, the value of undeveloped land has fluctuated significantly and may continue to fluctuate as a result of changing market conditions. In addition, carrying costs can be significant and can result in losses or reduced margins in a poorly performing project. If there are subsequent changes in the fair value of our land holdings that we determine is less than the carrying basis of our land holdings reflected in our financial statements plus estimated costs to sell, we may be required to take future impairment charges, which would reduce our net income.

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

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

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

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

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

As of December 31, 2019, we were in the process of constructing three owned properties. These properties are subject to the various risks relating to properties that are under construction referred to elsewhere in these risk factors, including the risks that any such project may experience cost overruns or may not be completed on time. Additionally, if we do not complete the construction of properties on schedule, we may be required to provide alternative housing to the students with whom we have signed leases, which would result in our incurring significant expenses, and may result in students attempting to terminate their leases, which may adversely affect occupancy at such properties for the applicable academic year.

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

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

Tax laws may continue to change at any time, and any such legislative or other actions could have a negative effect on us.

Tax laws remain under constant review by persons involved in the legislative process, at the Internal Revenue Service and the U.S. Department of Treasury, and by various state and local tax authorities. Future changes in tax laws, including to the administrative interpretations thereof or to the enacted tax rates, or new pronouncements relating to accounting for income taxes, could adversely affect us in a number of ways, including making it more difficult or more costly for us to qualify as a REIT.

We are subject to numerous other laws and regulations, changes to which could increase our costs and individually or in the aggregate adversely affect our business.

In addition to tax laws, we are subject to laws and regulations affecting our operations in a number of areas. Changes in these laws and regulations, including, among others, additional healthcare reform, employment law reform such as the enactment of federal overtime exemption regulations, and financial and disclosure reform such as revisions to the Dodd-Frank Act and related SEC rulemaking, or the enactment of new laws or regulations, may increase our costs. Also, compliance with these laws, regulations and similar requirements may be onerous and expensive, and they may be inconsistent from jurisdiction to jurisdiction, which may further increase the cost of compliance and doing business. We cannot predict whether, when, in what forms, or with what effective dates, laws, regulations, and administrative interpretations applicable to us or our stockholders may be changed. Any such change may significantly affect our liquidity and results of operations, as well as the value of our shares.

We may be adversely impacted by new accounting pronouncements.

Accounting policies are fundamental to how we record and report our financial condition and results of operations. From time to time, the Financial Accounting Standards Board ("FASB") and the U.S. Securities and Exchange Commission, entities that create and interpret accounting standards, may issue new accounting pronouncements or change their interpretation and application of these standards that govern the preparation of our financial statements. These changes could have a material impact on our reported financial condition and results of operations, and could also affect the comparability of our financial results to previous periods. In some cases, we could be required to apply a new or revised standard retroactively, resulting in restating prior period financial statements. The adoption of new accounting pronouncements could also affect the calculation of our debt covenants, and we cannot be assured that we will be able to work with our lenders to amend our debt covenants in response to such.

Our collection, processing, storage, use and transmission of personal data could give rise to liabilities as a result of governmental regulation, conflicting legal requirements, differing views on data privacy or security breaches.

We collect, process, store, use and transmit a large volume of personal data, including, for example, to process lease transactions for our residents. Personal data is increasingly subject to legal and regulatory protections, which vary widely in approach and which possibly conflict with one another. In recent years, for example, U.S. legislators and regulatory agencies such as the Federal Trade Commission, as well as U.S. states, have increased their focus on protecting personal data by law and regulation, and have increased enforcement actions for violations of privacy and data protection requirements. The European Commission also has adopted the General Data Protection Regulation (GDPR). These data protection laws and regulations are intended to protect the privacy and security of personal data. Implementation of and compliance with these laws and regulations may be more costly or take longer than we anticipate, or could otherwise adversely affect our business operations, which could negatively impact our financial position or cash flows. Additionally, media coverage of data breaches has escalated, in part because of the increased number of enforcement actions, investigations and lawsuits. As this focus and attention on privacy and data protection increases, we also risk exposure to potential liabilities and costs resulting from the compliance with, or any failure to comply with, applicable legal requirements, conflicts among these legal requirements or differences in approaches to privacy and security of personal data. Our business could be materially adversely affected by our inability, or the inability of our vendors who receive personal data from us, to comply with legal obligations regarding the use of personal data and new data handling requirements that conflict with or negatively impact our business practices.

A cybersecurity incident and other technology disruptions could negatively impact our business, our relationships and our reputation.

We use computers in substantially all aspects of our business operations. We also use mobile devices, social networking and other online activities to connect with our employees, suppliers and residents. Such uses give rise to cybersecurity risks, including security breach, espionage, system disruption, theft and inadvertent release of information. Our business involves the storage and transmission of numerous classes of sensitive and/or confidential information and intellectual property, including residents' and suppliers' personally identifiable information (PII), private information about employees, and financial and strategic information about us. Further, as we pursue our strategy to grow through development and acquisitions and to pursue new initiatives to improve our operations, we are also expanding our information technologies, resulting in a larger technological presence and corresponding exposure to cybersecurity risk. As our reliance on technology has increased, so have the risks posed to our systems, both internal and those we have outsourced to third party service providers. In addition, information security risks have generally increased in recent years due to the rise in new technologies and the increased sophistication and activities of cybercriminals who attempt to compromise our systems. We are periodically subject to these threats and intrusions, and sensitive or material information could be compromised as a result. The costs of any investigation of such incidents, as well as any remediation related to these incidents, may be material. The theft, destruction, loss, misappropriation or release of sensitive and/or confidential information or intellectual property, or interference with our information technology systems or the technology systems of third-parties on which we rely, could result in business disruption, negative publicity, brand damage, violation of privacy laws, loss of residents, potential liability and competitive disadvantage, any of which could result in a material adverse effect on our financial condition or results of operations.

A degradation of a university's reputation due to negative publicity or other events may adversely impact our communities.

It is important that the universities from which our communities draw residents maintain good reputations and are able to attract the desired number of incoming students. Any degradation in a university's reputation could inhibit its ability to attract students and reduce the demand for our communities.

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

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

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

Litigation risks could affect our business.

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

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

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

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

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

Potential losses may not be covered by insurance.

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

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

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

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

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

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

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

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

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

Insurance carriers have reacted to awards or settlements related to lawsuits against owners and managers of residential properties alleging personal injury and property damage caused by the presence of mold in residential real estate by excluding mold related programs designed to minimize the existence of mold in any of our properties as well as guidelines for promptly addressing and resolving reports of mold to minimize any impact mold might have on residents or the property.

Environmental liability at any of our properties, including those related to the existence of mold, may have a material adverse effect on our financial condition, results of operations, cash flow, the trading price of our stock or our ability to satisfy our debt service obligations and pay dividends or distributions to our security holders.

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

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

We may incur significant costs complying with other regulations.

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

The impact of climate change and damage from catastrophic weather and other natural events may adversely affect our financial condition or results of operations.

Certain of our properties are located in areas that have experienced and may in the future experience catastrophic weather and other natural events from time to time, including fires, snow or ice storms, windstorms, tornadoes, hurricanes, earthquakes, flooding or other severe weather. In addition, to the extent that climate change does occur and exacerbates extreme weather and changes in precipitation and temperature, we may experience physical damage or decrease in demand for properties located in these areas or affected by these conditions. These adverse weather or natural events could cause substantial damages or losses to our properties which could exceed our insurance coverage. Should the impacts be material in nature or occur for lengthy periods of time, our financial condition or results of operations may be adversely affected. In addition, changes in federal and state legislation and regulation on climate change could result in increased capital expenditures to improve the energy efficiency of our existing properties and could also require us to spend more on our new development properties without a corresponding increase in revenue.

We are in the process of implementing a new enterprise resource planning ("ERP") system and problems with the design or implementation of this system could interfere with our business and operations.

We are engaged in a multi-year implementation of an ERP system, which includes certain functionality that is being designed internally, and which is in the process of being deployed in phases. The new ERP system replaces multiple current business systems and maintains books and records, records transactions and provides important information related to the operations of our business to our management. The implementation of the new ERP system has required, and will continue to require, the investment of significant personnel and financial resources. While we have invested, and will continue to invest, significant resources in planning and project management, implementation issues may arise during the course of the full deployment of the new ERP system, and it is possible we may experience delays, increased costs and other difficulties not presently contemplated. Any disruptions, delays or deficiencies in the design and implementation of the new ERP system could have a material adverse effect on our financial condition and results of operations.

Risks Associated with Our Indebtedness and Financing

We depend heavily on the availability of debt and equity capital to fund our business.

In order to maintain our qualification as a REIT, we are required under the Internal Revenue Code to distribute annually at least 90% of our REIT taxable income, determined without regard to the deduction for dividends paid and excluding any net capital gain. To the extent that we satisfy this distribution requirement but distribute less than 100% of our net taxable income, including any net capital gains, we will be subject to federal corporate income tax on our undistributed taxable income. In addition, we will be subject to a 4% nondeductible excise tax if the actual amount that we pay out to our stockholders in a calendar year is less than a minimum amount specified under federal tax laws. Because of these distribution requirements, REITs are largely unable to fund capital expenditures, such as acquisitions, renovations, development and property upgrades from operating cash flow. Consequently, we will be largely dependent on the public equity and debt capital markets and private lenders to provide capital to fund our growth and other capital expenditures. We may not be able to obtain this financing on favorable terms or at all. Our access to equity and debt capital depends, in part, on:

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

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

Disruptions in the financial markets could adversely affect our ability to obtain debt financing or to issue equity and impact our acquisitions and dispositions.

Dislocations and liquidity disruptions in capital and credit markets could impact liquidity in the debt markets, resulting in financing terms that are less attractive to us and/or the unavailability of certain types of debt financing. Should the capital and credit markets experience volatility and the availability of funds become limited, or be available only on unattractive terms, we will incur increased costs associated with issuing debt instruments. In addition, it is possible that our ability to access the capital and credit markets may be limited or precluded by these or other factors at a time when we would like, or need, to do so, which would adversely impact our ability to refinance maturing debt and/or react to changing economic and business conditions. Uncertainty in the capital and credit markets could negatively impact our ability to make acquisitions and make it more difficult or not possible for us to sell properties or may adversely affect the price we receive for properties that we do sell, as prospective buyers may experience increased costs of debt financing or difficulties in obtaining debt financing. Potential disruptions in the financial markets could also have other unknown adverse effects on us or the economy generally and may cause the price of our securities to fluctuate significantly and/or to decline.

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

As of December 31, 2019, our total consolidated indebtedness was approximately $3.4 billion (excluding unamortized mortgage debt premiums and discounts and original issue discounts). Our debt service obligations expose us to the risk of default and reduce or eliminate cash resources that are available to operate our business or pay distributions that are necessary to maintain our qualification as a REIT. There is no limit on the amount of indebtedness that we may incur except as provided by the covenants in our corporate-level debt. We may incur additional indebtedness to fund future property development, acquisitions and other working capital needs, which may include the payment of distributions to our security holders. The amount available to us and our ability to borrow from time to time under our corporate-level debt is subject to certain conditions and the satisfaction of specified financial and other covenants. If the income generated by our properties and other assets fails to cover our debt service, we would be forced to reduce or eliminate distributions to our stockholders and may experience losses.

In addition, the indenture governing our outstanding senior unsecured notes contains financial and operating covenants that among other things, restrict our ability to take specific actions, even if we believe them to be in our best interest, including restrictions on our ability to consummate a merger, consolidation or sale of all or substantially all of our assets and incur secured and unsecured indebtedness.

Our level of debt and the operating limitations imposed on us by our debt agreements could have significant adverse consequences, including the following:

- we may default on our scheduled principal payments or other obligations as a result of insufficient cash flow or otherwise;
- with respect to debt secured by our properties, the lenders or mortgagees may foreclose on such properties and receive an assignment of rents and leases, and foreclosures could create taxable income without accompanying cash proceeds, a circumstance that could hinder our ability to meet the REIT distribution requirements imposed by the Internal Revenue Code; and

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

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

We are subject to the risk that our indebtedness will not be able to be renewed, repaid or refinanced when due or that the terms of any renewal or refinancing will not be as favorable as the existing terms of such indebtedness. If we were unable to refinance our indebtedness on acceptable terms, or at all, we might be forced to dispose of one or more of our properties on disadvantageous terms, which might result in losses to us. In addition, if a property is mortgaged to secure payment of indebtedness and income from such property is insufficient to pay that indebtedness, the property could be foreclosed upon by the mortgagee resulting in a loss of income and a decline in our total asset value. If any of the foregoing occurs, such losses could have a material adverse effect on us and our ability to make distributions to our equity holders and pay amounts due on our debt.

We may be adversely affected by changes in LIBOR reporting practices or the method in which LIBOR is determined.

As of December 31, 2019, we had outstanding approximately $761.6 million of fixed and variable rate debt that was indexed to the London Interbank Offered Rate ("LIBOR"). It is unclear whether LIBOR will continue to be calculated or published as a reference rate/benchmark after 2021. To address the potential for LIBOR's cessation, the Federal Reserve Board and the Federal Reserve Bank of New York (FRBNY), in coordination with multiple other regulators and large industry participants, convened the Alternative Reference Rates Committee ("ARRC"). The ARRC has identified the Secured Overnight Financing Rate (SOFR) as the preferred successor rate for LIBOR. We are closely monitoring the progress of the phase-out of LIBOR and incorporating relatively standardized fallback language into our LIBOR-indexed debt documents for transitioning to an alternative index (which is defined to be the index that becomes generally used by lenders and other market participants) and a spread adjustment mechanism to prevent lenders from receiving a lower rate upon transition, but not all of our documents have such provisions and there is significant uncertainty with respect to how the phase-out will be implemented and what alternative index will be adopted, which will ultimately be determined by the market as a whole. It therefore remains uncertain how such changes will be implemented and the effects such changes would have on us and the financial markets generally, and these changes may have a material adverse impact on the availability of financing and on our financing costs.

Rising interest rates could both increase our borrowing costs, thereby adversely affecting our cash flows and the amounts available for distributions to our stockholders, and decrease our share price, if investors seek higher yields through other investments.

We have an unsecured revolving credit facility and a term loan that bear interest at a variable rate on all amounts borrowed and we may incur additional variable rate debt in the future. Increases in interest rates on variable rate debt would increase our interest expense and the cost of refinancing existing debt and incurring new debt, unless we make arrangements that hedge the risk of rising interest rates, which would adversely affect net income and cash available for payment of our debt obligations and distributions to equity holders.

An environment of rising interest rates could also lead holders of our securities to seek higher yields through other investments, which could adversely affect the market price of our stock. One of the factors which may influence the price of our stock in public markets is the annual distribution rate we pay as compared with the yields on alternative investments.

Failure to maintain our current credit ratings could adversely affect our cost of funds, liquidity and access to capital markets.

Moody's and Standard & Poor's, the major debt rating agencies, have evaluated our debt and have given us ratings of Baa2 and BBB, respectively. These ratings are based on a number of factors, which include their assessment of our financial strength, liquidity, capital structure, asset quality and sustainability of cash flow and earnings. Due to changes in market conditions, we may not be able to maintain our current credit ratings, which will adversely affect the cost of funds under our credit facilities, and could also adversely affect our liquidity and access to capital markets.

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

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

Potential reforms to Fannie Mae and Freddie Mac could adversely affect our performance.

There is significant uncertainty surrounding the futures of Fannie Mae and Freddie Mac. Through their lender originator networks, Fannie Mae and Freddie Mac are significant lenders both to us and to buyers of our properties. Fannie Mae and Freddie Mac have a mandate to support multifamily housing through their financing activities and any changes to their mandates, further reductions in their size or the scale of their activities, or loss of their key personnel could have a significant adverse impact on us and may, among other things, lead to lower values for our assets and higher interest rates on our borrowings. Fannie Mae's and Freddie Mac's regulator has set overall volume limits on most of Fannie Mae's and Freddie Mac's lending activities. The regulator in the future could require Fannie Mae and Freddie Mac to focus more of their lending activities on small borrowers or properties the regulator deems affordable, which may or may not include our assets, which could also adversely impact us. In addition, during 2019, the Trump administration released a formal plan to overhaul the housing finance system and begin the process of removing Fannie Mae and Freddie Mac from government conservatorship, and there is uncertainty regarding the impact of these actions on us and buyers of our properties.

Risks Related to Our Organization and Structure

Our stock price will fluctuate.

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

- operating results that vary from the expectations of securities analysts and investors;
- investor interest in our property portfolio;
- the reputation and performance of REITs;
- the attractiveness of REITs as compared to other investment vehicles;
- our financial condition and the results of our operations;
- the perception of our growth and earnings potential;
- dividend payment rates and the form of the payment;
- increases in market rates, which may lead purchasers of our common stock to demand a higher yield; and
- changes in financial markets and national economic and general market conditions.

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

To qualify as a REIT, no more than 20% of the value of our total assets may consist of the securities of one or more taxable REIT subsidiaries, or TRSs. Certain of our activities, such as our third-party development, management and leasing services, must be conducted through a TRS for us to qualify as a REIT. In addition, certain non-customary services must be provided by a TRS or an independent contractor. If the revenues from such activities create a risk that the value of our TRS entities, based on revenues or otherwise, approaches the 20% threshold, we will be forced to curtail such activities or take other steps to remain under the 20% threshold. Since the threshold is based on value, it is possible that the IRS could successfully contend that the value of our TRS entities exceeds the threshold even if the TRS accounts for less than 20% of our consolidated revenues, income or cash flow. Five of our six on-campus participating properties and our third-party services are held by a TRS. Consequently, income earned from five of our six on-campus participating properties and our third-party services will be subject to regular federal income taxation and state and local income taxation where applicable, thus reducing the amount of cash available for distribution to our security holders. Our TRS entities' income tax returns are subject to examination by federal, state and local tax jurisdictions, and the methodology used in determining taxable income or loss for those subsidiaries is therefore subject to challenge in any such examination.

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

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

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

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

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

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

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

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

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

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

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

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

- the REIT ownership limit described above;
- authorization of the issuance of our preferred shares with powers, preferences or rights to be determined by our board of directors;
- the right of our board of directors, without a stockholder vote, to increase our authorized shares and classify or reclassify unissued shares;
- advance-notice requirements for stockholder nomination of directors and for other proposals to be presented to stockholder meetings; and
- the requirement that a majority vote of the holders of common stock is needed to remove a member of our board of directors for "cause."

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

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

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

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

Item 1B. Unresolved Staff Comments

There were no unresolved comments from the staff of the SEC at December 31, 2019.

Item 2. Properties

The following table presents certain summary information about our properties. Our properties generally are modern facilities, and amenities at most of our properties include a swimming pool and a large community center featuring a fitness center, computer center, study areas, and a recreation room with billiards and other games. Some properties also have a jacuzzi/hot tub, volleyball courts, tennis courts, in-unit washers and dryers, and food service facilities. Leases at our off-campus properties typically require 12 rental installments. Leases at our residence hall properties typically correspond to the university's academic year and require nine or ten rental installments.

These properties are included in the Owned Properties and On-Campus Participating Properties segments discussed in Item 1 and Note 16 in the accompanying Notes to Consolidated Financial Statements contained in Item 8. We own fee title to all of these properties except for properties subject to ground/facility leases and our on-campus participating properties, as discussed more fully in Note 14 in the accompanying Notes to Consolidated Financial Statements contained in Item 8. All dollar amounts in this table and others herein, except share and per share amounts, are stated in thousands unless otherwise indicated.

Property [1]	Year Built [2]	Date Acquired/ Developed	Primary University Served	Typical Number of Rental Payments/ Year	Year Ended December 31, 2019 Revenue [3]	Average Monthly Base Rental Revenue/ Bed [4]	# of Units	# of Beds
OWNED PROPERTIES								
Same Store Owned Properties: [5]								
The Callaway House - College Station	1999	Mar-01	Texas A&M University	9	$ 9,092 [6]	$ 1,576 [6]	173	538
The Village at Science Drive	2000	Nov-01	The University of Central Florida	12	6,625	730	192	732
University Village at Boulder Creek	2002	Aug-02	The University of Colorado at Boulder	12	4,102	1,075	82	309
University Village - Fresno	2004	Aug-04	California State University - Fresno	12	2,941	568	105	406
University Village - Temple	2004	Aug-04	Temple University	12	6,592	718	220	749
University Club Apartments	1999	Feb-05	University of Florida	12	2,549	547	94	376
City Parc at Fry Street	2004	Mar-05	University of North Texas	12	3,503	692	136	418
Entrada Real	2000	Mar-05	University of Arizona	12	2,390	578	98	363
University Village at Sweethome	2005	Aug-05	State University of New York at Buffalo	12	7,178	707	269	828
University Village - Tallahassee	1991	Mar-06	Florida State University	12	4,482	541	217	716
Royal Village - Gainesville	1996	Mar-06	University of Florida	12	3,693	663	118	448
Royal Lexington	1994	Mar-06	The University of Kentucky	12	2,496	567	94	364
Raiders Pass	2001	Mar-06	Texas Tech University	12	4,041	417	264	828
Aggie Station	2003	Mar-06	Texas A&M University	12	2,927	535	156	450
The Outpost - San Antonio	2005	Mar-06	University of Texas – San Antonio	12	6,250	630	276	828
Callaway Villas	2006	Aug-06	Texas A&M University	12	4,505	547	236	704
The Village on Sixth Avenue	1999	Jan-07	Marshall University	12	3,504	459	248	752
Newtown Crossing	2005	Feb-07	University of Kentucky	12	7,221	632	356	942
Olde Towne University Square	2005	Feb-07	University of Toledo	12	3,837	598	224	550
Peninsular Place	2005	Feb-07	Eastern Michigan University	12	3,341	565	183	478
University Centre	2007	Aug-07	Rutgers University, NJIT	12	7,789	865	234	838
The Summit & Jacob Heights	2004	Jun-08	Minnesota State University	12	5,210	455	258	930
GrandMarc Seven Corners	2000	Jun-08	University of Minnesota	12	4,819	657	186	440
Aztec Corner	2001	Jun-08	San Diego State University	12	5,890	775	180	606
The Tower at Third	1973	Jun-08	University of Illinois	12	3,414	732	188	375
Willowtree Apartments and Tower	1970	Jun-08	University of Michigan	12	6,894	659	473	851

Property [1]	Year Built [2]	Date Acquired/ Developed	Primary University Served	Typical Number of Rental Payments/ Year	Year Ended December 31, 2019 Revenue [3]	Average Monthly Base Rental Revenue/ Bed [4]	# of Units	# of Beds
University Pointe	2004	Jun-08	Texas Tech University	12	$ 4,152	$ 508	204	682
University Trails	2003	Jun-08	Texas Tech University	12	4,213	503	240	684
Campus Trails	1991	Jun-08	Mississippi State University	12	2,336	431	156	480
University Crossings (ACE)	2003	Jun-08	Drexel University	12	12,281	897	260	1,016
Vista del Sol (ACE)	2008	Aug-08	Arizona State University	12	19,651	793	613	1,866
Villas at Chestnut Ridge	2008	Aug-08	State Univ. of New York at Buffalo	12	5,371	790	196	552
Barrett Honors College (ACE)	2009	Aug-09	Arizona State University	10	15,788	982	604	1,721
Sanctuary Lofts	2006	Jul-10	Texas State University	12	4,628	731	201	487
The Edge - Charlotte	1999	Nov-10	UNC - Charlotte	12	5,112	605	180	720
University Walk	2002	Nov-10	UNC - Charlotte	12	3,540	607	120	480
Uptown	2004	Nov-10	University of North Texas	12	4,288	681	180	528
2nd Avenue Centre	2008	Dec-10	University of Florida	12	8,122	751	274	868
Villas at Babcock	2011	Aug-11	University of Texas – San Antonio	12	5,462	575	204	792
Lobo Village (ACE)	2011	Aug-11	University of New Mexico	12	6,042	567	216	864
Villas on Sycamore	2011	Aug-11	Sam Houston State University	12	5,001	568	170	680
26 West	2008	Dec-11	University of Texas at Austin	12	14,182	1,033	367	1,026
The Varsity	2011	Dec-11	University of Maryland	12	12,554	998	258	901
Avalon Heights	2002	May-12	University of South Florida in Tampa	12	6,620	709	210	754
University Commons	2003	Jun-12	Univ. of Minnesota in Minneapolis	12	4,500	607	164	480
Casas del Rio (ACE)	2012	Aug-12	University of New Mexico	10	4,608	573	283	1,028
The Suites (ACE)	2013	Aug-12	Northern Arizona University	10	6,376	768	439	878
Hilltop Townhomes (ACE)	2012	Aug-12	Northern Arizona University	12	5,431	749	144	576
U Club on Frey	2013	Aug-12	Kennesaw State University	12	7,600	728	216	864
Campus Edge on UTA Boulevard	2012	Aug-12	University of Texas - Arlington	12	3,602	623	128	488
U Club Townhomes on Marion Pugh	2012	Aug-12	Texas A&M University	12	4,218	562	160	640
Villas on Rensch	2012	Aug-12	State Univ. of New York at Buffalo	12	5,933	797	153	610
The Village at Overton Park	2012	Aug-12	Texas Tech University	12	3,891	524	163	612
Casa de Oro (ACE)	2012	Aug-12	Arizona State University	10	2,432	745	109	365
The Villas at Vista del Sol (ACE)	2012	Aug-12	Arizona State University	12	4,180	857	104	400
The Block	2008	Aug-12	The University of Texas at Austin	12	19,176	975	669	1,555
University Pointe at College Station (ACE)	2012	Sep-12	Portland State University	12	8,484	733	282	978
309 Green	2008	Sep-12	University of Illinois	12	4,001	777	110	416
The Retreat	2012	Sep-12	Texas State University	12	6,608	669	187	780
Lofts54	2008	Sep-12	University of Illinois	12	1,519	658	43	172
Campustown Rentals	1982	Sep-12	University of Illinois	12	3,566	442	264	746
Chauncey Square	2011	Sep-12	Purdue University	12	4,631	935	158	386
Texan & Vintage	2008	Sep-12	The University of Texas at Austin	12	3,993	981	124	311
The Castilian	1967	Sep-12	The University of Texas at Austin	10	8,895 [6]	1,571 [6]	371	623
Bishops Square	2002	Sep-12	Texas State University	12	2,642	657	134	315
Union	2006	Sep-12	Baylor University	12	753	594	54	120

Property [1]	Year Built [2]	Date Acquired/ Developed	Primary University Served	Typical Number of Rental Payments/ Year	Year Ended December 31, 2019 Revenue [3]	Average Monthly Base Rental Revenue/ Bed [4]	# of Units	# of Beds
922 Place	2009	Sep-12	Arizona State University	12	$ 4,969	$ 805	132	468
Campustown	1997	Sep-12	Iowa State University	12	9,021	569	452	1,217
River Mill	1972	Sep-12	University of Georgia	12	3,514	630	243	461
The Province - Greensboro	2011	Nov-12	UNC - Greensboro	12	5,313	638	219	696
RAMZ Apartments on Broad	2004	Nov-12	Virginia Commonwealth University	12	2,138	784	88	172
The Lofts at Capital Garage	2000	Nov-12	Virginia Commonwealth University	12	920	515	36	144
25Twenty	2011	Nov-12	Texas Tech University	12	4,065	634	249	562
The Province - Louisville	2009	Nov-12	University of Louisville	12	6,685	632	366	858
The Province - Rochester	2010	Nov-12	Rochester Institute of Technology	12	7,863	795	336	816
5 Twenty Four and 5 Twenty Five Angliana	2010	Nov-12	University of Kentucky	12	7,245	565	376	1,060
The Province - Tampa	2009	Nov-12	University of South Florida	12	8,276	695	287	947
U Pointe Kennesaw	2012	Nov-12	Kennesaw State University	12	6,556	700	216	795
The Cottages of Durham	2012	Nov-12	University of New Hampshire	12	6,434	876	141	619
University Edge	2012	Dec-12	Kent State University	12	5,181	723	201	608
The Lodges of East Lansing	2012	Jul-13	Michigan State University	12	9,491	775	364	1,049
7th Street Station	2012	Jul-13	Oregon State University	12	2,960	757	82	309
The Callaway House - Austin	2013	Aug-13	The University of Texas at Austin	10	16,829 [6]	2,250 [6]	219	753
Manzanita Hall (ACE)	2013	Aug-13	Arizona State University	10	6,712	905	241	816
University View (ACE)	2013	Aug-13	Prairie View A&M University	10	2,418	742	96	336
U Club Townhomes at Overton Park	2013	Aug-13	Texas Tech University	12	2,975	546	112	448
601 Copeland	2013	Aug-13	Florida State University	12	2,827	801	81	283
The Townhomes at Newtown Crossing	2013	Aug-13	University of Kentucky	12	4,534	628	152	608
Chestnut Square (ACE)	2013	Sep-13	Drexel University	12	11,626	1,055	220	861
Park Point - Rochester	2008	Oct-13	Rochester Institute of Technology	12	9,706	777	300	924
U Centre at Fry Street	2012	Nov-13	University of North Texas	12	6,133	771	194	614
Cardinal Towne	2010	Nov-13	University of Louisville	12	5,005	638	255	545
Merwick Stanworth (ACE)	2014	Jul-14	Princeton University	12	7,794	1,166	325	595
Plaza on University	2014	Aug-14	University of Central Florida	12	15,259	798	364	1,313
U Centre at Northgate (ACE)	2014	Aug-14	Texas A&M University	12	6,072	630	196	784
University Walk	2014	Aug-14	University of Tennessee	12	4,344	685	177	526
U Club on Woodward	2014	Aug-14	Florida State University	12	8,382	734	236	944
Park Point - Syracuse	2010	Feb-15	Syracuse University	12	3,316	1,239	66	226
1200 West Marshall	2013	Mar-15	Virginia Commonwealth University	12	4,278	848	136	406
8 1/2 Canal Street	2011	Mar-15	Virginia Commonwealth University	12	5,093	762	160	540
Vistas San Marcos	2013	Mar-15	Texas State University	12	5,989	766	255	600
Crest at Pearl	2014	Jun-15	University of Texas at Austin	12	4,829	1,057	141	343
U Club Binghamton	2005	Jun-15	SUNY Binghamton University	12	12,394	803	326	1,272
Stadium Centre	2014	Jul-15	Florida State University	12	9,669	814	447	970
160 Ross	2015	Aug-15	Auburn University	12	5,777	751	182	642
The Summit at University City (ACE)	2015	Sep-15	Drexel University	12	17,262	1,023	351	1,315

Property [1]	Year Built [2]	Date Acquired/ Developed	Primary University Served	Typical Number of Rental Payments/ Year	Year Ended December 31, 2019 Revenue [3]	Average Monthly Base Rental Revenue/ Bed [4]	# of Units	# of Beds
2125 Franklin	2015	Sep-15	University of Oregon	12	$ 6,843	$ 738	192	734
University Crossings - Charlotte	2014	Aug-16	University of North Carolina - Charlotte	12	4,662	683	187	546
U Club on 28th	2016	Aug-16	University of Colorado	12	5,694	1,144	100	398
Currie Hall (ACE)	2016	Aug-16	University of Southern California	12	6,618	1,186	178	456
University Pointe (ACE)	2016	Aug-16	University of Louisville	12	3,929	610	134	531
Fairview House (ACE)	2016	Aug-16	Butler University	10	5,023	878	107	633
U Club Sunnyside	2016	Aug-16	West Virginia University	12	4,425	640	134	534
U Point	2016	Oct-16	Syracuse University	12	1,643	863	54	163
The Arlie	2016	Apr-17	University of Texas Arlington	12	4,731	661	169	598
TWELVE at U District	2014	Jun-17	University of Washington	12	8,770	1,412	283	384
The 515	2015	Aug-17	University of Oregon	12	5,063	866	183	513
State	2013	Aug-17	Colorado State University	12	5,976	690	220	665
The James	2017	Sep-17	University of Wisconsin - Madison	12	10,695	917	366	850
Bridges @ 11th	2015	Oct-17	University of Washington	12	5,062	1,803	184	258
Hub U District Seattle	2017	Nov-17	University of Washington	12	4,575	1,316	111	248
Tooker House (ACE)	2017	Aug-17	Arizona State University	10	13,467	924	429	1,594
SkyView (ACE)	2017	Aug-17	Northern Arizona University	12	5,993	751	163	626
University Square (ACE)	2017	Aug-17	Prairie View A&M University	10	3,428	774	143	466
U Centre on Turner	2017	Aug-17	University of Missouri	12	7,462	797	182	718
U Pointe on Speight	2017	Aug-17	Baylor University	12	4,442	526	180	700
21Hundred at Overton Park	2017	Aug-17	Texas Tech University	12	7,060	509	296	1,204
The Suites at Third	2017	Aug-17	University of Illinois	12	2,420	759	63	251
Callaway House Apartments	2017	Aug-17	University of Oklahoma	12	7,812	667	386	915
U Centre on College	2017	Aug-17	Clemson University	12	4,166	775	127	418
Subtotal - Same Store Owned Properties					**$ 791,480**	**$ 757**	**27,963**	**86,111**
New Owned Properties:								
2018 and 2019 Completed Development Projects:								
David Blackwell Hall (ACE)	2018	Aug-18	University of California, Berkeley	10	$ 10,807	$ 1,484	412	780
Gladding Residence Center (ACE)	2018	Aug-18	Virginia Commonwealth University	10	11,247	778	592	1,524
Irvington House (ACE)	2018	Aug-18	Butler University	10	4,615	775	197	648
The Edge - Stadium Centre	2018	Aug-18	Florida State University	12	3,942	757	111	413
Greek Leadership Village (ACE)	2018	Aug-18	Arizona State University	10	7,820	892	498	957
NAU Honors College (ACE)	2018	Aug-18	Northern Arizona University	10	4,390	722	318	636
U Club Townhomes at Oxford	2018	Aug-18	University of Mississippi	12	2,708	446	132	528
Hub Ann Arbor	2018	Aug-18	University of Michigan	12	4,994	1,319	124	310
Hub Flagstaff	2018	Aug-18	Northern Arizona University	12	5,790	832	198	591
Campus Edge on Pierce	2018	Aug-18	Purdue University	12	6,283	959	289	598
191 College	2019	Jul-19	Auburn University	12	2,035	840	127	495
LightView (ACE)	2019	Aug-19	Northeastern University	12	5,220	1,446	214	825

Property [1]	Year Built [2]	Date Acquired/ Developed	Primary University Served	Typical Number of Rental Payments/ Year	Year Ended December 31, 2019 Revenue [3]	Average Monthly Base Rental Revenue/ Bed [4]	# of Units	# of Beds
University of Arizona Honors College (ACE)	2019	Aug-19	University of Arizona	10	$ 4,709	$ 979	319	1,056
The Flex - Stadium Centre	2019	Aug-19	Florida State University	12	1,298	773	78	340
959 Franklin	2019	Sep-19	University of Oregon	12	1,556	955	230	443
Projects Under Development								
Disney College Program Phases I-X (ACE) [7]	2020-23	Multiple	Walt Disney World® Resort	Various	—	n/a	2,614	10,440
Currie Hall Phase II (ACE)	2020	Aug-20	University of Southern California	12	—	n/a	95	272
Holloway Residences (ACE)	2020	Aug-20	San Francisco State University	12	—	n/a	169	584
Subtotal – New Owned Properties					**$ 77,414**	**$ 907**	**6,717**	**21,440**
TOTAL – OWNED PROPERTIES					**$ 868,894** [8]	**$ 768**	**34,680**	**107,551**
ON-CAMPUS PARTICIPATING PROPERTIES								
University Village & University Village Northwest at Prairie View [9]	1998	Aug-98	Prairie View A&M University	9	$ 13,260	$ 650	648	2,064
University Village at Laredo	1997	Aug-97	Texas A&M International University	9	1,665	719	84	250
University College at Prairie View	2001	Aug-00	Prairie View A&M University	9	9,159	645	756	1,470
Cullen Oaks	2003	Aug-01	The University of Houston	9	7,876	951	411	879
College Park	2014	Aug-14	West Virginia University	12	4,386	669	224	567
TOTAL - ON-CAMPUS PARTICIPATING PROPERTIES					**$ 36,346**	**$ 705**	**2,123**	**5,230**
GRAND TOTAL- ALL PROPERTIES					**$ 905,240**	**$ 766**	**36,803**	**112,781**

(1) A number of our properties consist of two or more phases that are counted separately in the property portfolio numbers disclosed in Item 7 and Note 1 in the accompanying Notes to Consolidated Financial Statements contained in Item 8.

(2) For properties with multiple phases, the year built represents the weighted average year based on the number of beds delivered each year.

(3) Includes base rental revenue and other income, which includes, but is not limited to, utility income, damages, parking income, summer conference rent, application fees, income from retail tenants, etc. Other income also includes the provision for uncollectible accounts, which was reclassified from expenses to revenue as part of the adoption of the new lease accounting guidance on January 1, 2019.

(4) Average monthly rental revenue per bed is calculated based upon our base rental revenue earned during the year ended December 31, 2019 divided by average monthly occupied beds over the lease term.

(5) Our same store owned portfolio represents properties that were owned and operated by us for the full years ended December 31, 2018 and 2019, which are not conducting or planning to conduct substantial development, redevelopment or repositioning activities, and are not classified as held for sale as of December 31, 2019.

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

(7) Consists of ten phases that are counted as one property in the property portfolio numbers contained in Note 1 in the accompanying Notes to Consolidated Financial Statements contained in Item 8 and will be delivered from 2020 to 2023.

(8) Excludes revenues from properties disposed of during the year ended December 31, 2019 and revenues from two land parcels with non-student housing structures that were acquired by the Company with the intention of ultimately demolishing them in order to build student housing projects. These projects are currently in predevelopment and generated revenues of approximately $0.9 million during the year ended December 31, 2019.

(9) Consists of two properties, one of which was converted to the on-campus participating property ("OCPP") structure in January 2019, that are counted separately in the property portfolio numbers disclosed in Note 1.

Occupancy information for our property portfolio for the year ended and as of December 31, 2019 is set forth below:

	2019 Average Occupancy [1]	Occupancy as of December 31, 2019
OWNED PROPERTIES		
Same-store Properties [2]	94.0%	97.0%
New Properties	83.6%	97.0%
TOTAL – OWNED PROPERTIES	**93.1%**	**97.0%**
ON-CAMPUS PARTICIPATING PROPERTIES	**76.3%**	**98.3%**

(1) Average occupancy is calculated based on the average number of occupied beds for the year ended December 31, 2019 divided by total beds. For properties with typical lease terms shorter than 12 months, average occupancy includes the impact of significantly low occupancy during the summer months. Average occupancy for acquired properties and properties which commenced operations during 2019 is calculated based on the period these properties were owned by us and/or operational during 2019.

(2) Our same store owned portfolio represents properties that were owned and operated by us for the full years ended December 31, 2018 and 2019, which are not conducting or planning to conduct substantial development, redevelopment or repositioning activities, and are not classified as held for sale as of December 31, 2019.

Item 3. Legal Proceedings

We are subject to various claims, lawsuits, and legal proceedings that have not been fully resolved and that have arisen in the ordinary course of business. While it is not possible to ascertain the ultimate outcome of such matters, management believes that the aggregate amount of such liabilities, if any, in excess of amounts provided or covered by insurance, will not have a material adverse effect on our consolidated financial position or results of operations. However, the outcome of claims, lawsuits, and legal proceedings brought against us are subject to significant uncertainty. Therefore, although management considers the likelihood of such an outcome to be remote, the ultimate results of these matters cannot be predicted with certainty.

Item 4. Mine Safety Disclosures

Not applicable.

PART II

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

The Company's common stock is listed on the New York Stock Exchange ("NYSE") under the symbol "ACC." As of February 21, 2020, there were approximately 154 holders of record, 52,230 beneficial owners of the Company's common stock and 137,404,752 shares of common stock outstanding. The number of holders does not include individuals or entities who beneficially own shares that are held by a broker or clearing agency, but does include each such broker or clearing agency as one record holder.

We intend to continue to declare quarterly distributions on our common stock. The actual amount, timing and form of payment of distributions, however, will be at the discretion of our Board of Directors and will depend upon our financial condition in addition to the requirements of the Code, and no assurance can be given as to the amounts, timing or form of payment of future distributions.

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

Item 6. Selected Financial Data

The following table sets forth selected financial and operating data on a consolidated historical basis for the Company. The following data should be read in conjunction with the Notes to Consolidated Financial Statements in Item 8 and Management's Discussion and Analysis of Financial Condition and Results of Operations included in Item 7.

	As of and for the year ended December 31,				
	2019	2018	2017	2016	2015
Statements of Comprehensive Income Information					
Owned property revenue [(1)] [(2)]	$ 880,709	$ 829,119	$ 741,909	$ 738,598	$ 708,018
Owned property operating expenses [(2)]	390,664	373,521	332,429	337,296	331,836
On-campus participating property revenue [(2)]	36,346	34,596	33,945	33,433	31,586
On-campus participating property operating expenses [(2)]	15,028	14,602	14,384	13,447	12,437
Third-party development and management services revenues	25,987	17,095	20,593	14,330	13,777
Third-party development and management services expenses	19,915	15,459	15,225	14,533	14,346
Total other operating expenses [(3)]	337,545	264,633	292,503	226,745	185,159
Net income	86,762	119,124	70,121	100,623	118,061
Net income attributable to noncontrolling interests	(1,793)	(2,029)	(1,083)	(1,562)	(2,070)
Net income attributable to ACC, Inc. and Subsidiaries common stockholders	84,969	117,095	69,038	99,061	115,991
Per Share and Distribution Data					
Earnings per share:					
Net income - basic	0.61	0.84	0.50	0.76	1.03
Net income - diluted	0.60	0.84	0.50	0.75	1.02
Cash distributions declared per common share / unit	1.87	1.82	1.74	1.66	1.58
Cash distributions declared	258,620	250,521	236,545	218,697	178,506
Balance Sheet Data					
Total assets	$ 7,559,754	$ 7,038,846	$ 6,897,370	$ 5,865,913	$ 6,006,248
Secured mortgage, construction and bond debt	787,426	853,084	664,020	688,195	1,094,962
Term loans and revolving credit facility	624,821	586,069	774,644	248,365	666,619
Unsecured notes	1,985,603	1,588,446	1,585,855	1,188,737	1,186,700
Stockholders' equity	3,294,676	3,481,051	3,484,985	3,444,985	2,770,196
Other Data					
Cash flows provided by (used in)					
Operating activities	$ 370,379	$ 376,621	$ 318,677	$ 306,057	$ 259,330
Investing activities	(416,140)	(335,812)	(977,772)	(38,465)	(236,138)
Financing activities	20,592	936	676,910	(270,969)	(29,857)
Funds from operations ("FFO") [(4)]	350,292	329,436	317,358	292,597	271,381
Funds from operations - modified ("FFOM") [(4)]	336,172	319,837	317,886	297,694	269,259
Property Data					
Owned properties	167	170	169	154	162
Beds	112,781	109,074	104,049	95,193	99,388
Total owned properties occupancy at December 31,	97.0%	97.2%	95.7%	97.2%	97.3%

(1) Includes revenues that are reflected as resident services revenue on the accompanying Consolidated Statements of Comprehensive Income in Item 8.

(2) As discussed in Note 2 contained in Item 8 herein, a prospective adjustment reclassifying the provision for uncollectible accounts from operating expenses to revenue was made starting on January 1, 2019, in connection with the adoption of ASC 842 - Leases.

(3) Includes general and administrative expenses, depreciation and amortization expense, ground and facility lease expense, provision for impairment, other operating income, and gains and losses from disposition of real estate.

(4) Management considers Funds from Operations ("FFO") and Funds from Operations - Modified ("FFOM") to be appropriate measures of the financial performance of an equity REIT. See "Funds from Operations and Adjusted FFO" in Item 7 "Management's Discussion and Analysis of Financial Condition and Results of Operations" for reconciliations of net income attributable to common shareholders to FFO and FFOM.

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

Our Company and Our Business

Overview

We are the one of the largest owners, managers, and developers of high quality student housing properties in the United States. We are a fully integrated, self-managed, and self-administered equity REIT with expertise in the acquisition, design, financing, development, construction management, leasing, and management of student housing properties. Refer to Item 1 contained herein for additional information regarding our business objectives, investment strategies, and operating segments.

Property Portfolio

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

Below is a summary of our property portfolio as of December 31, 2019:

Property portfolio:	**Properties**	**Beds**
Owned operating properties		
Off-campus properties	127	71,124
On-campus ACE (1) (2)	31	25,131
Subtotal – operating properties	158	96,255
Owned properties under development		
On-campus ACE (2)	3	11,296
Subtotal – properties under development	3	11,296
Total owned properties	**161**	**107,551**
On-campus participating properties	6	5,230
Total owned property portfolio	**167**	**112,781**
Managed properties	36	26,497
Total property portfolio	**203**	**139,278**

(1) Includes two properties at Prairie View A&M University that we expect to be converted to the on-campus participating property ("OCCP") structure.

(2) Includes 33 properties operated under ground/facility leases with 16 university systems and one property operated under a ground/facility lease with Walt Disney World® Resort.

Leasing Results

Our financial results for the year ended December 31, 2019 are impacted by the results of our annual leasing process for the 2018/2019 and 2019/2020 academic years. As of September 30, 2018, the beginning of the 2018/2019 academic year, occupancy at our 2019 same store properties was 97.0% with a rental rate increase of 2.0% compared to the prior academic year, and occupancy at our total owned property portfolio was also 97.0%. As of September 30, 2019, the beginning of the 2019/2020 academic year, occupancy at our 2020 same store properties was 97.4% with a rental rate increase of 1.4% compared to the prior academic year, and occupancy at our total owned property portfolio (including 2019 development deliveries) was also 97.4%.

Development

Owned Development Projects Recently Completed:

During the year ended December 31, 2019, the final stages of construction were completed on two on-campus ACE properties and one owned off-campus property. These properties are summarized in the following table:

Project	Location	Primary University Served	Project Type	Beds	Total Project Cost	Opened for Occupancy
191 College	Auburn, AL	Auburn University	Off-campus	495	$ 61,900	August 2019
LightView	Boston, MA	Northeastern University	ACE	825	150,700	August 2019
University of Arizona Honors College	Tucson, AZ	University of Arizona	ACE	1,056	84,500	August 2019
			TOTAL – 2019 DELIVERIES	**2,376**	**$ 297,100**	

Owned Development Projects Under Construction:

At December 31, 2019, we were in the process of constructing three ACE properties. These properties are summarized in the table below:

Project	Location	Primary University Served	Project Type	Beds	Estimated Project Cost	Total Costs Incurred	Scheduled Completion
Disney College Program Phases I-II (1)	Orlando, FL	Walt Disney World® Resort	ACE	1,627	$ 108,500	$ 81,517	May & Aug 2020
Currie Hall Phase II	Los Angeles, CA	Univ. of Southern California	ACE	272	42,000	22,837	August 2020
Holloway Residences	San Francisco, CA	San Francisco State Univ.	ACE	584	129,200	89,983	August 2020
		SUBTOTAL - 2020 DELIVERIES		**2,483**	**$ 279,700**	**$ 194,337**	
Disney College Program Phases III-V (1)	Orlando, FL	Walt Disney World® Resort	ACE	3,369	$ 190,400	$ 102,366	Jan, May & Aug 2021
		SUBTOTAL - 2021 DELIVERIES		**3,369**	**$ 190,400**	**$ 102,366**	
Disney College Program Phases VI - VIII (1)	Orlando, FL	Walt Disney World® Resort	ACE	3,235	$ 193,000	$ 27,448	Jan, May & Aug 2022
		SUBTOTAL - 2022 DELIVERIES		**3,235**	**$ 193,000**	**$ 27,448**	
Disney College Program Phases IX-X (1)	Orlando, FL	Walt Disney World® Resort	ACE	2,209	$ 122,700	$ 15,298	Jan & May 2023
		SUBTOTAL - 2023 DELIVERIES		**2,209**	**$ 122,700**	**$ 15,298**	

(1) The Disney College Program project will be delivered in multiple phases over several years with initial deliveries expected to occur in 2020 and full development completion in 2023. All phases are counted as one property.

Presale Development Projects Recently Completed:

The following two properties subject to presale arrangements were acquired by the Company during the year ended December 31, 2019:

Project	Location	Primary University Served	Project Type	Beds	Purchase Price	Opened for Occupancy
The Flex at Stadium Centre	Tallahassee, FL	Florida State University	Off-campus	340	$ 36,400	August 2019
959 Franklin (1)	Eugene, OR	University of Oregon	Off-campus	443	73,800	September 2019
				783	**$ 110,200**	

(1) The Company executed the presale agreement with the developer in March 2018, at which time it provided $15.6 million of mezzanine financing to the project. The Company purchased the remaining ownership interest from the developer in the fourth quarter of 2019.

Third-Party Development and Management Services

As of December 31, 2019, we were under contract on three third-party development projects that are currently under construction and whose fees total $14.2 million. As of December 31, 2019, fees of approximately $5.1 million remained to be earned by the Company with respect to these projects, which have scheduled completion dates in 2020 and 2021. During the year ended December 31, 2019, we closed on bond financing and commenced construction on our second project at the University of California, Riverside, which contributed approximately $3.8 million in revenues for the year. The project has an anticipated completion of September 2021 and total fees of $6.7 million. We also closed on our ninth phase at Prairie View A&M University this year, which contributed approximately $1.7 million in revenues for the year. This project has an anticipated completion of August 2020 and total fees of $2.5 million.

During the year ended December 31, 2019, the final stages of construction were completed on the properties summarized in the following table.

Project	Location	Primary University Served	Beds	Total Fees	Completed
University of Arizona Honors College [1]	Tucson, AZ	University of Arizona	— [1]	$ 2,400	July 2019
The Academic & Residential Complex	Chicago, IL	University of Illinois, Chicago	548	5,100	July 2019
Plaza Verde	Irvine, CA	University of California, Irvine	1,441	5,900	August 2019
Tubman Laws Hall	Dover, DE	Delaware State University	620	2,500	August 2019
Calhoun Hall [2]	Philadelphia, PA	Drexel University	406	1,750	Sept 2019 & Apr 2020
			3,015	**$ 17,650**	

(1) The University of Arizona Honors College project included the construction of a parking garage, academic center and a student recreation and wellness center as part of the overall development project. These components are owned, managed and funded by the University, and the company earned third-party development fees for its role in providing development services for those components of the project.

(2) Includes the construction of a student residence hall and honors college. The residence hall was delivered in Fall 2019, and the honors college will be delivered in Spring 2020. At December 31, 2019, the Company recognized $1.7 million in development fees related to the project.

As of December 31, 2019, we also provided third-party management and leasing services for 36 properties that represented approximately 26,500 beds.

Critical Accounting Policies

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

Allocation of Fair Value to Acquired Properties

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

Capital Expenditures

We capitalize costs during the development of assets. Capitalization begins when we determine that development of a future asset is probable and continues until the asset, or a portion of the asset, is delivered and is ready for its intended use. As such, our judgment of the date the project is substantially complete has a direct impact on our operating expenses for the period. We also capitalize pre-development costs incurred in pursuit of development of a property. These costs include legal fees, design fees, regulatory fees, and other related costs. Future development of these pursuits is dependent upon various factors, including zoning and regulatory approval, rental market conditions, construction costs and availability of capital. Pre-development costs incurred for pursuits for which future development is not yet considered probable are expensed as incurred. The determination of whether a project is probable requires judgment. If we determine that a project is probable, operating expenses could be materially different than if we determine the project is not probable. In addition, we capitalize non-recurring expenditures for additions and betterments to buildings and land improvements. In addition, we generally capitalize expenditures for exterior painting, roofing, and other major maintenance projects that substantially extend the useful life of the existing assets. The cost of ordinary repairs and maintenance that do not improve the value of an asset or extend its useful life are charged to expense when incurred. For all predevelopment and development projects, as well as additions and betterments, the Company uses its professional judgment in determining whether such costs meet the criteria for capitalization or must be expensed as incurred.

Impairment of Long-Lived Assets

Management assesses on a property-by-property basis whether there are any indicators that the value of our real estate assets held for use may be impaired. This analysis is performed at least annually or whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. A property's value is considered impaired if management's estimate of the aggregate future undiscounted cash flows to be generated by the property is less than the carrying value of the property. The estimation of expected future net cash flows uses estimates, including capitalization rates and growth rates, which are inherently uncertain and rely on assumptions regarding current and future economics and market conditions. While we believe our estimates of future cash flows are reasonable, different assumptions regarding these factors could significantly affect these estimates. To the extent an impairment has occurred, the loss will be measured as the excess of the carrying amount of the property over the fair value of the property, thereby reducing our net income. Management also performs a periodic assessment to determine which of our properties are likely to be sold prior to the end of their estimated useful lives. For those probable sales, an impairment charge is recorded for any excess of the carrying amount of the property over the estimated fair value less estimated selling costs, thereby reducing our net income.

Operating Lease Liabilities and Right of Use Assets

We have ground and office operating lease agreements in which we are the lessee. In accordance with new lease accounting guidance adopted on January 1, 2019, we are required to recognize a liability to account for our future obligations under these operating leases, and a corresponding right-of-use asset. The lease liability is measured based on the present value of the future minimum lease payments. The right-of-use asset is measured based on the corresponding lease liability, adjusted for initial direct leasing costs and any other consideration exchanged with the lessor prior to the commencement of the lease. The right-of-use asset is included in the impairment of long-lived assets analysis discussed above.

The present value of the future minimum lease payments is calculated for each operating lease using the remaining lease term and a corresponding estimated incremental borrowing rate, which is the interest rate that we estimate we would have to pay to borrow on a collateralized basis over a similar term for an amount equal to the lease payments. Determining the appropriate incremental borrowing rate requires judgment. In determining this rate, we analyze company-specific factors, such as credit risk, lease-specific factors such as lease term, lease payments, and collateral, as well as overall economic conditions. If an inaccurate incremental borrowing rate is used, it could result in a misstatement of our lease liabilities and corresponding right-of-use assets.

Results of Operations

Comparison of the Years Ended December 31, 2019 and 2018

The following table presents our results of operations for the years ended December 31, 2019 and 2018, including the amount and percentage change in these results between the two periods.

	Year Ended December 31, 2019	Year Ended December 31, 2018	Change ($)	Change (%)
Revenues:				
Owned properties	$ 877,565	$ 825,959	$ 51,606	6.2 %
On-campus participating properties	36,346	34,596	1,750	5.1 %
Third-party development services	13,051	7,281	5,770	79.2 %
Third-party management services	12,936	9,814	3,122	31.8 %
Resident services	3,144	3,160	(16)	(0.5)%
Total revenues	**943,042**	**880,810**	**62,232**	**7.1 %**
Operating expenses (income):				
Owned properties	390,664	373,521	17,143	4.6 %
On-campus participating properties	15,028	14,602	426	2.9 %
Third-party development and management services	19,915	15,459	4,456	28.8 %
General and administrative	31,081	34,537	(3,456)	(10.0)%
Depreciation and amortization	275,046	263,203	11,843	4.5 %
Ground/facility leases	14,151	11,855	2,296	19.4 %
Loss (gain) from disposition of real estate, net	53	(42,314)	42,367	(100.1)%
Provision for real estate impairment	17,214	—	17,214	100.0 %
Other operating income	—	(2,648)	2,648	(100.0)%
Total operating expenses	**763,152**	**668,215**	**94,937**	**14.2 %**
Operating income	**179,890**	**212,595**	**(32,705)**	**(15.4)%**
Nonoperating income (expenses):				
Interest income	3,686	4,834	(1,148)	(23.7)%
Interest expense	(111,287)	(99,228)	(12,059)	12.2 %
Amortization of deferred financing costs	(5,012)	(5,816)	804	(13.8)%
Gain from extinguishment of debt, net	20,992	7,867	13,125	166.8 %
Other nonoperating income	—	1,301	(1,301)	(100.0)%
Total nonoperating expenses	**(91,621)**	**(91,042)**	**(579)**	**0.6 %**
Income before income taxes	88,269	121,553	(33,284)	(27.4)%
Income tax provision	(1,507)	(2,429)	922	(38.0)%
Net income	**86,762**	**119,124**	**(32,362)**	**(27.2)%**
Net income attributable to noncontrolling interests	(1,793)	(2,029)	236	(11.6)%
Net income attributable to ACC, Inc. and Subsidiaries common stockholders	**$ 84,969**	**$ 117,095**	**$ (32,126)**	**(27.4)%**

Same Store and New Property Operations

We define our same store property portfolio as owned properties that were owned and operating for both of the full years ended December 31, 2019 and December 31, 2018, which are not conducting or planning to conduct substantial development, redevelopment, or repositioning activities, and are not classified as held for sale as of December 31, 2019. It also includes the full operating results of properties owned through joint ventures in which the company has a controlling financial interest and which are consolidated for financial reporting purposes.

Same store revenues are defined as revenues generated from our same store portfolio and consist of rental revenue earned from student leases as well as other income items such as utility income, damages, parking income, summer conference rent, application and administration fees, income from retail tenants, the provision for uncollectible accounts, and income earned by our taxable REIT subsidiaries ("TRS") from ancillary activities such as the provision of food services.

Same store operating expenses are defined as operating expenses generated from our same store portfolio and include usual and customary expenses incurred to operate a property such as payroll, maintenance, utilities, marketing, general and administrative costs, insurance, and property taxes. Same store operating expenses also include an allocation of payroll and other administrative costs related to corporate management and oversight.

A reconciliation of our same store, new property, and sold/other property operations to our consolidated statements of comprehensive income is set forth below:

	Same Store Properties		New Properties		Sold/Other Properties [1]		Total - All Properties		
	Year Ended December 31,		Year Ended December 31,		Year Ended December 31,		Year Ended December 31,		
	2019	2018	2019	2018	2019 [2]	2018 [3]	2019	2018	
Number of properties	143	143	15	10	4	8	162	161	
Number of beds	86,111	86,111	10,144	6,985	2,010	3,492	98,265	96,588	
Revenues [4]	$ 791,480	$ 770,510	$ 78,290	$ 28,360	$ 10,939	$ 23,100	$ 880,709	$ 821,970	[5]
Operating expenses	353,944	344,509	30,557	10,250	6,163	11,613	390,664	366,372	[5]

(1) Does not include the allocation of payroll and other administrative costs related to corporate management and oversight.

(2) Includes one property that was sold in November 2019, one property returned to the lender in settlement of the property's mortgage loan in July 2019, and one property consisting of two phases that was sold in May 2019. Also includes recurring professional fees related to the operation of the ACC / Allianz Joint Venture.

(3) Includes the properties described in note 2 as well as three properties sold in 2018, and one property at Prairie View A&M University that was converted to the OCPP structure in January 2019. Also includes transaction costs and recurring professional fees related to the formation and operation of the ACC / Allianz Joint Venture.

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

(5) The Company adopted new lease accounting guidance on January 1, 2019, which required the reclassification of the provision for uncollectible accounts from operating expenses to revenue. For purposes of calculating same store and new property results of operations, the reclassification is reflected for all periods presented to ensure comparability between periods. The provision for uncollectible accounts for all owned properties was $7.3 million and $7.1 million for the twelve months ended December 31, 2019 and 2018, respectively.

Same Store Properties: The increase in revenue from our same store properties was due to an increase in average rental rates for the 2018/2019 and 2019/2020 academic years, coupled with an increase in our weighted average occupancy from 92.6% during the year ended December 31, 2018, to 94.0% for the year ended December 31, 2019. Future revenues will be dependent on our ability to maintain our current leases in effect for the 2019/2020 academic year and our ability to obtain appropriate rental rates and desired occupancy for the 2020/2021 academic year at our various properties.

The increase in operating expenses for our same store properties was primarily due to general increases in payroll expenses and healthcare benefit costs, as well as increased property tax expense resulting from higher property tax assessments in various markets. We anticipate that operating expenses for our same store portfolio for 2020 will increase at inflationary levels as compared to 2019, with the exception of payroll expenses which are anticipated to increase due to regulatory changes and statutory minimum wage increases in numerous states as well as anticipated increases in insurance due to current market conditions.

New Property Operations: Our new properties for the year ended December 31, 2019 include development properties that completed construction and opened for operations in Fall 2018 and 2019. These properties are summarized in the table below:

Property	Location	Primary University Served	Beds	Acquisition/ Opening Date
Gladding Residence Center (ACE)	Richmond, VA	Virginia Commonwealth University	1,524	August 2018
Irvington House (ACE)	Indianapolis, IN	Butler University	648	August 2018
Greek Leadership Village (ACE)	Tempe, AZ	Arizona State University	957	August 2018
David Blackwell Hall (ACE)	Berkeley, CA	University of California, Berkeley	780	August 2018
NAU Honors College (ACE)	Flagstaff, AZ	Northern Arizona University	636	August 2018
U Club Townhomes at Oxford	Oxford, MS	University of Mississippi	528	August 2018
The Edge - Stadium Centre	Tallahassee, FL	Florida State University	413	August 2018
Hub Ann Arbor	Ann Arbor, MI	University of Michigan	310	August 2018
Hub Flagstaff	Flagstaff, AZ	Northern Arizona University	591	August 2018
Campus Edge on Pierce	West Lafayette, IN	Purdue University	598	August 2018
191 College	Auburn, AL	Auburn University	495	August 2019
LightView (ACE)	Boston, MA	Northeastern University	825	August 2019
University of Arizona Honors College (ACE)	Tucson, AZ	University of Arizona	1,056	August 2019
The Flex at Stadium Centre	Tallahassee, FL	Florida State University	340	August 2019
959 Franklin	Eugene, OR	University of Oregon	443	September 2019
		Total - New Properties	**10,144**	

On-Campus Participating Properties ("OCPP") Operations

Same Store OCPP Properties: As of December 31, 2019, we had six on-campus participating properties containing 5,230 beds. In January 2019, one owned property located at Prairie View A&M University was converted to the OCPP structure and is now included in our OCPP portfolio, contributing to the increase in both revenues and expenses for the year ended December 31, 2019 as compared to the year ended December 31, 2018. In addition, the Company adopted new lease accounting guidance on January 1, 2019, which required the reclassification of the provision for uncollectible accounts from operating expenses to revenue. The reclassification is reflected on a prospective basis in the Consolidated Statements of Comprehensive Income contained in Item 8. The amount reclassified from operating expenses to revenue was a $0.5 million benefit and a $0.3 million expense for the years ended December 31, 2019 and 2018, respectively. Revenues from these properties increased by $1.7 million, from $34.6 million for the year ended December 31, 2018, to $36.3 million for the year ended December 31, 2019. This increase was primarily due to an increase in average rental rates coupled with an increase in average occupancy from 75.7% for the year ended December 31, 2018, to 76.3% for the year ended December 31, 2019. Operating expenses at these properties increased by $0.4 million, from $14.6 million for the year ended December 31, 2018, to $15.0 million for the year ended December 31, 2019, primarily as a result of general inflation. We anticipate that revenues and expenses from these properties will remain relatively flat for 2020 as compared to 2019. Future revenues will be dependent on our ability to maintain our current leases in effect for the 2019/2020 academic year and our ability to obtain appropriate rental rates and desired occupancy for the 2020/2021 academic year.

Third-Party Development Services Revenue

Third-party development services revenue increased by approximately $5.8 million, from $7.3 million during the year ended December 31, 2018, to $13.1 million for the year ended December 31, 2019. The increase was primarily due to increased activity in our third party development segment in 2019, with 8 projects in progress during the year ended December 31, 2019 at an average contractual fee of $4.1 million, as compared to 5 projects in progress during the year ended December 31, 2018 at an average contractual fee of $4.3 million.

Development services revenues are dependent on our ability to successfully be awarded such projects, the amount of the contractual fee related to the project and the timing and completion of the development and construction of the project. In addition, to the extent projects are completed under budget, we may be entitled to a portion of such savings, which are recognized as revenue when performance has been agreed upon by all parties, or when performance has been verified by an independent third-party. It is possible that projects for which we have deferred pre-development costs will not close and that we will not be reimbursed for such costs. The pre-development costs associated therewith will ordinarily be charged against income for the then-current period. We anticipate that third-party development services revenue will decrease in 2020 as compared to 2019 due to a decrease in the volume and timing of third-party development projects anticipated to close and commence construction in 2020.

Third-Party Management Services Revenue

Third-party management services revenue increased by approximately $3.1 million, from $9.8 million during the year ended December 31, 2018, to $12.9 million for the year ended December 31, 2019. The increase is primarily due to reimbursed payroll and other operating costs from the Disney College Program management contract which began in April 2019. As the project's facilities manager, the Company is responsible for the operations and maintenance of the project. Because of the Company's role in funding payroll costs for on-site personnel and certain other operating costs at the properties, accounting guidance requires the management fee for this project to be recorded on a gross basis in the Company's consolidated financial statements. Accordingly, both management services revenue and third-party management services expenses for the year ended December 31, 2019, include approximately $3.3 million in reimbursed payroll and other operating costs. We anticipate third-party management services revenue will increase in 2020 as compared to 2019 due to the recognition of a full year of reimbursed payroll and other operating costs for the Disney College Program management contract, as discussed above, new management contracts obtained in 2020 and general inflation.

Third-Party Management Services Expenses

Third-party development and management services expenses increased by approximately $4.4 million, from $15.5 million during the year ended December 31, 2018, to $19.9 million for the year ended December 31, 2019. The increase is primarily due to $3.3 million of payroll and other operating costs from the Disney College Program management contract described above in addition to an overall increase in pursuit activity for third-party development projects during 2019. We anticipate this expense item will increase in 2020 as compared to 2019 due to a full year of reimbursed payroll and other operating costs for the Disney College Program management contract, as well as an overall increase in pursuit activity for third-party development projects and general inflation.

General and Administrative

General and administrative expenses decreased by approximately $3.4 million, from $34.5 million during the year ended December 31, 2018, to $31.1 million for the year ended December 31, 2019. Excluding $5.8 million in transaction costs incurred in connection with the closing of the ACC / Allianz Joint Venture Transaction in May 2018, general and administrative expense increased $2.4 million. This increase was primarily due to additional expenses incurred in connection with enhancements to our operating systems platform, and other general inflationary factors. We anticipate general and administrative expenses will increase in 2020 as compared to 2019 due to an increase in expenses incurred in connection with enhancements to our operating systems platform, anticipated increases in payroll costs, and other general inflationary factors.

Depreciation and Amortization

Depreciation and amortization increased by approximately $11.8 million, from $263.2 million during the year ended December 31, 2018, to $275.0 million for the year ended December 31, 2019. This increase was primarily due to an $18.9 million increase related to the completion of construction and opening of ten development properties in Fall 2018, three owned development properties and two presale development properties in Fall 2019, as well as a $0.6 million increase in depreciation expense at our on-campus participating properties due to the conversion of one property to the OCPP structure. This increase was partially offset by a $3.6 million decrease in depreciation and amortization expense related to properties sold in 2018 and 2019, in addition to a $4.1 million decrease in depreciation and amortization expense at our same store properties due to assets that became fully amortized or depreciated during the year ended December 31, 2018. We anticipate depreciation and amortization expense will decrease in 2020 as compared to 2019 due to dispositions in 2019 and one property anticipated to be sold in 2020.

Ground/Facility Leases

Ground/facility leases expense increased by approximately $2.3 million from $11.9 million during the year ended December 31, 2018, to $14.2 million for the year ended December 31, 2019. This increase was primarily due to ACE development projects that completed construction and opened for operations in Fall 2018 and Fall 2019 and increased variable payments at various ACE same store properties. We anticipate ground/facility leases expense to increase in 2020 as compared to 2019, primarily as a result of the timing of new ACE projects being placed into service.

Loss (Gain) from Disposition of Real Estate, Net

During the year ended December 31, 2019, we sold two owned properties containing 1,150 beds, resulting in a net loss from disposition of real estate of approximately $0.1 million. During the year ended December 31, 2018, we sold three owned properties containing 1,338 beds, resulting in a net gain from disposition of real estate of approximately $42.3 million. Refer to Note 6 in the accompanying Notes to Consolidated Financial Statements contained in Item 8 for additional details regarding our recent disposition transactions.

Provision for Impairment

During the year ended December 31, 2019, we recorded an impairment charge of approximately $3.2 million for one owned property serving students attending Florida A&M University, which was classified as held for sale as of March 31, 2019 and was sold in May 2019. During the year ended December 31, 2019 we also recorded a $14.0 million impairment charge associated with a tax incentive arrangement that was recorded upon the acquisition of one owned property in 2015 due to recent facts and circumstances indicating that the originally assumed property tax savings will not materialize.

Other Operating Income

During the year ended December 31, 2018, we recorded a $2.6 million gain related to cash proceeds received from a litigation settlement.

Interest Income

Interest income decreased by approximately $1.1 million, from $4.8 million during the year ended December 31, 2018, to $3.7 million for the year ended December 31, 2019. The decrease was primarily due to the planned forgiveness of loans receivable resulting from the unwinding of a New Market Tax Credit ("NMTC") structure at one of the Company's owned properties in 2018. We anticipate interest income to decrease in 2020 as compared to 2019, primarily as a result of the anticipated repayment of a loan receivable.

Interest Expense

Interest expense increased by approximately $12.1 million, from $99.2 million during the year ended December 31, 2018, to $111.3 million for the year ended December 31, 2019. Interest expense increased as a result of the following: (i) a $7.0 million increase related to increased borrowings on our revolving credit facility; (ii) a $7.7 million increase related to our $400 million offering of unsecured notes in June 2019; (iii) a $5.5 million increase due to the issuance of $330 million in mortgage debt as part of the ACC / Allianz Joint Venture Transaction in May 2018; and (iv) a $0.6 million increase due to the modification of the term of a mortgage loan at an owned property, which resulted in a higher interest rate. These increases were partially offset by (i) a $4.7 million decrease in term loan interest expense due to the pay-off of $450 million of term loans in 2018; (ii) a $1.3 million decrease related to the unwinding of an NMTC structure at one of the Company's owned properties; and (iii) a $1.5 million decrease related to accrued default interest at one of our properties that was transferred to the lender in July 2019 in settlement of the property's $27.4 million mortgage loan. We anticipate interest expense will decrease in 2020 as compared to 2019 due to the anticipated pay-off of secured mortgage debt, the conversion of the $200 million unsecured term loan from variable rate to fixed rate through the execution of an interest rate swap contract in 2019, as well as an increase in capitalized interest. These decreases will be partially offset by a higher anticipated average outstanding balance under the Company's revolving credit facility throughout 2020 and additional interest incurred from unsecured debt issued in 2019 and 2020.

Amortization of Deferred Financing Costs

Amortization of deferred financing costs decreased by approximately $0.8 million, from $5.8 million during the year ended December 31, 2018, to $5.0 million for the year ended December 31, 2019. This increase was primarily due to $0.9 million of accelerated amortization recorded in the prior year related to the pay-off of $450 million of term loan debt in May 2018. We anticipate amortization of deferred finance costs will decrease slightly in 2020, as increases related to offerings of unsecured debt during 2019 and 2020 will be more than offset by decreases related to debt maturing in 2020.

Gain from Extinguishment of Debt, Net

During the year ended December 31, 2019 we recognized a $21.0 million gain on the extinguishment of debt associated with a property that was transferred to the lender in settlement of the property's mortgage loan in July 2019. During the year ended December 31, 2018, we recorded a net gain of $7.9 million due to the extinguishment of debt. This amount was comprised of an

$8.7 million gain resulting from the planned unwinding of an NMTC structure, and $0.8 million of losses associated with the early pay-off of mortgage loans in connection with the sale of one owned property and one owned property contributed to the ACC / Allianz Joint Venture Transaction. Refer to Note 6 and Note 9 in the accompanying Notes to Consolidated Financial Statements for additional details.

Other Nonoperating Income

During the year ended December 31, 2018, we recorded a $1.3 million gain related to insurance settlements associated with two of our owned properties.

Income Tax Provision

Income tax provision expense decreased by approximately $0.9 million, from $2.4 million in expense during the year ended December 31, 2018 to $1.5 million for the year ended December 31, 2019. The decrease was primarily due to an estimated taxable gain recorded in the prior year as a result of the ACC / Allianz Joint Venture Transaction.

Net Income Attributable to Noncontrolling Interests

Noncontrolling interests represent holders of common and preferred units in our Operating Partnership not held by ACC or ACC Holdings as well as certain third-party partners in joint ventures consolidated by us for financial reporting purposes. Accordingly, these external partners are allocated their share of income/loss during the respective reporting periods. Refer to Note 8 in the accompanying Notes to Consolidated Financial Statements contained in Item 8 for additional details. We anticipate net income attributable to noncontrolling interests to decrease in 2020 as compared to 2019, primarily as a result of decreased operating performance anticipated at our properties held in joint ventures.

Comparison of the Years Ended December 31, 2018 and 2017

Management's Discussion and Analysis of Financial Condition and Results of Operations on pages 32 through 37 of the Form 10-K for the fiscal year ended December 31, 2018 is incorporated herein by reference.

Liquidity and Capital Resources

Cash Balances and Cash Flows

As of December 31, 2019, we had $81.3 million in cash, cash equivalents, and restricted cash as compared to $106.5 million in cash, cash equivalents, and restricted cash as of December 31, 2018. Restricted cash primarily consists of escrow accounts held by lenders and resident security deposits, as required by law in certain states, and funds held in escrow in connection with potential acquisition and development opportunities. The following discussion relates to changes in cash due to operating, investing and financing activities, which are presented in our consolidated statements of cash flows included in Item 8 herein.

Operating Activities: For the year ended December 31, 2019, net cash provided by operating activities was approximately $370.4 million, as compared to approximately $376.6 million for the year ended December 31, 2018, a decrease of approximately $6.2 million. The decrease in cash flows was primarily due to the timing of property tax payments for owned properties, the sale of two properties in 2019 and three properties in 2018, and a $13.2 million interest rate swap termination payment made in June 2019. This decrease was partially offset by operating cash flows from the completion of construction of owned development properties and presale development properties in Fall 2018 and 2019.

Investing Activities: Investing activities utilized approximately $416.1 million and $335.8 million for the years ended December 31, 2019 and 2018, respectively. The $80.3 million increase in cash utilized in investing activities was primarily a result of a $133.7 million decrease in proceeds from the disposition of a three property portfolio in 2018 as compared to two properties in 2019 which was partially offset by: (i) a $31.0 million decrease in cash used to fund the construction of our owned development properties, related to the timing of construction commencement and completion of our owned development pipeline; (ii) an $18.1 million decrease in cash paid to acquire properties and land parcels; and (iii) a $5.3 million increase in principal payments from loans receivable.

Financing Activities: Cash provided by financing activities totaled approximately $20.6 million for the year ended December 31, 2019, and $0.9 million for the year ended December 31, 2018. The $19.7 million increase was primarily a result of the following: (i) a $450.0 million decrease in the pay-off of unsecured term loans; (ii) $398.8 million in proceeds from the issuance of unsecured notes in June 2019; (iii) a $144.4 million decrease in distributions to noncontrolling interests as a result of the closing of the mortgage loans associated with the Allianz Joint Venture in May 2018; and (iv) a $135.3 million decrease in cash used to pay-off mortgage and construction debt including defeasance costs. These increases were partially offset by the following: (i) a $378.2 million decrease in contributions from noncontrolling interests as a result of ACC / Allianz Joint Venture in May 2018; (ii) a $330.0 million decrease in proceeds from mortgage loans; (iii) a $221.3 million decrease in net proceeds on our revolving credit facility; (iv) a $94.6 million increase in funds paid to increase our ownership of consolidated subsidiaries; (v) a $69.3 million decrease in proceeds from construction loans; (vi) an $8.1 million increase in distributions paid to common and restricted stockholders; (vii) a $5.8 million increase in payments of debt issuance costs; and (viii) a $1.2 million increase in taxes paid on net share settlements.

Liquidity Needs, Sources and Uses of Capital

As of December 31, 2019, our short-term liquidity needs included, but were not limited to, the following: (i) anticipated distribution payments to our common and restricted stockholders totaling approximately $260.1 million based on an assumed annual cash distribution of $1.88 per share and based on the number of our shares outstanding as of December 31, 2019; (ii) anticipated distribution payments to our Operating Partnership unitholders totaling approximately $0.9 million based on an assumed annual distribution of $1.88 per common unit and a cumulative preferential per annum cash distribution rate of 5.99% on our Preferred OP Units based on the number of units outstanding as of December 31, 2019; (iii) estimated development costs over the next 12 months totaling approximately $317.0 million for our owned properties currently under construction; (iv) an obligation to increase our investment in one joint venture, resulting in a funding commitment of approximately $76.8 million (see Note 8, Note 15, and Note 18 in the accompanying Notes to Consolidated Financial Statements contained in Item 8); (v) the pay-off of approximately $34.4 million of outstanding fixed rate mortgage debt and $400 million of unsecured debt scheduled to mature during the next 12 months as well as approximately $12.2 million of scheduled debt principal payments; (vi) funds for other development projects scheduled to commence construction during the next 12 months; (vii) potential future property or land acquisitions, including mezzanine financed developments; and (viii) recurring capital expenditures.

We expect to meet our short-term liquidity requirements by (i) borrowing under our existing revolving credit facility; (ii) accessing the unsecured bond market or entering into other unsecured debt arrangements; (iii) exercising debt extension options to the extent they are available; (iv) issuing securities, including common stock, under our ATM Equity Program discussed more fully in Note 10 in the accompanying Notes to Consolidated Financial Statements contained in Item 8, or otherwise; (v) potentially disposing of properties and/or entering into joint venture arrangements, depending on market conditions; and (vi) utilizing current cash on hand and net cash provided by operations. Our ability to obtain additional financing will depend on a variety of factors such as market conditions, the general availability of credit, the overall availability of credit to the real estate industry, our credit ratings and credit capacity, and the perception of lenders regarding our long or short-term financial prospects.

As discussed in Note 18 in the accompanying Notes to Consolidated Financial Statements contained in Item 8, in January 2020, the Operating Partnership closed a $400 million offering of senior unsecured notes under its existing shelf registration. These 10-year notes were issued at 99.81% of par value with a coupon of 2.85% and are fully and unconditionally guaranteed by the Company. Interest on the notes is payable semi-annually on February 1 and August 1, with the first payment due and payable on August 1, 2020. The notes will mature on February 1, 2030. Net proceeds from the sale of the senior unsecured notes totaled approximately $394.3 million. The Company used the proceeds to fund the early redemption of its $400 million 3.35% Senior Notes due October 2020. The prepayment resulted in approximately $4.8 million in debt extinguishment costs incurred during the first quarter of 2020.

We may seek additional funds to undertake initiatives not contemplated by our business plan or obtain additional cushion against possible shortfalls. We also may pursue additional financing as opportunities arise. Future financings may include a range of different sizes or types of financing, including the incurrence of additional secured debt and the sale of additional debt or equity securities. These funds may not be available on favorable terms or at all. Our ability to obtain additional financing depends on several factors, including future market conditions, our success or lack of success in penetrating our markets, our future creditworthiness, and restrictions contained in agreements with our investors or lenders, including the restrictions contained in the agreements governing our unsecured credit facility and unsecured notes. These financings could increase our level of indebtedness or result in dilution to our equity holders.

Indebtedness

A summary of our consolidated indebtedness as of December 31, 2019 is as follows. Refer to Note 9 in the accompanying Notes to Consolidated Financial Statements contained in Item 8 for a detailed discussion of our indebtedness.

	Amount	% of Total	Weighted Average Rates [1]	Weighted Average Maturities
Secured	$ 782,741	23.0 %	4.5 %	6.2 Years
Unsecured	2,625,700	77.0 %	3.4 %	4.0 Years
Total consolidated debt	**$ 3,408,441**	**100.0%**	**3.7%**	**4.5 Years**
Fixed rate debt				
Secured				
Project-based taxable bonds	$ 23,215	0.7 %	7.6 %	4.9 years
Mortgage	756,397	22.2 %	4.4 %	6.2 years
Unsecured				
April 2013 Notes	400,000	11.7 %	3.8 %	3.3 years
June 2014 Notes	400,000	11.7 %	4.1 %	4.5 years
September 2015 Notes [2]	400,000	11.7 %	3.4 %	0.8 years
October 2017 Notes	400,000	11.7 %	3.6 %	7.9 years
June 2019 Notes	400,000	11.7 %	3.3 %	6.5 years
Term loans	200,000	6.0 %	2.5 %	2.5 years
Total - fixed rate debt	2,979,612	87.4 %	3.6 %	4.4 years
Variable rate debt:				
Secured				
Mortgage	3,129	0.1 %	4.2 %	25.6 years
Unsecured				
Unsecured revolving credit facility	425,700	12.5 %	3.0 %	2.2 years
Total - variable rate debt	428,829	12.6 %	3.0 %	2.4 years
Total consolidated debt	**$ 3,408,441**	**100.0%**	**3.7%**	**4.5 years**

(1) Represents stated interest rate and does not include the effect of the amortization of deferred financing costs, debt premiums and discounts, OIDs, and interest rate swap terminations.

(2) In January 2020, the company issued $400 million of 10-year unsecured notes at a yield of 2.872% that mature in 2030. Proceeds from the issuance were used to prepay the September 2015 Notes that were scheduled to mature in October 2020. Refer to Note 18 in the accompanying Notes to Consolidated Financial Statements contained in Item 8 for further discussion.

Distributions

We are required to distribute 90% of our REIT taxable income (excluding capital gains) on an annual basis in order to qualify as a REIT for federal income tax purposes. Distributions to common stockholders are at the discretion of the Board of Directors. We may use borrowings under our unsecured revolving credit facility to fund distributions. The Board of Directors considers a number of factors when determining distribution levels, including market factors and our Company's performance in addition to REIT requirements.

On January 20, 2020, our Board of Directors declared a distribution of $0.47 per share, which was paid on February 14, 2020, to all common stockholders of record as of January 30, 2020. At the same time, the Operating Partnership paid an equivalent amount per unit to holders of Common Units, as well as the quarterly cumulative preferential distribution to holders of Series A Preferred Units.

Capital Expenditures

We distinguish between the following five categories of capital expenditures:

Recurring capital expenditures represent additions that are recurring in nature to maintain a property's income, value, and competitive position within the market. Recurring capital expenditures typically include, but are not limited to, appliances, furnishings, carpeting and flooring, HVAC equipment, and kitchen/bath cabinets. Maintenance and repair costs incurred throughout the year including those incurred during our annual turn process due to normal wear and tear by residents are expensed as incurred.

Acquisition-related capital expenditures represent additions identified upon acquiring a property and are considered part of the initial investment. These expenditures are intended to position the property to be consistent with our physical standards and are usually incurred within the first two and occasionally the third year after acquisition.

Renovations and strategic repositioning capital expenditures are incurred to enhance the economic value and return of the property and undergo an investment return underwrite prior to being incurred.

Non-recurring and other capital expenditures represent the addition of features or amenities that did not exist at the property but were deemed necessary to remain competitive within a specific market. This category also includes items considered extraordinary in nature.

Disposition-related capital expenditures represent capital improvements at properties disposed of during all years presented.

Additionally, we are required by certain of our lenders to contribute amounts to reserves for capital repairs and improvements at our mortgaged properties, which may exceed the amount of capital expenditures actually incurred by us during those periods.

Capital expenditures at our owned properties are set forth below:

	As of and for the Year Ended December 31,		
	2019	**2018**	**2017**
Recurring capital expenditures	$ 21,534	$ 19,922	$ 17,634
Acquisition-related	5,543	8,095	6,194
Renovations and strategic repositioning	20,045	24,665	26,588
Non-recurring and other	22,467	17,365	30,016
Disposition-related [1]	1,257	762	2,290
Total	**$ 70,846**	**$ 70,809**	**$ 82,722**
Average beds [2]	94,244	87,985	79,389
Average recurring capital expenditures per bed	$ 228	$ 226	$ 222

(1) Includes properties sold during 2019, 2018, and 2017, as well as one property that converted to the on-campus participating property ("OCPP") structure in January 2019. Also includes one property that was in receivership until July 2019 when it was transferred to the lender in settlement of the property's mortgage loan that matured in August 2017. Historical capital expenditures for these properties have been reclassified for all periods presented.

(2) Does not include beds related to the disposed properties discussed above.

Contractual Obligations

The following table summarizes our contractual obligations for the next five years and thereafter as of December 31, 2019:

	Total	Less than 1 Year	1 - 3 Years	3 - 5 Years	More than 5 Years
Long-term debt [1] [2] [3]	$ 3,408,441	$ 446,164	$ 855,849	$ 937,738	$ 1,168,690
Interest on long-term debt	561,850	120,714	189,306	123,759	128,071
Development projects [4]	458,652	316,974	131,526	10,152	—
Lease obligations [5]	1,772,022	11,814	40,413	58,147	1,661,648
Joint venture agreements [6]	76,754	76,754	—	—	—
	$ 6,277,719	**$ 972,420**	**$ 1,217,094**	**$ 1,129,796**	**$ 2,958,409**

(1) Amounts include aggregate principal payments only and assumes we do not exercise extension options available to us on our unsecured credit facility or our unsecured term loans (see Note 9 in the accompanying Notes to Consolidated Financial Statements contained in Item 8).

(2) Amounts include the current balance of the unsecured revolving credit facility which is subject to change based on future borrowings and repayments.

(3) In January 2020, the company issued $400 million of 10-year unsecured notes at a yield of 2.872% that mature in 2030. Proceeds from the issuance were used to prepay the September 2015 Notes that were scheduled to mature in October 2020. Refer to Note 18 in the accompanying Notes to Consolidated Financial Statements contained in Item 8 for further discussion.

(4) Consists of anticipated cash payments, including amounts accrued as of December 31, 2019, related to three owned development projects under construction as of December 31, 2019, which will be funded entirely by us and are scheduled to be completed between May 2020 and May 2023. We have entered into contracts with general contractors for certain phases of the construction of these projects. However, these contracts do not generally cover all of the costs that are necessary to place these properties into service, including the cost of furniture and marketing and leasing costs. The unfunded commitments presented include all such costs, not only those costs that we are obligated to fund under the construction contracts.

(5) Includes operating leases related to corporate office space and equipment and minimum annual lease payments under ground/facility lease agreements entered into with university systems and other third parties. Refer to Note 14 in the accompanying Notes to Consolidated Financial Statements contained in Item 8 for a more detailed discussion of our leases.

(6) Includes the additional investment in a joint venture. See Note 5, Note 15, and Note 18 in the accompanying Notes to Consolidated Financial Statements contained in Item 8.

Funds From Operations ("FFO")

The National Association of Real Estate Investment Trusts ("NAREIT") currently defines FFO as net income or loss attributable to common shares computed in accordance with generally accepted accounting principles ("GAAP"), excluding gains or losses from depreciable operating property sales, impairment charges and real estate depreciation and amortization, and after adjustments for unconsolidated partnerships and joint ventures. We present FFO because we consider it an important supplemental measure of our operating performance and believe it is frequently used by securities analysts, investors and other interested parties in the evaluation of REITs, many of which present FFO when reporting their results. FFO excludes GAAP historical cost depreciation and amortization of real estate and related assets, which assumes that the value of real estate diminishes ratably over time. Historically, however, real estate values have risen or fallen with market conditions. We therefore believe that FFO provides a performance measure that, when compared year over year, reflects the impact to operations from trends in occupancy rates, rental rates, operating costs, and interest costs, among other items, providing perspective not immediately apparent from net income. We compute FFO in accordance with standards established by the Board of Governors of NAREIT in its December 2018 White Paper, which may differ from the methodology for calculating FFO utilized by other equity REITs and, accordingly, may not be comparable to such other REITs.

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

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

During the year ended December 31, 2019, the Company updated the presentation of the calculation of FFO, as it relates to the presentation of consolidated joint venture partners' share of FFO and the presentation of corporate depreciation. Prior period amounts have been updated to conform to the current presentation. There were no changes to the FFO calculated or the underlying financial information used in the calculation.

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

	Year Ended December 31,		
	2019	2018	2017
Net income attributable to ACC, Inc. and Subsidiaries common stockholders	$ 84,969	$ 117,095	$ 69,038
Noncontrolling interests' share of net income	1,793	2,029	1,083
JV ("Joint Venture") partners' share of net income	(1,398)	(773)	(7)
JV partners' share of depreciation and amortization	(8,644)	(5,135)	(181)
JV partners' share of FFO	(10,042)	(5,908)	(188)
Loss (gain) from disposition of real estate	53	(42,314)	632
Elimination of provision for real estate impairment	3,201	—	15,317
Total depreciation and amortization	275,046	263,203	234,955
Corporate depreciation [(1)]	(4,728)	(4,669)	(3,479)
FFO attributable to common stockholders and OP unitholders	**350,292**	**329,436**	**317,358**
Elimination of operations of on-campus participating properties ("OCPPs")			
Net income from OCPPs	(6,587)	(5,516)	(5,133)
Amortization of investment in OCPPs	(8,380)	(7,819)	(7,536)
	335,325	316,101	304,689
Modifications to reflect operational performance of OCPPs			
Our share of net cash flow [(2)]	3,067	2,928	2,841
Management fees and other	2,249	1,564	1,534
Contribution from OCPPs	5,316	4,492	4,375
Transaction costs [(3)]	598	7,586	2,855
Elimination of gain from extinguishment of debt [(4)]	(20,992)	(7,867)	—
Elimination of provision for impairment of intangible asset [(5)]	14,013	—	—
Elimination of gain from litigation settlement [(6)]	—	(3,323)	—
Elimination of FFO from property in receivership [(7)]	1,912	2,848	1,452
Contractual executive separation and retirement charges [(8)]	—	—	4,515
Funds from operations-modified ("FFOM") attributable to common stockholders and OP unitholders	**$ 336,172**	**$ 319,837**	**$ 317,886**
FFO per share – diluted	**$ 2.52**	**$ 2.38**	**$ 2.31**
FFOM per share – diluted	**$ 2.42**	**$ 2.31**	**$ 2.32**
Weighted-average common shares outstanding - diluted	**138,860,311**	**138,571,270**	**137,099,084**

(1) Represents depreciation on corporate assets not added back for purposes of calculating FFO.

(2) 50% of the properties' net cash available for distribution after payment of operating expenses, debt service (including repayment of principal) and capital expenditures which is included in ground/facility leases expense in the consolidated statements of comprehensive income.

(3) The year ended December 31, 2019 amount represents transaction costs incurred in connection with the closing of presale development transactions. The year ended December 31, 2018 amount represents transaction costs incurred in connection with the closing of a presale development transaction and transaction costs incurred in connection with the closing of the ACC / Allianz real estate joint venture transaction in May 2018, net of an adjustment to estimated state income tax related to a tax gain resulting from the ACC / Allianz joint venture transaction.

(4) The year ended December 31, 2019 amount represents gains associated with the extinguishment of a mortgage loan due to the transfer of an owned property to the lender in satisfaction of the property's mortgage loan. The year ended December 31, 2018 amount represents a gain related to the planned extinguishment of debt resulting from the unwinding of a New Market Tax Credit ("NMTC") structure at one of the company's owned properties, offset by losses associated with the early extinguishment of mortgage loans due to real estate disposition transactions, including the sale of partial ownership interests in properties. Such costs are excluded from gains from dispositions of real estate reported, in accordance with GAAP.

(5) Represents a non-cash impairment charge for an intangible asset related to a property tax incentive arrangement at on owned property.

(6) Represents a gain related to cash proceeds received from a litigation settlement.

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

(8) Represents contractual executive separation and retirement charges incurred with regard to the retirement of the company's former Chief Financial Officer.

Inflation

Our student leases do not typically provide for rent escalations. However, they typically do not have terms that extend beyond 12 months. Accordingly, although on a short term basis we would be required to bear the impact of rising costs resulting from inflation, we have the opportunity to raise rental rates at least annually to offset such rising costs. However, a weak economic environment or declining student enrollment at our principal universities may limit our ability to raise rental rates.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

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

The table below provides information about our assets and our liabilities sensitive to changes in interest rates as of December 31, 2019 and 2018:

	December 31, 2019				December 31, 2018			
	Amount (in 000s)	Weighted Average Maturity (in years)	Weighted Average Interest Rate	% of Total	Amount (in 000s)	Weighted Average Maturity (in years)	Weighted Average Interest Rate	% of Total
Fixed rate debt	$2,646,799	4.8 Years	3.9%	77.6%	$2,284,193	5.4 Years	4.0%	75.3%
Variable rate debt (1)	428,829	2.4 Years	3.0%	12.6%	720,922	4.2 Years	3.8%	23.8%
Hedged debt (2)	332,813	5.3 Years	3.1%	9.8%	26,452	2.1 Years	4.0%	0.9%
Total consolidated debt	**$3,408,441**	**4.5 Years**	**3.7%**	**100.0%**	**$3,031,567**	**5.1 Years**	**4.0%**	**100.0%**

(1) The balance at December 31, 2019 includes the Company's unsecured revolving credit facility and $3.1 million of mortgage debt at one of our on-campus participating properties. The balance at December 31, 2018 includes the Company's unsecured revolving credit facility, unsecured term loans, construction loans associated with two presale development properties, a secured mortgage loan at one on-campus participating property, and one variable rate mortgage that was swapped to a fixed rate in January 2019. See Note 9 in the accompanying Notes to Consolidated Financial Statements contained in Item 8 for further discussion.

(2) The balance at December 31, 2019 includes the Company's term loan and secured mortgage loans at one owned property and two on-campus participating properties, all of which are effectively fixed by the use of interest rate swaps. The balance at December 31, 2018 includes mortgage loans which are effectively fixed by the use of interest rate swaps. See Note 9 in the accompanying Notes to Consolidated Financial Statements contained in Item 8 for further discussion. In October 2018, the fixed feature of a mortgage loan expired, and the mortgage loan became classified as variable rate debt.

For fixed rate debt, interest rate changes affect the fair market value but do not impact net income attributable to common shareholders or cash flows. Conversely, for floating rate debt, interest rate changes generally do not affect the fair market value but do impact net income attributable to common shareholders and cash flows, assuming other factors are held constant. Holding other variables constant (such as debt levels), a one percentage point variance in interest rates (100 basis points) would change the unrealized fair market value of the fixed rate debt by approximately $359.9 million. Holding all other variables constant, the net income attributable to common shareholders and cash flow impact on the next year resulting from a one percentage point variance in interest rates on $428.8 million of floating rate debt would be approximately $4.3 million.

Derivative financial instruments expose us to credit risk in the event of non-performance by the counterparties under the terms of the interest rate hedge agreements. We believe we minimize our credit risk on these transactions by dealing with major, credit worthy financial institutions. As part of our on-going control procedures, we monitor the credit ratings of counterparties and our exposure to any single entity, thus minimizing credit risk concentration. We believe the likelihood of realized losses from counterparty non-performance is remote.

The following table summarizes the notional amount, carrying value, and estimated fair value of the Company's derivative instruments used to hedge interest rates as of December 31, 2019:

				Estimated Carrying Value	
Hedged Debt Instrument	**Notional Amount**	**Maturity Date**	**Carrying and Estimated Fair Value of (Liability) Asset**	**+ 100 Basis Points**	**- 100 Basis Points**
Cullen Oaks mortgage loan	$ 12,592	Feb 15, 2021	$ (94)	$ 39	$ (230)
Cullen Oaks mortgage loan	12,721	Feb 15, 2021	(95)	40	(232)
Park Point mortgage loan	70,000	Jan 16, 2024	(3,247)	(620)	(6,046)
College Park mortgage loan	37,500	Oct 16, 2022	289	1,269	(723)
Unsecured term loan	100,000	Jun 27, 2022	168	2,451	(2,188)
Unsecured term loan	100,000	Jun 27, 2022	286	2,568	(2,067)
Total cash flow hedges	**$ 332,813**		**$ (2,693)**	**$ 5,747**	**$ (11,486)**

Item 8. Financial Statements and Supplementary Data

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

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

None.

Item 9A. Controls and Procedures

American Campus Communities, Inc.

(a) Evaluation of Disclosure Controls and Procedures

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

As required by SEC Rule 13a-15(b), we have carried out an evaluation, under the supervision of and with the participation of management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures as of the end of the period covered by this report. Based on the foregoing, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures for the period covered by this report were effective.

There has been no change in our internal control over financial reporting during our most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

(b) Management's Annual Report on Internal Control over Financial Reporting

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

Our management is required by paragraph (c) of Rule 13a-15 of the Securities Exchange Act of 1934, as amended, to assess the effectiveness of our internal control over financial reporting as of the end of each fiscal year. In making this assessment, our management used the *Internal Control — Integrated Framework* (2013 framework) issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO").

Our management conducted the required assessment of the effectiveness of our internal control over financial reporting as of December 31, 2019. Based upon this assessment, our management believes that our internal control over financial reporting is effective as of December 31, 2019. Ernst & Young LLP, an independent registered public accounting firm, has issued an attestation report regarding the effectiveness of our internal control over financial reporting, which is included herein.

American Campus Communities Operating Partnership LP

(a) Evaluation of Disclosure Controls and Procedures

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

As required by SEC Rule 13a-15(b), the Operating Partnership has carried out an evaluation, under the supervision of and with the participation of the Operating Partnership's management, including the Chief Executive Officer and Chief Financial Officer of ACC, of the effectiveness of the design and operation of the Operating Partnership's disclosure controls and procedures as of the end of the period covered by this report. Based on the foregoing, the Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures for the period covered by this report were effective.

There has been no change in the Operating Partnership's internal control over financial reporting during the most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the Operating Partnership's internal control over financial reporting.

(b) Management's Annual Report on Internal Control over Financial Reporting

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

Our management is required by paragraph (c) of Rule 13a-15 of the Securities Exchange Act of 1934, as amended, to assess the effectiveness of our internal control over financial reporting as of the end of each fiscal year. In making this assessment, our management used the *Internal Control — Integrated Framework* (2013 framework) issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO").

The Operating Partnership conducted the required assessment of the effectiveness of its internal control over financial reporting as of December 31, 2019. Based upon this assessment, our management believes that our internal control over financial reporting is effective as of December 31, 2019. Ernst & Young LLP, an independent registered public accounting firm, has issued an attestation report regarding the effectiveness of the Operating Partnership's internal control over financial reporting, which is included herein.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

Information with respect to this Item 10 is incorporated by reference from our Proxy Statement, which we intend to file on or before March 20, 2020 in connection with the Annual Meeting of Stockholders to be held April 29, 2020.

Item 11. Executive Compensation

Information with respect to this Item 11 is incorporated by reference from our Proxy Statement, which we intend to file on or before March 20, 2020 in connection with the Annual Meeting of Stockholders to be held April 29, 2020.

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

Information pertaining to security ownership of management and certain beneficial owners of the Company's common stock with respect to this Item 12 is incorporated by reference from our Proxy Statement, which we intend to file on or before March 20, 2020 in connection with the Annual Meeting of Stockholders to be held April 29, 2020, to the extent not set forth below.

The Company maintains the American Campus Communities, Inc. 2018 Incentive Award Plan (the "2018 Plan"), as discussed in more detail in Note 11 in the accompanying Notes to Consolidated Financial Statements in Item 8.

As of December 31, 2019, the total units and shares issued under the 2018 Plan were as follows:

	# of Securities to be Issued Upon Exercise of Outstanding Options, Warrants, and Rights	Weighted-Average Exercise Price of Outstanding Options, Warrants, and Rights	# of Securities Remaining Available for Future Issuance Under Equity Compensation Plans
Equity Compensation Plans Approved by Security Holders	1,067,118 [(1)]	n/a	3,121,536
Equity Compensation Plans Not Approved by Security Holders	n/a	n/a	n/a

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

Item 13. Certain Relationships, Related Transactions and Director Independence

Information with respect to this Item 13 is incorporated by reference from our Proxy Statement, which we intend to file on or before March 20, 2020 in connection with the Annual Meeting of Stockholders to be held April 29, 2020.

Item 14. Principal Accountant Fees and Services

Information with respect to this Item 14 is incorporated by reference from our Proxy Statement, which we intend to file on or before March 20, 2020 in connection with the Annual Meeting of Stockholders to be held April 29, 2020.

PART IV

Item 15. Exhibits and Financial Statement Schedules

(a) Financial Statements

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

(b) Exhibits

Exhibit Number	Description of Document
3.1	Articles of Amendment and Restatement of American Campus Communities, Inc. Incorporated by reference to Exhibit 3.1 to the Registration Statement on Form S-11 (Registration No. 333-114813) of American Campus Communities, Inc.
3.2	American Campus Communities, Inc. Articles Supplementary. Incorporated by reference to Exhibit 3.1 to Current Report on Form 8-K of American Campus Communities, Inc. (File No. 001-32265) and American Campus Communities Operating Partnership LP (File No. 333-181102-01) filed on March 6, 2017.
3.3	Bylaws of American Campus Communities, Inc. Incorporated by reference to Exhibit 3.2 to the Registration Statement on Form S-11 (Registration No. 333-114813) of American Campus Communities, Inc.
3.4	Amendment to Bylaws of American Campus Communities, Inc. Incorporated by reference to Exhibit 3.1 to Current Report on Form 8-K of American Campus Communities, Inc. (File No. 001-32265) and American Campus Communities Operating Partnership LP (File No. 333-181102-01) filed on February 24, 2014.
3.5	Second Amendment to the Bylaws of American Campus Communities, Inc. Incorporated by reference to Exhibit 3.2 to Current Report on Form 8-K of American Campus Communities, Inc. (File No. 001-32265) and American Campus Communities Operating Partnership LP (File No. 333-181102-01) filed on March 6, 2017.
3.6	Third Amendment to the Bylaws of American Campus Communities, Inc. Incorporated by reference to Exhibit 3.1 to Current Report on Form 8-K of American Campus Communities, Inc. (File No. 001-32265) and American Campus Communities Operating Partnership LP (File No. 333-181102-01) filed on April 21, 2017.

4.1 Form of Certificate for Common Stock of American Campus Communities, Inc. Incorporated by reference to Exhibit 4.1 to the Registration Statement on Form S-11 (Registration No. 333-114813) of American Campus Communities, Inc.

4.2 Indenture, dated as of April 2, 2013, among American Campus Communities Operating Partnership LP, as issuer, American Campus Communities, Inc., as guarantor, and U.S. Bank National Association, as trustee. Incorporated by reference to Exhibit 4.1 to Current Report on Form 8-K of American Campus Communities, Inc. (File No. 001-32265) and American Campus Communities Operating Partnership LP (File No. 333-181102-01) filed on April 3, 2013.

4.3 First Supplemental Indenture, dated as of April 2, 2013, among American Campus Communities Operating Partnership LP, as issuer, American Campus Communities, Inc., as guarantor, and U.S. Bank National Association, as trustee. Incorporated by reference to Exhibit 4.2 to Current Report on Form 8-K of American Campus Communities, Inc. (File No. 001-32265) and American Campus Communities Operating Partnership LP (File No. 333-181102-01) filed on April 3, 2013.

4.4 Second Supplemental Indenture, dated as of June 21, 2019, among American Campus Communities Operating Partnership LP, as issuer, American Campus Communities, Inc., as guarantor, and U.S. Bank National Association, as trustee. Incorporated by reference to Exhibit 4.3 to Current Report on Form 8-K of American Campus Communities, Inc. (File No. 001-32265) and American Campus Communities Operating Partnership LP (File No. 333-181102-01) filed on June 21, 2019.

4.5 American Campus Communities Operating Partnership LP 3.750% Senior Notes due 2023. Incorporated by reference to Exhibit 4.3 to Current Report on Form 8-K of American Campus Communities, Inc. (File No. 001-32265) and American Campus Communities Operating Partnership LP (File No. 333-181102-01) filed on April 3, 2013.

4.6 American Campus Communities Operating Partnership LP 4.125% Senior Notes due 2024. Incorporated by reference to Exhibit 4.3 to Current Report on Form 8-K of American Campus Communities, Inc. (File No. 001-32265) and American Campus Communities Operating Partnership LP (File No. 333-181102-01) filed on June 25, 2014.

4.7 American Campus Communities Operating Partnership LP 3.350 % Senior Notes due 2020. Incorporated by reference to Exhibit 4.3 to Current Report on Form 8-K of American Campus Communities, Inc. (File No. 001-32265) and American Campus Communities Operating Partnership LP (File No. 333-181102-01) filed on September 22, 2015.

4.8 American Campus Communities Operating Partnership LP 3.625% Senior Notes due 2027. Incorporated by reference to Exhibit 4.3 to Current Report on Form 8-K of American Campus Communities, Inc. (File No. 001-32265) and American Campus Communities Operating Partnership LP (File No. 333-181102-01) filed on October 11, 2017.

4.9 American Campus Communities Operating Partnership LP 3.300% Senior Note due 2026. Incorporated by reference to Exhibit 4.4 to Current Report on Form 8-K of American Campus Communities, Inc. (File No. 001-32265) and American Campus Communities Operating Partnership LP (File No. 333-181102-01) filed on June 21, 2019.

4.10 Form of Guarantee of American Campus Communities, Inc. of Senior Debt Securities. Incorporated by reference to Exhibit 4.4 to Current Report on Form 8-K of American Campus Communities, Inc. (File No. 001-32265) and American Campus Communities Operating Partnership LP (File No. 333-181102-01) filed on April 3, 2013.

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

4.12 Form of Registration Rights and Lock-Up Agreement, dated as of September 14, 2012, between American Campus Communities, Inc., American Campus Communities Operating Partnership, L.P. and each of the persons who are signatories thereto. Incorporated by reference to Exhibit 10.1 to Quarterly Report on Form 10-Q of American Campus Communities, Inc. (File No. 001-32265) and American Campus Communities Operating Partnership LP (File No. 333-181102-01) for the quarter ended September 30, 2012.

4.13 Letter Agreement Regarding Issuance of OP Units, dated September 26, 2013, between Hallmark Student Housing Lexington, LLC, on one hand, and ACC OP (Lexington) LLC and American Campus Communities Operating Partnership, L.P., on the other hand. Incorporated by reference to Exhibit 4.1 to Quarterly Report on Form 10-Q of American Campus Communities, Inc. (File No. 001-32265) and American Campus Communities Operating Partnership LP (File No. 333-181102-01) for the quarter ended September 30, 2013.

4.14 Description of American Campus Communities, Inc. Common Stock Registered Under Section 12 of the Securities Exchange Act of 1934.

10.1 Form of Amended and Restated Partnership Agreement of American Campus Communities Operating Partnership LP. Incorporated by reference to Exhibit 10.1 to the Registration Statement on Form S-11 (Registration No. 333-114813) of American Campus Communities, Inc.

10.2	Form of First Amendment to Amended and Restated Agreement of Limited Partnership of American Campus Communities Operating Partnership LP, dated as of March 1, 2006, between American Campus Communities Holdings LLC and those persons who have executed such amendment as limited partners. Incorporated by reference to Exhibit 99.2 to Current Report on Form 8-K of American Campus Communities, Inc. (File No. 001-32265) filed on March 7, 2006.
10.3*	American Campus Communities, Inc. 2004 Incentive Award Plan. Incorporated by reference to Exhibit 10.2 to the Registration Statement on Form S-11 (Registration No. 333-114813) of American Campus Communities, Inc.
10.4*	Amendment No. 1 to American Campus Communities, Inc. 2004 Incentive Award Plan. Incorporated by reference to Exhibit 99.7 to Current Report on Form 8-K of American Campus Communities, Inc. (File No. 001-32265) filed on November 5, 2007.
10.5*	Amendment No. 2 to American Campus Communities, Inc. 2004 Incentive Award Plan. Incorporated by reference to Exhibit 99.1 to Current Report on Form 8-K of American Campus Communities, Inc. (File No. 001-32265) filed on March 11, 2008.
10.6*	American Campus Communities, Inc. 2010 Incentive Award Plan. Incorporated by reference to Exhibit 99.1 to Current Report on Form 8-K of American Campus Communities, Inc. (File No. 001-32265) filed on May 7, 2010.
10.7*	American Campus Communities, Inc. 2018 Incentive Award Plan. Incorporated by reference to Exhibit 10.1 to Registration Statement on Form S-8 (Registration No. 333-224656) of American Campus Communities, Inc.
10.8*	American Campus Communities Services, Inc. Deferred Compensation Plan, as amended and restated, effective January 1, 2020. Incorporated by reference to Exhibit 99.1 to Current Report on Form 8-K of American Campus Communities, Inc. (File No. 001-32265) and American Campus Communities Operating Partnership LP (File No. 333-181102-01) filed on November 22, 2019.
10.9	Form of PIU Grant Notice (including Registration Rights). Incorporated by reference to Exhibit 10.4 to the Registration Statement on Form S-11 (Registration No. 333-114813) of American Campus Communities, Inc.
10.10	Form of PIU Grant Notice (including Registration Rights), dated as of August 20, 2007. Incorporated by reference to Exhibit 99.1 to Current Report on Form 8-K of American Campus Communities, Inc. (File No. 001-32265) filed on August 23, 2007.
10.11	Form of Indemnification Agreement between American Campus Communities, Inc. and certain of its directors and officers. Incorporated by reference to Exhibit 10.5 to the Registration Statement on Form S-11 (Registration No. 333-114813) of American Campus Communities, Inc.
10.12	Form of Employment Agreement between American Campus Communities, Inc. and William C. Bayless, Jr. Incorporated by reference to Exhibit 10.6 to the Registration Statement on Form S-11 (Registration No. 333-114813) of American Campus Communities, Inc.
10.13	Amendment No. 1 to Employment Agreement, dated as of April 28, 2005, between American Campus Communities, Inc. and William C. Bayless, Jr. Incorporated by reference to Exhibit 99.6 to Current Report on Form 8-K of American Campus Communities, Inc. (File No. 001-32265) filed on May 3, 2005.
10.14	Amendment No. 2 to Employment Agreement, dated as of November 1, 2007, between American Campus Communities, Inc. and William C. Bayless, Jr. Incorporated by reference to Exhibit 99.3 to Current Report on Form 8-K of American Campus Communities, Inc. (File No. 001-32265) filed on November 5, 2007.
10.15	Third Amendment to Employment Agreement, dated as of March 23, 2010, between William C. Bayless, Jr. and American Campus Communities, Inc. Incorporated by reference to Exhibit 99.1 to Current Report on Form 8-K of American Campus Communities, Inc. (File No. 001-32265) filed on March 24, 2010.
10.16	Fourth Amendment to Employment Agreement, dated as of January 10, 2017, between American Campus Communities, Inc. and William C. Bayless, Jr. Incorporated by reference to Exhibit 99.2 to Current Report on Form 8-K of American Campus Communities, Inc. (File No. 001-32265) and American Campus Communities Operating Partnership LP (File No. 333-181102-01) filed on January 10, 2017.
10.17	Employment Agreement, dated as of April 18, 2005, between American Campus Communities, Inc. and James C. Hopke. Incorporated by reference to Exhibit 99.1 to Current Report on Form 8-K of American Campus Communities, Inc. (File No. 001-32265) filed on May 3, 2005.
10.18	Amendment No. 1 to Employment Agreement, dated as of November 1, 2007, between American Campus Communities, Inc. and James C. Hopke. Incorporated by reference to Exhibit 99.6 to Current Report on Form 8-K of American Campus Communities, Inc. (File No. 001-32265) filed on November 5, 2007.
10.19	Second Amendment to Employment Agreement, dated as of March 23, 2010, between James C. Hopke, Jr. and American Campus Communities, Inc. Incorporated by reference to Exhibit 99.4 to Current Report on Form 8-K of American Campus Communities, Inc. (File No. 001-32265) filed on March 24, 2010.

10.20 Third Amendment to Employment Agreement, dated as of December 2, 2013, between James C. Hopke, Jr. and American Campus Communities, Inc. Incorporated by reference to Exhibit 99.1 to Current Report on Form 8-K of American Campus Communities, Inc. (File No. 001-32265) and American Campus Communities Operating Partnership LP (File No. 333-181102-01) filed on December 5, 2013.

10.21 Fourth Amendment to Employment Agreement, dated as of May 20, 2014, between American Campus Communities, Inc. and James C. Hopke, Jr. Incorporated by reference to Exhibit 99.3 to Current Report on Form 8-K of American Campus Communities, Inc. (File No. 001-32265) and American Campus Communities Operating Partnership LP (File No. 333-181102-01) filed on May 23, 2014.

10.22 Fifth Amendment to Employment Agreement, dated as of January 10, 2017, between American Campus Communities, Inc. and James C. Hopke, Jr. Incorporated by reference to Exhibit 99.3 to Current Report on Form 8-K of American Campus Communities, Inc. (File No. 001-32265) and American Campus Communities Operating Partnership LP (File No. 333-181102-01) filed on January 10, 2017.

10.23 Employment Agreement, dated as of May 4, 2011, between William W. Talbot and American Campus Communities, Inc. Incorporated by reference to Exhibit 99.1 to Current Report on Form 8-K of American Campus Communities, Inc. (File No. 001-32265) and American Campus Communities Operating Partnership LP (File No. 333-181102-01) filed on March 21, 2013.

10.24 First Amendment to Employment Agreement, dated as of November 2, 2012, between William W. Talbot and American Campus Communities, Inc. Incorporated by reference to Exhibit 99.2 to Current Report on Form 8-K of American Campus Communities, Inc. (File No. 001-32265) and American Campus Communities Operating Partnership LP (File No. 333-181102-01) filed on March 21, 2013.

10.25 Employment Agreement, dated as of May 4, 2011, between Daniel B. Perry and American Campus Communities, Inc. Incorporated by reference to Exhibit 10.24 to Annual Report on Form 10-K of American Campus Communities, Inc. (File No. 001-32265) and American Campus Communities Operating Partnership LP (File No. (File No. 333-181102-01) for the year ended December 31, 2014.

10.26 First Amendment to Employment Agreement, dated as of November 2, 2012, between Daniel B. Perry and American Campus Communities, Inc. Incorporated by reference to Exhibit 10.25 to Annual Report on Form 10-K of American Campus Communities, Inc. (File No. 001-32265) and American Campus Communities Operating Partnership LP (File No. (File No. 333-181102-01) for the year ended December 31, 2014.

10.27 Second Amendment to Employment Agreement, dated as of January 10, 2017, between American Campus Communities, Inc. and Daniel B. Perry. Incorporated by reference to Exhibit 99.4 to Current Report on Form 8-K of American Campus Communities, Inc. (File No. 001-32265) and American Campus Communities Operating Partnership LP (File No. 333-181102-01) filed on January 10, 2017.

10.28 Employment Agreement, dated as of October 16, 2013, between American Campus Communities, Inc. and Jennifer Beese. Incorporated by reference to Exhibit 10.27 to Annual Report on Form 10-K of American Campus Communities, Inc. (File No. 001-32265) and American Campus Communities Operating Partnership LP (File No. 333-181102-01) for the year ended December 31, 2017.

10.29 First Amendment to Employment Agreement, dated as of January 10, 2017, between American Campus Communities, Inc. and Jennifer Beese. Incorporated by reference to Exhibit 10.28 to Annual Report on Form 10-K of American Campus Communities, Inc. (File No. 001-32265) and American Campus Communities Operating Partnership LP (File No. 333-181102-01) for the year ended December 31, 2017.

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

10.31 Fifth Amended and Restated Credit Agreement, dated as of January 11, 2017, among American Campus Communities Operating Partnership LP, as Borrower; American Campus Communities, Inc., as Parent Guarantor; any Additional Guarantors (as defined therein) acceding thereto pursuant to Section 7.05 thereof; the banks, financial institutions and other lenders listed on the signature pages thereof as the Initial Lenders, Initial Issuing Bank and Swing Line Bank; KeyBank National Association, as Administrative Agent; KeyBanc Capital Markets Inc., J.P. Morgan Securities LLC and Capital One National Association, as Joint Lead Arrangers; JPMorgan Chase Bank, N.A. and Capital One National Association, as Co-Syndication Agents; and Bank of America, N.A., U.S. Bank National Association and Compass Bank, as Co-Documentation Agents. Incorporated by reference to Exhibit 99.1 to Current Report on Form 8-K of American Campus Communities, Inc. (File No. 001-32265) and American Campus Communities Operating Partnership LP (File No. 333-181102-01) filed on January 11, 2017.

10.32 First Amendment to Fifth Amended and Restated Credit Agreement, dated as of February 13, 2019, among American Campus Communities Operating Partnership LP, as Borrower; American Campus Communities, Inc., as Parent Guarantor; any Additional Guarantors (as defined therein) acceding thereto pursuant to Section 7.05 thereof; the banks, financial institutions and other lenders listed on the signature pages thereof as the Initial Lenders, Initial Issuing Bank and Swing Line Bank; KeyBank National Association, as Administrative Agent; KeyBanc Capital Markets Inc., J.P. Morgan Securities LLC and Capital One National Association, as Joint Lead Arrangers; JPMorgan Chase Bank, N.A. and Capital One National Association, as Co-Syndication Agents; and Bank of America, N.A., U.S. Bank National Association and Compass Bank, as Co-Documentation Agents. Incorporated by reference to Exhibit 99.1 to Current Report on Form 8-K of American Campus Communities, Inc. (File No. 001-32265) and American Campus Communities Operating Partnership LP (File No. 333-181102-01) filed on February 20, 2019.

10.33 Form of Tax Matters Agreement, dated as of March 1, 2006, among American Campus Communities Operating Partnership LP, American Campus Communities, Inc., American Campus Communities Holdings LLC and each of the limited partners of American Campus Communities Operating Partnership LP who have executed a signature page thereto. Incorporated by reference to Exhibit 99.4 to Current Report on Form 8-K of American Campus Communities, Inc. (File No. 001-32265) filed on March 7, 2006.

10.34 Equity Distribution Agreement, dated May 16, 2018, between American Campus Communities, Inc., American Campus Communities Operating Partnership LP and American Campus Communities Holdings LLC, on one hand, and Merrill Lynch, Pierce, Fenner & Smith Incorporated, on the other hand. Incorporated by reference to Exhibit 1.1 to Current Report on Form 8-K of American Campus Communities, Inc. (File No. 001-32265) and American Campus Communities Operating Partnership LP (File No. 333-181102-01) filed on May 17, 2018.

10.35 Equity Distribution Agreement, dated May 16, 2018, between American Campus Communities, Inc., American Campus Communities Operating Partnership LP and American Campus Communities Holdings LLC, on one hand, and Deutsche Bank Securities Inc., on the other hand. Incorporated by reference to Exhibit 1.2 to Current Report on Form 8-K of American Campus Communities, Inc. (File No. 001-32265) and American Campus Communities Operating Partnership LP (File No. 333-181102-01) filed on May 17, 2018.

10.36 Equity Distribution Agreement, dated May 16, 2018, between American Campus Communities, Inc., American Campus Communities Operating Partnership LP and American Campus Communities Holdings LLC, on one hand, and J.P. Morgan Securities LLC, on the other hand. Incorporated by reference to Exhibit 1.3 to Current Report on Form 8-K of American Campus Communities, Inc. (File No. 001-32265) and American Campus Communities Operating Partnership LP (File No. 333-181102-01) filed on May 17, 2018.

10.37 Equity Distribution Agreement, dated May 16, 2018, between American Campus Communities, Inc., American Campus Communities Operating Partnership LP and American Campus Communities Holdings LLC, on one hand, and KeyBanc Capital Markets Inc., on the other hand. Incorporated by reference to Exhibit 1.4 to Current Report on Form 8-K of American Campus Communities, Inc. (File No. 001-32265) and American Campus Communities Operating Partnership LP (File No. 333-181102-01) filed on May 17, 2018.

21.1 List of Subsidiaries of the Registrant.

23.1 Consent of Ernst & Young LLP - American Campus Communities, Inc.

23.2 Consent of Ernst & Young LLP - American Campus Communities Operating Partnership LP

31.1 American Campus Communities, Inc. - Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

31.2 American Campus Communities, Inc. - Certification of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

31.3 American Campus Communities Operating Partnership LP - Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

31.4 American Campus Communities Operating Partnership LP - Certification of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

32.1 American Campus Communities, Inc. - Certification of Chief Executive Officer Pursuant to 18 U. S. C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

32.2 American Campus Communities, Inc. - Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

32.3 American Campus Communities Operating Partnership LP - Certification of Chief Executive Officer Pursuant to 18 U. S. C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

32.4 American Campus Communities Operating Partnership LP - Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

101.INS	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101)
*	Indicates management compensation plan.

SIGNATURES

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

Dated: February 27, 2020

AMERICAN CAMPUS COMMUNITIES, INC.

By: /s/ William C. Bayless, Jr.

William C. Bayless, Jr.
Chief Executive Officer

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

Dated: February 27, 2020

AMERICAN CAMPUS COMMUNITIES OPERATING PARTNERSHIP LP

By: American Campus Communities Holdings, LLC, its general partner

By: American Campus Communities, Inc., its sole member

By: /s/ William C. Bayless, Jr.

William C. Bayless, Jr.
Chief Executive Officer

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

Name	Title	Date
/s/ William C. Bayless, Jr. William C. Bayless, Jr.	Chief Executive Officer and Director (Principal Executive Officer)	February 27, 2020
/s/ Daniel B. Perry Daniel B. Perry	Executive Vice President, Chief Financial Officer, Treasurer and Secretary (Principal Financial Officer)	February 27, 2020
/s/ Kim K. Voss Kim K. Voss	Executive Vice President and Chief Accounting Officer (Principal Accounting Officer)	February 27, 2020
/s/ Edward Lowenthal Edward Lowenthal	Chairman of the Board of Directors	February 27, 2020
/s/ Mary C. Egan Mary C. Egan	Director	February 27, 2020
/s/ G. Steven Dawson G. Steven Dawson	Director	February 27, 2020
/s/ Cydney C. Donnell Cydney Donnell	Director	February 27, 2020
/s/ Oliver Luck Oliver Luck	Director	February 27, 2020
/s/ C. Patrick Oles, Jr. C. Patrick Oles, Jr.	Director	February 27, 2020
/s/ John T. Rippel John T. Rippel	Director	February 27, 2020
/s/ Carla Piñeyro Sublett Carla Piñeyro Sublett	Director	February 27, 2020

Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors of American Campus Communities, Inc. and Subsidiaries

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of American Campus Communities, Inc. and Subsidiaries (the Company) as of December 31, 2019 and 2018, the related consolidated statements of comprehensive income, changes in equity, and cash flows for each of the three years in the period ended December 31, 2019, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2019 and 2018, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2019, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2019, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated February 27, 2020 expressed an unqualified opinion thereon.

Adoption of ASU No. 2016-02

As discussed in Note 2 to the consolidated financial statements, the Company changed its method for accounting for leases in 2019 due to the adoption of ASU No. 2016-02, *Leases (Topic 842)*.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective or complex judgments. The communication of the critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Impairment of Long-Lived Assets

Description of the Matter

As more fully described in Note 2 to the consolidated financial statements, on a periodic basis, management assessed whether there were any indicators that the value of the Company's investments in real estate were impaired. Management evaluated whether there was an impairment in the value of the Company's investments in real estate when events or changes in circumstances indicated that the carrying amount of an asset may not be recoverable. The Company identified indicators of impairment for certain long-lived assets and thus, further analyzed such for impairment using an undiscounted cash flow model. Upon assessment, the Company concluded that aggregate future undiscounted cash flows to be generated by each property were greater than the respective carrying values. For the year ended December 31, 2019, the Company determined that there were no impairments of the carrying values of its investments in real estate held for use.

Auditing the Company's assessment of impairment indicators relating to its investments in real estate involved significant judgment in evaluating management's identification of impairment indicators. Further, auditing the Company's undiscounted cash flow model was especially challenging as estimates underlying the calculation, including capitalization rates and growth rates, were based on assumptions affected by expected future market and economic conditions.

How We Addressed the Matter in Our Audit

We tested the design and operating effectiveness of controls over the Company's process of identifying potential indicators of impairment of its real estate assets and of determining the recoverability of the carrying value of identified assets using the undiscounted cash flow model. For example, we tested controls over management's identification of impairment indicators and review of the significant assumptions used in estimating the undiscounted cash flows, including qualitative and quantitative considerations such as economic and market factors and asset performance.

To test whether any indicators of impairment were present, our audit procedures included evaluating management's analysis, including testing the completeness and accuracy of the underlying data. In addition, we performed an independent assessment using both internally and externally available information to identify evidence that was either corroborative or contrary to management's analysis. For example, we considered historical trends and current year property level performance such as net operating income, rental rate variances, and cost overruns for development properties and challenged management's estimates by comparing to industry and market data. For the Company's investments in real estate that were assessed by management using an undiscounted cash flow model, we inspected relevant industry and market outlook data to consider market conditions. Further, we also involved our valuation specialists to assist in testing that the significant assumptions utilized in estimating property level fair values, such as capitalization rates and growth rates, were within an observable market range, as well as performed sensitivity analyses on such assumptions.

/s/ Ernst & Young LLP

We have served as the Company's auditor since 2004.
Austin, Texas
February 27, 2020

Report of Independent Registered Public Accounting Firm

To the Partners of American Campus Communities Operating Partnership LP and Subsidiaries

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of American Campus Communities Operating Partnership LP and Subsidiaries (the Company) as of December 31, 2019 and 2018, the related consolidated statements of comprehensive income, changes in capital, and cash flows for each of the three years in the period ended December 31, 2019, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2019 and 2018, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2019, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2019, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated February 27, 2020 expressed an unqualified opinion thereon.

Adoption of ASU No. 2016-02

As discussed in Note 2 to the consolidated financial statements, the Company changed its method for accounting for leases in 2019 due to the adoption of ASU No. 2016-02, *Leases (Topic 842)*.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ Ernst & Young LLP

We have served as the Company's auditor since 2012.
Austin, Texas
February 27, 2020

Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors of American Campus Communities, Inc. and Subsidiaries

Opinion on Internal Control over Financial Reporting

We have audited American Campus Communities, Inc. and Subsidiaries' internal control over financial reporting as of December 31, 2019, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, American Campus Communities, Inc. and Subsidiaries (the Company) maintained, in all material respects, effective internal control over financial reporting as of December 31, 2019, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of December 31, 2019 and 2018, the related consolidated statements of comprehensive income, changes in equity, and cash flows for each of the three years in the period ended December 31, 2019, and the related notes and our report dated February 27, 2020 expressed an unqualified opinion thereon.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Annual Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

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

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

/s/ Ernst & Young LLP

Austin, Texas
February 27, 2020

Report of Independent Registered Public Accounting Firm

To the Partners of American Campus Communities Operating Partnership LP and Subsidiaries

Opinion on Internal Control over Financial Reporting

We have audited American Campus Communities Operating Partnership LP and Subsidiaries' internal control over financial reporting as of December 31, 2019, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, American Campus Communities Operating Partnership LP and Subsidiaries (the Company) maintained, in all material respects, effective internal control over financial reporting as of December 31, 2019, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of December 31, 2019 and 2018, the related consolidated statements of comprehensive income, changes in capital, and cash flows for each of the three years in the period ended December 31, 2019, and the related notes and our report dated February 27, 2020 expressed an unqualified opinion thereon.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Annual Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

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

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

/s/ Ernst & Young LLP

Austin, Texas
February 27, 2020

AMERICAN CAMPUS COMMUNITIES, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(in thousands, except share data)

	December 31, 2019	December 31, 2018
Assets		
Investments in real estate:		
Owned properties, net	$ 6,694,715	$ 6,583,397
On-campus participating properties, net	75,188	77,637
Investments in real estate, net	6,769,903	6,661,034
Cash and cash equivalents	54,650	71,238
Restricted cash	26,698	35,279
Student contracts receivable, net	13,470	8,565
Operating lease right of use assets	460,857	—
Other assets	234,176	262,730
Total assets	**$ 7,559,754**	**$ 7,038,846**
Liabilities and equity		
Liabilities:		
Secured mortgage, construction and bond debt, net	$ 787,426	$ 853,084
Unsecured notes, net	1,985,603	1,588,446
Unsecured term loans, net	199,121	198,769
Unsecured revolving credit facility	425,700	387,300
Accounts payable and accrued expenses	88,411	88,767
Operating lease liabilities	473,070	—
Other liabilities	157,368	191,233
Total liabilities	**4,116,699**	**3,307,599**
Commitments and contingencies (Note 15)		
Redeemable noncontrolling interests	**104,381**	**184,446**
Equity:		
American Campus Communities, Inc. and Subsidiaries stockholders' equity:		
Common stock, $0.01 par value, 800,000,000 shares authorized, 137,326,824 and 136,967,286 shares issued and outstanding at December 31, 2019 and December 31, 2018, respectively	1,373	1,370
Additional paid in capital	4,458,456	4,458,240
Common stock held in rabbi trust, 77,928 and 69,603 shares at December 31, 2019 and December 31, 2018, respectively	(3,486)	(3,092)
Accumulated earnings and dividends	(1,144,721)	(971,070)
Accumulated other comprehensive loss	(16,946)	(4,397)
Total American Campus Communities, Inc. and Subsidiaries stockholders' equity	3,294,676	3,481,051
Noncontrolling interests – partially owned properties	43,998	65,750
Total equity	**3,338,674**	**3,546,801**
Total liabilities and equity	**$ 7,559,754**	**$ 7,038,846**

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

	December 31, 2019	December 31, 2018
Investments in real estate, net	$ 788,393	$ 1,042,585
Cash, cash equivalents, and restricted cash	$ 59,908	$ 72,218
Other assets	$ 18,387	$ 11,918
Secured mortgage and construction debt, net	$ 418,241	$ 447,292
Accounts payable, accrued expenses and other liabilities	$ 56,976	$ 53,432

See accompanying notes to consolidated financial statements.

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

	Year Ended December 31,		
	2019	**2018**	**2017**
Revenues:			
Owned properties	$ 877,565	$ 825,959	$ 738,710
On-campus participating properties	36,346	34,596	33,945
Third-party development services	13,051	7,281	10,761
Third-party management services	12,936	9,814	9,832
Resident services	3,144	3,160	3,199
Total revenues	**943,042**	**880,810**	**796,447**
Operating expenses (income):			
Owned properties	390,664	373,521	332,429
On-campus participating properties	15,028	14,602	14,384
Third-party development and management services	19,915	15,459	15,225
General and administrative	31,081	34,537	31,386
Depreciation and amortization	275,046	263,203	234,955
Ground/facility leases	14,151	11,855	10,213
Loss (gain) from disposition of real estate	53	(42,314)	632
Provision for impairment	17,214	—	15,317
Other operating income	—	(2,648)	—
Total operating expenses	**763,152**	**668,215**	**654,541**
Operating income	**179,890**	**212,595**	**141,906**
Nonoperating income (expenses):			
Interest income	3,686	4,834	4,945
Interest expense	(111,287)	(99,228)	(71,122)
Amortization of deferred financing costs	(5,012)	(5,816)	(4,619)
Gain from extinguishment of debt	20,992	7,867	—
Other nonoperating income	—	1,301	—
Total nonoperating expenses	**(91,621)**	**(91,042)**	**(70,796)**
Income before income taxes	88,269	121,553	71,110
Income tax provision	(1,507)	(2,429)	(989)
Net income	**86,762**	**119,124**	**70,121**
Net income attributable to noncontrolling interests	(1,793)	(2,029)	(1,083)
Net income attributable to ACC, Inc. and Subsidiaries common stockholders	**$ 84,969**	**$ 117,095**	**$ 69,038**
Other comprehensive (loss) income			
Change in fair value of interest rate swaps and other	(12,549)	(1,696)	1,366
Comprehensive income	**$ 72,420**	**$ 115,399**	**$ 70,404**
Net income per share attributable to ACC, Inc. and Subsidiaries common stockholders			
Basic	**$ 0.61**	**$ 0.84**	**$ 0.50**
Diluted	**$ 0.60**	**$ 0.84**	**$ 0.50**
Weighted-average common shares outstanding:			
Basic	**137,295,837**	**136,815,051**	**135,141,423**
Diluted	**138,286,778**	**137,722,049**	**136,002,385**

See accompanying notes to consolidated financial statements.

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

	Common Shares	Par Value of Common Shares	Additional Paid in Capital	Common Shares Held in Rabbi Trust	Common Shares Held in Rabbi Trust at Cost	Accumulated Earnings and Dividends	Accumulated Other Comprehensive (Loss) Income	Noncontrolling Interests - Partially Owned Properties	Total
Equity, December 31, 2016	**132,225,488**	**$ 1,322**	**$ 4,118,842**	**20,181**	**$ (975)**	**$ (670,137)**	**$ (4,067)**	**$ 5,502**	**$ 3,450,487**
Adjustments to reflect redeemable noncontrolling interests at fair value	—	—	9,172	—	—	—	—	—	9,172
Amortization of restricted stock awards and vesting of restricted stock units	16,295	—	13,854	—	—	—	—	—	13,854
Vesting of restricted stock awards	193,186	2	(4,922)	—	—	—	—	—	(4,920)
Distributions to common and restricted stockholders and other ($1.74 per common share)	—	—	—	—	—	(236,545)	—	—	(236,545)
Contributions by noncontrolling interests - partially owned properties	—	—	—	—	—	—	—	8,254	8,254
Distributions to noncontrolling interests - partially owned properties	—	—	—	—	—	—	—	(212)	(212)
Conversion of common and preferred operating partnership units to common stock	22,000	—	154	—	—	—	—	—	154
Change in fair value of interest rate swaps and other	—	—	—	—	—	—	1,366	—	1,366
Net proceeds from sale of common stock	3,949,356	40	187,841	—	—	—	—	—	187,881
Deposits to deferred compensation plan, net of withdrawals	(43,597)		1,969	43,597	(1,969)	—	—	—	—
Net income	—	—	—	—	—	69,038	—	429	69,467
Equity, December 31, 2017	**136,362,728**	**1,364**	**4,326,910**	**63,778**	**(2,944)**	**(837,644)**	**(2,701)**	**13,973**	**3,498,958**
Adjustments to reflect redeemable noncontrolling interests at fair value	—	—	(66,079)	—	—	—	—	—	(66,079)
Amortization of restricted stock awards and vesting of restricted stock units	27,376	—	12,176	—	—	—	—	—	12,176
Vesting of restricted stock awards	170,664	2	(2,758)	—	—	—	—	—	(2,756)
Distributions to common and restricted stockholders and other ($1.82 per common share)	—	—	—	—	—	(250,521)	—	—	(250,521)
Contributions by noncontrolling interests - partially owned properties	—	—	—	—	—	—	—	212,481	212,481
Distributions to noncontrolling interests - partially owned properties	—	—	—	—	—	—	—	(152,325)	(152,325)
Change in ownership of consolidated subsidiary	—	—	174,515	—	—	—	—	(9,472)	165,043
Conversion of common and preferred operating partnership units to common stock	412,343	4	13,328	—	—	—	—	—	13,332
Change in fair value of interest rate swaps and other	—	—	—	—	—	—	(1,696)	—	(1,696)
Deposits to deferred compensation plan, net of withdrawals	(5,825)	—	148	5,825	(148)	—	—	—	—
Net income	—	—	—	—	—	117,095	—	1,093	118,188
Equity, December 31, 2018	**136,967,286**	**1,370**	**4,458,240**	**69,603**	**(3,092)**	**(971,070)**	**(4,397)**	**65,750**	**3,546,801**
Adjustments to reflect redeemable noncontrolling interests at fair value	—	—	(14,350)	—	—	—	—	—	(14,350)
Amortization of restricted stock awards and vesting of restricted stock units	18,318	—	13,617	—	—	—	—	—	13,617
Vesting of restricted stock awards	180,961	2	(3,977)	—	—	—	—	—	(3,975)
Distributions to common and restricted stockholders and other ($1.87 per common share)	—	—	—	—	—	(258,620)	—	—	(258,620)
Contributions by noncontrolling interests - partially owned properties	—	—	—	—	—	—	—	924	924
Distributions to noncontrolling interests - partially owned properties	—	—	—	—	—	—	—	(8,425)	(8,425)
Change in ownership of consolidated subsidiary	—	—	(1,544)	—	—	—	—	(15,261)	(16,805)
Conversion of common and preferred operating partnership units to common stock	168,584	1	6,076	—	—	—	—	—	6,077
Change in fair value of interest rate swaps and other	—	—	—	—	—	—	610	—	610
Termination of interest rate swaps	—	—	—	—	—	—	(13,159)	—	(13,159)
Deposits to deferred compensation plan, net of withdrawals	(8,325)	—	394	8,325	(394)	—	—	—	—
Net income	—	—	—	—	—	84,969	—	1,010	85,979
Equity, December 31, 2019	**137,326,824**	**$ 1,373**	**$ 4,458,456**	**77,928**	**$ (3,486)**	**$ (1,144,721)**	**$ (16,946)**	**$ 43,998**	**$ 3,338,674**

See accompanying notes to consolidated financial statements.

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

	Year Ended December 31,		
	2019	2018	2017
Operating activities			
Net income	$ 86,762	$ 119,124	$ 70,121
Adjustments to reconcile net income to net cash provided by operating activities:			
Loss (gain) from disposition of real estate	53	(42,314)	632
Gain from insurance settlement	—	(1,245)	—
Gain from extinguishment of debt	(20,992)	(7,867)	—
Provision for impairment	17,214	—	15,317
Depreciation and amortization	275,046	263,203	234,955
Amortization of deferred financing costs and debt premiums/discounts	538	885	(2,871)
Share-based compensation	13,617	12,176	13,854
Income tax provision	1,507	2,429	989
Amortization of interest rate swap terminations	1,133	412	412
Termination of interest rate swaps	(13,159)	—	—
Changes in operating assets and liabilities:			
Student contracts receivable, net	(5,407)	148	(414)
Other assets	(4,445)	(9,570)	2,502
Accounts payable and accrued expenses	(1,532)	31,299	(26,718)
Other liabilities	20,044	7,941	9,898
Net cash provided by operating activities	**370,379**	**376,621**	**318,677**
Investing activities			
Proceeds from disposition of properties and land parcels	108,562	242,284	24,462
Cash paid for acquisition of properties and land parcels	(8,559)	(26,626)	(375,541)
Capital expenditures for owned properties	(70,846)	(70,809)	(82,722)
Investments in owned properties under development	(444,362)	(475,338)	(534,830)
Capital expenditures for on-campus participating properties	(2,898)	(3,654)	(3,533)
Other investing activities	1,963	(1,669)	(5,608)
Net cash used in investing activities	**(416,140)**	**(335,812)**	**(977,772)**
Financing activities			
Proceeds from unsecured notes	398,816	—	399,648
Proceeds from sale of common stock	—	—	190,912
Offering costs	—	—	(2,374)
Pay-off of mortgage and construction loans	(53,818)	(186,347)	(147,960)
Defeasance costs related to early extinguishment of debt	—	(2,726)	—
Pay-off of unsecured term loans	—	(450,000)	—
Proceeds from unsecured term loans	—	—	500,000
Proceeds from revolving credit facility	949,000	1,095,500	1,164,700
Paydowns of revolving credit facility	(910,600)	(835,800)	(1,136,400)
Proceeds from construction loans	31,611	100,882	40,170
Proceeds from mortgage loans	—	330,000	—
Scheduled principal payments on debt	(11,938)	(11,704)	(12,819)
Debt issuance and assumption costs	(6,462)	(656)	(12,060)
Increase in ownership of consolidated subsidiary	(105,109)	(10,486)	—
Contribution by noncontrolling interests	1,174	379,391	11,801
Taxes paid on net-share settlements	(3,975)	(2,756)	(4,920)
Distributions paid to common and restricted stockholders	(258,620)	(250,521)	(236,545)
Distributions paid to noncontrolling interests	(9,487)	(153,841)	(77,243)
Net cash provided by financing activities	**20,592**	**936**	**676,910**
Net change in cash, cash equivalents, and restricted cash	(25,169)	41,745	17,815
Cash, cash equivalents, and restricted cash at beginning of period	106,517	64,772	46,957
Cash, cash equivalents, and restricted cash at end of period	**$ 81,348**	**$ 106,517**	**$ 64,772**

	Year Ended December 31,		
	2019	2018	2017
Reconciliation of cash, cash equivalents, and restricted cash to the consolidated balance sheets			
Cash and cash equivalents	$ 54,650	$ 71,238	$ 41,182
Restricted cash	26,698	35,279	23,590
Total cash, cash equivalents, and restricted cash at end of period	$ 81,348	$ 106,517	$ 64,772
Supplemental disclosure of non-cash investing and financing activities			
Loans associated with investment in joint ventures	$ —	$ —	$ (104,056)
Conversion of common and preferred operating partnership units to common stock	$ 6,077	$ 13,332	$ 154
Non-cash contribution from noncontrolling interest	$ —	$ 8,729	$ 159,247
Non-cash consideration exchanged in purchase of land parcel	$ —	$ —	$ (3,071)
Accrued development costs and capital expenditures	$ 37,260	$ 54,975	$ 50,714
Change in fair value of derivative instruments, net	$ (523)	$ (2,108)	$ 954
Change in fair value of redeemable noncontrolling interest	$ (14,350)	$ (66,079)	$ 9,172
Change in ownership of consolidated subsidiary	$ —	$ (175,529)	$ —
Initial recognition of operating lease right of use assets	$ 463,445	$ —	$ —
Initial recognition of operating lease liabilities	$ 462,495	$ —	$ —
Non-cash extinguishment of debt, including accrued interest	$ (34,570)	$ —	$ —
Net assets surrendered in conjunction with extinguishment of debt	$ 13,578	$ —	$ —
Supplemental disclosure of cash flow information			
Interest paid, net of amounts capitalized	$ 114,450	$ 101,841	$ 72,407
Income taxes paid	$ 3,041	$ 1,060	$ 1,053

See accompanying notes to consolidated financial statements.

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

	December 31, 2019	December 31, 2018
Assets		
Investments in real estate:		
Owned properties, net	$ 6,694,715	$ 6,583,397
On-campus participating properties, net	75,188	77,637
Investments in real estate, net	6,769,903	6,661,034
Cash and cash equivalents	54,650	71,238
Restricted cash	26,698	35,279
Student contracts receivable, net	13,470	8,565
Operating lease right of use assets	460,857	—
Other assets	234,176	262,730
Total assets	**$ 7,559,754**	**$ 7,038,846**
Liabilities and capital		
Liabilities:		
Secured mortgage, construction and bond debt, net	$ 787,426	$ 853,084
Unsecured notes, net	1,985,603	1,588,446
Unsecured term loans, net	199,121	198,769
Unsecured revolving credit facility	425,700	387,300
Accounts payable and accrued expenses	88,411	88,767
Operating lease liabilities	473,070	—
Other liabilities	157,368	191,233
Total liabilities	**4,116,699**	**3,307,599**
Commitments and contingencies (Note 15)		
Redeemable limited partners	**104,381**	**184,446**
Capital:		
Partners' capital:		
General partner - 12,222 OP units outstanding at both December 31, 2019 and December 31, 2018	40	55
Limited partner - 137,392,530 and 137,024,667 OP units outstanding at December 31, 2019 and December 31, 2018, respectively	3,311,582	3,485,393
Accumulated other comprehensive loss	(16,946)	(4,397)
Total partners' capital	3,294,676	3,481,051
Noncontrolling interests – partially owned properties	43,998	65,750
Total capital	**3,338,674**	**3,546,801**
Total liabilities and capital	**$ 7,559,754**	**$ 7,038,846**

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

Investments in real estate, net	$ 788,393	$ 1,042,585
Cash, cash equivalents, and restricted cash	$ 59,908	$ 72,218
Other assets	$ 18,387	$ 11,918
Secured mortgage and construction debt, net	$ 418,241	$ 447,292
Accounts payable, accrued expenses and other liabilities	$ 56,976	$ 53,432

See accompanying notes to consolidated financial statements.

AMERICAN CAMPUS COMMUNITIES OPERATING PARTNERSHIP LP AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(in thousands, except unit and per unit data)

	Year Ended December 31, 2019	2018	2017
Revenues:			
Owned properties	$ 877,565	$ 825,959	$ 738,710
On-campus participating properties	36,346	34,596	33,945
Third-party development services	13,051	7,281	10,761
Third-party management services	12,936	9,814	9,832
Resident services	3,144	3,160	3,199
Total revenues	**943,042**	**880,810**	**796,447**
Operating expenses (income):			
Owned properties	390,664	373,521	332,429
On-campus participating properties	15,028	14,602	14,384
Third-party development and management services	19,915	15,459	15,225
General and administrative	31,081	34,537	31,386
Depreciation and amortization	275,046	263,203	234,955
Ground/facility leases	14,151	11,855	10,213
Loss (gain) from disposition of real estate	53	(42,314)	632
Provision for impairment	17,214	—	15,317
Other operating income	—	(2,648)	—
Total operating expenses	**763,152**	**668,215**	**654,541**
Operating income	**179,890**	**212,595**	**141,906**
Nonoperating income (expenses):			
Interest income	3,686	4,834	4,945
Interest expense	(111,287)	(99,228)	(71,122)
Amortization of deferred financing costs	(5,012)	(5,816)	(4,619)
Gain from extinguishment of debt	20,992	7,867	—
Other nonoperating income	—	1,301	—
Total nonoperating expenses	**(91,621)**	**(91,042)**	**(70,796)**
Income before income taxes	88,269	121,553	71,110
Income tax provision	(1,507)	(2,429)	(989)
Net income	**86,762**	**119,124**	**70,121**
Net income attributable to noncontrolling interests – partially owned properties	(1,398)	(1,215)	(435)
Net income attributable to American Campus Communities Operating Partnership LP	**85,364**	**117,909**	**69,686**
Series A preferred units distributions	(68)	(124)	(124)
Net income attributable to common unitholders	**$ 85,296**	**$ 117,785**	**$ 69,562**
Other comprehensive (loss) income			
Change in fair value of interest rate swaps and other	(12,549)	(1,696)	1,366
Comprehensive income	**$ 72,747**	**$ 116,089**	**$ 70,928**
Net income per unit attributable to common unitholders			
Basic	**$ 0.61**	**$ 0.85**	**$ 0.50**
Diluted	**$ 0.60**	**$ 0.84**	**$ 0.50**
Weighted-average common units outstanding			
Basic	**137,826,949**	**137,586,759**	**136,160,609**
Diluted	**138,817,890**	**138,493,757**	**137,021,571**

See accompanying notes to consolidated financial statements.

AMERICAN CAMPUS COMMUNITIES OPERATING PARTNERSHIP LP AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN CAPITAL
(in thousands, except unit data)

	General Partner		Limited Partner		Accumulated Other Comprehensive (Loss) Income	Noncontrolling Interests – Partially Owned Properties	Total
	Units	Amount	Units	Amount			
Capital, December 31, 2016	**12,222**	**$ 82**	**132,233,447**	**$ 3,448,970**	**$ (4,067)**	**$ 5,502**	3,450,487
Adjustments to reflect redeemable limited partners' interest at fair value	—	—	—	9,172	—	—	9,172
Amortization of restricted stock awards and vesting of restricted stock units	—	—	16,295	13,854	—	—	13,854
Vesting of restricted stock awards	—	—	193,186	(4,920)	—	—	(4,920)
Distributions to common and restricted unit holders and other ($1.74 per common share)	—	(21)	—	(236,524)	—	—	(236,545)
Contribution by noncontrolling interests - partially owned properties	—	—	—	—	—	8,254	8,254
Distributions to noncontrolling interests - partially owned properties	—	—	—	—	—	(212)	(212)
Conversion of common and preferred operating partnership units to common stock	—	—	22,000	154	—	—	154
Issuance of units in exchange for contributions of equity offering proceeds	—	—	3,949,356	187,881	—	—	187,881
Change in fair value of interest rate swaps and other	—	—	—	—	1,366	—	1,366
Net income	—	6	—	69,032	—	429	69,467
Capital, December 31, 2017	**12,222**	**67**	**136,414,284**	**3,487,619**	**(2,701)**	**13,973**	**3,498,958**
Adjustments to reflect redeemable limited partners' interest at fair value	—	—	—	(66,079)	—	—	(66,079)
Amortization of restricted stock awards and vesting of restricted stock units	—	—	27,376	12,176	—	—	12,176
Vesting of restricted stock awards	—	—	170,664	(2,756)	—	—	(2,756)
Distributions to common and restricted unit holders and other ($1.82 per common unit)	—	(22)	—	(250,499)	—	—	(250,521)
Contribution by noncontrolling interests - partially owned properties	—	—	—	—	—	212,481	212,481
Distributions to noncontrolling joint venture partners	—	—	—	—	—	(152,325)	(152,325)
Change in ownership of consolidated subsidiary	—	—	—	174,515	—	(9,472)	165,043
Conversion of common and preferred operating partnership units to common stock	—	—	412,343	13,332	—	—	13,332
Change in fair value of interest rate swaps and other	—	—	—	—	(1,696)	—	(1,696)
Net income	—	10	—	117,085	—	1,093	118,188
Capital, December 31, 2018	**12,222**	**55**	**137,024,667**	**3,485,393**	**(4,397)**	**65,750**	**3,546,801**
Adjustments to reflect redeemable limited partners' interest at fair value	—	—	—	(14,350)	—	—	(14,350)
Amortization of restricted stock awards and vesting of restricted stock units	—	—	18,318	13,617	—	—	13,617
Vesting of restricted stock awards	—	—	180,961	(3,975)	—	—	(3,975)
Distributions to common and restricted unit holders and other ($1.87 per common unit)	—	(23)	—	(258,597)	—	—	(258,620)
Contributions by noncontrolling interests - partially owned properties	—	—	—	—	—	924	924
Distributions to noncontrolling interests - partially owned properties	—	—	—	—	—	(8,425)	(8,425)
Change in ownership of consolidated subsidiary	—	—	—	(1,544)	—	(15,261)	(16,805)
Conversion of common and preferred operating partnership units to common stock	—	—	168,584	6,077	—	—	6,077
Change in fair value of interest rate swaps and other	—	—	—	—	610	—	610
Termination of interest rate swaps	—	—	—	—	(13,159)	—	(13,159)
Net income	—	8	—	84,961	—	1,010	85,979
Capital, December 31, 2019	**12,222**	**$ 40**	**137,392,530**	**$ 3,311,582**	**$ (16,946)**	**$ 43,998**	**$ 3,338,674**

See accompanying notes to consolidated financial statements.

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

	Year Ended December 31,		
	2019	2018	2017
Operating activities			
Net income	$ 86,762	$ 119,124	$ 70,121
Adjustments to reconcile net income to net cash provided by operating activities:			
Loss (gain) from disposition of real estate	53	(42,314)	632
Gain from insurance settlement	—	(1,245)	—
Gain from extinguishment of debt	(20,992)	(7,867)	—
Provision for impairment	17,214	—	15,317
Depreciation and amortization	275,046	263,203	234,955
Amortization of deferred financing costs and debt premiums/discounts	538	885	(2,871)
Share-based compensation	13,617	12,176	13,854
Income tax provision	1,507	2,429	989
Amortization of interest rate swap terminations	1,133	412	412
Termination of interest rate swaps	(13,159)	—	—
Changes in operating assets and liabilities:			
Student contracts receivable, net	(5,407)	148	(414)
Other assets	(4,445)	(9,570)	2,502
Accounts payable and accrued expenses	(1,532)	31,299	(26,718)
Other liabilities	20,044	7,941	9,898
Net cash provided by operating activities	**370,379**	**376,621**	**318,677**
Investing activities			
Proceeds from disposition of properties and land parcels	108,562	242,284	24,462
Cash paid for acquisition of properties and land parcels	(8,559)	(26,626)	(375,541)
Capital expenditures for owned properties	(70,846)	(70,809)	(82,722)
Investments in owned properties under development	(444,362)	(475,338)	(534,830)
Capital expenditures for on-campus participating properties	(2,898)	(3,654)	(3,533)
Other investing activities	1,963	(1,669)	(5,608)
Net cash used in investing activities	**(416,140)**	**(335,812)**	**(977,772)**
Financing activities			
Proceeds from unsecured notes	398,816	—	399,648
Proceeds from issuance of common units in exchange for contributions, net	—	—	188,538
Pay-off of mortgage and construction loans	(53,818)	(186,347)	(147,960)
Defeasance costs related to early extinguishment of debt	—	(2,726)	—
Pay-off of unsecured term loans	—	(450,000)	—
Proceeds from unsecured term loans	—	—	500,000
Proceeds from revolving credit facility	949,000	1,095,500	1,164,700
Paydowns of revolving credit facility	(910,600)	(835,800)	(1,136,400)
Proceeds from construction loans	31,611	100,882	40,170
Proceeds from mortgage loans	—	330,000	—
Scheduled principal payments on debt	(11,938)	(11,704)	(12,819)
Debt issuance and assumption costs	(6,462)	(656)	(12,060)
Increase in ownership of consolidated subsidiary	(105,109)	(10,486)	—
Contribution by noncontrolling interests	1,174	379,391	11,801
Taxes paid on net-share settlements	(3,975)	(2,756)	(4,920)
Distributions paid to common and preferred unitholders	(257,780)	(250,515)	(236,905)
Distributions paid on unvested restricted stock awards	(1,902)	(1,522)	(1,536)
Distributions paid to noncontrolling interests - partially owned properties	(8,425)	(152,325)	(75,347)
Net cash provided by financing activities	**20,592**	**936**	**676,910**
Net change in cash, cash equivalents, and restricted cash	(25,169)	41,745	17,815
Cash, cash equivalents, and restricted cash at beginning of period	106,517	64,772	46,957
Cash, cash equivalents, and restricted cash at end of period	**$ 81,348**	**$ 106,517**	**$ 64,772**

	Year Ended December 31,		
	2019	2018	2017
Reconciliation of cash, cash equivalents, and restricted cash to the consolidated balance sheets			
Cash and cash equivalents	$ 54,650	$ 71,238	$ 41,182
Restricted cash	26,698	35,279	23,590
Total cash, cash equivalents, and restricted cash at end of period	$ 81,348	$ 106,517	$ 64,772
Supplemental disclosure of non-cash investing and financing activities			
Loans associated with investment in joint ventures	$ —	$ —	$ (104,056)
Conversion of common and preferred operating partnership units to common stock	$ 6,077	$ 13,332	$ 154
Non-cash contribution from noncontrolling interest	$ —	$ 8,729	$ 159,247
Non-cash consideration exchanged in purchase of land parcel	$ —	$ —	$ (3,071)
Accrued development costs and capital expenditures	$ 37,260	$ 54,975	$ 50,714
Change in fair value of derivative instruments, net	$ (523)	$ (2,108)	$ 954
Change in fair value of redeemable noncontrolling interest	$ (14,350)	$ (66,079)	$ 9,172
Change in ownership of consolidated subsidiary	$ —	$ (175,529)	$ —
Initial recognition of operating lease right of use assets	$ 463,445	$ —	$ —
Initial recognition of operating lease liabilities	$ 462,495	$ —	$ —
Non-cash extinguishment of debt, including accrued interest	$ (34,570)	$ —	$ —
Net assets surrendered in conjunction with extinguishment of debt	$ 13,578	$ —	$ —
Supplemental disclosure of cash flow information			
Interest paid, net of amounts capitalized	$ 114,450	$ 101,841	$ 72,407
Income taxes paid	$ 3,041	$ 1,060	$ 1,053

See accompanying notes to consolidated financial statements.

1. Organization and Description of Business

American Campus Communities, Inc. ("ACC") is a real estate investment trust ("REIT") that commenced operations effective with the completion of an initial public offering ("IPO") on August 17, 2004. Through ACC's controlling interest in American Campus Communities Operating Partnership LP ("ACCOP"), ACC is one of the largest owners, managers, and developers of high quality student housing properties in the United States in terms of beds owned and under management. ACC is a fully integrated, self-managed, and self-administered equity REIT with expertise in the acquisition, design, financing, development, construction management, leasing, and management of student housing properties. ACC's common stock is publicly traded on the New York Stock Exchange ("NYSE") under the ticker symbol "ACC."

The general partner of ACCOP is American Campus Communities Holdings, LLC ("ACC Holdings"), an entity that is wholly-owned by ACC. As of December 31, 2019, ACC Holdings held an ownership interest in ACCOP of less than 1%. The limited partners of ACCOP are ACC and other limited partners consisting of current and former members of management and nonaffiliated third parties. As of December 31, 2019, ACC owned an approximate 99.6% limited partnership interest in ACCOP. As the sole member of the general partner of ACCOP, ACC has exclusive control of ACCOP's day-to-day management. Management operates ACC and ACCOP as one business. The management of ACC consists of the same members as the management of ACCOP. ACC consolidates ACCOP for financial reporting purposes, and ACC does not have significant assets other than its investment in ACCOP. Therefore, the assets and liabilities of ACC and ACCOP are the same on their respective financial statements. References to the "Company" mean collectively ACC, ACCOP, and those entities/subsidiaries owned or controlled by ACC and/or ACCOP. References to the "Operating Partnership" mean collectively ACCOP and those entities/subsidiaries owned or controlled by ACCOP. Unless otherwise indicated, the accompanying Notes to the Consolidated Financial Statements apply to both the Company and the Operating Partnership.

As of December 31, 2019, the Company's property portfolio contained 167 properties with approximately 112,800 beds. The Company's property portfolio consisted of 127 owned off-campus student housing properties that are in close proximity to colleges and universities, 34 American Campus Equity ("ACE®") properties operated under ground/facility leases, and six on-campus participating properties operated under ground/facility leases with the related university systems. Of the 167 properties, three were under development as of December 31, 2019, and when completed will consist of a total of approximately 11,300 beds. The Company's communities contain modern housing units and are supported by a resident assistant system and other student-oriented programming, with many offering resort-style amenities.

Through one of ACC's taxable REIT subsidiaries ("TRSs"), the Company also provides construction management and development services, primarily for student housing properties owned by colleges and universities, charitable foundations, and others. As of December 31, 2019, also through one of ACC's TRSs, the Company provided third-party management and leasing services for 36 properties that represented approximately 26,500 beds. Third-party management and leasing services are typically provided pursuant to management contracts that have initial terms that range from one year to five years. As of December 31, 2019, the Company's total owned and third-party managed portfolio included 203 properties with approximately 139,300 beds.

2. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying consolidated financial statements, presented in U.S. dollars, are prepared in accordance with U.S. generally accepted accounting principles ("GAAP"). GAAP requires the Company to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities as of the date of the financial statements, and revenue and expenses during the reporting periods. The Company's actual results could differ from those estimates and assumptions. All material intercompany transactions among consolidated entities have been eliminated. All dollar amounts in the tables herein, except share, per share, unit and per unit amounts, are stated in thousands unless otherwise indicated.

Principles of Consolidation

The Company's consolidated financial statements include its accounts and the accounts of other subsidiaries and joint ventures (including partnerships and limited liability companies) over which it has control. Investments acquired or created are evaluated based on the accounting guidance relating to variable interest entities ("VIEs"), which requires the consolidation of VIEs in which the Company is considered to be the primary beneficiary. If the investment is determined not to be a VIE, then the investment is evaluated for consolidation using the voting interest model.

Recently Issued Accounting Pronouncements

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

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

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

Accounting Standards Update	Effective Date
ASU 2018-15, "Intangibles - Goodwill and Other - Internal-Use Software (Subtopic 350-40): Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement that is a Service Contract"	January 1, 2020
ASU 2018-13, "Fair Value Measurement (Topic 820): Disclosure Framework - Changes to the Disclosure Requirements for Fair Value Measurement"	January 1, 2020
ASU 2019-12, "Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes"	January 1, 2021

Recently Adopted Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02 ("ASU 2016-12"), "Leases (Topic 842): Amendments to the FASB Accounting Standards Codification." ASU 2016-02 outlines principles for the recognition, measurement, presentation and disclosure of leases. Subsequent to the issuance of ASU 2016-02, the FASB issued additional ASUs clarifying aspects of the new lease accounting standard, which were effective upon adoption of ASU 2016-02. These lease-related ASUs are collectively referred to as the "New Leases Standard."

The Company adopted the New Leases Standard on January 1, 2019, utilizing the modified retrospective transition approach. Under this approach, the Company elected to apply the new standard to leases that were in place as of January 1, 2019. Effective January 1, 2019, when the Company enters into a contract or amends an existing contract, it evaluates whether the contract meets the definition of a lease under the New Leases Standard. To meet the definition of a lease the contract must meet all three of the following criteria:

- One party (lessor) must hold an identified asset;
- The counterparty (lessee) must have the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of the contract; and
- The counterparty (lessee) must have the right to direct the use of the identified asset throughout the period of the contract

Results for reporting periods beginning January 1, 2019 are presented under the New Leases Standard. Upon adoption, the Company did not record an adjustment to beginning retained earnings. In addition, the Company adopted the following additional practical expedients available for implementation:

- An entity need not reassess whether any existing or expired contracts are or contain leases;
- An entity need not reassess lease classification for any existing or expired leases; and
- An entity need not reassess initial direct costs for any existing leases.

As Lessee:

- Under the New Leases Standard, lessees classify leases as either operating or finance leases based on the principle of whether or not the lease is effectively a financed purchase by the lessee. This classification determines whether lease expense is recognized on a straight-line basis over the term of the lease (operating lease) or under the effective interest method (finance lease). In addition, the New Leases Standard requires lessees to recognize right-of-use assets and related lease liabilities for leases with a term greater than 12 months regardless of their lease classification. The New Leases Standard does provide a practical expedient that allows lessees to not apply the recognition requirements discussed above to leases with a lease term of 12 months or less. The Company elected to adopt this practical expedient available for implementation.
- Upon adoption of the New Leases Standard on January 1, 2019, the Company was a lessee under 28 ground leases and two corporate office headquarters leases for which it recorded $278.2 million in right of use assets ("ROU Assets"), and $277.5 million of operating lease liabilities.
- Because the Company's existing leases under which it is a lessee will continue to be classified as operating leases, the timing and pattern of lease expense recognition (straight-line basis) will remain unchanged. Leases entered into or modified after January 1, 2019, were evaluated under the New Leases Standard and were also classified as operating leases.

As Lessor:

- Under the New Leases Standard, the accounting for lessors remained largely unchanged from current GAAP; however, ASU 2016-02 required that lessors expense, on an as-incurred basis, certain initial direct costs that are not incremental in negotiating a lease. Under the prior standard, these costs were capitalizable and therefore the New Leases Standard resulted in certain of these costs being expensed as incurred after adoption. For the Company, these costs include internal leasing payroll costs incurred for owned and presale development projects, as well as certain legal expenses incurred when negotiating commercial leases.
- The New Leases Standard also requires lessors to evaluate collectability of all operating lease payments in a contract at lease commencement and thereafter. The Company concludes that operating lease payments are probable of collection at lease commencement. If the operating lease payments are subsequently deemed not probable of collection, adjustments are recognized as a reduction to lease income and, subsequently, any lease revenue is only recognized when cash receipts are received. This resulted in the reclassification of the provision for uncollectible accounts from operating expenses to revenue. This adjustment is reflected on a prospective basis in the accompanying consolidated statements of comprehensive income, starting on January 1, 2019. The provision for uncollectible accounts for owned properties was $7.3 million, $7.1 million and $6.4 million for the year ended December 31, 2019, 2018 and 2017, respectively. The provision for uncollectible accounts for on-campus participating properties was a $0.5 million benefit for the year ended December 31, 2019, and a $0.3 million expense for both year ended December 31, 2018 and 2017.
- The New Leases Standard allows lessors to maintain an allowance for uncollectible operating lease receivables. If after lease commencement, the assessment of collectability on operating lease payments changes, a lessor can determine whether the allowance adequately contemplated this change. Upon adoption, the Company elected to maintain its allowance for operating leases and concluded the allowance adequately contemplated operating lease payments that were deemed not probable of collection for the year ended December 31, 2019.
- The New Leases Standard provides a practical expedient that allows lessors to not separate certain lease and non-lease components if certain criteria are met. The Company assessed the criteria and determined that the timing and pattern of transfer for common area maintenance and the related rental revenue is the same. Therefore, the Company elected the practical expedient which resulted in no change to how revenue is currently recorded.

In addition, on January 1, 2019, the Company adopted the following accounting pronouncements which did not have a material effect on the Company's consolidated financial statements:

- ASU 2018-02, "Income Statement - Reporting Comprehensive Income (Topic 220): Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income"
- ASU 2017-12, "Derivatives and Hedging (Topic 815): Targeted Improvements to Accounting for Hedging Activities"
- ASU 2018-16, "Derivatives and Hedging (Topic 815): Inclusion of the Secured Overnight Financing Rate (SOFR) Overnight Index Swap (OIS) Rate as a Benchmark Interest Rate for Hedge Accounting Purposes"

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 expensed as 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 financing costs, are capitalized as construction in progress. Upon completion of the project, costs are transferred into the applicable asset category and depreciation commences. Interest totaling approximately $12.1 million, $11.7 million and $15.9 million was capitalized during the years ended December 31, 2019, 2018, and 2017, respectively.

Management assesses whether there has been an impairment in the value of the Company's investments in real estate whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Impairment is recognized when estimated expected future undiscounted cash flows are less than the carrying value of the property, or when a property meets the criteria to be classified as held for sale, at which time an impairment charge is recognized for any excess of the carrying value of the property over the expected net proceeds from the disposal. The estimation of expected future net cash flows uses estimates, including capitalization rates and growth rates, which are inherently uncertain and rely 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. In the case of any impairment, the valuation would be based on Level 3 inputs. During the year ended December 31, 2019, concurrent with the classification of one owned property as held for sale, the Company recorded a $3.2 million impairment charge which is included in provision for impairment within operating income on the Consolidated Statements of Comprehensive Income. There were no impairment charges during the year ended December 31, 2018. The Company recorded a $15.3 million impairment charge in June 2017 for one property that was in receivership and was returned to the lender during the year ended December 31, 2019. Refer to Note 6 for additional information regarding the disposition and to Note 9 for additional information regarding the property returned to the lender.

The Company evaluates each acquisition to determine if the integrated set of assets and activities acquired meet the definition of a business. If either of the following criteria is met, the integrated set of assets and activities acquired would not qualify as a business:

- Substantially all of the fair value of the gross assets acquired is concentrated in either a single identifiable asset or a group of similar identifiable assets; or
- The integrated set of assets and activities is lacking, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs (i.e. revenue generated before and after the transaction).

Property acquisitions deemed to qualify as a business are accounted for as business combinations, and the related acquisition costs are expensed as incurred. The Company allocates the purchase price of properties acquired in business combinations to net tangible and identified intangible assets based on their 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, the Company's own analysis of recently acquired and existing comparable properties in the Company's portfolio, and other market data. Information obtained about each property as a result of due diligence, marketing, and leasing activities is also considered. The value allocated to land is generally based on the actual purchase price if acquired separately, or market research/comparables if acquired as part of an existing operating property. The value allocated to building is based on the fair value determined on an "as-if vacant" basis, which is estimated using a replacement cost approach that relies upon assumptions that the Company believes are consistent with current market conditions for similar properties. The value allocated to furniture, fixtures, and equipment is based on an estimate of the fair value of the appliances and fixtures inside the units. The Company has determined these estimates are primarily based upon unobservable inputs and therefore are considered to be Level 3 inputs within the fair value hierarchy.

Acquisitions of properties that do not meet the definition of a business are accounted for as asset acquisitions. The accounting model for asset acquisitions is similar to the accounting model for business combinations except that the acquisition consideration (including transaction costs) is allocated to the individual assets acquired and liabilities assumed on a relative fair value basis. The relative fair values used to allocate the cost of an asset acquisition are determined using the same methodologies and assumptions as those utilized to determine fair value in a business combination.

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 less estimated selling costs, and depreciation ceases. The Company did not have any properties classified as held for sale as of December 31, 2019 and 2018.

Cash and Cash Equivalents

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

Restricted Cash

Restricted cash consists of funds held in trusts that were established in connection with three bond issues for the Company's on-campus participating properties. The funds are invested in low risk investments, generally consisting of government backed securities, as permitted by the indentures of trusts. Additionally, restricted cash includes escrow accounts held by lenders and resident security deposits, as required by law in certain states. Restricted cash also consists of escrow deposits made in connection with potential property acquisitions and development opportunities. These escrow deposits are invested in interest-bearing accounts at federally-insured banks. Realized and unrealized gains and losses are not material for the periods presented.

Loans Receivable

Loans held for investment are intended to be held to maturity and, accordingly, are carried at cost, net of unamortized loan purchase discounts, and net of an allowance for loan losses when such loan is deemed to be impaired. Loan purchase discounts are amortized over the term of the loan. The unamortized discount on the loans receivable was $2.3 million and $2.4 million as of December 31, 2019 and 2018, respectively. The Company considers a loan impaired when, based upon current information and events, it is probable that it will be unable to collect all amounts due for both principal and interest according to the contractual terms of the loan agreement. Management's estimate of the collectability of principal and interest payments under the Company's loans receivable from CaPFA Capital Corp. 2000F ("CaPFA"), which mature in December 2040 and carry a balance, net of discount, of approximately $50.6 million and $54.6 million as of December 31, 2019 and 2018, respectively, are highly dependent on the future operating performance of the properties securing the loans. As future economic conditions and/or market conditions at the properties change, management will continue to evaluate the collectability of such amounts. There were no impairments of the carrying value of its loans receivable as of December 31, 2019. Loans receivable are included in Other Assets on the accompanying Consolidated Balance Sheets.

Intangible Assets

A portion of the purchase price of acquired properties is allocated to the value of in-place leases for both student and commercial tenants, which 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 for student leases 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 rents 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. The purchase price of property acquisitions is not allocated to student tenant relationships, considering the terms of the leases and the expected levels of renewals.

For acquired properties subject to an in-place property tax incentive arrangement, a portion of the purchase price is allocated to the present value of expected future property tax savings over the projected incentive arrangement period. There were no new acquisitions or investments in joint ventures during the years ended December 31, 2019 and 2018, that required an allocation to in-place property tax incentive arrangements assumed. Unamortized in-place property tax incentive arrangements as of December 31, 2019 and 2018 were approximately $38.6 million and $56.3 million, respectively, and are included in other assets on the accompanying consolidated balance sheets. Amortization expense was approximately $3.5 million, $3.7 million, and $3.3 million for the years ended December 31, 2019, 2018, and 2017, respectively, and is included in owned properties operating expense in the accompanying consolidated statements of comprehensive income. As of December 31, 2019, the remaining weighted average tax incentive arrangement period was 18.0 years. During the year ended December 31, 2019, the Company recorded a $14.0 million impairment charge associated with a tax incentive arrangement that was recorded upon acquisition of an owned property in 2015 due to current facts and circumstances indicating that the originally assumed property tax savings will not materialize. This impairment charge is based on Level 3 inputs and is included in provision for impairment on the accompanying Consolidated Statements of Comprehensive Income.

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. In those instances when debt modifications do not include material changes to the terms of the underlying debt agreement, unamortized costs of the original instrument are added to the costs of the modification and amortized over the life of the modified debt using the effective interest method. Deferred financing costs, net of amortization, for the Company's revolving credit facility are included in other assets on the accompanying consolidated balance sheets. Net deferred financing costs for the Company's revolving credit facility were approximately $3.5 million as of both December 31, 2019, and 2018.

Redeemable Noncontrolling Interests

The Company follows guidance issued by the FASB regarding the classification and measurement of redeemable securities. Under this guidance, securities that are redeemable for cash or other assets, at the option of the holder and not solely within the control of the issuer, must be classified outside of permanent equity as redeemable noncontrolling interests. The Company makes this determination based on terms in the applicable agreements, specifically in relation to redemption provisions. The Company initially records the redeemable noncontrolling interests at fair value. The carrying amount of the redeemable noncontrolling interest is subsequently adjusted to the redemption value (assuming the noncontrolling interest is redeemable at the balance sheet date), with the corresponding offset for changes in fair value recorded in additional paid in capital. Reductions in fair value are recorded only to the extent that the Company has previously recorded increases in fair value above the redeemable noncontrolling interests' initial basis. As the changes in redemption value are based on fair value, there is no effect on the Company's earnings per share. Redeemable noncontrolling interests on the accompanying consolidated balance sheets of ACC are referred to as redeemable limited partners on the consolidated balance sheets of the Operating Partnership. Refer to Note 8 for a more detailed discussion of redeemable noncontrolling interests for both ACC and the Operating Partnership.

Consolidated VIEs

The Company has investments in various entities that qualify as VIEs for accounting purposes and for which the Company is the primary beneficiary and therefore includes the entities in its consolidated financial statements. These VIEs include the Operating Partnership, six joint ventures that own a total of 11 operating properties and a land parcel, and six properties owned under the on-campus participating property structure. The VIE assets and liabilities consolidated within the Company's assets and liabilities are disclosed at the bottom of the Consolidated Balance Sheets.

Joint Ventures

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

For joint ventures that are not defined as VIEs, where the Company is the general partner, but does not control the joint venture as the other partners hold substantive participating rights, the Company uses the equity method of accounting. For joint ventures where the Company is a limited partner, management evaluates whether the Company holds substantive participating rights. In instances where the Company holds substantive participating rights in the joint venture, the Company consolidates the joint venture; otherwise, it uses the equity method of accounting.

Presale Development Projects

As part of its development strategy, the Company enters into presale agreements to purchase various properties. Under the terms of these agreements, the Company is obligated to purchase the property as long as certain construction completion deadlines and other closing conditions are met. As a part of the presale agreements, the Company has the option to elect not to purchase the asset, which would result in the Company paying a significant penalty. The Company is typically responsible for leasing, management, and initial operations of the project while the third-party developer retains development risk during the construction period. The entity that owns the property is deemed to be a VIE, and the Company is deemed to be the primary beneficiary of the VIE. As such, upon execution of the purchase and sale agreement, the Company records the assets, liabilities, and noncontrolling interest of the entity owning the property at fair value.

Mortgage Debt - Premiums and Discounts

Mortgage debt premiums and discounts represent fair value adjustments to account for the difference between the stated rates and market rates of mortgage debt assumed in connection with the Company's property acquisitions. The mortgage debt premiums and discounts are included in secured mortgage, construction, and bond debt on the accompanying consolidated balance sheets and are amortized to interest expense over the term of the related mortgage loans using the effective-interest method. The amortization of mortgage debt premiums and discounts resulted in a net decrease to interest expense of approximately $4.9 million, $5.3 million, and $7.8 million for the years ended December 31, 2019, 2018, and 2017, respectively. As of December 31, 2019 and 2018, net unamortized mortgage debt premiums were approximately $6.4 million and $11.6 million, respectively.

Tenant Reimbursements

Reimbursements from tenants, consisting of amounts due from tenants for utilities, are recognized as revenue in the period the recoverable costs are incurred. Tenant reimbursements are recognized and recorded on a gross basis, as the Company is generally the primary obligor with respect to purchasing goods and services from third-party suppliers, has discretion in selecting the supplier, and has credit risk.

Revenue Recognition and Accounts Receivable

The Company's primary business involves leasing properties to students under agreements that are classified as operating leases, and which have terms of 12 months or less. When collection of substantially all lease payments during the lease term is considered probable, which the Company concludes to be the case at lease commencement, the lease qualifies for accrual accounting and lease payments are recognized on a straight-line basis. These student leases do not provide for variable rent payments. The Company is also a lessor under commercial leases at certain owned properties, some of which provide for variable lease payments based upon tenant performance such as a percentage of sales. The Company recognizes the base lease payments provided for under the leases on a straight-line basis over the lease term, and variable payments are recognized in the period in which the changes in facts and circumstances on which the variable payments are based occur.

If collection of substantially all lease payments during the lease term is not considered probable, adjustments are recognized as a reduction to lease income and, subsequently, any lease revenue is only recognized when cash receipts are received. In addition, the Company still maintains an allowance for uncollectible operating lease receivables to establish general reserves that are sufficient to absorb any adjustments to the probability of collection of substantially all lease payments. Determining the probability of collection of substantially all lease payments is impacted by numerous factors including tenant creditworthiness, economic conditions, and the Company's historical experience with tenants.

Third-Party Development Services Revenue

The Company recognizes development revenues and construction revenues over the life of the contract using a time-based measure of progress. An entire development and construction contract represents a single performance obligation comprised of a series of distinct services to be satisfied over time, and a single transaction price to be recognized over the life of the contract using a time-based measure of progress. Any variable consideration included in the transaction price is estimated using the expected value approach and is only included to the extent that a significant revenue reversal is not likely to occur.

Third-Party Development Services Costs

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, at which time the Company capitalizes the costs. 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 comprehensive income. As of December 31, 2019, the Company has deferred approximately $7.1 million in pre-development costs related to third-party and owned development projects that have not yet commenced construction. Such costs are net of any contractual arrangements through which the Company could be reimbursed by another party. Such costs are included in other assets on the accompanying consolidated balance sheets.

Third-Party Management Services Revenue

Management fees are recognized when earned in accordance with each management contract. Incentive management fees are estimated using the expected value approach and are included in the transaction price only to the extent that a significant revenue reversal is not likely to occur. The Company evaluates the collectability of revenue earned from third-party management contracts and reserves any amounts deemed to be uncollectible based on the individual facts and circumstances of the projects and associated contracts.

Advertising Costs

Advertising costs are expensed during the period incurred, or as the advertising takes place, depending on the nature and term of the specific advertising arrangements. Advertising expense approximated $15.7 million, $13.6 million and $12.7 million for the years ended December 31, 2019, 2018 and 2017, respectively.

Derivative Instruments and Hedging Activities

The Company records all derivative financial instruments on the balance sheet at fair value. Changes in fair value are recognized either in earnings or as other comprehensive income, depending on whether the derivative has been designated as a fair value or cash flow hedge and whether it qualifies as part of a hedging relationship, the nature of the exposure being hedged, and how effective the derivative is at offsetting movements in underlying exposure. The Company discontinues hedge accounting when: (i) it determines that the derivative is no longer effective in offsetting changes in the fair value or cash flows of a hedged item; (ii) the derivative expires or is sold, terminated, or exercised; (iii) it is no longer probable that the forecasted transaction will occur; or (iv) management determines that designating the derivative as a hedging instrument is no longer appropriate. In all situations in which hedge accounting is discontinued and the derivative remains outstanding, the Company will carry the derivative at its fair value on the balance sheet, recognizing changes in the fair value in current-period earnings. The Company uses interest rate swaps to effectively convert a portion of its floating rate debt to fixed rate, thus reducing the impact of rising interest rates on interest payments. These instruments are designated as cash flow hedges and the interest differential to be paid or received is accrued as interest expense. The Company's counter-parties are major financial institutions. See Note 12 for an expanded discussion on derivative instruments and hedging activities.

Common Stock Issuances and Costs

Specific incremental costs directly attributable to the Company's equity offerings are deferred and charged against the gross proceeds of the offering. As such, underwriting commissions and other common stock issuance costs are reflected as a reduction of additional paid in capital. See Note 10 for an expanded discussion on common stock issuances and costs.

Share-Based Compensation

Compensation expense associated with share-based awards is recognized in the consolidated statements of comprehensive income based on the grant-date fair values and is adjusted as actual forfeitures occur. Compensation expense is recognized over the period during which the employee is required to provide service in exchange for the award, which is generally the vesting period. See Note 11 for an expanded discussion of the Company's share-based compensation awards.

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 various TRSs, one of which manages the Company's non-REIT activities and each of which is subject to federal, state and local income taxes.

3. Earnings Per Share

Earnings Per Share – Company

Basic earnings per share is computed using net 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 reflects common shares issuable from the assumed conversion of American Campus Communities Operating Partnership Units ("OP Units") and common share awards granted. Only those items having a dilutive impact on basic earnings per share are included in diluted earnings per share.

The following potentially dilutive securities were outstanding for the years ended December 31, 2019, 2018, and 2017, but were not included in the computation of diluted earnings per share because the effects of their inclusion would be anti-dilutive.

	Year Ended December 31,		
	2019	**2018**	**2017**
Common OP Units (Note 8)	531,112	771,708	1,019,186
Preferred OP Units (Note 8)	42,421	77,513	77,513
Total potentially dilutive securities	573,533	849,221	1,096,699

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

	Year Ended December 31,		
	2019	**2018**	**2017**
Numerator - basic and diluted earnings per share			
Net income	$ 86,762	$ 119,124	$ 70,121
Net income attributable to noncontrolling interests	(1,793)	(2,029)	(1,083)
Net income attributable to ACC, Inc. and Subsidiaries common stockholders	84,969	117,095	69,038
Amount allocated to participating securities	(1,902)	(1,522)	(1,536)
Net income attributable to common stockholders	**$ 83,067**	**$ 115,573**	**$ 67,502**
Denominator			
Basic weighted average common shares outstanding	**137,295,837**	**136,815,051**	**135,141,423**
Unvested restricted stock awards (Note 11)	990,941	906,998	860,962
Diluted weighted average common shares outstanding	**138,286,778**	**137,722,049**	**136,002,385**

Earnings per share			
Net income attributable to common stockholders - basic	**$ 0.61**	**$ 0.84**	**$ 0.50**
Net income attributable to common stockholders - diluted	**$ 0.60**	**$ 0.84**	**$ 0.50**

Earnings Per Unit – Operating Partnership

Basic earnings per OP Unit is computed using net income attributable to common unitholders and the weighted average number of common units outstanding during the period. Diluted earnings per OP Unit reflects the potential dilution that could occur if securities or other contracts to issue OP Units were exercised or converted into OP Units or resulted in the issuance of OP Units and then shared in the earnings of the Operating Partnership.

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

	Year Ended December 31,		
	2019	**2018**	**2017**
Numerator - basic and diluted earnings per unit			
Net income	$ 86,762	$ 119,124	$ 70,121
Net income attributable to noncontrolling interests – partially owned properties	(1,398)	(1,215)	(435)
Series A preferred unit distributions	(68)	(124)	(124)
Amount allocated to participating securities	(1,902)	(1,522)	(1,536)
Net income attributable to common unitholders	**$ 83,394**	**$ 116,263**	**$ 68,026**
Denominator			
Basic weighted average common units outstanding	**137,826,949**	**137,586,759**	**136,160,609**
Unvested restricted stock awards (Note 11)	990,941	906,998	860,962
Diluted weighted average common units outstanding	**138,817,890**	**138,493,757**	**137,021,571**
Earnings per unit			
Net income attributable to common unitholders - basic	**$ 0.61**	**$ 0.85**	**$ 0.50**
Net income attributable to common unitholders - diluted	**$ 0.60**	**$ 0.84**	**$ 0.50**

4. Income Taxes

As mentioned in Note 2, the Company qualifies as a REIT under the Code. As a REIT, the Company is not subject to federal income tax as long as it distributes at least 90% of its taxable income to its shareholders each year. If the Company's taxable income exceeds its distributions for the year, the REIT tax rules allow the Company to designate distributions from a subsequent tax year in order to avoid current taxation on undistributed income. No provision for federal income taxes for the REIT has been included in the accompanying consolidated financial statements as the Company expects to meet the 90% annual distribution requirement. If the Company fails to qualify as a REIT, the Company will be subject to federal income tax (including any applicable alternative minimum tax for tax years ending on or prior to December 31, 2017) on its taxable income and to federal income and excise taxes on its undistributed income. In addition, ACCOP is a flow-through entity and is not subject to federal income taxes at the entity level. Historically, the Company has incurred only state and local income, franchise and margin taxes.

The Company's TRSs are subject to federal, state, and local income taxes. As such, deferred income taxes result from temporary differences between the carrying amounts of assets and liabilities of the TRSs for financial reporting purposes and the amounts used for income tax purposes. On December 22, 2017, the Tax Cuts and Jobs Act was signed into law and included wide-scale changes to individual, flow-through and corporation tax laws, including those that impact the real estate industry, the ownership of real estate and real estate investments, and REITs. One significant change was a reduction of the federal corporate income tax rate to 21%. The new rate became effective on January 1, 2018 and is a significant decrease from the prior graduated rate structure, which included a 35% maximum. Given that deferred tax assets and liabilities are measured using enacted tax rates in effect in the years in which those temporary differences are expected to reverse, the deferred balances below reflect the impact of the rate reduction. As of December 31, 2019, we have reviewed the provisions of the new tax laws that pertain to the Company and have determined them to have no other material income tax effect for financial statement purposes.

	December 31, 2019	December 31, 2018
Deferred tax assets:		
Fixed and intangible assets	$ 1,488	$ 365
Net operating loss carryforwards	7,290	9,277
Prepaid and deferred income	1,115	866
Bad debt reserves	528	656
Leases	3,480	—
Accrued expenses and other	4,049	3,208
Stock compensation	2,636	2,083
Total deferred tax assets	20,586	16,455
Valuation allowance for deferred tax assets	(17,121)	(16,390)
Deferred tax assets, net of valuation allowance	3,465	65
Deferred tax liability:		
Leases	(3,413)	—
Deferred financing costs	(52)	(65)
Net deferred tax liabilities	**$ —**	**$ —**

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

	Year Ended December 31, 2019	2018	2017
Current:			
Federal	$ (157)	$ —	$ —
State	(1,350)	(2,429)	(989)
Deferred:			
Federal	—	—	—
State	—	—	—
Total provision	**$ (1,507)**	**$ (2,429)**	**$ (989)**

TRS earnings subject to tax consisted of income of approximately $10.0 million for the year ended December 31, 2019 and losses of approximately $2.0 million and $8.4 million for the years ended December 31, 2018, and 2017, respectively. The reconciliation of income tax for the TRSs computed at the U.S. statutory rate to income tax provision is as follows:

	Year Ended December 31, 2019	2018	2017
Tax (provision) benefit at U.S. statutory rates on TRS income subject to tax	$ (789)	$ 327	$ 1,277
State income tax, net of federal income tax benefit	(57)	13	57
Effect of permanent differences and other	5	(154)	207
Deferred tax impact of tax reform	—	—	(9,206)
Decrease (increase) in valuation allowance	841	(186)	7,665
TRS income tax provision	**$ —**	**$ —**	**$ —**

At December 31, 2019, the TRSs had net operating loss carryforwards ("NOLs") of approximately $27.4 million for income tax purposes that begin to expire in 2031. These NOLs may be used to offset future taxable income generated by each of the respective TRSs. Due to the various limitations to which the use of NOLs are subject, the Company has applied a valuation allowance to the NOLs given the likelihood that the NOLs will expire unused. The Company and its subsidiaries file income tax returns in the U.S. federal jurisdiction and various states' jurisdictions as required, and as of December 31, 2019, the 2018, 2017 and 2016 calendar tax years are subject to examination by the tax authorities.

The Company had no material unrecognized tax benefits for the years ended December 31, 2019, 2018, and 2017, and as of December 31, 2019, the Company does not expect to record any material unrecognized tax benefits. Because no material unrecognized tax benefits have been recorded, no related interest or penalties have been calculated.

A schedule of per share distributions the Company paid and reported to its shareholders, which is unaudited, is set forth in the following table:

	Year Ended December 31,		
Tax Treatment of Distributions:	**2019**	**2018**	**2017**
Ordinary income	$ 0.6625	$ —	$ 0.8316
Long-term capital gain [(1)]	1.2075	1.8200	—
Return of capital	—	—	0.9084
Total per common share outstanding	**$ 1.8700**	**$ 1.8200**	**$ 1.7400**

(1) Unrecaptured Sec. 1250 gains of $0.3827 and $0.4008 were reported for the years ended December 31, 2019 and 2018, respectively. There was no unrecaptured Sec. 1250 gain reported for the year ended December 31, 2017.

5. Acquisitions and Joint Venture Investments

Presale Development Projects:

During the year ended December 31, 2019, two properties subject to presale agreements were completed and acquired by the Company for $110.2 million. The purchase price includes $8.6 million related to the purchase of the land on which one of the properties is built. Additionally, upon acquisition, the third-party developer repaid an $18.5 million mezzanine loan, including accrued interest, that the Company provided to one of the projects during the construction period. As the properties were consolidated by the Company from the time of execution of the presale agreements with the developers, the closing of the transactions were accounted for as an increase in ownership of consolidated subsidiaries. The two properties acquired are detailed below:

Property	Location	Primary University Served	Project Type	Beds	Month Acquired
The Flex - Stadium Centre	Tallahassee, FL	Florida State University	Off-campus	340	August 2019
959 Franklin	Eugene, OR	University of Oregon	Off-campus	443	November 2019
				783	

In August 2018, The Edge - Stadium Centre, a 412-bed off-campus development property subject to a presale agreement, was completed and acquired by the Company for $42.6 million, including $10.0 million related to the purchase of the land on which the property is built. As the property was consolidated by the Company from the time of execution of the presale agreement with the developer, the closing of the transaction was accounted for as an increase in ownership of a consolidated subsidiary.

Property Acquisitions:

During the third quarter of 2017, the Company executed an agreement to acquire a portfolio of seven student housing properties from affiliates of Core Spaces and DRW Real Estate Investments (the "Core Transaction"). The transaction included the purchase of 100% of the ownership interests in two operating properties, the purchase of partial ownership interests in two operating properties that completed construction and commenced operations in Fall 2017, and the purchase of partial ownership interests in three properties that completed construction and commenced operations in Fall 2018. The purchase of partial ownership interests was made through a joint venture arrangement. In total, the Core Transaction properties contain 3,776 beds. Refer to Note 8 for additional information related to the Core Transaction. The initial investment made at closing was $306.0 million, and including the subsequent purchases of the remaining ownership interests in three properties, the total investment as of December 31, 2019 was $524.9 million. The purchase of the remaining ownership interests in the remaining two properties is anticipated to be completed in the first quarter of 2020. Refer to Note 15 for additional information related to the Core Transaction.

During the year ended December 31, 2017, the Company acquired three owned properties containing 1,240 beds for a total purchase price of approximately $222.9 million as well as 100% of the ownership interests in two operating properties as part of the Core Transaction described above for $146.1 million. Total cash consideration was approximately $222.3 million for the three owned properties and $144.3 million for the ownership interests acquired as a part of the Core Transaction. The difference between the contracted purchase price and the cash consideration is due to other assets and liabilities that were not part of the contractual purchase price, but were acquired in the transactions, as well as transaction costs capitalized as part of the acquisitions.

Land Acquisitions:

In August 2018, the Company purchased a land parcel for a total purchase price of approximately $16.6 million.

During the year ended December 31, 2017, the Company purchased five land parcels with a fair value of $12.0 million for total cash consideration of approximately $8.9 million. The difference between the fair value of the land and the cash consideration represents non-cash consideration. In addition, during the year ended December 31, 2017, the Company made an initial investment of $9.0 million in a joint venture that holds a land parcel with fair value of $12.0 million.

6. Property Dispositions

Property Dispositions

During the year ended December 31, 2019, the Company sold the following owned properties for approximately $109.5 million, resulting in net proceeds of approximately $108.6 million. The combined net loss on the dispositions was not material.

Property	Location	Primary University Served	Beds
College Club Townhomes [(1)] [(2)]	Tallahassee, FL	Florida A&M University	544
Landmark	Ann Arbor, MI	University of Michigan	606
			1,150

(1) Concurrent with the classification of this property as held for sale in March 2019, the Company reduced the property's carrying amount to its estimated fair value less estimated selling costs and recorded an impairment charge of $3.2 million.

(2) Consisted of two phases that were previously counted separately in the property portfolio numbers contained in Note 1.

During the year ended December 31, 2018, the Company sold a portfolio of three owned properties containing 1,338 beds for approximately $245.0 million, resulting in net proceeds of approximately $242.3 million. The combined net gain on the portfolio disposition totaled approximately $42.3 million.

During the year ended December 31, 2017, the Company sold one property, containing 657 beds, for approximately $25.0 million, resulting in net proceeds of approximately $24.5 million. The net loss on this disposition totaled approximately $0.6 million. Concurrent with the classification of this property as held for sale in December 2016, the Company reduced the property's carrying amount to its estimated fair value less estimated selling costs and recorded an impairment charge of $4.9 million.

Joint Venture Activity

During the year ended December 31, 2018, the Company executed an agreement to enter into a joint venture arrangement with Allianz Real Estate (the "ACC / Allianz Joint Venture Transaction"). The transaction included the sale of a partial ownership interest in a portfolio of seven owned properties, containing 4,611 beds, through a joint venture arrangement. The joint venture transaction involved the joint venture partner making a cash contribution of approximately $373.1 million in exchange for a 45% ownership interest. As part of the transaction, the joint venture issued $330 million of secured mortgage debt.

The joint venture was determined to be a VIE. As the Company retained control of the properties after the joint venture transaction, it was deemed the primary beneficiary. As such, the Company's contribution of the properties to the joint venture was recorded at net book value, and the joint venture is included in the Company's consolidated financial statements contained herein. The joint venture partner's ownership interest in the joint venture is accounted for as noncontrolling interest.

7. Investments in Real Estate

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

	December 31, 2019	December 31, 2018
Land	$ 654,985	$ 653,522
Buildings and improvements	6,749,757	6,486,106
Furniture, fixtures and equipment	391,208	371,429
Construction in progress	341,554	302,902
	8,137,504	7,813,959
Less accumulated depreciation	(1,442,789)	(1,230,562)
Owned properties, net	**$ 6,694,715**	**$ 6,583,397**

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

On-campus participating properties consisted of the following:

	December 31, 2019	December 31, 2018
Buildings and improvements	$ 155,941	$ 150,087
Furniture, fixtures and equipment	13,552	11,817
Construction in progress	6	658
	169,499	162,562
Less accumulated depreciation	(94,311)	(84,925)
On-campus participating properties, net	**$ 75,188**	**$ 77,637**

8. Noncontrolling Interests

Interests in Consolidated Real Estate Joint Ventures and Presale Arrangements

Noncontrolling interests - partially owned properties: As of December 31, 2019, the Operating Partnership consolidates four joint ventures that own and operate ten owned off-campus properties. The portion of net assets attributable to the third-party partners in these arrangements is classified as "noncontrolling interests - partially owned properties" within equity and capital on the accompanying consolidated balance sheets of ACC and the Operating Partnership, respectively.

Redeemable noncontrolling interests (ACC) / redeemable limited partners (Operating Partnership): The noncontrolling interest holder in the Core Transaction has the option to redeem its noncontrolling interest in the entities through the exercise of put options. As the exercise of the options is outside of the Company's control, the portion of net assets attributable to the third-party partner is classified as "redeemable noncontrolling interests" and "redeemable limited partners" in the mezzanine section of the accompanying consolidated balance sheets of ACC and the Operating Partnership, respectively. The redemption price is based on the fair value of the properties at the time of option exercise. These redeemable noncontrolling interests are marked to their redemption value at each balance sheet date. The redemption value is based on the fair value of the underlying properties held by the joint ventures. The Company's fair value analysis is based on Level 3 inputs and incorporates information obtained from a number of sources, including the Company's analysis of comparable properties in the Company's portfolio, estimations of net operating results of the properties, capitalization rates, discount rates, and other market data. During the years ended December 31, 2019 and 2018, the redemption value of redeemable noncontrolling interests increased by $11.8 million and $68.7 million, respectively. The 2019 increase was due to a change in the fair value of the net assets held by the joint ventures primarily as a result of the completion of the leasing process for the 2019-2020 academic year, and the 2018 increase was primarily as a result of the underlying properties becoming operational during the third quarter and the leasing results for the 2018-2019 academic year. The corresponding offset for the adjustments to the redemption value was recorded in additional paid in capital. As the change in redemption value is based on fair value, there is no effect on the Company's earnings per share. During the year ended December 31, 2019, the Company exercised its option to redeem the noncontrolling interests in one of the joint ventures, through which the Company purchased the remaining noncontrolling interests in three properties, which reduced the redeemable noncontrolling interests by $88.3 million. The redemption options for the second joint venture are exercisable in the first quarter of 2020. For further discussion on accounting for changes in redemption value, refer to Note 2.

The third-party partners' share of the income or loss of the joint ventures described above is calculated based on the partners' economic interest in the joint ventures, is included in "net income attributable to noncontrolling interests" on the consolidated statements of comprehensive income of ACC and is reported as "net income attributable to noncontrolling interests - partially owned properties" on the consolidated statements of comprehensive income of the Operating Partnership.

Operating Partnership Ownership

Also included in redeemable noncontrolling interests (ACC) / redeemable limited partners (Operating Partnership) are OP Units for which the Operating Partnership is required, either by contract or securities law, to deliver registered common shares of ACC to the exchanging OP unit holder, or for which the Operating Partnership has the intent or history of exchanging such units for cash. The units classified as such include Series A Preferred Units ("Preferred OP Units") and Common OP Units. The value of OP Units is reported at the greater of fair value, which is based on the closing market value of the Company's common stock at period end, or historical cost at the end of each reporting period. The OP Unitholders' share of the income or loss of the Company is included in "net income attributable to noncontrolling interests" on the consolidated statements of comprehensive income of ACC.

As of December 31, 2019 and 2018, respectively, approximately 0.4% and 0.5% of the equity interests of the Operating Partnership were held by owners of Common OP Units and Preferred OP Units not held by ACC or ACC Holdings. During the year ended December 31, 2019, 126,313 Common OP Units and 42,271 Preferred OP Units were converted into an equal number of shares of ACC's common stock. During the year ended December 31, 2018, 412,343 Common OP Units were converted into an equal number of shares of ACC's common stock.

Below is a table summarizing the activity of redeemable noncontrolling interests (ACC) / redeemable limited partners (Operating Partnership) for the years ended December 31, 2019 and 2018, which includes both the redeemable joint venture partners and OP Units discussed above:

Balance, December 31, 2016	**$ 55,078**
Net income	654
Distributions	(77,031)
Conversion of OP Units into shares of ACC common stock	(154)
Contributions from noncontrolling interests	162,794
Adjustments to reflect redeemable noncontrolling interests at fair value	(9,172)
Balance, December 31, 2017	**$ 132,169**
Net income	936
Distributions	(1,516)
Conversion of OP Units into shares of ACC common stock	(13,334)
Contributions from noncontrolling interests	112
Adjustments to reflect redeemable noncontrolling interests at fair value	66,079
Balance, December 31, 2018	**$ 184,446**
Net income	783
Distributions	(1,062)
Conversion of OP Units into shares of ACC common stock	(6,082)
Contributions from noncontrolling interests	250
Purchase of noncontrolling interests	(88,304)
Adjustments to reflect redeemable noncontrolling interests at fair value	14,350
Balance, December 31, 2019	**$ 104,381**

9. Debt

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

	December 31,	
	2019	2018
Debt secured by owned properties:		
Mortgage loans payable:		
Unpaid principal balance	$ 693,584	$ 727,163
Unamortized deferred financing costs	(1,294)	(1,757)
Unamortized debt premiums	6,596	11,579
Unamortized debt discounts	(199)	—
	698,687	736,985
Construction loans payable [1]	—	22,207
Unamortized deferred financing costs	—	(480)
	698,687	758,712
Debt secured by on-campus participating properties:		
Mortgage loans payable [2]	65,942	67,867
Bonds payable [2]	23,215	27,030
Unamortized deferred financing costs	(418)	(525)
	88,739	94,372
Total secured mortgage, construction and bond debt	787,426	853,084
Unsecured notes, net of unamortized OID and deferred financing costs [3]	1,985,603	1,588,446
Unsecured term loans, net of unamortized deferred financing costs [4]	199,121	198,769
Unsecured revolving credit facility	425,700	387,300
Total debt, net	**$ 3,397,850**	**$ 3,027,599**

(1) Construction loans payable relate to the construction loans partially financing the development of presale development projects. The properties are owned by an entity determined to be a VIE for which the Company is the primary beneficiary. The creditor of the construction loans does not have recourse to the assets of the Company.

(2) The creditors of mortgage loans payable and bonds payable related to on-campus participating properties do not have recourse to the assets of the Company.

(3) Includes net unamortized original issue discount ("OID") of $2.3 million at December 31, 2019 and $1.6 million at December 31, 2018, and net unamortized deferred financing costs of $12.1 million at December 31, 2019 and $10.0 million at December 31, 2018.

(4) Includes net unamortized deferred financing costs of $0.9 million at December 31, 2019 and $1.2 million at December 31, 2018.

Mortgage and Construction Loans Payable

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

Mortgage loans payable, excluding debt premiums and discounts, consisted of the following as of December 31, 2019:

	Principal Outstanding December 31,		December 31, 2019		
	2019	2018	Weighted Average Interest Rate	Weighted Average Years to Maturity	Number of Properties Encumbered
Fixed Rate:					
Mortgage loans payable [1]	$ 756,397	$ 683,615	4.45 %	6.2 Years	20
Variable Rate:					
Mortgage and construction loans payable [2]	3,129	133,622	4.24 %	25.6 Years	—
Total	**$ 759,526**	**$ 817,237**	**4.44%**	**6.3 Years**	**20**

(1) Fixed rate mortgage loans payable mature at various dates from 2020 through 2045 and carry interest rates ranging from 3.76% to 6.43% at December 31, 2019.

(2) The 2019 amounts represent mortgage debt at one of our on-campus participating properties not subject to an interest rate swap contract. This property is included in the number of properties encumbered by mortgage loans above. The 2018 amounts represent construction loans for two properties under pre-sale agreements and mortgage loans at one on-campus and one owned property.

During the year ended December 31, 2019, the following transactions occurred:

	Mortgage Loans Payable [1]	Construction Loans Payable
Balance, December 31, 2018	**$ 795,030**	**$ 22,207**
Additions:		
Draws under advancing construction notes payable	—	31,611
Deductions:		
Forgiveness of debt [2]	(27,381)	—
Pay-off of construction debt [3]	—	(53,818)
Scheduled repayments of principal	(8,123)	—
Balance, December 31, 2019	**$ 759,526**	**$ —**

(1) Balance excludes unamortized debt premiums and discounts.

(2) The Company completed the transfer of Blanton Common to the lender in settlement of the property's mortgage loan in July 2019.

(3) Debt for two presale development properties paid off on the respective acquisition dates.

In January 2019, the Company refinanced $70.0 million of variable rate debt on one wholly-owned property, extending the maturity to January 2024. The Company entered into an interest rate swap contract to hedge the variable rate cash flows associated with interest payments on this LIBOR-based mortgage loan, resulting in a fixed rate of 4.00%. Refer to Note 12 for information related to derivatives.

In August and November 2019, the Company acquired two properties, each subject to a presale agreement. Approximately $53.8 million of construction debt used to partially finance the development of the presale projects was paid off upon acquisition. Refer to Note 5 for more information related to acquisitions.

In October 2019, the company entered into an interest rate swap contract on $37.5 million of variable rate debt on one on campus participating property, to hedge the variable rate cash flows associated with interest payments on the LIBOR-based mortgage loan, resulting in a fixed rate for that portion of 3.76%. Refer to Note 12 for additional information.

In May 2017, the lender of the non-recourse mortgage loan secured by Blanton Common, a property located near Valdosta State University containing 860 beds which was included as part of the GMH student housing transaction in 2008, sent a formal notice of default and initiated foreclosure proceedings. The property generated insufficient cash flow to cover the debt service on the mortgage, which had a balance of $27.4 million at default and a contractual maturity date of August 2017. In May 2017, the lender began receiving the net operating cash flows of the property each month in lieu of scheduled monthly mortgage payments. In June 2017, the Company recorded an impairment charge for this property of $15.3 million. In August 2017, the property transferred to receivership, and a third-party manager began managing the property on behalf of the lender. In July 2019, the Company completed the transfer of the property to the lender in settlement of the property's mortgage loan and recognized a net gain from the extinguishment of debt totaling $21.0 million.

Bonds Payable

Three of the on-campus participating properties are 100% financed with outstanding project-based taxable bonds. Under the terms of these financings, one of the Company's special purpose subsidiaries publicly issued three series of taxable bonds and loaned the proceeds to three special purpose subsidiaries that each hold a separate leasehold interest. The bonds encumbering the leasehold interests are non-recourse, subject to customary exceptions. Although a default in payment by these special purpose subsidiaries could result in a default under one or more series of bonds, indebtedness of any of these special purpose subsidiaries is not cross-defaulted or cross-collateralized with indebtedness of the Company, the Operating Partnership, or other special purpose subsidiaries. Repayment of principal and interest on these bonds is insured by MBIA, Inc. Interest and principal are paid semi-annually and annually, respectively, through maturity. Covenants include, among other items, budgeted and actual debt service coverage ratios. As of December 31, 2019, the Company was in compliance with all such covenants.

Bonds payable at December 31, 2019 consisted of the following:

Series	Mortgaged Facilities Subject to Leases	Principal Original	Principal December 31, 2019	Weighted Average Rate	Maturity Date	Required Monthly Debt Service
1999	University Village-PVAMU/TAMIU	$ 39,270	$ 12,065	7.76 %	September 2023	$ 302
2001	University College–PVAMU	20,995	8,885	7.62 %	August 2025	158
2003	University College–PVAMU	4,325	2,265	6.20 %	August 2028	28
	Total/weighted average rate	**$ 64,590**	**$ 23,215**	**7.55%**		**$ 488**

Unsecured Notes

In June 2019, the Operating Partnership closed a $400 million offering of senior unsecured notes under its existing shelf registration. These seven-year notes were issued at 99.704% of par value with a coupon of 3.300% and a yield of 3.347% and are fully and unconditionally guaranteed by the Company. Net proceeds from the notes totaled approximately $394.0 million, after deducting the underwriting discount and offering expenses which will be amortized over the term of the unsecured notes. The net proceeds were used to repay borrowings under the Company's revolving credit facility.

As of December 31, 2019, the Company has issued the following senior unsecured notes:

Date Issued	Amount	% of Par Value	Coupon	Yield		Original Issue Discount	Term (Years)
April 2013	$ 400,000	99.659	3.750%	3.791%		$ 1,364	10
June 2014	400,000	99.861	4.125%	4.269%	(1)	556	10
September 2015 (2)	400,000	99.811	3.350%	3.391%		756	5
October 2017	400,000	99.912	3.625%	3.635%		352	10
June 2019	400,000	99.704	3.300%	3.680%	(1)	1,184	7
	$ 2,000,000					**$ 4,212**	

(1) The yield includes effect of the amortization of the interest rate swap terminations.

(2) In January 2020, the Company issued $400 million of 10-year unsecured notes at a yield of 2.872% that mature in 2030. Proceeds from the issuance were used to repay $400.0 million of unsecured notes issued in September 2015 that were scheduled to mature in October 2020. Refer to Note 18 for additional information.

The notes are fully and unconditionally guaranteed by the Company. Interest on the notes is payable semi-annually. The terms of the unsecured notes include certain financial covenants that require the Operating Partnership to limit the amount of total debt and secured debt as a percentage of total asset value, as defined. In addition, the Operating Partnership must maintain a minimum ratio of unencumbered asset value to unsecured debt, as well as a minimum interest coverage level. As of December 31, 2019, the Company was in compliance with all such covenants.

Unsecured Revolving Credit Facility

In February 2019, the Company exercised the option under the existing credit agreement to increase the capacity of the unsecured revolving credit facility from $700 million to $1.0 billion. It may be expanded by up to an additional $200 million upon the satisfaction of certain conditions. The maturity date of the revolving credit facility is March 2022.

The unsecured revolving credit facility bears interest at a variable rate, at the Company's option, based upon a base rate of one-, two-, three- or six-month LIBOR, plus, in each case, a spread based upon the Company's investment grade rating from either Moody's Investor Services, Inc. or Standard & Poor's Rating Group. Additionally, the Company is required to pay a facility fee of 0.20% per annum on the $1.0 billion revolving credit facility. As of December 31, 2019, the revolving credit facility bore interest at a weighted average annual rate of 2.97% (1.77% + 1.00% spread + 0.20% facility fee), and availability under the revolving credit facility totaled $574.3 million.

The terms of the unsecured credit facility include certain restrictions and covenants, which limit, among other items, the incurrence of additional indebtedness and liens. The facility contains customary affirmative and negative covenants and also contains financial covenants that, among other things, require the Company to maintain certain maximum leverage ratios and minimum ratios of "EBITDA" (earnings before interest, taxes, depreciation and amortization) to fixed charges. The financial covenants also include a minimum asset value requirement, a maximum secured debt ratio, and a minimum unsecured debt service coverage ratio. As of December 31, 2019, the Company was in compliance with all such covenants.

Unsecured Term Loans

The Company is currently party to an Unsecured Term Loan Credit Agreement (the "Term Loan Facility") totaling $200 million which matures in June 2022. The agreement has an accordion feature that allows the Company to expand the amount by up to an additional $100 million, subject to the satisfaction of certain conditions. In November and December 2019, the Company entered into two interest rate swap contracts to hedge the variable rate cash flows associated with the LIBOR-based interest payments on the Term Loan Facility. The weighted average annual rate on the Term Loan was 2.54% (1.44% + 1.10% spread) at December 31, 2019. Refer to Note 12 for more information related to cash flow hedges of interest rate risk. The Term Loan Facility includes certain restrictions and covenants consistent with those of the unsecured revolving credit facility discussed above. As of December 31, 2019, the Company was in compliance with all such covenants.

In May 2018, the Company repaid a $300 million unsecured term loan and a $150 million unsecured term loan which were due to mature in September 2018 and March 2021, respectively, using the proceeds from the sale of a partial interest in a portfolio of seven owned properties and the portfolio sale of three owned properties (see Note 6). In connection with the pay-off of these term loan facilities, the Company accelerated the amortization of $0.9 million of deferred financing costs.

Debt Maturities

The following table summarizes the stated debt maturities and scheduled amortization payments, excluding debt premiums and discounts, for each of the five years subsequent to December 31, 2019 and thereafter:

2020	$	446,164
2021		196,996
2022		658,853
2023		408,599
2024		529,139
Thereafter		1,168,690
	$	**3,408,441**

The Company's payment of principal and interest were current at December 31, 2019. Certain of the mortgage notes and bonds payable are subject to prepayment penalties.

10. Stockholders' Equity / Partners' Capital

Stockholders' Equity – Company

In May 2018, the Company renewed its at-the-market share offering program (the "ATM Equity Program") through which the Company may issue and sell, from time to time, shares of common stock having an aggregate offering price of up to $500 million. The shares that may be sold under this program include shares of common stock of the Company with an aggregate offering price of approximately $233.0 million that were not sold under the Company's previous ATM equity program that expired in May 2018. Actual sales under the program will depend on a variety of factors, including, but not limited to, market conditions, the trading price of the Company's common stock, and determinations of the appropriate sources of funding for the Company.

There was no activity under the Company's ATM Equity Program during the years ended December 31, 2019 and 2018. As of December 31, 2019, the Company had $500.0 million available for issuance under its ATM Equity Program.

In 2015, the Company established a Non-Qualified Deferred Compensation Plan ("Deferred Compensation Plan") maintained for the benefit of select employees and members of the Company's Board of Directors, in which vested share awards (see Note 11), salary and other cash amounts earned may be deposited. Deferred Compensation Plan assets are held in a rabbi trust, which is subject to the claims of the Company's creditors in the event of bankruptcy or insolvency. The shares held in the Deferred Compensation Plan are classified within stockholders' equity in a manner similar to the manner in which treasury stock is classified. Subsequent changes in the fair value of the shares are not recognized. During the year ended December 31, 2019, 15,670 shares and 7,345 shares of vested stock were deposited into and withdrawn from the Deferred Compensation Plan, respectively, bringing the total ACC shares held in the Deferred Compensation Plan to 77,928 as of December 31, 2019.

11. Incentive Award Plan

In May 2018, the Company's stockholders approved the American Campus Communities, Inc. 2018 Incentive Award Plan (the "2018 Plan"). The 2018 Plan replaced the Company's 2010 Incentive Award Plan (the "2010 Plan"). The 2018 Plan provides for the grant of various stock-based incentive awards to selected employees and directors of the Company and the Company's affiliates. The types of awards that may be granted under the 2018 Plan include incentive stock options, nonqualified stock options, restricted stock awards ("RSAs"), restricted stock units ("RSUs"), profits interest units ("PIUs"), and other stock-based awards. The Company has reserved a total 3.5 million shares of the Company's common stock for issuance pursuant to the 2018 Plan, subject to certain adjustments for changes in the Company's capital structure, as defined in the 2018 Plan. Upon approval of the 2018 Plan, all remaining authorized shares that were not granted under the 2010 Plan were forfeited and are no longer available for issuance as new awards. As of December 31, 2019, 3.1 million shares were available for issuance under the 2018 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 independent member of the Board of Directors is granted RSUs. On the Settlement Date, the Company will deliver to the recipients a number of shares of common stock or cash, as determined by the Compensation Committee of the Board of Directors, equal to the number of RSUs granted to the recipients. In addition, recipients of RSUs are entitled to dividend equivalents equal to the cash distributions paid by the Company on one share of common stock for each RSU issued, payable currently or on the Settlement Date, as determined by the Compensation Committee of the Board of Directors.

Upon reelection to the Board of Directors in May 2019, all members of the Company's Board of Directors were granted RSUs in accordance with the 2018 Plan. These RSUs were valued at $162,500 for the Chairman of the Board of Directors and at $117,500 for all other members. Additionally, in July 2019, the Company appointed one new member to the Board of Directors who was granted RSUs valued at $117,500. The number of RSUs was determined based on the fair market value of the Company's stock on the date of grant, as defined in the 2018 Plan. All awards vested and settled immediately on the date of grant, and the Company delivered shares of common stock, as determined by the Compensation Committee of the Board of Directors.

A summary of ACC's RSUs under the Plan for the years ended December 31, 2019 and 2018 and activity during the years then ended is presented below:

	Number of RSUs	Weighted-Average Grant Date Fair Value Per RSU
Outstanding at December 31, 2017	—	$ —
Granted	27,376	39.45
Settled in common shares	(27,376)	39.45
Outstanding at December 31, 2018	—	—
Granted	20,812	47.34
Settled in common shares	(18,318)	47.37
Settled in cash	(2,494)	47.11
Outstanding at December 31, 2019	—	—

The Company recognized expense of approximately $0.9 million, $1.1 million, and $0.9 million for the years ended December 31, 2019, 2018, and 2017, respectively, reflecting the fair value of the RSUs issued on the date of grant, and the expense was included in general and administrative expenses on the Company's consolidated statements of comprehensive income. The weighted-average grant-date fair value for each RSU granted during the year ended December 31, 2017 was $46.67.

Restricted Stock Awards

The Company awards RSAs to its executive officers and certain employees that vest in equal annual installments over a five year period. Unvested awards are forfeited upon the termination of an individual's employment with the Company under specified circumstances. Recipients of RSAs receive dividends, as declared by the Company's Board of Directors, on unvested shares, provided that the recipient continues to be employed by the Company. A summary of the Company's RSAs under the Plan for the years ended December 31, 2019 and 2018 is presented below:

	Number of RSAs	Weighted-Average Grant Date Fair Value Per RSA
Nonvested balance at December 31, 2017	**810,870**	**$ 44.16**
Granted	357,387	39.41
Vested	(249,102)	43.36
Forfeited	(56,475)	43.64
Nonvested balance at December 31, 2018	**862,680**	**$ 42.46**
Granted	387,341	44.08
Vested	(266,556)	41.86
Forfeited	(16,124)	42.91
Nonvested balance at December 31, 2019	**967,341**	**$ 43.27**

The fair value of RSAs is calculated based on the closing market value of the Company's common stock on the date of grant. The fair value of these awards is amortized to expense over the vesting periods, which amounted to approximately $12.7 million, $11.1 million and $13.1 million for the years ended December 31, 2019, 2018 and 2017, respectively. The amortization of restricted stock awards for the year ended December 31, 2017 includes $2.4 million of contractual executive separation and retirement charges incurred with regard to the retirement of the Company's former Chief Financial Officer, representing the June 30, 2017 vesting of 46,976 RSAs, net of shares withheld for taxes, related to the retirement. The weighted-average grant date fair value for each RSA granted and forfeited during the year ended December 31, 2017 was $48.55 and $42.36, respectively.

The total fair value of RSAs vested during the year ended December 31, 2019 was approximately $11.2 million. Additionally, as of December 31, 2019, the Company had approximately $30.9 million of total unrecognized compensation cost related to granted RSAs, which is expected to be recognized over a remaining weighted-average period of 3.2 years.

Per the provisions of the Plan, an employee becomes retirement eligible when (i) the sum of an employee's full years of service (a minimum of 120 contiguous full months) and the employee's age on the date of termination (a minimum of 50 years of age) equals or exceeds 70 years (hereinafter referred to as the "Rule of 70"); (ii) the employee gives at least six months prior written notice to the Company of his or her intention to retire; and (iii) the employee enters into a noncompetition agreement and a general release of all claims in a form that is reasonably satisfactory to the Company. As of December 31, 2019, 19 employees have met the Rule of 70, including the Company's Chief Executive Officer and President. A total of 330,134 unvested RSAs are held by such employees. Once the other two conditions of retirement eligibility are met, the shares held by these employees will be subject to accelerated vesting.

12. Derivative Instruments and Hedging Activities

The Company is exposed to certain risks arising from both its business operations and economic conditions. The Company principally manages its exposures to a wide variety of business and operational risks through management of its core business activities. The Company manages economic risks, including interest rate, liquidity, and credit risk primarily by managing the amount, sources, and duration of its debt funding and the use of derivative financial instruments. Specifically, the Company enters into derivative financial instruments to manage exposures that arise from business activities that result in the receipt or payment of future known and uncertain cash amounts, the value of which are determined by interest rates. The Company's derivative financial instruments are used to manage differences in the amount, timing, and duration of the Company's known or expected cash receipts and its known or expected cash payments principally related to the Company's 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 and forward starting swaps as part of its interest rate risk management strategy. Interest rate swaps designated as cash flow hedges involve the receipt of variable-rate amounts from a counterparty in exchange for the Company making fixed-rate payments over the life of the agreements without exchange of the underlying notional amount. Forward starting swaps are used to protect the Company against adverse fluctuations in interest rates by reducing its exposure to variability in cash flows relating to interest payments on a forecasted issuance of debt. These agreements contain provisions such that if the Company defaults on any of its indebtedness, regardless of whether the repayment of the indebtedness has been accelerated by the lender or not, then the Company could also be declared in default on its derivative obligations. As of December 31, 2019, 2018, and 2017, the Company was not in default on any of its indebtedness or derivative instruments.

As disclosed in Note 2, the adoption of ASU 2017-12 did not have a material effect on the Company's consolidated financial statements. The change in the fair value of derivatives designated and that qualify as cash flow hedges is recorded in other comprehensive income ("OCI") (outside of earnings) and subsequently reclassified into earnings in the period that the hedged forecasted transaction affects earnings within the same income statement line item as the earnings effect of the hedged transaction.

The following table summarizes the Company's outstanding interest rate swap contracts which are included in other assets and other liabilities on the accompanying consolidated balance sheets as of December 31, 2019:

Hedged Debt Instrument	Effective Date	Maturity Date	Pay Fixed Rate	Receive Floating Rate Index	Current Notional Amount	Fair Value
Cullen Oaks mortgage loan	Feb 18, 2014	Feb 15, 2021	2.2750%	LIBOR - 1 month	$ 12,592	$ (94)
Cullen Oaks mortgage loan	Feb 18, 2014	Feb 15, 2021	2.2750%	LIBOR - 1 month	12,721	(95)
Park Point mortgage loan	Feb 1, 2019	Jan 16, 2024	2.7475%	LIBOR - 1 month	70,000	(3,247)
College Park mortgage loan	Oct 16, 2019	Oct 16, 2022	1.2570%	LIBOR - 1 month, with 1 day lookback	37,500	289
Unsecured term loan	Nov 4, 2019	Jun 27, 2022	1.4685%	LIBOR - 1 month	100,000	168
Unsecured term loan	Dec 2, 2019	Jun 27, 2022	1.4203%	LIBOR - 1 month	100,000	286
				Total	**$ 332,813**	**$ (2,693)**

In December 2018, the Company entered into three forward starting interest rate swap contracts with notional amounts totaling $200 million designated to hedge the Company's exposure to increasing interest rates related to interest payments on an anticipated issuance of unsecured notes. In connection with the issuance of unsecured notes in June 2019, as discussed in Note 9, the Company terminated the swap contracts resulting in payments to counterparties totaling approximately $13.2 million, which were recorded in accumulated other comprehensive loss and which will be amortized to interest expense over the term of the swap contracts based on the June 2019 issuance and expected additional issuances.

The table below presents the fair value of the Company's derivative financial instruments and their classification on the consolidated balance sheets as of December 31, 2019 and 2018:

	Asset Derivatives			Liability Derivatives		
		Fair Value as of			Fair Value as of	
Description	**Balance Sheet Location**	**12/31/2019**	**12/31/2018**	**Balance Sheet Location**	**12/31/2019**	**12/31/2018**
Interest rate swap contracts	Other assets	$ 743	$ 101	Other liabilities	$ 3,436	$ —
Forward starting swap contracts	Other assets	—	—	Other liabilities	—	2,287
Total derivatives designated as hedging instruments		**$ 743**	**$ 101**		**$ 3,436**	**$ 2,287**

The table below presents the effect of the Company's derivative financial instruments on the accompanying consolidated statements of comprehensive income for the years ended December 31, 2019, 2018 and 2017.

	Year Ended December 31,		
Description	**2019**	**2018**	**2017**
Change in fair value of derivatives and other recognized in OCI	(523)	(2,108)	954
Termination of interest rate swap payment recognized in OCI	(13,159)	—	—
Amortization of interest rate swap terminations [1]	1,133	412	412
Total change in OCI due to derivative financial instruments	**(12,549)**	**(1,696)**	**1,366**
Interest expense presented in the Consolidated Statements of Operations in which the effects of cash flow hedges are recorded	111,287	99,228	71,122

(1) Represents amortization from OCI into interest expense.

13. Fair Value Disclosures

Financial Instruments Carried at Fair Value

The Company follows the authoritative guidance for financial assets and liabilities, which establishes a framework for measuring fair value and requires enhanced disclosures about fair value measurements. The authoritative guidance requires disclosure about how fair value is determined for assets and liabilities and establishes a hierarchy by which these assets and liabilities must be categorized, based on the significance of inputs.

In general, fair values determined by Level 1 inputs utilize unadjusted, quoted prices 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.

The following table presents information about the Company's financial instruments measured at fair value on a recurring basis as of December 31, 2019 and 2018 and indicates the fair value hierarchy of the valuation techniques utilized by the Company to determine such fair value. There were no Level 1 measurements for the periods presented, and the Company had no transfers between Levels 1, 2, or 3 during the periods presented. Refer to Note 8 for a discussion of the Level 3 activity during the period related to the redeemable noncontrolling interests in partially owned properties.

	Fair Value Measurements as of					
	December 31, 2019			December 31, 2018		
	Level 2	Level 3	Total	Level 2	Level 3	Total
Assets						
Derivative financial instruments	$ 743 (1)	$ —	$ 743	$ 101 (1)	$ —	$ 101
Liabilities						
Derivative financial instruments	$ 3,436 (1)	$ —	$ 3,436	$ 2,287 (1)	$ —	$ 2,287
Mezzanine						
Redeemable noncontrolling interests (Company)/Redeemable limited partners (Operating Partnership)	$ 23,690 (2)	$ 80,691 (3)	$ 104,381	$ 27,828 (2)	$ 156,618 (3)	$ 184,446

(1) Valued using discounted cash flow analyses with observable market-based inputs of interest rate curves and option volatility, as well as credit valuation adjustments to reflect nonperformance risk.

(2) Represents the OP Unit component of redeemable noncontrolling interests which is based on the greater of fair value of the Company's common stock at the balance sheet date or the initial basis. Represents a quoted price for a similar asset in an active market. Refer to Note 8.

(3) Represents noncontrolling partners' equity in the Core Joint Ventures which is valued using primarily unobservable inputs, including the Company's analysis of comparable properties in the Company's portfolio, estimations of net operating results of the properties, capitalization rates, discount rates, and other market data. Refer to Note 8.

Financial Instruments Not Carried at Fair Value

As of December 31, 2019 and December 31, 2018, the carrying values for the following instruments represent fair values due to the short maturity of the instruments: Cash and Cash Equivalents, Restricted Cash, Student Contracts Receivable, certain items in Other Assets (including receivables, deposits, and prepaid expenses), Accounts Payable, Accrued Expenses, and Other Liabilities.

As of December 31, 2019 and December 31, 2018, the carrying values for the following instruments represent fair values due to the variable interest rate feature of the instruments: Construction Loans Payable, Unsecured Revolving Credit Facility and Mortgage Loans Payable (variable rate).

The table below contains the estimated fair value and related carrying amounts for the Company's financial instruments as of December 31, 2019 and 2018. There were no Level 1 measurements for the periods presented.

	December 31, 2019			December 31, 2018		
		Estimated Fair Value			Estimated Fair Value	
	Carrying Amount	Level 2	Level 3	Carrying Amount	Level 2	Level 3
Assets						
Loans receivable	$ 50,553	$ —	$ 48,307 (1)	$ 54,611	$ —	$ 50,993 (1)
Liabilities (2)						
Unsecured notes	$ 1,985,603	$ 2,069,817 (3)	$ —	$ 1,588,446	$ 1,566,900 (3)	$ —
Mortgage loans payable (fixed rate)	$ 761,296 (4)	$ 766,821 (5)	$ —	$ 693,384 (6)	$ 668,911 (5)	$ —
Bonds payable	$ 23,001	$ 25,110 (7)	$ —	$ 26,741	$ 28,805 (7)	$ —
Unsecured Term loan (fixed rate)	$ 199,121	$ 198,687 (8)	$ —	$ —	$ —	$ —

(1) Valued using a discounted cash flow analysis with inputs of scheduled cash flows and discount rates that a willing buyer and seller might use.

(2) Carrying amounts disclosed include any applicable net unamortized OID, net unamortized deferred financing costs, and net unamortized debt premiums and discounts (see Note 9).

(3) Valued using interest rate and spread assumptions that reflect current creditworthiness and market conditions available for the issuance of unsecured notes with similar terms and remaining maturities.

(4) Does not include one variable rate mortgage loan with a principal balance of $3.1 million as of December 31, 2019.

(5) Valued using the present value of the cash flows at current market interest rates through maturity that primarily fall within the Level 2 category.

(6) Does not include two variable rate mortgage loans with a combined principal balance of $111.4 million as of December 31, 2018.

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

(8) In November and December 2019, the Company entered into two interest rate swap contracts to hedge the variable rate cash flows associated with the LIBOR-based interest payments on the Term Loan Facility (see Note 9). Valued using the present value of the cash flows at interpolated 1-month LIBOR swap rates through maturity that primarily fall within the Level 2 category.

14. Leases

Refer to Note 2 for information on the impact of the adoption of the New Leases Standard.

As Lessee

The Company, as lessee, has entered into 49 ground/facility and office space lease agreements, which qualify as operating leases under the New Leases Standard. These leases include leases entered into under the ACE program with university systems and Walt Disney World® Resort, leases with local and regional land owners for owned off-campus properties, leases for corporate office space, and leases under the on-campus participating properties ("OCPPs") structure. Leases entered into under the ACE program are used for the purpose of financing, constructing, and managing student housing properties. These leases are transferable and financeable, and the lessor has title to the land and in some cases any improvements placed thereon. Leases entered into under the OCPP structure are used for the purpose of developing, constructing and operating student housing facilities on university campuses. Under the terms of these leases, title to the land and constructed facilities are held by the Lessor and such Lessor receives a de minimis base rent paid at inception and 50% of defined net cash flows on an annual basis through the term of the lease. Under ground/facility leases, the lessors receive annual minimum (base) rent, variable rent based upon the operating performance of the property, or a combination thereof. The leases have initial terms (excluding extension options) ranging from seven years to 102 years. The Company's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

The Company records base rent expense under the straight-line method over the term of the lease, and variable rent expense is recorded when the achievement of the target is considered probable. Straight-line rent is capitalized during the construction period and expensed upon the commencement of operations. In the accompanying consolidated statements of comprehensive income, rent expense for ACE properties and OCPPs is included in ground/facility lease expense, and rent expense for owned off-campus properties is included in owned properties operating expenses. Total straight-line rent expense, variable rent expense, and capitalized rent cost, were as follows:

	Year Ended December 31,		
Description	**2019**	**2018**	**2017**
Straight-line rent expense	$ 10,009	$ 8,798	$ 5,544
Variable rent expense	8,996	7,234	7,566
Capitalized rent cost	12,889	2,296	2,003

For purposes of calculating the ROU Asset and lease liability for such leases, extension options are not included in the lease term unless it is reasonably certain that the Company will exercise the option, or the lessor has the sole ability to exercise the option. As most of the Company's leases do not contain an implicit rate, the Company uses its incremental borrowing rate to determine the present value of the lease payments, which is the interest rate that the Company estimates it would have to pay to borrow on a collateralized basis over a similar term for an amount equal to the lease payments. In determining this rate, we analyze company-specific factors, such as credit risk, lease-specific factors such as lease term, lease payments, and collateral, as well as overall economic conditions. The weighted average incremental borrowing rate was 5.35% as of December 31, 2019. The weighted average remaining lease term of leases with a lease liability as of December 31, 2019 is 62.4 years (excluding extension options).

There were no finance lease obligations outstanding as of December 31, 2019. Future minimum commitments over the life of all leases, which exclude variable rent payments, are as follows:

	December 31, 2019	December 31, 2018
2020	$ 11,814	$ 9,463
2021	16,749	12,092
2022	23,664	16,653
2023	28,776	18,999
2024	29,371	18,903
Thereafter	1,661,648	1,042,842
Total minimum lease payments	1,772,022	$ 1,118,952
Less imputed interest	(1,298,952)	
Total lease liabilities	$ 473,070	

As Lessor

The Company's primary business involves leasing properties to students under agreements that are classified as operating leases, and which have terms of 12 months or less. These student leases do not provide for variable rent payments. The Company is also a lessor under commercial leases at certain owned properties, some of which provide for variable lease payments based upon tenant performance such as a percentage of sales. The Company recognizes the base lease payments provided for under the leases on a straight-line basis over the lease term, and variable payments are recognized in the period in which the changes in facts and circumstances on which the variable payments are based occur. Lease income under both student and commercial leases is included in owned property revenues in the accompanying consolidated statements of comprehensive income. Lease income under student leases totaled $852.0 million, $794.7 million and $711.3 million for the years ended December 31, 2019, 2018, and 2017, respectively. Lease income under commercial leases totaled $13.2 million and $13.1 million, and $12.8 million for the years ended December 31, 2019, 2018, and 2017, respectively. Refer to Note 7 for additional information on our owned real estate assets, which are the underlying assets under our operating leases.

15. Commitments and Contingencies

Commitments

Construction Contracts: As of December 31, 2019, the Company estimates additional costs to complete three owned development projects under construction to be approximately $446.4 million.

Joint Ventures: As part of the Core Transaction, the Company entered into two joint ventures during the third quarter of 2017. As part of this transaction, the Company is obligated to increase its investment in the joint ventures over a two year period which was extended through January 2020. As of December 31, 2019, the remaining funding commitment was approximately $76.8 million.

Contingencies

Development-related Guarantees: For certain of its third-party development projects, the Company commonly provides alternate housing and project cost guarantees, subject to force majeure. These guarantees are typically limited, on an aggregate basis, to the amount of the projects' related development fees or a contractually agreed-upon maximum exposure amount. Alternate housing guarantees generally require the Company to provide substitute living quarters and transportation for students to and from the university if the project is not complete by an agreed-upon completion date. These guarantees typically expire at the later of five days after completion of the project or once the Company has moved all students from the substitute living quarters into the project.

Under project cost guarantees, the Company is responsible for the construction cost of a project in excess of an approved budget. The budget consists primarily of costs included in the general contractors' guaranteed maximum price contract ("GMP"). In most cases, the GMP obligates the general contractor, subject to force majeure and approved change orders, to provide completion date guarantees and to cover cost overruns and liquidated damages. In addition, the GMP is in certain cases secured with payment and performance bonds. Project cost guarantees expire upon completion of certain developer obligations, which are normally satisfied within one year after completion of the project. The Company's estimated maximum exposure amount under the above guarantees is approximately $10.6 million as of December 31, 2019. As of December 31, 2019, management did not anticipate any material deviations from schedule or budget related to third-party development projects currently in progress.

As a part of the development agreement with Walt Disney® World Resort, the Company has guaranteed the completion of construction of approximately $614.6 million to be delivered in phases from 2020 to 2023. In addition, the Company is subject to a development guarantee in the event that the substantial completion of a project phase is delayed beyond its respective targeted delivery date, except in circumstances resulting in unavoidable delays. The agreement dictates that the Company shall pay damages of $20 per bed for each day of delay for any Disney College Internship Program participant who was either scheduled to live in the delayed phase as well as any participant who was not able to participate in the program due to the lack of available housing and would have otherwise been housed in the delayed phase. Under the agreement, the maximum exposure related to the Disney project assuming all beds are not delivered on their respective delivery date is approximately $0.2 million per day. As of December 31, 2019, management did not anticipate any material deviations from schedule or budget related to the Disney project.

Conveyance to University: In August 2013, the Company entered into an agreement to convey fee interest in a parcel of land, on which one of the Company's student housing properties resides (University Crossings), to Drexel University (the "University"). Concurrent with the land conveyance, the Company as lessee entered into a ground lease agreement with the University as lessor for an initial term of 40 years, with three 10-year extensions, at the Company's option. The Company also agreed to convey the building and improvements to the University at an undetermined date in the future and to pay real estate transfer taxes not to exceed $2.4 million. The Company paid approximately $0.6 million in real estate transfer taxes upon the conveyance of land to the University, leaving approximately $1.8 million to be paid by the Company upon the transfer of the building and improvements.

Other: In June 2019, the Company entered into a purchase and sale agreement to buy a land parcel initially scheduled to close on or before June 30, 2021, with potential extensions at the Company's option to June 1, 2022 or June 1, 2023. In connection with the execution of the agreement, the Company made an earnest money deposit of $2.1 million which is included in restricted cash on the accompanying consolidated balance sheet. As a part of the agreement, within 60 days of certain conditions not being met, the seller of the property can either terminate the agreement or exercise an option to require the Company to purchase the undeveloped land, with the Company retaining all rights to fully own, develop, and utilize the land. If the option is exercised, the Company must pay the agreed upon purchase price of $28.7 million and a commission calculated as a percentage of the sales price, and also reimburse the seller for demolition costs.

Litigation: The Company is subject to various claims, lawsuits, legal proceedings, and other matters that have not been fully resolved and that have arisen in the ordinary course of business. While it is not possible to ascertain the ultimate outcome of such matters, management believes that the aggregate amount of such liabilities, if any, in excess of amounts provided or covered by insurance, will not have a material adverse effect on the consolidated financial position or results of operations of the Company. However, the outcome of claims, lawsuits and legal proceedings brought against the Company is subject to significant uncertainty. Therefore, although management considers the likelihood of such an outcome to be remote, the ultimate results of these matters cannot be predicted with certainty.

16. Segments

The Company defines business segments by their distinct customer base and service provided. The Company has identified four reportable segments: Owned Properties, On-Campus Participating Properties, Development Services, and Property Management Services. Management evaluates each segment's performance based on income before depreciation, amortization and noncontrolling interests.

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

	Year Ended December 31,		
	2019	2018	2017
Owned Properties			
Rental revenues and other income	$ 880,709	$ 829,119	$ 741,909
Interest income	473	1,436	1,545
Total revenues from external customers	881,182	830,555	743,454
Operating expenses before depreciation, amortization, and ground/facility lease expense	(390,664)	(373,521)	(332,429)
Ground/facility lease expense	(11,084)	(8,927)	(7,372)
Interest expense, net [1]	(16,859)	(14,742)	(3,659)
Income before depreciation and amortization	$ 462,575	$ 433,365	$ 399,994
Depreciation and amortization	$ 261,938	$ 250,715	$ 223,940
Capital expenditures	$ 514,043	$ 546,147	$ 617,552
Total segment assets at December 31,	$ 7,346,625	$ 6,841,222	$ 6,691,758
On-Campus Participating Properties			
Rental revenues and other income	$ 36,346	$ 34,596	$ 33,945
Interest income	167	133	65
Total revenues from external customers	36,513	34,729	34,010
Operating expenses before depreciation, amortization, and ground/facility lease expense	(15,028)	(14,602)	(14,384)
Ground/facility lease expense	(3,067)	(2,928)	(2,841)
Interest expense, net [1]	(4,934)	(5,098)	(5,264)
Income before depreciation and amortization	$ 13,484	$ 12,101	$ 11,521
Depreciation and amortization	$ 8,380	$ 7,819	$ 7,536
Capital expenditures	$ 2,898	$ 3,654	$ 3,533
Total segment assets at December 31,	$ 97,561	$ 93,917	$ 100,031
Development Services			
Development and construction management fees	$ 13,051	$ 7,281	$ 10,761
Operating expenses	(8,658)	(8,031)	(7,618)
Income (loss) before depreciation and amortization	$ 4,393	$ (750)	$ 3,143
Total segment assets at December 31,	$ 13,539	$ 10,087	$ 6,726
Property Management Services			
Property management fees from external customers	$ 12,936	$ 9,814	$ 9,832
Operating expenses	(11,257)	(7,428)	(7,607)
Income before depreciation and amortization	$ 1,679	$ 2,386	$ 2,225
Total segment assets at December 31,	$ 8,888	$ 6,426	$ 7,576
Reconciliations			
Total segment revenues and other income	$ 943,682	$ 882,379	$ 798,057
Unallocated interest income earned on investments and corporate cash	3,046	3,265	3,335
Total consolidated revenues, including interest income	$ 946,728	$ 885,644	$ 801,392
Segment income before depreciation and amortization	$ 482,131	$ 447,102	$ 416,883
Segment depreciation and amortization	(270,318)	(258,534)	(231,476)
Corporate depreciation	(4,728)	(4,669)	(3,479)
Net unallocated expenses relating to corporate interest and overhead	(117,529)	(110,660)	(90,250)
Loss (gain) from disposition of real estate	(53)	42,314	(632)
Other operating and nonoperating income	—	3,949	—
Amortization of deferred financing costs	(5,012)	(5,816)	(4,619)
Provision for impairment	(17,214)	—	(15,317)
Gain from extinguishment of debt	20,992	7,867	—
Income tax provision	(1,507)	(2,429)	(989)
Net income	$ 86,762	$ 119,124	$ 70,121
Total segment assets	$ 7,466,613	$ 6,951,652	$ 6,806,091
Unallocated corporate assets	93,141	87,194	91,279
Total assets at December 31,	$ 7,559,754	$ 7,038,846	$ 6,897,370

[1] Net of capitalized interest and amortization of debt premiums.

17. Quarterly Financial Information (Unaudited)

American Campus Communities, Inc.

The information presented below represents the quarterly consolidated financial results of the Company for the years ended December 31, 2019 and 2018.

	2019				
	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Total
Total revenues	$ 242,131	$ 217,371	$ 227,705	$ 255,835	$ 943,042
Operating income	58,999	37,841	27,307	55,743	179,890
Net income	31,368	10,210	19,336	25,848	86,762
Net (income) loss attributable to noncontrolling interests	(1,728)	176	887	(1,128)	(1,793)
Net income attributable to ACC, Inc. and Subsidiaries common stockholders	$ 29,640	$ 10,386	$ 20,223	$ 24,720	$ 84,969
Net income attributable to common stockholders per share - basic	$ 0.21	$ 0.07	$ 0.14	$ 0.18	$ 0.61 (1)
Net income attributable to common stockholders per share - diluted	$ 0.21	$ 0.07	$ 0.14	$ 0.18	$ 0.60

	2018				
	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Total
Total revenues	$ 220,409	$ 201,059	$ 213,469	$ 245,873	$ 880,810
Operating income	50,406	73,168	21,501	67,520	212,595
Net income (loss)	26,250	45,990	(2,737)	49,621	119,124
Net (income) loss attributable to noncontrolling interests	(323)	19	392	(2,117)	(2,029)
Net income (loss) attributable to ACC, Inc. and Subsidiaries common stockholders	$ 25,927	$ 46,009	$ (2,345)	$ 47,504	$ 117,095
Net income (loss) attributable to common stockholders per share - basic	$ 0.19	$ 0.33	$ (0.02)	$ 0.34	$ 0.84
Net income (loss) attributable to common stockholders per share - diluted	$ 0.18	$ 0.33	$ (0.02)	$ 0.34	$ 0.84 (1)

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

American Campus Communities Operating Partnership LP

The information presented below represents the quarterly consolidated financial results of the Operating Partnership for the years ended December 31, 2019 and 2018.

	2019					
	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Total	
Total revenues	$ 242,131	$ 217,371	$ 227,705	$ 255,835	$ 943,042	
Operating income	58,999	37,841	27,307	55,743	179,890	
Net income	31,368	10,210	19,336	25,848	86,762	
Net (income) loss attributable to noncontrolling interests	(1,568)	230	970	(1,030)	(1,398)	
Series A preferred unit distributions	(31)	(9)	(14)	(14)	(68)	
Net income available to common unitholders	$ 29,769	$ 10,431	$ 20,292	$ 24,804	$ 85,296	
Net income per unit attributable to common unitholders - basic	$ 0.21	$ 0.07	$ 0.14	$ 0.18	$ 0.61	(1)
Net income per unit attributable to common unitholders - diluted	$ 0.21	$ 0.07	$ 0.14	$ 0.18	$ 0.60	

	2018					
	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Total	
Total revenues	$ 220,409	$ 201,059	$ 213,469	$ 245,873	$ 880,810	
Operating income	50,406	73,168	21,501	67,520	212,595	
Net income (loss)	26,250	45,990	(2,737)	49,621	119,124	
Net (income) loss attributable to noncontrolling interests	(114)	366	413	(1,880)	(1,215)	
Series A preferred unit distributions	(31)	(31)	(31)	(31)	(124)	
Net income (loss) available to common unitholders	$ 26,105	$ 46,325	$ (2,355)	$ 47,710	$ 117,785	
Net income (loss) per unit attributable to common unitholders - basic	$ 0.19	$ 0.33	$ (0.02)	$ 0.34	$ 0.85	(1)
Net income (loss) per unit attributable to common unitholders - diluted	$ 0.18	$ 0.33	$ (0.02)	$ 0.34	$ 0.84	(1)

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

18. Subsequent Events

Distributions: On January 20, 2020, the Company's Board of Directors declared a distribution per share of $0.47 which was paid on February 14, 2020 to all common stockholders of record as of January 30, 2020. At the same time, the Operating Partnership paid an equivalent amount per unit to holders of Common Units, as well as the quarterly cumulative preferential distribution to holders of Series A Preferred Units (see Note 8).

January 2020 Bond Offering: In January 2020, the Operating Partnership closed a $400 million offering of senior unsecured notes under its existing shelf registration. These 10-year notes were issued at 99.81% of par value with a coupon of 2.85% and are fully and unconditionally guaranteed by the Company. Interest on the notes is payable semi-annually on February 1 and August 1, with the first payment due and payable on August 1, 2020. The notes will mature on February 1, 2030. Net proceeds from the sale of the senior unsecured notes totaled approximately $394.3 million. The Company used the proceeds to fund the early redemption of its $400 million 3.35% Senior Notes due October 2020. The prepayment resulted in approximately $4.8 million in debt extinguishment costs incurred during the first quarter of 2020.

Purchase of Noncontrolling Interests: In January and February 2020, the Company exercised its option to purchase the remaining ownership interest in two owned properties, held in a joint venture as part of the Core Transaction, for a total of approximately $76.8 million.

Property Held For Sale: In February 2020, management determined that all criteria for Held for Sale classification (per Accounting Standards Codification Topic 360, "Property, Plant and Equipment") have been met for one owned property. As of December 31, 2019, the net book value of the property was $97.9 million.

19. Schedule of Real Estate and Accumulated Depreciation

			Initial Cost			Total Costs					
	Units	Beds	Land	Buildings and Improvements and Furniture, Fixtures and Equipment	Costs Capitalized Subsequent to Acquisition / Initial Development [1]	Land	Buildings and Improvements and Furniture, Fixtures and Equipment	Total [2]	Accumulated Depreciation	Encumbrances [3]	Year Built [4]
Owned Properties [5]											
The Callaway House - College Station	173	538	$ 5,081	$ 20,499	$ 7,923	$ 5,002	$ 28,501	$ 33,503	$ 13,913	$ —	1999
The Village at Science Drive	192	732	4,673	19,021	7,510	4,673	26,531	31,204	11,198	—	2000
University Village at Boulder Creek	82	309	1,035	16,393	984	1,035	17,377	18,412	7,694	—	2002
University Village - Fresno	105	406	929	15,168	654	929	15,822	16,751	6,255	—	2004
University Village - Temple	220	749	—	41,119	2,137	—	43,256	43,256	16,955	—	2004
University Club Apartments	94	376	1,416	11,848	1,075	1,416	12,923	14,339	5,117	—	1999
City Parc at Fry Street	136	418	1,902	17,678	4,104	1,902	21,782	23,684	8,018	—	2004
Entrada Real	98	363	1,475	15,859	2,189	1,475	18,048	19,523	7,058	—	2000
University Village at Sweethome	269	828	2,473	34,448	2,270	2,473	36,718	39,191	13,301	—	2005
University Village - Tallahassee	217	716	4,322	26,225	4,770	4,322	30,995	35,317	11,564	—	1991
Royal Village - Gainesville	118	448	2,386	15,153	5,232	2,363	20,408	22,771	7,107	—	1996
Royal Lexington	94	364	2,848	12,783	4,250	2,848	17,033	19,881	6,374	—	1994
Raiders Pass	264	828	3,877	32,445	4,836	3,877	37,281	41,158	13,465	—	2001
Aggie Station	156	450	1,634	18,821	3,329	1,634	22,150	23,784	7,973	—	2003
The Outpost - San Antonio	276	828	3,262	36,252	10,276	3,262	46,528	49,790	15,242	—	2005
Callaway Villas	236	704	3,903	31,953	404	3,903	32,357	36,260	10,996	—	2006
The Village on Sixth Avenue	248	752	2,763	22,480	8,749	2,763	31,229	33,992	11,025	—	1999
Newtown Crossing	356	942	7,013	53,597	96	7,013	53,693	60,706	17,362	—	2005
Olde Towne University Square	224	550	2,277	24,614	(509)	2,277	24,105	26,382	8,023	—	2005
Peninsular Place	183	478	2,306	16,559	1,069	2,306	17,628	19,934	5,656	—	2005
University Centre	234	838	—	77,378	238	—	77,616	77,616	24,690	—	2007
The Summit & Jacob Heights	258	930	2,318	36,464	2,983	2,318	39,447	41,765	12,404	—	2004
GrandMarc Seven Corners	186	440	4,491	28,807	1,666	4,491	30,473	34,964	9,612	—	2000
Aztec Corner	180	606	17,460	32,209	2,263	17,460	34,472	51,932	11,106	—	2001
The Tower at Third	188	375	1,145	19,128	12,653	1,267	31,659	32,926	11,194	—	1973
Willowtree Apartments and Tower	473	851	9,807	21,880	4,954	9,806	26,835	36,641	9,655	—	1970
University Pointe	204	682	989	27,576	4,438	989	32,014	33,003	10,901	—	2004
University Trails	240	684	1,183	25,173	4,236	1,183	29,409	30,592	10,226	—	2003
Campus Trails	156	480	1,358	11,291	7,267	1,358	18,558	19,916	5,834	—	1991
University Crossings (ACE)	260	1,016	—	50,668	42,469	—	93,137	93,137	31,148	—	2003
Vista del Sol (ACE)	613	1,866	—	135,939	5,980	—	141,919	141,919	45,289	—	2008
Villas at Chestnut Ridge	196	552	2,756	33,510	1,929	2,756	35,439	38,195	11,862	—	2008
Barrett Honors College (ACE)	604	1,721	—	131,302	22,594	—	153,896	153,896	47,876	—	2009
Sanctuary Lofts	201	487	2,960	18,180	4,758	2,959	22,939	25,898	7,784	—	2006

			Initial Cost			Total Costs					
	Units	Beds	Land	Buildings and Improvements and Furniture, Fixtures and Equipment	Costs Capitalized Subsequent to Acquisition / Initial Development [1]	Land	Buildings and Improvements and Furniture, Fixtures and Equipment	Total [2]	Accumulated Depreciation	Encumbrances [3]	Year Built [4]
The Edge - Charlotte	180	720	$ 3,076	$ 23,395	$ 9,702	$ 3,076	$ 33,097	$ 36,173	$ 11,417	$ —	1999
University Walk	120	480	2,016	14,599	3,557	2,016	18,156	20,172	6,044	—	2002
Uptown	180	528	3,031	21,685	4,289	3,031	25,974	29,005	7,201	—	2004
2nd Avenue Centre	274	868	4,434	27,236	4,250	4,434	31,486	35,920	10,159	—	2008
Villas at Babcock	204	792	4,642	30,901	448	4,642	31,349	35,991	11,452	—	2011
Lobo Village (ACE)	216	864	—	42,490	1,266	—	43,756	43,756	11,603	—	2011
Villas on Sycamore	170	680	3,000	24,640	517	3,000	25,157	28,157	9,714	—	2011
26 West	367	1,026	21,396	63,994	8,298	21,396	72,292	93,688	18,764	66,938	2008
The Varsity	258	901	11,605	108,529	2,095	11,605	110,624	122,229	24,284	—	2011
Avalon Heights	210	754	4,968	24,345	15,193	4,968	39,538	44,506	10,768	—	2002
University Commons	164	480	12,559	19,010	3,325	12,559	22,335	34,894	5,865	—	2003
Casas del Rio (ACE)	283	1,028	—	40,639	2,997	—	43,636	43,636	17,115	—	2012
The Suites (ACE)	439	878	—	45,296	817	—	46,113	46,113	13,377	—	2013
Hilltop Townhomes (ACE)	144	576	—	31,507	655	—	32,162	32,162	10,780	—	2012
U Club on Frey	216	864	8,703	36,873	1,595	8,703	38,468	47,171	11,190	—	2013
Campus Edge on UTA Boulevard	128	488	2,661	21,233	1,167	2,663	22,398	25,061	7,522	—	2012
U Club Townhomes on Marion Pugh	160	640	6,722	26,546	1,912	6,722	28,458	35,180	9,854	—	2012
Villas on Rensch	153	610	10,231	33,852	1,477	10,231	35,329	45,560	10,940	—	2012
The Village at Overton Park	163	612	5,262	29,374	1,412	5,262	30,786	36,048	10,504	—	2012
Casa de Oro (ACE)	109	365	—	12,362	301	—	12,663	12,663	4,589	—	2012
The Villas at Vista del Sol (ACE)	104	400	—	20,421	511	—	20,932	20,932	7,675	—	2012
The Block	669	1,555	22,270	141,430	14,963	22,497	156,166	178,663	32,538	94,117	2008
University Pointe at College Station (ACE)	282	978	—	84,657	2,531	—	87,188	87,188	30,227	—	2012
309 Green	110	416	5,351	49,987	4,209	5,351	54,196	59,547	12,098	28,929	2008
The Retreat	187	780	5,265	46,236	4,226	5,265	50,462	55,727	11,567	—	2012
Lofts54	43	172	430	14,741	4,354	430	19,095	19,525	4,402	—	2008
Campustown Rentals	264	746	2,382	40,190	4,559	2,382	44,749	47,131	11,872	—	1982
Chauncey Square	158	386	2,522	40,013	1,955	2,522	41,968	44,490	9,627	—	2011
Texan & Vintage	124	311	5,937	11,906	16,193	5,962	28,074	34,036	6,107	18,796	2008
The Castilian	371	623	3,663	59,772	35,992	3,663	95,764	99,427	23,875	46,052	1967
Bishops Square	134	315	1,206	17,878	2,598	1,206	20,476	21,682	5,242	10,634	2002
Union	54	120	169	6,348	1,148	169	7,496	7,665	1,889	3,328	2006
922 Place	132	468	3,363	34,947	3,552	3,363	38,499	41,862	9,804	—	2009
Campustown	452	1,217	1,818	77,894	10,465	1,818	88,359	90,177	19,055	—	1997
River Mill	243	461	1,741	22,806	5,023	1,741	27,829	29,570	6,809	—	1972
The Province - Greensboro	219	696	2,226	48,567	1,817	2,226	50,384	52,610	11,849	26,471	2011
RAMZ Apartments on Broad	88	172	785	12,303	870	785	13,173	13,958	2,998	—	2004

			Initial Cost			Total Costs					
	Units	Beds	Land	Buildings and Improvements and Furniture, Fixtures and Equipment	Costs Capitalized Subsequent to Acquisition / Initial Development [(1)]	Land	Buildings and Improvements and Furniture, Fixtures and Equipment	Total [(2)]	Accumulated Depreciation	Encumbrances [(3)]	Year Built [(4)]
The Lofts at Capital Garage	36	144	$ 313	$ 3,581	$ 799	$ 313	$ 4,380	$ 4,693	$ 1,212	$ —	2000
25Twenty	249	562	2,226	33,429	1,447	2,226	34,876	37,102	9,308	24,723	2011
The Province - Louisville	366	858	4,392	63,068	2,202	4,392	65,270	69,662	15,743	34,353	2009
The Province - Rochester	336	816	3,798	70,955	3,732	3,798	74,687	78,485	17,668	32,313	2010
5 Twenty Four and 5 Twenty Five Angliana	376	1,060	—	60,448	7,401	5,214	62,635	67,849	15,386	—	2010
The Province - Tampa	287	947	—	52,943	5,394	—	58,337	58,337	13,637	30,840	2009
U Pointe Kennesaw	216	795	1,482	61,654	6,385	1,482	68,039	69,521	17,301	—	2012
The Cottages of Durham	141	619	3,955	41,421	2,758	3,955	44,179	48,134	12,655	—	2012
University Edge	201	608	4,500	26,385	1,576	4,500	27,961	32,461	6,309	—	2012
The Lodges of East Lansing	364	1,049	6,472	89,231	2,973	6,472	92,204	98,676	20,607	27,935	2012
7th Street Station	82	309	9,792	16,472	615	9,792	17,087	26,879	4,212	—	2012
The Callaway House - Austin	219	753	—	61,550	1,224	—	62,774	62,774	16,211	80,726	2013
Manzanita Hall (ACE)	241	816	—	48,781	1,488	—	50,269	50,269	14,061	—	2013
University View (ACE)	96	336	—	14,683	251	—	14,934	14,934	4,141	—	2013
U Club Townhomes at Overton Park	112	448	7,775	21,483	1,014	7,775	22,497	30,272	6,179	—	2013
601 Copeland	81	283	1,457	26,699	591	1,457	27,290	28,747	6,315	—	2013
The Townhomes at Newtown Crossing	152	608	7,745	32,074	656	7,745	32,730	40,475	7,716	—	2013
Chestnut Square (ACE)	220	861	—	98,369	2,964	—	101,333	101,333	24,574	—	2013
Park Point - Rochester	300	924	7,827	73,495	5,235	7,827	78,730	86,557	18,069	70,000	2008
U Centre at Fry Street	194	614	2,902	47,700	2,901	2,902	50,601	53,503	10,077	—	2012
Cardinal Towne	255	545	6,547	53,809	3,942	6,547	57,751	64,298	11,408	—	2010
Merwick Stanworth (ACE)	325	595	—	79,598	(692)	—	78,906	78,906	10,921	—	2014
Plaza on University	364	1,313	23,987	85,584	4,373	23,987	89,957	113,944	19,308	—	2014
U Centre at Northgate (ACE)	196	784	—	35,663	503	—	36,166	36,166	8,088	—	2014
University Walk	177	526	4,341	29,073	938	4,341	30,011	34,352	5,185	—	2014
U Club on Woodward	236	944	16,350	46,982	867	16,349	47,850	64,199	10,937	—	2014
Park Point - Syracuse	66	226	—	25,725	3,582	—	29,307	29,307	4,671	10,586	2010
1200 West Marshall	136	406	4,397	33,908	2,020	4,397	35,928	40,325	6,104	—	2013
8 1/2 Canal Street	160	540	2,797	45,394	2,359	2,797	47,753	50,550	7,272	—	2011
Vistas San Marcos	255	600	586	45,761	6,157	586	51,918	52,504	10,791	—	2013
Crest at Pearl	141	343	4,395	36,268	1,959	4,491	38,131	42,622	6,122	23,372	2014
U Club Binghamton	326	1,272	15,858	92,372	3,194	15,858	95,566	111,424	11,154	—	2005
Stadium Centre	447	970	9,249	100,854	7,641	9,249	108,495	117,744	15,299	63,471	2014
160 Ross	182	642	2,962	38,478	1,013	2,962	39,491	42,453	7,060	—	2015
The Summit at University City (ACE)	351	1,315	—	154,770	1,786	—	156,556	156,556	22,183	—	2015
2125 Franklin	192	734	8,299	55,716	587	8,299	56,303	64,602	8,757	—	2015
University Crossings - Charlotte	187	546	645	36,838	4,618	645	41,456	42,101	4,908	—	2014

			Initial Cost			Total Costs					
	Units	Beds	Land	Buildings and Improvements and Furniture, Fixtures and Equipment	Costs Capitalized Subsequent to Acquisition / Initial Development [1]	Land	Buildings and Improvements and Furniture, Fixtures and Equipment	Total [2]	Accumulated Depreciation	Encumbrances [3]	Year Built [4]
U Club on 28th	100	398	$ 9,725	$ 45,788	$ 396	$ 9,725	$ 46,184	$ 55,909	$ 5,490	$ —	2016
Currie Hall (ACE)	178	456	—	49,987	344	—	50,331	50,331	6,384	—	2016
University Pointe (ACE)	134	531	—	44,035	262	—	44,297	44,297	5,377	—	2016
Fairview House (ACE)	107	633	—	38,144	193	—	38,337	38,337	5,544	—	2016
U Club Sunnyside	134	534	7,423	41,582	550	7,423	42,132	49,555	5,130	—	2016
U Point	54	163	1,425	17,325	2,406	1,425	19,731	21,156	2,278	—	2016
The Arlie	169	598	1,350	43,352	1,905	1,350	45,257	46,607	5,014	—	2016
TWELVE at U District	283	384	13,013	98,115	3,494	13,013	101,609	114,622	7,136	—	2014
The 515	183	513	1,611	68,953	1,542	1,611	70,495	72,106	4,879	—	2015
State	220	665	3,448	66,774	2,409	3,448	69,183	72,631	5,635	—	2013
The James	366	850	18,871	118,096	2,048	18,871	120,144	139,015	9,354	—	2017
Bridges @ 11th	184	258	—	58,825	1,413	—	60,238	60,238	3,695	—	2015
Hub U District Seattle	111	248	5,700	56,355	1,318	5,700	57,673	63,373	4,265	—	2017
Tooker House (ACE)	429	1,594	—	103,897	(179)	—	103,718	103,718	9,541	—	2017
SkyView (ACE)	163	626	—	57,578	247	—	57,825	57,825	4,750	—	2017
University Square (ACE)	143	466	—	25,635	8	—	25,643	25,643	2,384	—	2017
U Centre on Turner	182	718	14,000	55,456	36	14,001	55,491	69,492	4,792	—	2017
U Pointe on Speight	180	700	4,705	46,160	333	4,705	46,493	51,198	3,897	—	2017
21Hundred at Overton Park	296	1,204	16,767	64,057	834	16,767	64,891	81,658	5,766	—	2017
The Suites at Third	63	251	831	22,384	(37)	831	22,347	23,178	1,924	—	2017
Callaway House Apartments	386	915	12,651	78,220	582	12,651	78,802	91,453	6,910	—	2017
U Centre on College	127	418	—	41,607	(187)	—	41,420	41,420	3,332	—	2017
David Blackwell Hall (ACE)	412	780	—	96,891	—	—	96,891	96,891	4,430	—	2018
Gladding Residence Center (ACE)	592	1,524	—	94,368	418	—	94,786	94,786	4,723	—	2018
Irvington House (ACE)	197	648	—	36,187	—	—	36,187	36,187	1,848	—	2018
The Edge - Stadium Centre	111	413	10,000	30,885	19	10,000	30,904	40,904	1,325	—	2018
Greek Leadership Village (ACE)	498	957	—	69,351	44	—	69,395	69,395	3,480	—	2018
NAU Honors College (ACE)	318	636	—	41,222	—	—	41,222	41,222	2,147	—	2018
U Club Townhomes at Oxford	132	528	5,115	39,239	—	5,115	39,239	44,354	2,035	—	2018
Hub Ann Arbor	124	310	7,050	42,865	1,314	7,050	44,179	51,229	2,107	—	2018
Hub Flagstaff	198	591	5,397	56,626	660	5,397	57,286	62,683	2,712	—	2018
Campus Edge on Pierce	289	598	6,881	55,818	734	6,881	56,552	63,433	2,855	—	2018
191 College	127	495	5,434	55,620	—	5,434	55,620	61,054	787	—	2019
LightView (ACE)	214	825	—	152,040	—	—	152,040	152,040	1,957	—	2019
University of Arizona Honors College (ACE)	319	1,056	—	76,166	—	—	76,166	76,166	1,152	—	2019
The Flex - Stadium Centre	78	340	8,559	26,516	—	8,559	26,516	35,075	374	—	2019
959 Franklin	230	443	5,026	63,040	—	5,026	63,040	68,066	635	—	2019

			Initial Cost			Total Costs					
	Units	Beds	Land	Buildings and Improvements and Furniture, Fixtures and Equipment	Costs Capitalized Subsequent to Acquisition / Initial Development [1]	Land	Buildings and Improvements and Furniture, Fixtures and Equipment	Total [2]	Accumulated Depreciation	Encumbrances [3]	Year Built [4]
***Properties Under Development* [6]**											
Disney College Program Phases I-X (ACE) [7]	2,614	10,440	$ —	$ 224,185	$ —	$ —	$ 224,185	$ 224,185	$ —	$ —	2020-23 [7]
Currie Hall Phase II (ACE)	95	272	—	22,681	—	—	22,681	22,681	—	—	2020
Holloway Residences (ACE)	169	584	—	89,615	—	—	89,615	89,615	—	—	2020
Undeveloped land parcels [8]	—	—	55,896	651	—	55,896	651	56,547	543	—	N/A
Subtotal	**34,680**	**107,551**	**$ 649,403**	**$ 6,998,527**	**$ 489,574**	**$ 654,985**	**$ 7,482,519**	**$ 8,137,504**	**$ 1,442,789**	**$ 693,584**	
On-Campus Participating Properties											
University Village & University Village Northwest at Prairie View [9]	648	2,064	$ —	$ 40,734	$ 9,960	$ —	$ 50,694	$ 50,694	$ 38,663	$ 10,464	1998
University Village at Laredo	84	250	—	5,844	1,433	—	7,277	7,277	5,866	1,601	1997
University College at Prairie View	756	1,470	—	22,650	6,579	—	29,229	29,229	20,824	11,150	2001
Cullen Oaks	411	879	—	33,910	2,995	—	36,905	36,905	19,166	25,313	2003
College Park	224	567	—	43,634	1,760	—	45,394	45,394	9,792	40,629	2014
Subtotal	**2,123**	**5,230**	**$ —**	**$ 146,772**	**$ 22,727**	**$ —**	**$ 169,499**	**$ 169,499**	**$ 94,311**	**$ 89,157**	
Total	**36,803**	**112,781**	**$ 649,403**	**$ 7,145,299**	**$ 512,301**	**$ 654,985**	**$ 7,652,018**	**$ 8,307,003**	**$ 1,537,100**	**$ 782,741**	

(1) Includes write-offs of fully depreciated assets.

(2) Total aggregate costs for federal income tax purposes is approximately $8.7 billion.

(3) Total encumbrances exclude net unamortized debt premiums and deferred financing costs of approximately $6.4 million and $1.7 million, respectively, as of December 31, 2019.

(4) For properties with multiple phases, the year built represents the weighted average year based on the number of beds delivered each year.

(5) A number of our properties consist of two or more phases that are counted separately in the property portfolio numbers disclosed in Note 1.

(6) Initial costs represent construction costs incurred to date associated with the development of these properties. Year built represents the scheduled completion date.

(7) Consists of ten phases that are counted as one property in the property portfolio numbers contained in Note 1 and will be delivered from 2020 to 2023.

(8) Buildings and improvements and furniture, fixtures and equipment and accumulated depreciation amounts are related to buildings on two land parcels that will be demolished as part of development.

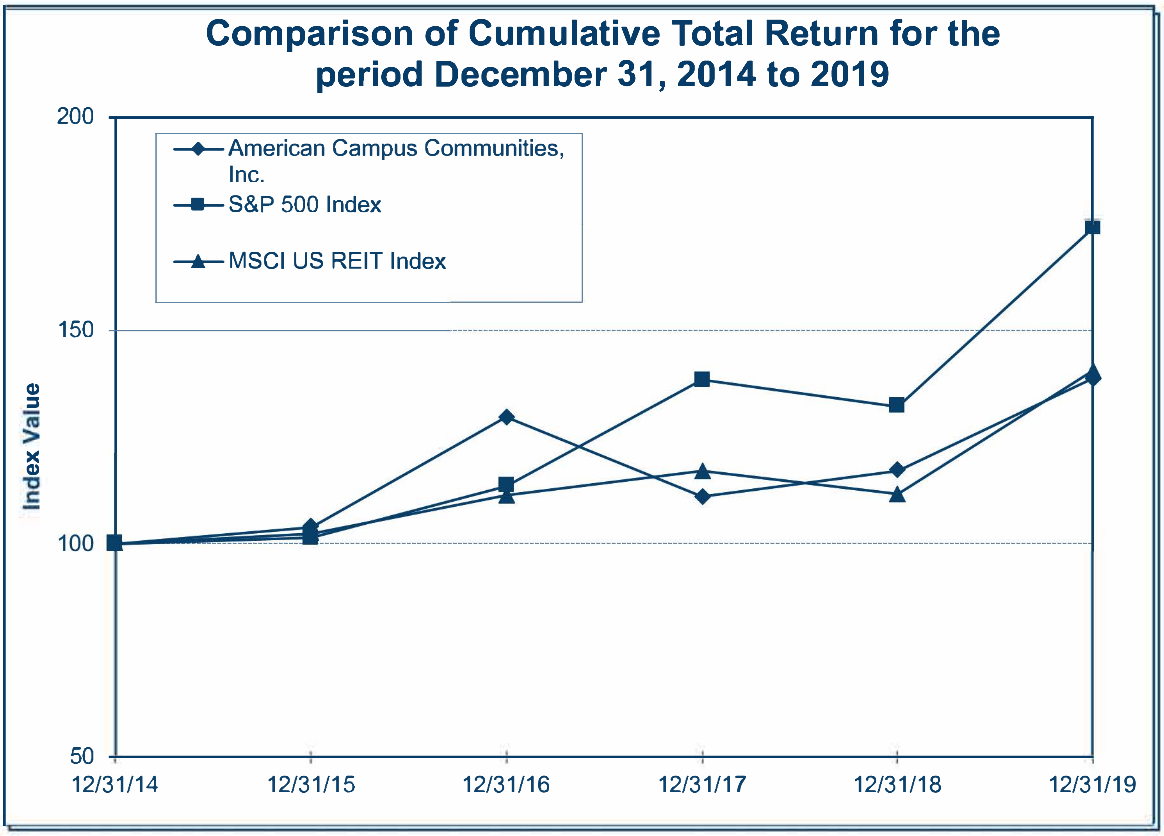
(9) Consists of two properties, one of which was converted to the OCPP structure in January 2019, that are counted separately in the property portfolio numbers disclosed in Note 1.

The changes in the Company's investments in real estate and related accumulated depreciation for each of the years ended December 31, 2019, 2018, and 2017 are as follows:

	For the Year Ended December 31,					
	2019		2018		2017	
	Owned (1)	On-Campus (2)	Owned (1)	On-Campus (2)	Owned (1)	On-Campus (2)
Investments in Real Estate:						
Balance, beginning of year	$ 7,813,959	$ 162,562	$ 7,485,391	$ 159,996	$ 6,316,470	$ 162,929
Acquisition of land for development	10,219	—	26,758	—	24,049	—
Acquisition of properties	—	—	—	—	618,183	—
Improvements and development expenditures	484,949	2,900	549,635	3,654	621,793	3,544
Write-off of fully depreciated or damaged assets	(3,831)	(306)	(16,758)	(1,088)	(40,923)	(6,477)
Provision for real estate impairment	(3,201)	—	—	—	(15,317)	—
Disposition of real estate	(160,248)	—	(231,067)	—	(38,864)	—
Transfer of property from owned to OCPP structure	(4,343)	4,343	—	—	—	—
Balance, end of year	**$ 8,137,504**	**$ 169,499**	**$ 7,813,959**	**$ 162,562**	**$ 7,485,391**	**$ 159,996**
Accumulated Depreciation:						
Balance, beginning of year	$ (1,230,562)	$ (84,925)	$ (1,035,027)	$ (78,192)	$ (864,106)	$ (77,132)
Depreciation for the year	(255,796)	(8,380)	(242,123)	(7,819)	(213,660)	(7,536)
Write-off of fully depreciated or damaged assets	3,831	306	16,242	1,086	37,761	6,476
Disposition of properties	38,426	—	30,346	—	4,978	—
Transfer of property from owned to OCPP structure	1,312	(1,312)	—	—	—	—
Balance, end of year	**$ (1,442,789)**	**$ (94,311)**	**$ (1,230,562)**	**$ (84,925)**	**$ (1,035,027)**	**$ (78,192)**

(1) Includes owned off-campus properties and owned on-campus properties.
(2) Includes on-campus participating properties.

COMMON STOCK PERFORMANCE GRAPH



The following performance graph compares the cumulative total return on our common stock with the cumulative total return of the Standard & Poor's 500 Stock Index and the MSCI US REIT Index for the period December 31, 2014 through December 31, 2019. The performance graph assumes an investment of $100 on December 31, 2014 in American Campus Communities, Inc. and the two previously mentioned indices, and the reinvestment of any dividends. The performance reflected in the graph is not necessarily indicative of future performance.

Source: S&P Global Market Intelligence

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Corporate Information

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Executive Committee Chair

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(Private Investor)
Audit Committee Chair
Compensation Committee Member

Cydney C. Donnell
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Strategic Planning and Risk Committee Member

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(Independent Consultant)
Strategic Planning and Risk Committee Chair

Edward Lowenthal
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Compensation Committee Member
Executive Committee Member
Nominating and Corporate Governance Committee Member

Oliver Luck
(Chief Executive Officer and Commissioner of the XFL)
Nominating and Corporate Governance Committee Chair
Strategic Planning and Risk Committee Member

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Executive Committee Member

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(Chief Investment Officer of Alliance Residential Company)
Audit Committee Member

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James E. Wilhelm III
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SHAREHOLDER INFORMATION
Copies of the Company's Form 10-K and all amendments filed with the Securities and Exchange Commission for the year ended December 31, 2019, committee charters, Guidelines on Governance, Code of Business Conduct and Ethics, and Code of Ethical Conduct for Senior Financial Officers may be obtained free of charge by contacting:

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ANNUAL MEETING
April 29, 2020
8:00 a.m. ET
Lantana Room
Disney's Coronado Springs Resort
1000 W. Buena Vista Drive
Orlando, Florida 32830

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