AMERICAN CAMPUS COMMUNITIES INC
Form 10-Q
November 09, 2007

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

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

For the quarterly period ended September 30, 2007.

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

Commission file number 001-32265

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

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

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x No o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act.
Large accelerated filer o Accelerated Filer x Non-accelerated filer o

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

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

There were 27,275,491 shares of American Campus Communities, Inc.'s common stock with a par value of $0.01 per share outstanding as of the close of business on November 5, 2007.

FORM 10-Q
FOR THE QUARTER ENDED SEPTEMBER 30, 2007

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AMERICAN CAMPUS COMMUNITIES, INC. AND SUBSIDIARIES

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

	September 30, 2007 (Unaudited)	December 31, 2006
Assets		
Investments in real estate:		
Owned properties, net	$ 903,349	$ 694,197
On-campus participating properties, net	73,896	76,688
Investments in real estate, net	977,245	770,885
Cash and cash equivalents	10,852	79,107
Restricted cash	14,025	11,260
Student contracts receivable, net	4,316	3,129
Other assets	25,979	20,000
Total assets	**$ 1,032,417**	**$ 884,381**
Liabilities and stockholders' equity		
Liabilities:		
Secured debt	$ 543,685	$ 432,294
Unsecured revolving credit facility	47,900	-
Accounts payable and accrued expenses	14,424	13,616
Other liabilities	45,354	29,436
Total liabilities	**651,363**	**475,346**
Minority interests	31,648	39,561
Commitments and contingencies (Note 11)		
Stockholders' equity:		
Common shares, $.01 par value, 800,000,000 shares authorized, 23,587,499 and 22,903,073 shares issued and outstanding at September 30, 2007 and December 31, 2006, respectively	236	229
Additional paid in capital	394,883	382,367
Accumulated earnings and distributions	(45,056)	(13,533)
Accumulated other comprehensive (loss) income	(657)	411
Total stockholders' equity	**349,406**	**369,474**
Total liabilities and stockholders' equity	**$ 1,032,417**	**$ 884,381**

See accompanying notes to consolidated financial statements

AMERICAN CAMPUS COMMUNITIES, INC. AND SUBSIDIARIES

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

	Three Months Ended September 30, 2007	Three Months Ended September 30, 2006	Nine Months Ended September 30, 2007	Nine Months Ended September 30, 2006
Revenues:				
Owned off-campus properties	$ 30,045	$ 24,340	$ 85,197	$ 64,687
On-campus participating properties	4,083	3,971	14,160	13,450
Third party development services	1,347	1,693	2,325	4,355
Third party development services – on-campus participating properties	36	36	109	108
Third party management services	627	491	1,999	1,844
Resident services	380	328	1,044	993
Total revenues	**36,518**	**30,859**	**104,834**	**85,437**
Operating expenses:				
Owned off-campus properties	16,368	13,178	41,276	31,710
On-campus participating properties	2,317	2,455	6,842	6,660
Third party development and management services	1,484	1,338	3,925	4,402
General and administrative	2,286	1,468	15,804	4,879
Depreciation and amortization	7,797	6,735	22,535	18,672
Ground/facility leases	473	238	1,263	676
Total operating expenses	**30,725**	**25,412**	**91,645**	**66,999**
Operating income	**5,793**	**5,447**	**13,189**	**18,438**
Nonoperating income and (expenses):				
Interest income	221	294	1,242	623
Interest expense	(7,560)	(7,445)	(20,940)	(19,847)
Amortization of deferred financing costs	(324)	(334)	(936)	(1,078)
Total nonoperating expenses	**(7,663)**	**(7,485)**	**(20,634)**	**(20,302)**
Loss before income taxes, minority interests, and discontinued operations	(1,870)	(2,038)	(7,445)	(1,864)
Income tax provision	(576)	-	(696)	-
Minority interests	77	149	309	202
Loss from continuing operations	**(2,369)**	**(1,889)**	**(7,832)**	**(1,662)**
Discontinued operations:				
Income attributable to discontinued operations	-	278	-	1,648
Net loss	**$ (2,369)**	**$ (1,611)**	**$ (7,832)**	**$ (14)**
Loss per share – basic:				
Loss from continuing operations per share	$ (0.10)	$ (0.10)	$ (0.34)	$ (0.09)
Net loss per share	$ (0.10)	$ (0.09)	$ (0.34)	$ -
Loss per share – diluted:				
Loss from continuing operations per share	$ (0.10)	$ (0.10)	$ (0.33)	$ (0.11)
Net loss per share	$ (0.10)	$ (0.09)	$ (0.33)	$ (0.02)

Weighted average common shares outstanding:				
Basic	23,563,651	18,218,128	23,261,475	17,553,627
Diluted	25,320,144	20,535,276	25,273,845	19,397,571
Distributions declared per common share	$ 0.3375	$ 0.3375	$ 1.0125	$ 1.0125

See accompanying notes to consolidated financial statements

AMERICAN CAMPUS COMMUNITIES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(Unaudited, in thousands)

	Nine Months Ended September 30, 2007	Nine Months Ended September 30, 2006
Net loss	**$ (7,832)**	**$ (14)**
Other comprehensive loss:		
Change in fair value of interest rate swaps	(917)	(43)
Net comprehensive loss	**$ (8,749)**	**$ (57)**

See accompanying notes to consolidated financial statements

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AMERICAN CAMPUS COMMUNITIES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited, in thousands)

	Nine Months Ended September 30, 2007	Nine Months Ended September 30, 2006
Operating activities		
Net loss	$ (7,832)	$ (14)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Minority interests share of loss	(309)	(202)
Depreciation and amortization	22,535	19,305
Amortization of deferred financing costs and debt premiums/discounts	(165)	98
Share-based compensation	4,662	568
Amortization of gain on interest rate swap termination	(151)	-
Income tax provision	696	-
Changes in operating assets and liabilities:		
Restricted cash	(2,116)	(1,283)
Student contracts receivable, net	(1,137)	(418)
Other assets	(5,471)	(5,697)
Accounts payable and accrued expenses	(8)	6,517
Other liabilities	998	467
Net cash provided by operating activities	11,702	19,341
Investing activities		
Cash paid for property acquisitions	(43,183)	(69,633)
Investments in owned properties	(92,863)	(66,209)
Investments in on-campus participating properties	(402)	(395)
Purchase of corporate furniture, fixtures and equipment	(347)	(442)
Net cash used in investing activities	(136,795)	(136,679)
Financing activities		
Proceeds from sale of common stock	-	140,036
Offering costs	-	(6,755)
Proceeds from revolving credit facility, net of paydowns	47,900	-
Proceeds from construction loans	30,613	33,541
Paydown of construction loan	-	(20,224)
Principal payments on debt	(6,251)	(5,153)
Change in construction accounts payable	12,165	4,184
Debt issuance and assumption costs	(1,638)	(1,823)
Distributions to common and restricted stockholders	(23,722)	(17,524)
Distributions to minority partners	(2,229)	(1,340)
Net cash provided by financing activities	56,838	124,942
Net change in cash and cash equivalents	(68,255)	7,604
Cash and cash equivalents at beginning of period	79,107	24,641
Cash and cash equivalents at end of period	$ 10,852	$ 32,245
Supplemental disclosure of non-cash investing and financing activities		
Loans assumed in connection with property acquisitions	$ (88,307)	$ (123,649)
Contribution of land from minority partner in development joint venture	$ 2,756	$ -
Issuance of Common Units in connection with property acquisitions	$ -	$ (49,096)

Issuance of Preferred Units in connection with property acquisitions	$	-	$	(3,075)
Change in fair value of derivative instruments, net	$	(917)	$	(43)
Supplemental disclosure of cash flow information				
Interest paid	$	22,787	$	21,771

See accompanying notes to consolidated financial statements

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

1. Organization and Description of Business

American Campus Communities, Inc. (the "Company") is a real estate investment trust ("REIT") that was incorporated on March 9, 2004 and commenced operations effective with the completion of an initial public offering ("IPO") on August 17, 2004. Through the Company's controlling interest in American Campus Communities Operating Partnership LP (the "Operating Partnership") and American Campus Communities Services, Inc., (the Company's taxable REIT subsidiary or "TRS"), the Company is one of the largest owners, managers and developers of high quality student housing properties in the United States in terms of beds owned and under management. The Company is a fully integrated, self-managed and self-administered equity REIT with expertise in the acquisition, design, financing, development, construction management, leasing and management of student housing properties.

As of September 30, 2007, the Company's property portfolio contained 43 student housing properties with approximately 26,900 beds and approximately 8,900 apartment units, consisting of 39 owned properties that are in close proximities to colleges and universities and four on-campus participating properties operated under ground/facility leases with the related university systems. These communities contain modern housing units, offer resort-style amenities and are supported by a classic resident assistant system and other student-oriented programming.

Through the TRS, the Company also provides construction management and development services for student housing properties owned by colleges and universities, charitable foundations, and others. As of September 30, 2007, the Company provided third party management and leasing services for 13 student housing properties (nine of which the Company served as the third party developer and construction manager) that represented approximately 8,900 beds in approximately 3,100 units. Third party management and leasing services are typically provided pursuant to multi-year management contracts that have initial terms that range from one to five years. As of September 30, 2007, the Company's total owned and managed portfolio included 56 properties with approximately 35,800 beds in approximately 12,000 units.

2. Summary of Significant Accounting Policies

Principles of Consolidation and Combination

The accompanying consolidated financial statements include all of the accounts of the Company, the Operating Partnership and the subsidiaries of the Operating Partnership. The Company consolidates entities in which it has an ownership interest and over which it exercises significant control over major operating decisions, such as budgeting, investment and financing decisions. The real estate entities included in the consolidated financial statements have been consolidated only for the periods that such entities were under control by the Company. All significant intercompany balances and transactions have been eliminated in consolidation. All dollar amounts in the tables herein, except share and per share amounts, are stated in thousands unless otherwise indicated.

Recent Accounting Pronouncements

In June 2006, the FASB issued FASB Interpretation No. 48, *Accounting for Uncertainty in Income Taxes – an interpretation of FASB Statement No. 109* ("FIN 48"). FIN 48 clarifies the accounting for uncertainty in income taxes by prescribing a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. The interpretation also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. FIN 48 became effective on January 1, 2007. The Company, or its subsidiaries, files income tax returns in the U.S. Federal jurisdiction and various states' jurisdictions. Open tax years for federal income tax purposes generally include tax years 2004-2006 as of the date of adoption. The Company adopted the provisions of FIN 48 on January 1, 2007. The Company does not have any material unrecognized tax benefits; therefore, the adoption of FIN 48 did not have a material impact on the Company's consolidated financial statements.

In September 2006, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards No. 157, *Fair Value Measurements* ("SFAS 157"). SFAS 157 defines fair value, establishes guidelines for measuring fair value and expands disclosures regarding fair value measurements. SFAS 157 does not require any new fair value measurements but rather eliminates inconsistencies in guidance found in various prior accounting pronouncements. SFAS 157 is effective for fiscal years beginning after November 15, 2007. The Company does not expect its adoption to have a material impact on the Company's consolidated financial statements.

In February 2007, the FASB issued Statement of Financial Accounting Standards No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities* ("SFAS 159"), which gives entities the option to measure eligible financial assets, financial liabilities and firm commitments at fair value on an instrument-by-instrument basis (i.e., the fair value option), which are otherwise not permitted to be accounted for at fair value under other accounting standards. The election to use the fair value option is available when an entity first recognizes a financial asset or financial liability or upon entering into a firm commitment. Subsequent changes in fair value must be recorded in earnings. Additionally, SFAS No. 159 allows for a one-time election for existing positions upon adoption, with the transition adjustment recorded to beginning retained earnings. This statement is effective for fiscal years beginning after November 15, 2007. The Company does not expect its adoption to have a material impact on the Company's consolidated financial statements.

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

Interim Financial Statements

The accompanying interim financial statements are unaudited, but have been prepared in accordance with U.S. generally accepted accounting principles ("GAAP") for interim financial information and in conjunction with the rules and regulations of the Securities and Exchange Commission. Accordingly, they do not include all disclosures required by GAAP for complete financial statements. In the opinion of management, all adjustments (consisting solely of normal recurring matters) necessary for a fair presentation of the financial statements for these interim periods have been included. Because of the seasonal nature of the Company's operations, the results of operations and cash flows for any interim period are not necessarily indicative of results for other interim periods or for the full year. These financial statements should be read in conjunction with the financial statements and the notes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 2006.

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 is charged to expense when incurred. Depreciation and amortization are recorded on a straight-line basis over the estimated useful lives of the assets as follows:

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

The cost of buildings and improvements includes the purchase price of the property, including legal fees and acquisition costs. Project costs directly associated with the development and construction of an owned real estate project, which include interest, property taxes, and amortization of deferred finance costs, are capitalized as construction in progress. Upon completion of the project, costs are transferred into the applicable asset category and depreciation commences. Interest totaling approximately $1.4 million and $0.8 million was capitalized during the three months ended September 30, 2007 and 2006, respectively, and $4.0 million and $2.1 million was capitalized during the nine months ended September 30, 2007 and 2006, respectively. Amortization of deferred financing costs totaling approximately $0.1 million and $82,000 was capitalized during the three months ended September 30, 2007 and 2006, respectively, and approximately $0.3 million and $0.2 million was capitalized during the nine months ended September 30, 2007 and 2006, 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 cash flows (undiscounted and before interest charges) are less than the carrying value of the property. The estimation of expected future net cash flows is inherently uncertain and relies on assumptions regarding current and future economics and market conditions. If such conditions change, then an adjustment to the carrying value of the Company's long-lived assets could occur in the future period in which the conditions change. To the extent that a property is impaired, the excess of the carrying amount of the property over its estimated fair value is charged to earnings. The Company believes that there were no impairments of the carrying values of its investments in real estate as of September 30, 2007.

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

The Company allocates the purchase price of acquired properties to net tangible and identified intangible assets based on relative fair values in accordance with Statement of Financial Accounting Standard ("SFAS") No. 141, *Business Combinations.* Fair value estimates are based on information obtained from a number of sources, including independent appraisals that may be obtained in connection with the acquisition or financing of the respective property and other market data. Information obtained about each property as a result of due diligence, marketing and leasing activities is also considered. The value of in-place leases is based on the difference between (i) the property valued with existing in-place leases adjusted to market rental rates and (ii) the property valued "as-if" vacant. As lease terms are typically one year or less, rates on in-place leases generally approximate market rental rates. Factors considered in the valuation of in-place leases include an estimate of the carrying costs during the expected lease-up period considering current market conditions, nature of the tenancy, and costs to execute similar leases. Carrying costs include estimates of lost rentals at market rates during the expected lease-up period, as well as marketing and other operating expenses. The value of in-place leases is amortized over the remaining initial term of the respective leases, generally less than one year. The purchase price of property acquisitions is not expected to be allocated to tenant relationships, considering the terms of the leases and the expected levels of renewals. The Company's allocation of purchase price is contingent upon the final true-up of certain prorations.

Intangible Assets

In connection with property acquisitions completed during the nine months ended September 30, 2007 and 2006, the Company capitalized approximately $1.2 million and $2.3 million, respectively, related to management's estimate of the fair value of the in-place leases assumed. These intangible assets are amortized on a straight-line basis over a term of approximately six months, which represents the average remaining term of the underlying leases. The amortization is included in depreciation expense in the accompanying consolidated statements of operations. See Note 3 for a detailed discussion of the property acquisitions completed during the nine months ended September 30, 2007.

Debt Premiums and Discounts

Debt premiums and discounts represent fair value adjustments to account for the difference between the stated rates and market rates of debt assumed in connection with the Company's property acquisitions. The debt premiums and discounts are amortized to interest expense over the term of the related loans using the effective-interest method. As of September 30, 2007 and December 31, 2006, unamortized debt premiums were $5.4 million and $6.4 million, respectively, and unamortized debt discounts were $0.7 million and $0.4 million, respectively. Debt premiums and discounts are included in secured debt on the accompanying consolidated balance sheets.

Third-Party Development Services Revenue and Costs

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

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

Pre-development expenditures such as architectural fees, permits and deposits associated with the pursuit of third-party and owned development projects are expensed as incurred, until such time that management believes it is probable that the contract will be executed and/or construction will commence. Because the Company frequently incurs these pre-development expenditures before a financing commitment and/or required permits and authorizations have been obtained, the Company bears the risk of loss of these pre-development expenditures if financing cannot ultimately be arranged on acceptable terms or the Company is unable to successfully obtain the required permits and authorizations. As such, management evaluates the status of third-party and owned projects that have not yet commenced construction on a periodic basis and expenses any deferred costs related to projects whose current status indicates the commencement of construction is unlikely and/or the costs may not provide future value to the Company in the form of revenues. Such write-offs are included in third-party development and management services expenses (in the case of third-party development projects) or general and administrative expenses (in the case of owned development projects) on the accompanying consolidated statements of operations. As of September 30, 2007, the Company has deferred approximately $8.2 million in pre-development costs related to third-party and owned development projects that have not yet commenced construction. Such costs are included in other assets on the accompanying consolidated balance sheets.

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

Stock-Based Compensation

The Company accounts for equity based awards in accordance with SFAS No. 123 (R), *Share-Based Payment*. Accordingly, the Company has recognized compensation expense related to certain restricted stock awards (see Note 9) over the underlying vesting periods, which amounted to approximately $0.3 million and $0.2 million during the three months ended September 30, 2007 and 2006, respectively, and $1.0 million and $0.6 million during the nine months ended September 30, 2007 and 2006, respectively.

The Company's Outperformance Bonus Plan discussed in Note 9 vested on August 17, 2007. Accordingly, the Compensation Committee of the Board of Directors elected to pay a portion of the awards to selected recipients in the form of profits interest units ("PIUs"), which are discussed in more detail in Note 7. Approximately $3.7 million of the compensation charge recorded during the nine months ended September 30, 2007 reflects the settlement of the Outperformance Bonus Plan through the issuance of PIUs.

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 TRS manages the Company's non-REIT activities and is subject to federal, state and local income taxes.

In August 2007, in connection with the vesting of the Company's Outperformance Bonus Plan discussed in Note 9, a portion of the compensation expense associated with the awards was recorded by the TRS. As a result, the Company determined that it was more likely than not that the Company would not realize the benefit of its deferred tax asset and increased its valuation allowance by a discrete item of $0.5 million, which is reflected in income tax provision in the accompanying consolidated statements of operations.

Earnings Per Share

Basic earnings per share is computed using net income (loss) and the weighted average number of shares of the Company's common stock outstanding during the period, including restricted stock units ("RSUs") issued to outside directors. RSUs are included in both basic and diluted weighted average common shares outstanding because they were fully vested on the date of grant and all conditions required in order for the recipients to earn the RSUs have been satisfied. Diluted earnings per share reflects weighted average common shares issuable from the assumed conversion of restricted stock awards ("RSAs") granted to employees, PIUs, and common and preferred units of limited partnership interest in the Operating Partnership ("Common Units" and "Series A Preferred Units," respectively). See Note 7 for a discussion of PIUs, Common Units and Series A Preferred Units.

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

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2007	**2006**	**2007**	**2006**
Basic earnings per share calculation:				
Loss from continuing operations	$ (2,369)	$ (1,889)	$ (7,832)	$ (1,662)
Discontinued operations	-	278	-	1,648
Net loss	$ (2,369)	$ (1,611)	$ (7,832)	$ (14)
Loss from continuing operations – per share	$ (0.10)	$ (0.10)	$ (0.34)	$ (0.09)
Income from discontinued operations – per share	$ -	$ 0.01	-	$ 0.09
Net (loss) income – per share	$ (0.10)	$ (0.09)	$ (0.34)	$ -
Basic weighted average common shares outstanding	23,563,651	18,218,128	23,261,475	17,553,627
Diluted earnings per share calculation:				
Loss from continuing operations	$ (2,369)	$ (1,889)	$ (7,832)	$ (1,662)
Series A Preferred Unit distributions	46	46	138	107
Loss from continuing operations allocated to Common Units	(152)	(255)	(569)	(546)
Loss from continuing operations, as adjusted	(2,475)	(2,098)	(8,263)	(2,101)
Discontinued operations	-	278	-	1,648
Income from discontinued operations allocated to Common Units	-	28	-	130
Income from discontinued operations, as adjusted	-	306	-	1,778
Net loss, as adjusted	$ (2,475)	$ (1,792)	$ (8,263)	$ (323)
Loss from continuing operations – per share	$ (0.10)	$ (0.10)	$ (0.33)	$ (0.11)
Income from discontinued operations – per share	$ -	$ 0.01	$ -	$ 0.09
Net loss – per share	$ (0.10)	$ (0.09)	$ (0.33)	$ (0.02)
Basic weighted average common shares outstanding	23,563,651	18,218,128	23,261,475	17,553,627
Common Units/PIUs	1,641,530	2,202,185	1,897,407	1,753,826
Series A Preferred Units	114,963	114,963	114,963	90,118
Restricted stock awards [1]	-	-	-	-
Diluted weighted average common shares outstanding	25,320,144	20,535,276	25,273,845	19,397,571

(1) 173,569 and 101,963 weighted average restricted stock awards are excluded from diluted weighted average common shares outstanding for the three months ended September 30, 2007 and 2006, respectively, and 163,724 and 97,600 weighted average restricted stock awards are excluded from diluted weighted average common shares outstanding for the nine months ended September 30, 2007 and 2006, respectively, because they would be anti-dilutive due to the Company's loss position for these periods.

3. Property Acquisitions

In January 2007, the Company acquired a 248-unit, 752-bed property (Village on Sixth) located near the campus of Marshall University in Huntington, West Virginia, for a purchase price of $25.6 million, which excludes $1.7 million of anticipated transaction costs, initial integration expenses and capital expenditures necessary to bring this property up to the Company's operating standards. As part of the transaction, the Company assumed two fixed-rate mortgage loans, which includes one for $16.2 million with an annual interest rate of 5.5% and remaining term to maturity of 7.5 years and a second loan for $1.4 million with an annual interest rate of 6.6% and remaining term to maturity of 9.9 years.

In February 2007, the Company acquired a three property portfolio (the "Edwards Portfolio") for a purchase price of $102.0 million, which excludes $3.7 million of anticipated transaction costs, initial integration expenses and capital expenditures necessary to bring these properties up to the Company's operating standards. As part of the transaction, the Company assumed $70.7 million in fixed-rate mortgage debt with a weighted average annual interest rate of 5.7% and an average remaining term to maturity of 8.5 years. In August 2007, construction was completed on an additional phase at one of these properties. As contemplated in the original transaction, concurrent with the completion of construction in August 2007, the Company purchased this additional phase consisting of 24 units and 84 beds, for approximately $4.6 million.

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

The Edwards Portfolio consists of one property in Lexington, Kentucky located near the campus of the University of Kentucky, one property in Toledo, Ohio located near the campus of the University of Toledo and one property in Ypsilanti, Michigan located near the campus of Eastern Michigan University. Including the purchase of the additional phase discussed above, these three properties contain 764 units and 1,971 beds.

The acquired properties' results of operations have been included in the accompanying consolidated statements of operations since their respective acquisition closing dates. The following pro forma information for the three and nine months ended September 30, 2007 and 2006 presents consolidated financial information for the Company as if the property acquisitions discussed above, the Company's 2006 acquisitions and the Company's September 2006 equity offering had occurred at the beginning of the earliest period presented. The unaudited pro forma information is provided for informational purposes only and is not indicative of results that would have occurred or which may occur in the future:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2007	2006	2007	2006
Total revenues	$ 36,518	$ 34,449	$ 107,072	$ 101,340
Net loss	$ (2,105)	$ (2,413)	$ (6,411)	$ (1,881)
Net loss per share – basic	$ (0.09)	$ (0.11)	$ (0.28)	$ (0.08)
Net loss per share – diluted	$ (0.09)			