



AMERICAN  
CAMPUS  
COMMUNITIES



# Investor Presentation

Arizona State University – November 2016

Where  
students  
love  
living.®



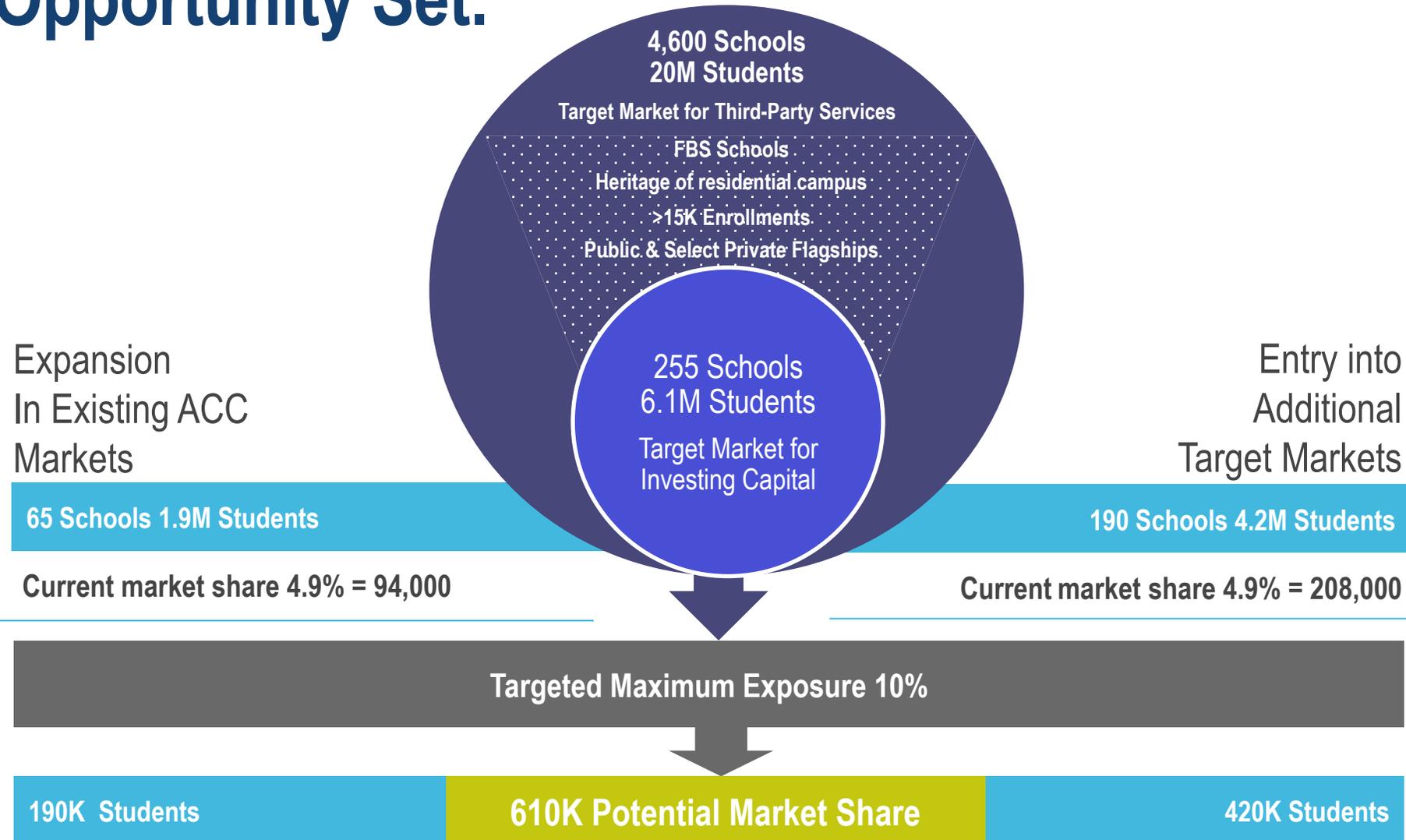
## Investment Highlights

- **Modernizing an industry in its infancy provides tremendous growth opportunities both on and off campus.**
- **Public-Private Partnerships are transforming on-campus housing with American Campus taking the leading role.**
- **ACC's experience and expertise enables the university to make its vision a reality.**
- **ACC's flexible approach and diverse transaction experience allows the university to choose the financing structure appropriate for them.**
- **ACC's transaction history at Arizona State University embodies the application of our disciplined and diversified investment strategy over a decade.**



Modernization Is Underway

# ACC Opportunity Set.



## Modernization Is Underway

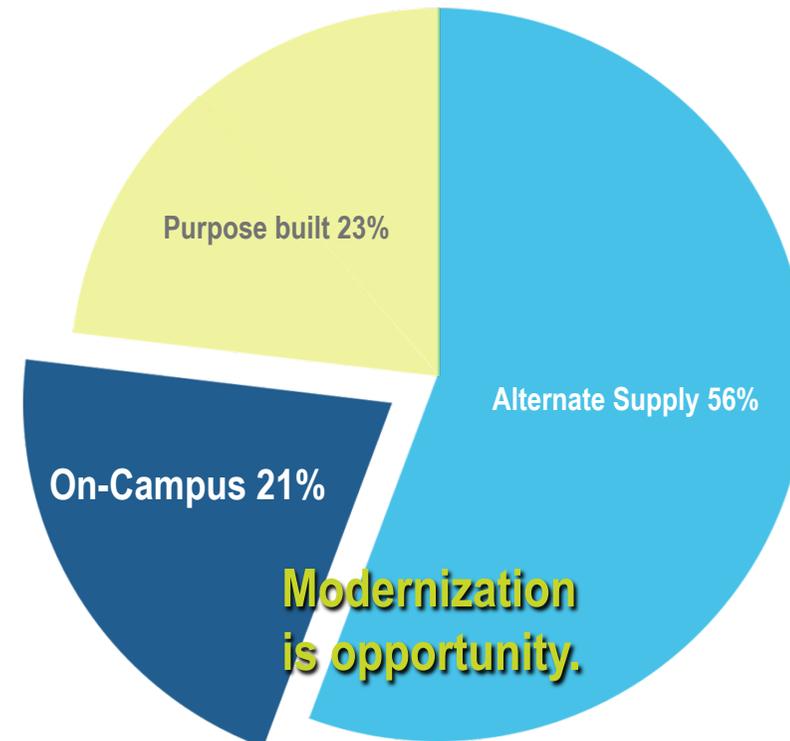
# Modernizing an industry — ON CAMPUS.

Age and condition of current on-campus housing supply and state budgetary constraints create significant P3 opportunity.

## Modernization is opportunity – on campus.

- Primarily consists of residence halls built in the 1950's-60's designed for the Baby Boom generation.
- The median age of existing on-campus housing is over 50 years old in ACC markets.
- New purpose built living learning communities will replace these antiquated dormitories with products meeting the needs of current students.

Supply in 65 ACC Markets<sup>1</sup>



1) According to the Company's analysis, estimated based on 2016 supply categories divided by academic year 2016/2017 preliminary enrollment. Purpose Built reflects a select few off-campus properties that may lease by the unit rather than by the bed, but compete with ACC properties in the student housing market. ACC's 65 markets is pro forma for the disposition of 19 properties expected to close during Q4 2016.

## Modernization Is Underway

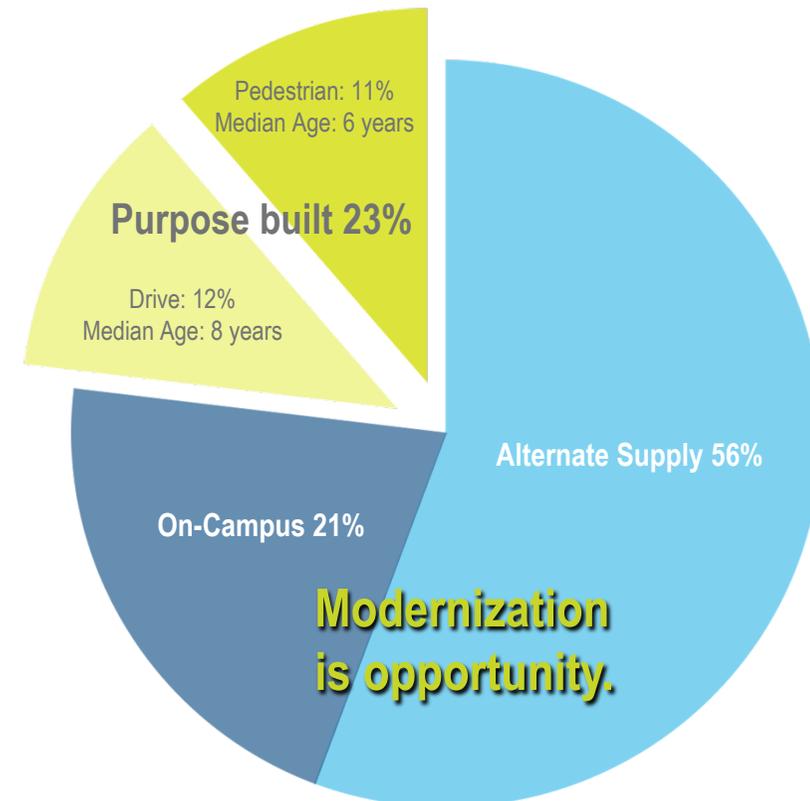
# Modernizing an industry — OFF CAMPUS.

Limited purpose built pedestrian off campus housing supply creates the need for continued modernization.

## Modernization is opportunity – off campus.

- Majority of current stock continues to be low density alternate housing such as absentee landlord communities and single family residences not designed for today's student.
- New purpose-built development off-campus is replacing this sub-standard alternate housing with modern purpose-built product.
- Current purpose built communities began in the mid 1990's.
  - Early communities (pre-2010) were primarily drive properties (71%).
  - Since 2010, the majority of development has been built pedestrian to campus.<sup>1</sup>

Supply in 65 ACC Markets<sup>2</sup>



1) According to the Company's most recent annual review of overall market composition.

2) According to the Company's analysis, estimated based on 2016 supply categories divided by academic year 2016/2017 preliminary enrollment. Purpose Built reflects a select few off-campus properties that may lease by the unit rather than by the bed, but compete with ACC properties in the student housing market. ACC's 65 markets is pro forma for the disposition of 19 properties expected to close during Q4 2016.

## Modernization Is Underway

# Value proposition.

ACC provides a modern, purpose-built product at comparable price points to obsolete existing product.

## Existing On-Campus Housing

**\$683 / \$869**

Shared / private average rent per month

- Median age > 50 years.
- Functionally obsolete.
- Significant deferred maintenance.
- Lack of privacy.
- Limited amenities.
- Lack of consumer driven design.
- Outdated technology infrastructure.



## ACC Purpose Built

**\$685**

Average rent per month

- Modern accommodations.
- Consumer driven amenities.
- Focused on the customer experience.
- Enhanced living learning environment.
- Enhanced privacy.
- Modern technology infrastructure.
- Differentiated product types.



Modernization Is Underway

# Investment criteria.

- Proximity to campus.
- Product differentiation and strategic positioning.
- Student housing submarkets with barriers to entry.



## Modernization Is Underway

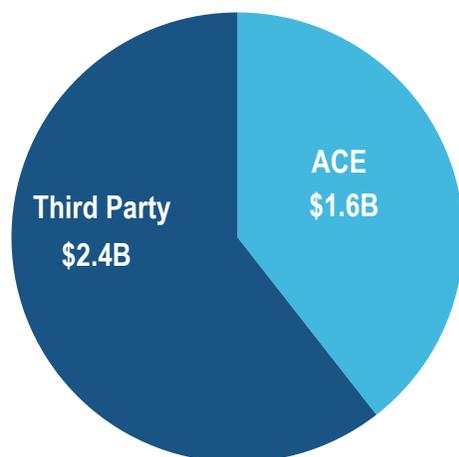
# Investment criteria.

ACC's diversified investment mediums provide flexibility to pursue the best risk-adjusted growth opportunities while always staying true to our investment criteria.

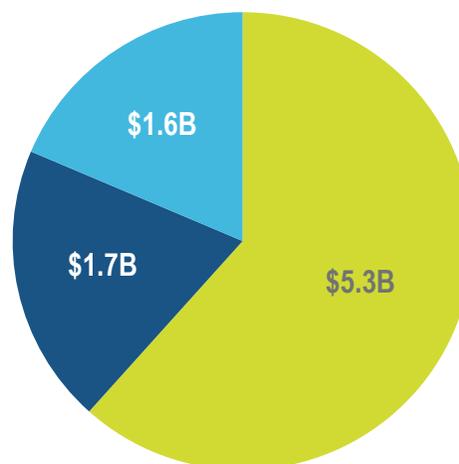
### Asset Characteristics

- Enter the market with the lowest cost basis.
- Asset with the best future NOI growth profile.

ACC P3 Summary<sup>1</sup>

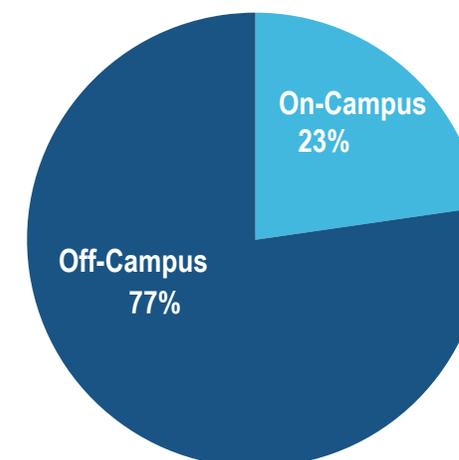


Investment Summary<sup>2</sup>



In-Place NOI Composition<sup>3</sup>

- Acquisitions
- Off-Campus Development
- On-Campus Development (ACE)



Source: Company data through 09/30/2016.

1) Includes all owned and third party development, since inception.

2) Includes all owned development and acquisitions, since inception.

3) Includes only owned properties currently in operation. Excludes NOI from the 19 properties held for sale as of Q3 2016. NOI used for percentage calculations for properties (i) open for the entire trailing 12 month period are based upon historical data, and (ii) owned for less than the full trailing 12 month period are based upon historical data and management's estimates. Actual results may vary.

# REIT.com Spotlight – American Campus Communities and Arizona State University



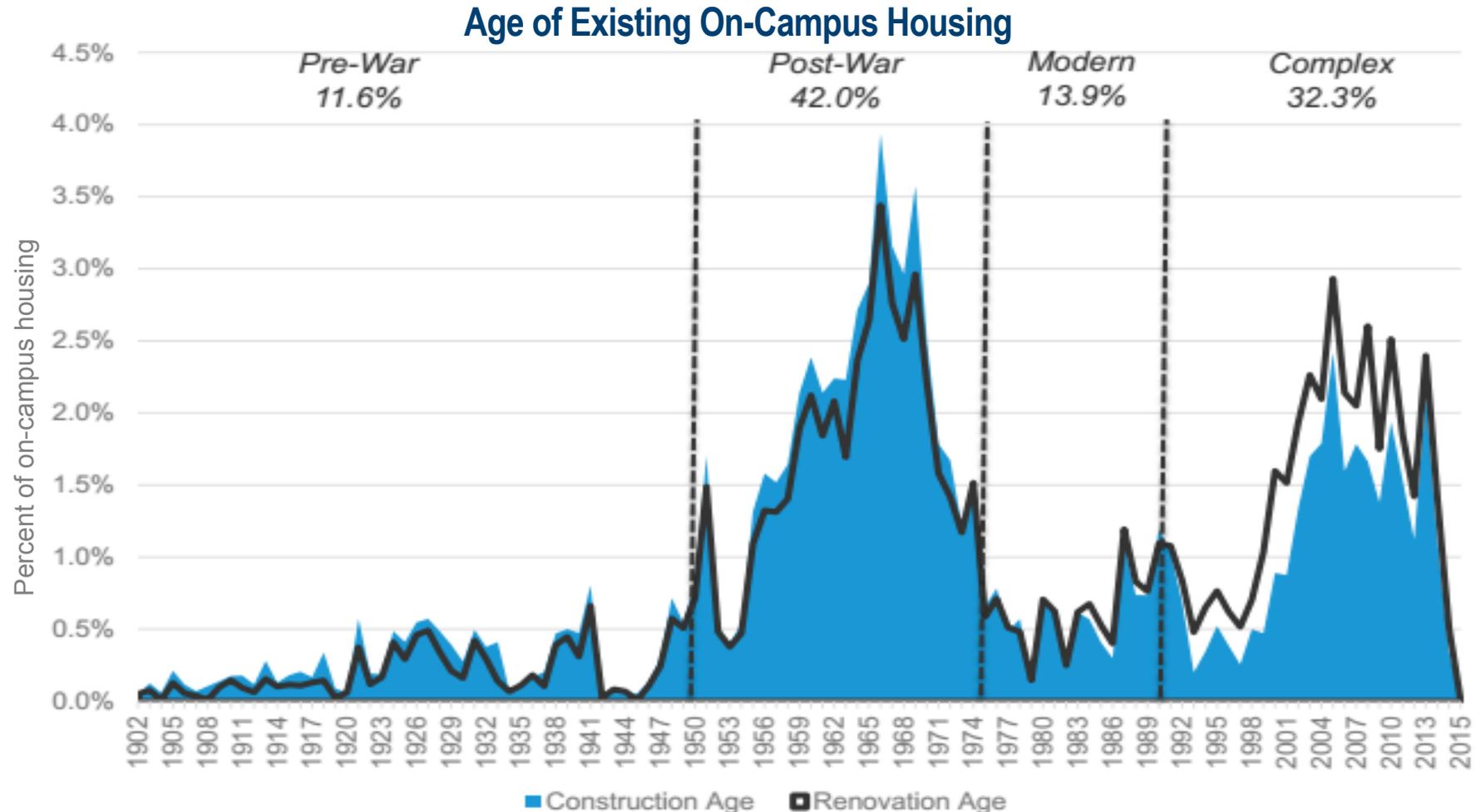
# Public-Private Partnership Opportunity



P3's are transforming on-campus housing

# The on-campus market opportunity.

Industry research indicates that much of the nation's existing on-campus student housing is functionally obsolete, with 54 percent constructed before 1974.



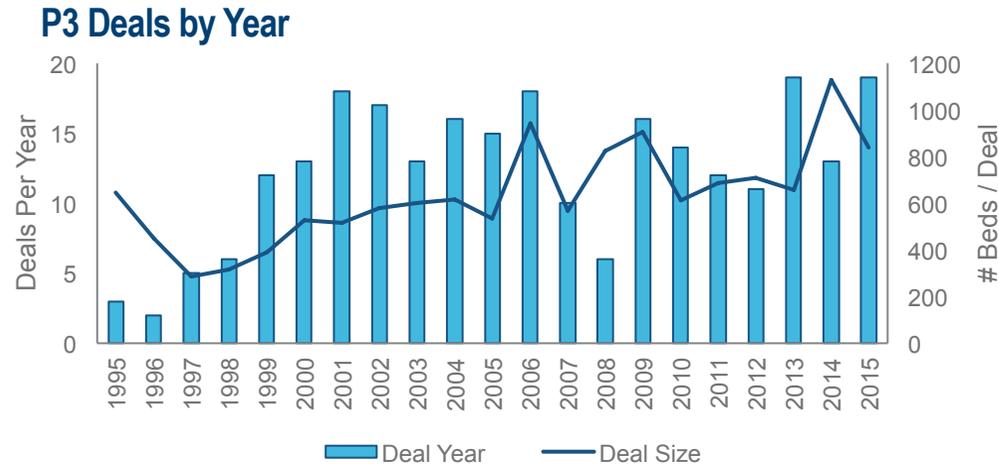
P3's are transforming on-campus housing

# Proliferation of public-private partnerships.

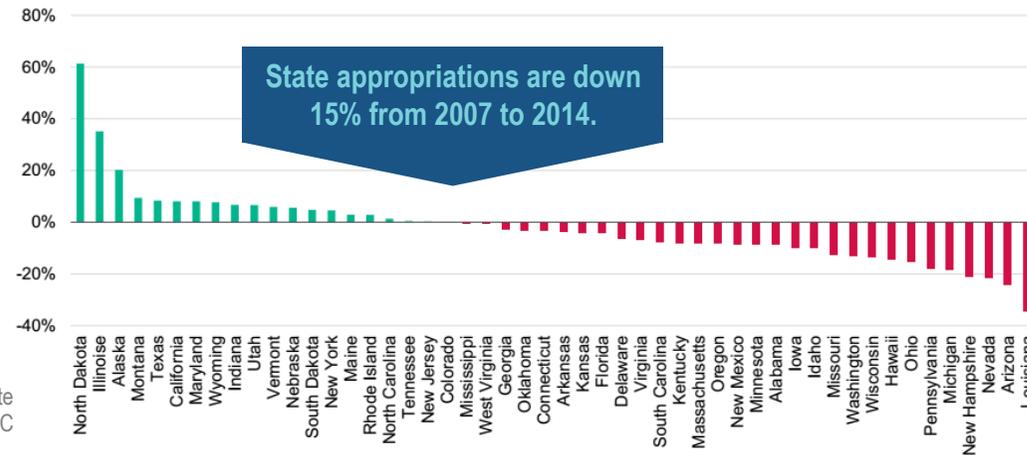
Universities are increasingly turning to the private sector to solve their housing needs.

## Universities increasingly opting for P3 structures.

- Pressure on state budgets driving funding concerns.
- Significant deferred maintenance.
- Increasing enrollment.
- University balance sheet preservation and financial flexibility.
- Opportunity for significant operational efficiencies.
- Developers' core competency improves speed of delivery and reduces total cost of construction.



## Changes in State Funding, 2009-2014



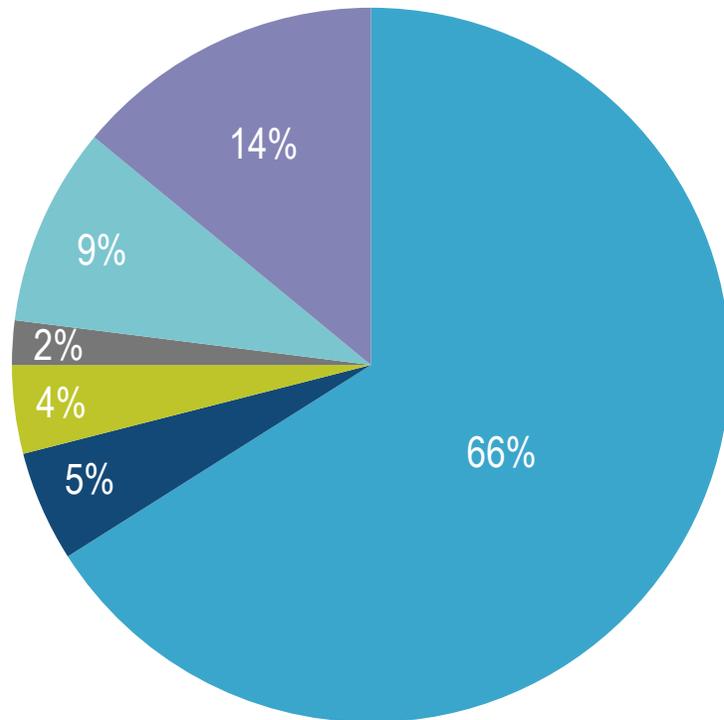
Sources: Internal company tracking of historical deal flow; Moody's Investor Service; Illinois State University-Grapvine data; Center on Budget & Policy Priorities, Aon Infrastructure Solutions, and P3C Conference Survey Report

P3's are transforming on-campus housing

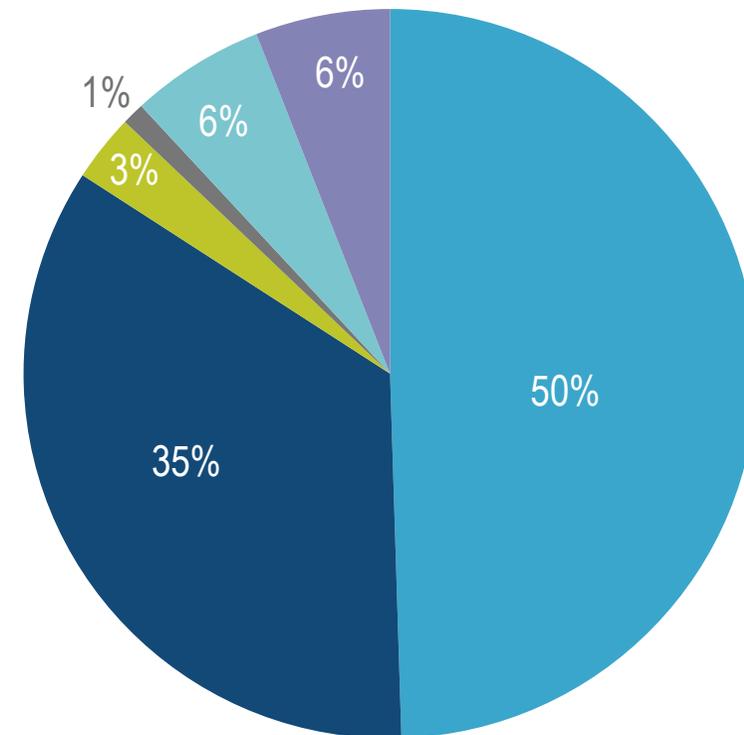
# P3 growth and evolution.

Ongoing financing challenges are driving on-campus properties toward developer equity transaction structures.

P3 Deals by Financing Type –  
1995-2007



P3 Deals by Financing Type –  
since 2008



- Tax Exempt
- Equity
- Taxable Debt
- Conventional Leasehold
- University GO
- Other/Unknown

# Development Approach



## Meeting the needs of Universities.

# Your Vision, Our Mission

- Communities conducive to academic achievement support the goals of higher education
- Quality housing serves as a tool to recruit and retain students
- Firm's core competency delivers communities at lower cost and on an accelerated timeline

## Privatization Provides

- Lower rents to students
- Lower operating costs
- No use of taxpayer funds
- Universities focus their funds on academic and research facilities central to their core mission



Meeting the needs of Universities.

## Customized Solutions

Specific to your vision, your market, your campus and students to achieve your objectives.



## Flexible Engagements

You decide our role. Use our expertise, operational experience and resources as you see fit.



## Depth of Resources

Our unmatched experience, financial resources and collaborative team drives the success of your project.



Understanding your vision.

## Your Mission

Philosophical, cultural, strategic and project specific

## Your Financial Objectives

Cash flow, balance sheet and credit impacts

## Your Development Objectives

Architectural and program design, material specifications and University infrastructure

## Your Operational Objectives

Governance, residence life, programming, marketing, leasing and facilities maintenance



“They’re the whole package. It’s kind of unusual, in fact. It’s a publicly traded company with fiduciary duty to shareholders that somehow is able to work with us, a university, in the way that we need to work to accomplish our objectives.”

– Michael Crow,  
Arizona State University President

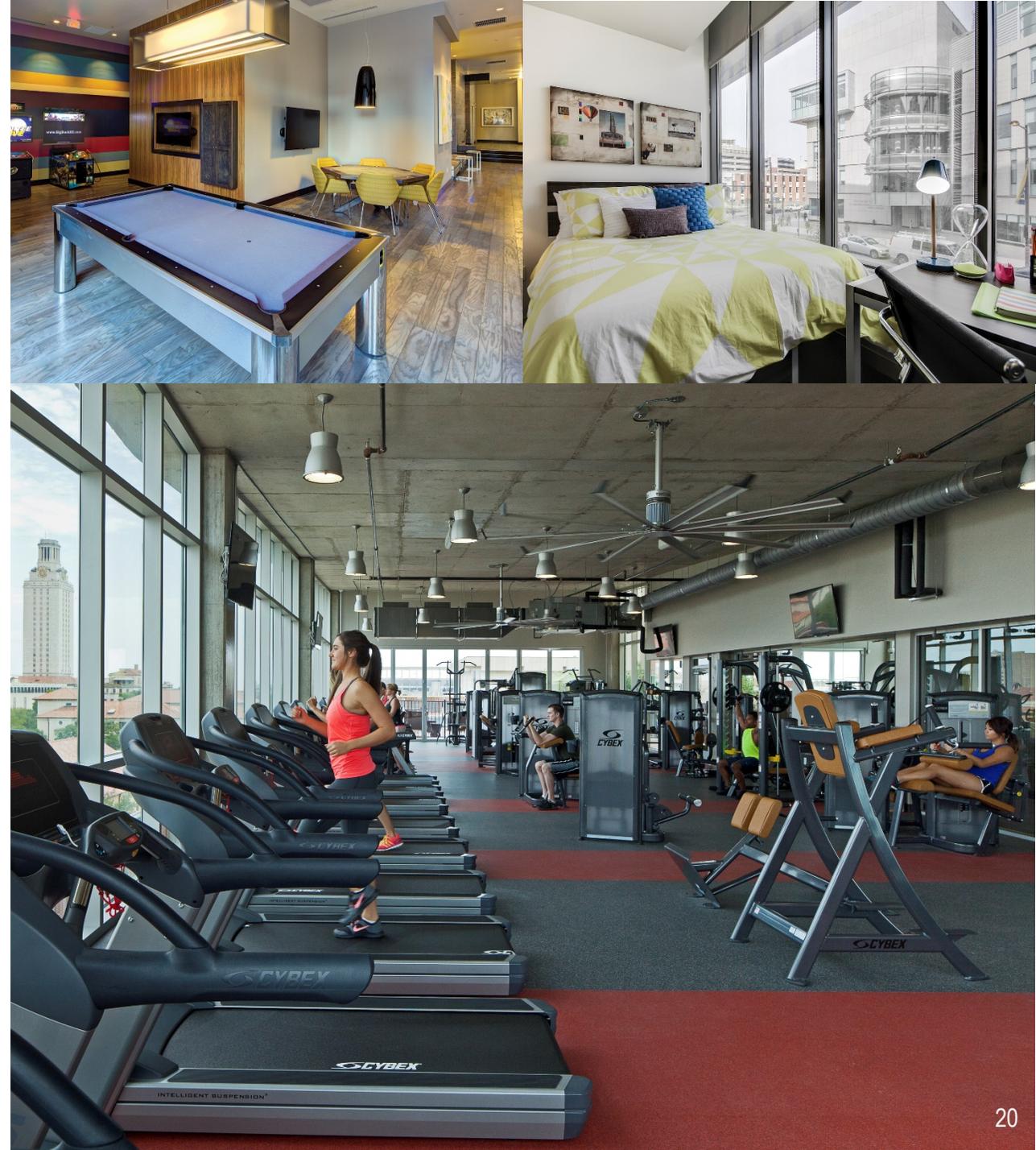
## Understanding your market and campus.

- **Market research specific to existing housing products**
- **On-campus assessment**
- **Off-campus market survey**
- **Student focus groups**
- **Identify opportunities to strengthen the University's housing system via product evolution**
- **Establish market-driven rental rates**



## Customized solutions.

- **Serving Targeted Student Populations**
- **Offering Modern Communities of All Product Types**
- **Offering Market-Based Accommodations & Amenities**
- **Achieving University Architectural & Design Standards**
- **Encompassing New Development, Renovation & Redevelopment**
- **Customizing Management Options**
- **Addressing Desired Financial & Credit Objectives**



Customized solutions.

# Serving targeted student populations

- First year
- Sophomore
- Upperclassmen
- Graduate
- Honors
- Greek/Theme
- Family
- Faculty
- International



Customized solutions.

# Offering modern communities of all product types

- Residence halls
- Apartments
- Townhomes
- Honors college
- Greek village
- Auxiliary support
- Mixed-use/retail



## Customized solutions.

# Offering market-based accommodations & amenities

## Unit plans desired by students

- Privacy for study
- Common areas for interaction
- Fully furnished
- Modern kitchens

## Amenities for wellness

- State-of-the-art fitness centers
- Recreational community lounges
- Business centers
- Study lounges

## Community space

- ACC Academic Success Center
- Designed for interaction (entry desk, mail room, pedestrian connections, lounges)
- Connections to university amenities



## Customized solutions.

# Achieving university architectural & design standards

- Exterior consistent with campus character
- Connection to university infrastructure & stand-alone systems
- Construction methodologies
  - Concrete (type I)
  - Metal (type III)
  - Wood-frame (type V)
- Owner/Operator material specifications



Customized solutions.

# Commitment to sustainability.



## LEED Gold

### Arizona State University

Barrett Honors College, 2009  
ASU West Verde Dining Pavilion, 2012  
New Residence Hall, 2017\*

### University of California, Irvine

Camino del Sol, 2010  
Puerta del Sol, 2010

### Portland State University

University Pointe, 2012

### Southern Oregon University

North Campus Village, 2013



## LEED Silver

### University of Hawaii, Manoa

Frear Hall, 2008

### University of New Mexico

Casas del Rio, 2012

### Arizona State University

Manzanita Hall, 2013

### CUNY-College of Staten Island

Dolphin Cove, 2013

### Princeton University

Lakeside Graduate Community, 2015  
Stanworth Commons, 2014 & 2016



## LEED Certified

### Cleveland State University

Euclid Commons, 2011

### University of New Mexico

Lobo Village, 2011

### The University of Texas

The Callaway House, 2013

19  
LEED PROJECTS



\* Targeting

Customized solutions.

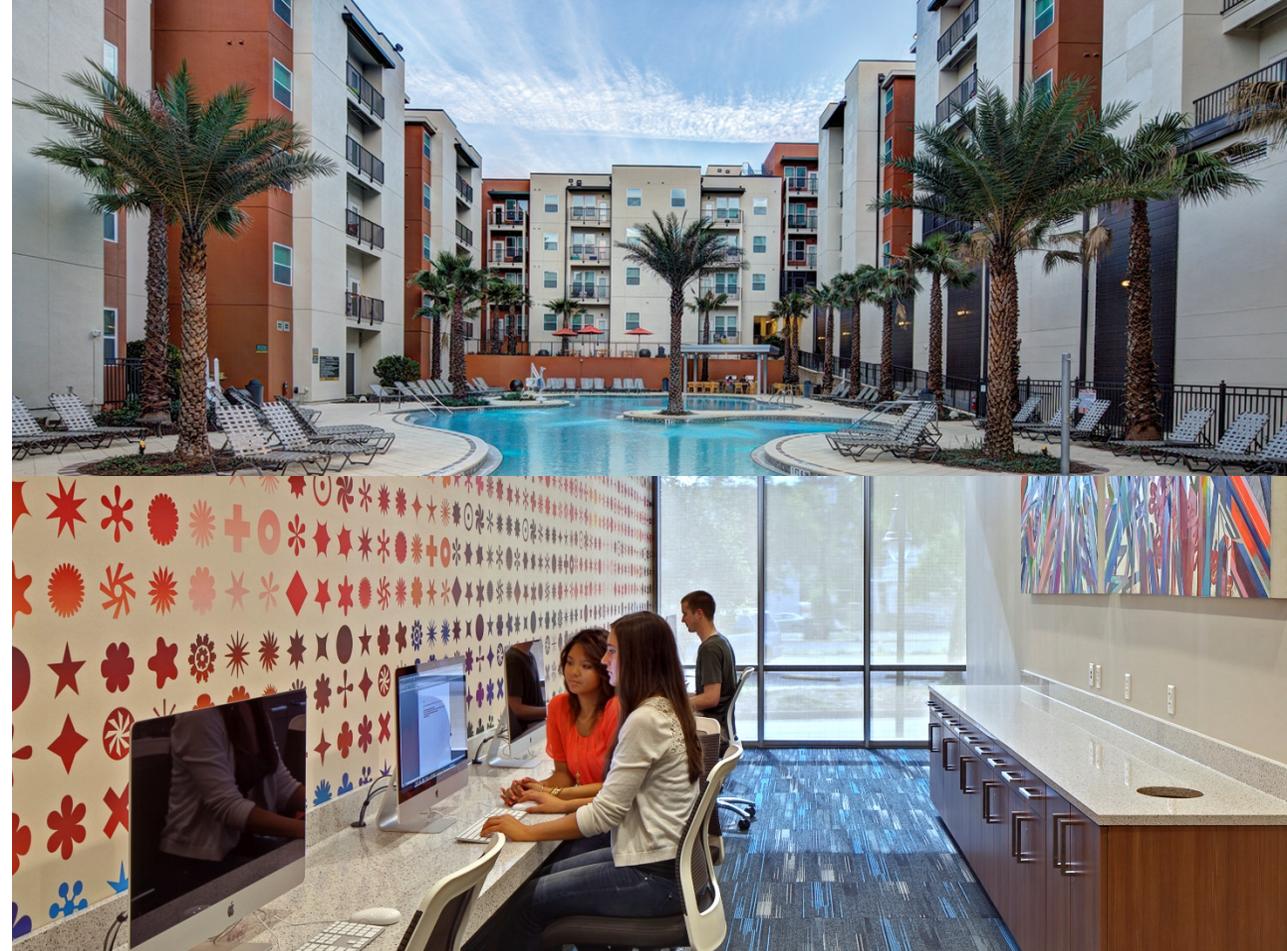
# Encompassing new development, redevelopment & renovation



Customized solutions.

## Management Options

- American Campus
- University
- Hybrid (University/American Campus)



“They are not operators at a distance; they are part of the university’s administrative structure, and they contribute to the quality of life that our students have everyday when they live in the residence halls.”

– Clare Rahm, Cleveland State University  
Assistant Vice President, Campus Support

**“I think we have achieved what we want based on the partnership, not just based on the product. A lot of people can create a product for you. They can bring it in on price, they can bring it in on time, but the partnership is the real key because that’s what survives afterwards.”**

*Richard Orr  
Director of Campus Asset Management  
University of California, Irvine*

# Customized Financial Solutions

A group of business professionals are gathered around a table in a meeting. A man in a white shirt and tie is smiling and looking towards a woman in a black blazer who is holding a pen. Another man in a brown suit is leaning in, looking at a laptop. The scene is set in a bright, modern office environment with large windows in the background.

Customized financial solutions.

# We do it all.

ACC has structured more than \$4 billion in on-campus transactions using various structures & financing alternatives.

- Developer equity
- Project-based bonds
- Conventional leasehold mortgage
- Third-party equity
- General obligation bonds with university ownership

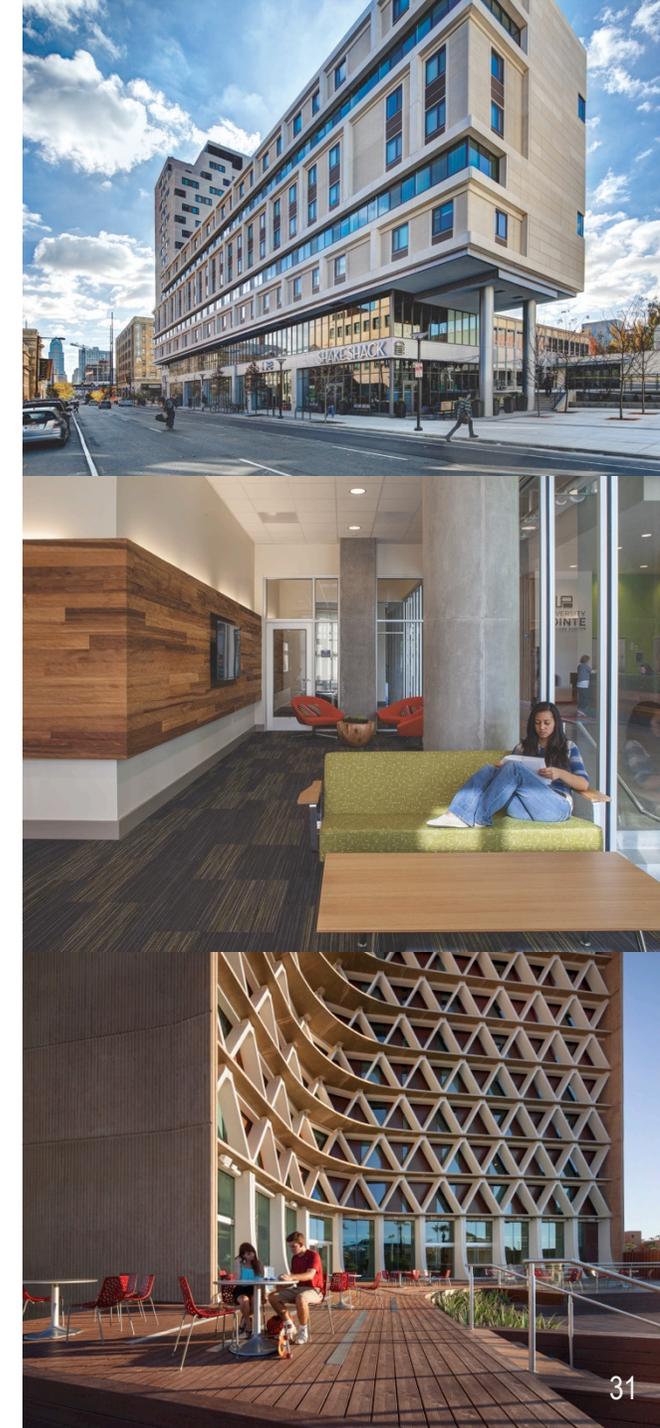


**A developer-led approach provides the most financial flexibility.**

## Flexible Approach

# You determine our role.

	Our Role		
	Third-Party Developer	Third-Party Financier & Developer	American Campus Ownership
Financial Structure/ Volume to Date	University-Funded \$430 Million	Project-Based Debt \$2.0 Billion	Developer Equity \$1.6 Billion
Management Structure	University Managed or American Campus	University Managed or American Campus	American Campus or Hybrid Managed
Potential Credit Impact Over Life of Project	High	Medium	Low



Customized financial solutions.

## Rating agency conclusions.

### Arizona State University (2008)

“The combined project cost for the two facilities is close to \$250 million, and ASU is in early discussion with ACC to build additional housing on-campus longer term. Moody's expectation is that ACC will be investing its own equity to finance a portion of the project costs, and that no project-specific debt (with debt service only supported by revenue generated by the projects) will be issued. Per the Memorandum of Agreement, ACC is restricted from issuing any external debt to finance Barrett Honors College. Based on this structure, **we have not included the development costs in either direct or indirect debt calculations for the University.**”

### Northern Arizona University (2011)

“The project cost for the both facilities is projected to total \$61.1 million and is expected to be completed by fall 2012. Moody's expectation is that ACC will be investing its own equity to finance a portion of the project costs and that no project-specific debt, payable solely from revenues generated by the project, will be issued at this time. Based on this structure, which includes no obligation of the University to financially support the project, **we have not included the development costs in direct debt calculations for the University.**”

### University of New Mexico (2011)

“UNM is continuing to expand its housing capacity through the use of public private partnerships. Given the material share of student housing represented by the public private partnerships, we believe that the University has a strong incentive to see these projects succeed. Based on the specific structure of the transactions, which includes no obligation of the University to support the project, **we have not included the development costs in direct debt calculations for the University.**”

### Drexel University (2012)

“Based on the specific structure of this transaction, which presents no legal obligation of the university to support the project... **we have not included any of the project's capital costs in the debt calculations for the university.**”

Customized financial solutions.

# Critical Points of Negotiation.

- Term of Ground Lease
- Full Rights of Ownership
- Financing and Transfer Provisions
- Program Design and Product Development
- Construction Methodology/Specs and Labor Requirements
- Operating Agreement and Roles
- Rental Rate Provisions

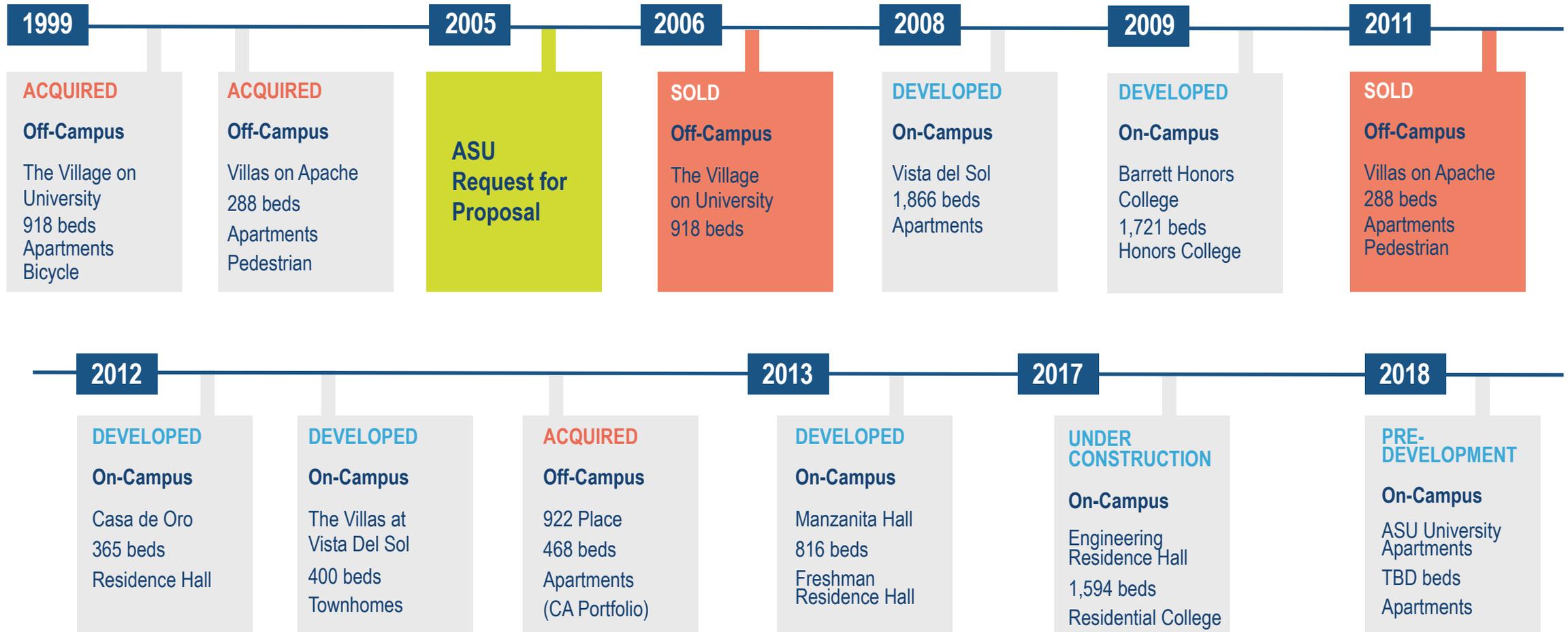


# ASU Case Study



# ASU Investment History

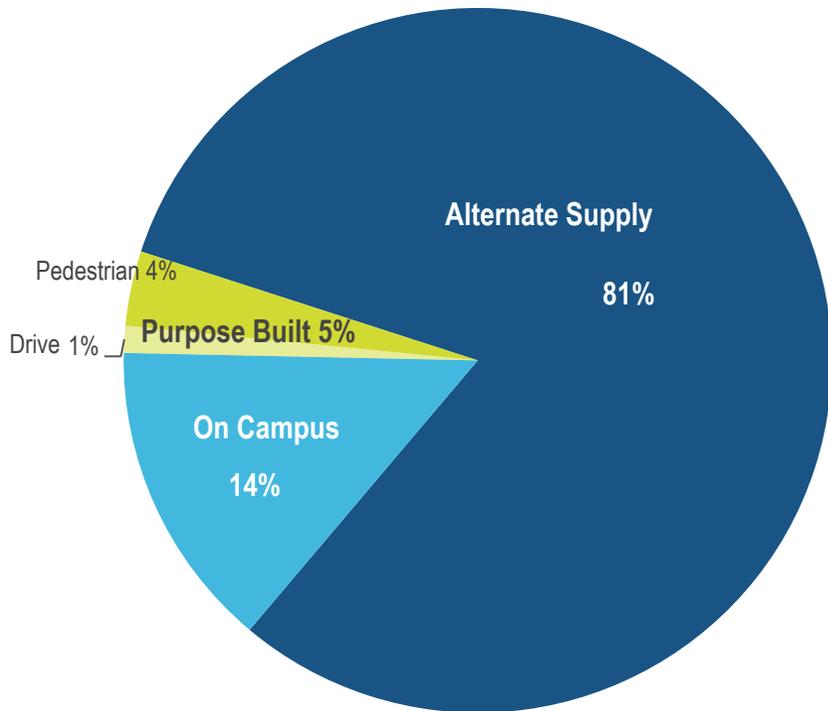
ACC's investment history at ASU embodies execution of our investment criteria – assisting the University in achieving its vision for the New American University, creating value for students, parents, and our shareholders.



# Housing the New American University.

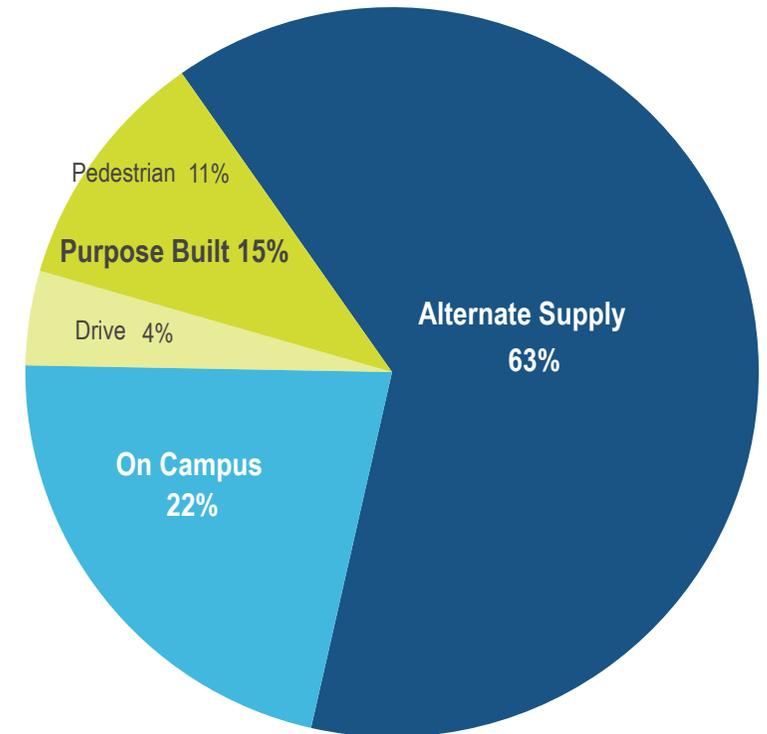
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ASU Supply – 2002



Market Statistics		
AY 2002		AY 2017 <sup>1</sup>
7,877	On-Campus Beds	15,361
1,904	Purpose Built Pedestrian	7,629
684	Purpose Built Drive	2,955
55,491	Enrollment	70,633

ASU Supply – 2017



Source: Company's analysis, estimated based on respective supply categories. Purpose Built reflects a select few off-campus properties that may lease by the unit rather than by the bed, but compete with ACC properties in the student housing market.  
 1. According to the Company's analysis, based on estimated AY 2017/2018 supply categories divided by academic year 2015/2016 total enrollment.

Disciplined and diversified investment strategy

# Current development pipeline.

Robust development pipeline will meaningfully contribute to NAV and earnings growth for the foreseeable future.

## 2017 Developments - \$603 million

- ! 3 ACE projects under construction containing approximately 2,700 beds.
- ! 7 off-campus projects containing approximately 4,800 beds.

## 2018 and beyond

- ! 6 awarded ACE projects containing approximately 5,700 beds.
- ! 20-30 active potential P3 transactions in direct negotiation or active procurement<sup>1</sup>.
- ! Significant shadow pipeline of core, pedestrian off-campus development opportunities.

1) All transactions, sizes of projects, financial structures are yet to be determined, and may not result in awards to ACC

Modernization Is Underway

# Sizing ACC's target market.



1. Calculated as approximately \$80,000 per bed development cost, consistent with ACC 2017 development pipeline, applied to approximately 6.1 million student target market. On-campus and off-campus values estimated based on approximate current distribution of housing in ACC markets.

# Question & Answer



## Forward-looking Statements

In addition to historical information, this presentation contains forward-looking statements under the federal securities law. These statements are based on current expectations, estimates and projections about the industry and markets in which American Campus operates, management's beliefs, and assumptions made by management. Forward-looking statements are not guarantees of future performance and involve certain risks and uncertainties, which are difficult to predict.



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