

American Homes 4 Rent
Form S-11/A
October 08, 2013
[Table of Contents](#)

As filed with the Securities and Exchange Commission on October 8, 2013

Registration No. 333-191015

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

Amendment No. 1

to

FORM S-11

FOR REGISTRATION UNDER

THE SECURITIES ACT OF 1933 OF SECURITIES

OF CERTAIN REAL ESTATE COMPANIES

AMERICAN HOMES 4 RENT

(Exact name of registrant as specified in governing instruments)

30601 Agoura Road, Suite 200

Edgar Filing: American Homes 4 Rent - Form S-11/A

Agoura Hills, California 91301

(805) 413-5300

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

Sara H. Vogt-Lowell

Senior Vice President and Chief Legal Officer

American Homes 4 Rent

30601 Agoura Road, Suite 200

Agoura Hills, California 91301

(805) 413-5300

(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copies to:

James E. Showen

G. Allen Hicks

Hogan Lovells US LLP

555 Thirteenth Street N.W.

Washington, D.C. 20004

Phone: (202) 637-5600

Facsimile: (202) 637-5910

William J. Cernius

Latham & Watkins LLP

650 Town Center Drive, 20th Floor

Costa Mesa, California 92626

Phone: (714) 540-1235

Facsimile: (714) 755-8290

Approximate date of commencement of proposed sale to the public: As soon as practicable after the effective date of this Registration Statement.

If any of the Securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act, check the following box: "

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

Edgar Filing: American Homes 4 Rent - Form S-11/A

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

If delivery of the prospectus is expected to be made pursuant to Rule 434, check the following box. "

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

Large accelerated filer " Accelerated filer "
 Non-accelerated filer (do not check if a smaller reporting company) Smaller reporting company "

CALCULATION OF REGISTRATION FEE

Title of Securities to be Registered	Proposed Maximum Aggregate Offering Price ⁽¹⁾	Amount of Registration Fee ⁽¹⁾
Series A participating preferred shares of beneficial interest, \$0.01 par value per share	\$115,000,000	\$15,572

(1) Estimated solely for the purpose of calculating the registration fee pursuant to Rule 457(o) under the Securities Act of 1933, as amended (the Securities Act). The Company is filing this pre-effective Amendment No. 1 to the Registration Statement on Form S-11 (File No. 333-191015) filed on September 5, 2013 to increase the proposed maximum dollar value of securities being registered. The Company is registering an additional \$15,000,000 of Series A participating preferred shares of beneficial interest and incurring additional registration fees of \$1,932.

The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until this registration statement shall become effective on such date as the Commission, acting pursuant to Section 8(a), may determine.

Table of Contents

The information in this preliminary prospectus is not complete and may be changed. Neither we nor the selling shareholders may sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This preliminary prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

Subject to Completion, dated October 8, 2013

PROSPECTUS

4,000,000 SHARES

5.000% SERIES A PARTICIPATING PREFERRED SHARES

American Homes 4 Rent is an internally managed Maryland real estate investment trust, or REIT, focused on acquiring, renovating, leasing and operating single-family homes as rental properties. We are selling 4,000,000 shares of our 5.000% Series A participating preferred shares of beneficial interest, \$0.01 par value per share, or our Series A Participating Preferred Shares. This is the original issuance of our Series A Participating Preferred Shares. The following is a summary of key terms of the Series A Participating Preferred Shares:

Liquidation Preference and Home Price Appreciation Amount. The Series A Participating Preferred Shares have an initial liquidation preference of \$25.00 per share, or the initial liquidation preference, that may be increased by an additional Home Price Appreciation Amount, or the HPA Amount, that takes into account the cumulative change in value from June 30, 2013 of an index tracking the purchase prices of single-family homes located in our top 20 markets, by estimated total investment, as of July 31, 2013 and a constant investor participation percentage of 50%. The HPA Amount will be subject to a cap as described below and will become fixed and cease to accrue on and after September 30, 2020.

Dividends. We will pay quarterly cumulative dividends, in arrears, on our Series A Participating Preferred Shares from and including the date of original issuance on the last day of each March, June, September and December. The first dividend is scheduled to be paid on December 31, 2013 to record holders as of December 15, 2013. The dividend rate of 5.000% per annum will be applied to the initial liquidation preference from the issue date to but excluding September 30, 2020. Thereafter, a dividend rate of 10.000% per annum will be applied to the initial liquidation preference plus the HPA Amount.

Redemption at Our Option. After September 30, 2017, we may redeem for cash all but not less than all of the Series A Participating Preferred Shares by paying the liquidation preference (including any HPA Amount), plus any accrued and unpaid dividends, to, but excluding, the redemption date.

Conversion at Our Option. After September 30, 2017, we may convert all but not less than all of the Series A Participating Preferred Shares into our Class A common shares of beneficial interest, \$0.01 par value per share, or our Class A common shares, using a conversion ratio per Series A Participating Preferred Share equal to (i) the sum of the initial liquidation preference and the HPA Amount, plus any accrued and unpaid dividends to, but excluding, the conversion date (to occur on the fourth business day following the notice of conversion), divided by (ii) the one-day volume-weighted average trading price, or the VWAP, of our Class A common shares on the New York Stock Exchange, or NYSE, as reported by Bloomberg, if available, on the date the notice of conversion is issued.

Cap. Until September 30, 2020, the amount payable upon any redemption, conversion or liquidation event will be subject to a cap such that the total internal rate of return when considering the initial liquidation preference, the HPA Amount and all dividends (whether paid or accrued) on the Series A Participating Preferred Shares will not exceed 9.0%.

Change of Control. If there is a Change of Control (as defined), holders of Series A Participating Preferred Shares will have certain conversion rights, subject to our right to redeem the Series A Participating Preferred Shares.

No current market exists for our Series A Participating Preferred Shares. We intend to apply to list the Series A Participating Preferred Shares on the NYSE under the symbol AMHPRA.

We are an emerging growth company under the U.S. federal securities laws and are subject to reduced public company reporting requirements. Investing in our Series A Participating Preferred Shares involves risks. See Risk Factors beginning on page 32 for factors you should consider before investing in our Series A Participating Preferred Shares.

	Per Share	Total
Public offering price	\$ 25.00	\$ 100,000,000
Underwriting discounts and commissions ⁽¹⁾	\$	\$
Proceeds, before expenses, to us	\$	\$

(1) We refer you to Underwriting beginning on page 251 of this prospectus for additional information regarding underwriter compensation. We have granted the underwriters an option to purchase up to an additional 600,000 Series A Participating Preferred Shares from us at the public offering price, less the underwriting discount, within 30 days after the date of this prospectus.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The underwriters expect to deliver the Series A Participating Preferred Shares through The Depository Trust Company on or about _____, 2013, which is the fifth business day following the pricing of this offering.

Raymond James

Jefferies

Prospectus dated _____, 2013

Table of Contents

Table of Contents**TABLE OF CONTENTS**

<u>Prospectus Summary</u>	1
<u>Risk Factors</u>	32
<u>Forward-Looking Statements</u>	67
<u>Ratio of Earnings to Fixed Charges</u>	70
<u>Use of Proceeds</u>	71
<u>Distribution Policy</u>	72
<u>Capitalization</u>	74
<u>Selected Consolidated Financial Information</u>	76
<u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	78
<u>Industry Overview and Market Opportunity</u>	94
<u>Our Business and Properties</u>	125
<u>Management</u>	141
<u>Certain Relationships and Related Party Transactions</u>	164
<u>Investment Policies and Policies with Respect to Certain Activities</u>	172
<u>Structure and Formation of Our Company</u>	175
<u>Principal Shareholders</u>	176
<u>Description of Series A Participating Preferred Shares</u>	178
<u>Description of Equity Shares</u>	196
<u>Operating Partnership and the Partnership Agreement</u>	203
<u>Material Provisions of Maryland Law and of Our Declaration of Trust and Bylaws</u>	213
<u>Material U.S. Federal Income Tax Considerations</u>	219
<u>Underwriting</u>	251
<u>Legal Matters</u>	257
<u>Experts</u>	257
<u>Where You Can Find More Information</u>	258
<u>Index to Financial Statements</u>	F-1

You should rely only on the information contained in this prospectus, any free writing prospectus prepared by us or other information to which we have referred you. We have not, and the underwriters have not, authorized anyone to provide you with different or additional information. If anyone provides you with different or inconsistent information, you should not rely on it. We are not, and the underwriters are not, making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. The information in this prospectus and any free writing prospectus is current only as of their respective dates or on the date or dates that such information is presented. Our business, financial condition, results of operations, and prospects may have changed since those dates.

Table of Contents

Market, Industry and Other Data

We disclose estimates, forecasts and projections throughout this prospectus, in particular in the sections entitled Prospectus Summary, Industry Overview and Market Opportunity and Our Business and Properties. We have obtained a significant amount of this information from a market study prepared for us in June 2013 by John Burns Real Estate Consulting, or JBREC. We paid JBREC a total fee of \$44,730 for that market study. Such information is included in this prospectus in reliance on JBREC's authority as an expert on such matters. The estimates, forecasts and projections prepared by JBREC are based on data (including third-party data), significant assumptions, proprietary methodologies and the experience and judgment of JBREC. No assurance can be given regarding the accuracy or appropriateness of the assumptions and judgments made, or the methodologies used, by JBREC. There is no assurance that any of the forecasted or projected outcomes will be achieved, and investors should not unduly rely on them. Except as required by law, we are not obligated to, and do not intend to, update the statements in this prospectus to conform to actual outcomes or changes in our or JBREC's expectations. See Experts.

In addition, we have obtained certain market and industry data from publicly available industry publications. These sources generally state that the information they provide has been derived from sources believed to be reliable, but that the accuracy and completeness of the information are not guaranteed. We believe that this data is generally reliable, but we have not independently verified this information.

Certain Terms Used in This Prospectus

Unless the context otherwise requires or indicates, we define certain terms in this prospectus as follows:

We, our company, the Company, the REIT, our and us refer to American Homes 4 Rent, a Maryland real estate investment trust, and its subsidiaries taken as a whole (including our operating partnership and its subsidiaries).

Our operating partnership refers to American Homes 4 Rent, L.P., a Delaware limited partnership, and its subsidiaries taken as a whole.

AH LLC refers to American Homes 4 Rent, LLC, a Delaware limited liability company formed by B. Wayne Hughes, our founder and chairman of our board of trustees.

Alaska Joint Venture refers to an investment vehicle between AH LLC and the Alaska Permanent Fund Corporation, acting for and on behalf of the funds that the Alaska Permanent Fund Corporation is designated by Alaska Statutes 37.13 to manage and invest, or APFC.

Alaska Joint Venture Acquisition refers to our operating partnership's acquisition of the Alaska Joint Venture on June 11, 2013. Unless the context otherwise requires or indicates, all references to our business, our portfolio and our acquisition and management activities reflect the completion of the Alaska Joint Venture Acquisition. See Certain Relationships and Related Party Transactions for more information on the Alaska Joint Venture Acquisition.

Our former manager refers to our former external manager and advisor, American Homes 4 Rent Advisor, LLC, a Delaware limited liability company previously wholly owned by AH LLC, that became wholly owned by us following the Management Internalization.

Our former property manager refers to American Homes 4 Rent Management Holdings, LLC, a Delaware limited liability company previously wholly owned by AH LLC, that became wholly owned by us following the Management Internalization.

AH LLC Portfolio refers to the 2,770 single-family homes that we purchased from AH LLC on February 28, 2013.

Table of Contents

Acquisition cost means:

with respect to single-family homes in the AH LLC Portfolio, AH LLC's actual purchase price of the property (including closing and other title or escrow costs), without giving effect to the \$491.7 million maximum agreed upon valuation of the AH LLC Portfolio under the terms of the contribution agreement pursuant to which we acquired the portfolio.

with respect to all other single-family homes, the actual purchase price of the property (including broker commissions and closing costs) plus a 5% acquisition fee.

Concurrent private placements refer to AH LLC's purchase of \$50 million of our Class A common shares and APFC's purchase of \$25 million of our Class A common shares in private placements. The concurrent private placements closed on the same day as our initial public offering.

Estimated renovation costs refer to the costs incurred or expected to be incurred in preparing the property for rent plus a 5% renovation fee payable to AH LLC. Estimated renovation costs represent the total costs to renovate a property to prepare it for rental. These costs typically include paint, flooring, appliances, blinds and landscaping.

Estimated total investment means the sum of the property's acquisition cost plus its estimated renovation costs payable to AH LLC.

Management Internalization refers to our operating partnership's acquisition of our former manager and our former property manager from AH LLC on June 10, 2013, at which time all administrative, financial, property management and marketing and leasing personnel, including executive management became our fully dedicated personnel. Acquisition and renovation personnel remain personnel of AH LLC but are exclusively dedicated to us until December 10, 2014. Unless the context otherwise requires or indicates, all references to our business, our portfolio and our acquisition and management activities reflect the completion of the Management Internalization and include the acquisition and management activities of AH LLC, our former manager and our former property manager. See Certain Relationships and Related Party Transactions for more information on the Management Internalization.

RJ joint ventures refers to two investment vehicles with accredited investors identified by Raymond James & Associates, Inc. in which we own an approximately one-third interest.

Table of Contents

PROSPECTUS SUMMARY

This summary highlights information contained elsewhere in this prospectus, but it does not contain all of the information that you may consider important in making your investment decision. Therefore, you should read the entire prospectus carefully, including, in particular, the Risk Factors section beginning on page 32 of this prospectus, as well as the financial statements and related notes included elsewhere in this prospectus.

Overview

We are an internally managed Maryland real estate investment trust, or REIT, focused on acquiring, renovating, leasing and operating single-family homes as rental properties. We commenced operations in November 2012 to continue the investment activities of AH LLC, which was founded by our chairman, B. Wayne Hughes, in 2011 to take advantage of the dislocation in the single-family home market. Mr. Hughes has over 40 years of experience in the real estate business and a successful track record as co-founder and former chairman and chief executive officer of Public Storage, a REIT listed on the New York Stock Exchange, or the NYSE. We have an integrated operating platform that consists of approximately 270 personnel dedicated to property management, marketing, leasing, financial and administrative functions. Our acquisition and renovation functions are performed by AH LLC, to whom we will continue to pay an acquisition and renovation fee through December 2014.

As of July 31, 2013, we owned 19,825 single-family properties for an estimated total investment of \$3.4 billion and had an additional 458 properties in escrow that we expected to acquire, subject to customary closing conditions, for an estimated total investment of \$76.3 million. As of July 31, 2013, we owned properties in selected sub-markets of metropolitan statistical areas, or MSAs, in 22 states, and we continually evaluate potential new target markets that fit our underwriting criteria and are located where we believe we can achieve sufficient scale for internalized property management.

We intend to become a leader in the single-family home rental industry by aggregating a geographically diversified portfolio of high quality single-family homes and developing American Homes 4 Rent into a nationally recognized brand that is well-known for quality, value and tenant satisfaction and is well respected in our communities. Our objective is to generate attractive, risk-adjusted returns for our shareholders through dividends and capital appreciation.

We intend to use the net proceeds of this offering to continue to acquire and renovate single-family properties, including certain escrow properties, and to repay indebtedness we have incurred or expect to incur under our credit facility. In addition to single-family properties, we also may seek to invest in condominium units, townhouses and real estate-related debt investments. Our investments may be made directly or through investment vehicles with third-party investors. In addition to individual property purchases, we may pursue bulk acquisitions from financial institutions, government agencies and competitors.

We have been organized and operated in conformity with the requirements for qualification and taxation as a REIT under U.S. federal income tax laws, commencing with our taxable year ended December 31, 2012, and we expect to satisfy the requirements for qualification and taxation as a REIT under the U.S. federal income tax laws for our taxable year ending December 31, 2013, and subsequent taxable years.

Table of Contents**Our Properties**

The table below summarizes certain information with respect to our properties as of July 31, 2013.

Our Properties⁽¹⁾

	Properties		Estimated Total Investment ⁽²⁾⁽³⁾		Estimated Total Book Value ⁽³⁾⁽⁴⁾		Average per Property	
	Units	% of Total	\$ millions	Avg. per Property	\$ millions	Avg. per Property	Square Footage	Age (years)
Indianapolis, IN	1,718	8.7%	\$ 252.1	\$ 146,731	\$ 246.1	\$ 143,234	1,870	11.6
Dallas-Fort Worth, TX	1,660	8.4%	269.9	162,603	262.2	157,927	2,209	10.2
Greater Chicago area, IL and IN	1,361	6.9%	218.0	160,165	206.7	151,845	1,855	12.4
Atlanta, GA	1,216	6.1%	214.2	176,147	195.3	160,584	2,168	13.2
Houston, TX	1,027	5.2%	179.2	174,472	179.2	174,472	2,295	9.6
Cincinnati, OH	1,005	5.1%	173.7	172,834	169.4	168,545	1,848	11.9
Phoenix, AZ	960	4.8%	149.6	155,883	139.4	145,196	1,812	11.3
Jacksonville, FL	892	4.5%	135.6	151,974	131.7	147,635	1,924	9.8
Charlotte, NC	877	4.4%	152.0	173,271	146.8	167,376	1,948	10.6
Nashville, TN	869	4.4%	181.4	208,743	173.9	200,155	2,193	9.5
All Other ⁽⁵⁾	8,240	41.6%	1,474.7	178,973	1,435.1	174,166	1,913	10.9
Total / Average	19,825	100.0%	\$ 3,400.4	\$ 171,519	\$ 3,285.7	\$ 165,733	1,972	11.0

- (1) Includes 377 properties owned by the RJ joint ventures in which we hold an approximate one-third interest.
- (2) For properties that we acquired directly, Estimated Total Investment represents our actual purchase price (including closing costs) and estimated renovation costs plus a 5% acquisition and renovation fee, if applicable. Estimated renovation costs represent the total costs we have incurred or expect to incur to renovate a property to prepare it for rental. These costs typically include paint, flooring, appliances, blinds and landscaping. Estimated Total Investment differs from Estimated Total Book Value only with respect to the properties contributed by AH LLC. For properties contributed by AH LLC, Estimated Total Book Value is an estimate of the properties' GAAP book value, which includes estimates for renovation costs we expect to incur. These properties were recorded at the net book value of AH LLC as of the date of contribution. See note 3 below. GAAP means U.S. generally accepted accounting principles.
- (3) Estimated Total Investment and Estimated Total Book Value each include estimated renovation costs in the aggregate of approximately \$204 million, approximately \$168 million of which represents actual renovation costs incurred through July 31, 2013 and approximately \$36 million of which represents estimated remaining costs we expect to incur as of that date to prepare these properties for rental. Estimated renovation costs typically include paint, flooring, appliances, blinds and landscaping.
- (4) Estimated Total Book Value represents the estimated book value on a GAAP basis of all properties. In the case of AH LLC's contribution of properties to us, for GAAP purposes these transactions are considered to be transactions between entities under common control under the provisions of the Accounting Standards Codification, or ASC, 805, *Business Combinations*. As a result, these properties have been reflected at the net carrying cost of AH LLC. For the properties acquired from the Alaska Joint Venture, the \$904.5 million purchase price has been allocated among the properties in accordance with GAAP. For all other properties, Estimated Total Book Value represents the actual purchase price (including closing costs) and estimated renovation costs plus a 5% acquisition and renovation fee, if any.
- (5) Represents 34 markets in 18 states.

Table of Contents

The table below summarizes certain information with respect to properties in escrow as of July 31, 2013.

Properties in Escrow⁽¹⁾

Market	Properties in Escrow				Estimated Total Investment ⁽²⁾	
	Units	% of Total	Avg. Sq.Ft.	Avg. Age (years)	\$ millions	Avg. per Property
Cincinnati, OH	55	12.0%	1,882	12.1	\$ 8.5	\$ 154,842
Columbus, OH	50	10.9%	1,839	12.3	\$ 6.9	138,878
Raleigh, NC	32	7.0%	1,955	9.1	\$ 4.8	149,401
Charlotte, NC	28	6.1%	2,038	11.1	\$ 4.3	153,718
Houston, TX	24	5.2%	2,698	9.9	\$ 4.9	204,433
Chicago Area, IL and IN	23	5.0%	1,933	13.9	\$ 4.0	175,339
Indianapolis, IN	21	4.6%	2,014	11.8	\$ 3.2	153,743
Nashville, TN	17	3.7%	2,202	7.2	\$ 3.3	195,829
Dallas-Fort Worth, TX	17	3.7%	2,136	12.2	\$ 2.9	167,735
Columbia, SC	15	3.3%	1,983	4.9	\$ 2.2	146,847
All Other ⁽³⁾	176	38.4%	1,892	9.7	\$ 31.2	177,404
Total / Average	458	100.0%	1,971	10.5	\$ 76.3	\$ 166,636

- (1) Includes properties in escrow subject to customary closing conditions. Does not include properties in escrow subject to lender approval. Properties in escrow are typically not occupied at the closing date.
- (2) Estimated Total Investment represents our actual purchase price (including closing costs) and estimated renovation costs plus a 5% acquisition and renovation fee. Estimated renovation costs represent the total costs we expect to incur to renovate a property to prepare it for rental. These costs typically include paint, flooring, appliances, blinds and landscaping.
- (3) Represents 24 markets in 14 states.

Between July 31, 2013 and August 31, 2013, we acquired approximately 846 properties with an estimated total investment of \$124.9 million. Additionally, between August 31, 2013 and September 20, 2013 (the latest practicable date before the commencement of this offering), we acquired approximately 468 properties with an estimated total investment of \$69.2 million (including properties in escrow as of September 20, 2013). Approximately 65% of these properties acquired between July 31, 2013 and September 20, 2013 were purchased in foreclosure auctions and the balance through other acquisition channels. At September 20, 2013, we had approximately 355 properties in escrow with an estimated total investment of \$56.2 million. The level of purchases for the entire month of September 2013 should not be extrapolated from this partial month information as acquisition activity tends to be higher at the beginning of a month.

Industry Overview and Market Opportunity

Residential housing is the largest real estate asset class in the United States with a size of approximately \$17.7 trillion, according to the 2012 fourth quarter Federal Reserve Flow of Funds release. Historically, according to the U.S. Census Bureau, approximately one-third of this asset class has been rented and single-family homes currently comprise roughly one-third of all residential rental housing. While a large and growing asset class, single-family rental properties have historically been managed by relatively small-scale, mom and pop owner-operators or by a limited number of local and regional property management organizations. More recently, the ownership profile of single-family rental properties has shifted to larger investors and national owner-operators, including our company, seeking to efficiently acquire large numbers of homes at distressed values, generate attractive rental cash flow streams and benefit from any potential home price appreciation.

Table of Contents

After nearly a decade of solid home price appreciation from 1998 to 2006, which we believe in many markets was in excess of underlying fundamentals, a significant over-correction has occurred in the pricing of the single-family housing sector. Home prices declined approximately 35% in some of the largest U.S. housing markets (as measured by the not-seasonally adjusted CoreLogic/Case-Shiller Composite 20 Home Price Index from its peak on July 1, 2006 to its trough on March 1, 2012). While prices have begun to recover, with a 5% recovery of the 30% peak to trough correction nationally per JBRBC's Burns Home Value Index, we believe that a substantial number of non-performing loans, or NPLs, will need to be resolved over the next five years, including through foreclosure, short sale or conversion through a bank deed-for-lease program. As a result, we believe there may be the opportunity for experienced and well-capitalized operators to acquire large volumes of single-family rental homes at attractive pricing.

Over the past two years, the U.S. rental housing market has begun a sustained recovery. In many markets, rental vacancies have fallen and rents have risen, even in areas hardest hit during the housing and economic downturn.

The drop in home prices during the economic downturn, constraints on mortgage lending, job volatility requiring greater geographic mobility, economic uncertainty, evolving demographics and expanded rental options are changing the way many Americans live. Many people, who in the past might have become homeowners, are instead becoming long-term renters of single-family homes. According to JBRBC, for every 1.0% decline in the homeownership rate, the occupants of approximately 1.1 million homes become prospective tenants. The U.S. Census Bureau reports the national homeownership rate was 65.0% in the first quarter of 2013, which is down from a peak of 69.2% in the fourth quarter of 2004. JBRBC believes that the homeownership rate will continue to decrease through 2015 and overcorrect at approximately 63%, before increasing again towards the historical average of 65.4%.

There has been an over-correction in housing prices in certain housing markets. As the economy slowly strengthens and the housing market returns to long-term pricing norms, or reverts to mean pricing levels, we believe there is the potential for home price appreciation.

Our Competitive Strengths

We believe that the following strengths enable us to implement our business and growth strategies and compete effectively in the single-family home rental market. For more information, see [Our Business and Properties](#) [Our Competitive Strengths](#).

Experienced and tenured management team. We believe the significant experience, expertise and relationships of our executive team drive our business and growth. Our executive team, headed by Mr. Hughes, our Chairman, David Singelyn, our Chief Executive Officer, Jack Corrigan, our Chief Operating Officer, and Peter Nelson, our Chief Financial Officer, each of whom is a former executive of Public Storage, has a successful track record of managing and growing a publicly traded REIT through all stages of the real estate investment cycle. Among other executive positions they have held, Mr. Singelyn was treasurer of Public Storage and was chief executive officer of Public Storage Canadian Properties, or Public Storage Canada, a real estate company previously listed on the Toronto Stock Exchange, and American Commercial Equities, LLC, or ACE; Mr. Corrigan was the chief financial officer of PS Business Parks, a NYSE-listed REIT; and Mr. Nelson was the chief financial officer of Lennar Partners, Inc. and Alexandria Real Estate Equities, Inc., a NYSE-listed REIT.

Large, diversified portfolio of high-quality properties. As of July 31, 2013, we owned 19,825 single-family properties concentrated in select sub-markets of MSAs within 22 states. These homes are located in neighborhoods of cities that we believe remain desirable places to live, despite significantly impacted home prices. In addition, we continually evaluate potential new markets across the country.

Table of Contents

We are focused on acquiring homes with a number of key property characteristics, including: (i) construction after 1990; (ii) three or more bedrooms; (iii) two or more bathrooms; (iv) a range of \$70,000 estimated minimum valuation to \$400,000 maximum bid price; and (v) estimated renovation costs not in excess of 25% of estimated value. We target areas with above average median household incomes, well-regarded school districts and access to desirable lifestyle amenities. We believe that homes in these areas will attract tenants with strong credit profiles, produce high occupancy and rental rates and generate long-term property appreciation. Not all of the homes that we may acquire will meet all of these criteria, especially if acquired as part of a bulk purchase.

Table of Contents

Monthly Acquisition, Renovation and Leasing Rates

(As of July 31, 2013)

Demonstrated property acquisition track record and processes. Since its inception in June 2011, AH LLC has developed an effective acquisition process, supported by analytics and dedicated personnel within our target markets, that is capable of efficiently deploying large amounts of capital. Through July 31, 2013, AH LLC and its affiliates had acquired 19,937 properties (including our 19,825 properties) with an estimated total investment exceeding \$3.4 billion and had approximately 458 properties in escrow. The level of our acquisition activity will fluctuate because it depends on the number of suitable investments, as well as on the level of funds available for investment.

Substantial Renovation Capabilities. AH LLC has an in-house team of approximately 176 dedicated personnel to oversee the renovation process. This team focuses on renovating our homes to meet our quality standards prior to leasing. We estimate that AH LLC generally completes property renovations within approximately 90 days after a property is available for renovation. From January 1 to July 31, 2013, we completed renovations on 10,350 properties, 1,695 of which were completed in June and 1,828 of which were completed in July.

Institutional quality management platform and systems. Our management platform and systems are fully integrated with AH LLC's acquisition and renovation platform to ensure oversight and coordination of our key functions, including acquisitions, renovations, leasing, property management and accounting. We have developed an extensive property management infrastructure with modern systems and technology, dedicated personnel and local offices in certain of our target markets. Our property management personnel maintain a disciplined focus on controlling costs, driving occupancy and maximizing rental rates through all phases of our properties lifecycles.

As of July 31, 2013, we had approximately 11,753 leased properties, including leases on properties for which we have completed renovations and leases existing at the date of acquisition. The following table summarizes our leasing experience as of July 31, 2013.

Table of Contents**Our Leasing Experience**

	Number of Properties ⁽¹⁾				30+	90+	Average Annual Scheduled Rent Per Property
	Not Rent Ready	Leased ⁽²⁾	Available for Rent 30+ Days ⁽³⁾	Available for Rent 90+ Days ⁽⁴⁾	Days Occupancy % ⁽⁵⁾	Days Occupancy % ⁽⁶⁾	
Dallas-Fort Worth, TX	490	966	995	972	97%	99%	\$ 17,444
Indianapolis, IN	454	938	996	954	94%	98%	14,600
Greater Chicago area, IL and IN	697	428	473	449	90%	95%	19,140
Atlanta, GA	177	904	942	926	96%	98%	15,919
Houston, TX	296	482	528	495	91%	97%	17,923
Phoenix, AZ	369	691	745	731	93%	95%	13,142
Cincinnati, OH	98	511	548	533	93%	96%	16,868
Jacksonville, FL	135	539	552	542	98%	99%	15,386
Nashville, TN	161	594	615	605	97%	98%	17,848
Charlotte, NC	204	428	516	433	83%	99%	15,371
All Other ⁽⁷⁾	2,474	3,842	4,604	4,040	83%	95%	16,679
Total / Average	5,555	10,323	11,514	10,680	90%	97%	\$ 16,374

- (1) Includes single-family properties acquired in the Alaska Joint Venture Acquisition on June 11, 2013.
- (2) Includes leases on properties for which we have completed renovations and excludes 1,430 leases with tenants existing at the date of acquisition.
- (3) Available for Rent 30+ Days represents the number of properties that have been leased after we have completed renovations or are available for rent (i.e., rent-ready) for a period of greater than 30 days.
- (4) Available for Rent 90+ Days represents the number of properties that have been leased after we have completed renovations or are available for rent (i.e., rent-ready) for a period of greater than 90 days.
- (5) Occupancy percentage is computed by dividing the number of leased properties by the number of properties available for rent 30+ days.
- (6) Occupancy percentage is computed by dividing the number of leased properties by the number of properties available for rent 90+ days.
- (7) Represents 30 markets in 18 states.

Substantial alignment of interests of AH LLC and management with our shareholders. Through the Management Internalization, our operating partnership acquired our former manager and former property manager from AH LLC, and we became an internally managed REIT with an integrated operating platform, other than the acquisition and renovation services that AH LLC continues to provide us, on an exclusive basis, until December 10, 2014. In connection with the Management Internalization, AH LLC also received convertible equity securities in our operating partnership that are linked to favorable financial metrics and share appreciation. As of August 31, 2013, AH LLC owned approximately 25.6% of our Class A common shares assuming that all of its Class B common shares and OP units are converted into, or redeemed for, Class A common shares. As a result, we believe that the economic interests of AH LLC and management are substantially aligned with those of our shareholders.

Successful track record raising capital and strong balance sheet. We have a proven ability to raise significant amounts of debt and equity capital. Since November 2012, we have raised net proceeds of approximately \$2.0 billion through two private placements of our Class A common shares, our initial public offering and the concurrent private placements to AH LLC and APFC. In addition, in March 2013, we entered into a \$500 million credit facility with Wells Fargo Bank, National Association, or Wells Fargo. On September 30, 2013, we amended our credit facility to add J.P. Morgan Chase Bank as a lender, expand our borrowing capacity under the credit facility to \$800 million and extend the repayment period to September 30, 2018, among other things. At August 31, 2013, we had \$94 million

Table of Contents

of borrowings outstanding under our credit facility and cash and cash equivalents on hand of approximately \$128 million. At June 30, 2013, we had approximately \$3.5 billion in assets.

Our Business and Growth Strategies

Our primary objective is to generate attractive risk-adjusted returns for our shareholders through dividends and capital appreciation. We believe we can achieve this objective by pursuing the following strategies. For more information, see [Our Business and Properties](#) [Our Business and Growth Strategies](#).

Secure early-mover advantage and position as a dominant owner/operator of single-family rental properties. Historically, the single-family home rental market has been extremely fragmented, comprised primarily of private and individual property investors in local markets. Until recently, there have been no large-scale, national market owners/operators due primarily to the challenge of efficiently scaling the acquisition and management of many individual homes. With an unprecedented opportunity to acquire a large number of homes at attractive prices, we intend to continue to leverage our expertise and experience in rapidly building an institutional-quality, professionally managed business.

Employ a robust and disciplined property acquisition process. We have exclusive access to AH LLC's established acquisition and renovation platform to acquire high quality single-family homes. AH LLC has approximately 185 full-time personnel dedicated to identifying, evaluating, inspecting and acquiring homes. To date, AH LLC has primarily acquired properties at foreclosure auctions and through broker sales (primarily multiple listing service, or MLS, and short sales). AH LLC may source property acquisition opportunities through portfolio (or bulk) sales from government agencies, financial institutions and competitors.

Assemble a geographically diversified portfolio. We currently are focusing on acquiring single-family homes in selected sub-markets of MSAs within 22 states, with an emphasis on achieving critical mass within each target market. We continually evaluate potential new markets where we may invest and establish operations as opportunities emerge. We select our markets based on steady population growth, strong rental demand and a high level of distressed sales of homes that can be acquired below replacement cost, providing for attractive potential yields and capital appreciation.

Efficiently manage and operate properties. Building on the experience of our executive team at Public Storage and our significant in-house property management capabilities, we strive to create a leading, comprehensive single-family home property management business. As was the case with the self-storage industry, we believe the key to efficiently managing a large number of relatively low-cost properties is to strike the appropriate balance between centralization and decentralization. We utilize local, in-house property management for our properties in all markets where we believe it is economical to do so.

Establish a nationally recognized brand. We are striving to establish [American Homes 4 Rent](#) as a nationally recognized brand because we believe that establishing a brand well-known for quality, value and tenant satisfaction will help attract and retain tenants and qualified personnel, as well as support higher rental rates. We believe our brand is gaining recognition within a number of our markets.

Optimize capital structure. We may use leverage to increase potential returns to our shareholders, but we will seek to maintain a conservative and flexible balance sheet. We may also access additional sources of financing. Based in part on our executive team's experience at Public Storage, we believe that preferred shares provide an attractive source of permanent capital.

Table of Contents

Recent Developments

Initial Public Offering and Concurrent Private Placements with AH LLC and APFC

In August 2013, we issued 50,735,294 Class A common shares at a price of \$16.00 per share in our initial public offering (including the exercise in full of the underwriters' option to purchase additional shares), for gross proceeds of approximately \$811.8 million before underwriting discounts and offering costs.

Concurrently with the completion of our initial public offering, AH LLC purchased 3,125,000 of our Class A common shares and APFC purchased 1,562,500 of our Class A common shares in private placements at the initial public offering price of \$16.00 per share for total gross proceeds of \$75 million and without payment by us of any underwriting discount or placement fee. The concurrent private placements closed on the same day as our initial public offering.

Credit Facility Amendment

On September 30, 2013, we amended our credit facility with Wells Fargo to add J.P. Morgan Chase Bank as a lender, to expand our borrowing capacity under the credit facility to \$800 million and to extend the repayment period to September 30, 2018. Our credit facility bears interest at 30-day LIBOR plus 2.75% until March 2017, and thereafter, at 30-day LIBOR plus 3.125%. As of the date of this prospectus, we are currently in discussions with lending institutions and rating agencies regarding other potential financing and securitization transactions. The discussions are preliminary in nature, and we cannot assure you that we will enter into any of these potential transactions.

Table of Contents

Our Structure

We were formed as a Maryland REIT on October 19, 2012. The following chart illustrates our current organizational structure:

- ¹ Our trustees, our executive officers, our dedicated personnel and others have been granted options to purchase an aggregate 670,000 of our Class A common shares under the American Homes 4 Rent 2012 Equity Incentive Plan, or the 2012 Incentive Plan.
- ² Consists of 6,860,783 Class A common shares and 635,075 Class B common shares.
- ³ Consists of 13,787,292 Class A units, 31,085,974 Series C convertible units, 4,375,000 Series D units and 4,375,000 Series E units.

Securities Outstanding

Class A and Class B Common Shares

We have two classes of common shares, Class A common shares, and Class B common shares. Each outstanding Class B common share entitles the holder to 50 votes on all matters on which the holders of Class A common shares are entitled to vote, including the election of trustees, and holders of Class A common shares and Class B common shares will vote together as a single class. Each Class B common share has the same economic interest as a Class A common share, and one Class B common share and 49 units of limited partnership in our

Table of Contents

operating partnership, or OP units, together represent a similar economic value as 50 Class A common shares. Subject to the rights of holders of Series C convertible units of limited partnership in our operating partnership, or Series C units, Series D units and Series E units, holders of OP units and shareholders of our company will have the same rights to distributions. For a description of voting limitations pertaining to certain shareholders, see [Description of Equity Shares - Common Shares](#).

Class A Units of our Operating Partnership

In general, beginning 12 months after the date of issuance, Class A units are redeemable by limited partners of our operating partnership (other than us) for cash or, at our election, exchangeable for our Class A common shares on a one-for-one basis. The partnership agreement requires that our operating partnership distribute available cash to its partners on at least a quarterly basis in accordance with their relative percentage interests or specified preferences, if any.

Series C Convertible Units of our Operating Partnership

On February 28, 2013, we issued to AH LLC 634,408 of our Class B common shares and our operating partnership issued 31,085,974 Series C units in exchange for the AH LLC Portfolio. Holders of the Series C units will be entitled to distributions equal to the actual net cash flow of the properties in the AH LLC Portfolio up to a maximum of 3.9% per unit per year based on a price per unit of \$15.50, but will not be entitled to any distributions of income generated by any other properties or operations of our company or any liquidating distributions. Holders of Class A units, including our company and AH LLC, will be entitled to any net cash flow from the AH LLC Portfolio above the maximum yield on the Series C units, as well as distributions of all other cash available for distribution from our operating partnership. At any time, at the option of the holders, the Series C units may be converted into Class A units. If holders of the Series C units have not exercised their right to convert the Series C units into Class A units by the earlier of (i) the third anniversary of the date of original issuance of the Series C units or (ii) the date of commencement of the dissolution, liquidation or winding up of our operating partnership, then the Series C units will automatically convert into Class A units. Holders of Series C units will vote on all operating partnership matters with holders of Class A units.

Series D Convertible Units and Series E Convertible Units of our Operating Partnership

The Series D units are convertible into Class A units, and the Series E units are convertible into Series D units, or if the Series D units have previously converted into Class A units, into Class A units, as described below.

The Series D units do not participate in distributions for 30 months from the date of issuance and do not have liquidating distributions or any voting rights. The Series D units are automatically convertible into Class A units on a one-for-one basis only effective as of the later of (1) 30 months from the date of issuance and (2) the earlier of (i) the date on which adjusted funds from operations, or adjusted FFO, per Class A common share aggregates or exceeds \$0.80 over four consecutive quarters following the closing date of the Management Internalization or (ii) the date on which the daily closing price of our Class A common shares on the NYSE averages \$18.00 or greater for two consecutive quarters following the closing date of the Management Internalization. After 30 months, the Series D units will participate in distributions (other than liquidating distributions) at a rate of 70% of the per unit distributions on the Class A units.

The Series E units do not participate in distributions and do not have any voting rights. The Series E units will automatically convert into Series D units, or if the Series D units have previously converted into Class A units, into Class A units, on February 29, 2016, if certain conditions are satisfied. See [Operating Partnership and the Partnership Agreement - Series D Convertible Units and Series E Convertible Units](#).

Table of Contents

The tables below set forth the outstanding securities of our company and of our operating partnership, as of August 31, 2013, without giving effect to this offering. For a description of the terms of these securities, see Description of Common Shares and Operating Partnership and the Partnership Agreement.

Securities of Our Company	Shares
Class A common shares	184,856,219
Class B common shares	635,075 ⁽¹⁾

Securities of Our Operating Partnership⁽²⁾	Units
Class A units	13,787,292 ⁽³⁾
Series C units	31,085,974 ⁽⁴⁾
Series D units	4,375,000 ⁽⁴⁾
Series E units	4,375,000 ⁽⁴⁾

- (1) Convertible into Class A common shares on a one-for-one basis.
- (2) Excludes securities issued to our company.
- (3) Redeemable for cash or, at our option, exchangeable for our Class A common shares on a one-for-one basis, beginning one year after the initial date of issuance.
- (4) Convertible into Class A units on a one-for-one basis if certain conditions are satisfied. See Operating Partnership and the Partnership Agreement Series C Convertible Units and Operating Partnership and the Partnership Agreement Series D Convertible Units and Series E Convertible Units.

Our Tax Status

We have elected to be taxed as a REIT, commencing with our first taxable year ended December 31, 2012. Our qualification as a REIT, and maintenance of such qualification, will depend upon our ability to meet, on a continuing basis, various complex requirements under the Internal Revenue Code of 1986, or the Code, relating to, among other things, the sources of our gross income, the composition and values of our assets, our distributions to our shareholders and the concentration of ownership of our equity shares. We believe that, commencing with our initial taxable year ended December 31, 2012, we have been organized in conformity with the requirements for qualification and taxation as a REIT under the Code, and we intend to continue to operate in a manner that will enable us to meet the requirements for qualification and taxation as a REIT. In connection with this offering of our Series A Participating Preferred Shares, we have received an opinion from Hogan Lovells US LLP to the effect that we have been organized and have operated in conformity with the requirements for qualification and taxation as a REIT under the Code, and that our current organization and proposed method of operation will enable us to continue to meet the requirements for qualification and taxation as a REIT.

As a REIT, we generally will not be subject to U.S. federal income tax on the REIT taxable income that we currently distribute to our shareholders, but taxable income generated by any taxable REIT subsidiary that we may form or acquire will be subject to federal, state and local income tax. Under the Code, REITs are subject to numerous organizational and operational requirements, including a requirement that they distribute annually at least 90% of their REIT taxable income to their shareholders. If we fail to qualify as a REIT in any taxable year and do not qualify for certain statutory relief provisions, our income would be subject to U.S. federal income tax, and we would likely be precluded from qualifying for treatment as a REIT until the fifth calendar year following the year in which we fail to qualify. Even if we qualify as a REIT, we may still be subject to certain U.S. federal, state and local taxes on our income and assets and to U.S. federal income and excise taxes on our undistributed income.

Our Distribution Policy

To qualify as a REIT, we must distribute annually to our shareholders an amount at least equal to 90% of our REIT taxable income, determined without regard to the deduction for dividends paid and excluding any net

Table of Contents

capital gain. We will be subject to income tax on our taxable income that is not distributed and to an excise tax to the extent that certain percentages of our taxable income are not distributed by specified dates. See Material U.S. Federal Income Tax Considerations. Income as computed for purposes of the foregoing tax rules will not necessarily correspond to our income as determined for financial reporting purposes. We intend to distribute our taxable income to our shareholders and retain the balance of our cash available for distribution for reinvestment in properties. However, our cash available for distribution may be less than the amount required to meet the distribution requirements for REITs under the Code, and we may be required to borrow money, sell assets or make taxable distributions of our equity shares or debt securities to satisfy the distribution requirements. Additionally, we may pay future distributions from the proceeds from this offering or other securities offerings and thus all or a portion of such distributions may constitute a return of capital for federal income tax purposes.

The timing and frequency of distributions authorized by our board of trustees in its sole discretion and declared by us will be based upon a variety of factors deemed relevant by our board of trustees, which may include among others: our actual and projected results of operations; our liquidity, cash flows and financial condition; revenue from our properties; our operating expenses; economic conditions; debt service requirements; limitations under our financing arrangements; applicable law; capital requirements and the REIT requirements of the Code. We cannot guarantee whether or when we will be able to make distributions or that any distributions will be sustained over time. Distributions to our shareholders generally will be taxable to our shareholders as ordinary income, although a portion of such distributions may be designated by us as capital gain dividends or qualified dividend income, or may constitute a return of capital. We will furnish annually to each of our shareholders a statement setting forth distributions paid during the preceding year and their federal income tax treatment. For a discussion of the federal income tax treatment of our distributions, see Material U.S. Federal Income Tax Considerations.

Restrictions on Ownership

Due to limitations on the concentration of ownership of REIT shares imposed by the Code, subject to certain exceptions, our declaration of trust provides that no person may beneficially own more than 8.0% (in value or in number of shares, whichever is more restrictive) of our outstanding common shares or more than 9.9% (in value or in number of shares, whichever is more restrictive) of any class or series of our outstanding preferred shares. Our declaration of trust also prohibits any person from, among other matters, beneficially owning equity shares if such ownership would result in our being closely held within the meaning of Section 856(h) of the Code (without regard to whether the ownership interest is held during the last half of a year) effective upon the completion of our initial public offering; transferring equity shares if such transfer would result in our equity shares being owned by less than 100 persons, effective beginning on the date on which we first have 100 shareholders; and beneficially owning equity shares if such beneficial ownership would otherwise cause us to fail to qualify as a REIT under the Code. Our board of trustees may exempt a person from the ownership limits if such person submits to the board of trustees certain information satisfactory to the board of trustees. See Description of Equity Shares Restrictions on Ownership and Transfer.

Emerging Growth Company Status

We currently qualify as an emerging growth company, as defined in the Jumpstart Our Business Startups Act of 2012, or the JOBS Act, and are eligible to take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not emerging growth companies, including, but not limited to, not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act of 2002, or Sarbanes-Oxley Act, reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements and exemptions from the requirements of holding a non-binding advisory vote on executive compensation and shareholder approval of any golden parachute payments not previously approved. We have not made a decision whether to take advantage of certain of these

Table of Contents

exemptions. If we do take advantage of any of these exemptions, we do not know if some investors will find our securities less attractive as a result. The result may be a less active trading market for our Class A common shares and/or our Series A Participating Preferred Shares, and those share prices may be more volatile.

In addition, an emerging growth company can take advantage of the extended transition period provided in Section 7(a)(2)(B) of the Securities Act of 1933, as amended, or the Securities Act, for complying with new or revised accounting standards. In other words, an emerging growth company can delay the adoption of certain accounting standards until those standards would otherwise apply to private companies. However, we are choosing to opt out of such extended transition period, and as a result, we will comply with new or revised accounting standards on the relevant dates on which adoption of such standards is required for all public companies which are not emerging growth companies. Our decision to opt out of the extended transition period for complying with new or revised accounting standards is irrevocable.

We could remain an emerging growth company for up to five years, or until the earliest of (i) the last day of the first fiscal year in which our annual gross revenues exceed \$1 billion, (ii) the date that we become a large accelerated filer as defined in Rule 12b-2 under the Securities Exchange Act of 1934, as amended, or the Exchange Act, which would occur if the market value of our Class A common shares that are held by non-affiliates exceeds \$700 million as of the last business day of our most recently completed second fiscal quarter, or (iii) the date on which we have issued more than \$1 billion in non-convertible debt during the preceding three year period.

Summary Risk Factors

An investment in our securities involves risks. You should consider carefully the risks discussed below and described more fully along with other risks under Risk Factors in this prospectus before investing in our securities.

We are employing a new and untested business model with no proven track record, which may make our business difficult to evaluate.

We are a recently organized REIT with a limited operating history, and we may not be able to successfully operate our business or generate sufficient operating cash flows to make or sustain distributions on our Series A Participating Preferred Shares.

We may not be able to effectively manage our growth, and any failure to do so may have an adverse effect on our business and operating results.

Because we have not yet identified any specific properties (other than properties held in escrow) to acquire with any net proceeds of this offering remaining after repayment of debt, you will be unable to evaluate the economic merits of our investments made with such net proceeds before making an investment decision to purchase our Series A Participating Preferred Shares.

We intend to continue to rapidly expand our scale of operations and make acquisitions even if the rental and housing markets are not as favorable as they have been in recent months, which could adversely impact anticipated yields.

Our future growth depends, in part, on the availability of additional debt or equity financing. If we cannot obtain additional financing on terms favorable or acceptable to us, our growth may be limited.

Our credit facility contains financial and operating covenants that could restrict our business and investment activities. Failure to satisfy these covenants could result in a default under our credit facility that could accelerate the maturity of our debt obligations, which would have a material adverse effect on our business, liquidity, results of operations and financial condition and our ability to make distributions on our Series A Participating Preferred Shares.

Edgar Filing: American Homes 4 Rent - Form S-11/A

Our success depends, in part, upon our ability to hire and retain highly skilled managerial, investment, financial and operational personnel, and the past performance of our senior management may not be indicative of future results.

Table of Contents

Our investments are and will continue to be concentrated in our target markets and the single-family properties sector of the real estate industry, which exposes us to downturns in our target markets or in the single-family properties sector.

We face significant competition for acquisitions of our target properties, which may limit our strategic opportunities and increase the cost to acquire those properties.

We face significant competition in the leasing market for quality tenants, which may limit our ability to rent our single-family homes on favorable terms or at all.

The large supply of single-family homes becoming available for purchase as a result of the heavy volume of foreclosures, combined with historically low residential mortgage rates, may cause some potential renters to seek to purchase residences rather than lease them and, as a result, cause a decline in the number and quality of potential tenants.

Our evaluation of properties involves a number of assumptions that may prove inaccurate, which could result in us paying too much for properties we acquire or overvaluing our properties or our properties failing to perform as we expect.

The estimates, forecasts and projections relating to our markets prepared by JBREC are based upon numerous assumptions and may not prove to be accurate.

Single-family properties that are being sold through short sales or foreclosure sales are subject to risks of theft, mold, infestation, vandalism, deterioration or other damage that could require extensive renovation prior to renting and adversely impact our operating results.

If occupancy levels and rental rates in our target markets do not increase sufficiently to keep pace with rising costs of operations, our income and distributable cash will decline.

We depend on our tenants and their willingness to renew their leases for substantially all of our revenues. Poor tenant selection and defaults and nonrenewals by our tenants may adversely affect our reputation, financial performance and ability to make distributions on our Series A Participating Preferred Shares.

Declining real estate values and impairment charges could adversely affect our earnings and financial condition.

We are self-insured against many potential losses, and uninsured or underinsured losses relating to properties may adversely affect our financial condition, operating results, cash flows and ability to make distributions on our Series A Participating Preferred Shares.

Mortgage loan modification programs and future legislative action may adversely affect the number of available properties that meet our investment criteria.

Completion of the Management Internalization has exposed us to new and additional responsibilities, costs and risks.

Edgar Filing: American Homes 4 Rent - Form S-11/A

The contribution agreement we entered into in connection with the Management Internalization was negotiated between a special committee of our board of trustees and AH LLC. Therefore, the terms of the agreement may not have been as favorable to us as if it had been negotiated with unaffiliated third parties.

Our board of trustees has approved a very broad investment policy, subject to management oversight, and does not review or approve each acquisition decision made by AH LLC.

We may be adversely affected by lawsuits alleging trademark infringement as such lawsuits could materially harm our brand name, reputation and results of operations.

Our fiduciary duties as the general partner of our operating partnership could create conflicts of interest, which may impede business decisions that could benefit our shareholders.

Table of Contents

As long as AH LLC continues to perform acquisition and renovation services for us, we will depend on AH LLC for our external growth.

The Series A Participating Preferred Shares have not been rated.

The Series A Participating Preferred Shares are newly issued securities with no established trading market, which may negatively affect their market value and your ability to transfer or sell your shares. We intend to apply to list the Series A Participating Preferred Shares on the NYSE, but we cannot assure you that the listing will be approved or that a trading market will develop or be sustained.

The Series A Participating Preferred Shares are subordinate to our debt and other liabilities, and your interests could be diluted by the issuance of additional preferred shares and by other transactions.

There is no guarantee that any HPA Amount will accrue or be paid on the Series A Participating Preferred Shares.

Changes in home prices reflected in the POI may have little or no correlation with the actual appreciation or depreciation of homes in our portfolio, and the POI data for our top 20 markets that we will use to calculate the HPA Amount may have little or no correlation with the actual appreciation or depreciation of homes nationwide.

The cumulative change in HPA that occurs during the period measured for purposes of calculating the HPA Amount may differ from the cumulative change in HPA that occurs during the period for which the Series A Participating Preferred Shares are actually outstanding.

The FHFA may no longer publish or may materially change the methodology used in calculating the POI, which could adversely affect the value of our Series A Participating Preferred Shares.

If you hold our Series A Participating Preferred Shares, you will not be entitled to any rights with respect to our common shares, but you will be subject to all changes made with respect to our common shares.

The Change of Control conversion feature of our Series A Participating Preferred Shares may not adequately compensate you and may make it more difficult for a third party to take over our company or discourage a third party from taking over our company.

The market price of Class A common shares received in a conversion of our Series A Participating Preferred Shares may decrease between the date received and the date the Class A common shares are sold.

Our ability to pay dividends is limited by the requirements of Maryland law.

You should consider the United States federal income tax consequences of owning our Series A Participating Preferred Shares, including the potential for constructive distributions.

Edgar Filing: American Homes 4 Rent - Form S-11/A

Future sales of our common shares or other equity-related securities in the public market could lower the market price of our common shares and adversely impact the value of the Series A Participating Preferred Shares.

Failure to qualify as a REIT, or failure to remain qualified as a REIT, would cause us to be taxed as a regular corporation, which would substantially reduce funds available for distribution to our shareholders.

Table of Contents

Organizational Information

Our principal executive offices are located at 30601 Agoura Road, Suite 200, Agoura Hills, California 91301. Our main telephone number is (805) 413-5300. Our Internet website is <http://www.americanhomes4rent.com>. The contents of our website are not incorporated by reference in or otherwise a part of this prospectus.

Table of Contents

THE OFFERING

The offering terms are summarized below solely for your convenience. For a more complete description of the terms of the Series A Participating Preferred Shares, see Description of Series A Participating Preferred Shares.

Issuer	American Homes 4 Rent, a Maryland REIT
Securities Offered	4,000,000 5.000% Series A participating preferred shares of beneficial interest, \$0.01 par value per share, or Series A Participating Preferred Shares (plus up to an additional 600,000 Series A Participating Preferred Shares if the underwriters exercise their option to purchase additional shares in full).
Ranking	<p>The Series A Participating Preferred Shares will rank, with respect to dividend rights and rights upon our liquidation, dissolution or winding up:</p> <p>senior to our common shares of beneficial interest, or our common shares, and to any other class or series of our equity shares expressly designated as ranking junior to the Series A Participating Preferred Shares;</p> <p>on parity with any future class of preferred or convertible preferred securities; and</p> <p>junior to any debt securities and any equity shares expressly designated as ranking senior to the Series A Participating Preferred Shares</p> <p>See Description of Series A Participating Preferred Shares Ranking.</p>
Dividends	<p>Holders of the Series A Participating Preferred Shares will be entitled to receive cumulative cash dividends when, as and if authorized by our board of trustees from and including the issue date, payable quarterly in arrears on the last day of March, June, September and December of each year, at the rate of 5.000% per annum of the initial liquidation preference per share (equivalent to the fixed annual rate of \$1.25 per share). The first dividend is scheduled to be paid on December 31, 2013 to holders of record as of December 15, 2013 and will be a pro rata dividend from and including the original issue date to but excluding December 31, 2013 in the amount of \$ per share. Dividends on the Series A Participating Preferred Shares will accumulate whether or not (i) we have earnings, (ii) there are funds legally available for the payment of such dividends and (iii) such dividends are authorized or declared. Prior to September 30, 2020, no dividends will accrue or be paid on any HPA Amount (as defined below).</p> <p>On and after September 30, 2020, in lieu of the prior dividend rate, a dividend rate of 10.000% per annum will be paid on the initial liquidation preference per Series A Participating Preferred Share plus the HPA Amount, if any.</p>

Table of Contents

Voting Rights

Holders of the Series A Participating Preferred Shares generally will have no voting rights. However, if we are in arrears on dividends, whether or not authorized or declared, on the Series A Participating Preferred Shares for six or more quarterly periods, whether or not consecutive, holders of Series A Participating Preferred Shares (voting separately as a class together with the holders of all other classes or series of preferred shares of beneficial interest, or preferred shares, ranking on parity with the Series A Participating Preferred Shares with respect to the payment of dividends and the distribution of assets upon our liquidation, dissolution or winding up, or parity preferred shares, and upon which like voting rights have been conferred and are exercisable) will be entitled to elect two additional trustees at a special meeting called upon the request of at least 10% of such holders or at our next annual meeting and each subsequent annual meeting of shareholders to serve on our board of trustees until all unpaid dividends with respect to the Series A Participating Preferred Shares and such other classes or series of preferred shares with like voting rights have been paid or declared and set aside for payment. In addition, the affirmative vote or written consent of the holders of at least two-thirds of the outstanding Series A Participating Preferred Shares and each other class or series of parity preferred shares with like voting rights (voting together as a single class) is required for us to authorize, create or increase any class or series of equity shares ranking senior to the Series A Participating Preferred Shares or to amend any provision of our declaration of trust so as to materially and adversely affect the terms of the Series A Participating Preferred Shares. If such amendment to our declaration of trust does not equally affect the terms of the Series A Participating Preferred Shares and the terms of one or more other classes or series of parity preferred shares, the affirmative vote or written consent of the holders of at least two-thirds of the shares outstanding at the time of Series A Participating Preferred Shares, voting separately as a class, is required. Holders of the Series A Participating Preferred Shares also will have the exclusive right to vote on any amendment to our declaration of trust on which holders of the Series A Participating Preferred Shares are otherwise entitled to vote and that would alter only the rights, as expressly set forth in our declaration of trust, of the Series A Participating Preferred Shares.

Restrictions on Ownership and Transfer

Due to limitations on the concentration of ownership of REIT shares imposed by the Internal Revenue Code of 1986, as amended, or the Code, subject to certain exceptions, our declaration of trust provides (and the Series A Participating Preferred Shares articles supplementary will provide) that no person may beneficially own more than 8.0% (in value or in number of shares, whichever is more restrictive) of our outstanding common shares or more than 9.9% (in value or in number of shares, whichever is more restrictive) of any class or series of our outstanding preferred shares. In addition, our

Table of Contents

declaration of trust prohibits (and the Series A Participating Preferred Shares articles supplementary will prohibit) any person from, among other matters, beneficially owning equity shares if such ownership would result in our being closely held within the meaning of Section 856(h) of the Code (without regard to whether the ownership interest is held during the last half of a year); transferring equity shares if such transfer would result in our equity shares being owned by less than 100 persons; and beneficially owning equity shares if such beneficial ownership would otherwise cause us to fail to qualify as a REIT under the Code. Our board of trustees may exempt a person from the ownership limits if such person submits to the board of trustees certain information satisfactory to the board of trustees. See Description of Series A Participating Preferred Shares Restrictions on Ownership and Transfer.

Use of Proceeds

We estimate that the net proceeds from the sale of the Series A Participating Preferred Shares in this offering will be approximately \$ million (or approximately \$ million if the underwriters exercise their option to purchase additional Series A Participating Preferred Shares in full), after deducting underwriting discounts and estimated offering expenses. We will contribute the net proceeds we receive from this offering to our operating partnership in exchange for Series A participating preferred operating partnership units. Our operating partnership intends to use the net proceeds from this offering (i) to repay the indebtedness we have incurred or expect to incur under our credit facility, (ii) to acquire and renovate single-family properties in accordance with our business strategy described in this prospectus, and (iii) for general business purposes. See Use of Proceeds.

Liquidation Preference

If we liquidate, dissolve or wind up, holders of our Series A Participating Preferred Shares will have the right to receive (i) \$25.00 per share, plus (ii) the HPA Amount (if positive), plus (iii) accrued and unpaid dividends (whether or not authorized or declared) to but excluding the date of payment before any distribution or payment is made to holders of our common shares and any other class or series of our equity shares ranking junior to the Series A Participating Preferred Shares as to liquidation, dissolution or winding up. The rights of holders of Series A Participating Preferred Shares to receive this amount will be subject to the proportionate rights of any other class or series of our equity shares ranking on parity with the Series A Participating Preferred Shares as to rights upon liquidation, dissolution or winding up, and junior to the rights of any class or series of our equity shares expressly designated as ranking senior to the Series A Participating Preferred Shares.

Home Price Appreciation Amount

The initial liquidation preference for the Series A Participating Preferred Shares may be increased by an additional

Table of Contents

amount, or the HPA Amount. The HPA Amount will equal the product of the \$25.00 initial liquidation preference and the Home Price Appreciation Factor, or HPA Factor, described below. However, the HPA Amount at any time after September 30, 2020 will be equal to the HPA Amount calculated with respect to the period ended June 30, 2020, and the HPA Amount will be subject to a cap as described below under the caption HPA Amount Cap.

The HPA Amount may be realized upon (i) exercise by us of our optional redemption right or conversion right after September 30, 2017, (ii) any conversion or redemption in connection with a Change of Control (as defined below) or (iii) liquidation, dissolution or winding up of the Company. In addition, on and after September 30, 2020, dividends will accrue on the HPA Amount, if any, added to the initial liquidation preference per Series A Participating Preferred Share.

Home Price Appreciation Factor

Home price appreciation, or HPA, represents the cumulative change in value from June 30, 2013 of an index tracking the purchase prices of single-family homes located in our top 20 markets, by estimated total investment, as of July 31, 2013, as set forth in the table below. HPA is determined using a House Price Index of the Federal Housing Finance Agency, or FHFA, known as the Quarterly Purchase-Only Index, or POI, specifically the non-seasonally adjusted Purchase-Only Index for the 100 Largest Metropolitan Statistical Areas currently disclosed at the following URL:

<http://www.fhfa.gov/weblink/hpicbsapo.txt>. The contents of the FHFA website are not incorporated by reference in or otherwise part of this prospectus. Other indices referenced in this prospectus will not be used in calculating the HPA Amount.

The POI is a weighted, repeat-sales index, meaning that it measures average price changes in repeat sales of the same single-family properties. This information is obtained by reviewing repeat transactions involving conforming, conventional mortgages purchased or securitized by Fannie Mae or Freddie Mac since January 1975. Only mortgage transactions involving single-family homes are included. Conforming refers to a mortgage that both meets the underwriting guidelines of Fannie Mae or Freddie Mac and that does not exceed the conforming loan limit that is currently \$625,000 for mortgages in the contiguous United States originated after September 30, 2011. Conventional mortgages are those that are neither insured nor guaranteed by the FHA, VA or other federal government entities. Mortgages on properties financed by government-insured loans, such as FHA or VA mortgages, are excluded from the POI, as are properties with mortgages that have a principal amount exceeding the conforming loan limit.

The POI will be measured from a base date of June 30, 2013. The index values are weighted by our relative estimated total investments in each of the 20 markets at July 31, 2013, and such weighting is fixed during the time the HPA Amount accrues.

Table of Contents

Cumulative HPA represents the sum of the 20 products of the change in HPA for each market since June 30, 2013 and the relative weighting, expressed as a percentage.

HPA Factor represents the product of the Cumulative HPA, as defined herein, (expressed as a percentage) multiplied by a constant investor participation percentage of 50%. The HPA Amount, at any time it is measured, cannot be negative, so the liquidation preference per Series A Participating Preferred Share will always be at least \$25.00.

The FHFA historically has released the POI for a given quarter near the end of the second month after the end of that quarter. We will make available each quarter the quarterly measurement showing the aggregate HPA Amount per Series A Participating Preferred Share across quarters and weighted by markets based on the POI provided by the FHFA. We will also provide updates and maintain such information on the [For Investors](#) page of our corporate website.

The following table summarizes our top 20 markets at July 31, 2013 by estimated total investment and assigns market weightings, which shall remain fixed while the Series A Participating Preferred Shares remain outstanding.

The following table also sets forth the historical percentage change in the HPA with respect to each of these markets for the period from June 30, 2012 to June 30, 2013 (which is the most recent four quarter period for which POI data is currently available) and the total weighted average percentage change in the HPA during that period. The table sets forth the methodology used to calculate the percentage change for each market and the total weighted average percentage change for all markets using the POI values for each market. In order to measure the percent change from June 30, 2012, the actual POI value for each market as of June 30, 2012 has been set at a baseline value of 100.0. For the subsequent periods, the table sets forth the change in the POI value relative to the baseline value of 100.0. The information in this table is for illustrative purposes only, is historical, and is not intended to predict future HPA. See [Risk Factors](#) The various hypothetical figures and illustrations contained in this prospectus should not be taken as an indication or prediction of future investment results and [Risk Factors](#) There is no guarantee that any HPA Amount will accrue or be paid on the Series A Participating Preferred Shares.

Table of Contents

Market	Relative Weighting Applied in Determining HPA ⁽¹⁾	FHFA POI Value (Relative to Jun 30, 2012) as of					Jun 30, 2013	Percentage Change in HPA from Jun 30, 2012 to Jun 30, 2013
		Jun 30, 2012 ⁽²⁾	Sep 30, 2012	Dec 31, 2012	Mar 31, 2013	Jun 30, 2013		
Dallas-Fort Worth, TX ⁽³⁾	9.507%	100.0	101.6	101.9	102.8	107.5	7.5%	
Indianapolis, IN	8.880%	100.0	97.8	95.9	99.7	103.0	3.0%	
Greater Chicago Area, IL ⁽⁴⁾	7.679%	100.0	101.2	97.5	98.7	106.9	6.9%	
Atlanta, GA	7.545%	100.0	102.1	102.4	106.6	114.1	14.1%	
Nashville, TN	6.390%	100.0	101.3	101.2	103.3	108.0	8.0%	
Houston, TX	6.312%	100.0	102.8	104.2	106.4	111.2	11.2%	
Cincinnati, OH	6.119%	100.0	100.8	97.5	97.1	102.8	2.8%	
Salt Lake City, UT	5.495%	100.0	101.3	102.7	107.5	112.6	12.6%	
Tampa, FL	5.361%	100.0	100.2	100.7	101.0	108.6	8.6%	
Charlotte, NC	5.354%	100.0	100.8	97.5	102.7	106.7	6.7%	
Phoenix, AZ	5.270%	100.0	107.5	112.3	115.0	123.4	23.4%	
Jacksonville, FL	4.776%	100.0	102.9	100.3	108.3	111.3	11.3%	
Las Vegas, NV	4.371%	100.0	105.0	112.9	115.9	126.5	26.5%	
Raleigh, NC	4.040%	100.0	101.1	97.6	101.0	103.5	3.5%	
Columbus, OH	3.167%	100.0	102.4	97.1	98.6	103.8	3.8%	
Orlando, FL	3.036%	100.0	106.0	109.9	109.2	117.5	17.5%	
Tucson, AZ	1.867%	100.0	104.8	104.2	102.7	106.9	6.9%	
Greensboro, NC	1.789%	100.0	104.7	102.1	105.0	107.0	7.0%	
Austin, TX	1.550%	100.0	101.7	101.1	102.7	109.9	9.9%	
San Antonio, TX	1.490%	100.0	95.8	102.2	101.2	102.5	2.5%	
Total / Weighted Average	100.0%						9.6%⁽⁵⁾	

- (1) Based on estimated total investment in each market as of July 31, 2013. These will be the weighting factors for measurement of HPA.
- (2) For the illustrative purposes of this table, the HPA has been indexed as of June 30, 2012 and, as such, a baseline index value of 100.0 has been assigned to each market as of such date. The FHFA POI Values with respect to the other periods presented are relative measures calculated in relation to the baseline index value. The actual HPA will be indexed as of June 30, 2013. See the table on the following page for an illustration of how the HPA will be indexed as of June 30, 2013.
- (3) Our Dallas-Fort Worth, TX market is comprised of the Dallas-Plano-Irving and Fort Worth-Arlington Metropolitan Divisions, with each division being given equal weighting for purposes of determining HPA.
- (4) The home price index for the Greater Chicago Area, IL market is Chicago-Naperville-Arlington Heights, IL.
- (5) Represents the total weighted average percentage change in the HPA for the period from June 30, 2012 to June 30, 2013, based on the market weighting percentages set forth above.

Table of Contents

The following table sets forth, for each of our top 20 markets, the actual POI value as of June 30, 2013, which is the most recent date for which POI data is available and the date from which HPA will be measured for purposes of calculating the HPA Amount. The table also sets forth the calculations performed in order to assign a baseline value of 100.0 for all markets as of June 30, 2013 for purposes of calculating the change in HPA for such markets relative to such date.

Market	Relative Weighting Applied in Determining HPA ⁽¹⁾	Actual POI Value as of Jun 30, 2013 ⁽²⁾	Multiplier Applied to Establish Baseline Value ⁽³⁾	Assigned Baseline Value ⁽⁴⁾
Dallas-Fort Worth, TX ⁽⁵⁾	9.507%	187.5	0.533	100.0
Indianapolis, IN	8.880%	164.5	0.608	100.0
Greater Chicago Area, IL ⁽⁶⁾	7.679%	182.2	0.549	100.0
Atlanta, GA	7.545%	174.2	0.574	100.0
Nashville, TN	6.390%	230.7	0.433	100.0
Houston, TX	6.312%	241.2	0.415	100.0
Cincinnati, OH	6.119%	166.3	0.601	100.0
Salt Lake City, UT	5.495%	323.9	0.309	100.0
Tampa, FL	5.361%	209.6	0.477	100.0
Charlotte, NC	5.354%	186.8	0.535	100.0
Phoenix, AZ	5.270%	232.5	0.430	100.0
Jacksonville, FL	4.776%	211.7	0.472	100.0
Las Vegas, NV	4.371%	133.3	0.750	100.0
Raleigh, NC	4.040%	197.1	0.507	100.0
Columbus, OH	3.167%	178.9	0.559	100.0
Orlando, FL	3.036%	180.0	0.556	100.0
Tucson, AZ	1.867%	206.7	0.484	100.0
Greensboro, NC	1.789%	161.0	0.621	100.0
Austin, TX	1.550%	316.1	0.316	100.0
San Antonio, TX	1.490%	226.5	0.442	100.0

- (1) Based on estimated total investment in each market as of July 31, 2013. These will be the weighting factors for measurement of HPA.
- (2) Represents the values as published in the POI for each market as of the date of this prospectus. Such values are subject to revision by the FHFA in subsequent POI releases.
- (3) In order to index the POI value for each market as of June 30, 2013, which is the date from which the cumulative change in HPA will be measured for purposes of calculating the HPA Amount, the POI value for each market as of such date is being assigned a baseline index value of 100.0 by multiplying each by the multiplier indicated in the table above. The multipliers set forth above are presented solely for the purpose of indicating the numerical relationship between the actual POI value for each of the markets and the indexed baseline value of 100.0 for such markets. The multipliers will remain constant throughout the term of the Series A Participating Preferred Shares.
- (4) Equals the product of the actual POI value for each market as of June 30, 2013, multiplied by the baseline multiplier for each market.
- (5) Our Dallas-Fort Worth, TX market is comprised of the Dallas-Plano-Irving and Fort Worth-Arlington Metropolitan Divisions, with each division being given equal weighting for purposes of determining HPA.
- (6) The home price index for the Greater Chicago Area, IL market is Chicago-Naperville-Arlington Heights, IL.

Table of Contents

The following table illustrates how HPA, as measured by the FHFA's POI, would be applied for purposes of determining the liquidation preference, dividend amounts and annual and total return for the Series A Participating Preferred Shares based on the following hypothetical assumptions:

That the Series A Participating Preferred Shares were issued on September 30, 2013.

Constant annual HPA of 5%.

Dividend rate per annum of 5.000% for the period from the date of issuance to but excluding September 30, 2020.

Dividend rate per annum of 10.000% for the period from and including September 30, 2020 until the Series A Participating Preferred Shares are no longer outstanding.

That during the period presented, there is no liquidation, dissolution or winding up of the Company and that the Company does not exercise its option to redeem or convert the Series A Participating Preferred Shares.

The information in this table is for illustrative purposes only and is not intended to predict future home price appreciation, liquidation preferences, dividend amounts or return on investment. See Risk Factors The various hypothetical figures and illustrations contained in this prospectus should not be taken as an indication or prediction of future investment results and Risk Factors There is no guarantee that any HPA Amount will accrue or be paid on the Series A Participating Preferred Shares.

Illustrative Effect of Hypothetical HPA on Series A Participating Preferred Shares

Year	Date	Cumulative Hypothetical HPA	Investor Participation Percentage	Hypothetical HPA Factor	Hypothetical HPA Amount	Hypothetical Liquidation Preference		Hypothetical Return %	
						(1)	Hypothetical Dividend	Annual	Gross ⁽²⁾
Offering	September 30, 2013 ⁽³⁾					\$ 25.00			
Year 1 ⁽⁴⁾	September 30, 2014	5.0	50%	2.5%	\$ 0.63	\$ 25.63	\$ 1.250	7.50	7.50
Year 2 ⁽⁴⁾	September 30, 2015	10.0	50%	5.0%	\$ 1.25	\$ 26.25	\$ 1.250	7.50	15.00
Year 3 ⁽⁴⁾	September 30, 2016	15.0	50%	7.5%	\$ 1.88	\$ 26.88	\$ 1.250	7.50	22.50
Year 4 ⁽⁴⁾	September 30, 2017	20.0	50%	10.0%	\$ 2.50	\$ 27.50	\$ 1.250	7.50	30.00
Year 5 ⁽⁵⁾	September 30, 2018	25.0	50%	12.5%	\$ 3.13	\$ 28.13	\$ 1.250	7.50	37.50
Year 6 ⁽⁵⁾	September 30, 2019	30.0	50%	15.0%	\$ 3.75	\$ 28.75	\$ 1.250	7.50	45.00
Year 7 ⁽⁵⁾	September 30, 2020	35.0	50%	17.5%	\$ 4.38	\$ 29.38	\$ 1.250	7.50	52.50
Year 8 ⁽⁶⁾	September 30, 2021	40.0	N/A		\$ 4.38	\$ 29.38	\$ 2.938	11.750	64.25
Year 9 ⁽⁶⁾	September 30, 2022	45.0	N/A		\$ 4.38	\$ 29.38	\$ 2.938	11.750	76.00
Year 10 ⁽⁶⁾	September 30, 2023	50.0	N/A		\$ 4.38	\$ 29.38	\$ 2.938	11.750	87.75

(1) Reflects the initial liquidation preference as increased by the hypothetical HPA Amount. The HPA Amount is subject to a cap as described below in this section under -HPA Amount Cap. Such cap would apply (i) in the event of a liquidation, dissolution or winding up of the Company, (ii) if the Company

Edgar Filing: American Homes 4 Rent - Form S-11/A

exercises its option to redeem or convert the Series A Participating Preferred Shares prior to

Table of Contents

- September 30, 2020 or (iii) on September 30, 2020, which is the date on which the HPA Amount becomes fixed and the date on which dividends begin to accrue on the initial liquidation preference plus the HPA Amount (if any). Assuming a 5% dividend rate, the cap on the HPA Amount would limit the HPA Amount to approximately 4%. To illustrate the application of the cap, assuming a 10% rather than a 5% cumulative hypothetical HPA, and assuming that the company has not redeemed or converted the Series A Participating Preferred Shares or liquidated, on September 30, 2020, the Hypothetical HPA Amount would be fixed at \$8.84, reflecting a 9% internal rate of return.
- (2) Calculated as (A) cumulative dividends plus (i) hypothetical accrued HPA Amount (for periods prior to September 30, 2020) or (ii) the difference between the initial price of \$25.00 and the Adjusted Value (for periods after September 30, 2020) divided by (B) the \$25.00 issue price per Series A Participating Preferred Share.
 - (3) The actual measuring date for the index will be from June 30, 2013. The September 30, 2013 measuring date is for illustrative purposes only.
 - (4) Prior to October 1, 2017, the Series A Participating Preferred Shares are not convertible or redeemable.
 - (5) From and after October 1, 2017, the Series A Participating Preferred Shares are redeemable and convertible at our option. See Description of Series A Participating Preferred Shares Redemption Redemption at Our Option and Description of Series A Participating Preferred Shares Conversion Rights Conversion at Our Option.
 - (6) From and after September 30, 2020, the HPA Amount will equal the HPA Amount calculated with respect to the period ended June 30, 2020, and will thereafter remain fixed at that amount. From and after September 30, 2020, a dividend rate of 10.000% per annum will be applied to the sum of the initial liquidation preference and the HPA Amount calculated with respect to the period ended June 30, 2020.

HPA Amount Cap

Until September 30, 2020, the amount payable upon any conversion, redemption or liquidation event will be subject to a cap, such that the total internal rate of return, when considering the initial liquidation preference, the HPA Amount (if positive), plus dividends (whether paid or accrued) to, but excluding, the date of redemption, conversion or liquidation, will not exceed 9.0%. On September 30, 2020, the HPA Amount will become fixed and cease to accrue and the dividend yield will increase to 10.000% per annum on the liquidation preference plus the HPA Amount.

Redemption at Our Option

We may not redeem the Series A Participating Preferred Shares before September 30, 2017, except in limited circumstances relating to maintaining our qualification as a REIT, as described in Description of Series A Participating Preferred Shares Redemption at Our Option in this prospectus and pursuant to the special optional redemption provisions upon a change in control that are specified below.

Any time after September 30, 2017 but before September 30, 2020, we may redeem for cash all but not less than all of the Series A Participating Preferred Shares at a redemption price per Series A Participating Preferred Share equal to the sum of the initial liquidation preference, and any HPA Amount (if positive) plus accrued and unpaid dividends (whether or not authorized or declared) to, but excluding, the redemption date.

At any time after September 30, 2020, we may redeem for cash all but not less than all of the Series A Participating Preferred Shares at a redemption price per share equal to the initial liquidation preference of \$25.00 per share, plus the HPA Amount (if positive) calculated with respect to the period ended June 30, 2020, plus any accrued but unpaid dividends. The initial liquidation preference of \$25.00 plus the HPA Amount calculated with respect to the period ended June 30, 2020, is referred to as the Adjusted Value.

Conversion at Our Option

At any time after September 30, 2017, we may convert all but not less than all of the Series A Participating Preferred Shares into our

Table of Contents

Class A common shares. The conversion ratio for such one-time conversion will be determined by a formula and cannot be determined until the conversion date. See Description of Series A Participating Preferred Shares Conversion Rights Conversion at Our Option.

If such one-time conversion were to occur after September 30, 2017 but before September 30, 2020, the formula for determining the conversion ratio per Series A Participating Preferred Share will be the sum of (i) the initial liquidation preference, (ii) the HPA Amount for the relevant period (if positive) and (iii) any accrued and unpaid dividends to, but excluding, the conversion date (to occur on the fourth business day following the notice of conversion), divided by the one-day volume-weighted average price of our Class A common shares on the NYSE, or VWAP, as reported by Bloomberg, if available, on the day the notice of conversion is issued.

If such one-time conversion occurs on or after September 30, 2020, the formula for determining the conversion ratio will be (i) the Adjusted Value, plus any accrued and unpaid dividends to, but not including, the conversion date, divided by (ii) the VWAP as reported by Bloomberg on the date the notice of conversion is issued.

Any Class A common shares issued in connection with a conversion described in this section will be registered under the Securities Act and listed on the NYSE or other national exchange.

Special Redemption Option upon a Change of Control Upon the occurrence of a Change of Control (as defined below), we may redeem for cash all but not less than all of the Series A Participating Preferred Shares within 120 days after the date on which such Change of Control occurred, at a price equal to the sum of (i) the initial liquidation preference, (ii) the HPA Amount (if positive) and (iii) an amount per Series A Participating Preferred Share equal to all dividends (whether or not authorized or declared) accrued and unpaid thereon to, but excluding, the date of final distribution to such holders, to, but excluding, the redemption date. If, prior to the Change of Control Conversion Date (as defined herein), we exercise our optional redemption rights relating to the Series A Participating Preferred Shares, the holders of Series A Participating Preferred Shares will not be permitted to exercise the conversion right described below.

A Change of Control means, after the initial issuance of the Series A Participating Preferred Shares, the following have occurred and are continuing:

the acquisition by any person, including any syndicate or group deemed to be a person under Section 13(d)(3) of the Exchange

Table of Contents

Act, of beneficial ownership, directly or indirectly, through a purchase, merger or other acquisition transaction or series of purchases, mergers or other acquisition transactions of securities of the Company entitling that person to exercise more than 50% of the total voting power of all shares of beneficial interest of the Company entitled to vote generally in the election of our trustees (except that such person will be deemed to have beneficial ownership of all securities that such person has the right to acquire, whether such right is currently exercisable or is exercisable only upon the occurrence of a subsequent condition); and

following the closing of any transaction referred to in the bullet point above, neither we nor the acquiring or surviving entity has a class of common securities (or American Depositary Receipts representing such securities) listed on the NYSE, the NYSE MKT or NASDAQ or listed or quoted on an exchange or quotation system that is a successor to the NYSE, the NYSE MKT or NASDAQ.

Conversion Rights of Holders in Connection with a Change of Control

Upon the occurrence of a Change of Control, each holder of Series A Participating Preferred Shares will have the right (unless, prior to the Change of Control Conversion Date, we have provided or provide notice of our election to redeem the Series A Participating Preferred Shares) to convert some or all of the Series A Participating Preferred Shares held by such holder on the Change of Control Conversion Date into a number of our Class A common shares per Series A Participating Preferred Share equal to the lesser of:

the quotient obtained by dividing (i) the sum of (x) the initial liquidation preference plus (y) the HPA Amount for the relevant period (if positive) plus (z) any accrued and unpaid dividends (whether or not declared) to, but excluding, the Change of Control Conversion Date (unless the Change of Control Conversion Date is after a record date for a Series A Participating Preferred Shares dividend payment for which full dividends have been declared and prior to the corresponding Series A Participating Preferred Shares dividend payment date, in which case no additional amount for such accrued and unpaid dividend will be included in this sum and such declared dividend will instead be paid, on such dividend payment date, to the holder of record of the Series A Participating Preferred Shares to be converted as of 5:00 p.m. New York City time, on such record date) by (ii) the Class A Share Price; and

(i.e., the Share Cap), subject to certain adjustments;

subject, in each case, to provisions for the receipt of alternative consideration as described in this prospectus.

If, prior to the Change of Control Conversion Date, we have provided or provide a call notice, pursuant to our right of redemption in

Table of Contents

connection with a Change of Control, holders of Series A Participating Preferred Shares will not have any right to convert the Series A Participating Preferred Shares in connection with the Change of Control Conversion Right and any Series A Participating Preferred Shares selected for call that have been tendered for conversion will be redeemed on the related date of redemption instead of converted on the Change of Control Conversion Date.

For definitions of Change of Control Conversion Right, Change of Control Conversion Date and Class A Share Price and for a description of the adjustments and provisions for the receipt of alternative consideration that may be applicable to the Change of Control Conversion Right, see Description of Series A Participating Preferred Shares Conversion Rights.

Listing

We intend to apply to list the Series A Participating Preferred Shares on the NYSE under the symbol AMHPRA.

Settlement

The underwriters expect to deliver the Series A Participating Preferred Shares against payment therefor through The Depository Trust Company on or about 2013, which is the fifth business day following the pricing of this offering.

Risk Factors

Investing in our Series A Participating Preferred Shares involves various risks. You should read carefully and consider the matters discussed under the caption entitled Risk Factors beginning on page 32 of this prospectus before making a decision to invest our Series A Participating Preferred Shares.

Table of Contents**SUMMARY SELECTED FINANCIAL DATA**

The following table presents selected historical consolidated financial information and selected portfolio data as of June 30, 2013 (unaudited) and December 31, 2012 and 2011 and for the six months ended June 30, 2013 and 2012 (unaudited), for the year ended December 31, 2012 and for the period from June 23, 2011 to December 31, 2011. The selected consolidated financial information presented below under the captions

Consolidated Statements of Operations Data and Consolidated Balance Sheets Data have been derived from our consolidated financial statements. Under the provisions of ASC 805, *Business Combinations*, we have reflected transactions between businesses under common control retroactively based on the date AH LLC commenced acquiring properties, June 23, 2011. As such, the statements of operations reflect activity prior to our date of formation, and the properties contributed to us by AH LLC are reflected retroactively on the balance sheets based on AH LLC's net book value. Therefore, our selected consolidated financial data may not be indicative of our past or future results and does not reflect our financial position or results of operations had it been presented as if we had been operating independently during the period presented. Because the information presented below is only a summary and does not provide all of the information contained in our historical consolidated financial statements, including the related notes, you should read it in conjunction with Management's Discussion and Analysis of Financial Condition and Results of Operations and our consolidated financial statements, including the related notes, included elsewhere in this prospectus.

Consolidated Statements of Operations Data

(Amounts in thousands, except share information)

	For the Six Months Ended June 30,		Year Ended December 31,	Period from June 23, 2011 to December 31, 2011
	2013	2012	2012	
Revenues:				
Rents from single-family properties	\$ 24,144	\$ 280	\$ 4,540	\$ 65
Other	535			
Total revenues	24,679	280	4,540	65
Expenses:				
Property operating expenses				
Leased single-family properties	9,362	133	1,744	27
Vacant single-family properties	6,120	118	1,846	12
General and administrative expense	2,436	1,657	7,199	47
Advisory fees	6,352		937	
Interest expense	370			
Noncash share-based compensation expense	453		70	
Acquisition fees and costs expensed	3,489		869	
Depreciation and amortization	13,784	102	2,111	21
Total expenses	42,366	2,010	14,776	107
Gain on remeasurement of equity method investment	10,945			
Income / (loss) from continuing operations	(6,742)	(1,730)	(10,236)	(42)
Discontinued operations				
Gain on disposition of assets	904			
Income from discontinued operations	104			
Total income from discontinued operations	1,008			

Table of Contents

	For the Six Months Ended June 30,		Year Ended December 31,	Period from June 23, 2011 to December 31, 2011
	2013	2012	2012	
Net income / (loss)	(5,734)	(1,730)	(10,236)	(42)
Noncontrolling interest	5,559			
Conversion of preferred units	10,456			
Net loss attributable to common shareholders	\$ (21,749)	\$ (1,730)	\$ (10,236)	\$ (42)
Weighted average shares outstanding basic and diluted	72,234,717	3,301,667	7,225,512	3,301,667
Net loss per share basic and diluted:				
Loss from continuing operations	\$ (0.31)	\$ (0.52)	\$ (1.42)	\$ (0.01)
Discontinued operations	0.01			
Net loss attributable to common shareholders per share basic and diluted	\$ (0.30)	\$ (0.52)	\$ (1.42)	\$ (0.01)

Consolidated Balance Sheets Data

	As of June 30, 2013 (unaudited) (in thousands)	As of December 31,	
		2012 (in thousands)	2011 (in thousands)
Single-family properties, net	\$ 3,039,504	\$ 505,713	\$ 3,495
Cash and cash equivalents	251,406	397,198	
Rent and other receivables	7,644	6,586	11
Restricted cash for resident security deposits	13,572		
Escrow deposits, prepaid expenses and other assets	27,936	11,961	17
Deferred costs and other intangibles	21,978		
Goodwill	120,655		
Total assets	\$ 3,482,695	\$ 921,458	\$ 3,523
Total liabilities	\$ 831,359	\$ 16,294	\$ 49
Total equity	2,651,336	905,164	3,474
Total liabilities and equity	\$ 3,482,695	\$ 921,458	\$ 3,523

Selected Other Portfolio Data

	As of June 30, 2013 (unaudited)	As of December 31,	
		2012	2011
Leased single-family properties	10,245	1,164	19
Vacant single-family properties available for lease	2,007	623	2

Edgar Filing: American Homes 4 Rent - Form S-11/A

Single-family properties being renovated	6,074	1,857	12
Total single-family properties owned	18,326	3,644	33

Table of Contents

RISK FACTORS

*An investment in our Series A Participating Preferred Shares involves a high degree of risk. Before making an investment decision, you should carefully consider the following risk factors, together with the other information contained in this prospectus. If any of the risks discussed in this prospectus occur, our business, prospects, financial condition, results of operations and our ability to make cash distributions to our shareholders could be materially and adversely affected. In that case, the trading price of our Series A Participating Preferred Shares could decline significantly, and you could lose all or part of your investment. Some statements in this prospectus, including statements in the following risk factors, constitute forward-looking statements. Please refer to the section entitled *Forward-Looking Statements*.*

Risks Related to Our Business

We are employing a new and untested business model with no proven track record, which may make our business difficult to evaluate.

Until very recently, the single-family rental business consisted primarily of private and individual investors in local markets and was managed individually or by small, local property managers. Our investment strategy involves purchasing a large number of residential properties and leasing them to suitable tenants. No peer companies exist with an established track record to enable us to predict whether our investment strategy can be implemented successfully over time. It will be difficult for you to evaluate our potential future performance without the benefit of established track records from companies implementing a similar investment strategy. We may encounter unanticipated problems implementing our investment strategy, which may adversely affect our results of operations and ability to make distributions on our Series A Participating Preferred Shares and cause our share price to decline significantly. We believe the acquisition, operation and management of multi-family residential real estate is the most comparable established model for our business, but in contrast to multi-family operations, the geographic dispersion of single-family properties (even within a local clustering) creates significantly greater operational and maintenance challenges and, potentially, significantly higher per-unit operating costs. In addition, since each home has unique features, appliances and building materials, renovations, maintenance, marketing and operational tasks will be far more varied and demanding than in a typical multi-family setting. We may be unable to operate a large portfolio of single-family rental properties in a cost-effective and profitable manner and our business plan may not succeed. We also can provide no assurance that we will be able to successfully achieve our objective of providing attractive risk-adjusted returns to our shareholders.

We are a recently organized REIT with a limited operating history, and we may not be able to successfully operate our business or generate sufficient cash flows to make or sustain distributions on our Series A Participating Preferred Shares.

We were organized in October 2012, and we commenced operations in November 2012 upon completion of our initial private placement. We have a limited operating history, and, through June 30, 2013, we have not generated any earnings. We may not be able to successfully operate our business or implement our operating policies and investment strategy as described in this prospectus. Furthermore, we may not be able to generate sufficient cash flows to pay our operating expenses, service any debt we may incur in the future and make distributions to our shareholders. Our ability to successfully operate our business and implement our operating policies and investment strategy depends on many factors, including:

the availability of, and our ability to identify, attractive acquisition opportunities consistent with our investment strategy;

our ability to contain renovation, maintenance, marketing and other operating costs for our properties;

our ability to maintain high occupancy rates and target rent levels;

our ability to compete with other investors entering the single-family sector;

Table of Contents

costs that are beyond our control, including title litigation, litigation with tenants or tenant organizations, legal compliance, real estate taxes, homeowners' association, or HOA, fees and insurance;

judicial and regulatory developments affecting landlord-tenant relations that may affect or delay our ability to dispossess or evict occupants or increase rents;

judicial and regulatory developments affecting banks and other mortgage holders' ability to foreclose on delinquent borrowers;

reversal of population, employment or homeownership trends in target markets;

interest rate levels and volatility, such as the accessibility of short- and long-term financing on desirable terms; and

economic conditions in our target markets, including changes in employment and household earnings and expenses, as well as the condition of the financial and real estate markets and the economy generally.

In addition, we face significant competition in acquiring attractive properties on advantageous terms, and the value of the properties that we acquire may decline substantially after we purchase them.

We may not be able to effectively manage our growth, and any failure to do so may have an adverse effect on our business and operating results.

We have a limited operating history, and we plan to grow our own property portfolio and operations rapidly. From commencement of our operations in November 2012 through July 31, 2013, we have acquired 19,825 single-family properties in 22 states. Our future operating results may depend on our ability to effectively manage our rapid growth, which is dependent, in part, upon our ability to:

stabilize and manage a rapidly increasing number of properties and tenant relationships while maintaining a high level of tenant satisfaction and building and enhancing our brand;

identify and supervise an increasing number of suitable third parties on which we rely to provide certain services to our properties;

attract, integrate and retain new management and operations personnel as our organization grows in size and complexity;

continue to improve our operational and financial controls and reporting procedures and systems; and

scale our technology and other infrastructure platforms to adequately service new properties.

We cannot assure you that we will be able to achieve these results or that we may otherwise be able to manage our growth effectively. Any failure to do so may have an adverse effect on our business and operating results.

Because we have not yet identified any specific properties (other than properties held in escrow) to acquire with any net proceeds of this offering remaining after repayment of debt, you will be unable to evaluate the economic merits of our investments made with such net proceeds before making an investment decision to purchase our Series A Participating Preferred Shares.

Edgar Filing: American Homes 4 Rent - Form S-11/A

Because we have not yet identified any specific properties (other than properties held in escrow) to acquire with the net proceeds of this offering remaining after repayment of debt or committed any portion of the net proceeds of this offering to any specific property investment, you will be unable to evaluate the economic merits of our investments made with such proceeds before making an investment decision to purchase our Series A Participating Preferred Shares.

Table of Contents

We will have broad authority to invest the net proceeds of this offering in any real estate investments that we may identify in the future, and we may use those proceeds to make investments with which you may not agree. You will be unable to evaluate the economic merits of our properties before we invest in them and will be relying on our ability to select attractive investment properties. We also will have broad discretion in implementing policies regarding tenant creditworthiness, and you will not have the opportunity to evaluate potential tenants. In addition, our investment policies may be amended or revised from time to time at the discretion of our board of trustees, without a vote of our shareholders. These factors will increase the uncertainty and the risk of investing in our Series A Participating Preferred Shares.

Although we intend to use the net proceeds of this offering to acquire, renovate and rent single-family properties in our target markets (exclusive of the portion used to repay indebtedness we have incurred or expect to incur under our credit facility), including certain escrowed properties, we cannot assure you that we will be able to do so. Our failure to apply the net proceeds of this offering effectively or find suitable properties to acquire in a timely manner or on acceptable terms could result in losses or returns that are substantially below expectations.

We intend to continue to rapidly expand our scale of operations and make acquisitions even if the rental and housing markets are not as favorable as they have been in recent months, which could adversely impact anticipated yields.

Our long-term growth depends on the availability of acquisition opportunities in our target markets at attractive pricing levels. We believe various factors and market conditions have made homes available for purchase at prices that are below replacement costs. We expect that in the future housing prices will stabilize and return to more normalized levels, and therefore future acquisitions may be more costly. There are many factors that may cause a recovery in the housing market that would result in future acquisitions becoming more expensive and possibly less attractive than recent past and present opportunities, including:

improvements in the overall economy and job market;

a resumption of consumer lending activity and greater availability of consumer credit;

improvements in the pricing and terms of mortgage-backed securities;

the emergence of increased competition for single-family assets from private investors and entities with similar investment objectives to ours; and

tax or other government incentives that encourage homeownership.

We have not adopted and do not expect to adopt a policy of making future acquisitions only if they are accretive to existing yields and distributable cash. We plan to continue acquiring properties as long as we believe such properties offer an attractive total return opportunity. Accordingly, future acquisitions may have lower yield characteristics than recent past and present opportunities and if such future acquisitions are funded through equity issuances, the yield and distributable cash per share will be reduced, and the value of our Series A Participating Preferred Shares may decline.

Our future growth depends, in part, on the availability of additional debt or equity financing. If we cannot obtain additional financing on terms favorable or acceptable to us, our growth may be limited.

Part of our business strategy may involve the use of debt and equity financing to increase potential returns to our shareholders in the future. Although we do not believe we need to use leverage to execute our business strategy, our inability in the future to obtain additional financing on attractive terms, or at all, could adversely impact our ability to execute our business strategy, which could adversely affect our growth prospects and future shareholder returns. Our access to capital depends, in part, on:

general business conditions;

Table of Contents

financial market conditions;

the market's perception of our business prospects and growth potential;

the market price of our Class A common shares;

our current debt levels; and

our current and expected earnings, cash flow and distributions.

We cannot assure you that we will be able to obtain debt or equity financing on terms favorable or acceptable to us or at all. If we are unable to do so, we may have to curtail our investment activities, which could limit our growth prospects, and we may be forced to dispose of assets at inopportune times in order to maintain our REIT qualification. Our pace of acquisitions may also depend on the level of funds available for investment. In addition, if we are unable to obtain debt financing, we may have to rely more heavily on additional equity issuances, which may be dilutive to our shareholders, or on less efficient forms of debt financing that require a larger portion of our cash flow from operations, thereby reducing funds available for our operations, future business opportunities, cash distributions to our shareholders and other purposes.

We may also be limited in the amounts we may borrow under our credit facility with Wells Fargo. The amount that may be borrowed under our credit facility is generally based on the lower of 50% of the value of our qualifying leased and un-leased properties and certain other measures based in part on the net income generated by our qualifying leased and un-leased properties, which we refer to as the borrowing base. Because the borrowing base is determined in part by the estimated value of, and the net income generated by, our qualifying leased and un-leased properties and the quantity, value and rentability of properties in our portfolio may fluctuate from time to time, we may be limited in the amounts we are able to borrow under our credit facility.

Our revenue and expenses are not directly correlated, and because a large percentage of our costs and expenses are fixed, we may not be able to adapt our cost structure to offset declines in our revenue.

Most of the expenses associated with our business, such as acquisition costs, renovation and maintenance costs, real estate taxes, HOA fees, personal and ad valorem taxes, insurance, utilities, employee wages and benefits and other general corporate expenses, are relatively inflexible and will not necessarily decrease with a reduction in revenue from our business. Our assets also are prone to depreciation and will require a significant amount of ongoing capital expenditures. Our expenses and ongoing capital expenditures also will be affected by inflationary increases, and certain of our cost increases may exceed the rate of inflation in any given period. By contrast, our rental income is affected by many factors beyond our control such as the availability of alternative rental housing and economic conditions in our target markets. In addition, state and local regulations may require us to maintain properties that we own, even if the cost of maintenance is greater than the value of the property or any potential benefit from renting the property. As a result, we may not be able to fully offset rising costs and capital spending by higher rental rates, which could have a material adverse effect on our results of operations and cash available for distribution.

Our success depends, in part, upon our ability to hire and retain highly skilled managerial, investment, financial and operational personnel, and the past performance of our senior management may not be indicative of future results.

The implementation of our business plan may require that we employ additional qualified personnel. Competition for highly skilled managerial, investment, financial and operational personnel is intense. As additional, large real estate investors have entered the single-family rental business, we have faced increased challenges in hiring and retaining personnel, and we cannot assure our shareholders that we will be successful in attracting and retaining such skilled personnel. If we are unable to hire and retain qualified personnel as required, our growth and operating results could be adversely affected.

Table of Contents

You should not rely upon the past performance of our senior management, as their past performance at Public Storage, which was in the self-storage business, or their other prior professional endeavors may not be indicative of our future results. Other than their experience with our company and AH LLC, which was organized in June 2011, our executive team has no experience in the business of acquiring and renting single-family residences.

We are dependent on our executive officers and dedicated personnel, and the departure of any of our key personnel could materially and adversely affect us.

We rely on a small number of persons to carry out our business and investment strategies. Any of our senior management may cease to provide services to us at any time. The loss of the services of any of our key management personnel, or our inability to recruit and retain qualified personnel in the future, could have an adverse effect on our business and financial results. As we expand, we will continue to need to attract and retain qualified additional senior management but may not be able to do so on acceptable terms or at all.

Our investments are and will continue to be concentrated in our target markets and in the single-family properties sector of the real estate industry, which exposes us to downturns in our target markets or in the single-family properties sector.

Our investments in real estate assets are and will continue to be concentrated in target markets and in the single-family properties sector of the real estate industry. A downturn or slowdown in the rental demand for single-family housing caused by adverse economic, regulatory or environmental conditions, or other events, in our target markets may have a greater impact on the value of our properties or our operating results than if we had more fully diversified our investments. While we have limited experience in this sector, we believe that there may be some seasonal fluctuations in rental demand with demand higher in the spring and summer than in the fall and winter. Such seasonal fluctuations may impact our operating results.

In addition to general, regional, national and international economic conditions, our operating performance will be impacted by the economic conditions in our target markets. We acquire, renovate and rent single-family properties in our target markets, which currently include MSAs within 22 states. As of July 31, 2013, approximately 56% of our properties were concentrated in only five states Texas, Florida, North Carolina, Indiana and Ohio. We base a substantial part of our business plan on our belief that property values and operating fundamentals for single-family properties in these markets will improve significantly over the next several years. However, each of these markets experienced substantial economic downturns in recent years and could experience similar or worse economic downturns in the future. We can provide no assurance as to the extent property values and operating fundamentals in these markets will improve, if at all. If the recent economic downturn in these markets persists or if we fail to accurately predict the timing of economic improvement in these markets, the value of our properties could decline and our ability to execute our business plan may be adversely affected, which could adversely affect our financial condition, operating results and ability to make distributions to our shareholders and cause the value of your investment to decline.

We rely on local, third-party providers for services that may become limited or unavailable and may harm our brand and reputation and operation results.

We rely on local, third-party vendors and service providers, including third-party house improvement professionals, leasing agents and property management companies in situations when it is cost-effective to do so or our internal staff is unable to perform these functions. We do not have exclusive or long-term contractual relationships with any of these third-party providers, and we can provide no assurance that we will have uninterrupted or unlimited access to their services. Furthermore, selecting, managing and supervising these third-party providers require significant management resources and expertise. If we do not select, manage and supervise appropriate third parties for these services, our brand and reputation and operating results may suffer. Moreover, we may not successfully detect and prevent fraud, incompetence or theft by our third-party providers,

Table of Contents

which could subject us to material liability or responsibility for damages, fines and/or penalties associated with such fraud, incompetence or theft.

In addition, any removal or termination of third-party providers would require us to seek new vendors or providers, which would create delays and adversely affect our operations. If we do not select appropriate third-party providers, or if the third-party providers we do select fail to deliver quality services, our brand and reputation, operating results and cash flows from our properties may be adversely affected, including entities in which we and our affiliates have an interest.

AH LLC may not be able to effectively control the timing and costs relating to the renovation of properties, which may adversely affect our operating results and our ability to make distributions on our Series A Participating Preferred Shares.

Nearly all of our properties require some level of renovation immediately upon their acquisition or in the future following expiration of a lease or otherwise. We may acquire properties that we plan to extensively renovate. We also may acquire properties that we expect to be in good condition only to discover unforeseen defects and problems that require extensive renovation and capital expenditures. To the extent properties are leased to existing tenants, renovations may be postponed until the tenant vacates the premises, and we will pay the costs of renovating. In addition, in order to reposition properties in the rental market, we will be required to make ongoing capital improvements and replacements and may need to perform significant renovations and repairs from time to time that tenant deposits and insurance may not cover.

Our properties have infrastructure and appliances of varying ages and conditions. Consequently, AH LLC routinely retains independent contractors and trade professionals to perform physical repair work, and we are exposed to all of the risks inherent in property renovation, including potential cost overruns, increases in labor and materials costs, delays by contractors in completing work, delays in the timing of receiving necessary work permits, certificates of occupancy and poor workmanship. If our assumptions regarding the costs or timing of renovation across our properties prove to be materially inaccurate, our operating results and ability to make distributions to our shareholders may be adversely affected.

We face significant competition for acquisitions of our target properties, which may limit our strategic opportunities and increase the cost to acquire those properties.

We face significant competition for attractive acquisition opportunities in our target markets from other large real estate investors, some of which have greater financial resources and a lower cost of capital than we do. Several REITs and other funds have recently deployed, and others are expected to deploy in the near future, significant amounts of capital to purchase single-family homes and may have investment objectives that overlap and compete with ours, including in our target markets. This activity has adversely impacted our level of purchases in certain of our target markets. If our business model or a similar model proves to be successful, we can expect competition to intensify significantly. As a result, the purchase price of potential acquisition properties may be significantly elevated, or we may be unable to acquire properties on desirable terms or at all.

We face significant competition in the leasing market for quality tenants, which may limit our ability to rent our single-family homes on favorable terms or at all.

We face competition for tenants from other lessors of single-family properties, apartment buildings and condominium units, and the continuing development of apartment buildings and condominium units in many of our target markets increases the supply of housing and exacerbates competition for tenants. Many of these competitors may successfully attract tenants with better incentives and amenities, which could adversely affect our ability to obtain quality tenants and lease our single-family properties on favorable terms or at all. Additionally, some competing housing options may qualify for government subsidies that may make such options more affordable and therefore more attractive than our properties. At July 31, 2013, we owned 19,825

Table of Contents

single-family properties, 11,753, or 59%, of which were leased. Our operating results and ability to make distributions to our shareholders would be adversely affected if we are not able to lease our properties on favorable terms or at all.

The large supply of single-family homes becoming available for purchase as a result of the heavy volume of foreclosures, combined with historically low residential mortgage rates, may cause some potential renters to seek to purchase residences rather than lease them and, as a result, cause a decline in the number and quality of potential tenants.

The large supply of foreclosed homes, along with low residential mortgage interest rates currently available and government sponsored programs to promote home ownership, has made home ownership more affordable and more accessible for potential renters who have strong credit. These factors may encourage potential renters to purchase residences rather than lease them, thereby causing a decline in the number and quality of potential tenants available to us.

Our evaluation of properties involves a number of assumptions that may prove inaccurate, which could result in us paying too much for properties we acquire or overvaluing our properties or our properties failing to perform as we expect.

In determining whether a particular property meets our investment criteria, we make a number of assumptions, including assumptions related to estimated time of possession and estimated renovation costs and time frames, annual operating costs, market rental rates and potential rent amounts, time from purchase to leasing and tenant default rates. These assumptions may prove inaccurate. As a result, we may pay too much for properties we acquire or overvalue our properties, or our properties may fail to perform as we expect. Adjustments to the assumptions we make in evaluating potential purchases may result in fewer properties qualifying under our investment criteria, including assumptions related to our ability to lease properties we have purchased. Reductions in the supply of properties that meet our investment criteria may adversely affect our ability to implement our investment strategy and operating results.

Furthermore, the properties that we acquire vary materially in terms of time to possession, renovation, quality and type of construction, location and hazards. Our success depends on our ability to acquire properties that can be quickly possessed, renovated, repaired, upgraded and rented with minimal expense and maintained in rentable condition. AH LLC's ability to identify and acquire such properties is fundamental to our success. In addition, the recent market and regulatory environments relating to single-family residential properties have been changing rapidly, making future trends difficult to forecast. For example, an increasing number of homeowners now wait for an eviction notice or eviction proceedings to commence before vacating foreclosed premises, which significantly increases the time period between the acquisition and leasing of a property. Such changes affect the accuracy of our assumptions and, in turn, may adversely affect our operating results.

Purchasing single-family properties through the foreclosure auction process will subject us to significant risks that could adversely affect our operating results, cash flows and ability to make distributions on our Series A Participating Preferred Shares.

Our business plan involves acquiring single-family properties through the foreclosure auction process simultaneously in a number of markets, which involves monthly foreclosure auctions on the same day of the month in certain markets. As a result, we are only able to visually inspect properties from the street and must purchase these properties without a contingency period and in "as is" condition with the risk that unknown defects in the property may exist. We also may encounter unexpected legal challenges and expenses in the foreclosure process. Upon acquiring a new property, we may have to evict residents who are in unlawful possession before we can secure possession and control of the property. The holdover occupants may be the former owners or tenants of a property, or they may be squatters or others who are illegally in possession. Securing control and possession from these occupants can be both costly and time-consuming.

Table of Contents

Further, when acquiring properties on an as is basis, title commitments are often not available prior to purchase, and title reports or title information may not reflect all senior liens, which may increase the possibility of acquiring houses outside predetermined acquisition and price parameters, purchasing residences with title defects and deed restrictions, HOA restrictions on leasing or underwriting or purchasing the wrong residence. The policies, procedures and practices we implement to assess the state of title and leasing restrictions prior to purchase may not be effective, which could lead to a material if not complete loss on our investment in such properties. For properties we acquire through the foreclosure auction process, we do not obtain title commitments prior to purchase, and we are not able to perform the type of title review that is customary in acquisitions of real property. As a result, our knowledge of potential title issues will be limited, and no title insurance protection will be in place. This lack of title knowledge and insurance protection may result in third parties having claims against our title to such properties that may materially and adversely affect the values of the properties or call into question the validity of our title to such properties. Without title insurance, we are fully exposed to, and would have to defend ourselves against, such claims. Further, if any such claims are superior to our title to the property we acquired, we risk loss of the property purchased. Any of these risks could adversely affect our operating results, cash flows and ability to make distributions to our shareholders.

Claims of deficiencies in the foreclosure process may result in rescission of our purchases at auction or reduce the supply of foreclosed properties available to us.

Allegations of deficiencies in foreclosure practices could result in claims challenging the validity of some foreclosures that have occurred to date, potentially placing our claim of ownership to the properties at risk. Since we do not have title insurance policies for properties we acquire through the foreclosure auction process, such instances or such proceedings may result in a complete loss without compensation.

Each state has its own laws governing the procedures to foreclose on mortgages and deeds of trust, and state laws generally require strict compliance with these laws in both judicial and non-judicial foreclosures. Recently, courts and administrative agencies have been more actively involved in enforcing state laws governing foreclosures, and in some circumstances have imposed new rules and requirements regarding foreclosures. Some courts have delayed or prohibited foreclosures based on alleged failures to comply with proper transfers of title, notice, identification of parties in interest, documentation and other legal requirements. Further, foreclosed owners and their representatives, including some prominent and well-financed legal firms, have brought litigation questioning the validity and finality of foreclosures that have already occurred. These developments may slow or reduce the supply of foreclosed houses available to us for purchase and may call into question the validity of our title to houses acquired at foreclosure, or result in rescission rights or other borrower remedies, which could result in a loss of a property purchased by us, an increase in litigation costs incurred with respect to properties obtained through foreclosure, or delays in stabilizing and leasing such properties promptly after acquisition.

Properties acquired through bulk sales may subject us to the risk of acquiring properties that do not fit our target investment criteria and may be costly or time consuming to divest, which may adversely affect our operating results.

We have acquired and expect to continue to acquire properties purchased as portfolios in bulk from other owners of single-family homes. To the extent the management and leasing of such properties has not been consistent with our property management and leasing standards, we may be subject to a variety of risks, including risks relating to the condition of the properties, the credit quality and employment stability of the tenants and compliance with applicable laws, among others. In addition, financial and other information provided to us regarding such portfolios during our due diligence may be inaccurate, and we may not discover such inaccuracies until it is too late to seek remedies against such sellers. To the extent we timely pursue such remedies, we may not be able to successfully prevail against the seller in an action seeking damages for such inaccuracies. If we conclude that certain properties purchased in bulk portfolios do not fit our target investment

Table of Contents

criteria, we may decide to sell, rather than renovate and rent, these properties, which could take an extended period of time and may not result in a sale at an attractive price.

Single-family properties that are being sold through short sales or foreclosure sales are subject to risks of theft, mold, infestation, vandalism, deterioration or other damage that could require extensive renovation prior to renting and adversely impact operating results.

When a single-family property is put into foreclosure due to a default by the homeowner on its mortgage obligations or the value of the property is substantially below the outstanding principal balance on the mortgage and the homeowner decides to seek a short sale, the homeowner may abandon the property or cease to maintain the property as rigorously as the homeowner normally would. Neglected and vacant properties are subject to increased risks of theft, mold, infestation, vandalism, general deterioration and other maintenance problems that may persist without appropriate attention and remediation. If we begin to purchase a large volume of properties in bulk sales and are not able to inspect them immediately before closing on the purchase, we may purchase properties that may be subject to these problems, which may result in maintenance and renovation costs and time frames that far exceed our estimates. These circumstances could substantially impair our ability to quickly renovate and lease such properties in a cost efficient manner or at all, which would adversely impact our operating results.

If occupancy levels and rental rates in our target markets do not increase sufficiently to keep pace with rising costs of operations, our rental income and distributable cash will decline.

The success of our business model depends, in part, on conditions in the single-family rental market in our target markets. Our asset acquisitions are premised on assumptions about occupancy levels and rental rates, and if those assumptions prove to be inaccurate, our cash flows and profitability will be reduced. Occupancy levels and rental rates have benefited in recent periods from macro trends affecting the U.S. economy and residential real estate markets in particular, including:

a tightening of credit that has made it more difficult to finance a home purchase, combined with efforts by consumers generally to reduce their exposure to credit;

weak economic and employment conditions that have increased foreclosure rates and made it more difficult for families to remain in their homes that were purchased prior to the housing market downturn;

declining real estate values that have challenged the traditional notion that homeownership is a stable investment; and

the unprecedented level of vacant housing comprising the real estate owned, or REO, inventory held for sale by banks, government-sponsored entities and other mortgage lenders or guarantors.

We do not expect these favorable trends in the residential rental market to continue indefinitely. Eventually, a strengthening of the U.S. economy and job growth, coupled with government programs designed to keep home owners in their homes and/or other factors may contribute to a stabilization or reversal of the current trend that favors renting rather than homeownership. In addition, we expect that as investors like us increasingly seek to capitalize on opportunities to purchase housing assets at below replacement costs and convert them to productive uses, the supply of single-family rental properties will decrease and the competition for tenants may intensify. A softening of the rental market in our target areas would reduce our rental income and profitability.

Eminent domain could lead to material losses on our investments in our properties.

Governmental authorities may exercise eminent domain to acquire land on which our properties are built in order to build roads and other infrastructure. Any such exercise of eminent domain would allow us to recover only the fair value of the affected properties. Our investment strategy is premised on the concept that this fair

Table of Contents

value will be substantially less than the real value of the property for a number of years, and we could effectively have no profit potential from properties acquired by the government through eminent domain. Several cities also are exploring proposals to use eminent domain to acquire mortgages to assist homeowners to remain in their homes, potentially reducing the supply of single-family properties in our target markets.

We depend on our tenants and their willingness to renew their leases for substantially all of our revenues. Poor tenant selection and defaults and nonrenewals by our tenants may adversely affect our reputation, financial performance and ability to make distributions on our Series A Participating Preferred Shares.

We depend on tenants for substantially all of our revenues. As a result, our success depends in large part upon our ability to attract and retain qualified tenants for our properties. Our reputation, financial performance and ability to make distributions to our shareholders would be adversely affected if a significant number of our tenants fail to meet their lease obligations or fail to renew their leases. For example, tenants may default on rent payments, make unreasonable and repeated demands for service or improvements, make unsupported or unjustified complaints to regulatory or political authorities, use our properties for illegal purposes, damage or make unauthorized structural changes to our properties that are not covered by security deposits, refuse to leave the property upon termination of the lease, engage in domestic violence or similar disturbances, disturb nearby residents with noise, trash, odors or eyesores, fail to comply with HOA regulations, sublet to less desirable individuals in violation of our lease or permit unauthorized persons to live with them. Damage to our properties may delay re-leasing after eviction, necessitate expensive repairs or impair the rental income or value of the property resulting in a lower than expected rate of return. Widespread unemployment and other adverse changes in the economic conditions in our target markets could result in substantial tenant defaults. In the event of a tenant default or bankruptcy, we may experience delays in enforcing our rights as landlord at that property and will incur costs in protecting our investment and re-leasing the property.

Short-term leases of residential property may expose us to the effects of declining market rents, which may adversely affect our operating results and our ability to make distributions on our Series A Participating Preferred Shares.

Substantially all of our leases are of a duration of less than two years and will be one year in the majority of cases. As these leases permit tenants to leave at the end of the lease term without penalty, we anticipate our rental revenues may be affected by declines in market rents more quickly than if our leases were for longer terms. Short-term leases may result in high turnover, which involves costs such as restoring the properties, marketing costs and lower occupancy levels. Because we have a limited track record, we cannot accurately predict our turnover rate or the associated costs we will incur. Moreover, we cannot assure you that our leases will be renewed on equal or better terms or at all. If our tenants do not renew their leases or the rental rates for our properties decrease, our operating results and ability to make distributions to our shareholders could be adversely affected.

Declining real estate values and impairment charges could adversely affect our financial condition and operating results.

We intend to review the carrying value of our properties when circumstances, such as adverse market conditions, indicate potential impairment may exist. If our evaluation indicates that we may be unable to recover the carrying value of a material portion of our real estate investments, an impairment charge will be recorded to the extent that the carrying value exceeds the estimated fair value of the properties. These losses would directly impact our financial condition and operating results. The evaluation of anticipated cash flows is highly subjective and is based in part on assumptions regarding future occupancy, rental rates and capital requirements that could differ materially from actual results in future periods. A declining real estate market may cause us to reevaluate the assumptions used in our impairment analysis. Impairment charges would adversely affect our financial condition and operating results.

Table of Contents

Our financial results in the period or periods immediately following completion of this offering may not be reflective of our earning potential and may cause our Series A Participating Preferred Share price to decline.

Our financial results in the fiscal periods immediately following completion of this offering may not be representative of our future potential. Prior to the full deployment of the net proceeds from this offering, we may invest the undeployed net proceeds in interest-bearing, short-term, investment-grade securities or money market accounts that are consistent with our intention to qualify as a REIT. We expect that these initial investments will provide a lower net return than we expect to receive from the investments described in this prospectus. In addition, because we expect to experience additional growth following this offering, we will have a greater percentage of our portfolio invested in assets in the process of stabilization than we would expect to have as a more mature operation. It will take time and significant cash resources to restore, reposition and lease these properties in the process of stabilization. As a result, newly acquired properties that are not leased at the time of acquisition, will not begin generating revenue for some period of time following this offering and will reduce our overall financial performance.

Our net income and FFO may decrease in the near term as a result of the Management Internalization.

Our net income and funds from operations, or FFO, may decrease as a result of the Management Internalization. Now that we are self-managed, our expenses include the compensation and benefits of our officers, dedicated personnel and consultants, as well as overhead previously paid by AH LLC and its affiliates. Furthermore, these dedicated personnel provide us services that were provided by AH LLC and its affiliates. We can provide no assurance that we will be able to continue to provide those services at the same level or for the same costs as provided by subsidiaries of AH LLC under the advisory management agreement and the property management agreement, and there may be unforeseen costs, expenses and difficulties associated with continuing to provide those services on a self-managed basis. If the expenses we assumed as a result of the Management Internalization are higher than any corresponding increase in revenues or decrease in other expenses, our net income and FFO may be lower as a result of the Management Internalization than they otherwise would have been.

We are self-insured against many potential losses, and uninsured or underinsured losses relating to properties may adversely affect our financial condition, operating results, cash flows and ability to make distributions on our Series A Participating Preferred Shares.

We will attempt to ensure that all of the properties we acquire are adequately insured to cover casualty losses. However, many of the policies covering casualty losses may be subject to substantial deductibles and carveouts, and we will be self-insured up to the amount of the deductibles and carveouts. Since some claims against us will not exceed the deductibles under our insurance policies, we will be effectively self-insured for some claims. There are also some losses, including losses from floods, fires, earthquakes, acts of war, acts of terrorism or riots, that may not always be insured against or that are not generally fully insured against because it is not deemed economically feasible or prudent to do so. In addition, changes in the cost or availability of insurance could expose us to uninsured casualty losses.

In the event that any of the properties we acquire incur a casualty loss that is not fully covered by insurance, the value of our assets will be reduced by the amount of any such uninsured loss, and we could experience a significant loss of capital invested and potential revenues in these properties and could potentially remain obligated under any recourse debt associated with the property. Inflation, changes in building codes and ordinances, environmental considerations and other factors might also keep us from using insurance proceeds to replace or renovate a property after it has been damaged or destroyed. Under those circumstances, the insurance proceeds we receive might be inadequate to restore our economic position on the damaged or destroyed property. Any such losses could adversely affect our financial condition, operating results, cash flows and ability to make distributions on our Series A Participating Preferred Shares. In addition, we may have no source of funding to repair or reconstruct the damaged property, and we cannot assure you that any such sources of funding will be available to us for such purposes in the future.

Table of Contents

Contingent or unknown liabilities could adversely affect our financial condition, cash flows and operating results.

We may acquire properties that are subject to contingent or unknown liabilities, including liabilities for or with respect to liens attached to properties, unpaid real estate tax, utilities or HOA charges for which a subsequent owner remains liable, clean-up or remediation of environmental conditions or code violations, claims of customers, vendors or other persons dealing with the acquired entities and tax liabilities, among other things. Purchases of single-family properties acquired at auction, in short sales, from lenders or in bulk purchases typically involve few or no representations or warranties with respect to the properties. In each case, our acquisition may be without any, or with only limited, recourse against the sellers with respect to unknown liabilities or conditions. As a result, if any such liability were to arise relating to our properties, or if any adverse condition exists with respect to our properties that is in excess of our insurance coverage, we might have to pay substantial amounts to settle or cure it, which could adversely affect our financial condition, cash flows and operating results.

In addition, the properties we acquire may be subject to covenants, conditions or restrictions that restrict the use or ownership of such properties, including prohibitions on leasing or requirements to obtain the approval of HOAs prior to leasing. We may not discover such restrictions during the acquisition process, and such restrictions may adversely affect our ability to utilize such properties as we intend.

Security breaches and other disruptions could compromise our information and expose us to liability, which would cause our business and reputation to suffer.

In the ordinary course of our business we acquire and store sensitive data, including intellectual property, our proprietary business information and personally identifiable information of our prospective and current tenants, our employees and third-party service providers in our branch offices and on our networks and website. The secure processing and maintenance of this information is critical to our operations and business strategy. Despite our security measures, our information technology and infrastructure may be vulnerable to attacks by hackers or breached due to employee error, malfeasance or other disruptions. Any such breach could compromise our networks and the information stored there could be accessed, publicly disclosed, lost or stolen. Any such access, disclosure or other loss of information could result in legal claims or proceedings, liability under laws that protect the privacy of personal information, regulatory penalties, disruption to our operations and the services we provide to customers or damage our reputation, which could adversely affect our results of operations and competitive position.

A significant number of our properties are part of HOAs, and we and our tenants are subject to the rules and regulations of such HOAs, which may be arbitrary or restrictive, and violations of such rules may subject us to additional fees and penalties and litigation with such HOAs that would be costly.

A significant number of our properties are part of HOAs, which are private entities that regulate the activities of and levy assessments on properties in a residential subdivision. HOAs in which we own properties may have or enact onerous or arbitrary rules that restrict our ability to renovate, market or lease our properties or require us to renovate or maintain such properties at standards or costs that are in excess of our planned operating budgets. Such rules may include requirements for landscaping, limitations on signage promoting a property for lease or sale, or the use of specific construction materials in renovations. Some HOAs also impose limits on the number of property owners who may rent their homes, which if met or exceeded, would cause us to incur additional costs to resell the property and opportunity costs of lost rental income. Furthermore, many HOAs impose restrictions on the conduct of occupants of homes and the use of common areas and we may have tenants who violate HOA rules and for which we may be liable as the property owner. Additionally, the boards of directors of the HOAs in which we own property may not make important disclosures about the properties or may block our access to HOA records, initiate litigation, restrict our ability to sell our properties, impose assessments or arbitrarily change the HOA rules. We may be unaware of or unable to review or comply with

Table of Contents

HOA rules before purchasing the property and any such excessively restrictive or arbitrary regulations may cause us to sell such property at a loss, prevent us from renting such property or otherwise reduce our cash flow from such property, which would have an adverse effect on our returns on these properties.

Joint venture investments that we make may limit our ability to invest in certain markets and could be adversely affected by our lack of sole decision-making authority, our reliance on joint venture partners financial condition and disputes between us and our joint venture partners.

We may co-invest in the future with third parties through partnerships, joint ventures or other entities, acquiring non-controlling interests in or sharing responsibility for managing the affairs of a property, partnership, joint venture or other entity. In such event, we may be subject to restrictions that prohibit us from making investments in certain markets until all of the funds in such partnership, joint venture or other entity are invested or committed, and we would not be in a position to exercise sole decision-making authority regarding the property, partnership, joint venture or other entity which could, among other things, impact our ability to satisfy the REIT requirements. 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 joint venture partners might become bankrupt or fail to fund their share of required capital contributions. Joint venture partners 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 policies or objectives. Such investments also may have the potential risk of impasses on decisions, such as a sale, because neither we nor the partners would have full control over the partnership or joint venture. Disputes between us and our partners may result in litigation or arbitration that would increase our expenses and prevent our officers and/or trustees from focusing their time and effort on our business. Consequently, actions by, or disputes with, partners might result in subjecting properties owned by the partnership or joint venture to additional risk. In addition, we may in certain circumstances be liable for the actions of our third-party partners or co-venturers.

We anticipate involvement in a variety of litigation.

We anticipate involvement in a range of legal actions in the ordinary course of business. These actions may include eviction proceedings and other landlord-tenant disputes, challenges to title and ownership rights (including actions brought by prior owners alleging wrongful foreclosure by their lender or servicer), and issues with local housing officials arising from the condition or maintenance of the property. These actions can be time consuming and expensive. While we intend to vigorously defend any non-meritorious action or challenge, we cannot assure you that we will not be subject to expenses and losses that may adversely affect our operating results.

We may be adversely affected by lawsuits alleging trademark infringement as such lawsuits could materially harm our brand name, reputation and results of operations.

Several other companies in the United States, including companies in the real estate industry, may use words, phrases or logos similar to those we develop as part of our brand. As a result, we may face potential claims that the use of our brand infringes on their existing trademarks. For example, on or about November 1, 2012, we received notice of a claim that our American Homes 4 Rent brand name may infringe on an existing trademark of a participant in the real estate rental services and rental property management industries. While we intend to vigorously defend against this claim, the defense of any trademark infringement claim can be both costly and disruptive of the time and resources of our management, even if the claim against us is without merit. If we are unable to successfully defend against such a claim, we may be required to pay substantial damages or settlement costs to resolve the claim. In addition, we may be required to re-brand or incur substantial marketing costs to revise our brand to avoid future disputes. Any such trademark infringement claims and potential remedial measures could materially harm our brand name, reputation and results of operations.

Table of Contents

Complying with REIT requirements may limit our ability to hedge risk effectively.

The REIT provisions of the Code may limit our ability to hedge the risks inherent to our operations. As mentioned below, from time to time, we may enter into hedging transactions with respect to one or more of our assets or liabilities. Any income or gain derived by us from transactions that hedge certain risks, such as the risk of changes in interest rates, will not be treated as gross income for purposes of either the 75% or the 95% gross income test, as defined below in Material U.S. Federal Income Tax Considerations, unless specific requirements are met. Such requirements include that the hedging transaction be properly identified within prescribed time periods and that the transaction either (i) hedges risks associated with indebtedness issued by us that is incurred to acquire or carry real estate assets or (ii) manages the risks of currency fluctuations with respect to income or gain that qualifies under the 75% or 95% gross income test (or assets that generate such income). To the extent that we do not properly identify such transactions as hedges, hedge other types of indebtedness or enter into hedges with respect to our assets, the income from those transactions is not likely to be treated as qualifying income for purposes of the 75% and 95% gross income tests. As a result of these rules, we may have to limit the use of hedging techniques that might otherwise be advantageous, which could result in greater risks associated with interest rate or other changes than we would otherwise incur.

Our board of trustees has approved a very broad investment policy, subject to management oversight, and does not review or approve each acquisition decision made by AH LLC.

AH LLC is authorized to follow a very broad investment policy established by our board of trustees and subject to oversight by our management. Our board of trustees periodically reviews and updates the investment policy and also reviews our portfolio of residential real estate, but it does not review or approve AH LLC's specific property acquisitions. In addition, in conducting periodic reviews, our board of trustees may rely primarily on information provided to them by AH LLC and our management. Furthermore, acquisitions may be costly, difficult or impossible to unwind by the time they are reviewed by our board of trustees. AH LLC has great latitude within the broad parameters of the investment policy set by our board of trustees in determining our acquisition strategies, which could result in net returns that are substantially below expectations or that result in material losses, which would adversely affect our business and operating results, or may otherwise not be in the best interests of our shareholders.

As a result of becoming a public company, we will be required to complete an analysis of our internal controls over financial reporting. If we are unable to do so in a timely manner, or if our internal controls are determined to be ineffective, investor confidence in our company may be adversely affected and, as a result, the value of our Series A Participating Preferred Shares may decline.

We will be required, pursuant to Section 404 of the Sarbanes-Oxley Act, to furnish a report by management on, among other things, the effectiveness of our internal controls over financial reporting for the first fiscal year beginning after the completion of our initial public offering. This assessment will need to include disclosure of any material weaknesses identified by our management in our internal control over financial reporting, as well as a statement that our independent registered public accounting firm has issued an opinion on our internal control over financial reporting.

We are in the very early stages of the costly and challenging process of compiling the system and processing documentation necessary to perform the evaluation needed to comply with Section 404. We may not be able to complete our evaluation, testing and any required remediation in a timely fashion. During the evaluation and testing process, if we identify one or more material weaknesses in our internal control over financial reporting, we will be unable to assert that our internal controls are effective.

If we are unable to assert that our internal control over financial reporting is effective, or if our independent registered public accounting firm is unable to express an opinion on the effectiveness of our internal controls, investors could lose confidence in the accuracy and completeness of our financial reports, which could cause the

Table of Contents

price of our Series A Participating Preferred Shares to decline, and we may become subject to investigation or sanctions by the Securities and Exchange Commission, or SEC. We will be required to disclose changes made in our internal control and procedures on a quarterly basis. However, our independent registered public accounting firm will not be required to formally attest to the effectiveness of our internal control over financial reporting pursuant to Section 404 until the later of the year following our first annual report required to be filed with the SEC or the date we are no longer an emerging growth company, as defined in the JOBS Act if we take advantage of the exemptions contained in the JOBS Act. We will remain an emerging growth company for up to five years, although we could lose that status if our revenues exceed \$1 billion, if we issue more than \$1 billion in non-convertible debt in a three-year period or if the market value of our Class A common shares that are held by non-affiliates exceeds \$700 million as of any June 30 before that time, we would cease to be an emerging growth company as of the following December 31. At such time, our independent registered public accounting firm may issue a report that is adverse in the event it is not satisfied with the level at which our controls are documented, designed or operating. Our remediation efforts may not enable us to avoid a material weakness in the future. In addition, to comply with the requirements of being a public company, we may need to undertake various actions, such as implementing new internal controls and procedures and hiring accounting or internal audit staff.

Future debt service obligations could adversely affect our operating results, may require us to sell properties and could adversely affect our ability to make distributions on our Series A Participating Preferred Shares.

Our financing strategy contemplates the use of secured or unsecured debt to finance long-term growth. While we intend to limit the sum of the outstanding principal amount of our consolidated indebtedness to up to 50% of our total assets, our governing documents contain no limitations on the amount of debt that we may incur, and our board of trustees may change our financing strategy at any time without shareholder approval. As a result, we may be able to incur substantial additional debt in the future.

Incurring debt could subject us to many risks, including the risks that:

our cash flows from operations will be insufficient to make required payments of principal and interest;

our debt may increase our vulnerability to adverse economic and industry conditions;

we may be required to dedicate a substantial portion of our cash flows from operations to payments on our debt, thereby reducing cash available for distribution to our shareholders, funds available for operations and capital expenditures, future business opportunities or other purposes;

we violate restrictive covenants in the documents that govern our indebtedness, which would entitle our lenders to accelerate our debt obligations;

refinancing of the debt may not be available on favorable terms or at all; and

the use of leverage could adversely affect our ability to make distributions to our shareholders and the market price of our Series A Participating Preferred Shares.

If we incur debt in the future and do not have sufficient funds to repay our debt at maturity, it may be necessary to refinance the debt through additional debt or equity financings. If, at the time of any refinancing, prevailing interest rates or other factors result in higher interest rates on refinancings, increases in interest expense could adversely affect our operating results and cash flows and, consequently, cash available for distribution to our shareholders. If we are unable to refinance our debt on acceptable terms, we may be forced to dispose of substantial numbers of properties on disadvantageous terms, potentially resulting in losses. To the extent we cannot meet any future debt service obligations, we will risk losing some or all of our properties that may be pledged to secure our obligations to foreclosure. Any unsecured debt agreements we enter into may contain specific cross-default provisions with respect to specified other indebtedness, giving the unsecured lenders the right to declare a default if we are in default under other loans in some circumstances. Defaults under our debt agreements could materially and adversely affect our financial condition and results of operations.

Table of Contents

Our credit facility contains financial and operating covenants that could restrict our business and investment activities. Failure to satisfy these covenants could result in a default under our credit facility that could accelerate the maturity of our debt obligations, which would have a material adverse effect on our business, liquidity, results of operations and financial condition and our ability to make distributions on our Series A Participating Preferred Shares.

Our credit facility contains financial and operating covenants, such as debt ratios, minimum liquidity and adjusted tangible net worth tests and other limitations that may restrict our ability to make distributions or other payments to our shareholders and may restrict our investment activities. Among others, our credit facility requires that we maintain financial covenants relating to the following matters: (i) cash, cash equivalents and borrowing capacity under any credit facilities in an aggregate amount of at least \$15,000,000, of which at least \$7,500,000 must be in cash and cash equivalents; (ii) a maximum leverage ratio of 1.0 to 1.0; and (iii) adjusted tangible net worth of not less than 85% of our adjusted tangible net worth as of September 30, 2013, plus 85% of the net proceeds of any additional equity capital raises completed on or after September 30, 2013. These covenants may restrict our ability to engage in transactions that we believe would otherwise be in the best interests of our shareholders. Further, such restrictions could make it difficult for us to satisfy the requirements necessary to maintain our qualification as a REIT for U.S. federal income tax purposes. Failure to meet our financial covenants could result from, among other things, changes in our results of operations, the incurrence of additional debt, substantial impairments in the value of our properties or changes in general economic conditions. If we violate covenants in our credit facility or future agreements, we could be required to repay all or a portion of our indebtedness before maturity at a time when we might be unable to arrange financing for such repayment on attractive terms, or at all.

Our credit facility permits us to incur significant indebtedness, which could require that we generate significant cash flow to satisfy the payment and other obligations under our credit facility.

We may incur significant indebtedness in connection with draws under our credit facility. This indebtedness may exceed our cash on hand and/or our cash flows from operating activities. Our ability to meet the payment and other obligations under our credit facility depends on our ability to generate sufficient cash flow in the future. Our ability to generate cash flow, to some extent, is subject to general economic, financial, competitive, legislative and regulatory factors, as well as other factors that are beyond our control. It is possible that our business will not generate cash flow from operations, or that future borrowings will be available to us, in amounts sufficient to enable us to meet our payment obligations under our credit facility. If we are not able to generate sufficient cash flow to service our credit facility and other debt obligations, as well as satisfy the REIT distribution requirement, we may need to refinance or restructure our debt, reduce or delay capital investments, or seek to raise additional capital. If we are unable to implement one or more of these alternatives, we may not be able to meet our payment obligations under our credit facility, which could materially and adversely affect our liquidity.

Disruptions in the financial markets may materially and adversely affect our ability to secure additional financing.

The credit markets continue to experience significant price volatility, dislocations and liquidity disruptions, the concern of which has led many lenders and institutional investors to reduce, and in some cases cease, to provide credit to businesses and has caused spreads on prospective debt financings to widen considerably. Continued uncertainty in these markets may affect our ability to obtain additional debt financing at all or on terms favorable or acceptable to us. These events also may make it more difficult or costly for us to raise capital through the issuance of our equity securities. Our inability to secure additional financing may impede our ability acquire new properties. Disruptions in the financial markets could have a material adverse effect on us, including our business, results of operations and our financial condition.

Table of Contents

Interest expense on our debt may limit our cash available to fund our growth strategies and shareholder distributions.

Higher interest rates could increase debt service requirements on floating rate debt, to the extent we have any, and could reduce funds available for operations, distributions to our shareholders, future business opportunities or other purposes. If we need to repay existing debt during periods of rising interest rates, we could be required to liquidate one or more of our investments in properties at times which may not permit realization of the maximum return on such investments and could result in significant losses.

Failure to hedge effectively against interest rate changes may adversely affect our results of operations and our ability to make shareholder distributions.

Subject to complying with the requirements for REIT qualification, we may obtain in the future one or more forms of interest rate protection in the form of swap agreements, interest rate cap contracts or similar agreements to hedge against the possible negative effects of interest rate fluctuations. However, we cannot assure you that any hedging will adequately relieve the adverse effects of interest rate increases or that counterparties under these agreements will honor their obligations thereunder. In addition, we may be subject to risks of default by hedging counterparties. Adverse economic conditions could also cause the terms on which we borrow to be unfavorable. We could be required to liquidate one or more of our investments at times which may not permit us to receive an attractive return on our investments in order to meet our debt service obligations.

Risks Related to the Real Estate Industry

Our performance and the value of our properties are subject to general economic conditions and risks associated with our real estate assets.

If the properties we acquire do not generate income sufficient to meet operating expenses, including debt service and capital expenditures, our ability to make distributions to our shareholders could be adversely affected. There are significant expenditures associated with an investment in real estate (such as debt service, real estate taxes, insurance and maintenance costs) that generally do not decline when circumstances reduce the income from the property. Income from and the value of the properties we acquire may be adversely affected by the following factors:

downturns in international, national, regional and local economic conditions (particularly increases in unemployment);

the attractiveness of the properties we acquire to potential tenants and competition from other properties;

increases in the supply of or decreases in the demand for similar or competing properties in our target markets;

bankruptcies, financial difficulties or lease defaults by our tenants;

changes in interest rates, availability and terms of debt financing;

changes in operating costs and expenses and our ability to control rents;

changes in, or increased costs of compliance with, governmental laws, rules, regulations and fiscal policies, including changes in tax, real estate, environmental and zoning laws, and our potential liability thereunder;

our ability to provide adequate maintenance;

Edgar Filing: American Homes 4 Rent - Form S-11/A

changes in the cost or availability of insurance, including coverage for mold or asbestos;

environmental conditions or retained liabilities for such conditions;

tenant turnover;

Table of Contents

the illiquidity of real estate investments generally;

residents' perceptions of the safety, convenience and attractiveness of our properties and the neighborhoods where they are acquired;

the ongoing need for capital improvements, particularly in older properties;

the ability or unwillingness of residents to pay rent increases;

civil unrest, acts of God, including earthquakes, floods and other natural disasters, which may result in uninsured losses, and acts of war or terrorism;

rent control or rent stabilization or other housing laws, which could prevent us from raising rents; and

increases in property-level maintenance and operating expenses.

For these and other reasons, we cannot assure you that we will be profitable or that we will realize growth in the value of our real estate properties.

Environmentally hazardous conditions may adversely affect our financial condition, cash flows and operating results.

Under various federal, state and local environmental laws, a current or previous owner or operator of real property may be liable for the cost of removing or remediating hazardous or toxic substances on such property. Such laws often impose liability whether or not the owner or operator knew of, or was responsible for, the presence of such hazardous or toxic substances. Even if more than one person may have been responsible for the contamination, each person covered by applicable environmental laws may be held responsible for all of the clean-up costs incurred. In addition, third parties may sue the owner or operator of a site for damages based on personal injury, natural resources or property damage or other costs, including investigation and clean-up costs, resulting from the environmental contamination. The presence of hazardous or toxic substances on one of our properties, or the failure to properly remediate a contaminated property, could give rise to a lien in favor of the government for costs it may incur to address the contamination, or otherwise adversely affect our ability to sell or lease the property or borrow using the property as collateral. Environmental laws also may impose restrictions on the manner in which property may be used or businesses may be operated. A property owner who violates environmental laws may be subject to sanctions which may be enforced by governmental agencies or, in certain circumstances, private parties. In connection with the acquisition and ownership of our properties, we may be exposed to such costs. The cost of defending against environmental claims, of compliance with environmental regulatory requirements or of remediating any contaminated property could materially adversely affect our business, financial condition, results of operations and, consequently, amounts available for distribution to our shareholders.

Compliance with new or more stringent environmental laws or regulations or stricter interpretation of existing laws may require material expenditures by us. We may be subject to environmental laws or regulations relating to our properties, such as those concerning lead-based paint, mold, asbestos, proximity to power lines or other issues. We cannot assure you that future laws, ordinances or regulations will not impose any material environmental liability, or that the current environmental condition of our properties will not be affected by the operations of residents, existing conditions of the land, operations in the vicinity of the properties or the activities of unrelated third parties. In addition, we may be required to comply with various local, state and federal fire, health, life-safety and similar regulations. Failure to comply with applicable laws and regulations could result in fines and/or damages, suspension of personnel, civil liability and/or other sanctions.

Tenant relief laws and rent control laws may negatively impact our rental income and profitability.

As landlord of numerous properties, we will be involved regularly in evicting tenants who are not paying their rent or are otherwise in material violation of the terms of their lease. Eviction activities will impose legal and managerial expenses that will raise our costs. The eviction process is typically subject to legal barriers,

Table of Contents

mandatory cure policies and other sources of expense and delay, each of which may delay our ability to gain possession and stabilize the property. Additionally, state and local landlord tenant laws may impose legal duties to assist tenants in relocating to new housing, or restrict the landlord's ability to recover certain costs or charge tenants for damage tenants cause to the landlord's premises. Because such laws vary by state and locality, we and any regional and local property managers we hire will need to be familiar with and take all appropriate steps to comply with all applicable landlord tenant laws, and we will need to incur supervisory and legal expenses to ensure such compliance. To the extent that we do not comply with state or local laws, we may be subjected to civil litigation filed by individuals, in class actions or by state or local law enforcement. We may be required to pay our adversaries' litigation fees and expenses if judgment is entered against us in such litigation, or if we settle such litigation.

Furthermore, rent control laws may affect our rental income. Especially in times of recession and economic slowdown, rent control initiatives can acquire significant political support. If rent controls unexpectedly became applicable to certain of our properties, our revenue from and the value of such properties could be adversely affected.

Class action, tenant rights and consumer demands and litigation could directly limit and constrain our operations and may impose on us significant litigation expenses.

Numerous tenants' rights and consumers' rights organizations exist throughout the country and operate in our target markets, and as we grow in scale, we may attract attention from some of these organizations and become a target of legal demands or litigation. Many such consumer organizations have become more active and better funded in connection with mortgage foreclosure-related issues, and with the large settlements identified below and the increased market for single-family rentals arising from displaced homeownership, some of these organizations may shift their litigation, lobbying, fundraising and grass roots organizing activities to focus on landlord tenant issues. While we intend to conduct our business lawfully and in compliance with applicable landlord-tenant and consumer laws, such organizations might work in conjunction with trial and pro bono lawyers in one state or multiple states to attempt to bring claims against us on a class action basis for damages or injunctive relief. We cannot anticipate what form such legal actions might take, or what remedies they may seek. Additionally, these organizations may lobby local county and municipal attorneys or state attorneys general to pursue enforcement or litigation against us, or may lobby state and local legislatures to pass new laws and regulations to constrain our business operations. If they are successful in any such endeavors, they could directly limit and constrain our operations and may impose on us significant litigation expenses, including settlements to avoid continued litigation or judgments for damages or injunctions.

Acquiring properties during periods when the single-family home sector is experiencing substantial inflows of capital and intense competition may result in inflated purchase prices and increase the likelihood that our properties will not appreciate in value and may, instead, decrease in value.

The allocation of substantial amounts of capital for investment in the single-family home sector and significant competition for income producing real estate may inflate the purchase prices for such assets. To the extent we purchased, or in the future purchase, real estate in such an environment, it is possible that the value of our properties may not appreciate and may, instead, decrease in value, perhaps significantly, below the amount we paid for such properties. In addition to macroeconomic and local economic factors, technical factors, such as a decrease in the amount of capital allocated to the single-family home sector and the number of investors participating in the sector, could cause the value of our properties to decline.

Mortgage loan modification programs and future legislative action may adversely affect the number of available properties that meet our investment criteria.

The U.S. government, through the Federal Reserve, the Federal Housing Administration and the Federal Deposit Insurance Corporation, or FDIC, has implemented a number of programs designed to provide homeowners with assistance in avoiding residential mortgage loan foreclosures, including the Home Affordable

Table of Contents

Modification Program, which seeks to provide relief to homeowners whose mortgages are in or may be subject to foreclosure, and the Home Affordable Refinance Program, which allows certain borrowers who are underwater on their mortgage but current on their mortgage payments to refinance their loans. Several states, including states in which our current target markets are located, have adopted or are considering similar legislation. These programs and other loss mitigation programs may involve, among other things, modifying or refinancing mortgage loans or providing homeowners with additional relief from loan foreclosures. Such loan modifications and other measures are intended and designed to lead to fewer foreclosures, which will decrease the supply of properties that meet our investment criteria.

The pace of residential foreclosures is subject to numerous factors. Recently, there has been a backlog of foreclosures due to a combination of volume constraints and legal actions, including those brought by the U.S. Department of Justice, or DOJ, the Department of Housing and Urban Development, or HUD, and State Attorneys General against mortgage servicers alleging wrongful foreclosure practices. Financial institutions also have been subjected to regulatory restrictions and limitations on foreclosure activity by the FDIC. Legal claims brought or threatened by DOJ, HUD and 49 State Attorneys General against the five largest residential mortgage servicers in the country were settled in 2012. As part of this approximately \$25 billion settlement, a portion of the settlement funds will be directed to homeowners seeking to avoid foreclosure through mortgage modifications, and servicers are required to adopt specified measures to reduce mortgage obligations in certain situations. It is expected that the settlement will help many homeowners to avoid foreclosures that would otherwise have occurred in the near term, and with lower monthly payments and mortgage debts, for years to come. It is also foreseeable that other residential mortgage servicing companies that were not among the five included in the initial \$25 billion settlement will agree to similar settlements that will further reduce the supply of houses in the process of foreclosure.

In addition, numerous federal and state legislatures have considered, proposed or adopted legislation to constrain foreclosures, or may do so in the future. The Dodd-Frank Wall Street Reform and Consumer Protection Act, or Dodd-Frank Act, also created the Consumer Financial Protection Bureau, which supervises and enforces federal consumer protection laws as they apply to banks, credit unions, and other financial companies, including mortgage servicers. It remains uncertain as to whether any of these measures will have a significant impact on foreclosure volumes or what the timing of that impact would be. If foreclosure volumes were to decline significantly, we would expect real estate owned inventory levels to decline or to grow at a slower pace, which would make it more difficult to find target assets at attractive prices and might constrain our growth or reduce our long-term profitability. Also, the number of families seeking rental housing might be reduced by such legislation, reducing rental housing demand in our target markets.

In addition, allegations of deficiencies in foreclosure practices could result in claims challenging the validity of some foreclosures that have occurred to date, potentially placing our claim of ownership to the properties at risk. We cannot be assured that such proceedings would not result in a complete dispossession of property from us without compensation.

Each state has its own laws governing the procedures to foreclose on mortgages and deeds of trust, and state laws generally require strict compliance with these laws in both judicial and non-judicial foreclosures. Recently, courts and administrative agencies have been more actively involved in enforcing state laws governing foreclosures, and in some circumstances have imposed new rules and requirements regarding foreclosures. Some courts have delayed or prohibited foreclosures based on alleged failures to comply with proper transfers of title, notice, identification of parties in interest, documentation and other legal requirements. The increase in the number of foreclosures since 2007 has led legislatures in many states to consider modifications to foreclosure laws to restrict and reduce foreclosures. For example, in 2012, California enacted a law imposing new limitations on foreclosures while a request for a loan modification is pending. Further, foreclosed owners and their legal representatives, including some prominent and well-financed law firms, have brought litigation questioning the validity and finality of foreclosures that have already occurred. These developments may slow or reduce the supply of foreclosed houses available to us for purchase and may call into question the validity of our title to houses acquired at foreclosure, or

Table of Contents

result in rescission rights or other borrower remedies, which could result in a loss of a property purchased by us, an increase in litigation and property maintenance costs incurred with respect to properties obtained through foreclosure, or delays in stabilizing and leasing such properties promptly after acquisition.

We may have difficulty selling our real estate investments, and our ability to distribute all or a portion of the net proceeds from such sale to our shareholders may be limited.

Real estate investments are relatively illiquid and, as a result, we may have a limited ability to sell our properties. When we sell any of our properties, we may recognize a loss on such sale. We may elect not to distribute any proceeds from the sale of properties to our shareholders. Instead, we may use such proceeds for other purposes, including:

purchasing additional properties;

repaying debt, if any;

buying out interests of any co-venturers or other partners in any joint venture in which we are a party;

creating working capital reserves; or

making repairs, maintenance or other capital improvements or expenditures to our remaining properties.

Our ability to sell our properties may also be limited by our need to avoid the 100% prohibited transactions tax that is imposed on gain recognized by a REIT from the sale of property characterized as dealer property. In order to ensure that we avoid such characterization, we may be required to hold our properties for a minimum period of time and comply with certain other requirements in the Code or dispose of our properties through a taxable REIT subsidiary or TRS. For more information on taxable REIT subsidiaries see Material U.S. Federal Income Tax Considerations Requirements for Qualification as a REIT Effect of Subsidiary Entities Ownership of Interests in Taxable REIT Subsidiaries.

The estimates, forecasts and projections relating to our markets prepared by JBREC are based upon numerous assumptions and may not prove to be accurate.

This prospectus contains estimates, forecasts and projections relating to our primary markets that were prepared for us for use in connection with this offering by JBREC, a real estate consulting firm. See Industry Overview and Market Opportunity. The estimates, forecasts and projections relate to, among other things, home value indices, payroll employment growth, median household income, housing permits and household formation and are based on data (including third-party data), significant assumptions, proprietary methodologies and the experience and judgment of JBREC. Although we believe these estimates, forecasts and projections are reasonable, the application of alternative assumptions, judgments or methodologies could result in materially less favorable estimates, forecasts and projections than those contained in this prospectus, and you should not place undue reliance on them.

The forecasts and projections are forward-looking statements and involve risks and uncertainties that may cause actual results to be materially different from the projections. JBREC has made these forecasts and projections based on studying the historical and current performance of the residential housing market and applying JBREC's qualitative knowledge about the residential housing market. The future is difficult to predict, particularly given that the economy and housing markets can be cyclical, subject to changing consumer and market psychology, and governmental policies related to mortgage regulations and interest rates. There will usually be differences between projected and actual outcomes, because events and circumstances frequently do not occur as expected, and the differences may be material. Accordingly, the forecasts and projections included in this prospectus might not occur or might occur to a different extent or at a different time, and you should not place undue reliance on them. Except as required by law, we are not obligated to, and do not intend to, update the statements in this prospectus to conform to actual outcomes or changes in our or JBREC's expectations.

Table of Contents

Risks Related to our Relationship with AH LLC and Conflicts of Interest

As long as AH LLC continues to perform acquisition and renovations services for us, we will depend on AH LLC for our external growth.

Until December 10, 2014, AH LLC will continue to provide us acquisition and renovation services for a fee equal to 5% of the sum of the purchase price and initial renovation costs of each property that we acquire in consideration for its services in identifying, evaluating, acquiring and overseeing the renovation of its residences. Accordingly, through at least that date, we will depend on AH LLC for our external growth and we could be adversely affected if, for any reason, AH LLC is unable to perform its obligations under its agreement with us.

AH LLC may engage in other activities diverting their attention from our business, which could adversely affect the execution of our business and our results of operations.

We are subject to conflicts of interest arising out of our relationship with AH LLC. AH LLC and its affiliates, officers, directors, employees or personnel may engage in any business (other than acquiring, renovating, leasing and operating single-family homes as rental properties without the approval of the board of trustees). As a result, their time and effort may be diverted from our business.

Completion of the Management Internalization has exposed us to new and additional responsibilities, costs and risks.

Completion of the Management Internalization has exposed us to new and additional responsibilities, costs and risks. For example, while we no longer bear the external costs of the advisory management fee paid to our former manager, our direct overhead will increase, as we are now responsible for compensation and benefits of our officers and other personnel that were previously paid by our former manager. If our properties do not perform as anticipated or if we fail to raise additional financing, we may not be able to cover such additional overhead. We also now are subject to those potential liabilities that are commonly faced by employers, such as workers disability and compensation claims, potential labor disputes and other employee-related liabilities and grievances. Accordingly, the Management Internalization could adversely affect our financial condition and operating results.

Our fiduciary duties as the general partner of our operating partnership could create conflicts of interest, which may impede business decisions that could benefit our shareholders.

As the sole general partner of our operating partnership, we have a fiduciary duty to the other limited partners in the operating partnership, the discharge of which may conflict with the interests of our shareholders. AH LLC is the limited partner of our operating partnership. AH LLC, as the limited partner of our operating partnership, has agreed that, in the event of a conflict in the fiduciary duties owed by us to our shareholders and in our capacity as the general partner of our operating partnership, to such limited partner, we are under no obligation to give priority to the interests of such limited partner.

In addition, AH LLC, as well as any other limited partners, has the right to vote on certain amendments to the operating partnership agreement and to approve certain amendments that would adversely affect their rights. These voting rights may be exercised in a manner that conflicts with the interests of our shareholders.

The contribution agreement and other agreements we entered into in connection with the Management Internalization were negotiated between a special committee of our board of trustees and AH LLC. Therefore, the terms of such agreements may not have been as favorable to us as if they had been negotiated with unaffiliated third parties.

AH LLC is owned, directly or indirectly, by family members or trusts for family members or heirs of B. Wayne Hughes, our non-executive Chairman, David P. Singelyn, our Chief Executive Officer and a trustee, Jack

Table of Contents

Corrigan, our Chief Operating Officer and a trustee, David Goldberg, our Executive Vice President, and other parties. HF Investments 2010, LLC, which is comprised of trusts established by Mr. Hughes for certain of his heirs, owns an approximately 88.66% membership interest in AH LLC. Additionally, membership interests of AH LLC are owned by family members or trusts for family members of Mr. Singelyn (4.93% membership interest), Mr. Corrigan (4.93% membership interest) and Mr. Goldberg (1% membership interest). Accordingly, such trustees and executive officers received substantial economic benefits as a result of the Management Internalization. As a result of the foregoing, the interests of certain of our trustees and executive officers may differ from, and be in conflict with, the interests of our shareholders. The contribution agreement and other agreements we entered into in connection with the Management Internalization were negotiated between a special committee comprised of all of our independent trustees and AH LLC, and their terms, including the consideration payable to AH LLC, may not be as favorable to us as if they had been negotiated with unaffiliated third parties. In addition, we did not obtain a third-party appraisal of our former manager or our former property manager.

If we determine that AH LLC breached any of the representations, warranties or covenants made by it in the contribution agreement related to the Management Internalization, we may choose not to enforce, or to enforce less vigorously, our rights because of our desire to maintain our ongoing relationship with AH LLC. Moreover, the representations, warranties, covenants and indemnities in the contribution agreement are subject to limits and qualifiers, which may also limit our ability to enforce any remedy under the agreement.

Messrs. Hughes, Singelyn, Corrigan and Goldberg are subject to certain conflicts of interest with regard to enforcing the indemnification provisions contained in the contribution agreement for the Management Internalization and enforcing some of the ancillary agreements to be entered into by us in connection with the Management Internalization.

Messrs. Hughes, Singelyn, Corrigan and Goldberg received beneficial economic interests in our operating partnership's Series D units and Series E units through their direct or indirect interests in AH LLC, which received 4,375,000 Series D units and 4,375,000 Series E units as a result of the Management Internalization. Certain provisions of the contribution agreement and the ancillary agreements executed in connection with the Management Internalization may have significant financial impacts on AH LLC. In particular, Messrs. Hughes, Singelyn, Corrigan and Goldberg are subject to conflicts of interest in connection with the enforcement against AH LLC of indemnification obligations under the contribution agreement and other transaction documents that could directly impact their or their family's economic interests.

Because the acquisition and renovation functions will not be internalized earlier than December 10, 2014, we expect to continue to pay AH LLC significant fees, and certain of our executive officers and trustees will have a conflict of interest in connection with decisions regarding internalization of those functions.

We will continue to pay AH LLC a fee equal to 5% of the sum of the purchase price and initial renovation costs of each property that we acquire in consideration for its services in identifying, evaluating, acquiring and overseeing the renovation of its residences. If, for example, we invest \$1.5 billion in acquisitions after the closing of the Management Internalization and before December 10, 2014, we will pay AH LLC acquisition and renovation fees of \$75 million. AH LLC would continue to bear all of the costs of investigating properties that we do not acquire. After September 10, 2014, we will have the right to offer employment that would commence on December 10, 2014 to all of AH LLC's acquisition and renovation personnel necessary for our operations, and AH LLC will be required to cooperate to transition any employees who choose to accept our offer. If we elect not to transition employees from AH LLC, we could engage AH LLC or a third party on mutually acceptable terms to continue to provide acquisition and renovation services. Because we may still be paying significant fees to AH LLC, Messrs. Hughes, Singelyn, Corrigan and Goldberg, as a result of their personal or family financial interests in AH LLC, will be subject to conflicts of interest in connection with decisions regarding whether to pursue internalization of the acquisition and renovation functions after December 10, 2014 or to enter into a new agreement with AH LLC for these services.

Table of Contents

Risks Related to Our Organization and Structure

Provisions of our declaration of trust may limit the ability of a third party to acquire control of us by authorizing our board of trustees to issue additional securities.

Our board of trustees may, without shareholder approval, amend our declaration of trust to increase or decrease the aggregate number of our shares or the number of shares of any class or series that we have the authority to issue and to classify or reclassify any unissued common or preferred shares, and set the preferences, rights and other terms of the classified or reclassified shares. As a result, our board of trustees may authorize the issuance of additional shares or establish a series of common or preferred shares that may delay or prevent a change in control of our company, including transactions at a premium over the market price of our shares, even if shareholders believe that a change in control is in their interest. These provisions, along with the restrictions on ownership and transfer contained in our declaration of trust and certain provisions of Maryland law described below, could discourage unsolicited acquisition proposals or make it more difficult for a third party to gain control of us, which could adversely affect the market price of our securities. See Material Provisions of Maryland Law and of Our Declaration of Trust and Bylaws.

Provisions of Maryland law may limit the ability of a third party to acquire control of us by requiring our board of trustees or shareholders to approve proposals to acquire our company or effect a change in control.

Certain provisions of the Maryland General Corporation Law, or the MGCL, applicable to Maryland real estate investment trusts may have the effect of inhibiting a third party from making a proposal to acquire us or of impeding a change in control under circumstances that otherwise could provide our shareholders with the opportunity to realize a premium over the then-prevailing market price of their shares, including:

business combination provisions that, subject to limitations, prohibit certain business combinations between us and an interested shareholder (defined generally as any person who beneficially owns 10% or more of the voting power of our outstanding voting shares or an affiliate or associate of ours who, at any time within the two-year period immediately prior to the date in question, was the beneficial owner of 10% or more of the voting power of our then outstanding shares) or an affiliate of any interested shareholder for five years after the most recent date on which the shareholder becomes an interested shareholder, and thereafter imposes two super-majority shareholder voting requirements on these combinations, unless, among other conditions, our common shareholders receive a minimum price, as defined in the MGCL, for their shares and the consideration is received in cash or in the same form as previously paid by the interested shareholder for its shares; and

control share provisions that provide that our control shares (defined as voting shares which, when aggregated with all other shares controlled by the shareholder, entitle the shareholder to exercise one of three increasing ranges of voting power in electing trustees) acquired in a control share acquisition (defined as the direct or indirect acquisition of ownership or control of issued and outstanding control shares) have no voting rights except to the extent approved by our shareholders by the affirmative vote of at least two-thirds of all the votes entitled to be cast on the matter, excluding shares owned by the acquirer, by our officers or by our employees who are also trustees of our company.

By resolution of our board of trustees, we have opted out of the business combination provisions of the MGCL and provided that any business combination between us and any other person is exempt from the business combination provisions of the MGCL, provided that the business combination is first approved by our board of trustees (including a majority of trustees who are not affiliates or associates of such persons). In addition, pursuant to a provision in our bylaws, we have opted out of the control share provisions of the MGCL. However, our board of trustees may by resolution elect to opt in to the business combination provisions of the MGCL and we may, by amending our bylaws, opt in to the control share provisions of the MGCL in the future.

In addition, the unsolicited takeover provisions of Title 3, Subtitle 8 of the MGCL permits our board of trustees, without shareholder approval and regardless of what is currently provided in our declaration of trust or

Table of Contents

bylaws, to implement certain takeover defenses, including adopting a classified board or increasing the vote required to remove a trustee. Such takeover defenses may have the effect of inhibiting a third party from making an acquisition proposal for us or of delaying, deferring or preventing a change in control of us under the circumstances that otherwise could provide our common shareholders with the opportunity to realize a premium over the then-current market price. In July 2013, our board of trustees and our shareholders approved an amendment to our declaration of trust under which we will elect not to be subject to these provisions.

Our rights and the rights of our shareholders to take action against our trustees and officers are limited, which could limit your recourse in the event of actions not in your best interests.

Under Maryland law, generally, a trustee will not be liable if he or she performs his or her duties in good faith, in a manner he or she reasonably believes to be in our best interests and with the care that an ordinarily prudent person in a like position would use under similar circumstances. In addition, our declaration of trust limits the liability of our trustees and officers to us and our shareholders for money damages, except for liability resulting from:

actual receipt of an improper benefit or profit in money, property or services; or

active and deliberate dishonesty by the trustee or officer that was established by a final judgment as being material to the cause of action adjudicated.

Our declaration of trust authorizes us to indemnify our trustees and officers for actions taken by them in those capacities to the maximum extent permitted by Maryland law. Our bylaws require us to indemnify each trustee and officer, to the maximum extent permitted by Maryland law, in the defense of any proceeding to which he or she is made, or threatened to be made, a party by reason of his or her service to us. In addition, we may be obligated to advance the defense costs incurred by our trustees and officers. As a result, we and our shareholders may have more limited rights against our trustees and officers than might otherwise exist absent the current provisions in our declaration of trust and bylaws or that might exist with other companies. See *Material Provisions of Maryland Law and of Our Declaration of Trust and Bylaws* *Limitation of Trustees and Officers* *Liability and Indemnification*.

Our board of trustees may change our strategy or investment policies, financing strategy or leverage policies without shareholder consent.

Our board of trustees may change any of our strategies, policies or procedures with respect to property acquisitions and divestitures, asset allocation, growth, operations, indebtedness, financing and distributions at any time without the consent of shareholders, which could result in the acquisition of properties that are different from, and possibly riskier than, the types of single-family residential real estate investments described in this prospectus. These changes could adversely affect our financial condition, risk profile, results of operations, the market price of our Series A Participating Preferred Shares and our ability to make distributions to shareholders.

The ability of our board of trustees to revoke our REIT election without shareholder approval may cause adverse consequences to our shareholders.

Our declaration of trust provides that our board of trustees may revoke or otherwise terminate our REIT election, without the approval of our shareholders, if it determines that it is no longer in our best interest to continue to qualify as a REIT. If we cease to be a REIT, we would become subject to federal income tax on our taxable income and would no longer be required to distribute most of our taxable income to our shareholders, which may have adverse consequences on the total return to our shareholders.

Table of Contents

Risks Related to This Offering and Ownership of Our Series A Participating Preferred Shares

The Series A Participating Preferred Shares have not been rated.

We have not sought to obtain a rating for the Series A Participating Preferred Shares. However, no assurance can be given that one or more rating agencies might not independently determine to issue such a rating or that such a rating, if issued, would not adversely affect the market price of the Series A Participating Preferred Shares. In addition, we may elect in the future to obtain a rating of the Series A Participating Preferred Shares, which could adversely impact the market price of the Series A Participating Preferred Shares. Ratings only reflect the views of the rating agency or agencies issuing the ratings, and such ratings could be revised downward or withdrawn entirely at the discretion of the issuing rating agency if in its judgment circumstances so warrant. Any such downward revision or withdrawal of a rating could have an adverse effect on the market price of the Series A Participating Preferred Shares.

The Series A Participating Preferred Shares are newly issued securities with no established trading market, which may negatively affect their market value and your ability to transfer or sell your shares. We intend to apply to list the Series A Participating Preferred Shares on the NYSE, but we cannot assure you that the listing will be approved or that a trading market will develop or be sustained.

The Series A Participating Preferred Shares are newly issued securities with no established trading market. We intend to apply to list the Series A Participating Preferred Shares on the NYSE, but we cannot assure you that the Series A Participating Preferred Shares will be approved for listing. An active trading market on the NYSE for the Series A Participating Preferred Shares may not develop or, even if it develops, may not be sustained, in which case the trading price of the Series A Participating Preferred Shares could be adversely affected.

The price of our Series A Participating Preferred Shares could be subject to wide fluctuations in response to a number of factors, including those listed in this Risk Factors section of this prospectus, our financial performance, government regulatory action or inaction, tax laws, interest rates and general market conditions and others such as:

actual or anticipated variations in our quarterly operating results, financial condition, liquidity or changes in business strategy or prospects;

equity issuances by us or resales by our shareholders, or the perception that such issuances or resales may occur;

increases in market interest rates that may lead investors to demand a higher dividend yield or seek alternative investments paying higher rates;

publication of research reports about us or the real estate industry;

changes in market valuations of similar companies;

changes in home prices reflected in the POI;

adverse market reaction to any increased indebtedness we incur in the future;

additions or departures of key personnel;

Edgar Filing: American Homes 4 Rent - Form S-11/A

actions by shareholders;

speculation in the press or investment community;

general market, economic and political conditions, including an economic slowdown or dislocation in the global credit or capital markets;

our operating performance and the performance of other similar companies;

failure to maintain our REIT qualification;

Table of Contents

changes in accounting principles or actual or anticipated accounting problems; and

passage of legislation or other regulatory developments that adversely affect us or our industry.

The Series A Participating Preferred Shares are subordinate to our debt and other liabilities, and your interests could be diluted by the issuance of additional preferred shares and by other transactions.

As of June 30, 2013, our total indebtedness was approximately \$670 million, and our other liabilities (other than indebtedness) were approximately \$161.4 million. We may incur significant additional debt to finance future acquisition activities as well as additional liabilities in operating our business. The Series A Participating Preferred Shares are subordinate to all of our existing and future debt. Our existing debt restricts, and our future debt may include restrictions on, our ability to pay dividends to preferred shareholders in the event of a default under the debt facilities. Our declaration of trust currently authorizes the issuance of up to 100,000,000 preferred shares of beneficial interest in one or more series. The issuance of additional preferred shares of beneficial interest on parity with or senior to the Series A Participating Preferred Shares would dilute the interests of the holders of the Series A Participating Preferred Shares, and any issuance of preferred shares of beneficial interest senior to the Series A Participating Preferred Shares or of additional indebtedness could affect our ability to pay dividends on, redeem or pay the liquidation preference on the Series A Participating Preferred Shares. Other than the conversion right afforded to holders of Series A Participating Preferred Shares upon the occurrence of a Change of Control as described under Description of Series A Participating Preferred Shares Conversion Rights and other than the limited voting rights as described under Description of the Series A Participating Preferred Shares Voting Rights below, none of the provisions relating to the Series A Participating Preferred Shares relate to or limit our indebtedness or afford the holders of the Series A Participating Preferred Shares protection in the event of a highly leveraged or other transaction, including a merger or the sale, lease or conveyance of all or substantially all of our assets or business, that might adversely affect the holders of the Series A Participating Preferred Shares.

The various hypothetical figures and illustrations contained in this prospectus should not be taken as an indication or prediction of future investment results.

The various hypothetical figures and illustrations contained in this prospectus are intended merely to illustrate the impact that such hypothetical terms could have on the liquidation preference, dividend amounts and the return on investment with respect to the Series A Participating Preferred Shares. Such hypothetical figures and illustrations should not be taken as an indication or prediction of future investment results. The actual amount of HPA and the resulting liquidation preference, dividend amounts and return on the Series A Participating Preferred Shares may bear little or no relation to the hypothetical figures and illustrative examples contained in this prospectus. The POI from which the HPA Amount will be derived has been highly volatile in the past, meaning that the index level has changed considerably in relatively short periods, and its performance cannot be predicted for any future period.

Changes in home prices reflected in the POI may have little or no correlation with the actual appreciation or depreciation of the homes in our portfolio, and the POI data for our top 20 markets that we will use to calculate the HPA Amount may have little or no correlation with the actual appreciation or depreciation of homes nationwide.

The POI is a weighted, repeat-sales index, meaning that it measures average price changes in repeat sales of the same single-family properties. This information is obtained by reviewing repeat transactions involving conforming, conventional mortgages purchased or securitized by Fannie Mae or Freddie Mac since January 1975. Only mortgage transactions involving single-family homes are included. Conforming refers to a mortgage that both meets the underwriting guidelines of Fannie Mae or Freddie Mac and that does not exceed the conforming loan limit, which is currently \$625,000 for mortgages in the contiguous United States originated after September 30, 2011. Conventional mortgages are those that are neither insured nor guaranteed by the FHA, VA or other federal government entities. Mortgages on properties financed by government-insured loans, such as FHA or VA mortgages, are excluded from the POI, as are properties with mortgages whose principal amount exceeds the

Table of Contents

conforming loan limit. The location, size, and other characteristics of the single-family homes used to calculate the POI may differ substantially from the single-family homes in our portfolio and changes in the prices of the single-family homes used to calculate the POI may be substantially different than the changes in prices of the single-family homes in our portfolio. There can be no assurance that any of the single-family homes in our portfolio actually are included or will be included in the POI. In addition, the weightings that have been assigned to our top 20 markets calculated as of July 31, 2013 for purposes of calculating the HPA Amount reflect the concentration of our ownership of homes in such markets only as of such date. The markets in which we own homes are likely to change in the future, while the relative weightings that we have assigned for the purposes of calculating the HPA Amount will not. Additionally, since we are using the POI only with respect to specific markets, the POI may reflect home price appreciation or depreciation trends in those markets that are substantially different from those across the nation. As such, the appreciation or depreciation reflected in the POI for our top 20 markets that we will use to calculate the HPA Amount may have little or no correlation with the appreciation or depreciation of homes nationwide.

The cumulative change in HPA that occurs during the period measured for purposes of calculating the HPA Amount may differ from the cumulative change in HPA that occurs during the period for which the Series A Participating Preferred Shares are actually outstanding.

The HPA Amount will be calculated by measuring the cumulative change in HPA from June 30, 2013 through the end of the most recent quarter for which POI values are available. As such, the measurement period used to calculate the HPA Amount (i) will include a period of time during which the Series A Participating Preferred Shares were not yet outstanding (i.e., the period from July 1, 2013 through the issue date) and (ii) with respect to a redemption or conversion of the Series A Participating Preferred Shares or a liquidation, dissolution or winding up of the Company prior to October 1, 2020, will not include a period of time during which the Series A Participating Preferred Shares were outstanding (i.e., the period from the end of the most recent quarter for which POI values are available through the date of such redemption, conversion or liquidation). The cumulative change in HPA that occurs during the period measured for purposes of calculating the HPA Amount may differ from the cumulative change in HPA that occurs during the period for which the Series A Participating Preferred Shares are actually outstanding. As a result, the HPA Amount (if any) may be more or less than it would have been if it had been calculated with respect to the period during which the Series A Participating Preferred Shares were actually outstanding.

The FHFA may no longer publish or may materially change the methodology used in calculating the POI, which could adversely affect the value of our Series A Participating Preferred Shares.

As described under the *The Offering* Home Price Appreciation Factor, the HPA Amount is calculated by reference to the POI. If the FHFA no longer publishes the POI or eliminates from the POI one or more of our top 20 markets as of July 31, 2013, we will select a publicly available alternative source or sources (if more than one source is required to cover all 20 markets) to capture this data. Although we will endeavor to make appropriate amendments and disclosures of any alternative sources and results, we may be unable to replicate the methodology used by the FHFA in calculating the POI or produce the same results. Furthermore, a material change in the methodology used by the FHFA in calculating the POI will not result in the selection of an alternative source or sources. As a result, if the FHFA does not publish the POI for all of our top 20 markets as of July 31, 2013 using the same methodology throughout the measurement period, the HPA Amount at the time of measurement may be negatively impacted, which may adversely affect the value of our Series A Participating Preferred Shares.

An increase in market interest rates may cause the market price of the Series A Participating Preferred Shares to decrease.

One of the factors that will influence the price of the Series A Participating Preferred Shares will be the dividend yield on the Series A Participating Preferred Shares (as a percentage of the price of the Series A Participating Preferred Shares, as applicable) relative to market interest rates. An increase in market interest rates,

Table of Contents

which are currently at low levels relative to historical rates, may lead prospective purchasers of the Series A Participating Preferred Shares to expect a higher dividend yield and higher interest rates would likely increase our borrowing costs and potentially decrease funds available for distribution. Thus, higher market interest rates could cause the market price of the Series A Participating Preferred Shares to decrease.

If you own our Series A Participating Preferred Shares, you will not be entitled to any rights with respect to our common shares, but you will be subject to all changes made with respect to our common shares.

If you own our Series A Participating Preferred Shares, you will not be entitled to any rights with respect to our common shares (including, without limitation, voting rights and rights to receive any dividends or other distributions on our common shares), but you will be subject to all changes affecting the common shares. You will have rights with respect to our common shares only if and when we deliver common shares to you upon conversion of your Series A Participating Preferred Shares and, in certain cases, under the conversion rate adjustments applicable to our Series A Participating Preferred Shares. For example, in the event that an amendment is proposed to our declaration of trust requiring shareholder approval and the record date for determining the shareholders of record entitled to vote on the amendment occurs prior to the delivery of common shares to you following a conversion, you will not be entitled to vote on the amendment, although you will nevertheless be subject to any changes in the powers, preferences or special rights of our common shares.

The Change of Control conversion feature of our Series A Participating Preferred Shares may not adequately compensate you and may make it more difficult for a third party to take over our company or discourage a third party from taking over our company.

Upon the occurrence of a Change of Control, holders of the Series A Participating Preferred Shares will have the right (unless, prior to the Change of Control Conversion Date, we have provided or provide notice of our election to redeem the Series A Participating Preferred Shares) to convert some or all of their Series A Participating Preferred Shares into our Class A common shares (or equivalent value of alternative consideration). See Description of Series A Participating Preferred Shares Conversion Rights. Upon such a conversion, the holders will be limited to a maximum number of our Class A common shares equal to the conversion value (equal to the liquidation preference (including any HPA Amount) and unpaid and accrued dividends) divided by the closing price on the date of the event triggering the Change of Control.

The Change of Control conversion features of the Series A Participating Preferred Shares may have the effect of discouraging a third party from making an acquisition proposal for our company or of delaying, deferring or preventing certain change of control transactions of our company under circumstances that shareholders may otherwise believe is in their best interests.

There is no guarantee that any HPA Amount will accrue or be paid on the Series A Participating Preferred Shares.

There is no guarantee that home prices in the markets used to calculate the HPA Amount will appreciate at current or historical levels, or at all, or that any HPA Amount will accrue on our Series A Participating Preferred Shares. If the HPA Factor, determined using the POI produced by the FHFA, is zero or negative, no HPA Amount will accrue. As a result, the HPA may not be realized upon (i) exercise by us of our optional redemption right or conversion right after September 30, 2017 or (ii) our liquidation, dissolution or winding up.

The market price of Class A common shares received in a conversion of our Series A Participating Preferred Shares may decrease between the date received and the date the Class A common shares are sold.

The market price of Class A common shares received in a conversion may decrease between the date received and the date the Class A common shares are sold. The stock markets, including the NYSE, have experienced significant price and volume fluctuations. As a result, the market price of our Class A common shares is likely to be similarly volatile, and recipients of our Class A common shares may experience a decrease in the value of their

Table of Contents

shares, including decreases unrelated to our operating performance or prospects. The price of our Class A common shares could be subject to wide fluctuations in response to a number of factors, including sales of Class A common shares by other shareholders who received Class A common shares in respect of their Series A Participating Preferred Shares, our financial performance, government regulatory action or inaction, tax laws, interest rates and general market conditions and other factors. See The Series A Participating Preferred Shares are newly issued securities with no established trading market, which may negatively affect their market value and your ability to transfer or sell your shares. We intend to apply to list the Series A Participating Preferred Shares on the NYSE, but we cannot assure you that the listing will be approved or that a trading market will develop or be sustained.

Our ability to pay dividends is limited by the requirements of Maryland law.

Our ability to pay dividends on the Series A Participating Preferred Shares is limited by Maryland law. Under applicable Maryland law, a Maryland corporation generally may not make a distribution if, after giving effect to the distribution, the corporation would not be able to pay its debts as the debts become due in the usual course of business, or the corporation's total assets would be less than the sum of its total liabilities plus, unless the corporation's declaration of trust provides otherwise, the amount that would be needed, if the corporation were dissolved at the time of the distribution, to satisfy the preferential rights upon dissolution of shareholders whose preferential rights are superior to those receiving the distribution. Accordingly, we generally may not make a distribution on the Series A Participating Preferred Shares if, after giving effect to the distribution, we would not be able to pay our debts as they become due in the usual course of business or our total assets would be less than the sum of our total liabilities plus, unless the terms of such class or series provide otherwise, the amount that would be needed to satisfy the preferential rights upon dissolution of the holders of shares of any class or series of preferred shares of beneficial interest then outstanding, if any, with preferences senior to those of the Series A Participating Preferred Shares.

Broad market fluctuations could negatively impact the value of our Series A Participating Preferred Shares.

The stock market has recently experienced extreme price and volume fluctuations that have affected the market price of many companies in industries similar or related to ours and that have been unrelated to these companies' operating performance. These broad market fluctuations could negatively impact the market price of our common shares, which could in turn reduce the value of our Series A Participating Preferred Shares. Furthermore, our operating results and prospects may be below the expectations of public market analysts and investors or may be lower than those of companies with comparable market capitalizations. Either of these factors could lead to a material decline in the value of our Series A Participating Preferred Shares.

You should consider the United States federal income tax consequences of owning our Series A Participating Preferred Shares, including the potential for constructive distributions.

The principal United States federal income tax consequences of purchasing, owning and disposing our Series A Participating Preferred Shares are summarized under Material United States Federal Income Tax Considerations. The IRS may take the position that certain rights including our right to redeem the Series A Participating Preferred Shares for cash at a redemption price in excess of the issue price of the Series A Participating Preferred Shares and our right to convert the Series A Participating Preferred Shares to Class A common shares taking into account the HPA, causes you, during the period you hold your shares, to be deemed to receive taxable dividends subject to United States federal income tax without the receipt of any cash. If you are a non-U.S. shareholder, such deemed dividend may subject you to United States federal withholding tax. See Material United States Federal Income Tax Considerations.

Table of Contents

Risks Related to Qualification and Operation as a REIT

Qualifying as a REIT involves highly technical and complex provisions of the Code.

Qualification as a REIT involves the application of highly technical and complex Code provisions for which only limited judicial and administrative authorities exist. Even a technical or inadvertent violation could jeopardize our REIT qualification. Our qualification as a REIT depends upon our satisfaction of certain asset, income, organizational, distribution, shareholder ownership and other requirements on a continuing basis. New legislation, court decisions or administrative guidance, in each case possibly with retroactive effect, may make it more difficult or impossible for us to qualify as a REIT. Certain rules applicable to REITs are particularly difficult to interpret or to apply in the case of REITs investing in real estate mortgage loans that are acquired at a discount, subject to work-outs or modifications, or reasonably expected to be in default at the time of acquisition. In addition, our ability to satisfy the requirements to qualify as a REIT depends in part on the actions of third parties over which we have no control or only limited influence, including in cases where we own an equity interest in an entity that is classified as a partnership for U.S. federal income tax purposes.

Complying with REIT requirements may limit our ability to hedge effectively and may cause us to incur tax liabilities.

The REIT provisions of the Code may limit our ability to hedge our assets and operations. Under these provisions, any income that we generate from transactions intended to hedge our interest rate risk will be excluded from gross income for purposes of the REIT 75% and 95% gross income tests if the instrument hedges interest rate risk on liabilities used to carry or acquire real estate assets or manages the risk of certain currency fluctuations, and such instrument is properly identified under applicable Treasury Regulations. Income from hedging transactions that do not meet these requirements will generally constitute non-qualifying income for purposes of both the REIT 75% and 95% gross income tests. See Material U.S. Federal Income Tax Considerations Requirements for Qualification as a REIT Gross Income Tests Income from Hedging Transactions. As a result of these rules, we may have to limit our use of hedging techniques that might otherwise be advantageous or implement those hedges through a TRS. This could increase the cost of our hedging activities because our TRS would be subject to tax on gains or expose us to greater risks associated with changes in interest rates than we would otherwise want to bear. In addition, losses in our TRS will generally not provide any tax benefit, except for being carried back or forward against past or future taxable income in the TRS.

Complying with the REIT requirements may cause us to forgo and/or liquidate otherwise attractive investments.

To qualify as a REIT, we must continually satisfy tests concerning, among other things, the sources of our income, the nature and diversification of our assets, the amounts that we distribute to our shareholders and the ownership of our shares. To meet these tests, we may be required to take or forgo taking actions that we would otherwise consider advantageous. For instance, in order to satisfy the gross income or asset tests applicable to REITs under the Code, we may be required to forgo investments that we otherwise would make. Furthermore, we may be required to liquidate from our portfolio otherwise attractive investments. In addition, we may be required to make distributions to shareholders at disadvantageous times or when we do not have funds readily available for distribution. These actions could reduce our income and amounts available for distribution to our shareholders. Thus, compliance with the REIT requirements may hinder our investment performance.

Failure to qualify as a REIT, or failure to remain qualified as a REIT, would cause us to be taxed as a regular corporation, which would substantially reduce funds available for distributions to our shareholders.

We believe that we have been organized and have operated in conformity with the requirements for qualification and taxation as a REIT and that our current organization and proposed method of operation will enable us to continue to qualify as a REIT. However, we have not requested and do not intend to request a ruling from the Internal Revenue Service, or the IRS, that we qualify as a REIT. As a result, we cannot assure you that we qualify or that we will remain qualified as a REIT.

Table of Contents

If we fail to qualify as a REIT in any taxable year, and we do not qualify for certain statutory relief provisions, we will face serious tax consequences that will substantially reduce the funds available for distributions to our shareholders because:

we would not be allowed a deduction for dividends paid to shareholders in computing our taxable income and would be subject to federal income tax at regular corporate rates;

we could be subject to the federal alternative minimum tax and possibly increased state and local taxes; and

unless we are entitled to relief under certain U.S. federal income tax laws, we could not re-elect REIT status until the fifth calendar year after the year in which we failed to qualify as a REIT.

In addition, if we fail to qualify as a REIT, we will no longer be required to make distributions. As a result of all these factors, our failure to qualify as a REIT could impair our ability to expand our business and raise capital, and it would adversely affect the value of our common shares. See **Material U.S. Federal Income Tax Considerations** for a discussion of material U.S. federal income tax consequences relating to us and our common shares.

Even if we qualify as a REIT, we may face other tax liabilities that reduce our cash flow.

Even if we qualify for taxation as a REIT, we may be subject to certain U.S. federal, state and local taxes on our income and assets, including taxes on any undistributed income, tax on income from some activities conducted as a result of a foreclosure, and state or local income, property and transfer taxes. In addition, we could, in certain circumstances, be required to pay an excise or penalty tax (which could be significant in amount) in order to utilize one or more relief provisions under the Code to maintain our qualification as a REIT. See **Material U.S. Federal Income Tax Considerations Taxation of the Company as a REIT**. Any of these taxes would decrease cash available for distribution to our shareholders. In addition, in order to meet the REIT qualification requirements, or to avert the imposition of a 100% tax that applies to certain gains derived by a REIT from dealer property or inventory, we hold some of our assets through a TRS or other subsidiary corporations that are subject to corporate-level income tax at regular rates. Our TRS may have tax liability with respect to phantom income if it is treated as a dealer for U.S. federal income tax purposes which would require the TRS to mark to market its assets at the end of each taxable year. In addition, our TRS is subject to federal, state and local corporate taxes. Any of these taxes would decrease cash available for distribution to our shareholders. For more information on taxable REIT subsidiaries see **Material U.S. Federal Income Tax Considerations Requirements for Qualification as a REIT Effect of Subsidiary Entities Ownership of Interests in Taxable REIT Subsidiaries**.

Failure to make required distributions would subject us to U.S. federal corporate income tax.

We believe that we have operated and we intend to continue to operate in a manner so as to qualify as a REIT for U.S. federal income tax purposes. In order to qualify as a REIT, we generally are required to distribute at least 90% of our REIT taxable income, determined without regard to the dividends paid deduction and excluding any net capital gain, each year to our shareholders. To the extent that we satisfy this distribution requirement, but distribute less than 100% of our REIT taxable income, we will be subject to U.S. federal corporate income tax on our undistributed net taxable income. In addition, we will be subject to a 4% nondeductible excise tax if the actual amount that we pay out to our shareholders in a calendar year is less than a minimum amount specified under the Code. We intend to make distributions to our shareholders to comply with the REIT requirements of the Code.

Dividends payable by REITs do not qualify for the reduced tax rates available for some dividends, which could adversely affect the value of our Class A common shares if they are perceived as less attractive investments.

The maximum rate applicable to qualified dividend income paid by regular C corporations to U.S. shareholders that are individuals, trusts and estates generally is 20%. Dividends payable by REITs, however,

Table of Contents

generally are not eligible for the current reduced rate, except to the extent that certain holding requirements have been met and a REIT's dividends are attributable to dividends received by a REIT from taxable corporations (such as a REIT's taxable REIT subsidiaries), to income that was subject to tax at the REIT/corporate level, or to dividends properly designated by the REIT as capital gains dividends. Although the reduced rates applicable to dividend income from regular C corporations do not adversely affect the taxation of REITs or dividends payable by REITs, it could cause investors who are non-corporate taxpayers to perceive investments in REITs to be relatively less attractive than investments in the shares of regular C corporations that pay dividends, which could adversely affect the value of the shares of REITs, including our Class A common shares.

The prohibited transactions tax may limit our ability to engage in transactions.

A REIT's net income from prohibited transactions is subject to a 100% tax. In general, prohibited transactions are sales or other dispositions of property other than foreclosure property, held primarily for sale to customers in the ordinary course of business. We may be subject to the prohibited transactions tax equal to 100% of net gain upon a disposition of real property or debt instruments that we hold. Although a safe harbor to the characterization of the sale of property by a REIT as a prohibited transaction is available, we cannot assure you that we can comply with the safe harbor or that we will avoid owning property that may be characterized as held primarily for sale to customers in the ordinary course of business. Consequently, we may choose not to engage in certain sales of our properties or debt instruments or we may conduct such sales through our TRS, which would be subject to U.S. federal and state income taxation. In addition, we may have to sell numerous properties to a single or a few purchasers, which could cause us to be less profitable than would be the case if we sold properties on a property-by-property basis. For example, if we decide to acquire properties or debt instruments opportunistically to renovate in anticipation of immediate resale, we will need to conduct that activity through our TRS to avoid the 100% prohibited transactions tax.

The 100% tax described above may limit our ability to enter into transactions that would otherwise be beneficial to us. For example, if circumstances make it profitable or otherwise uneconomical for us to remain in certain states or geographical markets, the 100% tax could delay our ability to exit those states or markets by selling our assets in those states or markets other than through a TRS, which could harm our operating profits and the trading price of our Class A common shares.

If the operating partnership fails to qualify as a partnership for federal income tax purposes, we could fail to qualify as a REIT and suffer other adverse consequences.

We believe that our operating partnership is organized and will be operated in a manner so as to be treated as a partnership and not an association or a publicly traded partnership taxable as a corporation, for U.S. federal income tax purposes. As a partnership, our operating partnership will not be subject to U.S. federal income tax on its income. Instead, each of the partners will be allocated its share of our operating partnership's income. No assurance can be provided, however, that the IRS will not challenge our operating partnership's status as a partnership for U.S. federal income tax purposes, or that a court would not sustain such a challenge. If the IRS were successful in treating our operating partnership as an association or publicly traded partnership taxable as a corporation for U.S. federal income tax purposes, we would fail to meet the gross income tests and certain of the asset tests applicable to REITs and, accordingly, would cease to qualify as a REIT. Also, the failure of the operating partnership to qualify as a partnership would cause it to become subject to U.S. federal corporate income tax, which would reduce significantly the amount of its cash available for distribution to its partners, including us.

The ability of our board of trustees to revoke our REIT qualification without shareholder approval may cause adverse consequences to our shareholders.

Our declaration of trust provides that our board of trustees may revoke or otherwise terminate our REIT election, without shareholder approval, if it determines that it is no longer in our best interest to continue to qualify as a REIT. If we cease to qualify as a REIT, we would become subject to U.S. federal income tax on our

Table of Contents

net taxable income and would no longer be required to distribute most of our taxable income to our shareholders, which may have adverse consequences on our total return to our shareholders.

Our ownership of our TRS subsidiaries will be subject to limitations and our transactions with our TRS subsidiaries will cause us to be subject to a 100% penalty tax on certain income or deductions if those transactions are not conducted on arm's-length terms.

The Code provides that no more than 25% of the value of a REIT's assets may consist of shares or securities of one or more TRSs. This requirement limits the extent to which we can conduct activities through TRSs. In addition, the Code limits the deductibility of interest paid or accrued by a TRS to its parent REIT to assure that the TRS is subject to an appropriate level of corporate taxation. The Code also imposes a 100% excise tax on certain transactions between a TRS and its parent REIT that are not conducted on an arm's-length basis. We monitor the value of our respective investments in our TRS for the purpose of ensuring compliance with TRS ownership limitations and we intend to structure our transactions with our TRS on terms that we believe are arm's-length to avoid incurring the 100% excise tax described above. There can be no assurance, however, that we will be able to comply with the 25% taxable REIT subsidiaries limitation or to avoid application of the 100% excise tax. For more information on taxable REIT subsidiaries see Material U.S. Federal Income Tax Considerations Requirements for Qualification as a REIT Effect of Subsidiary Entities Ownership of Interests in Taxable REIT Subsidiaries.

You may be restricted from acquiring or transferring certain amounts of our common shares.

The share ownership restrictions of the Code for REITs and the 8.0% common share ownership limit that applies to all shareholders, other than the Hughes family which is subject to the excepted holder limit (as defined in the declaration of trust) and designated investment entities (as defined in the declaration of trust) which are subject to a 9.9% common share ownership limit, all as provided in our declaration of trust may inhibit market activity in our equity shares and restrict our business combination opportunities. See Description of Equity Shares Restrictions on Ownership and Transfer.

In order to qualify as a REIT for each taxable year beginning with our taxable year ending December 31, 2013, five or fewer individuals, as defined in the Code, may not own, beneficially or constructively, more than 50% in value of our issued and outstanding equity shares at any time during the last half of a taxable year. Attribution rules in the Code determine if any individual or entity beneficially or constructively owns our equity shares under this requirement. Additionally, at least 100 persons must beneficially own our equity shares during at least 335 days of a taxable year for each taxable year after 2012. To help insure that we meet these tests, our declaration of trust restricts the acquisition and ownership of our equity shares.

Our declaration of trust, with certain exceptions, authorizes our trustees to take such actions as are necessary and desirable to preserve our qualification as a REIT. Unless exempted by our board of trustees, our declaration of trust prohibits any person, other than the Hughes family which is subject to the excepted holder limit (as defined in the declaration of trust) and designated investment entities (as defined in the declaration of trust), from beneficially or constructively owning more than 8.0% in value or number of shares, whichever is more restrictive, of our outstanding common shares. Our board of trustees may not grant an exemption from these restrictions to any proposed transferee whose ownership in excess of 8.0% of the value of our outstanding common shares would result in our failing to qualify as a REIT. These restrictions on ownership and transfer will not apply, however, if our board of trustees determines that it is no longer in our best interest to continue to qualify as a REIT.

We may be subject to adverse legislative or regulatory tax changes that could reduce the market price of our Series A Participating Preferred Shares.

At any time, the U.S. federal income tax laws governing REITs or the administrative interpretations of those laws may be amended, possibly with retroactive effect. We cannot predict when or if any new U.S. federal income

Table of Contents

tax law, regulation or administrative interpretation, or any amendment to any existing U.S. federal income tax law, regulation or administrative interpretation, will be adopted, promulgated or become effective and whether any such law, regulation, or interpretation may take effect retroactively. We and our shareholders could be adversely affected by any such change in or any new U.S. federal income tax law, regulation or administrative interpretation.

We may be required to report taxable income for certain investments in excess of the economic income that we ultimately realize from them.

Our TRS may invest in mortgages, including NPLs, for less than their face amount. The amount of such discount is generally be treated as market discount for U.S. federal income tax purposes. Accrued market discount is reported as income when, and to the extent that, any payment of principal of the debt instrument is made, unless we elect to include accrued market discount in income as it accrues. Principal payments on certain loans are made monthly, and consequently accrued market discount may have to be included in income each month as if the debt instrument were assured of ultimately being collected in full. If we collect less on the debt instrument than our purchase price plus the market discount we had previously reported as income, we may not be able to benefit from any offsetting loss deductions.

In the event that any debt instruments acquired by us are delinquent as to mandatory principal and interest payments, or in the event payments with respect to a particular debt instrument are not made when due, we may nonetheless be required to continue to recognize the unpaid interest as taxable income as it accrues, despite doubt as to its ultimate collectability. While we would in general ultimately have an offsetting loss deduction available to us when such interest was determined to be uncollectible, the utility of that deduction could depend on our having taxable income in that later year or thereafter.

Finally, we or our TRS may recognize taxable phantom income as a result of modifications, pursuant to agreements with borrowers, of debt instruments that we acquire if the amendments to the outstanding debt are significant modifications under the applicable Treasury regulations. In addition, our TRS may be treated as a dealer for U.S. federal income tax purposes, in which case the TRS would be required to mark to market its assets at the end of each taxable year and recognize taxable gain or loss on those assets even though there has been no actual sale of those assets.

Table of Contents

FORWARD-LOOKING STATEMENTS

Various statements contained in this prospectus, including those that express a belief, expectation or intention, as well as those that are not statements of historical fact, are forward-looking statements. These forward-looking statements may include projections and estimates concerning the timing and success of specific projects and our future production, revenues, income and capital spending. Our forward-looking statements are generally accompanied by words such as estimate, project, predict, believe, expect, intend, anticipate, potential, other words that convey the uncertainty of future events or outcomes. We have based these forward-looking statements on our current expectations and assumptions about future events. While our management considers these expectations and assumptions to be reasonable, they are inherently subject to significant business, economic, competitive, regulatory and other risks, contingencies and uncertainties, most of which are difficult to predict and many of which are beyond our control. These and other important factors, including those discussed under Risk Factors, Management's Discussion and Analysis of Financial Condition and Results of Operations and elsewhere in this prospectus may cause our actual results, performance or achievements to differ materially from any future results, performance or achievements expressed or implied by these forward-looking statements. These risks, contingencies and uncertainties include, but are not limited to, the following:

We are employing a new and untested business model with no proven track record, which may make our business difficult to evaluate.

We are a recently organized REIT with a limited operating history, and we may not be able to successfully operate our business or generate sufficient operating cash flows to make or sustain distributions on our Series A Participating Preferred Shares.

We may not be able to effectively manage our growth, and any failure to do so may have an adverse effect on our business and operating results.

Because we have not yet identified any specific properties (other than properties held in escrow) to acquire with any net proceeds of this offering remaining after repayment of debt, you will be unable to evaluate the economic merits of our investments made with such net proceeds before making an investment decision to purchase our Series A Participating Preferred Shares.

We intend to continue to rapidly expand our scale of operations and make acquisitions even if the rental and housing markets are not as favorable as they have been in recent months, which could adversely impact anticipated yields.

Our future growth depends, in part, on the availability of additional debt or equity financing. If we cannot obtain additional financing on terms favorable or acceptable to us, our growth may be limited.

Our credit facility contains financial and operating covenants that could restrict our business and investment activities. Failure to satisfy these covenants could result in a default under our credit facility that could accelerate the maturity of our debt obligations, which would have a material adverse effect on our business, liquidity, results of operations and financial condition and our ability to make distributions on our Series A Participating Preferred Shares.

Our success depends, in part, upon our ability to hire and retain highly skilled managerial, investment, financial and operational personnel, and the past performance of our senior management may not be indicative of future results.

Our investments are and will continue to be concentrated in our target markets and the single-family properties sector of the real estate industry, which exposes us to downturns in our target markets or in the single-family properties sector.

Edgar Filing: American Homes 4 Rent - Form S-11/A

We face significant competition for acquisitions of our target properties, which may limit our strategic opportunities and increase the cost to acquire those properties.

We face significant competition in the leasing market for quality tenants, which may limit our ability to rent our single-family homes on favorable terms or at all.

Table of Contents

The large supply of single-family homes becoming available for purchase as a result of the heavy volume of foreclosures, combined with historically low residential mortgage rates, may cause some potential renters to seek to purchase residences rather than lease them and, as a result, cause a decline in the number and quality of potential tenants.

Our evaluation of properties involves a number of assumptions that may prove inaccurate, which could result in us paying too much for properties we acquire or overvaluing our properties or our properties failing to perform as we expect.

The estimates, forecasts and projections relating to our markets prepared by JBREC are based upon numerous assumptions and may not prove to be accurate.

Single-family properties that are being sold through short sales or foreclosure sales are subject to risks of theft, mold, infestation, vandalism, deterioration or other damage that could require extensive renovation prior to renting and adversely impact our operating results.

If occupancy levels and rental rates in our target markets do not increase sufficiently to keep pace with rising costs of operations, our income and distributable cash will decline.

We depend on our tenants and their willingness to renew their leases for substantially all of our revenues. Poor tenant selection and defaults and nonrenewals by our tenants may adversely affect our reputation, financial performance and ability to make distributions on our Series A Participating Preferred Shares.

Declining real estate values and impairment charges could adversely affect our earnings and financial condition.

We are self-insured against many potential losses, and uninsured or underinsured losses relating to properties may adversely affect our financial condition, operating results, cash flows and ability to make distributions on our Series A Participating Preferred Shares.

Mortgage loan modification programs and future legislative action may adversely affect the number of available properties that meet our investment criteria.

Completion of the Management Internalization has exposed us to new and additional responsibilities, costs and risks.

The contribution agreement we entered into in connection with the Management Internalization was negotiated between a special committee of our board of trustees and AH LLC. Therefore, the terms of the agreement may not have been as favorable to us as if it had been negotiated with unaffiliated third parties.

Our board of trustees has approved a very broad investment policy, subject to management oversight, and does not review or approve each acquisition decision made by AH LLC.

We may be adversely affected by lawsuits alleging trademark infringement as such lawsuits could materially harm our brand name, reputation and results of operations.

Edgar Filing: American Homes 4 Rent - Form S-11/A

Our fiduciary duties as the general partner of our operating partnership could create conflicts of interest, which may impede business decisions that could benefit our shareholders.

As long as AH LLC continues to perform acquisition and renovation services for us, we will continue to depend on AH LLC for our external growth.

The Series A Participating Preferred Shares have not been rated.

The Series A Participating Preferred Shares are newly issued securities with no established trading market, which may negatively affect their market value and your ability to transfer or sell your shares. We intend to apply to list the Series A Participating Preferred Shares on the NYSE, but we cannot assure you that the listing will be approved or that a trading market will develop or be sustained.

Table of Contents

The Series A Participating Preferred Shares are subordinate to our debt and other liabilities, and your interests could be diluted by the issuance of additional preferred shares and by other transactions.

There is no guarantee that any HPA Amount will accrue or be paid on the Series A Participating Preferred Shares.

Changes in home prices reflected in the POI may have little or no correlation with the actual appreciation or depreciation of homes in our portfolio, and the POI data for our top 20 markets that we will use to calculate the HPA Amount may have little or no correlation with the actual appreciation or depreciation of homes nationwide.

The cumulative change in HPA that occurs during the period measured for purposes of calculating the HPA Amount may differ from the cumulative change in HPA that occurs during the period for which the Series A Participating Preferred Shares are actually outstanding.

The FHFA may no longer publish or may materially change the methodology used in calculating the POI, which could adversely affect the value of our Series A Participating Preferred Shares.

If you hold our Series A Participating Preferred Shares, you will not be entitled to any rights with respect to our common shares, but you will be subject to all changes made with respect to our common shares.

The Change of Control conversion feature of our Series A Participating Preferred Shares may not adequately compensate you and may make it more difficult for a third party to take over our company or discourage a third party from taking over our company.

The market price of Class A common shares received in a conversion of our Series A Participating Preferred Shares may decrease between the date received and the date the Class A common shares are sold.

Our ability to pay dividends is limited by the requirements of Maryland law.

You should consider the United States federal income tax consequences of owning our Series A Participating Preferred Shares, including the potential for constructive distributions.

Future sales of our common shares or other equity-related securities in the public market could lower the market price of our common shares and adversely impact the value of the Series A Participating Preferred Shares.

Failure to qualify as a REIT, or failure to remain qualified as a REIT, would cause us to be taxed as a regular corporation, which would substantially reduce funds available for distribution to our shareholders.

While forward-looking statements reflect our good faith beliefs, assumptions and expectations, they are not guarantees of future performance, and you should not unduly rely on them. The forward-looking statements in this prospectus speak only as of the date of this prospectus. We are not obligated to update or revise these statements as a result of new information, future events or otherwise, unless required by applicable law.

Table of Contents**RATIO OF EARNINGS TO FIXED CHARGES**

We compute our ratio of earnings to combined fixed charges and preferred distributions by dividing our earnings by the sum of our fixed charges and preferred distributions. We compute our ratio of earnings to fixed charges by dividing our earnings by our fixed charges. Earnings consist of net income before interest expense and noncontrolling interests that have fixed charges.

	Six Months Ended June 30, 2013 (a) (in thousands)	Year Ended December 31, 2012 (in thousands)	Period from June 23, 2013 to December 31, 2011 (in thousands)
Fixed charges:			
Interest expense	\$ 370	\$	\$
Capitalized interest	2,028		
Preferred distributions (c)	5,667		
Total fixed charges	\$ 8,065	\$	\$
Earnings available for fixed charges:			
Loss from continuing operations	\$ (6,742)	\$ (10,236)	\$ (42)
Fixed charges	8,065		
Less: capitalized interest	(2,028)		
Less: gain on remeasurement of equity method investment	(10,945)		
Total earnings available for fixed charges	\$ (11,650)	\$ (10,236)	\$ (42)
Ratio of earnings to fixed charges	(b)	n/a	n/a

(a) Excludes discontinued operations.

(b) Earnings for the six months ended June 30, 2013 were inadequate to cover fixed charges by \$19,715.

(c) Includes distributions of \$5,510 paid on Series C convertible units and \$157 paid on 3.5% convertible perpetual preferred units.

Table of Contents

USE OF PROCEEDS

We estimate that the net proceeds to us from the sale of our Series A Participating Preferred Shares in this offering will be approximately \$ million (or approximately \$ million if the underwriters exercise their option to purchase up to 600,000 additional Series A Participating Preferred Shares in full), after deducting the underwriting discount and other estimated offering expenses.

We will contribute the net proceeds of this offering to our operating partnership in exchange for Series A preferred participating operating partnership units. Our operating partnership intends to use the net proceeds received from our contribution (i) to repay the indebtedness we have incurred or expect to incur under our credit facility, (ii) to acquire and renovate single-family properties, including the escrowed properties listed under Summary Our Properties, in accordance with our business strategy described in this prospectus and (iii) for general business purposes. As of July 31, 2013, we had 458 properties in escrow, with an estimated total investment of \$76.3 million. At August 31, 2013, we had \$94 million of borrowings outstanding under our credit facility. Our credit facility bears interest at 30-day LIBOR plus 2.75% until March 2017, and thereafter, at 30-day LIBOR plus 3.125%.

Pending application of any portion of the net proceeds, we or our operating partnership will invest such funds in interest-bearing accounts and short-term interest-bearing securities consistent with our intention to qualify for taxation as a REIT. These investments are expected to provide lower net returns than we will seek to achieve with our target assets.

Table of Contents

DISTRIBUTION POLICY

To qualify as a REIT, we must distribute annually to our common and preferred shareholders an amount at least equal to 90% of our REIT taxable income, determined without regard to the deduction for dividends paid and excluding any net capital gain. We will be subject to income tax on our taxable income that is not distributed and to an excise tax to the extent that certain percentages of our taxable income are not distributed by specified dates. See Material U.S. Federal Income Tax Considerations. Income as computed for purposes of the foregoing tax rules will not necessarily correspond to our income as determined for financial reporting purposes.

The amount, timing and frequency of distributions authorized by our board of trustees will be based upon a variety of factors, including:

actual results of operations;

our level of retained cash flows;

the timing of the investment of the net proceeds of this offering;

restrictions under Maryland law;

any debt service requirements and compliance with covenants under our credit facility;

our taxable income;

the annual distribution requirements under the REIT provisions of the Code;

distributions to senior equity security holders; and

other factors that our board of trustees may deem relevant.

Our ability to make distributions to our common and preferred shareholders will depend upon the ability of our management team to invest the net proceeds of this offering in our target assets in accordance with our business strategy and the performance of our properties. Distributions will be made in cash to the extent that cash is available for distribution. We may not be able to generate sufficient net interest income to pay distributions to our shareholders. In addition, our board of trustees may change our distribution policy in the future. We may not pay an initial distribution until a significant portion of the proceeds of this offering have been invested. See Risk Factors.

Our declaration of trust allows us to issue preferred shares that could have a preference on distributions. The distribution preference of our Series A Participating Preferred Shares could limit our ability to make distributions to the holders of our common shares. Our board of trustees will set the level of distributions. We intend to distribute our taxable income to our shareholders and retain the balance of our cash available for distribution for reinvestment in properties. However, our cash available for distribution may be less than the amount required to meet the distribution requirements for REITs under the Code, and we may be required to borrow money, sell assets or make taxable distributions of our equity shares or debt securities to satisfy the distribution requirements. Additionally, we may pay future distributions from the proceeds from this offering or other securities offerings and thus all or a portion of such distributions may constitute a return of capital for federal income tax purposes. We also may elect to pay all or a portion of any distribution in the form of a taxable distribution of our shares or debt securities.

Edgar Filing: American Homes 4 Rent - Form S-11/A

The timing and frequency of distributions authorized by our board of trustees in its sole discretion and declared by us will be based upon a variety of factors deemed relevant by our board of trustees, which may include among others: our actual and projected results of operations; our liquidity, cash flows and financial condition; revenue from our properties; our operating expenses; economic conditions; debt service requirements; limitations under our financing arrangements; applicable law; capital requirements and the REIT requirements of the Code. Our actual results of operations will be affected by a number of factors, including the revenue we

Table of Contents

receive from our assets, our operating expenses, interest expenses and unanticipated expenditures. For more information regarding risk factors that could materially adversely affect our actual results of operations, please see Risk Factors.

We cannot guarantee whether or when we will be able to make distributions or that any distributions will be sustained over time. Distributions to our shareholders generally will be taxable to our shareholders as ordinary income, although a portion of such distributions may be designated by us as capital gain dividends or qualified dividend income, or may constitute a return of capital. We will furnish annually to each of our shareholders a statement setting forth distributions paid during the preceding year and their federal income tax treatment. For a discussion of the federal income tax treatment of our distributions, see Material U.S. Federal Income Tax Considerations.

Table of Contents**CAPITALIZATION**

The following table sets forth our capitalization as of June 30, 2013 (1) on a historical basis, (2) pro forma as adjusted to reflect the issuance of our Class A common shares in connection with the IPO and concurrent private placements and (3) as further adjusted to reflect the sale of 4,000,000 Series A Participating Preferred Shares in this offering (assuming no exercise of the underwriters' option to purchase 600,000 additional shares), after deducting underwriting discounts and estimated offering expenses. You should read this table together with Selected Consolidated Financial Data, Management's Discussion and Analysis of Financial Condition and Results of Operations and our consolidated financial statements and related notes included elsewhere in this prospectus.

	As of June 30, 2013		As Further Adjusted for this Offering ⁽²⁾
	Historical	Pro Forma as Adjusted ⁽¹⁾ (dollars in thousands)	
Debt:	\$ 670,000	\$	\$
Shareholders' equity:			
Preferred Shares \$0.01 par value per share, 100,000,000 shares authorized: 0 shares issued and outstanding as of June 30, 2013 and as adjusted for IPO, Series A Participating Preferred Shares issued and outstanding as further adjusted			
Class A common shares \$0.01 par value per share, 450,000,000 shares authorized, 129,433,425 shares issued and outstanding at June 30, 2013, ⁽³⁾ and 184,856,219 shares as adjusted for IPO and as further adjusted	1,294	1,848	
Class B common shares \$0.01 par value per share, 50,000,000 shares authorized, 635,075 shares issued and outstanding at June 30, 2013 and as adjusted for IPO and as further adjusted	6	6	
Additional paid-in capital	1,965,413	2,809,265	
Shareholders' equity	1,966,713	2,811,119	
Noncontrolling interest	716,650	716,650	
Total capitalization	\$ 3,353,363	\$ 3,527,769	\$

- (1) Reflects the sale of 44,117,647 Class A common shares on August 6, 2013 in connection with our initial public offering, or IPO, and 6,617,647 Class A common shares on August 21, 2013 in connection with the underwriters' exercise in full of their option to purchase additional shares, less underwriting discounts and other offering costs. Also reflects the issuance of 4,687,500 Class A common shares in connection with the concurrent private placements.
- (2) As further adjusted reflects, in addition to the adjustments for the IPO as described in (1), the sale of Series A Participating Preferred Shares in connection with this offering, less underwriting discounts and estimated offering expenses. At August 31, 2013, we had borrowings of \$94 million under our credit facility.
- (3) Excludes: (i) an aggregate of 670,000 of our Class A common shares issuable upon exercise of options previously granted to members of our board of trustees and our former manager's executive team, employees and other service providers under the 2012 Incentive Plan that vest ratably over a period of four years from the date of grant; (ii) 5,330,000 of our Class A common shares available for issuance in the future under the 2012 Incentive Plan, subject to certain contingencies; (iii) 4,375,000 Series D units issued in June 2013 in connection with the Management Internalization, each of which are convertible into Class A units (or Class B units in certain circumstances) on a one-for-one basis only effective as of the later of (1) 30 months from the date of issuance and (2) upon achieving certain financial metrics or share appreciation targets; (iv) 4,375,000 Series E units issued in June 2013 in connection with the Management Internalization, each of which are convertible into Series D units, or if the Series D units have previously converted into Class A units or Class B units in certain circumstances, into Class A units (or Class B units in

Table of Contents

certain circumstances) on February 29, 2016 if certain conditions are met; (v) 12,395,965 Class A units issued to AH LLC in June 2013 in connection with the Alaska Joint Venture Acquisition; (vi) 705,167 Class A units issued in June 2013 in connection with AH LLC's contribution of its interests in RJ2 to our operating partnership; (vii) 653,492 Class A units issued in June 2013 upon conversion of 653,492 3.5% convertible perpetual preferred units in connection with AH LLC's transfer of the remaining 80% of the promoted interest in RJ1 to our operating partnership; (viii) 31,085,974 Series C units issued in connection with our operating partnership's acquisition of the AH LLC Portfolio in February 2013, each of which are convertible into Class A units; and (ix) 32,667 Class A units issued in connection with our operating partnership's acquisition of 367 single-family properties from AH LLC in December 2012. In general, beginning 12 months after the date of issuance, holders of our Class A units have the right to require our operating partnership to redeem part or all of their Class A units for cash or, at our election, our Class A common shares on a one-for-one basis.

Table of Contents**SELECTED CONSOLIDATED FINANCIAL DATA**

The following table presents selected historical consolidated financial information and selected portfolio data as of June 30, 2013 (unaudited) and December 31, 2012 and 2011 and for the six months ended June 30, 2013 and 2012 (unaudited), for the year ended December 31, 2012, and for the period from June 23, 2011 to December 31, 2011. The selected consolidated financial information presented below under the captions

Consolidated Statements of Operations Data and Consolidated Balance Sheets Data have been derived from our consolidated financial statements. Under the provisions of ASC 805, *Business Combinations*, we have reflected transactions between businesses under common control retroactively based on the date AH LLC commenced acquiring properties, June 23, 2011. As such, the statements of operations reflect activity prior to our date of formation, and the properties contributed to us by AH LLC are reflected retroactively on the balance sheets based on AH LLC's net book value. Therefore, our selected consolidated financial data may not be indicative of our past or future results and does not reflect our financial position or results of operations had it been presented as if we had been operating independently during the period presented. Because the information presented below is only a summary and does not provide all of the information contained in our historical consolidated financial statements, including the related notes, you should read it in conjunction with Management's Discussion and Analysis of Financial Condition and Results of Operations and our consolidated financial statements, including the related notes, included elsewhere in this prospectus.

Consolidated Statements of Operations Data**(Amounts in thousands, except share information)**

	For the Six Months		Year Ended December 31, 2012	Period from June 23, 2011 to December 31, 2011
	Ended June 30,			
	2013	2012		
Revenues:				
Rents from single-family properties	\$ 24,144	\$ 280	\$ 4,540	\$ 65
Other	535			
Total revenues	24,679	280	4,540	65
Expenses:				
Property operating expenses				
Leased single-family properties	9,362	133	1,744	27
Vacant single-family properties	6,120	118	1,846	12
General and administrative expense	2,436	1,657	7,199	47
Advisory fees	6,352		937	
Interest expense	370			
Noncash share-based compensation expense	453		70	
Acquisition fees and costs expensed	3,489		869	
Depreciation and amortization	13,784	102	2,111	21
Total expenses	42,366	2,010	14,776	107
Gain on remeasurement of equity method investment	10,945			
Income / (loss) from continuing operations	(6,742)	(1,730)	(10,236)	(42)
Discontinued operations				
Gain on disposition of assets	904			
Income from discontinued operations	104			
Total income from discontinued operations	1,008			

Edgar Filing: American Homes 4 Rent - Form S-11/A

Net income / (loss)	(5,734)	(1,730)	(10,236)	(42)
Noncontrolling interest	5,559			
Conversion of preferred units	10,456			
Net loss attributable to common shareholders	\$ (21,749)	\$ (1,730)	\$ (10,236)	\$ (42)
Weighted average shares outstanding basic and diluted	72,234,717	3,301,667	7,225,512	3,301,667

Table of Contents

	For the Six Months			Period from
	Ended June 30,		Year Ended	June 23,
	2013	2012	December 31,	2011 to
			December 31,	December 31,
	2013	2012	2012	2011
Net loss per share basic and diluted:				
Loss from continuing operations	\$ (0.31)	\$ (0.52)	\$ (1.42)	\$ (0.01)
Discontinued operations	0.01			
Net loss attributable to common shareholders per share basic and diluted	\$ (0.30)	\$ (0.52)	\$ (1.42)	\$ (0.01)

Consolidated Balance Sheets Data

	As of	As of December 31,	
	June 30,	2012	2011
	2013	(in thousands)	(in thousands)
	(unaudited)		
	(in thousands)		(in thousands)
Single-family properties, net	\$ 3,039,504	\$ 505,713	\$ 3,495
Cash and cash equivalents	251,406	397,198	
Rent and other receivables	7,644	6,586	11
Restricted cash for resident security deposits	13,572		
Escrow deposits, prepaid expenses and other assets	27,936	11,961	17
Deferred costs and other intangibles	21,978		
Goodwill	120,655		
Total assets	\$ 3,482,695	\$ 921,458	\$ 3,523
Total liabilities	\$ 831,359	\$ 16,294	\$ 49
Total equity	2,651,336	905,164	3,474
Total liabilities and equity	\$ 3,482,695	\$ 921,458	\$ 3,523

Selected Other Portfolio Data

	As of	As of December 31,	
	June 30,	2012	2011
	2013		
	(unaudited)		
	(in thousands)		
Leased single-family properties	10,245	1,164	19
Vacant single-family properties available for lease	2,007	623	2
Single-family properties being renovated	6,074	1,857	12
Total single-family properties owned	18,326	3,644	33

Table of Contents

**MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

The following discussion of our financial condition and results of operations should be read together with the Selected Consolidated Financial Data, Our Business and Properties, and the consolidated financial statements and related notes that are included elsewhere in this prospectus. The following discussion includes information derived from our June 30, 2013 and 2012 condensed consolidated financial statements and December 31, 2012 and 2011 consolidated financial statements located elsewhere in this prospectus. This discussion contains forward-looking statements based upon our current expectations that involve risks and uncertainties. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of various factors, including those set forth under Risk Factors, Forward-Looking Statements or in other parts of this prospectus.

Overview

We are a Maryland REIT focused on acquiring, renovating, leasing and operating single-family homes as rental properties. We commenced operations in November 2012 to continue the investment activities of AH LLC, which we refer to as our sponsor, which was founded by our chairman, B. Wayne Hughes, in 2011 to take advantage of the dislocation in the single-family home market. Mr. Hughes has over 40 years of experience in the real estate business and a successful track record as co-founder and former chairman and chief executive officer of Public Storage, a REIT listed on the NYSE.

As of June 30, 2013, we owned 18,326 single-family properties representing an estimated total investment of \$3.2 billion, which includes our actual purchase price (including closing costs) and estimated renovation costs plus a 5% acquisition and renovation fee, if applicable. We also had an additional 1,152 properties in escrow that we expected to acquire, subject to customary closing conditions, for an estimated total investment of \$191 million. As of June 30, 2013, we owned properties in selected sub-markets of metropolitan statistical areas, or MSAs, in 21 states, and we continually evaluate potential new target markets that fit our underwriting criteria and are located where we believe we can achieve sufficient scale for internalized property management.

From our formation through June 10, 2013, we were externally managed and advised by our former manager and the leasing, managing and advertising of our properties was overseen and directed by our former property manager, both of which were subsidiaries of the sponsor. On June 10, 2013, we effected the Management Internalization and acquired our former manager and our former property manager from the sponsor in exchange for 4,375,000 Series D units and 4,375,000 Series E units in our operating partnership. We now have an integrated operating platform that consists of approximately 270 personnel dedicated to property management, marketing, leasing, financial and administrative functions. Our acquisition and renovation functions continue to be performed by the sponsor until December 10, 2014. On September 10, 2014, we have the right to offer employment, which would commence on December 10, 2014, to all of the sponsor's acquisition and renovation personnel necessary for our operations. No additional consideration will be paid to the sponsor in connection with exercising our employment offer right. Until such time as we have completed our hiring of the sponsor's acquisition and renovation personnel, we will continue paying the sponsor a 5% acquisition and renovation fee and, separately, the sponsor will pay us a monthly fee of \$100,000 for maintenance and use of certain intellectual property transferred to us in the Management Internalization.

Prior to the Management Internalization, the sponsor exercised control over us through the contractual rights provided to our former manager through an advisory management agreement. Accordingly, our consolidated financial statements retroactively reflect two transactions between us and the sponsor as transactions between entities under common control. In December 2012, the sponsor contributed 367 properties to us with an agreed-upon value of \$49,444,000 and made a cash investment of \$556,000, in exchange for 3,300,000 Class A common shares, 667 Class B common shares, and 32,667 Class A units of our operating partnership. In February 2013, the sponsor contributed a portfolio of 2,770 single-family properties to us with an agreed-upon value of

Table of Contents

\$491,666,000, in exchange for 31,085,974 Series C units of our operating partnership and 634,408 of our Class B common shares. As noted in our consolidated financial statements, the accounts relating to the properties acquired in those transactions have been reflected retroactively at the sponsor's net book value. The sponsor commenced acquiring these properties on June 23, 2011, and, accordingly, the statements of operations reflect activity prior to our date of formation. Our consolidated financial statements are not indicative of our past or future results and do not reflect our financial position, results of operations, changes in equity and cash flows had they been presented as if we had been operated independently during the period presented. Accordingly, this discussion of our financial statements encompasses certain aspects of the historical operations of the sponsor.

Recent Transactions

Management Internalization

Pursuant to a contribution agreement among the sponsor, us and our operating partnership, we acquired our former manager and our former property manager from the sponsor in exchange for 4,375,000 Series D units and 4,375,000 Series E units. Under terms of the Management Internalization, all administrative, financial, property management, marketing and leasing personnel, including executive management, became fully dedicated to us. Acquisition and renovation personnel will continue to remain employees of the sponsor or its affiliates until December 10, 2014. On September 10, 2014, we have the right to offer employment, which would commence on December 10, 2014, to all of the sponsor's acquisition and renovation personnel necessary for our operations. Until such time as we have completed our hiring of the sponsor's acquisition and renovation personnel, we will continue paying the sponsor a 5% acquisition and renovation fee and, separately, the sponsor will pay us a monthly fee of \$100,000 for maintenance and use of certain intellectual property transferred to us in the Management Internalization.

Our results will be significantly impacted by the Management Internalization. We no longer pay the advisory management fee that it had been paying to our former manager and no longer pays property management or leasing fees to our former property manager. In addition, by December 10, 2014, we will no longer be obligated to pay to the sponsor an acquisition or renovation fee. We believe that elimination of these fees will be offset to some extent by an increase in expenses as we have assumed direct responsibility for managing our properties. However, we believe that, over time, the increases in expenses will be significantly less than the reduction in the fees associated with the Management Internalization.

Alaska Joint Venture Acquisition

On June 11, 2013, we completed a transaction with APFC and the sponsor to acquire a portfolio of 4,778 single-family properties for a total purchase price of \$904,487,000, consisting of the issuance of 43,609,394 Class A common shares of the Company to APFC and 12,395,965 Class A units of our operating partnership to the sponsor.

RJ Joint Venture Transaction

On June 14, 2013, we acquired the sponsor's remaining ownership interests in RJ1 and RJ2 in exchange for the early conversion of 653,492 3.5% convertible perpetual preferred units held by the sponsor into 653,492 Class A units and the issuance of an additional 705,167 Class A units. Upon acquiring the sponsor's remaining ownership interests, we gained control over RJ1 and RJ2 and, accordingly, began consolidating the operations of the 377 single-family properties owned by RJ1 and RJ2.

Factors That Affect Our Results of Operations and Financial Condition

Our results of operations and financial condition are affected by numerous factors, many of which are beyond our control. Key factors that impact our results of operations and financial condition include our ability to

Table of Contents

identify and acquire properties, our pace of property acquisitions, the time and cost required to remove any existing occupants and then to renovate and lease a newly acquired property at acceptable rental rates, occupancy levels, rates of tenant turnover, the length of vacancy in properties between tenant leases, our expense ratios, our ability to raise capital and our capital structure.

Property Acquisitions

We have rapidly but systematically grown our portfolio of single-family homes and intend to continue to do so. Our ability to identify and acquire single-family homes that meet our investment criteria is impacted by home prices in our target markets, the inventory of properties available for sale through our acquisition channels and competition for our target assets. Our pace of acquisitions has recently slowed and is the result of our effort to match our capital investments with our capital-raising activities. We expect that our level of acquisition activity will fluctuate based on the number of suitable investments and on the level of funds available for investment.

The sponsor's acquisition and renovation platform, together with the breadth and depth of our executive team has provided processes and systems to accumulate and regularly evaluate relevant data on a real-time basis to track and manage key aspects of our business, such as acquisition costs, renovation costs and the amount of time required to convert an acquired single-family home to a rental property.

Property Operations

The acquisition of properties involves expenditures in addition to payment of the purchase price, including payments for acquisition fees, property inspections, closing costs, title insurance, transfer taxes, recording fees, broker commissions, property taxes and HOA fees (when applicable). In addition, we typically incur costs between \$5,000 and \$20,000 to renovate a home to prepare it for rental. Renovation work varies, but may include paint, flooring, carpeting, cabinetry, appliances, plumbing hardware and other items required to prepare the home for rental. The time and cost involved in accessing our homes and preparing them for rental can significantly impact our financial performance. The time to renovate a newly acquired property can vary significantly among properties for several reasons, including the property's acquisition channel, the age and condition of the property and whether the property was vacant when acquired. Our operating results also are impacted by the amount of time it takes to market and lease a property, as well as the length of stay by our tenants. The period of time to market and lease a property can vary greatly and is impacted by local demand, our marketing techniques and the size of our available inventory. We actively monitor these measures and trends.

Revenue

Our revenue is derived primarily from rents collected under lease agreements related to our single-family properties. These include short-term leases that we enter into directly with our tenants, which typically have a term of one year. Our rental revenue was approximately \$17,585,000 and \$184,000 for the three months ended June 30, 2013 and 2012, respectively, and \$24,144,000 and \$280,000 for the six months ended June 30, 2013 and 2012, respectively. Our revenue was approximately \$4,540,000 and \$65,000 for the year ended December 31, 2012 and the period from June 23, 2011 (inception) through December 31, 2011, respectively. The increases in revenue are primarily attributable to the overall growth in the number of leased properties during the periods presented. Other important drivers of revenue are rental rates and occupancy levels. Our rental rates and occupancy levels are affected by macroeconomic factors and local and property-level factors, including market conditions, seasonality and tenant defaults, and the amount of time it takes to renovate and re-lease properties when tenants vacate. We generally do not offer free rent or other concessions in connection with leasing our properties.

The growth of our portfolio has been significant in recent months, as we have increased the rate at which we acquire properties. To fuel our acquisition pipeline, we have continued to broaden our target markets and are now currently active in 44 markets in 22 states.

Table of Contents

We expect that the occupancy of our portfolio will increase as the proportion of recently acquired properties declines relative to the size of our entire portfolio. Nevertheless, in the near term, our ability to drive revenue growth will depend in large part on our ability to efficiently renovate and lease newly acquired properties, maintain occupancy in the rest of our portfolio and acquire additional properties, both leased and vacant.

We believe that our platform will allow us to achieve strong tenant retention and lease renewal rates at our properties. Based on our experience with 471 leases that matured before June 30, 2013 (including 190 in Phoenix, Arizona and 186 in Las Vegas, Nevada), 65% of the tenants renewed their leases at an average increase in rental rate of 2.4%. This performance may not be indicative of future renewals in those markets or of renewals in other markets. Further, we have limited experience in evaluating tenant retention since most of our properties were acquired in the last 12 months and our leases are generally for a one-year term.

Expenses

We monitor the following categories of expenses that we believe most significantly affect our results of operations.

Property Expenses

Once a property is available for lease, which we refer to as rent-ready, we incur ongoing property-related expenses, primarily marketing expenses, HOA fees (when applicable), property taxes, insurance, repairs and maintenance and tenant turnover costs, which may not be subject to our control.

Property Management

Prior to the Management Internalization on June 10, 2013, our former property manager provided all property management functions for our properties. These functions included overseeing and directing the leasing, management and advertising of our single-family properties, including collecting rents and interacting with our tenants. We paid our former property manager a fee equal to 6% of collected rents and a leasing fee equal to one-half of the monthly rent for a twelve-month term (prorated for the actual term of the lease) upon execution of each lease and renewal. In addition to these fees, we also were responsible for all direct property expenses. Upon completion of the Management Internalization, we now incur costs such as salary expenses for property management personnel, lease expenses for property management offices and technology expenses for maintaining the property management platform. Property management and leasing fees that were previously paid to our former manager and former property manager have been discontinued.

Advisory Fees and General and Administrative Expenses

Advisory fees payable to our former manager have been reflected as an expense in our condensed consolidated statements of operations. General and administrative expenses includes costs directly incurred by us during the periods presented and primarily consists of audit and tax fees, trustees' fees and trustee and officers' insurance costs. It also includes allocated general and administrative expenses incurred by the sponsor that were either clearly applicable to or have been reasonably allocated to the operations of the properties contributed by the sponsor in connection with our initial private offering of Class A common shares in November 2012, or the 2012 Offering, and the contribution of the AH LLC Portfolio, which we refer to as the 2,770 Property Contribution.

Since the Management Internalization on June 10, 2013, we now directly incur expenses related to our internal management platform related to the management of our properties and for services previously performed by our former manager. In addition, following our IPO, we have incurred and will incur certain additional costs related to operating as a public company due to increased legal, insurance, accounting, investor relations and other expenses related to corporate governance, SEC reporting and other compliance matters. Over time as our portfolio grows, we expect these costs to decline as a percentage of revenue.

Table of Contents**Results of Operations****Property Operations****Three and six months ended June 30, 2013 and 2012**

As of June 30, 2013 and 2012, we owned 18,326 and 1,053 single-family properties (including contributed properties), respectively, 56% and 9% of which were leased, respectively. As of June 30, 2013 and 2012, 33% and 78% of our properties were in the process of being renovated, respectively, and 11% and 13% of our properties had been renovated and were rent-ready, respectively. The following is a summary of property operations by category:

	Three Months Ended June 30, 2013			Six Months Ended June 30, 2013		
	Leased Properties	Vacant Properties (Renovated and Not Leased)	Total	Leased Properties	Vacant Properties (Renovated and Not Leased)	Total
	<i>(in thousands, except for number of properties)</i>					
Property revenues	\$ 17,585	\$	\$ 17,585	\$ 24,144	\$	\$ 24,144
Property operating expense	(6,859)	(4,391)	(11,250)	(9,362)	(6,120)	(15,482)
Net operating income / (loss) ⁽¹⁾	\$ 10,726	\$ (4,391)	\$ 6,335	\$ 14,782	\$ (6,120)	\$ 8,662
Number of properties at June 30, 2013	10,245	2,007	12,252	10,245	2,007	12,252

	Three Months Ended June 30, 2012			Six Months Ended June 30, 2012		
	Leased Properties	Vacant Properties (Renovated and Not Leased)	Total	Leased Properties	Vacant Properties (Renovated and Not Leased)	Total
	<i>(in thousands, except for number of properties)</i>					
Property revenues	\$ 184	\$	\$ 184	\$ 280	\$	\$ 280
Property operating expense	(90)	(96)	(186)	(133)	(118)	(251)
Net operating income / (loss) ⁽¹⁾	\$ 94	\$ (96)	\$ (2)	\$ 147	\$ (118)	\$ 29
Number of properties at June 30, 2013	100	135	235	100	135	235

(1) Net operating income, or NOI, is a supplemental non-GAAP financial measure. We define NOI from leased properties as rents from single-family properties, less property operating expenses for leased single-family properties. We define NOI from vacant properties as property operating expenses for vacant single-family properties. A reconciliation of NOI to net income / (loss) as determined in accordance with GAAP is located under the caption Reconciliation of Net Operating Income to Net Income (Loss).

Property management fees incurred to our former property manager prior to the Management Internalization on June 10, 2013, which have been included in the property operating expenses in the condensed consolidated statements of operations, were \$1,061,000 and \$1,264,000 for the three and six months ended June 30, 2013, respectively. Following the completion of the Management Internalization, we no longer pay property management fees and now incur costs such as salary expenses for property management personnel, lease expenses for property management offices and technology expenses for maintaining the property management platform.

Table of Contents**Year ended December 31, 2012 and Period from June 23, 2011 to December 31, 2011**

As of December 31, 2012 and 2011, we owned 3,644 and 33 single-family properties (including contributed properties), respectively, 32% and 58% of which were leased, respectively, generating rental revenue of approximately \$4,540,000 and \$65,000, respectively. As of December 31, 2012 and 2011, 51% and 36% of our properties were in the process of being renovated, respectively, 17% and 6% of which had been renovated and were available for lease, respectively. The following is a summary of property operations by category:

	Year Ended December 31, 2012		
	Vacant Properties (Renovated and Not Leased)	Leased Properties	Total
			(in thousands, except for number of properties)
Property revenues	\$	\$ 4,540	\$ 4,540
Property operating expense	1,846	1,744	3,590
Net property operating income (loss) ⁽¹⁾	\$ (1,846)	\$ 2,796	\$ 950
Number of properties at December 31, 2012	623	1,164	1,787

	Period From June 23, 2011 to December 31, 2011		
	Vacant Properties (Renovated and Not Leased)	Leased Properties	Total
			(in thousands, except for number of properties)
Property revenues	\$	\$ 65	\$ 65
Property operating expense	12	27	39
Net property operating income (loss) ⁽¹⁾	\$ (12)	\$ 38	\$ 26
Number of properties at December 31, 2011	2	19	21

(1) Net operating income, or NOI, is a supplemental non-GAAP financial measure. We define NOI from leased properties as rents from single-family properties, less property operating expenses for leased single-family properties. We define NOI from vacant properties as property operating expenses for vacant single-family properties. A reconciliation of NOI to net income / (loss) as determined in accordance with GAAP is located under the caption Reconciliation of Net Operating Income to Net Income (Loss).

In 2012, our former property manager earned an aggregate property management fee of \$12,000 and an additional \$55,000 in leasing fees. Property management fees are recognized in property operating expenses in the consolidated statements of operations and leasing fees are included in other assets and are amortized over the terms of the respective lease agreements. Since the Management Internalization, the property management fees are no longer paid and now incur costs such as salary expenses for property management personnel, lease expenses for property management offices and technology expenses for maintaining the property management platform.

General and Administrative Expense and Advisory Fees

Edgar Filing: American Homes 4 Rent - Form S-11/A

General and administrative expense consists of trustees and officers insurance expenses, audit fees, trustee fees and other expenses associated with our operations. General and administrative expense was \$811,000 and \$2,436,000 for the three and six months ended June 30, 2013, respectively, and \$1,487,000 and \$1,657,000 for the three and six months ended June 30, 2012, respectively. General and administrative expense was \$7,199,000

Table of Contents

and \$47,000 for the year ended December 31, 2012 and for the period from June 23, 2011 (inception) to December 31, 2011, respectively. General and administrative expense includes allocated general and administrative expenses incurred by the sponsor that were either clearly applicable to or reasonably allocated to the operations of the properties contributed by the sponsor in connection with the 2012 Offering and the 2,770 Property Contribution. Allocated general and administrative expenses were zero and \$993,000 for the three and six months ended June 30, 2013, respectively, and \$1,483,000 and \$1,653,000 for the three and six months ended June 30, 2012, respectively. Allocated general and administrative expense was \$6,949,000 and \$47,000 for the year ended December 31, 2012 and for the period from June 23, 2011 (inception) to December 31, 2011, respectively. Allocated general and administrative expenses include salaries, rent, consulting services, travel expenses, temporary services and accounting and legal services.

Advisory fees represent fees that were paid to our former manager prior to the Management Internalization. Under the terms of an advisory management agreement with our former manager, our former manager was responsible for designing and implementing our business strategy and administering our business activities and day-to-day operations, subject to oversight by our board of trustees. Our former manager was also responsible for conducting our acquisition activities and performing all of our ongoing administrative functions. The advisory fee was calculated as 1.75% per year of a defined shareholders' equity calculated and paid quarterly in arrears. Concurrently with the 2,770 Property Contribution on February 28, 2013, our former manager agreed to a permanent reduction in the advisory fee of \$9,800,000 per year. Advisory fees incurred to our former manager prior to the Management Internalization were \$3,610,000 and \$6,352,000 for the three and six months ended June 30, 2013, respectively. Advisory fees paid for the year ended December 31, 2012 and for the period from June 23, 2011 (inception) to December 31, 2011 were \$937,000 and zero, respectively. Upon completion of the Management Internalization, our former manager became a wholly-owned subsidiary of our operating partnership, so future advisory management fees have been eliminated. Since the Management Internalization on June 10, 2013, we now directly incur expenses related to our internal management platform related to the management of our properties and for services previously performed by our former manager. These costs primarily consist of personnel costs and totaled approximately \$267,000 from the date of the Management Internalization through June 30, 2013 and have been included within general and administrative expense in the accompanying condensed consolidated financial statements.

Noncash Share-Based Compensation Expense

Noncash share-based compensation expense was \$279,000 and \$453,000 for the three and six months ended June 30, 2013, respectively. For the year ended December 31, 2012 and the period from June 23, 2011 (inception) to December 31, 2011, noncash share-based compensation expense was \$70,000 and zero, respectively. This expense relates to options to purchase Class A common shares issued to our trustees and certain officers and directors and Class A common shares issued to our trustees.

Acquisition Fees and Costs Expensed

Acquisition fees and costs expensed are incurred in connection with the acquisition of properties with existing leases (including the sponsor's acquisition and renovation fee equal to 5% of the actual purchase price and renovation costs of a property). For properties that are leased at the time of acquisition, these costs are expensed, rather than capitalized as a component of the acquisition cost. For the three and six months ended June 30, 2013, acquisition fees and costs expensed include \$1,325,000 and \$2,320,000, respectively, of acquisition fees associated with single-family properties acquired with in-place leases and \$774,000 and \$1,169,000, respectively, of transaction costs incurred in connection with recent business combinations. No acquisition fees or costs were expensed during the three or six months ended June 30, 2012. Acquisition fees and costs expensed were \$869,000 and zero for the year ended December 31, 2012 and the period from June 23, 2011 (inception) to December 31, 2011, respectively. Following the completion of the Management Internalization, we will continue to pay the sponsor's acquisition and renovation fee until December 10, 2014. Additionally, after September 10, 2014, we will have the right to offer employment to all of the sponsor's acquisition and renovation personnel that will commence on December 10, 2014.

Table of Contents

Depreciation and Amortization

Depreciation and amortization expense consists primarily of depreciation of buildings. Depreciation of our assets is calculated over their useful lives, which is calculated on a straight-line basis over 5 to 30 years. Our intangible assets are amortized on a straight-line basis over the asset's estimated economic useful life.

Cash Flows

Our cash flows from (or used in) operating activities primarily depends on numerous factors, including the occupancy level of our properties, the rental rates achieved on our leases, the collection of rent from our tenants and the level of property operating expenses, management company operating expenses and general and administrative expenses. Net cash provided by operating activities was \$2,039,000 for the six months ended June 30, 2013 and net cash used in operating activities was \$1,628,000 for the six months ended June 30, 2012. Net cash used in operating activities was \$6,549,000 and \$21,000 for the year ended December 31, 2012 and the period from June 23, 2011 (inception) to December 31, 2011, respectively. Before any property we own begins generating revenue, we take possession of, renovate, market and lease the property, a process that typically takes approximately four months.

Our net cash used in investing activities primarily consists of the acquisition cost of properties and the costs of renovating our properties. Net cash used in investing activities was \$1,503,447,000 for the six months ended June 30, 2013 and includes \$236,849,000 of renovation costs to prepare the properties for rental. These costs typically include paint, flooring, appliances, blinds and landscaping. Net cash used in investing activities were \$97,470,000 and zero for the year ended December 31, 2012 and the period from June 23, 2011 (inception) to December 31, 2011, respectively.

Net cash provided by financing activities was \$1,355,616,000 and \$1,628,000 for the six months ended June 30, 2013 and 2012, respectively. Our net cash provided by financing activities for the six months ended June 30, 2013 primarily consists of \$703,497,000 from the issuance of our Class A common shares sold in our follow-on private offering in March 2013, or the 2013 Offering, and \$670,000,000 in borrowings under the credit facility. Net cash provided by financing activities for the year ended December 31, 2012 was \$501,217,000 and primarily consists of \$494,839,000 in proceeds from the issuance of Class A common shares sold in the 2012 offering.

Critical Accounting Policies and Estimates

Our discussion and analysis of our historical financial condition and results of operations is based upon our consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America, or GAAP. The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could ultimately differ from those estimates. For a discussion of recently-issued and adopted accounting standards, see Notes to Unaudited Condensed Consolidated Financial Statements, Note 2 Significant accounting policies.

Investment in Real Estate

Transactions in which single-family properties are purchased that are not subject to an existing lease are treated as asset acquisitions, and as such are recorded at their purchase price, including acquisition fees, which is allocated to land and building based upon their relative fair values at the date of acquisition. Single-family properties that are acquired either subject to an existing lease or as part of a portfolio level transaction are treated as a business combination under ASC 805, *Business Combinations*, and as such are recorded at fair value, allocated to land, building and the existing lease, if applicable, based upon their relative fair values at the date of acquisition, with acquisition fees and other costs expensed as incurred. Fair value is determined based on ASC 820, *Fair Value Measurements and Disclosures*, primarily based on unobservable data inputs. In making estimates of fair values for purposes of allocating the purchase price of individually acquired properties subject to an existing lease, we utilize

Table of Contents

our own market knowledge and published market data. In this regard, we also utilize information obtained from county tax assessment records to assist in the determination of the fair value of the land and building. We engage a third party valuation specialist to assist in the determination of fair value for purposes of allocating the purchase price of properties acquired as part of portfolio level transactions. Single-family properties contributed by the sponsor are deemed to be transactions under common control. Accordingly, the assets and liabilities (if any) of the properties we have acquired from the sponsor are recorded by us at the sponsor's net book value.

The value of acquired lease related intangibles is estimated based upon the costs we would have incurred to lease the property under similar terms. Such costs are capitalized and amortized over the remaining life of the lease. Acquired leases are generally short-term in nature (six months to two years).

The nature of our business requires that in certain circumstances we acquire single-family properties subject to existing liens. Liens that we expect to be extinguished in cash are estimated and accrued on the date of acquisition and recorded as a cost of the property.

We incur costs to prepare our acquired properties to be rented. These costs, along with related holding costs, including interest expense, during the period of renovation, are capitalized to the cost of the building. Total interest expense capitalized during the three and six months ended June 30, 2013 was \$2,028,000. Upon completion of the renovation of our properties, all costs of operations, including repairs and maintenance, are expensed as incurred.

Goodwill

Goodwill represents the fair value in excess of the tangible and separately identifiable intangible assets that were acquired as part of the Management Internalization. Goodwill has an indefinite life and is therefore not amortized. We will analyze goodwill for impairment on an annual basis, or if certain events or circumstances occur, pursuant to ASC 350, Intangibles—Goodwill and Other. No impairments have been recorded as of June 30, 2013.

Impairment of Long-Lived Assets

We evaluate our long-lived assets for impairment periodically or whenever events or circumstances indicate that their carrying amount may not be recoverable. Significant indicators of impairment may include, but are not limited to, declines in home values, rental rates and occupancy percentages and significant changes in the economy. If an impairment indicator exists, we compare the expected future undiscounted cash flows against its net carrying amount. If the sum of the estimated undiscounted cash flows is less than the net carrying amount, we would record an impairment loss for the difference between the estimated fair value of the individual property and the carrying amount of the property at that date. No impairments have been recorded since our inception on June 23, 2011 through June 30, 2013.

Leasing Costs

Direct and incremental costs that we incur to lease our properties are capitalized and amortized over the term of the leases, which generally have a term of six months to two years. Prior to the Management Internalization, we paid our former property manager a leasing fee equal to one-half of each lease's monthly rent for a twelve month term (prorated for the actual term of the lease).

Depreciation and Amortization

Depreciation is computed on a straight-line basis over the estimated useful lives of the buildings and improvements; buildings are depreciated on a straight-line basis over 30 years, and improvements are generally depreciated over five years. We consider the value of in-place leases in the allocation of the purchase price, and the amortization period reflects the remaining terms of the leases. The unamortized portion of in-place leases is included in deferred leasing costs and other intangibles, net. Our intangible assets are amortized on a straight-line basis over the asset's estimated economic useful life.

Table of Contents

Cash and Cash Equivalents

We consider all demand deposits, cashier's checks, money market accounts and certificates of deposit with a maturity of three months or less to be cash equivalents. We maintain our cash and cash equivalents and escrow deposits at financial institutions. The combined account balances typically exceed the FDIC insurance coverage, and, as a result, there is a concentration of credit risk related to amounts on deposit. We believe that the risk is not significant.

Allowance for Doubtful Accounts

We maintain an allowance for doubtful accounts for estimated losses that may result from the inability of tenants or borrowers to make required rent or other payments. This allowance is estimated based on payment history and current credit status. As of June 30, 2013 and December 31, 2012, we had recorded no allowance for doubtful accounts.

Rescinded Properties

In certain jurisdictions, our purchases of single-family properties at foreclosure and judicial auctions are subject to the right of rescission. When we are notified of a rescission, the amount of the purchase price is reclassified as a receivable. As of June 30, 2013 and December 31, 2012, rescission receivables totaled \$501,000 and \$1,612,000, respectively.

Revenue and Expense Recognition

We lease single-family properties that we own directly to tenants who occupy the properties under operating leases, generally, with a term of one year. Rental revenue, net of any concessions, is recognized on a straight-line basis over the term of the lease, which is not materially different than if it were recorded when due from tenants and recognized monthly as it is earned. We estimate losses that may result from the inability of our tenants to make rental payments required under the terms of the lease. As of June 30, 2013 and December 31, 2012, we had no allowances for such losses.

We accrue for property taxes and HOA assessments based on amounts billed, and, in some circumstances, estimates and historical trends when bills or assessments are not available. If these estimates are not correct, the timing and amount of expenses recorded could be incorrect.

Accrued and Other Liabilities

Accrued and other liabilities consist primarily of trade payables, HOA fees and property tax accruals as of the end of the respective period presented. It also consists of contingent loss accruals, if any. Such losses are accrued when they are probable and estimable. When it is reasonably possible that a significant contingent loss has occurred, we disclose the nature of the potential loss and, if estimable, a range of exposure.

Income Taxes

We have elected to be taxed as a REIT under Sections 856 to 860 of the Internal Revenue Code of 1986 (the Code), commencing with our taxable year ended December 31, 2012. We believe that we have operated in such a manner as to satisfy the requirements for qualification as a REIT. Accordingly, we will not be subject to federal income tax, provided that we qualify as a REIT and our distributions to our shareholders equal or exceed our REIT taxable income.

However, qualification and taxation as a REIT depend upon our ability to meet the various qualification tests imposed under the Code related to the percentage of income that we earn from specified sources, the

Table of Contents

percentage of our earnings that we distribute. Accordingly, no assurance can be given that we will be organized or be able to operate in a manner so as to qualify or remain qualified as a REIT. If we fail to qualify as a REIT in any taxable year, we will be subject to federal and state income tax (including any applicable alternative minimum tax) on our taxable income at regular corporate tax rates, and we may be ineligible to qualify as a REIT for four subsequent tax years. Even if we qualify as a REIT, we may be subject to certain state or local income taxes, and our taxable REIT subsidiary will be subject to federal, state and local taxes on its income.

Share-based Compensation

Our 2012 Incentive Plan is accounted for under the provisions of ASC 718, *Compensation - Stock Compensation*, and ASC 505-50, *Equity-Based Payments to Non-Employees*. Noncash share-based compensation expense related to options to purchase our Class A common shares issued to trustees is based on the fair value of the options on the grant date and amortized over the service period. Noncash share-based compensation expense related to options granted to employees of the sponsor who were considered non-employees was based on the estimated fair value of the options and was re-measured each period. As certain of these former employees of the sponsor became our employees in connection with the Management Internalization on June 10, 2013, stock options for 485,000 Class A common shares were reclassified as grants to employees and re-measured as of the date of the Management Internalization. These options are recognized in expense over the service period.

Fair Value of Financial Instruments

The fair value of a financial instrument is the amount at which the instrument could be exchanged in an orderly transaction between two willing parties. The carrying amount of rents and other receivables, restricted cash for resident security deposits, escrow deposits, prepaid expenses, accounts payable and accrued expenses and amounts payable to affiliates approximate fair value because of the short maturity of these amounts. As our credit facility bears variable interest at 30-day LIBOR plus 2.75% until March 2017 (and thereafter, at 30-day LIBOR plus 3.125%) and was recently entered into on March 7, 2013, management believes the carrying value of the credit facility as of June 30, 2013 reasonably approximates fair value, which has been estimated by discounting future cash flows at market rates.

Emerging Growth Company Status

We are an emerging growth company, as defined in the JOBS Act, and we are eligible to take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not emerging growth companies. These exemptions provide that, so long as a company qualifies as an emerging growth company, it will, among other things:

be exempt from the say on pay provisions (requiring a non-binding shareholder vote to approve compensation of certain executive officers) and the say on golden parachute provisions (requiring a non-binding shareholder vote to approve golden parachute arrangements for certain executive officers in connection with mergers and certain other business combinations) of the Dodd-Frank Act and certain disclosure requirements of the Dodd-Frank Act relating to compensation of its chief executive officer;

be permitted to omit the detailed compensation discussion and analysis from proxy statements and reports filed under the Exchange Act and instead provide a reduced level of disclosure concerning executive compensation; and

be exempt from any rules that may be adopted by the Public Company Accounting Oversight Board requiring mandatory audit firm rotation or a supplement to the auditor's report on the financial statements.

Although we continue to evaluate the JOBS Act, we currently may take advantage of some or all of the reduced regulatory and reporting requirements that will be available to us so long as we qualify as an emerging growth company, except that we have irrevocably elected not to take advantage of the extension of time to comply with new or revised financial accounting standards available under Section 102(b) of the JOBS Act.

Table of Contents

We could remain as an emerging growth company for up to five years, or until the earliest of:

the last day of the first fiscal year in which our annual gross revenues exceed \$1.0 billion;

the date that we become a large accelerated filer as defined in Rule 12b-2 under the Exchange Act, which would occur if the market value of our Class A common shares that are held by non-affiliates exceeds \$700 million as of the last business day of our most recently completed second fiscal quarter (which is likely to occur in 2014); or

the date on which we have issued more than \$1.0 billion in non-convertible debt during the preceding three-year period.

Liquidity and Capital Resources

Our liquidity and capital resources as of June 30, 2013 included cash and cash equivalents of \$251,406,000. Additionally, as of June 30, 2013, we had access to a credit facility (see Credit Facility below).

Liquidity is a measure of our ability to meet potential cash requirements, maintain our assets, fund our operations, make distributions to our shareholders and meet other general requirements of our business. Our liquidity, to a certain extent, is subject to general economic, financial, competitive and other factors beyond our control. Our near-term liquidity requirements consist primarily of acquiring properties in our target markets, renovating newly-acquired rental properties, and funding our operations. Our long-term liquidity requirements consist primarily of funds necessary to pay for the acquisition, restoration and maintenance of our properties, HOA fees (as applicable), real estate taxes, non-recurring capital expenditures, interest and principal payments on our indebtedness, payment of quarterly dividends on our Series A Participating Preferred Shares after completion of this offering, payment of distributions to our shareholders and general and administrative expenses.

The nature of our business, our growth plans and the requirement that we distribute at least 90% of our REIT taxable income may cause us to have substantial liquidity needs over the long term, although we have not had any taxable income to date. We will seek to satisfy our long-term liquidity needs through cash provided by operations, long-term secured and unsecured borrowings, the issuance of debt and equity securities (including OP units), property dispositions and joint venture transactions. We have financed our operations and acquisitions to date through the issuance of equity securities and borrowings under our credit facility. Going forward, we expect to meet our operating liquidity requirements generally through cash on hand and cash provided by operations. We believe our rental income net of operating expenses will generally provide cash flow sufficient to fund our operations and dividend distributions. However, for the six months ended June 30, 2013, our net cash provided by operating activities was slightly more than \$2.0 million, and a significant number of our properties are not fully stabilized. In addition, our real estate assets are illiquid in nature. A timely liquidation of assets might not be a viable source of short-term liquidity should a cash flow shortfall arise. In the event that our cash flows from operations are insufficient to fund our liquidity requirements, including payment of quarterly dividends on our Series A Participating Preferred Shares after completion of this offering, we may need to source liquidity from other financing alternatives.

To date, we have not declared any dividends. To qualify as a REIT, we are required to distribute annually at least 90% of our REIT taxable income, without regard to the deduction for dividends paid and excluding net capital gains, and to pay tax at regular corporate rates to the extent that we annually distribute less than 100% of our net taxable income. We intend to pay quarterly dividends to our preferred and common shareholders, which in the aggregate approximately equal our net taxable income in the relevant year. The commencement and amount of future dividends cannot be determined at this time.

Credit Facility

On March 7, 2013, we entered into a \$500 million credit facility with Wells Fargo Bank, National Association. In June 2013, we entered into a temporary increase to our credit facility that allowed us to borrow

Table of Contents

up to \$1 billion through December 2013. On August 6, 2013, the loan had an outstanding balance of \$840 million, and was paid down by \$716 million from the proceeds of our IPO. Upon the occurrence of this paydown, maximum borrowings under this loan were reduced to \$500 million. On September 30, 2013, we amended our credit facility to add J.P. Morgan Chase Bank as a lender, expand our borrowing capacity under the credit facility to \$800 million and extend the repayment period to September 30, 2018. The amount that may be borrowed under our credit facility is generally based on the borrowing base. Borrowings under our credit facility are available until March 2015, which period may be extended for an additional year, subject to the satisfaction of certain financial covenant tests. Our credit facility bears interest at 30-day LIBOR plus 2.75% until March 2017, and thereafter at 30-day LIBOR plus 3.125%. Our credit facility contains financial and operating covenants, such as debt ratios, minimum liquidity and adjusted tangible net worth tests and other limitations that may restrict our ability to make distributions or other payments to our shareholders and may restrict our investment activities. Among others, our credit facility requires that we maintain financial covenants relating to the following matters: (i) minimum liquidity of cash, cash equivalents and borrowing capacity under any credit facilities in an aggregate amount of at least \$15,000,000, of which at least \$7,500,000 must be in cash and cash equivalents; (ii) a maximum leverage ratio of 1.0 to 1.0; and (iii) adjusted tangible net worth of not less than 85% of our adjusted tangible net worth as of September 30, 2013, plus 85% of the net proceeds of any additional equity capital raises completed on or after September 30, 2013. At June 30, 2013, we had \$670 million of borrowings outstanding under our credit facility. On August 31, 2013, we had \$94 million in borrowings under our credit facility. As of the date of this prospectus, we are currently in discussions with lending institutions and rating agencies regarding other potential financing and securitization transactions. The discussions are preliminary in nature, and we cannot assure you that we will enter into any of these potential transactions.

Other Transactions with the Sponsor and its Affiliates***Contribution in connection with the 2012 Offering***

In connection with the 2012 Offering, on December 31, 2012, the sponsor contributed 367 single-family properties with an agreed-upon value of approximately \$49.4 million and made a cash investment of approximately \$0.6 million. In connection with this acquisition, the sponsor received 3,300,000 of our Class A common shares, 667 of our Class B common shares and 32,667 Class A units. The agreed-upon value of this contribution was \$50.0 million, with the value of the single-family properties contributed based on their purchase price together with renovation costs, holding costs and transfer costs incurred by the sponsor, and a 5% acquisition fee to the sponsor. Because the transaction has been deemed to be between entities under common control under the provisions of ASC 805, *Business Combinations*, the single-family properties acquired have been recorded at the sponsor's net carrying cost of approximately \$46.7 million as of the date of the acquisition, without consideration of the acquisition fees which were expensed.

2,770 Property Contribution

On February 28, 2013, pursuant to a contribution agreement with the sponsor, we acquired a portfolio of 2,770 single-family properties with an agreed-upon value of approximately \$491.7 million in exchange for 31,085,974 Series C units and 634,408 Class B common shares, in each case based on a price per unit or share of \$15.50. Because the transaction is also considered to be between entities under common control, the accounts relating to the properties acquired have been reflected retroactively in our consolidated financial statements based on the results of operations and net book value recorded by the sponsor. Holders of the Series C units are entitled to distributions equal to actual net cash flow of the portfolio of 2,770 properties that we purchased from the sponsor on February 28, 2013, up to a maximum of 3.9% per unit per annum based on a price per unit of \$15.50. Pursuant to the contribution agreement, the sponsor is responsible for all costs to transfer the properties and for paying costs associated with the completion of initial renovation of the properties after we acquire them. Concurrently with this transaction, our former manager agreed to a permanent reduction in the advisory management fee of \$9,800,000 per year in connection with the increased shareholder's equity.

Table of Contents

Holders of the Series C units have a one-time right to convert all such units into Class A units. If on the date of conversion, the contributed properties are not initially leased for at least 98% of the scheduled rents (determined on an aggregate basis) will convert into Class A units on a one for one basis, and the Series C units associated with the remaining single-family properties will convert into a number of Class A units determined by dividing the sponsor's aggregate cost of the properties (including the acquisition fees) by \$15.50, with proportionate reductions in Class B shares.

Subsequent events

Subsequent acquisitions

From July 1, 2013 through July 31, 2013, we acquired 1,499 properties with an aggregate purchase price of \$208,762,000. In August 2013, our pace of acquisitions is expected to decline further. The slowing in our pace of acquisitions is the result of our effort to match our capital investments with our capital raising activities. We expect that our level of acquisition activity will fluctuate based on the number of suitable investments and on the level of funds available for investment.

Initial Public Offering and Concurrent Private Placements

On August 6, 2013, we raised \$705,882,000 before aggregate underwriting discounts and offering costs of \$36,952,000 in an IPO. Concurrently with the IPO, we raised an additional \$75,000,000 in the concurrent private placements at the IPO price of \$16.00 per share and without payment of any underwriting discount or placement fee. On August 21, 2013, we raised \$105,882,000 before aggregate underwriting discounts of \$5,029,000 by issuing an additional 6,617,647 Class A common shares in connection with the IPO underwriters' exercise in full of their option to purchase additional shares.

Borrowings on Credit Facility

From July 1, 2013 through August 6, 2013, we borrowed an additional \$170,000,000 under the credit facility. On August 6, 2013, the loan had an outstanding balance of \$840,000,000, and was paid down by \$716,000,000 from the proceeds of our IPO. Upon the occurrence of this paydown, maximum borrowings under this loan were reduced to \$500,000,000. On September 30, 2013, we amended our credit facility to add J.P. Morgan Chase Bank as a lender, expand our borrowing capacity under the credit facility to \$800,000,000 and extend the repayment period to September 30, 2018. As of August 31, 2013, we had \$94 million in borrowings under our credit facility. We are also in discussions with lending institutions and rating agencies regarding other potential financing and securitization transactions. The discussions are preliminary in nature, and we cannot assure you that we will enter into any of these potential transactions. See [Liquidity and Capital Resources - Credit Facility](#) for more information about the terms of our credit facility.

Off-Balance Sheet Arrangements

We have no obligations, assets or liabilities that would be considered off-balance sheet arrangements. We have not participated in transactions that create relationships with unconsolidated entities or financial partnerships, often referred to as variable interest entities, which would have been established for the purpose of facilitating off-balance sheet arrangements.

Contractual Obligations

In connection with the renovation of single-family properties after they are purchased, we enter into contracts for necessary improvements. As of June 30, 2013 and December 31, 2012, we had aggregate outstanding commitments of \$9,382,000 and \$1,694,000, respectively, in connection with these contracts. As of June 30, 2013 and December 31, 2012, we had commitments to acquire 1,152 and 462 single-family properties, respectively, with an aggregate purchase price of approximately \$167,318,000 and \$70,082,000, respectively. It is likely that some of these properties will not be acquired for various reasons.

Table of Contents**Quantitative and Qualitative Disclosures about Market Risk**

Our future income, cash flows and fair values relevant to financial instruments are dependent upon prevalent market interest rates. Market risk refers to the risk of loss from adverse changes in market prices and interest rates. We may in the future use derivative financial instruments to manage, or hedge, interest rate risks related to any borrowings we may have. We expect to enter into such contracts only with major financial institutions based on their credit ratings and other factors. We do not currently have any market risk sensitive instruments.

Reconciliation of Net Operating Income to Net Income (Loss)

Net operating income, or NOI, is a supplemental non-GAAP financial measure. We define NOI from leased properties as rents from single-family properties, less property operating expenses for leased single-family properties. We define NOI from vacant properties as property operating expenses for vacant single-family properties.

We consider NOI to be a meaningful financial measure because we believe it is helpful to investors in understanding the operating performance of our single-family properties. It should be considered only as a supplement to net income (loss) as a measure of our performance. NOI should not be used as a measure of our liquidity, nor is it indicative of funds available to fund our cash needs, including our ability to pay dividends or make distributions. NOI also should not be used as a supplement to or substitute for net income (loss) or net cash flows from operating activities (as computed in accordance with GAAP).

The following is a reconciliation of NOI to net income (loss) as determined in accordance with GAAP:

	Three Months Ended June 30, 2013			Six Months Ended June 30, 2013		
	Leased Properties	Vacant Properties (Renovated and Not Leased)	Total	Leased Properties	Vacant Properties (Renovated and Not Leased)	Total
	<i>(in thousands, except for number of properties)</i>					
Net income / (loss)	\$ 1,123	\$ 1,123	\$ 1,123	\$ (5,734)	\$ (5,734)	\$ (5,734)
Income from discontinued operations	(986)	(986)	(986)	(1,008)	(1,008)	(1,008)
Gain on remeasurement of equity method investment	(10,945)	(10,945)	(10,945)	(10,945)	(10,945)	(10,945)
Depreciation and amortization	10,879	10,879	10,879	13,784	13,784	13,784
Acquisitions fees and costs expensed	2,099	2,099	2,099	3,489	3,489	3,489
Noncash share-based compensation expense	279	279	279	453	453	453
Interest expense				370	370	370
Advisory fees	3,610	3,610	3,610	6,352	6,352	6,352
General and administrative expense	811	811	811	2,436	2,436	2,436
Property operating expenses for vacant single-family properties	4,391			6,120		
Property operating expenses for leased single-family properties		6,859			9,362	
Rents from single-family properties		(17,585)			(24,144)	
Other revenues	(535)	(585)	(535)	(535)	(535)	(535)
Net operating income / (loss)	\$ 10,726	\$ (4,391)	\$ 6,335	\$ 14,782	\$ (6,120)	\$ 8,662

Table of Contents

	Three Months Ended June 30, 2012			Six Months Ended June 30, 2012		
	Leased Properties	Vacant Properties (Renovated and Not Leased)	Total	Leased Properties	Vacant Properties (Renovated and Not Leased)	Total
	<i>(in thousands, except for number of properties)</i>					
Net income / (loss)	\$ (1,566)	\$ (1,566)	\$ (1,566)	\$ (1,730)	\$ (1,730)	\$ (1,730)
Income from discontinued operations						
Gain on remeasurement of equity method investment						
Depreciation and amortization	77	77	77	102	102	102
Acquisitions fees and costs expensed						
Noncash share-based compensation expense						
Interest expense						
Advisory fees						
General and administrative expense	1,487	1,487	1,487	1,657	1,657	1,657
Property operating expenses for vacant single-family properties	96			118		
Property operating expenses for leased single-family properties		90			133	
Rents from single-family properties		(184)			(280)	
Other revenues						
Net operating income / (loss)	\$ 94	\$ (96)	\$ (2)	\$ 147	\$ (118)	\$ 29

	Year Ended December 31, 2012			Period from June 23, 2011 to December 31, 2011		
	Leased Properties	Vacant Properties (Renovated and Not Leased)	Total	Leased Properties	Vacant Properties (Renovated and Not Leased)	Total
	<i>(in thousands, except for number of properties)</i>					
Net income / (loss)	\$ (10,236)	\$ (10,236)	\$ (10,236)	\$ (42)	\$ (42)	\$ (42)
Depreciation and amortization	2,111	2,111	2,111	21	21	21
Acquisition fees and costs expensed	869	869	869			
Noncash share-based compensation expense	70	70	70			
Advisory fees	937	937	937			
General and administrative expense	7,199	7,199	7,199	47	47	47
Property operating expenses for vacant single-family properties	1,846			12		
Property operating expenses for leased single-family properties		1,744			27	
Rents from single-family properties		(4,540)			(65)	
Net operating income / (loss)	\$ 2,796	\$ (1,846)	\$ 950	\$ 38	\$ (12)	\$ 26

Table of Contents

INDUSTRY OVERVIEW AND MARKET OPPORTUNITY

*Except for the paragraph captioned **Market Opportunity Comparison to Multi-family Residential Real Estate Industry** below or unless otherwise indicated, all information in this **Industry Overview and Market Opportunity** section is derived from a market study prepared for us in June 2013 by John Burns Real Estate Consulting, LLC, or JBREC, a real estate consulting firm. You should read the following discussion together with the information under the caption **Risk Factors**.*

Industry Overview

Residential housing is the largest real estate asset class in the United States with a size of approximately \$17.7 trillion, according to the 2012 fourth quarter Federal Reserve Flow of Funds release. Historically, according to the U.S. Census Bureau, approximately one-third of this asset class has been rented and single-family homes currently comprise roughly one-third of all residential rental housing.

The following chart provides information about the inventory of U.S. housing as of May 2013 by unit.

U.S. Housing Inventory

Source: JBREC, May 2013.

Table of Contents

Market Opportunity

While a large and growing asset class, single-family rental properties have historically been managed by relatively small-scale, mom and pop owner-operators or by a limited number of local and regional property management organizations. More recently, the ownership profile of single-family rental properties has shifted to larger investors and national owner-operators, including American Homes 4 Rent, seeking to efficiently acquire large numbers of homes at distressed values, generate attractive rental cash flow streams and benefit from any potential home price appreciation.

After nearly a decade of solid home price appreciation from 1998 to 2006, which we believe in many markets was in excess of underlying fundamentals, a significant over-correction has occurred in the pricing of the single-family housing sector. Home prices declined approximately 35% in some of the largest U.S. housing markets (as measured by the not-seasonally adjusted CoreLogic/Case-Shiller Composite 20 Home Price Index from its peak on July 1, 2006 to its trough on March 1, 2012). While prices have begun to recover, with a 5% recovery of the 30% peak to trough correction nationally per JBRREC's Burns Home Value Index, we believe that a substantial number of non-performing loans will need to be resolved over the next five years, including through foreclosure, short sale or conversion through a bank deed-for-lease program. As a result, we believe there may be the opportunity for experienced and well-capitalized operators to acquire large volumes of single-family rental homes at attractive pricing.

While single-family prices are in the early stages of recovery, multi-family prices have been improving during the last two years and have returned to levels on par with early 2006, as measured by the NCREIF Index, published by the National Council for Real Estate Investment Fiduciaries.

Due to significant distress in the housing market and additional macroeconomic factors, demand for rental housing has been increasing at a strong rate. The rentership rate, which is the inverse of the homeownership rate, reached 35% in the first quarter of 2013 and the highest level since 1995. The ability to acquire single-family homes at favorable prices, combined with improving housing demand characteristics, may offer a significant opportunity to those with a scalable real estate management and acquisitions platform and access to capital.

We believe the return profile, from rental yields and potential for future home price appreciation, is significant enough to encourage investment in the systems, structures and technologies that can make possible economies of scale, resulting in an opportunity for broader industry consolidation by larger and better-capitalized investors that are introducing a higher standard of institutional management to this asset class.

Supply of Single-Family Housing

Following the eight-year period of solid price appreciation that ended in late 2006, home prices fell precipitously. From the peak in the third quarter of 2006 through the trough in the third quarter of 2011, the aggregate value of real estate owned by U.S. households declined by approximately \$6.4 trillion or 28.6% (per the Federal Reserve Flow of Funds), an extraordinary reduction of value in the housing sector. This sudden decrease in home values has contributed to approximately 11.2 million home borrowers with negative equity or in some stage of delinquency as of the first quarter of 2013, according to JBRREC.

Foreclosure-related activity peaked in 2009 and has since begun to decline, but is still substantially above historical averages. From September 2008 through December 2012, there were approximately 4.1 million completed loan foreclosures (according to CoreLogic). While an unprecedented number of foreclosures have occurred, a large number of delinquent loans remain outstanding. As of the first quarter of 2013, approximately 10.3% of all mortgage loans (measured by loan count based on Mortgage Bankers Association data) in the nation are in some level of non-performance.

Table of Contents

Non-Performing Single-Family Residential Mortgage Loans

(as of March 2013)

(Total Non-Performing Loans: 4.2 million)

Source: MBA Mortgage Bankers Association 1st Quarter 2013 National Delinquency Survey.

The chart below illustrates the increase in the level of delinquency to relatively high levels. According to Mortgage Bankers Association data, a total of 4.2 million single-family residential mortgage loans are currently non-performing.

U.S. Single-Family Residential Mortgage Delinquency and Foreclosure Units

(Q4 1990 Q1 2013)

Source: MBA Mortgage Bankers Association 1st Quarter 2013 National Delinquency Survey.

Note: 2013 is as of Q1 2013.

Table of Contents

Over the next five years, a substantial number of non-performing loans will need to be resolved, including through foreclosure, short sale or conversion through a bank deed-for-lease program. At the current rate of delinquency and non-performance, it appears that over 4.2 million homeowners in the United States will be affected. Even if fewer than half of the delinquent or non-performing loans proceed through the foreclosure process or are sold through the short sale process, the supply of inventory available for acquisition could be large.

Rental Market Demand Overview

Over the past two years, the U.S. rental housing market has begun a sustained recovery. In many markets, rental vacancies have fallen and rents have risen, even in areas hardest hit during the housing and economic downturn.

In addition to a growing trend of a mobile workforce, America is undergoing a shift in demographics. Core baby boomer households are becoming empty nesters, and the number of 20- to 34-year-olds is growing at an accelerated pace, as members of Generation Y come of home buying age. In the context of high unemployment, labor insecurity and a desire to maintain mobility, Generation Y, defined as those born between 1980 and 1999, numbers more than 80 million members, and is likely to show a higher tendency to rent rather than own their homes. Additionally, the rising cost of college education and the corresponding burden of student loans leave many young people deep in debt and less willing or able to take on mortgage debt.

The chart below illustrates the strength of the overall rental market (including both single-family and multi-family rental housing), which has seen increases in occupancy and rental rates (despite the macroeconomic headwinds that the United States economy has been facing). According to the U.S. Census Bureau, out of the total 78 million family households in the United States, 32 million have two members, and are more likely candidates for multi-family rentals, whereas 46 million have three or more members, and are more likely candidates for single-family rentals.

Single-Family and Multi-Family Rental Occupancy and Rental Rate

(as of December 31, 2011, most recent)

Source: U.S. Census Bureau, 2005-2011 American Community Surveys

Table of Contents

Single-Family Rental Demand

Many homeowners who have been displaced by the housing bubble are looking to live in a home with similar characteristics and amenities to their former home and, for this population, single-family rentals may present the best available option. In the wake of the worst housing downturn in history, renting has, in many cases, become more compelling for consumers, and, with the growth of the single-family rental market, these consumers are now offered alternative rental options.

While multi-family and single-family housing seem to be natural competitors in the rental sector, each generally appeals to a different type of tenant. The two rental markets are largely segmented by lifecycle. Singles, couples without children, people with roommates, newly divorced individuals and empty nesters dominate the multi-family market, because they have smaller space needs, less demand for associated acreage and generally prefer denser, transit-centric submarkets. On the other hand, the single-family market (both owner-occupied and tenant-occupied) serves larger households that are primarily families with children, whose preferences tend to focus on the need for additional space, quality of schools and neighborhood safety.

Within the broader rental market, the single-family rental segment has continued to grow its relative market share compared to other types of rental housing.

Relative Size of the Single-Family Rental Market

(as of December 31, 2011, most recent)

Source: U.S. Census Bureau, 2005-2011 American Community Survey

Two of the primary factors driving the increase in demand for single-family rental properties are constraints on home mortgage financing and the displacement of homeowners.

Constraints on Home Mortgage Financing.

Even with the increased affordability of homes, many would-be home buyers – including some with no history of foreclosure – are finding it difficult to qualify for a mortgage. Lenders have reverted to more stringent underwriting standards (such as limitations on aggregate indebtedness and restrictions on the percentage of income allocable to mortgage payments) and require larger down payments, which together have made it difficult for many potential home buyers to obtain mortgage financing.

Table of Contents

Displaced Owners Forced to Rent

In some cases, the shift from owning to renting is a function of foreclosure, short sales, or other adverse credit or economic events. A home foreclosure, for example, can have a significant adverse effect on credit status and can limit the ability to obtain mortgage debt to finance future homeownership for up to seven years. Distressed owners are effectively converted to renters, many of whom prefer to live in a single-family unit, which has characteristics and amenities similar to their former homes, as opposed to an apartment. Families renting single-family homes may be able to keep their children enrolled in the schools they are accustomed to, and in proximity to friends and sports or recreational programs. In addition, single-family homes are frequently located in stable neighborhoods, and include private yards for children and pets to play safely.

The recent drop in home prices, constraints on mortgage lending, job volatility requiring greater geographic mobility, economic uncertainty, evolving demographics and expanded rental options are changing the way many Americans live. Many people, who in the past might have become homeowners, are instead becoming long-term renters of single-family homes. According to JBREC, for every 1.0% decline in the homeownership rate, the occupants of approximately 1.1 million homes become prospective tenants. The U.S. Census Bureau reports the national homeownership rate was 65.0% in the first quarter of 2013, which is down from a peak of 69.2% in the fourth quarter of 2004. JBREC believes that the homeownership rate will continue to decrease through 2015 and overcorrect at approximately 63%, before increasing again towards the historical average of 65.4%.

Source: U.S. Census Bureau

Single-Family Home Prices

As the economy slowly strengthens and the housing market returns to long-term pricing norms, or reverts to mean pricing levels, we believe there is the potential for home price appreciation. The chart below illustrates the magnitude of the decrease in home prices in American Homes 4 Rent's top six markets and the subsequent rebound, which remains significantly below the peak.

Table of Contents

Source: JBREC, April 2013.

- (1) Peak occurred during either 2006 or 2007 for all markets. Trough occurred during 2011 or 2012 for most markets, but Houston bottomed in December 2008. Burns Home Value Index estimates all home values in a market, not just recent transactions.

Comparison to Multi-family Residential Real Estate Industry

We believe the acquisition, operation and management of multi-family residential real estate is the most comparable established model for our business and that single-family rentals may rapidly transform into an industry with a few, well-established national owner-operators. As with single-family rental properties, the multi-family residential real estate sector historically was managed by relatively small-scale, mom and pop owner-operators or by a limited number of local and regional property management organizations. Following the introduction of larger investors and national owner-operators, further industry consolidation and investment transformed the sector, reducing the number but increasing the size of national owner-operators. According to SNL Financial, as of December 31, 1994, the multi-family residential real estate sector in the United States consisted of 42 public multi-family residential real estate companies with an aggregate equity market capitalization of approximately \$10.8 billion. As of March 31, 2013, this sector consisted of 14 public companies with an aggregate equity market capitalization of \$73.8 billion. From December 31, 1994 to March 31, 2013, the seven largest companies based on equity market capitalization had, on average, increased their equity market capitalization from \$420 million to \$8.8 billion, and the seven smallest companies had, on average, increased their equity market capitalization from \$277 million to \$1.7 billion.

Table of Contents

Atlanta-Sandy Springs-Marietta, Georgia MSA: Atlanta

Atlanta Economic Overview

According to the U.S. Census Bureau's 2011 American Community Survey, the Atlanta MSA had approximately 5.4 million people and is the ninth-largest MSA in the United States by population, according to the Census Bureau's 2012 Statistical Abstract of the United States. There are twenty-eight counties in the Atlanta MSA. Atlanta is projected to average population growth of 1.8% annually from 2013 through 2015, which is slightly above the projected national average of 1.0% annually for the same period (Moody's Analytics / Précis U.S. Macro / December 2012).

Annual Employment Growth and Unemployment Rate. Employment growth has been positive in Atlanta, with 35,500 jobs added in the 12 months ended December 31, 2011 and 43,900 jobs added in the 12 months ended December 31, 2012. By comparison, the metro area lost a total of 183,500 jobs between 2008 and 2010. In the 12 months ended February 2013, Atlanta has added 57,800 jobs for 2.5% growth compared to 1.6% growth nationally. The unemployment rate declined from 10.2% in 2010 to 8.7% in 2012 and 8.3% as of February 2013. The national unemployment rate was 8.1% in February 2013. JBREC forecasts employment in Atlanta to grow by an average of 48,800 jobs annually from 2013 through 2015, or annual growth of 2.1%. In comparison, JBREC forecasts annual employment growth nationally of 1.6% through 2015.

Metro Economy. The Atlanta economy includes the state capital and several colleges and universities, numerous Fortune 500 companies, and one of the busiest airports in the world. Atlanta also has one of the fastest growing tech sectors with 13,000 companies and nearly 200,000 employees. The metro development authority reports Atlanta has the 2nd largest telecom presence nationally with over 44,000 employed in this cluster.

Table of Contents

Median Household Income. After decreasing in 2009 and 2010, the median household income in Atlanta has picked up, experiencing a 0.6% and 1.2% period over period growth rate for the year ended December 31, 2011 and the year ended December 31, 2012, respectively. JBREC forecasts the median income in Atlanta will increase to \$59,659 by 2015, which is a 2.1% average annual increase, compared to a forecast of 1.7% nationally during the same period.

Atlanta Housing Market Overview

The total market size of housing stock in Atlanta is estimated to be \$259 billion, or approximately 2.2 million homes according to the U.S. Census Bureau, 2011 American Community Survey. Household formations have been increasing once again, and permits to build new single-family and multi-family homes as of December 31, 2012 were at 14,331; the Atlanta MSA peaked in 2004 at 74,007 permits. In the 12 months ended February 28, 2013, single-family permits increased by 56% to 10,027 units and multifamily permits were up 57% to 5,383 units. Home values dropped modestly from 2011 to 2012, but were down 33.5% at the trough in 2012 from the 2007 peak (according to JBREC's Burns Home Value Index). The homeownership rate hovered between 66% and 68% from 2005-2011 but subsequently declined to 62% in 2012.

We believe that there remains opportunity in the Atlanta market to continue to acquire, restore, lease and manage single-family homes.

Additionally, JBREC estimates that there is a shadow inventory of delinquent mortgages that have not been resolved of approximately 87,500 homes as of December 31, 2012, representing approximately \$8.9 billion in value (assuming the median sales price of \$101,536 per home as of December 31, 2012).

Table of Contents

Supply and Demand Dynamics. The total annual permit issuance of single-family and multi-family permits reached what was the trough during 2009 in Atlanta. Household growth in Atlanta has increased from lows in 2010 to an estimated 25,200 households added in 2012. JBREC forecasts that household growth will steadily increase from 33,300 new households in 2013 to 47,900 new households added in 2015. Total permits are forecasted to reach 30,000 units in 2015, a level last reached in 2007. JBREC forecasts approximately 128,100 new households will be formed in Atlanta from 2013 through 2015 compared to 70,500 total residential permits issued over the same period. Much of the additional demand for housing will be satisfied by rentals, which should keep vacancies low and rental rates rising.

Homeownership Levels. The homeownership rate hovered between 66% and 68% from 2005 through 2011, but dipped in 2012 to 62%.

Table of Contents

Burns Home Value Index. According to JBREC, home values in Atlanta dropped slightly from 2011 to the 2012 trough. The 2012 value is down 33.5% from the 2007 peak and JBREC forecasts home values will increase through 2015. The median resale price for a detached home was \$101,189 as of December 31, 2012 and has risen to \$106,282 as of April 2013. Home values in the Atlanta metro area are forecasted to rise at an average annual rate of 12.4% from 2013 to 2015, according to the Burns Home Value Index.

Single-Family Rental and Vacancy Rates. Single-family home average monthly rents are rising in Atlanta, while the vacancy rate is declining. After peaking at 16.6% in 2010, the vacancy rate has decreased to 10.8% as of March 2013 and is down from 11.8% in March 2012. The average monthly rental rate is \$1,036 as of March 2013, up from \$992 in March 2012.

Table of Contents

Chicago-Joliet-Naperville, Illinois Metropolitan Division: Chicago

Chicago Economic Overview

According to the U.S. Census Bureau, 2011 Population Estimates, the Chicago metropolitan division had 7.9 million people and, according to the 2012 U.S. Census Bureau Statistical Abstract of the United States, is the third-largest MSA in the United States by population when combined with the neighboring Gary, IN and Lake County-Kenosha County, IL-WI metropolitan divisions (an additional 1.6 million people, according to the U.S. Census Bureau, 2011 Population Estimates). There are eight counties in the Chicago Metropolitan Division. Chicago is projected to average population growth of 0.5% annually from 2013 through 2015, which is below the projected national average of 1.0% annually for the same period (Moody's Analytics / Précis U.S. Macro / December 2012).

Annual Employment Growth and Unemployment Rate. Employment growth is positive in Chicago, with 48,700 jobs added in the 12 months ended December 31, 2011 and 53,400 jobs added in the 12 months ended December 31, 2012. By comparison, the metro area lost a total of 266,000 jobs between 2008 and 2010. In the 12 months ended February 2013, Chicago has added 55,000 jobs for 1.5% growth compared to 1.6% growth nationally. The unemployment rate declined from 10.4% in 2010 to 8.8% in 2012, but has increased to 10.3% as of February 2013. The national unemployment rate was 8.1% in February 2013. JBREC forecasts employment in Chicago to grow by an average of 57,800 jobs annually from 2013 through 2015, or annual growth of 1.7%. In comparison, JBREC forecasts annual employment growth of 1.6% nationally through 2015.

Metro Economy. The Chicago economy is diversified, with concentrations in manufacturing, transportation, information technology, R&D, and green energy. This metro employs nearly 1 million employees in the business and financial services industries, and 10% of the regional economy can be attributed to manufacturing, which employs over 400,000.

Table of Contents

Median Household Income. After decreasing in 2009 and 2010, the median household income growth rate in Chicago increased 1.3% period over period the year ended December 31, 2011 and then declined -0.3% for the year ended December 31, 2012. JBREC forecasts the median income in Chicago will increase to \$60,692 by 2015, which is a 1.7% average annual increase, compared to a forecast of 1.7% nationally during the same period.

Chicago Housing Market Overview

The total market size of housing stock in the greater Chicago MSA is estimated to be \$604 billion, or approximately 3.8 million homes according to the U.S. Census Bureau, 2011 American Community Survey. Household formations have been increasing since 2011 and permits to build new single-family and multi-family homes as of December 31, 2012 were at 7,343, down from peak activity of 43,976 permits in 2005. In the 12 months ended February 28, 2013, single-family permits increased by 36% to 4,079 units, and multifamily permits were up by 24% to 3,602 units. Home values appear to have reached trough values in 2012, down 36% from the 2006 peak levels (according to JBREC's Burns Home Value Index). Homeownership has declined, from 70.0% in 2005 to a trough of 66.9% as of September 30, 2012, rising only slightly to 67.5% as of December 31, 2012. This decrease in recent years indicates that many traditional homeowners continue to seek housing alternatives, including through single-family rentals.

We believe that there remains opportunity in the Chicago market to continue to acquire, restore, lease and manage single-family homes.

Additionally, JBREC estimates that there is a shadow inventory of delinquent mortgages that have not been resolved of approximately 152,000 homes as of December 31, 2012, representing approximately \$25.1 billion in value (assuming the December 31, 2012 median sales price of \$165,000 per home).

Table of Contents

Supply and Demand Dynamics. The total annual permit issuance of single-family and multi-family permits reached what is expected to be the trough during 2009 in Chicago. Household growth in Chicago has increased from lows in 2011 to an estimated 13,900 households added in 2012. JBREC forecasts that household growth will steadily increase from 15,900 new households in 2013 to 24,800 new households in 2015. Total permits are forecasted to reach 15,400 units in 2015, a level last reached in 2007. JBREC forecasts approximately 62,500 new households will be formed in Chicago from 2013 through 2015 compared to 38,200 total residential permits issued over the same period. Much of the additional demand for housing will be satisfied by rentals, which should keep vacancies low and rental rates rising.

Homeownership Levels. As of December 31, 2012, the homeownership rate in Chicago was 67.5%, which is down from 70.0% in 2005.

Table of Contents

Burns Home Value Index. According to JBREC, home prices in Chicago are decreasing less rapidly than in previous years. The Burns Home Value Index was down 2.2% in 2012 from 2011, and the median resale price for a detached home was \$172,450 as of December 31, 2012. Home values in the Chicago metropolitan division are projected to show an average annual increase of 10.3% from 2013 to 2015, according to the Burns Home Value Index.

Single-Family Rental and Vacancy Rates. Single-family home average monthly rents are rising in Chicago, while the vacancy rate is declining. After peaking at 12.2% in 2010, the vacancy rate has decreased to 7.6% as of March 2013 and is down from 7.8% in March 2012. The average monthly rental rate is \$1,359 as of March 2013, up from \$1,269 in March 2012.

Table of Contents

Dallas-Fort Worth-Arlington, Texas MSA: Dallas-Fort Worth

Dallas-Fort Worth Economic Overview

According to the U.S. Census Bureau, 2011 American Community Survey, the Dallas-Fort Worth MSA had approximately 6.5 million people and, according to the 2012 U.S. Census Bureau Statistical Abstract of the United States, is the fourth-largest MSA in the United States by population. Data for the Dallas-Fort Worth metropolitan area covers twelve counties. Dallas-Fort Worth is projected to average population growth of 2.1% annually from 2013 through 2015, which is above the projected national average of 1.0% annually for the same period (Moody's Analytics / Précis U.S. Macro / December 2012).

Annual Employment Growth and Unemployment Rate. Employment growth has been positive in Dallas-Fort Worth, with 70,200 jobs added in the 12 months ended December 31, 2011 and 83,800 jobs added in the 12 months ended December 31, 2012. By comparison, the metro area lost a total of 111,700 jobs between 2009 and 2010. In the 12 months ended February 28, 2013, Dallas-Fort Worth has added 108,900 jobs for 3.9% growth compared to 1.6% growth nationally. The unemployment rate declined from 8.2% in 2010 to 6.7% in 2012, and fell down to 6.3% as of February 2013. The national unemployment rate was 8.1% in February 2013. JBREC forecasts employment in Dallas Fort Worth to grow by an average of 82,733 jobs annually from 2013 through 2015, or annual growth of 2.7%. In comparison, JBREC forecasts annual employment growth of 1.6% nationally through 2015.

Metro Economy. The Dallas-Fort Worth metropolitan area has three primary industries that are the lifeblood of the economy: logistics and trade, technology, and advanced services such as the financial and technological sectors. The metro's location provides for strong trade advantages, with robust infrastructure in place to allow businesses to move products quickly and cost-effectively.

Table of Contents

Median Household Income. After decreasing in 2009, the median household income in Dallas-Fort Worth has increased, experiencing a 3.1% and 2.7% period over period growth rate for the year ended December 31, 2011 and the year ended December 31, 2012, respectively. JBREC forecasts the median income in Dallas-Fort Worth will increase to \$62,529 by 2015, which is a 2.0% average annual increase, compared to a forecast of 1.7% nationally during the same period.

Dallas-Fort Worth Housing Market Overview

The total market size of housing stock in Dallas-Fort Worth is estimated to be \$277 billion, or approximately 2.5 million homes according to the U.S. Census Bureau, 2011 American Community Survey. Household formations have been increasing since 2010 and permits to build new single-family and multi-family homes as of December 31, 2012 were at 33,799, down from the 2005 peak in Dallas-Fort Worth of 59,895. In the 12 months ended February 28, 2013, single-family permits increased by 15.5% to 18,295 units, with multifamily permits up 51% to 15,681 units. Home values over the past decade have remained fairly constant (compared to other markets) with only a 12.0% drop from peak to trough values (according to JBREC's Burns Home Value Index). Homeownership has remained fairly constant over the past decade at approximately 62%, declining to 61.3% as of December 31, 2012.

We believe that there remains opportunity in the Dallas-Fort Worth market to continue to acquire, restore, lease and manage single-family homes.

Additionally, JBREC estimates that there is a shadow inventory of delinquent mortgages that have not been resolved of approximately 66,700 homes in Dallas-Fort Worth as of December 31, 2012, representing approximately \$11.0 billion in value (assuming of the median sales price of \$177,700 per home in Dallas and \$139,614 in Fort Worth as of December 31, 2012).

Table of Contents

Supply and Demand Dynamics. The total annual permit issuance of single-family and multi-family permits reached what is expected to be the trough during 2009 in Dallas-Fort Worth. Household growth in Dallas-Fort Worth has increased from lows in 2010 to an estimated 49,300 households added in 2012. JBREC forecasts that household growth will steadily increase from 52,100 new households in 2013 to 63,699 new households added in 2015. Total permits are forecasted to reach 47,000 units in 2015, a level last reached in 2006. JBREC forecasts approximately 173,400 new households will be formed in Dallas-Fort Worth from 2013 through 2015 compared to 129,420 total residential permits issued over the same period. Much of the additional demand for housing will be satisfied by rentals, which should keep vacancies low and rental rates rising.

Homeownership Levels. As of December 31, 2012, the homeownership rate in Dallas-Fort Worth was 61.3%, which is down from a high of 63.8% in 2010.

Table of Contents

Burns Home Value Index. According to JBREC, home values in Dallas-Fort Worth were relatively flat in 2012 from 2011, up just 0.01%. The median resale price for a detached home was \$156,823 as of December 31, 2012 and has risen to \$157,075 as of April 2013. Home values in the Dallas-Fort Worth metro area are forecasted to rise at an average annual rate of 6.8% from 2013 to 2015, according to the Burns Home Value Index.

Single-Family Rental and Vacancy Rates. Single-family home average monthly rents are rising in Dallas-Fort Worth, while the vacancy rate is declining. After peaking at 13.5% in 2010, the vacancy rate has decreased to 9.7% as of March 2013 and is down from 10.7% in March 2012. The average monthly rental rate is \$1,175 as of March 2013, up from \$1,130 in March 2012.

Table of Contents

Houston-Sugar Land-Baytown, Texas MSA: Houston

Houston Economic Overview

According to the U.S. Census Bureau's 2011 American Community Survey, the Houston MSA had approximately 5.8 million people and is the sixth-largest MSA in the United States by population, according to the Census Bureau's 2012 Statistical Abstract of the United States. There are ten counties in the Houston MSA. Houston is projected to experience population growth of 1.9% annually from 2013 through 2015, which is slightly above the projected national average of 1.0% annually for the same period (Moody's Analytics / Précis U.S. Macro / December 2012).

Annual Employment Growth and Unemployment Rate. Employment growth is positive in Houston, with 64,600 jobs added in the 12 months ended December 31, 2011 and 99,300 jobs added in the 12 months ended December 31, 2012. By comparison, the metro area lost a total of 74,000 jobs between 2009 and 2010. In the 12 months ended February 2013, Houston has added 118,700 jobs for 4.5% growth compared to 1.6% growth nationally. The unemployment rate declined from 8.5% in 2010 to 6.8% in 2012 and dropped further to 6.3% as of February 2013. JBREC forecasts employment in Houston to grow by an average of 77,200 jobs annually from 2013 through 2015, or annual growth of 2.8%. In comparison, JBREC forecasts annual employment growth of 1.6% nationally through 2015.

Metro Economy. The Houston metro area is home to twenty-five Fortune 500 companies, the third highest concentration in the U.S, as well as a substantial oil and gas cluster and a very active, international port. Houston's strong infrastructure supports growing industries, including energy, health care, nanotechnology, aerospace, and information technology. The Texas Medical Center is the largest complex in the world, with 54 institutions employing 106,000 and treating over 7 million patients annually.

Table of Contents

Median Household Income. After decreasing in 2009, the median household income in Houston has steadily increased, experiencing a 3.5% and 2.0% period over period growth rate for the year ended December 31, 2011 and the year ended December 31, 2012, respectively. JBREC forecasts the median income in Houston will increase to \$60,959 by 2015, which is a 1.4% average annual increase compared to a forecast of 1.7% nationally during the same period.

Houston Housing Market Overview

The total market size of housing stock in Houston is estimated to be \$237 billion or approximately 2.3 million homes according to the U.S. Census Bureau, 2011 American Community Survey. Household formations have been increasing since 2012 and permits to build new single-family and multi-family homes as of December 31, 2012 were at 43,450, down from Houston's peak of 71,719 permits in 2006. In the 12 months ended February 28, 2013, single-family permits increased by 25% to 29,806 units and multifamily permits were up 43% to 14,394 units. Home values in Houston remained fairly steady in the mid-2000s (according to JBREC's Burns Home Value Index), and were up 2.9% in 2012 year-over-year. The homeownership rate peaked in 2008 at 65%, and has subsequently declined to 62% on average for 2012, declining to 60% as of December 31, 2012.

We believe that there remains opportunity in the Houston market to continue to acquire, restore, lease and manage single-family homes.

Additionally, JBREC estimates that there is a shadow inventory of delinquent mortgages that have not been resolved of approximately 56,800 homes as of December 31, 2012, representing approximately \$9.7 billion in value (assuming the median sales price of \$171,300 per home as of December 31, 2012).

Table of Contents

Supply and Demand Dynamics. The total annual permit issuance of single-family and multi-family permits have been trending up since the 2010 trough in Houston. Household growth in Houston has increased from the low in 2007 to an estimated 42,900 households added in 2012. JBREC forecasts that households will steadily increase from 45,100 new households added in 2013 to 49,900 new households in 2015. Total permits are forecasted to reach 62,000 units in 2015, a level last reached in 2007. JBREC forecasts approximately 141,900 new households will be formed in Houston from 2013 through 2015 compared to 163,000 total residential permits issued over the same period.

Homeownership Levels. While the homeownership rate averaged 62.2% in 2012, as of December 31, 2012, the homeownership rate in Houston was 60.4%, down from a high of 64.8% in 2008.

Table of Contents

Burns Home Value Index. According to JBREC, home values in Houston experienced a 2.9% increase in 2012 from 2011. The median resale price for a detached home was \$163,562 as of December 31, 2012 and was down slightly to \$160,900 as of February 2013. Home values in the Houston metro area are forecasted to rise at an average annual rate of 6.0% from 2013 to 2015, according to the Burns Home Value Index.

Single-Family Rental and Vacancy Rates. Single-family home average monthly rents are rising in Houston, while the vacancy rate is declining. After peaking at 16.2% in 2010, the vacancy rate has decreased to 11.6% as of March 2013 and is down from 12.5% in March 2012. The average monthly rental rate is \$1,212 as of March 2013, up from \$1,157 in March 2012.

Table of Contents

Indianapolis-Carmel, Indiana MSA: Indianapolis

Indianapolis Economic Overview

According to the U.S. Census Bureau's 2011 American Community Survey, the Indianapolis MSA had approximately 1.8 million people and is the thirty-fourth-largest MSA in the United States by population, according to the Census Bureau's 2012 Statistical Abstract of the United States. The Indianapolis metropolitan area includes ten counties. Indianapolis is projected to average population growth of 1.3% annually from 2013 through 2015, which is slightly above the projected national average of 1.0% annually for the same period (Moody's Analytics / Précis U.S. Macro / December 2012).

Annual Employment Growth and Unemployment Rate. Employment growth has been positive in Indianapolis, with 17,500 jobs added in the 12 months ended December 31, 2011 and 25,200 jobs added in the 12 months ended December 31, 2012. By comparison, the metro area lost a total of 45,200 jobs between 2008 and 2010. In the 12 months ended February 2013, Indianapolis has added 15,000 jobs for 1.7% growth compared to 1.6% growth nationally. The unemployment rate declined from 9.1% in 2010 to 7.7% in 2012, but has increased to 8.5% as of February 2013. The national unemployment rate was 8.1% in February 2013. JBREC forecasts employment in Indianapolis to grow by an average of 15,500 jobs annually from 2013 through 2015, or annual growth of 1.7%. In comparison, JBREC forecasts annual employment growth nationally of 1.6% through 2015.

Metro Economy. The Indianapolis economy has concentrations in amateur and professional sports-oriented events and tourism, insurance, manufacturing and meat packing activities. The economic development agency is pursuing numerous clusters, including advanced manufacturing that builds on the metro area's manufacturing history and over 4,600 companies producing pharmaceuticals to furniture and automotive components.

Table of Contents

Median Household Income. After decreasing in 2009 and 2010, the median household income in Indianapolis has remained relatively flat, experiencing a 0.4% and 0.2% period over period growth rate for the year ended December 31, 2011 and the year ended December 31, 2012, respectively. JBREC forecasts the median income in Indianapolis will increase to \$52,500 by 2015, which is a 1.1% average annual increase, compared to a forecast of 1.7% nationally during the same period.

Indianapolis Housing Market Overview

The total market size of housing stock in Indianapolis is estimated to be \$78 billion, or approximately 762,000 homes according to the U.S. Census Bureau, 2011 American Community Survey. Household formations have been increasing since 2010, and permits to build new single-family and multi-family homes as of December 31, 2012 were at 4,895, the trough annual level in the Indianapolis MSA since its peak of 17,185 in 2001. In the 12 months ended February 28, 2013, single-family permits increased by 12% to 4,091 units, while multifamily permits declined by 35% to 981 units. Home values dropped modestly from 2003 to 2011, declining 15.0% from peak to trough annual values (according to JBREC's Burns Home Value Index) before increasing by 1.6% in 2012. The homeownership rate peaked as high as 79.0% in 2006 but has subsequently declined to 67.1% on average for 2012, rising slightly to 67.8% as of December 31, 2012.

We believe that there remains opportunity in the Indianapolis market to continue to acquire, restore, lease and manage single-family homes.

Additionally, JBREC estimates that there is a shadow inventory of delinquent mortgages that have not been resolved of approximately 27,172 homes as of December 31, 2012, representing approximately \$3.5 billion in value (assuming the median sales price of \$129,916 per home as of December 31, 2012).

Table of Contents

Supply and Demand Dynamics. The total annual permit issuance of single-family and multi-family permits reached what is expected to be the trough during 2012 in Indianapolis. Household growth in Indianapolis has increased from lows in 2010 to an estimated 8,900 households added in 2012. JBREC forecasts that household growth will steadily increase from 10,700 new households in 2013 to 11,800 new households in 2015. Total permits are forecasted to reach 10,000 units in 2015, a level last reached in 2006. JBREC forecasts approximately 34,000 new households will be formed in Indianapolis from 2013 through 2015 compared to 24,200 total residential permits issued over the same period. Much of the additional demand for housing will be satisfied by rentals, which should keep vacancies low and rental rates rising.

Homeownership Levels. The homeownership rate in Indianapolis declined from a peak of 79.0% in 2006 to 67.1% on average for 2012, rising slightly to 67.8% as of December 31, 2012.

Table of Contents

Burns Home Value Index. According to JBREC, home values in Indianapolis experienced a 1.6% increase in 2012 from 2011, after declining 15.0% from 2003 through 2011. The median resale price for a detached home was \$127,835 as of December 31, 2012 and has risen to \$133,406 as of April 2013. Home values in the Indianapolis metro area are forecasted to rise at an average annual rate of 6.3% from 2013 to 2015, according to the Burns Home Value Index.

Single-Family Rental and Vacancy Rates. Single-family home average monthly rents are rising in Indianapolis, while the vacancy rate is declining. After peaking at 13.9% in 2010, the vacancy rate has decreased to 8.6% as of March 2013 and is down from 9.2% in March 2012. The average monthly rental rate is \$934 as of March 2013, up from \$912 in March 2012.

Table of Contents

Phoenix-Mesa-Glendale, Arizona MSA: Phoenix

Phoenix Economic Overview

According to the U.S. Census Bureau, 2011 American Community Survey, the Phoenix metropolitan area had 4.3 million people and, according to the 2012 U.S. Census Bureau Statistical Abstract of the United States, is the fourteenth-largest MSA in the United States by population and home to approximately 66% of Arizona's population. There are two counties in the Phoenix MSA. Phoenix is projected to average population growth of 2.6% annually from 2013 through 2015, which is above the projected national average of 1.0% annually for the same period (Moody's Analytics / Précis U.S. Macro / December 2012).

Annual Employment Growth and Unemployment Rate. Employment growth has been positive in Phoenix, with 25,200 jobs added in the 12 months ended December 31, 2011 and 41,500 jobs added in the 12 months ended December 31, 2012. By comparison, the metro area lost a total of 228,500 jobs between 2008 and 2010. In the 12 months ended February 2013, Phoenix has added 41,500 jobs for 2.4% growth compared to 1.6% growth nationally. The unemployment rate declined from 9.8% in 2010 to 7.2% in 2012 and reached 6.7% as of February 2013. The national unemployment rate was 8.1% in February 2013. JBREC forecasts Phoenix employment to grow by an average of 56,466 jobs annually from 2013 through 2015, or annual growth of 3.1%. In comparison, JBREC forecasts annual employment growth of 1.6% nationally through 2015.

Metro Economy. The Phoenix economy has diverse concentrations in renewable energy, biomedicine, manufacturing, aerospace, and emerging technology. Local leaders have expressed their commitment to bringing in high-quality, high-wage jobs to the area and creating opportunities through business tax credits and other economic development plans.

Table of Contents

Median Household Income. After decreasing in 2009 and 2010, the median household income in Phoenix has started to increase; experiencing a 0.9% and 2.5% period over period growth rate for the year ended December 31, 2011 and the year ended December 31, 2012, respectively. JBREC forecasts the median income in Phoenix will increase to \$57,048 by 2015, which is a 2.8% average annual increase, compared to a forecast of 1.7% nationally during the same period.

Phoenix Housing Market Overview

The total market size of housing stock in Phoenix is estimated to be \$203 billion, or approximately 1.8 million homes according to the U.S. Census Bureau, 2011 American Community Survey. Household formations have been increasing since 2011 and permits to build new single-family and multi-family homes as of December 31, 2012 were at 15,882, still below the peak of 69,230 in 2005. In the 12 months ended February 28, 2013, single-family permits increased by 51% to 12,136 units and multifamily permits were up 33% to 3,616 units. Home values dropped 55.1% since its 2006 peak to 2011 trough annual values (according to JBREC's Burns Home Value Index) before increasing by 15.8% from 2011 to 2012. The homeownership rate peaked as high as 72.5% in 2006 but has subsequently declined to 63% on average for 2012.

We believe that there remains opportunity in the Phoenix market to continue to acquire, restore, lease and manage single-family homes.

Additionally, JBREC estimates that there is a shadow inventory of delinquent mortgages that have not been resolved of approximately 38,600 homes as of December 31, 2012, representing approximately \$6.3 billion in value (assuming the December 31, 2012 median sales price of \$162,657 per home).

Table of Contents

Supply and Demand Dynamics. The total annual permit issuance of single-family and multi-family permits reached what is expected to be the trough during 2010 in Phoenix. Household growth in Phoenix has increased from lows in 2009 to an estimated 21,900 households added in 2012. JBREC forecasts that household growth will steadily increase from 42,500 new households in 2013 to 50,400 new households in 2015. Total permits are forecasted to reach 39,000 units in 2015, a level last reached in 2007. JBREC forecasts approximately 140,100 new households will be formed in Phoenix from 2013 through 2015 compared to 89,500 total residential permits issued over the same period. Much of the additional demand for housing will be satisfied by rentals, which should keep vacancies low and rental rates rising.

Homeownership Levels. The homeownership rate peaked at 72.5% in 2006, but has subsequently declined to 63% in 2012.

Table of Contents

Burns Home Value Index. According to JBREC, home values in Phoenix experienced a 15.8% increase from 2011 to 2012. The median resale price for a detached home was \$147,907 as of December 31, 2012, and has risen to \$175,000 as of April 2013. Home values in the Phoenix metro area are forecasted to rise at an average annual rate of 14.6% from 2013 to 2015, according to the Burns Home Value Index.

Single-Family Rental and Vacancy Rates. Single-family home average monthly rents are rising in Phoenix, while the vacancy rate is declining. After peaking at 18.3% in 2009, the vacancy rate has decreased to 10.1% as of March 2013 and is down from 11.3% in March 2012. The average monthly rental rate is \$1,056 as of March 2013, up from \$997 in March 2012.

Table of Contents

OUR BUSINESS AND PROPERTIES

Our Company

We are an internally managed Maryland REIT focused on acquiring, renovating, leasing and operating single-family homes as rental properties. We commenced operations in November 2012 to continue the investment activities of AH LLC, which was founded by our chairman, Mr. Hughes, in 2011 to take advantage of the dislocation in the single-family home market. Mr. Hughes has over 40 years of experience in the real estate business and a successful track record as co-founder and former chairman and chief executive officer of Public Storage, a REIT listed on the NYSE. We have an integrated operating platform that consists of approximately 270 personnel dedicated to property management, marketing, leasing, financial and administrative functions. Our acquisition and renovation functions are performed by AH LLC, to whom we will continue to pay an acquisition and renovation fee through December 2014.

As of July 31, 2013, we owned 19,825 single-family properties for an estimated total investment of \$3.4 billion and had an additional 458 properties in escrow that we expected to acquire, subject to customary closing conditions, for an estimated total investment of \$76.3 million. As of July 31, 2013, we owned properties in selected sub-markets of MSAs in 22 states, and we continually evaluate potential new target markets that fit our underwriting criteria and are located where we believe we can achieve sufficient scale for internalized property management.

We intend to become a leader in the single-family home rental industry by aggregating a geographically diversified portfolio of high quality single-family homes and developing American Homes 4 Rent into a nationally recognized brand that is well-known for quality, value and tenant satisfaction and is well respected in our communities. Our objective is to generate attractive, risk-adjusted returns for our shareholders through dividends and capital appreciation.

We intend to use the net proceeds of this offering to continue to acquire and renovate single-family properties, including certain escrowed properties, and to repay indebtedness we have incurred or expect to incur under our credit facility. In addition to single-family properties, we also may seek to invest in condominium units, townhouses and real estate-related debt investments. Our investments may be made directly or through investment vehicles with third-party investors. In addition to individual property purchases, we may pursue bulk acquisitions from financial institutions, government agencies and competitors.

We have been organized and operated in conformity with the requirements for qualification and taxation as a REIT under U.S. federal income tax laws, commencing with our taxable year ended December 31, 2012, and we expect to satisfy the requirements for qualification and taxation as a REIT under the U.S. federal income tax laws for our taxable year ending December 31, 2013, and subsequent taxable years.

Table of Contents**Our Properties**

The table below summarizes certain information with respect to our properties as of July 31, 2013.

Our Properties⁽¹⁾

Properties	Estimated Total Investment ⁽²⁾⁽³⁾		Estimated Total Book Value ⁽³⁾⁽⁴⁾		Average per Property			
	Units	% of Total	\$ millions	Avg. per Property	\$ millions	Avg. per Property	Square Footage	Property Age (years)
Indianapolis, IN	1,718	8.7%	\$ 252.1	\$ 146,731	\$ 246.1	\$ 143,234	1,870	11.6
Dallas-Fort Worth, TX	1,660	8.4%	269.9	162,603	262.2	157,927	2,209	10.2
Greater Chicago area, IL and IN	1,361	6.9%	218.0	160,165	206.7	151,845	1,855	12.4
Atlanta, GA	1,216	6.1%	214.2	176,147	195.3	160,584	2,168	13.2
Houston, TX	1,027	5.2%	179.2	174,472	179.2	174,472	2,295	9.6
Cincinnati, OH	1,005	5.1%	173.7	172,834	169.4	168,545	1,848	11.9
Phoenix, AZ	960	4.8%	149.6	155,883	139.4	145,196	1,812	11.3
Jacksonville, FL	892	4.5%	135.6	151,974	131.7	147,635	1,924	9.8
Charlotte, NC	877	4.4%	152.0	173,271	146.8	167,376	1,948	10.6
Nashville, TN	869	4.4%	181.4	208,743	173.9	200,155	2,193	9.5
All Other ⁽⁵⁾	8,240	41.6%	1,474.7	178,973	1,435.1	174,166	1,913	10.9
Total / Average	19,825	100.0%	\$ 3,400.4	\$ 171,519	\$ 3,285.7	\$ 165,733	1,972	11.0

(1) Includes 377 properties owned by the RJ joint ventures in which we hold an approximate one-third interest.

(2) For properties that we acquired directly, Estimated Total Investment represents our actual purchase price (including closing costs) and estimated renovation costs plus a 5% acquisition and renovation fee, if applicable. Estimated renovation costs represent the total costs we have incurred or expect to incur to renovate a property to prepare it for rental. These costs typically include paint, flooring, appliances, blinds and landscaping. Estimated Total Investment differs from Estimated Total Book Value only with respect to the properties contributed by AH LLC. For properties contributed by AH LLC, Estimated Total Book Value is an estimate of the properties' GAAP book value, which includes estimates for renovation costs we expect to incur. These properties were recorded at the net book value of AH LLC as of the date of contribution. See note 3 below.

(3) Estimated Total Investment and Estimated Total Book Value each include estimated renovation costs in the aggregate of approximately \$204 million, approximately \$168 million of which represents actual renovation costs incurred through July 31, 2013 and approximately \$36 million of which represents estimated remaining costs we expect to incur as of that date to prepare these properties for rental. Estimated renovation costs typically include paint, flooring, appliances, blinds and landscaping.

(4) Estimated Total Book Value represents the estimated book value on a GAAP basis of all properties. In the case of AH LLC's contribution of properties to us, for GAAP purposes these transactions are considered to be transactions between entities under common control under the provisions of ASC 805, *Business Combinations*. As a result, these properties have been reflected at the net carrying cost of AH LLC. For the properties acquired from the Alaska Joint Venture, the \$904.5 million purchase price has been allocated among the properties in accordance with GAAP. For all other properties, Estimated Total Book Value represents the actual purchase price (including closing costs) and estimated renovation costs plus a 5% acquisition and renovation fee, if any.

(5) Represents 34 markets in 18 states.

Table of Contents

The table below summarizes certain information with respect to properties in escrow as of July 31, 2013.

Properties in Escrow⁽¹⁾

Market	Properties in Escrow				Estimated Total Investment ⁽²⁾	
	Units	% of Total	Avg. Sq.Ft.	Avg. Age (years)	\$ millions	Avg. per Property
Cincinnati, OH	55	12.0%	1,882	12.1	\$ 8.5	\$ 154,842
Columbus, OH	50	10.9%	1,839	12.3	\$ 6.9	138,878
Raleigh, NC	32	7.0%	1,955	9.1	\$ 4.8	149,401
Charlotte, NC	28	6.1%	2,038	11.1	\$ 4.3	153,718
Houston, TX	24	5.2%	2,698	9.9	\$ 4.9	204,433
Chicago Area, IL and IN	23	5.0%	1,933	13.9	\$ 4.0	175,339
Indianapolis, IN	21	4.6%	2,014	11.8	\$ 3.2	153,743
Nashville, TN	17	3.7%	2,202	7.2	\$ 3.3	195,829
Dallas-Fort Worth, TX	17	3.7%	2,136	12.2	\$ 2.9	167,735
Columbia, SC	15	3.3%	1,983	4.9	\$ 2.2	146,847
All Other ⁽³⁾	176	38.4%	1,892	9.7	\$ 31.2	177,404
Total / Average	458	100.0%	1,971	10.5	\$ 76.3	\$ 166,636

(1) Includes properties in escrow subject to customary closing conditions. Does not include properties in escrow subject to lender approval. Properties in escrow are typically not occupied at the closing date.

(2) Estimated Total Investment represents our actual purchase price (including closing costs) and estimated renovation costs plus a 5% acquisition and renovation fee. Estimated renovation costs represent the total costs we expect to incur to renovate a property to prepare it for rental. These costs typically include paint, flooring, appliances, blinds and landscaping.

(3) Represents 24 markets in 14 states.

Between July 31, 2013 and August 31, 2013, we acquired approximately 846 properties with an estimated total investment of \$124.9 million. Additionally, between August 31, 2013 and September 20, 2013 (the latest practicable date before the commencement of this offering), we acquired approximately 468 properties with an estimated total investment of \$69.2 million (including properties in escrow as of September 20, 2013). Approximately 65% of these properties acquired between July 31, 2013 and September 20, 2013 were purchased in foreclosure auctions and the balance through other acquisition channels. At September 20, 2013, we had approximately 355 properties in escrow with an estimated total investment of \$56.2 million. The level of purchases for the entire month of September 2013 should not be extrapolated from this partial month information as acquisition activity tends to be higher at the beginning of a month.

Table of Contents

Property and Management

We lease office space in Agoura Hills, California for our company headquarters and lease property management office space in 17 locations in 12 states.

The graphs below set forth various characteristics of our portfolio as of July 31, 2013.

Portfolio by Total Investment

Portfolio by Square Footage

Portfolio by State⁽¹⁾

Portfolio by Number of Bedrooms

⁽¹⁾ Based on estimated total investment.

Our Competitive Strengths

We believe that the following strengths enable us to implement our business and growth strategies and compete effectively in the single-family home rental market:

Experienced and tenured management team. We believe the significant experience, expertise and relationships of our executive team drive our business and growth. Our executive team, headed by Mr. Hughes, our Chairman, Mr. Singelyn, our Chief Executive Officer, Mr. Corrigan, our Chief Operating Officer, and Mr. Nelson, our Chief Financial Officer, each of whom is a former executive of Public Storage, has a successful track record of managing and growing a publicly traded REIT through all stages of the real estate investment cycle. Among other executive positions they have held, Mr. Singelyn was treasurer of Public Storage and was chief executive officer of Public Storage Canada, a real estate company previously listed on the Toronto Stock Exchange, and ACE; Mr. Corrigan was the chief financial officer of PS Business Parks, a NYSE-listed REIT; and Mr. Nelson was the chief financial officer of Lennar Partners, Inc. and Alexandria Real Estate Equities, Inc., a NYSE-listed REIT.

Large, diversified portfolio of high-quality properties. As of July 31, 2013, we owned 19,825 single-family properties concentrated in select sub-markets of MSAs within 22 states. These homes are

Table of Contents

located in neighborhoods of cities that we believe remain desirable places to live, despite significantly impacted home prices. In addition, we continually evaluate potential new markets across the country. We are focused on acquiring homes with a number of key property characteristics, including: (i) construction after 1990; (ii) three or more bedrooms; (iii) two or more bathrooms; (iv) a range of \$70,000 estimated minimum valuation to \$400,000 maximum bid price; and (v) estimated renovation costs not in excess of 25% of estimated value. We target areas with above average median household incomes, well-regarded school districts and access to desirable lifestyle amenities. We believe that homes in these areas will attract tenants with strong credit profiles, produce high occupancy and rental rates and generate long-term property appreciation. Not all of the homes that we may acquire will meet all of these criteria, especially if acquired as part of a bulk purchase.

Our acquisition process remains flexible, and we expect AH LLC's acquisition channel focus to shift as we strategically source opportunities in this evolving market. The following table summarizes AH LLC's acquisition, renovation, and leasing activity by month through July 31, 2013.

Monthly Acquisition, Renovation and Leasing Rates

(As of July 31, 2013)

Demonstrated property acquisition track record and processes. Since its inception in June 2011, AH LLC has developed an effective acquisition process, supported by analytics and dedicated personnel within our target markets, that is capable of efficiently deploying large amounts of capital. Through July 31, 2013, AH LLC and its affiliates had acquired 19,937 properties (including our 19,825 properties) with an estimated total investment exceeding \$3.4 billion and had approximately 458 properties in escrow. The acquisition process begins with an analysis of housing markets in select MSAs based on numerous economic and real estate characteristics. AH LLC then targets sub-markets at the neighborhood and street levels, where its system allows it to screen broadly and rapidly for potential acquisitions with key attributes, such as property age, size, number of bedrooms/bathrooms, potential renovation costs and potential rental rates. The level of our acquisition activity will fluctuate because it depends on the number of suitable investments, as well as on the level of funds available for investment.

Table of Contents

AH LLC underwrites potential property acquisitions and has implemented an efficient bid management system where homes are screened and underwritten based on our established property acquisition parameters, including date of construction, number of bedrooms and bathrooms, underwritten valuation range and renovation costs. Through this disciplined approach to acquisitions, we estimate that in June 2013 AH LLC screened approximately 50,000 homes, underwrote approximately 35% of the homes screened and placed bids on approximately 10% of the homes underwritten, AH LLC ultimately acquired 1,872 homes, or approximately 3.7%, of the homes screened.

AH LLC purchases properties through a variety of acquisition channels, including foreclosure auctions, broker sales (through MLS, REO sales and short sales) and portfolio (or bulk) sales. AH LLC has developed an efficient process for bidding on large numbers of homes at auctions consistent with local and state laws, which has contributed to our significant pace of capital deployment. In addition, AH LLC has developed an extensive network of real estate brokers that facilitates a large volume of acquisitions through the retail sales process. To date, foreclosure auctions and broker sales (primarily MLS and short sales) have presented the most attractive channels to access a significant supply of quality homes at attractive prices. Through July 31, 2013, we have acquired approximately 44% of our properties through foreclosure auctions and 56% through broker sales and other acquisition channels. AH LLC's acquisition process remains flexible, and we expect its acquisition channel focus to shift as it strategically sources opportunities in this evolving market.

Substantial Renovation Capabilities. AH LLC has an in-house team of approximately 176 dedicated personnel to oversee the renovation process. This team focuses on renovating our homes to meet our quality standards prior to leasing. Once a home is acquired, AH LLC promptly performs a comprehensive inspection followed immediately with a renovation capital expenditures plan. The renovation plan is designed to address any quality issues identified through the inspection and minimize future maintenance costs. We believe this process makes our properties more attractive to potential tenants and reduces lease-up time. We have found that a rapid response to renovating our homes improves our relationship with the local communities and HOAs, enhancing the American Homes 4 Rent brand recognition and loyalty. We estimate that AH LLC generally completes property renovations within approximately 90 days after a property is available for renovation. From January 1, 2013 to July 31, 2013, we completed renovations on 10,350 properties, 1,695 of which were completed in June and 1,828 of which were completed in July.

Institutional quality management platform and systems. Our management platform and systems are fully integrated with AH LLC's acquisition and renovation platform to ensure oversight and coordination of our key functions, including acquisitions, renovations, leasing, property management and accounting. We have developed an extensive property management infrastructure with modern systems and technology, dedicated personnel and local offices in certain of our target markets. Our property management personnel maintain a disciplined focus on controlling costs, driving occupancy and maximizing rental rates through all phases of our properties lifecycles. Within in-house markets, property managers oversee or execute all property management functions, including property rehabilitation and renovation, marketing, tenant sourcing and leasing, rent collection and processing, tenant relations, property repairs and maintenance and accounts payable, including payment processing for property taxes and HOA dues. We currently provide property management services in 28 of our markets, representing approximately 87% of our portfolio, and expect to continue to internalize property management services in additional markets where we believe we can achieve sufficient scale. In addition, we expect to continue to benefit