

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

American Homes 4 Rent  
Form S-11/A  
July 19, 2013  
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As filed with the Securities and Exchange Commission on July 19, 2013

Registration No. 333-189103

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

WASHINGTON, DC 20549

AMENDMENT NO. 2 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 West Agoura Road, Suite 200

Agoura Hills, California 91301

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

(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 West 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)

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**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. "

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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 ..  
Non-accelerated filer  (do not check if a smaller reporting company)

Accelerated filer ..  
Smaller reporting company ..

**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.**

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**The information in this preliminary prospectus is not complete and may be changed. We may not 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 July 19, 2013**

**PROSPECTUS**

**44,117,647 CLASS A COMMON 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. As of June 30, 2013, we owned 17,949 single-family properties in 21 states for an estimated total investment of \$3.1 billion.

This is our initial public offering, and no public market currently exists for our shares. We are selling 44,117,647 Class A common shares of beneficial interest, \$0.01 par value per share, or our Class A common shares.

We have been authorized to list our Class A common shares on the New York Stock Exchange, or the NYSE, under the symbol **AMH**, subject to official notice of issuance. We expect the initial public offering price of our Class A common shares to be between \$16.00 and \$18.00 per share.

Concurrently with the completion of this offering, American Homes 4 Rent, LLC, or AH LLC, a Delaware limited liability company formed by our founder and board chairman B. Wayne Hughes, will purchase \$50 million of our Class A common shares in a private placement at the initial public offering price set forth below and without payment by us of any underwriting discount or placement fee.

We have been organized and operated in conformity with the requirements for qualification and taxation as a REIT under the 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.

**We are an emerging growth company under the U.S. federal securities laws and will be subject to reduced public company reporting requirements. Investing in our Class A common shares involves risks. See Risk Factors beginning on page 24 for factors you should consider before investing in our Class A common shares.**

Total

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	<b>Per Share</b>	
Public offering price	\$	\$
Underwriting discounts and commissions	\$	\$
Proceeds, before expenses, to us	\$	\$

We have granted the underwriters an option to purchase up to an additional 6,617,647 Class A common shares from us at the initial 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 Class A common shares on or about \_\_\_\_\_, 2013.

**Goldman, Sachs & Co.**  
**Citigroup**

**BofA Merrill Lynch**  
**Credit Suisse Jefferies**

**FBR**  
**Morgan Stanley**

**J.P. Morgan**  
**Wells Fargo Securities**  
**Raymond James**

**Prospectus dated July \_\_\_\_\_, 2013**

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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 accurate only as of their respective dates or on the date or dates that are specified in these documents. Our business, financial condition, results of operations, and prospects may have changed since those dates.

**Dealer Prospectus Delivery Requirement**

Until \_\_\_\_\_, 2013 (25 days after the date of this prospectus), all dealers that effect transactions in these securities, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to the dealers' obligation to deliver a prospectus when acting as underwriters and with respect to their unsold allotments or subscriptions.

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### **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 connection with this offering by John Burns Real Estate Consulting, or JBREC. We have agreed to pay JBREC a total fee of \$44,730 for that market study, of which \$16,625 has been paid and \$28,105 will be paid upon completion of this offering. 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.



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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 placement refers to AH LLC's purchase in a private placement of \$50 million of our Class A common shares at the initial public offering price set forth on the cover of this prospectus and without payment by us of any underwriting discount or placement fee. The concurrent private placement is expected to close on the same day as this offering and is contingent upon the completion of this offering. This offering is not contingent upon the closing of the concurrent private placement. In addition, the board of trustees of APFC has approved, subject to negotiation and execution of a binding definitive purchase agreement, the purchase of \$25 million of our Class A common shares in a private placement at the initial public offering price also without underwriting discounts or placement fees. This private placement with APFC also would be expected to close on the same day as this offering and be contingent upon completion of this offering. Except where specifically addressed, the proposed concurrent private placement with APFC is not reflected in this prospectus. Because it is possible that the proposed concurrent private placement with APFC will not be completed on the anticipated terms or at all, investors should not rely on it to occur.

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.

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**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 24 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 244 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 June 30, 2013, we owned 17,949 single-family properties for an estimated total investment of \$3.1 billion and 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.

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 and the concurrent private placement 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 owned properties as of June 30, 2013.

**Our Owned Properties <sup>(1)</sup>**

Market	Properties Owned		Estimated Total Investment <sup>(2)(3)</sup>		Estimated Total Book Value <sup>(3)(4)</sup>		Averages per Property	
	Units	% of Total	\$ millions	Avg. per Property	\$ millions	Avg. per Property	Square Footage	Property Age (years)
Dallas-Fort Worth, TX	1,487	8.3%	\$ 245.3	\$ 164,971	\$ 237.5	\$ 159,748	2,211	10.3
Indianapolis, IN	1,521	8.5%	224.3	147,448	218.3	143,498	1,870	11.6
Greater Chicago area, IL and IN	1,244	6.9%	201.4	161,868	190.0	152,765	1,865	12.4
Atlanta, GA	1,155	6.4%	205.8	178,147	186.8	161,762	2,169	13.2
Houston, TX	1,000	5.6%	174.7	174,650	174.7	174,650	2,289	9.7
Phoenix, AZ	898	5.0%	141.1	157,138	130.9	145,713	1,812	11.3
Cincinnati, OH	840	4.7%	145.9	173,745	141.6	168,613	1,848	11.9
Jacksonville, FL	829	4.6%	127.5	153,792	123.6	149,123	1,936	9.9
Nashville, TN	814	4.5%	170.6	209,529	163.1	200,330	2,192	9.5
Charlotte, NC	766	4.3%	133.5	174,314	128.4	167,563	1,943	10.6
All Other <sup>(5)</sup>	7,395	41.2%	1,341.1	181,348	1,301.3	175,964	1,922	10.9
<b>Total / Average</b>	<b>17,949</b>	<b>100.0%</b>	<b>\$ 3,111.1</b>	<b>\$ 173,327</b>	<b>\$ 2,996.1</b>	<b>\$ 166,924</b>	<b>1,979</b>	<b>11.0</b>

(1) Excludes 377 properties owned by the RJ joint ventures.

(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 \$182 million, approximately \$131 million of which represents actual renovation costs incurred through June 30, 2013 and approximately \$51 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 31 markets in 18 states.

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The table below summarizes certain information with respect to properties in escrow as of June 30, 2013.

**Properties in Escrow<sup>(1)</sup>**

Market	Properties in Escrow				Estimated Total Investment <sup>(2)</sup>	
	Units	% of Total	Avg. Sq.Ft.	Avg. Age (years)	\$ thousands	Avg. per Property
Dallas-Fort Worth, TX	82	7.1%	2,185	10.3	\$ 13,371	\$ 163,059
Indianapolis, IN	142	12.3%	1,883	11.9	21,225	149,472
Greater Chicago area, IL and IN	69	6.0%	1,876	12.9	12,088	175,189
Atlanta, GA	1	0.1%	3,363	7.0	155	154,952
Houston, TX	13	1.1%	2,569	9.9	2,563	197,116
Phoenix, AZ	11	1.0%	1,572	13.9	1,872	170,182
Cincinnati, OH	159	13.8%	1,884	11.9	26,449	166,346
Jacksonville, FL	36	3.1%	1,754	9.1	5,006	139,042
Nashville, TN	49	4.3%	2,183	8.8	9,576	195,429
Charlotte, NC	87	7.6%	2,045	10.3	14,835	170,518
All Other <sup>(3)</sup>	503	43.7%	1,850	10.4	83,482	165,967
<b>Total / Average</b>	<b>1,152</b>	<b>100.0%</b>	<b>1,916</b>	<b>10.8</b>	<b>\$ 190,621</b>	<b>\$ 165,469</b>

- (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 27 markets in 15 states.

Between July 1, 2013 and July 9, 2013 (the latest practicable date before the commencement of this offering), we acquired approximately 512 properties with an estimated total investment of \$80 million (including properties in escrow as of June 30, 2013). Approximately 38% of these properties acquired between July 1, 2013 and July 9, 2013 were purchased in foreclosure auctions and the balance through other acquisition channels. At July 9, 2013, we had approximately 1,077 properties in escrow with an estimated total investment of \$176 million. The level of purchases for the entire month of July 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.

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



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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 JBREC'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 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%.

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 June 30, 2013, we owned 17,949 single-family properties concentrated in select sub-markets of MSAs within 21 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. 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

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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.

**Monthly Acquisition, Renovation and Leasing Rates**

**(As of June 30, 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 June 30, 2013, AH LLC and its affiliates had acquired 18,458 properties (including our 17,949 properties) with an estimated total investment exceeding \$3.2 billion and had approximately 1,152 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 262 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 June 30, 2013, we completed renovations on 8,522 properties, 1,947 of which were completed in May and 1,695 of which were completed in June.

***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.

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As of June 30, 2013, we had approximately 9,882 leased properties. The following table summarizes our leasing experience as of June 30, 2013.

**Our Leasing Experience**

Market	Number of Properties <sup>(1)</sup>						Average Annual Scheduled Rent Per Property
	Not Rent Ready	Leased <sup>(2)</sup>	Available for Rent 30+ Days <sup>(3)</sup>	Available for Rent 90+ Days <sup>(4)</sup>	30+ Days Occupancy % <sup>(5)</sup>	90+ Days Occupancy % <sup>(6)</sup>	
Dallas-Fort Worth, TX	382	791	814	798	97%	99%	\$ 17,218
Indianapolis, IN	575	735	774	747	95%	98%	14,550
Greater Chicago area, IL and IN	661	359	402	375	89%	96%	19,136
Atlanta, GA	168	820	854	840	96%	98%	15,890
Houston, TX	293	366	396	370	92%	99%	17,536
Phoenix, AZ	95	629	683	676	92%	93%	13,011
Cincinnati, OH	306	404	473	437	85%	92%	16,859
Jacksonville, FL	151	495	508	498	97%	99%	15,382
Nashville, TN	192	512	534	523	96%	98%	17,894
Charlotte, NC	239	349	386	353	90%	99%	15,308
All Other <sup>(7)</sup>	2,437	3,073	3,697	3,208	83%	96%	16,680
<b>Total / Average</b>	<b>5,499</b>	<b>8,533</b>	<b>9,521</b>	<b>8,825</b>	<b>90%</b>	<b>97%</b>	<b>\$ 16,284</b>

- (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 1,349 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 26 markets in 17 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. Upon completion of this offering and the concurrent private placement at the assumed offering price of \$17.00 per share (based on the midpoint of the price range set forth on the front cover of this prospectus), AH LLC will own approximately 26.4% of our Class A common shares assuming that all of its OP units are redeemed for Class A common shares (or 25.7% if the underwriters exercise their option to purchase additional shares in full). 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 \$1.2 billion in connection with two private placements of our Class A common shares. In addition, in March 2013, we entered into a \$500 million senior secured revolving credit facility with Wells Fargo Bank, National Association, or Wells Fargo, that is subject to a one-year extension in certain circumstances. In June 2013, we entered into a temporary increase to our credit facility that





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would allow us to borrow up to \$1 billion through December 2013 and matures in March 2014. At July 9, 2013, we had \$750 million of borrowings outstanding under our credit facility and cash and cash equivalents on hand of \$244 million. The Company intends to pay down the outstanding borrowings under our credit facility with the net proceeds of this offering. Upon completion of this offering, we will extinguish the commitments under the \$500 million temporary increase in our credit facility. At March 31, 2013, we had approximately \$1.7 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 178 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 21 states, with an emphasis on achieving critical mass within each target market. We continually evaluate potential new markets where we may make investments 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 financing markets, including issuing preferred shares. Based in part on our executive team's experience at Public Storage, we believe that preferred shares may provide an attractive source of permanent capital.



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### **Recent Developments**

#### ***Concurrent Private Placement with AH LLC***

Concurrently with the completion of this offering, AH LLC has agreed to purchase \$50 million of our Class A common shares in a private placement at the initial public offering price set forth on the cover of this prospectus and without payment by us of any underwriting discount or placement fee. The concurrent private placement with AH LLC is expected to close on the same day as this offering and is contingent upon completion of this offering.

#### ***Proposed Concurrent Private Placement with APFC***

The board of trustees of APFC has approved, subject to negotiation and execution of a binding definitive purchase agreement, the purchase of \$25 million of our Class A common shares in a private placement at the initial public offering price set forth on the cover of this prospectus and without payment by us of any underwriting discount or placement fee. The proposed concurrent private placement with APFC also would be expected to close on the same day as this offering and be contingent upon completion of this offering. Except where specifically addressed, the proposed concurrent private placement with APFC is not reflected in this prospectus. Because it is possible that the proposed concurrent private placement with APFC will not be completed on the anticipated terms or at all, investors should not rely on it to occur.

#### ***Management Internalization***

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. On June 10, 2013, we completed a series of transactions to implement the Management Internalization.

Summary descriptions of certain components of the Management Internalization are set forth below. For more information regarding the terms of the Management Internalization, see [Certain Relationships and Related Party Transactions](#) [Management Internalization](#).

#### ***Acquisition of Former Manager and Former Property Manager***

Our operating partnership acquired our former manager and our former property manager from AH LLC in exchange for 4,375,000 Series D convertible units of limited partnership interest in our operating partnership, or Series D units, and 4,375,000 Series E convertible units of limited partnership interest in our operating partnership, or Series E units. All administrative, financial, property management, marketing and leasing personnel, including executive management, became fully dedicated to us. Acquisition and renovation personnel have continued to remain employees of AH LLC or its affiliates. After September 10, 2014, we have the right to offer employment to all such personnel, which employment would commence on December 10, 2014, and AH LLC is obligated to cooperate in transitioning those employees who accept our offers of employment. Our Chief Operating Officer, Mr. Corrigan, remains responsible for overall acquisition and renovation activity.

#### ***Amended and Restated Agreement on Investment Opportunities***

Upon completion of our initial private placement in November 2012, we entered into an agreement on investment opportunities with AH LLC. As part of the Management Internalization, this agreement was amended and restated as follows:

*Exclusive Acquisition Vehicle.* Under the original agreement, we were AH LLC's exclusive vehicle for acquiring single-family properties, subject to certain limited exceptions. However, AH LLC was permitted to render property management and investment advisory fee services for third parties. After the Management Internalization, we now render these services, and AH LLC is precluded from doing so.

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*Acquisition Fees.* We 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, and AH LLC pays all expenses related to acquisition and renovation personnel, including all internal and third-party costs related to the investigation of properties not acquired by us. Under the amended and restated agreement, on December 10, 2014, we will cease paying this fee to AH LLC, and AH LLC will cease rendering acquisition and renovation services for us. 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 is required to cooperate in transitioning any employees who choose to accept our offer. In addition, the amended and restated agreement provides that no acquisition fee was payable to AH LLC by any party in connection with the Alaska Joint Venture Acquisition.

*Intellectual Property Fee.* During the period that we pay AH LLC a fee for acquisition and renovation services, AH LLC is required to pay us a monthly fee of \$100,000 for maintenance and use of certain intellectual property transferred to us in the Management Internalization.

*Future Investment Vehicles.* Under the original agreement on investment opportunities, AH LLC received 80% of the promoted interests in respect of outside capital invested in any investment vehicles formed after our initial private placement and before November 21, 2015 throughout the terms of those vehicles. Under the amended and restated agreement, AH LLC has foregone any right to receive any promoted interests in any investment vehicles formed after the closing of the Management Internalization.

*Registration Rights Agreement*

Pursuant to a registration rights agreement between us and AH LLC that we entered into in connection with the Management Internalization, we are required to file a shelf registration statement with the Securities and Exchange Commission, or the SEC, once we become eligible, to register for resale the Class A common shares and securities convertible into Class A common shares that are held by AH LLC. These registration rights are exercisable after December 10, 2015.

*Alaska Joint Venture Acquisition*

In July 2012, AH LLC entered into an investment vehicle with the Alaska Permanent Fund Corporation, acting on behalf of funds that the Alaska Permanent Fund Corporation is designated by Alaska Statutes 37.13 to manage and invest, or APFC, which we refer to as the Alaska Joint Venture. APFC contributed \$600 million to the Alaska Joint Venture, and AH LLC contributed an additional \$150 million. AH LLC had a promoted interest in the Alaska Joint Venture in addition to owning 20% of its equity.

As of April 12, 2013, the Alaska Joint Venture owned 4,778 single-family properties for an estimated total investment of \$730.4 million (excluding 43 California properties that were sold to a third party for approximately \$11.3 million at a gain of approximately \$2.2 million) and had an additional 18 properties in escrow that are expected to be acquired, subject to customary closing conditions, for an additional estimated total investment of \$2.6 million. As of June 30, 2013, approximately 4,117 of the Alaska Joint Venture's 4,778 properties were rent-ready, including approximately 3,792 that were leased.

On June 11, 2013, we acquired the Alaska Joint Venture in exchange for 43,609,394 Class A common shares issued to APFC and 12,395,965 Class A units of limited partnership in our operating partnership, or Class A units, issued by our operating partnership to AH LLC, based upon an agreed upon valuation of approximately \$904.5 million. On that date, the Alaska Joint Venture became wholly owned by our operating partnership. Pursuant to a registration rights agreement between us and APFC that we entered into in connection with the Alaska Joint Venture Acquisition, we are required to file a shelf registration statement with the SEC, once we become eligible, to register for resale the Class A common shares acquired by APFC in connection with the Alaska Joint Venture Acquisition. For more information regarding the Alaska Joint Venture and the Alaska Joint Venture Acquisition, see *Certain Relationships and Related Party Transactions* Alaska Joint Venture Acquisition.

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***Transactions Regarding the RJ Joint Ventures***

In addition to the Alaska Joint Venture, AH LLC has formed the RJ joint ventures to own and operate residential homes as rental properties. The RJ joint ventures have raised a total of approximately \$45 million from high net worth individual investors and currently own an aggregate of 377 homes in 12 markets. In a series of transactions between December 2012 and June 2013, we acquired AH LLC's approximate one-third interest in the RJ joint ventures for approximately \$22 million in exchange for approximately 1,360,000 Class A units. For more information regarding our acquisition of AH LLC's interest in the RJ joint ventures, see *Certain Relationships and Related Party Transactions* *Transactions Regarding the RJ Joint Ventures*.

***Option Settlement***

Upon completion of our initial private placement in November 2012, we entered into a subscription agreement with AH LLC under which we provided AH LLC the option to purchase \$50 million of our Class A common shares for cash at \$15.00 per share no later than November 21, 2015 or at the time of our initial public offering, whichever is earlier. On April 16, 2013, we and AH LLC entered into an amendment to the subscription agreement that resulted in our issuance of net Class A common shares to AH LLC having a value, based on \$17.25 per share, equal to the excess of \$17.25, the then most recent per share price at which our Class A common shares were traded as reported by the FBR PLUS System, over \$15.00 per share (i.e., \$2.25 per share), multiplied by the number of shares subject to the original option, resulting in a total issuance of 434,783 Class A common shares. These shares are subject to restrictions on resale.

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**Our Structure**

We were formed as a Maryland REIT on October 19, 2012. The following chart illustrates our organizational structure, after giving effect to this offering (assuming no exercise of the underwriters' option to purchase additional shares) and the concurrent private placement:

- <sup>1</sup> 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.
- <sup>2</sup> Consists of 6,676,959 Class A common shares, including 2,941,176 issued in a concurrent private placement based on a \$50 million investment at the assumed offering price of \$17.00 per share (based on the midpoint of the price range set forth on the front cover of this prospectus), and 635,075 Class B common shares.
- <sup>3</sup> 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**

***Common Shares and Common Units***

We have two classes of common shares, Class A common shares, which we are selling in this offering, 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

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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 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](#).

In our initial private placement in November 2012, we issued and sold 35,360,898 of our Class A common shares, at a price per share of \$15.00, to certain institutional and individual investors, or the 2012 Investors, resulting in net proceeds of approximately \$494.8 million. In December 2012, we issued to AH LLC 3,300,000 Class A common shares and 667 Class B common shares, and our operating partnership issued 32,667 Class A units in exchange for 367 single-family properties. In our follow-on private placement in March 2013, we issued and sold an additional 46,718,750 of our Class A common shares, at a price per share of \$16.00, to certain institutional and individual investors, or the 2013 Investors, resulting in net proceeds of approximately \$703.5 million.

In June 2013, with the approval of our board of trustees, our operating partnership issued 653,492 Class A units to AH LLC in exchange for its 653,492 3.5% convertible perpetual preferred units. See [Certain Relationships and Related Party Transactions](#) [Transactions Regarding the RJ Joint Ventures](#).

### ***Series C Convertible Units***

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***

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.



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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](#).

The tables below set forth the outstanding securities of our company and of our operating partnership, as of June 30, 2013, without giving effect to this offering. For a description of the terms of these securities, see [Description of Equity Shares](#) and [Operating Partnership and the Partnership Agreement](#).

<b>Securities of Our Company</b>	<b>Shares</b>
Class A common shares	129,433,425
Class B common shares	635,075 <sup>(1)</sup>

  

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

- (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.
- (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 intend to qualify and will elect 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 Class A common shares, we will receive 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.



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### **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 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 the 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 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 this 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, 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

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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 exemptions. If we do take advantage of any of these exemptions, we do not know if some investors will find our Class A common shares less attractive as a result. The result may be a less active trading market for our Class A common shares, and our share price 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.

## **Registration Rights and Lock-Up Agreements**

Pursuant to registration rights agreements between us and the initial purchaser/placement agent for our initial private placement in November 2012 and our follow-on private placement in March 2013, we are required, among other things, to:

file with the SEC a resale shelf registration statement registering all of the Class A common shares sold in our private placements no later than November 21, 2013 (unless otherwise extended upon approval by our board of trustees, in which case we may defer such filing until not later than May 20, 2014); and

use our commercially reasonable efforts to cause the resale shelf registration statement to become effective under the Securities Act as promptly as practicable after the filing of the resale shelf registration statement, and in any event, subject to certain exceptions, no later than 180 days after the initial filing of the resale shelf registration statement, and to maintain the resale shelf registration statement continuously effective under the Securities Act for a specified period.

Pursuant to a registration rights agreement between us and AH LLC that we entered into in connection with the Management Internalization, we are required to file a shelf registration statement with the SEC, once we become eligible, to register for resale the Class A common shares and securities convertible into Class A common shares that are held by AH LLC. These registration rights are exercisable after December 10, 2015. See *Certain Relationships and Related Party Transactions* Management Internalization Registration Rights Agreement.

Pursuant to a registration rights agreement between us and APFC that we entered into in connection with the Alaska Joint Venture Acquisition, we are required to file a shelf registration statement with the SEC, once we become eligible, to register the Class A common shares acquired by APFC in connection with the Alaska Joint Venture Acquisition. See *Certain Relationships and Related Party Transactions* Alaska Joint Venture Acquisition Registration Rights.

Subject to certain exceptions, each of our officers, trustees, AH LLC and APFC have entered into a lock-up agreement with respect to our Class A common shares and securities exchangeable or exercisable for our Class A

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common shares, restricting the direct or indirect sale of such securities for 180 days after the date of this prospectus without the prior written consent of the underwriters. Additionally, all of our other shareholders have agreed with us not to directly or indirectly sell, offer to sell, grant any option or otherwise transfer or dispose of our Class A common shares for 60 days after the date of this prospectus without the prior written consent of Goldman, Sachs & Co. on behalf of the underwriters.

### **Summary Risk Factors**

An investment in our Class A common shares 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 Class A common shares.

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 to our shareholders.

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 the net proceeds of this offering and the concurrent private placement 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 Class A common 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 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 to our shareholders.

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.

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

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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.

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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 to our shareholders.

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 Class A common 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 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.

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

There is currently no public market for our Class A common shares, a trading market for our Class A common shares may never develop following this offering and the price of our Class A common shares may be volatile and could decline substantially following this offering.

The availability and timing of cash distributions is uncertain.

Members of our executive team, our board of trustees, continuing investors, AH LLC and APFC, collectively own a significant amount of our Class A common shares or OP units exchangeable for our Class A common shares, and future sales by these holders of our Class A common shares, or the perception that such sales could occur in the future, could have a material adverse effect on the market price of our Class A common shares.



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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.

**Organizational Information**

Our principal executive offices are located at 30601 West 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.

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**THE OFFERING**

Class A Common Shares Offered by Us	44,117,647 shares
Class A Common Shares, Class B Common Shares, Class A Units, Series C Units, Series D Units and Series E Units Outstanding Immediately After this Offering and the Concurrent Private Placement	176,492,248 Class A common shares, 635,075 Class B common shares, 13,787,292 Class A units, 31,085,974 Series C units, 4,375,000 Series D units and 4,375,000 Series E units. <sup>(1)</sup>
Use of Proceeds	<p>We estimate that the net proceeds from this offering will be approximately \$711.0 million based on the midpoint of the price range set forth on the front cover of this prospectus (or approximately \$818.1 million if the underwriters exercise their option to purchase up to 6,617,647 Class A common shares in full), after deducting the underwriting discounts and other estimated offering expenses that we expect to pay.</p> <p>We expect the proceeds from the concurrent private placement to be \$50 million. We will not pay any underwriting discounts or placement fees in connection with the concurrent private placement.</p> <p>We will contribute the net proceeds of this offering and the concurrent private placement to our operating partnership in exchange for OP 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 in accordance with our business strategy described in this prospectus, including the acquisition of 1,077 properties in escrow as of July 9, 2013, with an estimated total investment of \$176 million and (iii) for general business purposes. At July 9, 2013, we had \$750 million of borrowings outstanding under our credit facility, which was incurred to acquire and renovate single-family properties. See Use of Proceeds.</p>
Restrictions on Ownership and Transfer	To assist us in qualifying as a REIT, our declaration of trust generally limits beneficial ownership by any person to no more than 8.0% in value or in number of shares, whichever is more restrictive, of the

(1) Excludes: (i) an aggregate of 670,000 of our Class A common shares issuable upon exercise of options previously granted or approved for grant to our trustees, our executive officers, our dedicated personnel 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; and (iii) up to 6,617,647 of our Class A common shares issuable upon the exercise by the underwriters of their option to purchase additional shares in full.

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outstanding shares of any class or series of our equity shares. In addition, our declaration of trust contains various other restrictions on the ownership and transfer of our common shares. See Description of Equity Shares Restrictions on Ownership and Transfer.

Listing

We have been authorized to list our Class A common shares on the NYSE under the symbol AMH, subject to official notice of issuance.

**Table of Contents****SUMMARY SELECTED FINANCIAL DATA**

The following table presents selected historical consolidated financial information and selected portfolio data as of March 31, 2013 (unaudited) and December 31, 2012 and 2011 and for the three months ended March 31, 2013 and 2012 (unaudited), for the year ended December 31, 2012 and 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.

The financial information presented below has been derived from our historical financial statements and, as such, does not include any consideration of the Alaska Joint Venture Acquisition and the Management Internalization.

**Consolidated Statements of Operations Data**

	<b>Three Months Ended March 31, 2013 (unaudited)</b>	<b>Three Months Ended March 31, 2012 (unaudited)</b>	<b>Year Ended December 31, 2012</b>	<b>Period from June 23, 2011 to December 31, 2011</b>
(in thousands, except per share amounts)				
<b>Revenue:</b>				
Rents from single-family properties	\$ 6,644	\$ 96	\$ 4,540	\$ 65
Total revenue	6,644	96	4,540	65
<b>Expenses:</b>				
Property operating and expenses:				
Leased single-family properties	2,566	43	1,744	27
Vacant single-family properties	1,729	22	1,846	12
General and administrative expense	1,625	170	7,199	47
Interest expense	370			
Noncash share-based compensation expense	174		70	
Acquisition fees and costs expensed	1,390		869	
Advisory fees	2,742		937	
Depreciation	2,905	25	2,111	21
Total expenses	13,501	260	14,776	107
Noncontrolling interest	895			
<b>Net loss attributable to common shareholders</b>	<b>\$ (7,752)</b>	<b>\$ (164)</b>	<b>\$ (10,236)</b>	<b>\$ (42)</b>
Net loss per share - basic and diluted	\$ (0.16)	\$ (0.05)	\$ (1.42)	\$ (0.01)



**Table of Contents****Consolidated Balance Sheets Data**

	As of March 31, 2013 (unaudited)	As of December 31, 2012 (in thousands)	2011
Single-family properties, net	\$ 1,120,843	\$ 505,713	\$ 3,495
Cash and cash equivalents	519,410	397,198	
Rent and other receivables	8,808	6,586	11
Escrow deposits	22,623	10,968	
Prepaid expenses and other assets	6,577	993	17
<b>Total assets</b>	<b>\$ 1,678,261</b>	<b>\$ 921,458</b>	<b>\$ 3,523</b>
<b>Total liabilities</b>	<b>\$ 49,798</b>	<b>\$ 16,294</b>	<b>\$ 49</b>
<b>Total equity</b>	<b>1,628,463</b>	<b>905,164</b>	<b>3,474</b>
<b>Total liabilities and equity</b>	<b>\$ 1,678,261</b>	<b>\$ 921,458</b>	<b>\$ 3,523</b>

**Selected Other Portfolio Data**

	As of March 31, 2013 (unaudited)	As of December 31, 2012	2011
Leased single-family properties	2,338	1,164	19
Vacant single-family properties available for lease	1,356	623	2
Single-family properties being renovated	3,880	1,857	12
<b>Total single-family properties owned</b>	<b>7,574</b>	<b>3,644</b>	<b>33</b>

**Adjusted Total Equity**

The following table sets forth our total equity as of March 31, 2013, as adjusted for (1) the pro forma effects of the Management Internalization and the Alaska Joint Venture Acquisition and (2) certain additional items referenced below ( adjusted total equity ), both on a total and diluted per share basis. For more information regarding the pro forma effects of the Management Internalization and the Alaska Joint Venture Acquisition, see Pro Forma Condensed Consolidated Financial Information (unaudited).

	(in millions)	(shares/share equivalents)	(per share)
Total equity	\$ 1,628.5 <sup>(1)</sup>	117,789,957 <sup>(2)</sup>	\$ 13.83
Pro forma adjustments <sup>(3)</sup>	970.6	60,380,359	
<b>Pro forma total equity</b>	<b>2,599.1</b>	<b>178,170,316</b>	<b>\$ 14.59</b>
AH LLC contribution adjustment <sup>(4)</sup>	115.0		
RJ joint venture contribution adjustment <sup>(5)</sup>	22.0	705,167	

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Adjusted total equity	\$ 2,736.1	178,875,483	\$ 15.30
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- (1) Represents total equity prepared in accordance with GAAP, as presented in our condensed consolidated balance sheet as of March 31, 2013 (unaudited) included elsewhere in this prospectus.
- (2) Includes 85,382,748 Class A common shares, 635,075 Class B common shares, 32,668 Class A common units, 653,492 3.5% convertible perpetual preferred units and 31,085,974 Series C units outstanding as of

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- March 31, 2013. In June 2013, AH LLC converted its 653,492 3.5% convertible perpetual preferred units into 653,492 Class A units.
- (3) Represents pro forma adjustments to give effect to the Management Internalization and the Alaska Joint Venture Acquisition, including the issuance of 43,609,394 Class A common shares, 12,395,965 Class A Units and 4,375,000 Series D Units. For more information, see Pro Forma Condensed Consolidated Financial Information (unaudited) included elsewhere in this prospectus.
  - (4) Represents the difference between the historical GAAP net carrying cost of the properties AH LLC contributed to us and the agreed upon value we paid for the properties. As described in our consolidated financial statements included elsewhere in this prospectus, for GAAP purposes, this transaction was considered to be a transaction between entities under common control under the provisions of the ASC 805, *Business Combinations*. As a result, the properties have been reflected on our consolidated balance sheet at the historical net carrying cost on AH LLC's consolidated balance sheet.
  - (5) Represents our June 2013 acquisition of AH LLC's (i) approximate one-third interest in RJ American Homes 4 Rent Two, LLC, or RJ2, for an agreed upon value of approximately \$12.2 million in exchange for 705,167 Class A units and (ii) remaining controlling interest in RJ American Homes 4 Rent One, LLC, or RJ1, that will result in an estimated \$9.8 million step up to fair value of our existing approximately one-third interest in RJ1 that was previously recorded as a transaction between entities under common control in accordance with ASC 805, *Business Combinations*, and the related conversion of 653,492 3.5% convertible perpetual preferred units into 653,492 Class A units.
- We believe that the presentation of adjusted total equity (both on a total and diluted per share basis), provides useful information to investors and analysts by normalizing the accounting treatment of certain transactions. However, adjusted total equity is not a recognized measurement under GAAP. Adjusted total equity should not be considered in isolation or as a substitute for total equity calculated in accordance with GAAP. Our consolidated financial statements and the notes to those statements included elsewhere in this prospectus are prepared in accordance with GAAP.



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**RISK FACTORS**

*An investment in our Class A common 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 Class A common 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 Class A common 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 to our shareholders.*

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 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;

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;

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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 June 30, 2013, we have acquired 17,949 single-family properties in 21 states. Our future operating results 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 the net proceeds of this offering and the concurrent private placement 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 Class A common shares.***

Because we have not yet identified any specific properties (other than properties held in escrow) to acquire with the net proceeds of this offering and the concurrent private placement 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 Class A common shares.

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We will have broad authority to invest the net proceeds of this offering and the concurrent private placement 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

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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 Class A common shares.

Although we intend to use the net proceeds of this offering and the concurrent private placement 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 senior secured revolving 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 and the concurrent private placement 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 Class A common shares may decline.

***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.



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***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.

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 21 states. As of June 30, 2013, approximately 56% of our properties were concentrated in only five states—Texas, Florida, North Carolina, Indiana and Arizona. 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.

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***We may 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 may 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, 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 to our shareholders.***

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.

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***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 June 30, 2013, we owned approximately 17,949 single-family properties, approximately 9,882, or 55%, 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.



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***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 to our shareholders.***

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.

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.

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***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 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 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

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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 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 to our shareholders.***

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 to our shareholders.***

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

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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.

***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 Class A common 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 rapid 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 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 Class A common 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

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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 Class A common 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.

### ***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

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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 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.

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### ***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 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. 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 Class A common 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 this 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 price of our Class A common shares to decline, and we may become subject to investigation or sanctions by the 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

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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.

### ***If we cannot obtain additional financing, 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;

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. 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 senior secured revolving 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.

### ***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 to our shareholders.***

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

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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 Class A common 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.

***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 to our shareholders.***

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 and cash equivalents in an aggregate amount of at least \$7.5 million; (ii) a maximum leverage ratio of 1.5 to 1; and (iii) adjusted tangible net worth being not less than \$500 million. 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.



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***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.

***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

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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;

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

environmental conditions or retained liabilities for such conditions;

tenant turnover;

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;

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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

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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, 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

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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 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