KORN FERRY INTERNATIONAL
Form 4
July 12, 2017

FORM 4

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. *See* Instruction 1(b).

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

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

OMB APPROVAL
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(Print or Type Responses)

1. Name and Address of Reporting Person *
MULROONEY BYRNE K

(Last) (First) (Middle)

C/O KORN/FERRY INTERNATIONAL, 1900 AVENUE OF THE STARS, SUITE 2600

(Street)

LOS ANGELES, CA 90067

(City) (State) (Zip)

2. Issuer Name **and** Ticker or Trading Symbol
KORN FERRY INTERNATIONAL [KFY]

3. Date of Earliest Transaction (Month/Day/Year)
07/10/2017

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

_____ Director _____ 10% Owner
__X__ Officer (give title below) _____ Other (specify below)
CEO of Futurestep

6. Individual or Joint/Group Filing(Check Applicable Line)
_X_ Form filed by One Reporting Person
___ Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1.Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)		4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)			5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			
Common Stock, par value $0.01 per share	07/10/2017		F		4,470 (1)	D	$ 34.51	92,242	D	
Common Stock, par value $0.01 per share	07/10/2017		F		1,641 (2)	D	$ 34.51	90,601	D	

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474 (9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(*e.g.*, puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)		5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)		6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount of Underlying Securities (Instr. 3 and 4)		8. Price of Derivative Security (Instr. 5)	9. Nu Deriv Secur Bene Owne Follo Repo Trans (Instr
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares		

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
MULROONEY BYRNE K C/O KORN/FERRY INTERNATIONAL 1900 AVENUE OF THE STARS, SUITE 2600 LOS ANGELES, CA 90067			CEO of Futurestep	

Signatures

/s/ Peter L. Dunn, attorney-in-fact	07/12/2017
**Signature of Reporting Person	Date

Explanation of Responses:

* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

(1) Represents a reduction in shares to satisfy the tax withholding obligations of the Issuer with respect to the vesting, on July 8, 2017, of 9,350 shares of restricted stock held by the Reporting Person.

(2) Represents a reduction in shares to satisfy the tax withholding obligations of the Issuer with respect to the vesting, on July 9, 2017, of 3,433 shares of restricted stock held by the Reporting Person.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.
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Deferred costs and other intangibles

$133,195 $ $

Class A common shares

$(436) $ $

Additional paid-in capital

$(703,856) $ $

Issuance of Class A units to noncontrolling interest

$(221,934) $ $

Issuance of Series D units to noncontrolling interest

$(65,188) $ $

Contingently convertible Series E units liability

$(64,881) $ $

Noncontrolling interest in consolidated subsidiaries

$(39,321) $ $

Cash acquired in non-cash business combinations

$33,099 $ $

The accompanying notes are an integral part of these consolidated financial statements.

American Homes 4 Rent

Notes to Consolidated Financial Statements

Note 1. Organization and operations

American Homes 4 Rent (the Company, we, our and us) is a Maryland real estate investment trust (REIT) forme October 19, 2012. We are focused on acquiring, renovating, leasing and operating single-family homes as rental properties. As of December 31, 2013, the Company held 23,268 single-family properties in 22 states, including properties held for sale.

In November and December 2012, the Company raised approximately $530,413,000 before offering costs of $40,928,000, including $5,307,000 related to the value of the option issued to American Homes 4 Rent, LLC (the Sponsor), in an offering exempt from registration under the Securities Act of 1933 (the 2012 Offering). In March 2013, the Company raised $747,500,000 before offering costs of $44,003,000 in an offering exempt from registration under the Securities Act of 1933 (the 2013 Offering). In August 2013, the Company raised $811,764,000 before offering costs of $41,981,000 in our initial public offering (the IPO). Concurrently with the IPO, the Company raised an additional $75,000,000 in private placements, which were made concurrently with the IPO offering price and without payment of any underwriting discount, to the Sponsor and the Alaska Permanent Fund Corporation (APFC) (collectively, the 2013 Concurrent Private Placements). During the fourth quarter of 2013, the Company raised $226,500,000 before estimated offering costs of $13,904,000 through the sale of 5,060,000 5.0% Series A Participating Preferred Shares (Series A Preferred Shares) and 4,000,000 5.0% Series B Participating Preferred Shares (Series B Preferred Shares) (collectively, the Preferred Shares).

From our formation through June 10, 2013, we were externally managed and advised by American Homes 4 Rent Advisor, LLC (the Advisor) and the leasing, managing and advertising of our properties was overseen and directed by American Homes 4 Rent Management Holdings, LLC (the Property Manager), both of which were subsidiaries of the Sponsor. On June 10, 2013, we acquired the Advisor and the Property Manager from the Sponsor in exchange for 4,375,000 Series D units and 4,375,000 Series E units in our Operating Partnership (the Management Internalization). Under the terms of the contribution agreement, all administrative, financial, property management, marketing and leasing personnel, including executive management, became fully dedicated to us (see Note 10).

Prior to the Management Internalization, the Sponsor exercised control over the Company through the contractual rights provided to the Advisor through an advisory management agreement. Accordingly, the contribution of certain properties by the Sponsor to the Company prior to the Management Internalization have been deemed to be transactions between entities under common control, and as such, the accounts relating to the properties contributed have been recorded by us as if they had been acquired by us on the dates such properties were acquired by the Sponsor (see Note 9). Accordingly, the accompanying consolidated financial statements include the Sponsor s historical results of operations and carrying values of the properties that had been acquired by the Sponsor. The Sponsor commenced acquiring these properties on June 23, 2011, and accordingly, the statements of operations reflect activity prior to the Company s date of formation. Therefore, the accompanying consolidated financial statements are not indicative of the Company s past or future results and do not reflect its financial position, results of operations, changes in equity, and cash flows had they been presented as if the Company had been operated independently during the periods presented.

Note 2. Significant accounting policies

Basis of presentation

The accompanying consolidated financial statements include the accounts of the Company, the Operating Partnership and its consolidated subsidiaries. Intercompany accounts and transactions have been eliminated. The Company consolidates real estate partnerships and other entities that are not variable interest entities when it owns, directly or indirectly, a majority interest in the entity or is otherwise able to control the entity. Ownership interests in certain consolidated subsidiaries of the Company held by outside parties are included in noncontrolling interests in the accompanying consolidated financial statements. The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) and in conjunction with the rules and regulations of the Securities and Exchange Commission (SEC).

Use of estimates

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Income taxes

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

However, qualification and taxation as a REIT depends upon our ability to meet the various qualification tests imposed under the Code related to the percentage of income that we earn from specified sources and the percentage of our earnings that we distribute. Accordingly, no assurance can be given that we will be organized or be able to operate in a manner so as to remain qualified as a REIT. If we fail to qualify as a REIT in any taxable year, we will be subject to federal and state income tax (including any applicable alternative minimum tax) on our taxable income at regular corporate tax rates, and we may be ineligible to qualify as a REIT for four subsequent tax years. Even if we qualify as a REIT, we may be subject to certain state or local income taxes, and our taxable REIT subsidiary will be subject to federal, state and local taxes on its income. Our tax returns are subject to examination in various jurisdictions for the calendar year 2012.

We recognize tax benefits of uncertain tax positions only if it is more likely than not that the tax position will be sustained, based solely on its technical merits, with the taxing authority having full authority of all relevant information. The measurement of a tax benefit for an uncertain tax position that meets the more likely than not threshold is based on a cumulative probability model under which the largest amount of tax benefit recognized is the amount with a greater than 50% likelihood of being realized upon ultimate settlement with the taxing authority having full knowledge of all the relevant information. As of December 31, 2013, there were no unrecognized tax benefits. We do not anticipate a significant change in unrecognized tax benefits within the next 12 months.

Significant accounting policies

Investment in real estate

Transactions in which single-family properties that are not subject to an existing lease are purchased are treated as asset acquisitions, and as such are recorded at their purchase price, including acquisition costs, which is allocated to land and building based upon their relative fair values at the date of acquisition. Single-family properties that are acquired either subject to an existing lease or as part of a portfolio level transaction are treated as a business combination under ASC 805, *Business Combinations*, and as such are recorded at fair value, allocated to land, building and the existing lease, if applicable, based upon their fair values at the date of acquisition, with acquisition fees and other costs expensed as incurred. Fair value is determined based on ASC 820, *Fair Value Measurements and Disclosures*, primarily based on unobservable data inputs. In making estimates of fair values for purposes of allocating the purchase price of individually acquired properties subject to an existing lease, the Company utilizes its own market knowledge and published market data. In this regard, the Company also utilizes information obtained from county tax assessment records to assist in the determination of the fair value of the land and building. The Company engages a third party valuation specialist to assist management in the determination of fair value for purposes of allocating the purchase price of properties acquired as part of portfolio level transactions.

The fair value of acquired lease related intangibles is estimated based upon the costs we would have incurred to lease the property under similar terms. Such costs are capitalized and amortized over the remaining life of the lease. Acquired leases are generally short-term in nature (less than one year). We do not record intangible assets or liabilities for above or below market leases, as any such amounts are insignificant.

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

We incur costs to prepare our acquired properties to be rented. These costs, along with related holding costs, are capitalized to the cost of the property during the period the property is undergoing activities to prepare it for its intended use. We capitalize interest cost as a cost of the property only during the period for which activities necessary to prepare the property for its intended use are ongoing, provided that expenditures for the property have been made and interest cost has been incurred. Upon completion of the renovation of our properties, all costs of operations, including repairs and maintenance, are expensed as incurred.

Single-family properties held for sale and discontinued operations

Single-family properties are classified as held for sale when they meet the applicable GAAP criteria, including but not limited to, the availability of the home for immediate sale in its present condition, the existence of an active program to locate a buyer and the probable sale of the home within one year. Single-family properties classified as held for sale are reported at the lower of their carrying value or estimated fair value less costs to sell, and are presented separately in the consolidated balance sheet.

The results of operations of leased and operating single-family properties that have either been sold or classified as held for sale, if material, are reported in the consolidated statements of operations as discontinued operations for both current and prior periods presented through the date of applicable disposition. Gains on dispositions of single-family properties that have been in operation are included in income from discontinued operations, whereas gains on dispositions of single-family properties with no historical operating results are included in other revenues in the consolidated statements of operations.

As of December 31, 2013, the Company had 44 single-family properties classified as held for sale. These properties did not have material historical operating results under the Company s ownership.

Impairment of long-lived assets

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

Leasing costs

Direct and incremental costs that we incur to lease our properties are capitalized and amortized over the term of the leases, which generally have a term of one year. Prior to the Management Internalization, we paid the Property Manager a leasing fee equal to one-half of one month s rent for each lease.

Depreciation and amortization

Depreciation is computed on a straight-line basis over the estimated useful lives of the buildings and improvements; buildings are depreciated over 30 years and improvements are depreciated over their estimated economic useful lives, generally five to fifteen years. We consider the value of in-place leases in the allocation of the purchase price, and amortize such amounts on a straight-line basis over the remaining terms of the leases. The unamortized portion of the value of in-place leases is included in deferred costs and other intangibles, net.

Intangible assets

Intangible assets are amortized on a straight-line basis over the asset s estimated economic life and are tested for impairment based on undiscounted cash flows and, if impaired, written down to fair value based on discounted cash flows. The identified intangible assets acquired as part of the Management Internalization (see Note 10) are being amortized over the following estimated economic lives:

	Amortizable Life
Trademark	4.7 years
Database	7 years

The Company reviews finite-lived intangible assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If the sum of the estimated future cash flows expected to result from the use and eventual disposition of an asset is less than its net book value, an impairment loss is recognized. Measurement of an impairment loss is based on the fair value of an asset. No impairments have been recorded as of December 31, 2013.

Goodwill

Goodwill represents the fair value in excess of the tangible and separately identifiable intangible assets that were acquired as part of the Management Internalization (see Note 10). Goodwill has an indefinite life and is therefore not amortized. The Company analyzes goodwill for impairment on an annual basis pursuant to ASC 350, *Intangibles Goodwill and Other*, which permits us to assess qualitative factors to determine whether it is more likely than not that the fair value of the reporting unit is less than the carrying amount as a basis to determine whether the two-step impairment test is necessary. We also have the option to bypass the qualitative assessment for any reporting unit in any period and proceed directly to performing the first step of the two-step goodwill impairment test. The first step in the impairment test compares the fair value of the reporting unit with its carrying amount. If the carrying amount exceeds fair value, the second step is required to determine the amount of the impairment loss by comparing the implied fair value of the reporting unit goodwill with the carrying amount of that goodwill. Impairment charges, if any, are recognized in operating results. No impairments have been recorded as of December 31, 2013.

Deferred financing costs

Financing costs related to the origination of the Company s credit facility are deferred and amortized as interest expense on an effective interest method over the contractual term of the applicable financing, and have been included in deferred costs and other intangibles, net in the accompanying consolidated balance sheets.

Cash and cash equivalents

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

Restricted cash

Restricted cash primarily consists of funds held related to resident security deposits for leases.

Escrow deposits

Escrow deposits include refundable and non-refundable cash earnest money deposits for the purchase of properties. In addition, escrow deposits include amounts paid for single-family properties in certain states which require a judicial order when the risk and rewards of ownership of the property are transferred and the purchase is finalized.

Allowance for doubtful accounts

We maintain an allowance for doubtful accounts for estimated losses that may result from the inability of tenants to make required rent or other payments. This allowance is estimated based on, among other considerations, payment histories, overall delinquencies and available security deposits. The Company s allowance for doubtful accounts was $1,200,000 as of December 31, 2013. The Company did not have any allowance for doubtful accounts as of December 31, 2012.

Rescinded properties

In certain jurisdictions, our purchases of single-family properties at foreclosure and judicial auctions are subject to the right of rescission. When we are notified of a rescission, the amount of the purchase price is reclassified as a receivable. As of December 31, 2013 and 2012, rescission receivables totaled $1,257,000 and $1,612,000, respectively, and have been included in rent and other receivables, net in the accompanying consolidated balance sheets.

Revenue and expense recognition

We lease single-family properties that we own directly to tenants who occupy the properties under operating leases, generally, with a term of one year. Rental revenue, net of any concessions, is recognized on a straight-line basis over the term of the lease, which is not materially different than if it were recorded when due from tenants and recognized monthly as it is earned.

We accrue for property taxes and homeowners association (HOA) assessments based on amounts billed, and, in some circumstances, estimates and historical trends when bills or assessments are not available. The actual assessment may differ from the estimates, resulting in a change in estimate in a subsequent period.

Accrued and other liabilities

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

Share-based compensation

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

Fair value of financial instruments

Fair value is a market-based measurement, and should be determined based on the assumptions that market participants would use in pricing an asset or liability. The GAAP valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. A financial instrument s categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. The three levels are defined as follows:

Level 1 Inputs to the valuation methodology are quoted prices for identical assets or liabilities in active markets;

Level 2 Inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument; and

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The carrying amount of rent and other receivables, restricted cash for resident security deposits, escrow deposits, prepaid expenses and other assets, accounts payable and accrued expenses and amounts payable to affiliates approximate fair value because of the short maturity of these amounts. As the Company s credit facility bears variable interest at 30 day LIBOR plus 2.75% and was recently entered into on March 7, 2013 and further amended on September 30, 2013 (see Note 5), management believes the carrying value of the credit facility as of December 31, 2013 reasonably approximates fair value, which has been estimated by discounting future cash flows at market rates (Level 2). The Company s contingently convertible series E units liability and preferred shares derivative liability are the only financial instruments recorded at fair value on a recurring basis within our consolidated financial statements (see Note 14).

Allocated general and administrative expense

Allocated general and administrative expense represents general and administrative expenses incurred by our Sponsor that are either clearly applicable to or have been reasonably allocated to the operations of the properties contributed by our Sponsor in connection with 2012 Offering and the 2,770 Property Contribution. In making these allocations, we have considered the guidance of SEC Staff Accounting Bulletin Topic 1B. We have allocated expenses for each operating division of our Sponsor based on an allocation methodology we believe is reasonable for such operating division. Allocations have been based on the estimated portion of our Sponsor s overall activity associated with the properties contributed by our Sponsor in connection with the 2012 Offering and the 2,770 Property Contribution. In general, the operating metric utilized in making these allocations was the number of single-family properties. Allocated general and administrative expenses were $993,000, $6,949,000 and $47,000 for the years ended December 31, 2013 and 2012 and for the period from June 23, 2011 to December 31, 2011, respectively, and includes salaries, rent, consulting services, travel expenses, temporary services, and accounting and legal services. Management believes that the allocation methodology used to allocate general and administrative expense for the years ended December 31, 2013, 2012, and the period from June 23, 2011 to December 31, 2011 results in a reasonable estimate for allocated general and administrative expense.

Segment reporting

Under the provision of ASC 280, *Segment Reporting*, the Company has determined that it has one reportable segment with activities related to acquiring, renovating, leasing and operating single-family homes as rental properties. The Company s properties are geographically dispersed and management evaluates operating performance at the market level. The Company did not have any geographic market concentrations representing over 10% of total net book value of single-family properties.

Recently issued and adopted accounting standards

In July 2012, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2012-02, Testing Indefinite-Lived Intangible Assets for Impairment. The revised standard is intended to reduce the cost and complexity of testing indefinite-lived intangible assets other than goodwill for impairment by providing entities with an option to perform a qualitative assessment to determine whether further impairment testing is necessary. The adoption of this guidance on January 1, 2013 did not have a material impact on the Company s financial statements.

In July 2013, the FASB issued ASU No. 2013-10, which permits the Fed Funds Effective Swap Rate, also referred to as the Overnight Index Swap Rate, to be used as a U.S. benchmark interest rate for hedge accounting purposes under Topic 815, in addition to the U.S. government and London Interbank Offered Rate (LIBOR) swap rate. The update also removes the restriction on the use of different benchmark rates for similar hedges. This ASU was applicable to us for qualifying new or redesignated hedging relationships entered into on or after July 17, 2013 and did not have a material impact on the Company s financial statements.

Note 3. Single-family properties

Single-family properties, net, consists of the following as of December 31, 2013 and 2012 (dollars in thousands):

	December 31, 2013	
	Number of properties	Net book value
Leased single-family properties	17,328	$ 2,914,947
Single-family properties being renovated	2,744	393,975
Vacant single-family properties available for lease	3,152	545,931
Single-family properties held for sale	44	6,569
Total	23,268	$ 3,861,422

	December 31, 2012	
	Number of properties	Net book value
Leased single-family properties	1,164	$ 158,068
Single-family properties being renovated	1,857	261,136
Vacant single-family properties available for lease	623	86,509
Total	3,644	$ 505,713

Single-family properties, net at December 31, 2013 and 2012 include $120,645,000 and $131,819,000, respectively, related to properties for which the recorded grant deed has not been received. For these properties, the trustee or seller has warranted that all legal rights of ownership have been transferred to us on the date of the sale, but there is a delay for the deeds to be recorded. Depreciation expense related to single-family properties was $60,254,000, $2,111,000, and $21,000, for the years ended December 31, 2013, 2012, and the period from June 23, 2011 to December 31, 2011, respectively. Included in single-family properties, net at December 31, 2013 and 2012 are certain single-family properties contributed by the Sponsor (see Note 9).

We generally rent our single-family properties under non-cancelable lease agreements with a term of one year. Future minimum rental revenues under leases existing on our properties as of December 31, 2013 are as follows (in thousands):

Year	December 31, 2013
2014	$ 174,319
2015	7,802
2016	35
Total	$ 182,156

Note 4. Deferred costs and other intangibles

Deferred costs and other intangibles, net, consists of the following as of December 31, 2013 (in thousands):

	December 31, 2013
Deferred leasing costs	$ 12,526
Deferred financing costs	12,147
Intangible assets:	
Value of in-place leases	6,085
Trademark	3,100
Database	2,100
	35,958
Less: accumulated amortization	(15,385)
Total	$ 20,573

Amortization expense related to deferred leasing costs, the value of in-place leases, trademark and database was $10,733,000 for the year ended December 31, 2013, which has been included in depreciation and amortization. Amortization of deferred financing costs was $3,672,000 for the year ended December 31, 2013, which has been included in gross interest, prior to interest capitalization (see Note 5).

The following table sets forth the estimated annual amortization expense related to deferred costs and other intangibles, net as of December 31, 2013 for future periods (in thousands):

Year	Deferred Leasing Costs	Deferred Financing Costs	Value of In-place Leases	Trademark	Database
2014	$ 6,081	$ 2,322	$ 1,353	$ 660	$ 300
2015	2	2,321		660	300
2016		2,328		660	300
2017		986		660	300
2018		517		91	300

Thereafter										432
Total	$	6,083	$	8,474	$	1,353	$	2,731	$	1,932

Note 5. Debt

Credit facility

On March 7, 2013, we entered into a $500 million senior secured revolving credit facility with a financial institution. On June 6, 2013, we entered into a temporary increase to our credit facility that allowed us to borrow up to $1 billion through December 6, 2013. On August 6, 2013, the closing date of our IPO, the credit facility had an outstanding balance of $840 million, which we paid down by $716 million from proceeds of our IPO. Upon closing of our IPO and related paydown, maximum borrowings under the credit facility returned to $500 million. On September 30, 2013, we again amended our credit facility to expand our borrowing capacity to $800 million, add an additional lender and extend the repayment period to September 30, 2018.

The amount that may be borrowed under the credit facility will generally be based on 50% of the lower of cost or the fair 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 is referred to as the Borrowing Base. Borrowings under the credit facility are available through March 7, 2015, which may be extended for an additional year, subject to the satisfaction of certain financial covenant tests. Upon expiration of the credit facility period, any outstanding borrowings will convert to a term loan through September 30, 2018. All borrowings under the credit facility bear interest at 30 day LIBOR plus 2.75% until March 2017, and thereafter at 30 day LIBOR plus 3.125%.

The credit facility is secured by our Operating Partnership s membership interests in entities that own our single-family properties and requires that we maintain financial covenants relating to the following matters: (i) minimum liquidity of cash, cash equivalents and borrowing capacity under any credit facilities in an aggregate amount of at least $15,000,000, of which at least $7,500,000 must be in cash and cash equivalents; (ii) a maximum leverage ratio of 1.0 to 1.0; and (iii) tangible net worth (as defined) of not less than the sum of 85% of our tangible net worth as of September 30, 2013 plus 85% of the net proceeds of any additional equity capital raises completed on or after September 30, 2013. As of December 31, 2013, the Company was in compliance with all loan covenants under the credit facility.

As of December 31, 2013, total outstanding borrowings under the credit facility were $375,000,000. The following table outlines our gross interest, including unused commitment and other fees and amortization of deferred financing costs, and capitalized interest for the year ended December 31, 2013 (in thousands):

	Year ended December 31, 2013
Gross interest cost	$ 10,016
Capitalized interest	9,646
Interest expense	$ 370

Note 6. Accounts payable and accrued expenses

The following table summarizes accounts payable and accrued expenses as of December 31, 2013 and 2012 (in thousands):

	December 31, 2013	December 31, 2012
Accounts payable	$ 901	$ 259
Accrued property taxes	28,240	4,760
Other accrued liabilities	21,538	1,473
Accrued distribution payable	9,274	
Accrued construction liabilities	16,917	3,059
Resident security deposits	26,527	1,731
Total	$ 103,397	$ 11,282

Note 7. Shareholders equity

Class A common shares

In connection with the Management Internalization (see Note 10), we entered into a registration rights agreement with the Sponsor providing for registration rights exercisable after December 10, 2015. After June 10, 2015, if we are eligible to file a shelf registration statement, the Sponsor will have the right to request that we file and maintain a shelf registration statement to register for resale the Class A common shares and securities convertible into Class A common shares that are held by the Sponsor. The Sponsor also has a right to piggy-back registration rights to include the Class A common shares and securities convertible into Class A common shares that the Sponsor owns in other registration statements that we may initiate.

In connection with the Alaska Joint Venture Acquisition (see Note 10), we entered into a registration rights agreement with APFC. Under the terms of such agreement, after we become eligible to file a shelf registration statement on Form S-3, APFC has a right to request that we file and maintain a shelf registration statement with the SEC to register for resale the Class A common shares acquired by APFC in connection with the Alaska Joint Venture Acquisition. APFC also has a right to piggy-back registration in the event we conduct future offerings of Class A common shares for our own behalf.

In November and December 2012, and March 2013, the Company sold 35,360,898 and 46,718,750 Class A common shares in connection with the 2012 Offering and 2013 Offering, respectively. In August 2013, the Company sold an additional 55,422,794 Class A common shares in connection with the IPO and the 2013 Concurrent Private Placements.

In November 2013, our board of trustees declared our initial quarterly distribution of $0.05 per Class A common share payable on January 10, 2014 to shareholders of record on December 15, 2013. Accordingly, a distribution payable to Class A common shareholders of $9,274,000 has been recorded within accounts payable and accrued expenses in the accompanying consolidated balance sheet as of December 31, 2013.

Class B common shares

Our Sponsor received a total of 635,075 shares of Class B common shares in our Company in connection with its investment in the 2012 Offering and the 2,770 Property Contribution (see Note 9). Each Class B common share generally entitles the holder to 50 votes on all matters that the holders of Class A common shares are entitled to vote. The issuance of Class B common shares to our Sponsor allows the Sponsor a voting right associated with its investment in the Company no greater than if it had solely received Class A common shares. Additionally, when the voting interest from Class A common shares and Class B common shares are added together, a shareholder is limited to a 30% total voting interest. Each Class B common share has the same economic interest as a Class A common share.

Preferred Shares

Preferred Shares represent non-voting preferred equity interests in our Company and entitle holders to a cumulative annual cash dividend equal to 5.0% of an initial liquidation preference of $25 per share. Any time between September 30, 2017 and September 30, 2020 (the initial redemption period), the Company has the option to redeem the Preferred Shares for cash or Class A common shares, at a redemption price equal to the initial liquidation preference, adjusted by an amount equal to 50% of the cumulative change in value of an index based on the purchase prices of single-family properties located in our top 20 markets (the HPA adjustment). During the initial redemption period, the amount payable upon redemption will be subject to a cap, such that the total internal rate of return, when considering the initial liquidation preference, the HPA adjustment and dividends up to, but excluding, the date of redemption, will not exceed 9.0%. If not redeemed by the end of the initial redemption period, the initial liquidation preference of $25 per share will be adjusted by the HPA adjustment as of September 30, 2020 (the adjusted liquidation preference) and the cumulative annual cash dividend rate will be prospectively increased to 10% of the adjusted liquidation preference. Any time after September 30, 2020, the Company has the option to redeem the Preferred Shares for cash or Class A common shares, at a redemption price equal to the adjusted liquidation preference. Because the HPA adjustment meets the definition of a derivative under ASC 815, *Derivatives and Hedging*, and is not clearly and closely related to the economic characteristics and risks of the underlying Preferred Shares, the fair value of the HPA adjustment has been reflected as a liability in the accompanying consolidated balance sheets and is adjusted to fair value each period and included in remeasurement of preferred shares in the accompanying consolidated statements of operations (see Note 14).

In October 2013, the Company raised $126,500,000 before estimated offering costs of $7,319,000 through the sale of 5,060,000 Series A Preferred Shares. In December 2013 and January 2014, the Company raised an additional $110,000,000 in aggregate before estimated offering costs of $6,585,000 through the sale of 4,400,000 Series B Preferred Shares.

In November 2013, our board of trustees declared the initial pro-rated quarterly dividend of $0.229167 per share on our Series A Preferred Shares, which was paid on December 31, 2013 to shareholders of record on December 15, 2013.

Class A units

Class A units represent voting equity interests in the Operating Partnership. Holders of Class A units in the Operating Partnership have the right to redeem the units for cash or, at the election of the Company, exchange the units for the Company s Class A common shares on a one-for-one basis. The Company owned 93.1% and 99.9% of the total 199,291,586 and 38,697,333 Class A units outstanding as of December 31, 2013 and 2012, respectively.

Series C convertible units

Series C convertible units represent voting equity interests in the Operating Partnership. Holders of the Series C convertible units are entitled to distributions equal to the actual net cash flow from a portfolio of 2,770 single-family properties contributed to the Company by the Sponsor on February 28, 2013 (see Note 9), up to a maximum of 3.9% per unit per annum 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. Since the date of issuance of the Series C units, net cash flow from the properties contributed to the

Company exceeded 3.9% per annum, providing the payment of the maximum amount of the preferred distribution. Holders of the Series C units have a one-time right to convert all such units into Class A units on a unit for unit basis. If on the date of conversion, the contributed properties had not been initially leased for at least 98% of the scheduled rents (determined on an aggregate basis), then the Series C units with respect to the single-family properties leased for at least 98% of the scheduled rents (determined on an aggregate basis) will convert into Class A units, and the Series C units associated with the remaining single-family properties will convert into a number of Class A units determined by dividing the original aggregate cost of the properties (including the acquisition fees) by $15.50, with proportionate reduction in Class B common shares. If the Series C units have not been converted by the earlier of the third anniversary of the original issue date, or the date of commencement of a dissolution or liquidation, then the Series C units will automatically convert into Class A units at the specified conversion ratio defined above. As of December 31, 2013, the Sponsor owned all of the 31,085,974 outstanding Series C convertible units. As of December 31, 2013, the Company has recorded a declared and unpaid Series C unit preferred distribution of $4,698,000 due to the Sponsor, which has been included net of certain amounts due from the Sponsor (see Note 8) and included in escrow deposits, prepaid expenses and other assets in the accompanying consolidated balance sheets.

Series D convertible units

Series D convertible units represent non-voting equity interests in the Operating Partnership. Holders of the Series D convertible units do not participate in any distributions for 30 months from the date of issuance and do not participate in any liquidating distributions at any point in time. The Series D units are automatically convertible into Class A units on a one-for-one basis only after the later of (1) 30 months after the date of issuance and (2) the earlier of (i) the date on which adjusted funds from operations per Class A common share aggregates $0.80 or more over four consecutive quarters following the closing 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 more for two consecutive quarters following the closing 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. As of December 31, 2013, the Sponsor owned all of the 4,375,000 outstanding Series D units (see Note 10).

Series E convertible units

Series E convertible units represent non-voting equity interests in the Operating Partnership. Series E convertible units do not participate in any distributions and 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 subject to an earn-out provision based on the level of pro forma annualized EBITDA contribution, as defined, of the Advisor and the Property Manager. Based on the terms of the earn-out provision, if pro forma annualized EBITDA contribution, as defined, equals or exceeds $28 million during the six-month period ending December 31, 2015 (the measurement period), the Series E units will convert into Series D units (or if the Series D units have previously converted into Class A units, into Class A units) on a one-for-one basis at February 29, 2016. If, during the measurement period, the pro forma annualized EBITDA contribution, as defined, is less than $28 million, the Series E units will convert into a number of Series D units (or if the Series D units have previously converted into Class A units, into Class A units) determined by (1) dividing (A) Pro Forma Annualized EBITDA Contribution during the Measurement Period less $14 million by (B) $14 million and (2) multiplying that result by 4,375,000. Series E units which are not converted at the end of the measurement period, if any, will be cancelled.

Because the Series E units may potentially be settled by issuing a variable number of Series D units or Class A units, the Series E units have been recorded at fair value and reflected as a liability in accordance with ASC 480, *Distinguishing Liabilities and Equity*, in the accompanying consolidated balance sheets and are adjusted to fair value each period (see Note 14). As of December 31, 2013, the Sponsor owned all of the 4,375,000 outstanding Series E units (see Note 10).

3.5% convertible perpetual preferred units

In connection with the Company s acquisition of a Class B ownership interest in RJ American Homes 4 Rent Investments, LLC (RJ LLC) on December 31, 2012 (see Note 10), the Company issued 653,492 3.5% convertible perpetual preferred units (Preferred Units) to the Sponsor. The Preferred Units represented non-voting equity interest in the Operating Partnership and entitled the holder to a preferred annual distribution equal to $0.525 per unit, when authorized and declared by the general partner of the Operating Partnership (i.e., the Company). Distributions accrued on a cumulative basis from the date of issuance and were payable quarterly.

In connection with the Sponsor s contribution of its remaining ownership interest in RJ LLC to the Company on June 14, 2013, all of the outstanding 653,492 Preferred Units held by the Sponsor were converted into Class A units (see Note 10).

Noncontrolling interest

Noncontrolling interest as reflected in the Company s consolidated balance sheet primarily consists of the interest held by the Sponsor in units in the Company s Operating Partnership. As of December 31, 2013 and 2012, the Sponsor owned approximately 6.9% and 0.1%, respectively, of the Class A units in the Operating Partnership. Additionally, the Sponsor owned all 31,085,974 Series C convertible units and all 4,375,000 Series D convertible units in the Operating Partnership as of December 31, 2013. The Sponsor also owned all 653,492 Preferred Units in the Operating Partnership as of December 31, 2012, which were converted into Class A units on June 14, 2013 (see Note 10). Also included in noncontrolling interest are outside ownership interests in certain consolidated subsidiaries of the Company.

Noncontrolling interest as reflected in the Company s consolidated statements of operations for the year ended December 31, 2013 primarily consisted of $14,906,000 of preferred income allocated to Series C convertible units, $157,000 of preferred income allocated to Preferred Units (prior to the date of conversion) and $1,760,000 of net loss allocated to Class A units. Also included in noncontrolling interest in the Company s consolidated statements of operations for the year ended December 31, 2013 was $58,000 of net loss allocated to noncontrolling interests in certain of the Company s consolidated subsidiaries.

Subscription agreement

In 2012, we entered into a subscription agreement with the Sponsor under which the Sponsor had the option to purchase 3,333,334 Class A common shares through November 21, 2015 for an aggregate purchase price of $50,000,000 ($15.00 per share), the price per share of our Class A common shares in the 2012 Offering.

On April 16, 2013, the Company entered into an agreement with the Sponsor to fully settle the subscription agreement based on a price of $17.25 per share, a price determined based on the most recent trade in the Company s shares at the time of settlement. Such settlement resulted in the issuance of 434,783 Class A common shares to the Sponsor.

2012 Equity Incentive Plan

In 2012, we adopted the 2012 Equity Incentive Plan (the Plan) to provide persons with an incentive to contribute to the success of the Company and to operate and manage our business in a manner that will provide for the Company s long-term growth and profitability. The Plan provides for the issuance of up to 1,500,000 Class A common shares through the grant of a variety of awards including stock options, stock appreciation rights, restricted stock, unrestricted shares, dividend equivalent rights and performance-based awards. The Plan terminates in November 2022, unless it is earlier terminated by the board of trustees. In April 2013, our shareholders approved an amendment to the Plan allowing for an increase in the maximum number of Class A common shares available for issuance from 1,500,000 to 6,000,000.

In 2012, we granted stock options for 50,000 shares to members of our board of trustees of the Company. These options vest over four years and expire 10 years from the date of grant. All of these options were outstanding as of December 31, 2013. Noncash share-based compensation expense related to these options is based on the estimated fair value on the date of grant and is recognized in expense over the service period. Such expense is adjusted to consider estimated forfeitures. Estimated forfeitures are adjusted to reflect actual forfeitures at the end of the vesting period.

During 2012, the Company also granted stock options for 650,000 Class A common shares to certain employees of our Sponsor and its subsidiaries. These options vest over four years and expire 10 years from the date of grant. Because these options were originally granted to nonemployees of the Company, noncash share-based compensation expense was initially recorded based on the estimated fair value of the options at grant date and was re-measured at the end of each period. As a result of the Management Internalization on June 10, 2013, certain former employees of the Sponsor became employees of the Company and, accordingly, stock options for 485,000 Class A common shares were reclassified as grants to employees and re-measured as of the date of the Management Internalization.

During 2013, the Company granted stock options for an additional 550,000 Class A common shares to certain employees of the Company, 60,000 options were cancelled and no options were exercised. The options granted in 2013 vest over four years and expire 10 years from the date of grant. Noncash share-based compensation expense related to these options is based on the estimated fair value on the date of grant and is recognized in expense over the service period. Such expense is adjusted to consider estimated forfeitures. Estimated forfeitures are adjusted to reflect actual forfeitures at the end of the vesting period.

In February 2014, the Company granted stock options for an additional 940,000 Class A common shares and 92,000 restricted stock units to certain employees of the Company. The options and restricted stock units granted in February 2014 vest over four years and expire 10 years from the date of grant.

The following table summarizes stock option activity under the Plan for the years ended December 31, 2013 and 2012:

	Year ended December 31, 2013 Stock Options	2013 Weighted Average Exercise Price		2012 Stock Options	2012 Weighted Average Exercise Price	
Outstanding at beginning of the year	700,000	$	15.00		$	
Granted	550,000		16.03	700,000		15.00
Exercised						
Forfeited	(60,000)		15.00			
Outstanding at end of the year	1,190,000	$	15.48	700,000	$	15.00
Exercisable at end of the year	160,000	$	15.00		$	

The following table summarizes the Black-Scholes Option Pricing Model inputs used for valuation of the stock options for Class A common shares issued during the year ended December 31, 2013:

Weighted average fair value	$ 4.75
Weighted average remaining life (years)	9.9
Expected term (years)	7.0
Dividend Yield	3%
Volatility	38%
Risk-free interest rate	1.98%

Total non-cash share-based compensation expense related to stock options was $762,000 and $70,000 for the years ended December 31, 2013 and 2012, respectively. Also included in noncash share-based compensation expense for the year ended December 31, 2013 was $317,000 associated with 19,500 Class A common shares issued to our trustees during 2013.

Note 8. Related party transactions

As of December 31, 2013 and 2012, our Sponsor owned approximately 3.7% and 8.5% of our outstanding Class A common shares, respectively. On a fully-diluted basis, the Sponsor held (including consideration of 635,075 and 667 Class B common shares as of December 31, 2013 and 2012, respectively, 13,787,292 and 32,668 Class A common units as of December 31, 2013 and December 31, 2012, respectively, 653,492 Preferred Units as of December 31, 2012, 31,085,974 Series C convertible units as of December 31, 2013, 4,375,000 Series D units as of December 31, 2013, 4,375,000 Series E units as of December 31, 2013 and common shares issuable upon exercise of the option pursuant to the subscription agreement as of December 31, 2012) (see Note 7), an approximate 24.6% and 17.2% interest at December 31, 2013 and 2012, respectively.

As of December 31, 2013, the Company has a receivable of $4,516,000 due from the Sponsor, which has been included in escrow deposits, prepaid expenses and other assets in the accompanying consolidated balance sheets. This amount consists of receivables due from the Sponsor related to the estimated net monetary asset reconciliations associated with the Management Internalization and Alaska Joint Venture Acquisition (see Note 10) and other expense reimbursements, offset by amounts payable to the Sponsor related to accrued and unpaid acquisition fees and declared and unpaid preferred distributions on the Series C convertible units held by the Sponsor (see Note 7).

Advisory management agreement

In November 2012, the Company entered into an advisory management agreement with the Advisor under which the Advisor was responsible for designing and implementing our business strategy and administering our business activities and day-to-day operations, subject to the oversight by our board of trustees. For performing these services, we paid the Advisor an advisory management fee equal to 1.75% per year of adjusted shareholders equity, as defined, calculated and paid quarterly in arrears. Additionally, concurrently with the contribution of a portfolio of 2,770 single-family properties on February 28, 2013, the Advisor agreed to a permanent reduction in the advisory management fee equal to $9,800,000 per year (see Note 9). Upon completion of the Management Internalization on June 10, 2013 (see Note 10), the Advisor became a wholly-owned subsidiary of our Operating Partnership and accordingly, there will be no future advisory management fees in our consolidated statement of operations.

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For the year ended December 31, 2013, advisory management fees incurred to the Advisor prior to the Management Internalization were $6,352,000. As of December 31, 2012, accrued advisory management fees were $937,000, which have been included in amounts payable to affiliates in the accompanying consolidated balance sheets.

Property Management Agreement

In November 2012, the Company entered into a property management agreement with the Property Manager under which the Property Manager generally oversaw and directed the leasing, management and advertising of the properties in our portfolio, including collecting rents and acting as liaison with the tenants. We paid our Property Manager a property management fee equal to 6% of collected rents and a leasing fee equal to one-half month of each lease s annual rent. Upon completion of the Management Internalization on June 10, 2013 (see Note 10), the Property Manager became a wholly-owned subsidiary of our Operating Partnership and accordingly, there will be no future property management fees incurred to the Property Manager in our consolidated statement of operations.

For the years ended December 31, 2013 and 2012, property management fees incurred to the Property Manager prior to the Management Internalization were $1,264,000 and $12,000, respectively, which have been included in property operating expenses in the accompanying consolidated statement of operations. For the years ended December 31, 2013 and 2012, leasing fees incurred to the Property Manager prior to the Management Internalization were $2,888,000 and $55,000, respectively, which have been included in deferred costs and other intangibles, net in the accompanying consolidated balance sheets.

Agreement on Investment Opportunities

In November 2012, the Company entered into an Agreement on Investment Opportunities with the Sponsor under which we pay an acquisition and renovation fee equal to 5% of all costs and expenses we incur in connection with the initial acquisition, repair and renovation of single-family properties (net of any broker fees received by the Property Manager) for its services in identifying, evaluating, acquiring and overseeing the renovation of the properties we purchase. In connection with the Management Internalization on June 10, 2013 (see Note 10), we entered into an Amended and Restated Agreement on Investment Opportunities. Under the amended and restated agreement, on December 10, 2014, the Sponsor will cease providing acquisition and renovation services for us and we will cease paying the acquisition and renovation fee. No termination or other fee will be due on December 10, 2014 in connection with the termination of the Sponsor providing such services. On September 10, 2014, we will have the right to offer employment, that would commence on December 10, 2014, to all of the Sponsor s acquisition and renovation personnel necessary for our operations. Additionally, the Sponsor is required to pay the Company a monthly fee of $100,000 through December 10, 2014 for maintenance and use of certain intellectual property transferred to us in the Management Internalization, which is included in other revenue in the accompanying consolidated statements of operations (see Note 10).

During the years ended December 31, 2013 and 2012, we incurred $113,670,000 and $4,602,000 in aggregate acquisition and renovation fees to the Sponsor under the terms of this agreement, $108,871,000 and $4,188,000 of which has been capitalized related to asset acquisitions and included in the cost of the single-family properties, and $4,799,000 and $414,000 has been expensed related to property acquisitions with in-place leases, respectively. As of December 31, 2013, accrued and unpaid acquisition and renovation fees were $2,560,000, which have been included net of certain amounts due from the Sponsor, and included in escrow deposits, prepaid expenses and other assets in the accompanying consolidated balance sheets. As of December 31, 2012, accrued and unpaid acquisition and renovation fees were $2,811,000, which have been included in amounts payable to affiliates in the accompanying consolidated balance sheets.

Employee Administration Agreement

In connection with the Management Internalization on June 10, 2013 (see Note 10), we entered into an employee administration agreement with Malibu Management, Inc. (MMI), an affiliate of the Sponsor, to obtain the exclusive services of personnel of the Advisor and the Property Manager, who were previously employees of MMI under the direction of the Sponsor. Under terms of the agreement, we obtained the exclusive service of the employees dedicated to us for all management and other personnel dedicated to our business and are able to direct MMI to implement employment decisions with respect to the employees dedicated to us. We are required to reimburse MMI for all compensation and benefits and costs associated with the employees dedicated to us. We do not pay any fee or any other form of compensation to MMI. Total compensation and benefit costs paid by MMI and passed through to us under the agreement during the year ended December 31, 2013 were $17,023,000.

Allocated general and administrative expenses

The Company received an allocation of general and administrative expenses from the Sponsor that were either clearly applicable to or were reasonably allocated to the operations of the properties prior to contribution by the Sponsor in connection with the 2012 Offering and the 2,770 Property Contribution (see Note 9). Allocated general and administrative expenses prior to the 2012 Offering and the 2,770 Property Contribution were $993,000 and $6,949,000 for the years ended December 31, 2013 and 2012, respectively, and have been included in general and administrative expense in the accompanying consolidated statements of operations.

Note 9. Contributions by our Sponsor

Contribution in connection with 2012 Offering

In connection with the 2012 Offering, on December 31, 2012, our Sponsor made an investment in our Company by contributing 367 single-family properties and $556,000 in cash. The contributed single-family properties were valued at $49,444,000, which approximated the Sponsor s purchase price plus renovation costs incurred through November 5, 2012, an acquisition fee of 5% (based on the purchase price plus renovations costs through November 5, 2012) and all other out-of-pocket costs anticipated to have been incurred by the Sponsor in connection with the contribution of the properties, including transfer costs, title insurance premiums and legal fees. In connection with this contribution, our Sponsor received 3,300,000 Class A common shares, 667 Class B common shares and 32,667 Class A units (see Note 7). This transaction has been deemed to be between entities under common control under the provisions of ASC 805, *Business Combinations*, and as such, the accounts relating to the properties contributed have been reflected retroactively in the accompanying consolidated financial statements based on the results of operations and net book value recorded by our Sponsor of $47,646,000 as of date of the contribution, without consideration of the acquisition fees. Costs to transfer title to the properties of $455,000 to us were expensed. The contribution agreement was entered into and effective December 31, 2012 and provides that the Sponsor has conveyed all legal and beneficial right, title and interest in the contributed properties on that date.

2,770 Property Contribution

On February 28, 2013, we entered into an agreement with our Sponsor providing for the contribution of 2,770 single-family properties for total consideration of $491,666,000 (the 2,770 Property Contribution). Our Sponsor had acquired 33 of these properties in 2011, 2,628 in 2012 and 109 in 2013. The consideration to our Sponsor was 31,085,974 Series C convertible units in our Operating Partnership and 634,408 Class B common shares valued at $15.50 per unit/share, which approximates fair value (see Note 7). Because the 2,770 Property Contribution has been deemed to be a transaction between entities under common control, the shares issued and the property received have been recorded by us at the Sponsor s historical book value and reflected as if they had been acquired by us on the dates such properties were acquired by our Sponsor.

The following table summarizes the net assets and historical net loss of the 2,770 single-family properties based on the dates such properties were acquired by our Sponsor through the date of the 2,770 Property Contribution (in thousands, except number of properties):

	Period from June 23, 2011 to December 31, 2012	Period from January 1, 2013 to February 28, 2013	Total as of February 28, 2013 (transaction date)
Number of properties	2,661	109	2,770

Single family properties	$ 365,937	$ 20,563	$ 386,500
Other assets	7,203	(2,086)	5,117
Other liabilities	(8,183)	558	(7,625)
Net assets contributed	$ 364,957	$ 19,035	$ 383,992
Rents from single family properties	$ 4,413	$ 3,720	$ 8,133
Property operating expenses	(3,326)	(1,920)	(5,246)
Depreciation	(2,021)	(1,324)	(3,345)
Allocated general and administrative expenses	(6,996)	(993)	(7,989)
Net loss	$ (7,930)	$ (517)	$ (8,447)
Contributed net assets and net loss	$ 372,887	$ 19,552	$ 392,439

The net assets of the properties and the related historical net loss has been reflected as a credit to additional paid-in capital during the period such properties were acquired by the Sponsor.

Upon consummation of the transaction on February 28, 2013, the total $386,500,000 net asset value of the property contribution was reclassified from additional paid-in capital to (i) noncontrolling interest in connection with the issuance of $378,770,000 Series C units in our Operating Partnership and (ii) Class B common shares in connection with the issuance of $7,730,000 Class B common shares (see Note 7). Additionally, the other net liabilities associated with the properties of $2,508,000 as of February 28, 2013 have been reclassified from additional paid-in capital to due from affiliates, as these amounts will be subsequently settled in cash by the Sponsor.

Pursuant to the agreement, the Sponsor is responsible for all costs of transfer of the properties and for paying costs associated with the completion of initial renovation of the properties after we acquired them. The costs of such improvements for the period from March 1, 2013 to December 31, 2013 were $13,758,000. This amount has been reflected as an addition to the net asset value of the contributed properties, with a corresponding increase of $13,483,000 and $275,000 to the Series C units in our Operating Partnership and Class B common shares, respectively, issued in connection with the 2,770 Property Contribution.

The total reduction to additional paid-in capital of $356,442,000 reflected in the accompanying consolidated statement of equity for the year ended December 31, 2013 consists of the $386,500,000 reclassification of the net asset value of the 2,770 properties, offset by (i) the $19,552,000 credit associated with the 109 properties acquired by our Sponsor from January 1, 2013 to February 28, 2013, (ii) 7,998,000 in excess of $6,000 par value associated with issuance of the 634,408 Class B common shares and (iii) the $2,508,000 reclassification of the other net liabilities associated with the properties to due from affiliates.

Concurrently with this transaction, commencing February 28, 2013 the Advisor agreed to a permanent reduction in the advisory fee of $9,800,000 per year (see Note 8).

Note 10. Acquisitions and Dispositions

Management Internalization

On June 10, 2013, the Company completed the Management Internalization for the purpose of internalizing its corporate and property operations management and acquired 100% of the membership interests in the Advisor and the Property Manager from the Sponsor in exchange for 4,375,000 Series D units and 4,375,000 Series E units in our Operating Partnership. Under the terms of the respective contribution agreement, all administrative, financial, property management, marketing and leasing personnel, including executive management, became fully dedicated to the Company. In connection with the Management Internalization, the Company also:

- Modified the preexisting Agreement on Investment Opportunities between the Company and the Sponsor to: (i) preclude the Sponsor from providing advisory or property management services to third parties investing in any type of business relating to investment in, ownership of or rental of single-family homes; (ii) increase from 20% to 100% the Company s right to receive promoted interests in any future outside investment vehicles, as defined; (iii) cease the Sponsor s rendering of acquisition and renovation services to the Company and eliminate the related 5% fee paid to the Sponsor on December 10, 2014; (iv) provide the Company with the right to offer employment on September 10, 2014, that would commence on December 10, 2014, to all of the Sponsor s acquisition and renovation personnel necessary for our operations; and (v) require the Sponsor to pay us a monthly fee of $100,000 through December 10, 2014 for maintenance and use of certain intellectual property transferred to us in the Management Internalization (see Note 8).

Entered into a registration rights agreement with the Sponsor providing for registration rights exercisable after December 10, 2015 (see Note 7).

Cancelled insurance policies previously provided by a captive insurance company affiliated with the Sponsor (see Note 8).

The fair value of the Series D units and Series E units has been estimated to be $65,188,000 and $64,881,000, respectively, as of the date of issuance using a Monte Carlo Simulation model. A Monte Carlo simulation was incorporated given that the values of the securities were path dependent, meaning that their value depends on the average of a sequence of the prices of the underlying asset over some predetermined period of time. Inputs to the model include a risk-free rate corresponding to the assumed timing of the conversion date and a volatility input based on the historical volatilities of selected peer group companies. The starting point for the simulation was the most recent trading price in the Company s Class A common shares, into which the Series D and Series E units are ultimately convertible. The timing of such conversion was based on the provisions of the contribution agreement and the Company s best estimate of the events that trigger such conversions (see Note 7).

The following table summarizes the estimated fair values of the assets acquired as part of the Management Internalization as of the date of acquisition (in thousands):

Buildings and improvements	$	4,214
Identified intangible assets:		
Trademark		3,100
Database		2,100
Goodwill		120,655
Fair value of acquired assets	$	130,069

The above intangible assets acquired in connection with the Management Internalization have been valued in accordance with ASC 805, *Business Combinations*, which requires that an intangible asset is recognized apart from goodwill if it arises from contractual or other legal rights or if it is separable. An asset is considered separable if it (a) is capable of being separated from the acquired entity and sold, transferred, licensed, rented or exchanged, or (b) can be conveyed in combination with a related asset or liability. Pursuant to ASC 820*, Fair Value Measurements and Disclosures,* the inputs used in the valuation of these intangible assets consisted primarily of Level 2 and Level 3 inputs. The goodwill of $120,655,000 arising from the acquisition consists largely of the synergies, economies of scale and cost savings we expect from the Management Internalization.

Under the terms of the Management Internalization contribution agreement, net monetary assets, as defined, of the Advisor and Property Manager as of June 10, 2013 were to be settled in cash between the Company and the Sponsor subsequent to the date of the transaction. Accordingly, estimated net monetary assets of $6,958,000, including estimated cash and cash equivalents of $8,982,000, were recorded as of the date of the Management Internalization. The Company and the Sponsor are currently in the process of completing the reconciliation of net monetary assets pursuant to the terms of the Management Internalization contribution agreement, which is anticipated to result in a net receivable to the Company.

Since the date of the Management Internalization, the Company has consolidated the Advisor and the Property Manager and the results of these operations are reflected in the accompanying consolidated financial statements.

Alaska Joint Venture Acquisition

On June 11, 2013, the Company acquired 100% of the membership interests in American Homes 4 Rent I, LLC (the Alaska Joint Venture) from APFC and the Sponsor for a purchase price of $904,487,000 (the Alaska Joint Venture Acquisition). The purchase price consisted of the issuance of 43,609,394 Class A common shares in the Company to APFC and 12,395,965 Class A units in the Operating Partnership to the Sponsor (see Note 7). As part of the Alaska Joint Venture Acquisition, the Company acquired a portfolio of 4,778 single-family properties, as well as the right to receive all net cash flows produced by the Alaska Joint Venture subsequent to April 30, 2013. Net cash flows produced by the Alaska Joint Venture subsequent to April 30, 2013 and prior to the Company s ownership on June 11, 2013 were approximately $1,896,000, which have been included in the assets acquired as part of the Alaska Joint Venture Acquisition. The Company completed the Alaska Joint Venture Acquisition for the purpose of acquiring a portfolio of 4,778 single-family properties, which was 75% leased as of the date of acquisition.

The following table summarizes the estimated fair values of the assets acquired as part of the Alaska Joint Venture Acquisition in accordance with ASC 805, *Business Combinations*, as of the date of acquisition (in thousands):

Land	$	156,648
Building and improvements		740,396
Receivable for net cash flows prior to acquisition date		1,896
Value of in-place leases		5,547
Fair value of acquired assets	$	904,487

Pursuant to the Alaska Joint Venture Acquisition contribution agreement, net monetary assets, as defined, of the Alaska Joint Venture as of April 30, 2013 are to be used to fund all remaining initial repair and renovation costs of the 4,778 single-family properties, with any potential shortfalls to be paid for by the Sponsor. Accordingly, estimated net monetary assets of the Alaska Joint Venture of $12,995,000, including estimated cash and cash equivalents of $22,989,000, were recorded as of the date of the Alaska Joint Venture Acquisition in the accompanying consolidated balance sheet. The Company and the Sponsor are currently in the process of completing the reconciliation of net monetary assets and remaining initial repair and renovation costs pursuant to the terms of the Alaska Joint Venture contribution agreement, which is anticipated to result in a net receivable to the Company.

Since the date of the Alaska Joint Venture Acquisition, the Company has consolidated the Alaska Joint Venture and the results of its operations are reflected in the accompanying consolidated financial statements.

RJ Joint Ventures Acquisition

On August 10, 2012, the Sponsor formed RJ LLC, as the sole owner and managing member, for the purpose of sponsoring and managing investment vehicle joint ventures with accredited investors identified by Raymond James. On September 20, 2012, RJ LLC formed its first investment vehicle, RJ American Homes 4 Rent One, LLC (RJ1), with an initial capital contribution of 177 single-family properties from the Sponsor, prior to selling a 67% Class A ownership interest in RJ1 to third party accredited investors (the RJ1 Investors). After the sale to the RJ1 Investors, RJ LLC s remaining interest in RJ1 consisted of a 33% managing member Class B equity interest and 100% of a promoted interest that is earned after the RJ1 Investors achieve certain preferred returns.

On December 31, 2012, the Company acquired a newly created Class B ownership interest in RJ LLC from the Sponsor in exchange for 653,492 Preferred Units (see Note 7), which entitled the Company to all operating cash distributions and 20% of promoted interest distributions made from RJ1 to RJ LLC (the RJ1 2012 Transaction). As the RJ1 2012 Transaction was completed prior to the Management Internalization, it was deemed to be a transaction between entities under common control under the provisions of ASC 805, *Business Combinations*, and accordingly, the Company s Class B interest in RJ LLC was recorded at the Sponsor s carryover basis of zero. As a result, the Preferred Units issued to the Sponsor were also recorded with no initial basis.

On March 15, 2013, RJ LLC formed its second investment vehicle, RJ American Homes 4 Rent Two, LLC (RJ2), with an initial capital contribution of 214 single-family properties from the Sponsor, prior to selling a 67% Class A ownership interest in RJ2 to third party accredited investors (the RJ2 Investors). After the sale to the RJ2 Investors, RJ LLC s remaining interest in RJ2 consisted of a 33% managing member Class B equity interest and 100% of a promoted interest that is earned after the RJ2 Investors achieve certain preferred returns.

On June 14, 2013, the Sponsor contributed its remaining ownership interest in RJ LLC to the Company, 653,492 Preferred Units held by the Sponsor were converted into 653,492 Class A units (the Preferred Unit Conversion) and the Company issued 705,167 additional Class A units to the Sponsor (collectively, the 2013 RJ Transaction). The fair value of the 705,167 Class A units issued has been estimated to be $11,283,000, which has been determined using the most recent trading price in the Company s Class A common shares, into which the Class A units are convertible into on a one-for-one basis. Additionally, our Operating Partnership made a $7.6 million loan to RJ1, the proceeds of which were used to extinguish the balance of an outstanding loan as of the date of the 2013 RJ Transaction. The Company completed the 2013 RJ Transaction for the purpose of gaining 100% ownership of RJ LLC and therefore control over RJ1 and RJ2. As of the date of the 2013 RJ Transaction, the RJ1 and RJ2 portfolios collectively consisted of 377 single-family properties.

The following table summarizes the estimated fair values of the net assets of RJ LLC, RJ1 and RJ2 that the Company gained control over on June 14, 2013 and the associated 67% noncontrolling interest held by the RJ1 Investors and RJ2 Investors in RJ1 and RJ2, respectively (in thousands):

Land	$	10,340
Building and improvements		54,123
Value of in-place leases		539
Cash and cash equivalents		1,128
Other current assets and liabilities, net		(311)

Note payable		(7,600)
Noncontrolling interest		(39,321)
Fair value of acquired net assets	$	18,898

As the Company gained control over RJ LLC after the date of the Management Internalization on June 10, 2013, the carrying value of the Company s Class B interest in RJ LLC has been remeasured to fair value in accordance with ASC 805, *Business Combinations*. The following table summarizes the carrying value and estimated fair value of the Company s Class B interest in RJ LLC as of June 14, 2013 and the resulting gain on remeasurement of approximately $10.9 million, which has been recognized in the accompanying consolidated statements of operations (in thousands):

Fair value of existing Class B interest	$ 7,615
Carrying value of Class B interest	(3,330)
Gain on remeasurement of equity method investment	$ 10,945

The fair value of the Company s existing Class B interest has been determined using an income approach valuation technique based on the assets of RJ1 underlying the Company s Class B interest in RJ LLC.

Because the Preferred Unit Conversion was not subject to an inducement offer and represented an in-substance redemption of the 653,492 Preferred Units, the $10,456,000 fair value of the 653,492 Class A units in excess of the zero carrying value of the 653,492 Preferred Units has been reflected as a reduction to net income attributable to common shareholders in the accompanying consolidated statements of operations in accordance with ASC 260-10-S99-2, *The Effect on the Calculation of Earnings per Share for the Redemption or Induced Conversion of Preferred Stock*. The fair value of the Class A units issued in connection with the 2013 RJ Transaction has been estimated using the most recent trading price in the Company s Class A common shares, into which the Class A units are convertible into on a one-for-one basis.

Since the date of the 2013 RJ Transaction, the Company has consolidated RJ LLC, RJ1 and RJ2 and the related results of operations are reflected in the accompanying consolidated financial statements.

The following table presents the total revenues and net income attributable to the Management Internalization, Alaska Joint Venture Acquisition, and 2013 RJ Transaction that are included in our consolidated statement of operations from the respective transaction dates through December 31, 2013 (in thousands):

	Management Internalization (1) Period from June 10, 2013 to December 31, 2013	Alaska Joint Venture Acquisition Period from June 11, 2013 to December 31, 2013	2013 RJ Transaction Period from June 14, 2013 to December 31, 2013
Total revenues	$ 1,502	$ 38,054	$ 2,723
Net (loss) / income	$ (26,179)	$ 2,256	$ 52

(1) Total revenues and net loss attributable to the Management Internalization does not reflect the benefit of eliminating approximately $24,000,000 in advisory management and property management fees that would have otherwise been paid to the Sponsor after the date of the Management Internalization.

The following table presents the Company s supplemental consolidated pro forma total revenues and net income as if the Management Internalization, Alaska Joint Venture Acquisition, and 2013 RJ Transaction had occurred on January 1, 2012 (in thousands):

	Year ended December 31, 2013	Year ended December 31, 2012	Period from June 23, 2011 to December 31, 2011
Pro forma total revenues (1)	$ 160,485	$ 11,018	$ 65
Pro forma net loss (1)	$ (24,235)	$ (13,130)	$ (42)

(1) This unaudited pro forma supplemental information does not purport to be indicative of what the Company s operating results would have been had the Management Internalization, Alaska Joint Venture Acquisition, and 2013 RJ Transaction occurred on January 1, 2012.

Additionally, due to the inherent complexity of the accompanying consolidated financial statements as a result of the transactions completed between entities under common control (see Note 9), management believes that presentation of pro forma net loss attributable to common shareholders and on a per share basis is not meaningful and has therefore only presented pro forma total revenues and net loss as if the Management Internalization, Alaska Joint Venture Acquisition, and 2013 RJ Transaction had occurred on January 1, 2012 above.

Sale of Southern California properties

On June 27, 2013, the Company sold 38 single-family properties located in southern California for a gross sales price of $8,900,000, before commissions and closing costs, resulting in a gain on sale of $904,000. As these properties had previously been in operations and also represented the disposition of a geographic market, the results of operations from the 38 southern California properties prior to the date of sale, along with the related gain on disposition, have been reflected as discontinued operations in the accompanying consolidated statements of operations.

<u>Note 11. Earnings per share</u>

The following table reflects the computation of net loss per share on a basic and diluted basis for the years ended December 31, 2013 and 2012 (in thousands, except share information):

	Years ended December 31, 2013	Years ended December 31, 2012	Period from June 23, 2011 to December 31, 2011
Income / loss (numerator):			
Loss from continuing operations	$ (20,074)	$ (10,236)	$ (42)
Income from discontinued operations	1,008		
Noncontrolling interest	13,245		
Dividends on preferred shares	1,160		
Conversion of preferred units	10,456		
Net loss attributable to common shareholders	$ (43,927)	$ (10,236)	$ (42)
Weighted-average shares (denominator):			
Class A common shares issued in formation transactions	3,301,000	3,301,000	3,301,000
Class B common shares issued in formation transactions	667	667	667
Class A common shares issued in 2012 Offering	35,362,998	3,923,845	
Class A common shares issued in 2013 Offering	37,502,997		
	533,598		

Class B common shares issued in connection with 2,770 Property Contribution						
Class A common shares issued to members of board of trustees		6,802				
Class A common shares issued in settlement of subscription agreement		309,708				
Class A common shares issued in connection with Alaska Joint Venture Acquisition		24,373,470				
Class A common shares issued in connection with IPO		17,888,799				
Class A common shares issued in connection with 2013 Concurrent Private Placements		1,900,685				
Class A common shares issued in connection with IPO over-allotment exercise		2,411,362				
Total weighted-average shares		123,592,086		7,225,512		3,301,667
Net loss per share- basic and diluted:						
Loss from continuing operations	$	(0.37)	$	(1.42)	$	(0.01)
Income from discontinued operations		0.01				
Net loss per share- basic and diluted	$	(0.36)	$	(1.42)	$	(0.01)

The Company accounted for the issuance of 3,301,000 Class A common shares and 667 Class B common shares associated with the initial contribution by the Sponsor in December 2012, as a formation transaction and has reflected these shares outstanding as of the earliest period presented.

Total weighted average shares for the years ended December 31, 2013 and 2012 shown above excludes an aggregate of 63,873,266 and 4,719,493 of shares or units in our Operating Partnership (see Note 7), respectively, the subscription agreement (see Note 7), and stock options (see Note 7) because they were antidilutive and not related to the formation of the Company.

Due to the inherent complexity of the accompanying consolidated financial statements as a result of the transactions completed between entities under common control (see Note 9), management does not consider the historical net loss per share computations to be meaningful.

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Note 12. Commitments and contingencies

As part of our operations, we lease office space for our corporate and property management offices under non-cancelable lease agreements. Future lease obligations under our operating leases as of December 31, 2013, were as follows (in thousands):

Year Ending December 31,	Amount
2014	$ 1,741
2015	1,760
2016	1,540
2017	824
2018	105
Thereafter	
	$ 5,970

In connection with the renovation of single-family properties after they are purchased, the Company enters into contracts for the necessary improvements. As of December 31, 2013 and 2012, the Company had aggregate outstanding commitments of $1,453,000 and $1,694,000, respectively, in connection with these contracts.

As of December 31, 2013 and 2012, we had commitments to acquire 536 and 462 single-family properties, respectively, with an aggregate purchase price of $75,473,000 and $70,082,000, respectively.

We are involved in various legal proceedings that are incidental to our business. We believe these matters will not have a materially adverse effect on our financial position.

We have a retirement savings plan pursuant to Section 401(k) of the Internal Revenue Code whereby our employees may contribute a portion of their compensation to their respective retirement accounts in an amount not to exceed the maximum allowed under the Internal Revenue Code. In addition to employee contributions, we have elected to provide company contributions (subject to statutory limitations), which amounted to approximately $181,000, $163,000, and $93,000, respectively, for the years ended December 31, 2013, 2012, and period from June 23, 2011 to December 31, 2011.

Note 13. Noncash transactions

On February 28, 2013, our Sponsor contributed 2,770 single-family properties to the Company in exchange for 31,085,974 Series C convertible units in our Operating partnership and 634,408 Class B common shares (see Note 9).

On June 10, 2013, we acquired the Advisor and Property Manager from the Sponsor in exchange for 4,375,000 Series D units and 4,375,000 Series E units in the Operating Partnership (see Note 10).

On June 11, 2013, we acquired the Alaska Joint Venture from APFC and the Sponsor in exchange for 43,609,394 Class A common shares in the Company and 12,395,965 Class A units in the Operating Partnership (see Note 10).

On June 14, 2013, the Sponsor contributed its remaining ownership interest in RJ LLC to the Company, 653,492 Preferred Units held by the Sponsor were converted into 653,492 Class A units and the Company issued 705,167 additional Class A units to the Sponsor (see Note 10).

Note 14. Fair Value

The Company s contingently convertible Series E units liability and preferred shares derivative liability (see Note 10) are the only financial instruments recorded at fair value on a recurring basis in the accompanying consolidated financial statements and are both valued using a Monte Carlo simulation model.

Inputs to the model used to value the contingently convertible Series E units liability include a risk-free rate corresponding to the assumed timing of the conversion date and a volatility input based on the historical volatilities of selected peer group companies. The starting point for the simulation is the most recent trading price in the Company s Class A common shares, into which the Series E units are ultimately convertible. The timing of such conversion is based on the provisions of the contribution agreement and the Company s best estimate of the events that trigger such conversions.

Valuation of the preferred shares derivative liability considers scenarios in which the Preferred Shares would be redeemed or converted into Class A common shares by the Company and the subsequent payoffs under those scenarios. The valuation also considers certain variables such as the risk-free rate matching the assumed timing of either redemption or conversion, volatility of the underlying home price appreciation index, dividend payments, conversion rates, the assumed timing of either redemption or conversion and an assumed drift factor in home price appreciation across certain metropolitan service areas as outlined in the agreement.

The following table sets forth the fair value of the contingently convertible series E units liability and preferred shares derivative liability as of December 31, 2013 (in thousands):

	December 31, 2013			
Description	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Contingently convertible Series E units liability	$ 66,938	$	$	$ 66,938
Preferred shares derivative liability	$ 28,150	$	$	$ 28,150

The following table presents changes in the fair value of the contingently convertible series E units liability and preferred shares derivative liability, which are measured on a recurring basis, with changes in fair value recognized in remeasurement in Series E units and remeasurement of preferred shares, respectively, in the accompanying consolidated statements of operations, for the year ended December 31, 2013 (in thousands):

Description	January 1, 2013	Issuances	Remeasurement included in earnings	December 31, 2013
Contingently convertible Series E units liability	$	$ 64,881	$ 2,057	$ 66,938
Preferred shares derivative liability	$	$ 26,340	$ 1,810	$ 28,150

Changes in inputs or assumptions used to value the contingently convertible Series E units liability and preferred shares derivative liability may have a material impact on the resulting valuation.

Note 15. Quarterly financial information (unaudited)

The following table presents summarized quarterly financial data for the years ended December 31, 2013 and 2012 (in thousands, except per share information):

	Quarter			
	First	Second	Third	Fourth
2013				
Rents from single-family properties	$ 6,495	$ 17,020	$ 47,364	$ 61,843
Net income / (loss)	$ (6,857)	$ 1,123	$ (3,861)	$ (9,471)
Net loss attributable to common shareholders	$ (7,752)	$ (13,997)	$ (7,659)	$ (14,519)
Net loss attributable to common shareholders per share basic and diluted	$ (0.16)	$ (0.15)	$ (0.05)	$ (0.08)

	Quarter			
	First	Second	Third	Fourth
2012				
Rents from single-family properties	$ 96	$ 184	$ 983	$ 3,277
Net loss	$ (164)	$ (1,566)	$ (2,675)	$ (5,831)
Net loss attributable to common shareholders	$ (164)	$ (1,566)	$ (2,675)	$ (5,831)
Net loss attributable to common shareholders per share basic and diluted	$ (0.05)	$ (0.47)	$ (0.81)	$ (0.09)

Note 16. Subsequent events

Subsequent acquisitions

From January 1, 2014 through March 7, 2014, we acquired approximately 1,863 properties with an aggregate purchase price of approximately $253,806,000. We expect that our level of acquisition activity will fluctuate based on the number of suitable investments and on the level of funds available for investment.

Borrowings on Credit Facility

From January 1, 2014 through March 7, 2014, the Company borrowed an additional $234,000,000 under the credit facility and made payments on the credit facility totaling $25,000,000. On March 7, 2014, the loan had an outstanding balance of $584,000,000 (see Note 5).

Announcement of Resignation of Chief Financial Officer

On February 17, 2014, Peter J. Nelson, Chief Financial Officer, informed us that he would resign his position with the company, after a transition period, to pursue other career interests. We have begun the process of identifying Mr. Nelson s successor. Mr. Nelson is expected to remain with us into the second quarter to complete our year-end financial reporting and to provide for an orderly transition for his successor.

American Homes 4 Rent

Schedule III Real Estate and Accumulated Depreciation as of December 31, 2013

(dollars in thousands)

		Initial Cost to Company		Cost Capitalized Subsequent to Acquisition	Total Cost as of December 31, 2013					
kets	Number of Single-Family Homes	Land	Buildings and Improvements	Buildings and Improvements	Land	Buildings and Improvements	Total	Accumulated Depreciation	Net Cost Basis	Date o Acquisi
uquerque	189	$ 5,763	$ 21,352	$ 2,077	$ 5,763	$ 23,429	$ 29,192	$ (292)	$ 28,900	2013
elope ey	6	212	952	230	212	1,182	1,394	(20)	1,374	2012
nta	1,461	50,523	160,776	30,233	50,523	191,009	241,532	(4,559)	236,973	2012-20
usta	113	3,209	12,311	1,472	3,209	13,783	16,992	(109)	16,883	2013
tin	408	9,567	42,498	5,763	9,567	48,261	57,828	(775)	57,053	2012-20
Area	77	5,410	16,193	1,133	5,410	17,326	22,736	(370)	22,366	2012-20
e	179	5,233	18,990	1,678	5,233	20,668	25,901	(321)	25,580	2013
tral Valley	174	6,786	22,149	2,199	6,786	24,348	31,134	(640)	30,494	2012-20
rleston	345	12,617	43,892	4,702	12,617	48,594	61,211	(617)	60,594	2012-20
rlotte	1,058	34,883	131,959	13,655	34,883	145,614	180,497	(2,697)	177,800	2012-20
cago	1,519	41,146	166,935	25,226	41,146	192,161	233,307	(2,924)	230,383	2012-20
cinnati	1,244	40,095	151,565	18,470	40,095	170,035	210,130	(2,707)	207,423	2012-20
orado ngs	21	869	2,802	539	869	3,341	4,210	(42)	4,168	2013
umbia	217	5,013	25,301	2,355	5,013	27,656	32,669	(231)	32,438	2013
umbus	725	18,255	75,348	11,504	18,255	86,852	105,107	(1,272)	103,835	2012-20
as-Fort th	2,085	57,649	234,864	36,617	57,649	271,481	329,130	(4,705)	324,425	2012-20
ver	264	12,273	43,965	5,906	12,273	49,871	62,144	(947)	61,197	2012-20
Myers	60	1,639	8,889	801	1,639	9,690	11,329	(196)	11,133	2012-20
ensboro	356	10,710	45,731	3,980	10,710	49,711	60,421	(665)	59,756	2013
enville	380	9,576	49,740	4,437	9,576	54,177	63,753	(728)	63,025	2013
on d/Beaufort	61	2,389	7,153	479	2,389	7,632	10,021	(23)	9,998	2013
ston	1,223	34,806	153,593	24,870	34,806	178,463	213,269	(2,815)	210,454	2012-20
anapolis	2,021	55,289	212,430	29,258	55,289	241,688	296,977	(4,438)	292,539	2012-20
nd Empire	2	68	309	69	68	378	446	(7)	439	2012
sonville	974	25,994	102,356	14,878	25,994	117,234	143,228	(2,589)	140,639	2012-20
xville	234	7,470	36,217	2,626	7,470	38,843	46,313	(512)	45,801	2013
Vegas	713	19,425	88,495	15,049	19,425	103,544	122,969	(3,149)	119,820	2011-20
mphis	139	4,722	15,431	1,260	4,722	16,691	21,413	(72)	21,341	2013
mi	248	7,381	37,820	5,696	7,381	43,516	50,897	(907)	49,990	2012-20
waukee	127	7,466	22,253	1,994	7,466	24,247	31,713	(552)	31,161	2013

nville	994	36,408	150,345	16,201	36,408	166,546	202,954	(3,716)	199,238	2012-20
ahoma City	90	2,539	11,550	756	2,539	12,306	14,845	(106)	14,739	2013
ndo	613	17,119	73,588	11,172	17,119	84,760	101,879	(2,087)	99,792	2012-20
enix	962	22,327	107,771	16,979	22,327	124,750	147,077	(3,916)	143,161	2011-20
land	205	14,284	23,792	1,474	14,284	25,266	39,550	(450)	39,100	2013
igh	815	28,832	107,722	10,111	28,832	117,833	146,665	(1,965)	144,700	2012-20
Lake City	727	39,259	104,857	14,774	39,259	119,631	158,890	(2,333)	156,557	2012-20
Antonio	337	8,543	35,607	5,424	8,543	41,031	49,574	(798)	48,776	2012-20
Diego	3	107	404	109	107	513	620	(14)	606	2012
annah	111	3,070	12,235	845	3,070	13,080	16,150	(63)	16,087	2013
tle	242	11,818	34,555	3,674	11,818	38,229	50,047	(505)	49,542	2012-20
pa	818	29,735	113,836	16,606	29,735	130,442	160,177	(3,204)	156,973	2012-20
son	376	7,278	36,588	6,236	7,278	42,824	50,102	(1,226)	48,876	2011-20
ston Salem	352	10,496	42,533	3,624	10,496	46,157	56,653	(633)	56,020	2013
porate head		109	10,469		109	10,469	10,578	(1,305)	9,275	
al	23,268	$ 728,362	$ 2,818,121	$ 377,141	$ 728,362	$ 3,195,262	$ 3,923,624	$ (62,202)	$ 3,861,422	

Change in Total Real estate Assets

	Years ended December 31		
	2013	2012	2011
Balance, beginning of period	$ 507,845	$ 3,516	$
Acquistions and building improvements	3,423,903	504,329	3,516
Dispositions	(8,124)		
Balance, end of period	$ 3,923,624	$ 507,845	$ 3,516

Change in accumulated depreciation

	Years ended December 31		
	2013	2012	2011
Balance, beginning of period	$ (2,132)	$ (21)	$
Depreciation	(60,254)	(2,111)	(21)
Dispositions	184		
Balance, end of period	$ (62,202)	$ (2,132)	$ (21)

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, in the city of Agoura Hills, state of California on March 26, 2014.

AMERICAN HOMES 4 RENT

By: /s/ David P. Singelyn.
David P. Singelyn, Chief Executive Officer

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

By: /s/ David P. Singelyn — Date: March 26 , 2014
David P. Singelyn

Chief Executive Officer and Trustee

(Principal Executive Officer)

By: /s/ Peter J. Nelson — Date: March 26, 2014
Peter J. Nelson

Chief Financial Officer

(Principal Financial Officer and Principal Accounting Officer)

By: /s/ B. Wayne Hughes — Date: March 26, 2014
B. Wayne Hughes

(Non-Executive Chairman)

By: /s/ John Corrigan — Date: March 26, 2014
John Corrigan

Chief Operating Officer and Trustee

(Trustee)

By: /s/ Dann V. Angeloff — Date: March 26, 2014
Dann V. Angeloff

(Trustee)

By: /s/ Matthew J. Hart — Date: March 26, 2014

Matthew J. Hart

(Trustee)

By: /s/ James H. Kropp Date: March 26, 2014

James H. Kropp

(Trustee)

By: /s/ Lynn Swann Date: March 26, 2014

Lynn Swann

(Trustee)

By: /s/ Kenneth Woolley Date: March 26, 2014

Kenneth Woolley

(Trustee)