

American Homes 4 Rent
Form 10-Q
August 03, 2018

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

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2018

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF
1934

For the transition period from _____ to _____

Commission File Number: 001-36013 (American Homes 4 Rent)

Commission File Number: 333-221878-02 (American Homes 4 Rent, L.P.)

AMERICAN HOMES 4 RENT
AMERICAN HOMES 4 RENT, L.P.
(Exact name of registrant as specified in its charter)

Maryland (American Homes 4 Rent) 46-1229660
Delaware (American Homes 4 Rent, L.P.) 80-0860173
(State or other jurisdiction of (I.R.S. Employer
incorporation or organization) Identification No.)

30601 Agoura Road, Suite 200
Agoura Hills, California 91301
(Address of principal executive offices) (Zip Code)

(805) 413-5300
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

American Homes 4 Rent Yes No American Homes 4 Rent, L.P. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

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American Homes 4 Rent Yes No

American Homes 4 Rent, L.P. Yes No

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

American Homes 4 Rent

Large accelerated filer

Accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company) Smaller reporting company

Emerging growth company

American Homes 4 Rent, L.P.

Large accelerated filer

Accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company) Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

American Homes 4 Rent

American Homes 4 Rent, L.P.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

American Homes 4 Rent Yes No

American Homes 4 Rent, L.P. Yes No

There were 295,383,219 shares of American Homes 4 Rent's Class A common shares, \$0.01 par value per share, and 635,075 shares of American Homes 4 Rent's Class B common shares, \$0.01 par value per share, outstanding on August 1, 2018.

EXPLANATORY NOTE

This report combines the quarterly reports on Form 10-Q for the period ended June 30, 2018, of American Homes 4 Rent and American Homes 4 Rent, L.P. Unless stated otherwise or the context otherwise requires, references to "AH4R" or "the General Partner" mean American Homes 4 Rent, a Maryland real estate investment trust ("REIT"), and references to "the Operating Partnership," "our operating partnership" or "the OP" mean American Homes 4 Rent, L.P., a Delaware limited partnership, and its subsidiaries taken as a whole. References to "the Company," "we," "our," and "us" mean collectively AH4R, the Operating Partnership and those entities/subsidiaries owned or controlled by AH4R and/or the Operating Partnership.

AH4R is the general partner of, and as of June 30, 2018, owned an approximate 84.2% common partnership interest in, the Operating Partnership. The remaining 15.8% common partnership interest was owned by limited partners. As the sole general partner of the Operating Partnership, AH4R has exclusive control of the Operating Partnership's day-to-day management. The Company's management operates AH4R and the Operating Partnership as one business, and the management of AH4R consists of the same members as the management of the Operating Partnership.

The Company believes that combining the quarterly reports on Form 10-Q of the Company and the Operating Partnership into this single report provides the following benefits:

- enhances investors' understanding of the Company and the Operating Partnership by enabling investors to view the business as a whole in the same manner as management views and operates the business;

- eliminates duplicative disclosure and provides a more streamlined and readable presentation since a substantial portion of the disclosure applies to both the Company and the Operating Partnership; and

- creates time and cost efficiencies through the preparation of one combined report instead of two separate reports.

The Company believes it is important to understand the few differences between AH4R and the Operating Partnership in the context of how AH4R and the Operating Partnership operate as a consolidated company. AH4R's primary function is acting as the general partner of the Operating Partnership. The only material asset of AH4R is its partnership interest in the Operating Partnership. As a result, AH4R generally does not conduct business itself, other than acting as the sole general partner of the Operating Partnership, issuing equity from time to time and guaranteeing certain debt of the Operating Partnership. AH4R itself is not directly obligated under any indebtedness, but guarantees some of the debt of the Operating Partnership. The Operating Partnership owns substantially all of the assets of the Company, including the Company's ownership interests in its joint ventures, either directly or through its subsidiaries, conducts the operations of the Company's business and is structured as a limited partnership with no publicly traded equity. One difference between the Company and the Operating Partnership is \$25.7 million of asset-backed securitization certificates issued by the Operating Partnership and purchased by AH4R. The asset-backed securitization certificates are recorded as an asset-backed securitization certificates receivable by the Company and as an amount due from affiliates by the Operating Partnership. AH4R contributes all net proceeds from its various equity offerings to the Operating Partnership. In return for those contributions, AH4R receives Operating Partnership units ("OP units") equal to the number of shares it has issued in the equity offering. Based on the terms of the Agreement of Limited Partnership of the Operating Partnership, as amended (the "Agreement of Limited Partnership"), OP units can be exchanged for shares on a one-for-one basis. Except for net proceeds from equity issuances by AH4R, the Operating Partnership generates the capital required by the Company's business through the Operating Partnership's operations, by the Operating Partnership's incurrence of indebtedness or through the issuance of OP units.

Shareholders' equity, partners' capital and noncontrolling interests are the main areas of difference between the consolidated financial statements of the Company and those of the Operating Partnership. The limited partnership

interests in the Operating Partnership are accounted for as partners' capital in the Operating Partnership's financial statements and as noncontrolling interests in the Company's financial statements. The noncontrolling interests in the Operating Partnership's financial statements include an outside ownership interest in a consolidated subsidiary of the Company. The noncontrolling interests in the Company's financial statements include the same noncontrolling interests at the Operating Partnership level, as well as the limited partnership interests in the Operating Partnership. The differences between shareholders' equity and partners' capital result from differences in the equity and capital issued at the Company and Operating Partnership levels.

To help investors understand the differences between the Company and the Operating Partnership, this report provides separate consolidated financial statements for the Company and the Operating Partnership; a single set of consolidated notes to such financial statements that includes separate discussions of each entity's debt, noncontrolling interests and shareholders' equity or partners' capital, as applicable; and a combined Management's Discussion and Analysis of Financial Condition and Results of Operations section that includes discrete information related to each entity.

This report also includes separate Part I, Item 4. Controls and Procedures sections and separate Exhibits 31 and 32 certifications for each of the Company and the Operating Partnership in order to establish that the requisite certifications have been made and that the Company and the Operating Partnership are compliant with Rule 13a-15 or Rule 15d-15 of the Securities Exchange Act of 1934 and 18 U.S.C. §1350.

In order to highlight the differences between the Company and the Operating Partnership, the separate sections in this report for the Company and the Operating Partnership specifically refer to the Company and the Operating Partnership. In the sections that combine disclosure of the Company and the Operating Partnership, this report refers to actions or holdings as being actions or holdings of the Company. Although the Operating Partnership is generally the entity that directly or indirectly enters into contracts and joint ventures and holds assets and debt, reference to the Company is appropriate because the Company is one business and the Company operates that business through the Operating Partnership. The separate discussions of the Company and the Operating Partnership in this report should be read in conjunction with each other to understand the results of the Company on a consolidated basis and how management operates the Company.

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 American Homes 4 Rent, L.P.
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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Various statements contained in this Quarterly Report on Form 10-Q of American Homes 4 Rent ("AH4R," "the General Partner") and of American Homes 4 Rent, L.P. ("the Operating Partnership," "our operating partnership," or "the OP") including those that express a belief, expectation or intention, as well as those that are not statements of historical fact, are forward-looking statements. These forward-looking statements may include projections and estimates concerning the timing and success of specific projects and our future operations, revenues, income and capital spending. Our forward-looking statements are generally accompanied by words such as "estimate," "project," "predict," "believe," "expect," "intend," "anticipate," "potential," "plan," "goal" or other words that convey the uncertainty of future events or outcomes. We have based these forward-looking statements on our current expectations and assumptions about future events. While our management considers these expectations and assumptions to be reasonable, they are inherently subject to significant business, economic, competitive, regulatory and other risks, contingencies and uncertainties, most of which are difficult to predict and many of which are beyond our control. These and other important factors, including those discussed or incorporated by reference under Part II, Item 1A."Risk Factors", Part I, Item 2. "Management's Discussion and Analysis of Financial Condition and Results of Operations" and elsewhere in this report and in our Annual Report on Form 10-K for the year ended December 31, 2017, filed with the Securities and Exchange Commission, may cause our actual results, performance or achievements to differ materially from any future results, performance or achievements expressed or implied by these forward-looking statements.

While forward-looking statements reflect our good faith beliefs, assumptions and expectations, they are not guarantees of future performance, and you should not unduly rely on them. The forward-looking statements in this Quarterly Report on Form 10-Q speak only as of the date of this report. We are not obligated to update or revise these statements as a result of new information, future events or otherwise, unless required by applicable law.

PART I
FINANCIAL INFORMATION

Item 1. Financial Statements.

American Homes 4 Rent

Condensed Consolidated Balance Sheets

(Amounts in thousands, except share data)

	June 30, 2018 (Unaudited)	December 31, 2017
Assets		
Single-family properties:		
Land	\$1,670,214	\$ 1,665,631
Buildings and improvements	7,276,606	7,303,270
Single-family properties held for sale, net	284,012	35,803
	9,230,832	9,004,704
Less: accumulated depreciation	(1,046,911)	(939,724)
Single-family properties, net	8,183,921	8,064,980
Cash and cash equivalents	53,504	46,156
Restricted cash	159,010	136,667
Rent and other receivables, net	28,049	30,144
Escrow deposits, prepaid expenses and other assets	246,877	171,851
Deferred costs and other intangibles, net	13,142	13,025
Asset-backed securitization certificates	25,666	25,666
Goodwill	120,279	120,279
Total assets	\$8,830,448	\$ 8,608,768
Liabilities		
Revolving credit facility	\$—	\$ 140,000
Term loan facility, net	99,120	198,023
Asset-backed securitizations, net	1,969,322	1,977,308
Unsecured senior notes, net	492,406	—
Exchangeable senior notes, net	113,533	111,697
Secured note payable	—	48,859
Accounts payable and accrued expenses	282,734	222,867
Amounts payable to affiliates	4,571	4,720
Participating preferred shares derivative liability	—	29,470
Total liabilities	2,961,686	2,732,944
Commitments and contingencies		
Equity		
Shareholders' equity:		
Class A common shares, \$0.01 par value per share, 450,000,000 shares authorized, 295,383,159 and 286,114,637 shares issued and outstanding at June 30, 2018, and December 31, 2017, respectively	2,954	2,861
Class B common shares, \$0.01 par value per share, 50,000,000 shares authorized, 635,075 shares issued and outstanding at June 30, 2018, and December 31, 2017	6	6
Preferred shares, \$0.01 par value per share, 100,000,000 shares authorized, 30,750,000 and 38,350,000 shares issued and outstanding at June 30, 2018, and December 31, 2017, respectively	308	384

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Additional paid-in capital	5,630,321	5,600,256
Accumulated deficit	(494,326)	(453,953)
Accumulated other comprehensive income	9,267	75
Total shareholders' equity	5,148,530	5,149,629
Noncontrolling interest	720,232	726,195
Total equity	5,868,762	5,875,824
Total liabilities and equity	\$8,830,448	\$ 8,608,768

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

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American Homes 4 Rent
 Condensed Consolidated Statements of Operations
 (Amounts in thousands, except share and per share data)
 (Unaudited)

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2018	2017	2018	2017
Revenues:				
Rents from single-family properties	\$227,211	\$ 204,648	\$445,234	\$ 405,755
Fees from single-family properties	2,754	2,690	5,587	5,294
Tenant charge-backs	32,917	27,382	68,724	55,755
Other	1,601	2,288	2,942	3,958
Total revenues	264,483	237,008	522,487	470,762
Expenses:				
Property operating expenses	98,843	85,954	199,830	169,259
Property management expenses	18,616	17,442	37,603	34,920
General and administrative expense	9,677	8,926	18,908	18,221
Interest expense	31,978	28,392	61,279	60,281
Acquisition fees and costs expensed	1,321	1,412	2,632	2,508
Depreciation and amortization	78,319	72,716	157,622	146,669
Other	1,624	1,359	2,451	2,917
Total expenses	240,378	216,201	480,325	434,775
Gain on sale of single-family properties and other, net	3,240	2,454	5,496	4,480
Loss on early extinguishment of debt	(1,447)	(6,555)	(1,447)	(6,555)
Remeasurement of participating preferred shares	—	(1,640)	1,212	(7,050)
Net income	25,898	15,066	47,423	26,862
Noncontrolling interest	(3,150)	(30)	(2,036)	(331)
Dividends on preferred shares	11,984	15,282	26,581	28,869
Redemption of participating preferred shares	32,215	—	32,215	—
Net loss attributable to common shareholders	\$(15,151)	\$(186)	\$(9,337)	\$(1,676)
Weighted-average shares outstanding basic and diluted	295,462,572	258,900,456	290,848,633	251,685,993
Net loss attributable to common shareholders per share basic and diluted	\$(0.05)	\$—	\$(0.03)	\$(0.01)
Dividends declared per common share	\$0.05	\$0.05	\$0.10	\$0.10

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

American Homes 4 Rent
Condensed Consolidated Statements of Comprehensive Income (Loss)
(Amounts in thousands)
(Unaudited)

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2018	2017	2018	2017
Net income	\$25,898	\$15,066	\$47,423	\$26,862
Other comprehensive (loss) income:				
Gain on cash flow hedging instruments:				
Gain on settlement of cash flow hedging instrument	—	—	9,553	—
Reclassification adjustment for amortization of interest expense included in net income	(241)	—	(361)	(28)
Gain on investment in equity securities:				
Reclassification adjustment for realized gain included in net income	—	—	—	(67)
Other comprehensive (loss) income	(241)	—	9,192	(95)
Comprehensive income	25,657	15,066	56,615	26,767
Comprehensive loss attributable to noncontrolling interests	(3,209)	(31)	(566)	(314)
Dividends on preferred shares	11,984	15,282	26,581	28,869
Redemption of participating preferred shares	32,215	—	32,215	—
Comprehensive loss attributable to common shareholders	\$(15,333)	\$(185)	\$(1,615)	\$(1,788)

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

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American Homes 4 Rent
 Condensed Consolidated Statement of Equity
 (Amounts in thousands, except share data)
 (Unaudited)

	Class A common shares		Class B common shares		Preferred shares		Additional paid-in capital	Accumulated deficit	Accumulated comprehensive income	Other Shareholders' equity	Noncontrolling interests
	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount					
Balances at December 31, 2017	286,114,637	\$2,861	635,075	\$6	38,350,000	\$384	\$5,600,256	\$(453,953)	\$75	\$5,149,629	\$726
Share-based compensation	—	—	—	—	—	—	1,918	—	—	1,918	—
Common stock issued under share-based compensation plans, net of shares withheld for employee taxes	223,858	2	—	—	—	—	2,658	—	—	2,660	—
Redemption of Series C participating preferred shares into Class A common shares	10,848,827	109	—	—	(7,600,000)	(76)	60,440	(32,215)	—	28,258	—
Repurchase of Class A common shares	(1,804,163)	(18)	—	—	—	—	(34,951)	—	—	(34,969)	—
Liquidation of consolidated joint venture	—	—	—	—	—	—	—	(1,849)	—	(1,849)	1,608
Distributions to equity holders:											
Preferred shares	—	—	—	—	—	—	—	(26,581)	—	(26,581)	—
Noncontrolling interests	—	—	—	—	—	—	—	—	—	—	(5,531)
Common shares	—	—	—	—	—	—	—	(29,187)	—	(29,187)	—

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Net income	—	—	—	—	—	—	—	49,459	—	49,459	(2,03
Total other comprehensive income	—	—	—	—	—	—	—	—	9,192	9,192	—
Balances at June 30, 2018	295,383,159	\$2,954	635,075	\$6	30,750,000	\$308	\$5,630,321	\$(494,326)	\$9,267	\$5,148,530	\$720

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

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American Homes 4 Rent
 Condensed Consolidated Statements of Cash Flows
 (Amounts in thousands)
 (Unaudited)

	For the Six Months Ended June 30,	
	2018	2017
Operating activities		
Net income	\$47,423	\$26,862
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	157,622	146,669
Noncash amortization of deferred financing costs	3,888	4,410
Noncash amortization of discounts on debt instruments	1,941	1,714
Noncash amortization of cash flow hedging instrument	(361)	—
Noncash share-based compensation	1,918	2,059
Provision for bad debt	3,616	2,843
Loss on early extinguishment of debt	1,447	6,555
Remeasurement of participating preferred shares	(1,212)	7,050
Equity in net earnings of unconsolidated ventures	(587)	(1,623)
Net gain on sale of single-family properties and other	(5,496)	(4,480)
Loss on impairment of single-family properties	2,236	2,487
Net gain on resolutions of mortgage loans	—	(16)
Other changes in operating assets and liabilities:		
Rent and other receivables	(5,522)	(4,497)
Prepaid expenses and other assets	(12,167)	(7,440)
Deferred leasing costs	(5,834)	(3,401)
Accounts payable and accrued expenses	61,061	40,967
Amounts payable to affiliates	(8)	5,047
Net cash provided by operating activities	249,965	225,206
Investing activities		
Cash paid for single-family properties	(206,137)	(226,937)
Change in escrow deposits for purchase of single-family properties	(4,357)	(1,708)
Net proceeds received from sales of single-family properties and other	30,142	54,232
Proceeds received from hurricane-related insurance claims	4,000	—
Collections from mortgage financing receivables	—	78
Distributions from joint ventures	2,440	2,144
Initial renovations to single-family properties	(33,030)	(18,351)
Recurring and other capital expenditures for single-family properties	(23,331)	(15,038)
Other purchases of productive assets	(95,354)	(16,936)
Net cash used for investing activities	(325,627)	(222,516)
Financing activities		
Proceeds from issuance of Class A common shares	—	355,589
Payments of Class A common share issuance costs	—	(350)
Proceeds from issuance of perpetual preferred shares	—	155,000
Payments of perpetual preferred share issuance costs	—	(5,209)
Repurchase of Class A common shares	(34,969)	—
Share-based compensation proceeds, net	1,933	1,858

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Redemptions of Class A units	—	(169)
Payments on asset-backed securitizations	(10,490)	(466,793)
Proceeds from revolving credit facility	100,000	62,000
Payments on revolving credit facility	(240,000)	(20,000)
Proceeds from term loan facility	—	25,000
Payments on term loan facility	(100,000)	(100,000)
Payments on secured note payable	(49,427)	(482)
Proceeds from unsecured senior notes, net of discount	497,210	—
Settlement of cash flow hedging instrument	9,628	—
Distributions to noncontrolling interests	(5,536)	(5,555)
Distributions to common shareholders	(28,702)	(25,172)
Distributions to preferred shareholders	(29,194)	(28,869)
Deferred financing costs paid	(5,100)	(3,930)
Net cash provided by (used for) financing activities	105,353	(57,082)

American Homes 4 Rent
 Condensed Consolidated Statements of Cash Flows (continued)
 (Amounts in thousands)
 (Unaudited)

	For the Six Months Ended June 30,	
	2018	2017
Net increase (decrease) in cash, cash equivalents and restricted cash	29,691	(54,392)
Cash, cash equivalents and restricted cash, beginning of period	182,823	250,241
Cash, cash equivalents and restricted cash, end of period (see Note 3)	\$212,514	\$195,849
Supplemental cash flow information		
Cash payments for interest, net of amounts capitalized	\$(47,663)	\$(54,157)
Supplemental schedule of noncash investing and financing activities		
Accounts payable and accrued expenses related to property acquisitions, renovations and construction	\$979	\$3,922
Transfer of term loan borrowings to revolving credit facility	\$—	\$50,000
Transfer of deferred financing costs from term loan to revolving credit facility	\$—	\$1,354
Transfers of completed homebuilding deliveries to properties	\$37,541	\$—
Note receivable related to a bulk sale of properties, net of discount	\$—	\$5,559
Redemption of participating preferred shares	\$(28,258)	\$—
Accrued distributions to affiliates	\$(149)	\$—
Accrued distributions to non-affiliates	\$(1,995)	\$—

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

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American Homes 4 Rent, L.P.
Condensed Consolidated Balance Sheets
(Amounts in thousands, except unit data)

	June 30, 2018 (Unaudited)	December 31, 2017
Assets		
Single-family properties:		
Land	\$1,670,214	\$1,665,631
Buildings and improvements	7,276,606	7,303,270
Single-family properties held for sale, net	284,012	35,803
	9,230,832	9,004,704
Less: accumulated depreciation	(1,046,911)	(939,724)
Single-family properties, net	8,183,921	8,064,980
Cash and cash equivalents	53,504	46,156
Restricted cash	159,010	136,667
Rent and other receivables, net	28,049	30,144
Escrow deposits, prepaid expenses and other assets	246,869	171,851
Amounts due from affiliates	25,674	25,666
Deferred costs and other intangibles, net	13,142	13,025
Goodwill	120,279	120,279
Total assets	\$8,830,448	\$8,608,768
Liabilities		
Revolving credit facility	\$—	\$140,000
Term loan facility, net	99,120	198,023
Asset-backed securitizations, net	1,969,322	1,977,308
Unsecured senior notes, net	492,406	—
Exchangeable senior notes, net	113,533	111,697
Secured note payable	—	48,859
Accounts payable and accrued expenses	282,734	222,867
Amounts payable to affiliates	4,571	4,720
Participating preferred units derivative liability	—	29,470
Total liabilities	2,961,686	2,732,944
Commitments and contingencies		
Capital		
Partners' capital:		
General partner:		
Common units (296,018,234 and 286,749,712 units issued and outstanding at June 30, 2018, and December 31, 2017, respectively)	4,395,806	4,248,236
Preferred units (30,750,000 and 38,350,000 units issued and outstanding at June 30, 2018, and December 31, 2017, respectively)	743,457	901,318
Limited partners:		
Common units (55,350,153 units issued and outstanding at June 30, 2018, and December 31, 2017)	720,232	727,544
Accumulated other comprehensive income	9,267	75
Total partners' capital	5,868,762	5,877,173
Noncontrolling interest	—	(1,349)

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Total capital	5,868,762	5,875,824
Total liabilities and capital	\$8,830,448	\$8,608,768

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

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American Homes 4 Rent, L.P.
 Condensed Consolidated Statements of Operations
 (Amounts in thousands, except unit and per unit data)
 (Unaudited)

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2018	2017	2018	2017
Revenues:				
Rents from single-family properties	\$227,211	\$ 204,648	\$445,234	\$ 405,755
Fees from single-family properties	2,754	2,690	5,587	5,294
Tenant charge-backs	32,917	27,382	68,724	55,755
Other	1,601	2,288	2,942	3,958
Total revenues	264,483	237,008	522,487	470,762
Expenses:				
Property operating expenses	98,843	85,954	199,830	169,259
Property management expenses	18,616	17,442	37,603	34,920
General and administrative expense	9,677	8,926	18,908	18,221
Interest expense	31,978	28,392	61,279	60,281
Acquisition fees and costs expensed	1,321	1,412	2,632	2,508
Depreciation and amortization	78,319	72,716	157,622	146,669
Other	1,624	1,359	2,451	2,917
Total expenses	240,378	216,201	480,325	434,775
Gain on sale of single-family properties and other, net	3,240	2,454	5,496	4,480
Loss on early extinguishment of debt	(1,447)	(6,555)	(1,447)	(6,555)
Remeasurement of participating preferred units	—	(1,640)	1,212	(7,050)
Net income	25,898	15,066	47,423	26,862
Noncontrolling interest	(248)	1	(259)	39
Preferred distributions	11,984	15,282	26,581	28,869
Redemption of participating preferred units	32,215	—	32,215	—
Net loss attributable to common unitholders	\$(18,053)	\$(217)	\$(11,114)	\$(2,046)
Weighted-average common units outstanding basic and diluted	350,812,723	314,451,049	346,198,786	307,239,255
Net loss attributable to common unitholders per unit basic and diluted	\$(0.05)	\$—	\$(0.03)	\$(0.01)

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

American Homes 4 Rent, L.P.
Condensed Consolidated Statements of Comprehensive Income (Loss)
(Amounts in thousands)
(Unaudited)

	For the Three Months Ended		For the Six Months Ended	
	June 30, 2018	2017	June 30, 2018	2017
Net income	\$25,898	\$15,066	\$47,423	\$26,862
Other comprehensive (loss) income:				
Gain on cash flow hedging instruments:				
Gain on settlement of cash flow hedging instrument	—	—	9,553	—
Reclassification adjustment for amortization of interest expense included in net income	(241)	—	(361)	(28)
Gain on investment in equity securities:				
Reclassification adjustment for realized gain included in net income	—	—	—	(67)
Other comprehensive (loss) income	(241)	—	9,192	(95)
Comprehensive income	25,657	15,066	56,615	26,767
Comprehensive (loss) income attributable to noncontrolling interests	(248)	1	(259)	39
Preferred distributions	11,984	15,282	26,581	28,869
Redemption of participating preferred units	32,215	—	32,215	—
Comprehensive loss attributable to common unitholders	\$(18,294)	\$(217)	\$(1,922)	\$(2,141)

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

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American Homes 4 Rent, L.P.
Condensed Consolidated Statement of Capital
(Amounts in thousands, except unit data)
(Unaudited)

	General Partner Common capital		Preferred capital amount	Limited Partners Common capital		Accumulated other comprehensive income	Total partners' comprehensive capital	Noncontrolling interest	Total capital
	Units	Amount		Units	Amount				
Balances at December 31, 2017	286,749,712	\$4,248,236	\$901,318	55,350,153	\$727,544	\$75	\$5,877,173	\$(1,349)	\$5,875,824
Share-based compensation	—	1,918	—	—	—	—	1,918	—	1,918
Common units issued under share-based compensation plans, net of units withheld for employee taxes	223,858	2,660	—	—	—	—	2,660	—	2,660
Redemption of Series C participating preferred units into Class A units	10,848,827	186,119	(157,861)	—	—	—	28,258	—	28,258
Repurchase of Class A units	(1,804,163)	(34,969)	—	—	—	—	(34,969)	—	(34,969)
Liquidation of consolidated joint venture	—	(1,849)	—	—	—	—	(1,849)	1,608	(241)
Distributions to capital holders:									
Preferred units	—	—	(26,581)	—	—	—	(26,581)	—	(26,581)
Common units	—	(29,187)	—	—	(5,535)	—	(34,722)	—	(34,722)
Net income	—	22,878	26,581	—	(1,777)	—	47,682	(259)	47,423
Total other comprehensive income	—	—	—	—	—	9,192	9,192	—	9,192

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Balances at June 30, 2018	296,018,234	\$4,395,806	\$743,457	55,350,153	\$720,232	\$9,267	\$5,868,762	\$—	\$5,868,762
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The accompanying notes are an integral part of these condensed consolidated financial statements.

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American Homes 4 Rent, L.P.
 Condensed Consolidated Statements of Cash Flows
 (Amounts in thousands)
 (Unaudited)

	For the Six Months Ended June 30,	
	2018	2017
Operating activities		
Net income	\$47,423	\$26,862
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	157,622	146,669
Noncash amortization of deferred financing costs	3,888	4,410
Noncash amortization of discounts on debt instruments	1,941	1,714
Noncash amortization of cash flow hedging instrument	(361)	—
Noncash share-based compensation	1,918	2,059
Provision for bad debt	3,616	2,843
Loss on early extinguishment of debt	1,447	6,555
Remeasurement of participating preferred units	(1,212)	7,050
Equity in net earnings of unconsolidated ventures	(587)	(1,623)
Net gain on sale of single-family properties and other	(5,496)	(4,480)
Loss on impairment of single-family properties	2,236	2,487
Net gain on resolutions of mortgage loans	—	(16)
Other changes in operating assets and liabilities:		
Rent and other receivables	(5,522)	(4,497)
Prepaid expenses and other assets	(12,167)	(7,440)
Deferred leasing costs	(5,834)	(3,401)
Accounts payable and accrued expenses	61,061	40,967
Amounts payable to affiliates	(8)	5,047
Net cash provided by operating activities	249,965	225,206
Investing activities		
Cash paid for single-family properties	(206,137)	(226,937)
Change in escrow deposits for purchase of single-family properties	(4,357)	(1,708)
Net proceeds received from sales of single-family properties and other	30,142	54,232
Proceeds received from hurricane-related insurance claims	4,000	—
Collections from mortgage financing receivables	—	78
Distributions from joint ventures	2,440	2,144
Initial renovations to single-family properties	(33,030)	(18,351)
Recurring and other capital expenditures for single-family properties	(23,331)	(15,038)
Other purchases of productive assets	(95,354)	(16,936)
Net cash used for investing activities	(325,627)	(222,516)
Financing activities		
Proceeds from issuance of Class A units	—	355,589
Payments of Class A unit issuance costs	—	(350)
Proceeds from issuance of perpetual preferred units	—	155,000
Payments of perpetual preferred unit issuance costs	—	(5,209)
Repurchase of Class A units	(34,969)	—
Share-based compensation proceeds, net	1,933	1,858

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Redemptions of Class A units	—	(169)
Payments on asset-backed securitizations	(10,490)	(466,793)
Proceeds from revolving credit facility	100,000	62,000
Payments on revolving credit facility	(240,000)	(20,000)
Proceeds from term loan facility	—	25,000
Payments on term loan facility	(100,000)	(100,000)
Payments on secured note payable	(49,427)	(482)
Proceeds from unsecured senior notes, net of discount	497,210	—
Settlement of cash flow hedging instrument	9,628	—
Distributions to common unitholders	(34,238)	(30,727)
Distributions to preferred unitholders	(29,194)	(28,869)
Deferred financing costs paid	(5,100)	(3,930)
Net cash provided by (used for) financing activities	105,353	(57,082)

American Homes 4 Rent, L.P.

Condensed Consolidated Statements of Cash Flows (continued)

(Amounts in thousands)

(Unaudited)

	For the Six Months Ended June 30,	
	2018	2017
Net increase (decrease) in cash, cash equivalents and restricted cash	29,691	(54,392)
Cash, cash equivalents and restricted cash, beginning of period	182,823	250,241
Cash, cash equivalents and restricted cash, end of period (see Note 3)	\$212,514	\$195,849
 Supplemental cash flow information		
Cash payments for interest, net of amounts capitalized	\$(47,663)	\$(54,157)
 Supplemental schedule of noncash investing and financing activities		
Accounts payable and accrued expenses related to property acquisitions, renovations and construction	\$979	\$3,922
Transfer of term loan borrowings to revolving credit facility	\$—	\$50,000
Transfer of deferred financing costs from term loan to revolving credit facility	\$—	\$1,354
Transfers of completed homebuilding deliveries to properties	\$37,541	\$—
Note receivable related to a bulk sale of properties, net of discount	\$—	\$5,559
Redemption of participating preferred units	\$(28,258)	\$—
Accrued distributions to affiliates	\$(149)	\$—
Accrued distributions to non-affiliates	\$(1,995)	\$—

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

American Homes 4 Rent
American Homes 4 Rent, L.P.
Notes to Unaudited Condensed Consolidated Financial Statements

Note 1. Organization and Operations

American Homes 4 Rent ("AH4R") is a Maryland real estate investment trust ("REIT") formed on October 19, 2012, for the purpose of acquiring, renovating, leasing and operating single-family homes as rental properties. American Homes 4 Rent, L.P., a Delaware limited partnership formed on October 22, 2012, and its consolidated subsidiaries (collectively, the "Operating Partnership," our "operating partnership" or the "OP") is the entity through which the Company conducts substantially all of our business and owns, directly or through subsidiaries, substantially all of our assets. References to "the Company," "we," "our," and "us" mean collectively, AH4R, the Operating Partnership and those entities/subsidiaries owned or controlled by AH4R and/or the Operating Partnership. As of June 30, 2018, the Company held 52,049 single-family properties in 22 states, including 2,209 properties identified as part of the Company's disposition program, comprised of 1,838 properties classified as held for sale and 371 properties identified for future sale.

AH4R is the general partner of, and as of June 30, 2018, owned an approximate 84.2% common partnership interest in, the Operating Partnership with the remaining 15.8% common partnership interest owned by limited partners. As the sole general partner of the Operating Partnership, AH4R has exclusive control of the Operating Partnership's day-to-day management. The Company's management operates AH4R and the Operating Partnership as one business, and the management of AH4R consists of the same members as the management of the Operating Partnership. AH4R's primary function is acting as the general partner of the Operating Partnership. The only material asset of AH4R is its partnership interest in the Operating Partnership. As a result, AH4R generally does not conduct business itself, other than acting as the sole general partner of the Operating Partnership, issuing equity from time to time and guaranteeing certain debt of the Operating Partnership. AH4R itself is not directly obligated under any indebtedness, but guarantees some of the debt of the Operating Partnership. The Operating Partnership owns substantially all of the assets of the Company, including the Company's ownership interests in its joint ventures, either directly or through its subsidiaries, conducts the operations of the Company's business and is structured as a limited partnership with no publicly traded equity. One difference between the Company and the Operating Partnership is \$25.7 million of asset-backed securitization certificates issued by the Operating Partnership and purchased by AH4R. The asset-backed securitization certificates are recorded as an asset-backed securitization certificates receivable by the Company and an amount due from affiliates by the Operating Partnership. AH4R contributes all net proceeds from its various equity offerings to the Operating Partnership. In return for those contributions, AH4R receives Operating Partnership units ("OP units") equal to the number of shares it has issued in the equity offering. Based on the terms of the Agreement of Limited Partnership of the Operating Partnership, OP units can be exchanged for shares on a one-for-one basis. Except for net proceeds from equity issuances by AH4R, the Operating Partnership generates the capital required by the Company's business through the Operating Partnership's operations, by the Operating Partnership's incurrence of indebtedness or through the issuance of OP units.

Note 2. Significant Accounting Policies

Basis of Presentation

The condensed consolidated financial statements are unaudited and include the accounts of AH4R, the Operating Partnership and their consolidated subsidiaries. The condensed consolidated financial statements of the Operating Partnership include the accounts of 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 ("VIEs") when it owns, directly or indirectly, a majority interest in the entity or is otherwise able to control the entity. The Company consolidates VIEs in accordance with Accounting Standards

Codification (“ASC”) No. 810, Consolidation, if it is the primary beneficiary of the VIE as determined by its power to direct the VIE’s activities and the obligation to absorb its losses or the right to receive its benefits, which are potentially significant to the VIE. Entities for which the Company owns an interest, but does not consolidate, are accounted for under the equity method of accounting as an investment in unconsolidated subsidiary and are included in escrow deposits, prepaid expenses and other assets within the condensed consolidated balance sheets. The ownership interest in a consolidated subsidiary of the Company held by outside parties is included in noncontrolling interest within the condensed consolidated financial statements.

The condensed 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”). Certain information and footnote disclosures required for annual financial statements have been condensed or excluded pursuant to SEC rules and regulations. Accordingly, the condensed consolidated financial statements do not include all of the information and footnotes required by GAAP for complete financial statements and should be read in conjunction with the audited consolidated financial statements and notes thereto included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2017. Any references in this report to the number of properties is outside the scope of our independent registered public accounting firm’s review of our financial statements, in accordance with the standards of the Public Company Accounting Oversight Board. In the opinion of management, all adjustments of a normal and recurring nature necessary for a fair presentation of the

condensed consolidated financial statements for the interim periods have been made. The preparation of condensed 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 condensed consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

There have been no changes to our significant accounting policies that have had a material impact on our condensed consolidated financial statements and related notes, compared to those policies disclosed in our Annual Report on Form 10-K for the fiscal year ended December 31, 2017. Therefore, notes to the condensed consolidated financial statements that would substantially duplicate the disclosures contained in our most recent audited consolidated financial statements have been omitted.

Recent Accounting Pronouncements

In August 2016, the FASB issued ASU No. 2016-15, Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments, which is intended to reduce the existing diversity in practice by addressing eight specific cash flow issues related to how certain cash receipts and cash payments are presented and classified in the statement of cash flows. The guidance is effective for the Company for annual reporting periods beginning after December 15, 2017, and for interim periods within those annual periods with early adoption permitted. The Company adopted this guidance effective January 1, 2018. The adoption of this guidance did not have a material impact on our financial statements.

In June 2016, the FASB issued ASU No. 2016-13, Financial Instruments—Credit Losses (Topic 326), to amend the accounting for credit losses for certain financial instruments by requiring companies to recognize an estimate of expected credit losses as an allowance in order to recognize such losses more timely than under previous guidance that had allowed companies to wait until it was probable such losses had been incurred. The guidance will be effective for the Company for annual reporting periods beginning after December 15, 2019, and for interim periods within those annual periods. Early adoption is permitted for annual reporting periods beginning after December 15, 2018, and interim periods within those annual periods. The Company is currently assessing the impact of the guidance on our financial statements.

In February 2016, the FASB issued ASU No. 2016-02, Leases (Topic 842), which sets forth principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract (i.e. lessors and lessees). Lessor accounting will remain similar to lessor accounting under previous guidance, while aligning with the FASB's new revenue recognition guidance for non-lease components. The new guidance will require lessees to recognize right-of-use assets and lease liabilities on the balance sheet for the rights and obligations created by all leases with terms of more than one year. The new guidance will also require lessees and lessors to capitalize, as initial direct costs, only those costs that are incurred due to the execution of a lease. Any other costs incurred, including allocated indirect costs, will no longer be capitalized and instead will be expensed as incurred. The guidance will be effective for the Company for annual reporting periods beginning after December 15, 2018, and for interim periods within those annual periods, with early adoption permitted, and requires the use of the modified retrospective transition method. The Company does not anticipate significant changes in the accounting for our residential operating leases for which we are the lessor, as our leases generally do not have terms of more than one year. As part of our operations, we lease office space for our corporate and property management offices under non-cancelable operating lease agreements for which we are the lessee. We anticipate that the adoption of this guidance will require us to recognize a right-of-use asset and corresponding lease liability for these office leases. The Company is currently assessing the impact of the adoption of this guidance on our financial statements.

In January 2016, the FASB issued ASU No. 2016-01, Recognition and Measurement of Financial Assets and Financial Liabilities, which amends certain aspects of recognition, measurement, presentation and disclosure of

financial instruments, including the requirement to measure certain equity investments at fair value with changes in fair value recognized in net income. The guidance is effective for the Company for annual reporting periods beginning after December 15, 2017, and for interim periods within those annual periods. The Company adopted this guidance effective January 1, 2018. The adoption of this guidance did not have a material impact on our financial statements.

In May 2014, the FASB issued ASU No. 2014-09, Revenue from Contracts with Customers (Topic 606), which provides guidance on revenue recognition and supersedes the revenue recognition requirements in Topic 605, Revenue Recognition, most industry-specific guidance and some cost guidance included in Subtopic 605-35, "Revenue Recognition-Construction-Type and Production-Type Contracts." The standard's core principle is that a company will recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. In doing so, companies will need to use more judgment and make more estimates than under current guidance. These judgments include identifying "distinct" performance obligations in multi-element contracts, estimating the amount of variable consideration to include in the transaction price at contract inception, allocating the transaction price to each separate performance obligation, and determining at contract inception whether the performance obligation is satisfied over time or at a point in time. Since lease contracts under ASC 840, "Leases", are specifically excluded from ASU No. 2014-09's scope, most of the Company's rental

contract revenue will continue to follow current leasing guidance. We have reviewed our other sources of revenue and identified that the non-lease components (tenant chargebacks and recovery revenue) in our single-family home and office leases will continue being accounted for under ASC 840 until the adoption of ASU 2016-02 beginning January 1, 2019. Based on our assessment, the Company's current accounting policies for these non-lease components are aligned with the revenue recognition principles prescribed by the new guidance. Therefore, the new standard did not ultimately change the amount or timing of our revenue recognition. As part of ASU No. 2014-09, the FASB issued consequential amendments to other sections, eliminating ASC 360-20, Real Estate Sales and adding ASU No. 2017-05 Other Income-Gains and Losses from the Derecognition of Nonfinancial Assets, Subtopic 610-20, "Other Income". Real estate sales to noncustomers will follow new guidance from ASC 610-20, while sales to customers will follow the general revenue guidance in ASC 606. While the Company's property sales are not part of our ordinary customer activity and will fall under ASC 610-20, there is little economic difference in the accounting for real estate sales to customers versus noncustomers, with the exception of the presentation of comprehensive income (revenue and expense when sales to customers or gains and losses when sales to noncustomers). The Company adopted the new revenue recognition guidance using the modified retrospective approach, effective January 1, 2018. We evaluated the revenue recognition for our contracts under existing accounting standards and under the new revenue recognition ASU and determined that there were no differences in the amounts or timing of recognition. Therefore, the adoption of this ASU did not result in an adjustment to our retained earnings on January 1, 2018.

In February 2018, the FASB issued ASU No. 2018-03, Recognition and Measurement of Financial Assets and Financial Liabilities, which retained the current framework for accounting for financial instruments in GAAP but made targeted improvements to address certain aspects of recognition, measurement, presentation, and disclosure of financial instruments. The guidance is effective for fiscal years beginning after December 15, 2017, and interim periods within those fiscal years beginning after June 15, 2018. The Company is currently assessing the impact of the guidance on our financial statements.

Note 3. Cash, Cash Equivalents and Restricted Cash

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 ("FDIC") insurance coverage, and, as a result, there is a concentration of credit risk related to amounts on deposit. We believe that the risk is not significant.

Restricted cash primarily consists of funds held related to resident security deposits, cash reserves in accordance with certain loan agreements and funds held in the custody of our transfer agent for the payment of distributions. Funds held related to resident security deposits are restricted during the term of the related lease agreement, which is generally one year. Cash reserved in connection with lender requirements is restricted during the term of the related debt instrument.

The following table provides a reconciliation of cash, cash equivalents and restricted cash per the Company's and the Operating Partnership's condensed consolidated statements of cash flows to the corresponding financial statement line items in the condensed consolidated balance sheets as of June 30, 2018 and 2017:

	June 30, 2018	June 30, 2017
Balance Sheet:		
Cash and cash equivalents	\$53,504	\$67,325
Restricted cash	159,010	128,524
Statement of Cash Flows:		
Cash, cash equivalents and restricted cash	\$212,514	\$195,849

Note 4. Single-Family Properties

Single-family properties, net, consisted of the following as of June 30, 2018, and December 31, 2017 (in thousands, except property data):

	June 30, 2018	
	Number of properties	Net book value
Leased single-family properties	48,020	\$7,526,347
Single-family properties being renovated	223	57,472
Single-family properties being prepared for re-lease	332	46,805
Vacant single-family properties available for lease	1,265	218,285
Single-family properties held for sale, net	1,838	284,012
Single-family properties identified for future sale	371	51,000
Total	52,049	\$8,183,921
	December 31, 2017	
	Number of properties	Net book value
Leased single-family properties	46,996	\$7,284,708
Single-family properties being renovated	980	225,194
Single-family properties being prepared for re-lease	372	47,994
Vacant single-family properties available for lease	2,581	471,281
Single-family properties held for sale, net	310	35,803
Total	51,239	\$8,064,980

Single-family properties, net as of June 30, 2018, and December 31, 2017, included \$4.8 million and \$44.2 million, respectively, related to properties for which the recorded grant deed had 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 was a delay for the deeds to be recorded.

Depreciation expense related to single-family properties was \$74.1 million and \$69.0 million for the three months ended June 30, 2018 and 2017, respectively, and \$149.5 million and \$137.8 million for the six months ended June 30, 2018 and 2017, respectively.

During the three months ended June 30, 2018, the Company sold 113 homes, which generated total net proceeds of \$18.2 million and resulted in a net gain on sale of \$3.2 million. During the six months ended June 30, 2018, the Company sold 216 homes, which generated total net proceeds of \$29.6 million and resulted in a net gain on sale of \$5.4 million, and sold land which generated total net proceeds of \$0.5 million and resulted in a net gain on sale of \$0.1 million. During the three and six months ended June 30, 2017, the Company sold 127 and 631 homes, respectively, which generated total net proceeds of \$15.7 million and \$39.8 million, respectively, and resulted in a net gain on sale of \$2.2 million and \$1.2 million, respectively. Total net proceeds for the six months ended June 30, 2017, included a \$7.0 million note receivable, before a \$1.5 million discount, that was recorded during the first quarter of 2017.

Note 5. Rent and Other Receivables, Net

Included in rent and other receivables, net is an allowance for doubtful accounts of \$10.1 million and \$10.4 million as of June 30, 2018, and December 31, 2017, respectively. Also included in rent and other receivables, net, is \$4.9 million of hurricane-related insurance claims receivable and \$0.9 million of non-tenant receivables as of June 30, 2018, compared to \$8.9 million of hurricane-related insurance claims receivable and \$1.2 million of non-tenant receivables as of December 31, 2017.

Note 6. Escrow Deposits, Prepaid Expenses and Other Assets

The following table summarizes escrow deposits, prepaid expenses and other assets as of June 30, 2018, and December 31, 2017 (in thousands):

	June 30, 2018	December 31, 2017
Escrow deposits, prepaid expenses and other	\$45,944	\$33,964
Investments in joint ventures	40,487	42,341
Commercial real estate, vehicles and FF&E, net	44,652	43,608
Land held for development	72,948	39,079
Homebuilding construction in progress	42,846	12,859
Total	\$246,877	\$171,851

Note 7. Deferred Costs and Other Intangibles, Net

Deferred costs and other intangibles, net, consisted of the following as of June 30, 2018, and December 31, 2017 (in thousands):

	June 30, 2018	December 31, 2017
Deferred leasing costs	\$9,171	\$7,030
Deferred financing costs	11,244	11,244
Intangible assets:		
Value of in-place leases	20	179
Trademark	—	3,100
Database	2,100	2,100
	22,535	23,653
Less: accumulated amortization (9,393)	(9,393)	(10,628)
Total	\$13,142	\$13,025

Amortization expense related to deferred leasing costs, the value of in-place leases, trademark and database was \$2.5 million and \$2.2 million for the three months ended June 30, 2018 and 2017, respectively, and \$4.7 million and \$5.1 million for the six months ended June 30, 2018 and 2017, respectively, which has been included in depreciation and amortization within the condensed consolidated statements of operations. Deferred financing costs that relate to our revolving credit facility are included in deferred costs and other intangibles, net within the condensed consolidated balance sheets. Amortization of deferred financing costs that relate to our revolving credit facility was \$0.5 million and \$0.4 million for the three months ended June 30, 2018 and 2017, respectively, and \$1.0 million and \$0.8 million for the six months ended June 30, 2018 and 2017, respectively, which has been included in gross interest, prior to interest capitalization (see Note 8).

The following table sets forth the estimated annual amortization expense related to deferred costs and other intangibles, net as of June 30, 2018, for future periods (in thousands):

Year	Deferred Leasing Costs	Deferred Financing Costs	Value of In-place Leases	Database	Total
Remaining 2018	\$ 3,430	\$ 990	\$ 3	\$ 150	\$4,573
2019	1,271	1,964	2	300	3,537
2020	—	1,969	—	132	2,101
2021	—	1,964	—	—	1,964
2022	—	967	—	—	967
Total	\$ 4,701	\$ 7,854	\$ 5	\$ 582	\$13,142

Note 8. Debt

All of the Company's indebtedness is debt of the Operating Partnership. AH4R is not directly obligated under any indebtedness, but guarantees some of the debt of the Operating Partnership. The following table presents the Company's debt as of June 30, 2018, and December 31, 2017 (in thousands):

	Interest Rate (1)	Maturity Date	Outstanding Principal Balance	
			June 30, 2018	December 31, 2017
AH4R 2014-SFR2 securitization	4.42%	October 9, 2024	\$ 493,761	\$ 496,326
AH4R 2014-SFR3 securitization	4.40%	December 9, 2024	509,400	512,041
AH4R 2015-SFR1 securitization (2)	4.14%	April 9, 2045	534,960	537,723
AH4R 2015-SFR2 securitization (3)	4.36%	October 9, 2045	464,746	467,267
Total asset-backed securitizations			2,002,867	2,013,357
Unsecured senior notes (4)	4.08%	February 15, 2028	500,000	—
Exchangeable senior notes	3.25%	November 15, 2018	115,000	115,000
Secured note payable (5)	N/A	N/A	—	48,859
Revolving credit facility (6)	3.29%	June 30, 2022	—	140,000
Term loan facility (7)	3.44%	June 30, 2022	100,000	200,000
Total debt (8)			2,717,867	2,517,216
Unamortized discounts on unsecured and exchangeable senior notes			(3,092)	(895)
Equity component of exchangeable senior notes			(1,062)	(2,408)
Deferred financing costs, net (9)			(39,332)	(38,026)
Total debt per balance sheet			\$ 2,674,381	\$ 2,475,887

(1) Interest rates are as of June 30, 2018. Unless otherwise stated, interest rates are fixed percentages.

(2) The AH4R 2015-SFR1 securitization has a maturity date of April 9, 2045, with an anticipated repayment date of April 9, 2025.

(3) The AH4R 2015-SFR2 securitization has a maturity date of October 9, 2045, with an anticipated repayment date of October 9, 2025.

(4) The stated interest rate on the unsecured senior notes is 4.25%, which was effectively hedged to yield an interest rate of 4.08%.

(5) The secured note payable was paid off in full during the second quarter of 2018.

(6) The revolving credit facility provides for a borrowing capacity of up to \$800.0 million, with a fully extended maturity date of June 2022, and bears interest at a LIBOR rate plus a margin ranging from 0.825% to 1.55% or a base rate (generally determined according to a prime rate or federal funds rate) plus a margin ranging from 0.00% to 0.55%. The interest rate stated represents the applicable spread for LIBOR based borrowings as of June 30, 2018, plus 1-month LIBOR.

(7) The term loan component of our credit facility matures June 2022, and bears interest at a LIBOR rate plus a margin ranging from 0.90% to 1.75% or a base rate (generally determined according to a prime rate or federal funds rate) plus a margin ranging from 0.00% to 0.75%. The interest rate stated represents the applicable spread for LIBOR based borrowings as of June 30, 2018, plus 1-month LIBOR.

(8) The Company was in compliance with all debt covenants associated with its asset-backed securitizations, unsecured senior notes, secured note payable, revolving credit facility and term loan facility as of June 30, 2018, and December 31, 2017.

(9) Deferred financing costs relate to our asset-backed securitizations, term loan facility and unsecured senior notes. Amortization of deferred financing costs was \$1.5 million and \$1.4 million for the three months ended June 30, 2018 and 2017, respectively, and \$2.9 million and \$3.6 million for the six months ended June 30, 2018 and 2017, respectively, which has been included in gross interest, prior to interest capitalization.

Early Extinguishment of Debt

During the second quarter of 2018, the Company paid off the outstanding principal on the secured note payable of approximately \$48.4 million, which resulted in \$0.5 million of charges that were included in loss on early extinguishment of debt within the condensed consolidated statements of operations. The payoff of the secured note payable also resulted in the release of the 572 homes pledged as collateral and \$2.1 million of restricted cash for lender requirements. Also during the second quarter of 2018, the Company paid down \$100.0 million on our term loan facility, which resulted in \$0.9 million of charges related to the write-off of unamortized deferred financing costs that were included in loss on early extinguishment of debt within the condensed consolidated statements of operations. During the second quarter of 2017, the Company paid off the outstanding principal on the AH4R 2014-SFR1 asset-backed securitization of approximately \$455.4 million, which resulted in \$6.6 million of charges primarily related to the write-off of unamortized deferred financing costs that were included in loss on early extinguishment of debt within the condensed consolidated statements of operations. The payoff of the AH4R 2014-SFR1 asset-backed securitization also resulted in the release of the 3,799 homes pledged as collateral and \$9.4 million of restricted cash for lender requirements.

Debt Maturities

The following table summarizes the contractual maturities of the Company's debt on a fully extended basis as of June 30, 2018 (in thousands):

Remaining 2018	\$125,358
2019	20,714
2020	20,714
2021	20,714
2022	120,714
Thereafter	2,409,653
Total debt	2,717,867
Unamortized discounts and deferred financing costs (1)	(43,486)
Total debt per balance sheet	\$2,674,381

(1) Includes the unamortized discounts on the unsecured and exchangeable senior notes, the equity component of the exchangeable senior notes and deferred financing costs, net.

Unsecured Senior Notes

In February 2018, the Operating Partnership issued \$500.0 million of 4.25% unsecured senior notes with a maturity date of February 15, 2028 (the "2028 Notes"). Interest on the 2028 Notes is payable semi-annually in arrears on February 15 and August 15 of each year, commencing on August 15, 2018. The Operating Partnership received net proceeds of \$494.0 million from this issuance, after underwriting fees of approximately \$3.2 million and a \$2.8 million discount, and before estimated offering costs of \$1.9 million. The net proceeds from this issuance were used for general corporate purposes, including, without limitation, acquisitions of additional properties, the repayment of outstanding indebtedness, capital expenditures, the expansion, redevelopment and/or improvement of our properties, working capital and other general purposes, including repurchases of securities. The 2028 Notes are the Operating Partnership's unsecured and unsubordinated obligation and rank equally in right of payment with all of the Operating Partnership's existing and future unsecured and unsubordinated indebtedness. The Operating Partnership may redeem the 2028 Notes at any time, in whole or in part, at the applicable redemption price specified in the Indenture with respect to the 2028 Notes. If the 2028 Notes are redeemed on or after November 15, 2027 (three months prior to the maturity date), the redemption price will be equal to 100% of the principal amount of the 2028 Notes being redeemed plus accrued and unpaid interest thereon to, but not including, the redemption date. The 2028 Notes have been initially guaranteed by American Residential Properties OP, L.P., (the "Guarantor Subsidiary"), a 100% owned subsidiary of the Operating Partnership, but such guarantee will be automatically released at the time that the Guarantor Subsidiary no longer guarantees our credit facility. Including the effect of a cash flow hedging instrument settled in February 2018 (see Note 13), the 2028 Notes yield an effective interest rate of 4.08%.

Exchangeable Senior Notes, Net

The exchangeable senior notes, which were assumed in connection with the Company's merger (the "ARPI Merger") with American Residential Properties, Inc. ("ARPI") during 2016, contain an exchange settlement feature, which provides that the exchangeable senior notes may, under certain circumstances, be exchangeable for cash, our Class A common shares or a combination of cash and our Class A common shares, at the option of the Operating Partnership, based on an initial exchange rate of 46.9423 shares of ARPI's common stock per \$1,000 principal amount of the notes. Settlements for cash will be paid for by the Operating Partnership, while settlements for the Company's Class A common shares will be issued by AH4R with the Operating Partnership issuing an equivalent number of Class A units to AH4R. The adjusted initial exchange rate would be 53.2795 of our Class A common shares per \$1,000 principal amount of the notes, based on the 1.135 exchange ratio of ARPI shares to our shares resulting from the ARPI Merger. The current exchange rate as of June 30, 2018, was 55.5443 of the Company's Class A common shares per \$1,000 principal amount of the notes. The exchange rate is adjusted based on the Company's Class A common share price and

distributions to common shareholders.

Interest Expense

The following table displays our total gross interest, which includes unused commitment and other fees on our credit facilities and amortization of deferred financing costs, the discounts on senior notes and the fair value of the exchange settlement feature of the exchangeable senior notes, and capitalized interest for the three and six months ended June 30, 2018 and 2017 (in thousands):

	For the Three Months Ended		For the Six Months Ended	
	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017
Gross interest	\$33,341	\$29,427	\$65,078	\$61,919
Capitalized interest	(1,363)	(1,035)	(3,799)	(1,638)
Interest expense	\$31,978	\$28,392	\$61,279	\$60,281

Note 9. Accounts Payable and Accrued Expenses

The following table summarizes accounts payable and accrued expenses as of June 30, 2018, and December 31, 2017 (in thousands):

	June 30, 2018	December 31, 2017
Accounts payable	\$194	\$1,726
Accrued property taxes	90,629	47,765
Other accrued liabilities	38,948	31,788
Accrued distribution payable	24,987	26,982
Accrued construction and maintenance liabilities	20,942	17,928
Resident security deposits	82,952	75,951
Prepaid rent	24,082	20,727
Total	\$282,734	\$222,867

Note 10. Shareholders' Equity / Partners' Capital

When the Company issues common or preferred shares, the Operating Partnership issues an equivalent number of units of partnership interest of a corresponding class to AH4R, with the Operating Partnership receiving the net proceeds from the share issuances.

At-the-Market Common Share Offering Program

In November 2016, the Company established an at-the-market common share offering program under which we were able to issue Class A common shares from time to time through various sales agents up to an aggregate of \$400.0 million (the "Original At-the-Market Program"). The program was established in order to use the net proceeds from share issuances to repay borrowings against the Company's revolving credit and term loan facilities, to acquire and renovate single-family properties and for related activities in accordance with the Company's business strategy, and for working capital and general corporate purposes. The program may be suspended or terminated by the Company at any time. During the six months ended June 30, 2017, the Company issued and sold 0.9 million Class A common shares under the Original At-the-Market Program for gross proceeds of \$19.4 million, or \$22.75 per share, and net proceeds of \$19.1 million, after commissions and other expenses of approximately \$0.3 million. The Operating Partnership issued an equivalent number of corresponding Class A units to AH4R in exchange for the net proceeds from the share issuances. The Original At-the-Market Program was replaced in August 2017 with an at-the-market common share offering program with a \$500.0 million capacity with the same terms (the "At-the-Market Program"). As of June 30, 2018, no shares have been issued under the At-the-Market Program and \$500.0 million remained available for future share issuances.

Share Repurchase Program

In February 2018, the Company's board of trustees re-authorized our existing share repurchase program, authorizing the repurchase of up to \$300.0 million of our outstanding Class A common shares and up to \$250.0 million of our outstanding preferred shares from time to time in the open market or in privately negotiated transactions. The program does not have an expiration date, but may be suspended or discontinued at any time without notice. All repurchased shares are constructively retired and returned to an authorized and unissued status. The Operating Partnership funds the repurchases and constructively retires an equivalent number of corresponding Class A units. During the six months ended June 30, 2018, the Company repurchased and retired 1.8 million of our Class A common shares on a settlement date basis, in accordance with the program, at a weighted-average price of \$19.36 per share and a total price of \$34.9 million. We did not repurchase and retire any of our shares during the six months ended June 30, 2017. As of

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June 30, 2018, we had a remaining repurchase authorization of up to \$265.1 million of our outstanding Class A common shares and up to \$250.0 million of our outstanding preferred shares under the program.

Preferred Shares

As of June 30, 2018, and December 31, 2017, the Company had the following series of preferred shares outstanding (in thousands, except share data):

Series	Issuance Date	Earliest Redemption Date	Dividend Rate	June 30, 2018		December 31, 2017	
				Outstanding Shares	Current Liquidation Value	Outstanding Shares	Current Liquidation Value (1)
Series C participating preferred shares (2)	N/A	N/A	N/A	—	\$ —	7,600,000	\$ 218,236
Series D perpetual preferred shares	5/24/2016	5/24/2021	6.500 %	10,750,000	268,750	10,750,000	268,750
Series E perpetual preferred shares	6/29/2016	6/29/2021	6.350 %	9,200,000	230,000	9,200,000	230,000
Series F perpetual preferred shares	4/24/2017	4/24/2022	5.875 %	6,200,000	155,000	6,200,000	155,000
Series G perpetual preferred shares	7/17/2017	7/17/2022	5.875 %	4,600,000	115,000	4,600,000	115,000
Total preferred shares				30,750,000	\$ 768,750	38,350,000	\$ 986,986

Liquidation value reflects initial liquidation value of \$25.00 per share, which in the case of the Series C (1) participating preferred shares is 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.

All of the outstanding Series C participating preferred shares were converted into 10,848,827 Class A common (2) shares on April 5, 2018, based on a conversion ratio of 1.4275 common shares per preferred share in accordance with the conversion terms in the Articles Supplementary.

Redemption of Series C Participating Preferred Shares

On April 5, 2018, the Company redeemed all 7,600,000 shares of the outstanding 5.5% Series C participating preferred shares through a conversion of those participating preferred shares into Class A common shares of beneficial interest, \$0.01 par value, in accordance with the conversion terms in the Articles Supplementary. This resulted in 10,848,827 Class A common shares issued from the conversion, based on a conversion ratio of 1.4275 Class A common shares issued per Series C participating preferred share. The Operating Partnership also redeemed its corresponding Series C participating preferred units through a conversion into Class A units on April 5, 2018. The conversion ratio was calculated by dividing (1) the initial liquidation preference on the Series C participating preferred shares, as 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 (adjusted for a maximum 9.0% internal rate of return), plus unaccrued dividends by (2) the one-day volume weighted-average price (“VWAP”) of the Company’s Class A common shares on March 29, 2018, the date the Company delivered the required notice of redemption. As a result of the redemption, the Company recorded a \$32.2 million allocation of income to the Series C participating preferred shareholders in the second quarter of 2018, which represents the initial liquidation value of the Series C participating preferred shares in excess of the original equity carrying value of the Series C participating preferred shares as of the redemption date. The original equity carrying value of the Series C participating preferred shares was net of the initial bifurcated home price appreciation derivative liability and offering costs.

Distributions

During the quarter ended June 30, 2018, the Company's board of trustees declared distributions that totaled \$0.05 per share on the Company's Class A and Class B common shares, \$0.41 on the Company's 6.5% Series D perpetual preferred shares, \$0.40 on the Company's 6.35% Series E perpetual preferred shares, \$0.37 on the Company's 5.875% Series F perpetual preferred shares and \$0.37 on the Company's 5.875% Series G perpetual preferred shares. During the quarter ended June 30, 2017, the Company's board of trustees declared distributions that totaled \$0.05 per share on the Company's Class A and Class B common shares, \$0.31 on the Company's 5.0% Series A participating preferred shares, \$0.31 on the Company's 5.0% Series B participating preferred shares, \$0.34 on the Company's 5.5% Series C participating preferred shares, \$0.41 on the Company's 6.5% Series D perpetual preferred shares and \$0.40 on the Company's 6.35% Series E perpetual preferred shares. Distributions declared on our 5.875% Series F perpetual preferred shares were for a pro-rated amount of \$0.27 during the quarter ended June 30, 2017. The Operating Partnership funds the payment of distributions, and an equivalent amount of distributions were declared on the corresponding Operating Partnership units.

Noncontrolling Interest

Noncontrolling interest as reflected in the Company's condensed consolidated balance sheets primarily consists of the interests held by former American Homes 4 Rent, LLC ("AH LLC") members in units in the Operating Partnership.
Former AH LLC

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members owned 54,276,644, or approximately 15.5% and 15.9%, of the total 351,368,387 and 342,099,865 Class A units in the Operating Partnership as of June 30, 2018, and December 31, 2017, respectively. Noncontrolling interest also includes interests held by non-affiliates in Class A units in the Operating Partnership. Non-affiliate Class A unitholders owned 1,073,509, or approximately 0.3% of the total 351,368,387 and 342,099,865 Class A units in the Operating Partnership as of June 30, 2018, and December 31, 2017, respectively. Also included in noncontrolling interest as of December 31, 2017, was the outside ownership interest in a consolidated subsidiary of the Operating Partnership, which was liquidated during the second quarter of 2018.

The following table summarizes the income or loss allocated to noncontrolling interests as reflected in the Company's condensed consolidated statements of operations for the three and six months ended June 30, 2018 and 2017 (in thousands):

	For the Three Months Ended		For the Six Months Ended	
	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017
Net loss allocated to Class A units	\$(2,902)	\$(31)	\$(1,777)	\$(370)
Net (loss) income allocated to noncontrolling interest in a consolidated subsidiary	(248)	1	(259)	39
	\$(3,150)	\$(30)	\$(2,036)	\$(331)

Noncontrolling interest as reflected in the Operating Partnership's condensed consolidated balance sheets consisted solely of the outside ownership interest in a consolidated subsidiary of the Operating Partnership, which was liquidated during the second quarter of 2018. Income and loss allocated to the Operating Partnership's noncontrolling interest is reflected in noncontrolling interest within the Operating Partnership's condensed consolidated statements of operations. The Operating Partnership units owned by former AH LLC members and non-affiliates that are reflected as noncontrolling interest in the Company's condensed consolidated balance sheets are reflected as limited partner capital in the Operating Partnership's condensed consolidated balance sheets.

2012 Equity Incentive Plan

The Company's employees are compensated through the Operating Partnership, including share-based compensation. When the Company issues Class A common shares under the 2012 Equity Incentive Plan (the "Plan"), the Operating Partnership issues an equivalent number of Class A units to AH4R.

During the six months ended June 30, 2018 and 2017, the Company granted stock options for 140,000 and 385,200 Class A common shares, respectively, and 304,400 and 174,000 restricted stock units, respectively, to certain employees of the Company under the Plan. The options and restricted stock units granted during the six months ended June 30, 2018 and 2017, vest over four years, and the options expire 10 years from the date of grant.

The following table summarizes stock option activity under the Plan for the six months ended June 30, 2018 and 2017:

	Shares	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Life (in years)	Aggregate Intrinsic Value (1) (in thousands)
Options outstanding at January 1, 2017	2,826,500	\$ 15.69	7.6	\$ 14,956
Granted	385,200	23.38		
Exercised	(28,250)	15.96		196
Forfeited	(50,000)	16.38		
Options outstanding at June 30, 2017	3,133,450	\$ 16.62	7.3	\$ 18,940

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Options exercisable at June 30, 2017	1,716,000	\$ 15.89	6.5	\$ 11,468
Options outstanding at January 1, 2018	3,052,450	\$ 16.65	6.9	\$ 16,421
Granted	140,000	19.40		
Exercised	(171,875)	16.04		787
Forfeited	(66,250)	17.69		
Options outstanding at June 30, 2018	2,954,325	\$ 16.79	6.0	\$ 16,347
Options exercisable at June 30, 2018	2,174,550	\$ 16.20	5.3	\$ 13,123

(1) Intrinsic value for activities other than exercises is defined as the difference between the grant price and the market value on the last trading day of the period for those stock options where the market value is greater than the exercise price. For exercises, intrinsic value is defined as the difference between the grant price and the market value on the date of exercise.

The following table summarizes the Black-Scholes Option Pricing Model inputs used for valuation of the stock options for Class A common shares granted during the six months ended June 30, 2018 and 2017:

	2018	2017
Weighted-average fair value	\$3.03	\$3.82
Expected term (years)	7.0	7.0
Dividend yield	3.0 %	3.0 %
Volatility	18.9%	21.3%
Risk-free interest rate	2.8 %	2.2 %

The following table summarizes the activity that relates to the Company's restricted stock units under the Plan for the six months ended June 30, 2018 and 2017:

	2018	2017
Restricted stock units at beginning of period	243,875	130,150
Units awarded	304,400	174,000
Units vested	(80,025)	(42,475)
Units forfeited	(48,375)	(10,250)
Restricted stock units at end of period	419,875	251,425

For the three months ended June 30, 2018 and 2017, total non-cash share-based compensation expense related to stock options and restricted stock units was \$0.9 million and \$1.1 million, respectively, of which \$0.5 million and \$0.7 million, respectively, related to corporate administrative employees and was included in general and administrative expense and \$0.4 million, respectively, related to centralized and field property management employees and was included in property management expenses within the condensed consolidated statements of operations. For the six months ended June 30, 2018 and 2017, total non-cash share-based compensation expense related to stock options and restricted stock units was \$1.9 million and \$2.1 million, respectively, of which \$1.1 million and \$1.2 million, respectively, related to corporate administrative employees and was included in general and administrative expense and \$0.8 million and \$0.9 million, respectively, related to centralized and field property management employees and was included in property management expenses in the condensed consolidated statements of operations.

Note 11. Earnings per Share / Unit

American Homes 4 Rent

The following table reflects the Company's computation of net loss per common share on a basic and diluted basis for the three and six months ended June 30, 2018 and 2017 (in thousands, except share and per share data):

	For the Three Months		For the Six Months	
	Ended		Ended	
	June 30,		June 30,	
	2018	2017	2018	2017
Numerator:				
Net income	\$25,898	\$ 15,066	\$47,423	\$ 26,862
Less:				
Noncontrolling interest	(3,150)	(30)	(2,036)	(331)
Dividends on preferred shares	11,984	15,282	26,581	28,869
Redemption of participating preferred shares	32,215	—	32,215	—
Numerator for loss per common share—basic and diluted	\$(15,151)	\$(186)	\$(9,337)	\$(1,676)
Denominator:				
Weighted-average common shares outstanding—basic and diluted	129,462,572	128,900,456	290,848,635	251,685,993
Net loss per common share—basic and diluted	\$(0.05)	\$ —	\$(0.03)	\$(0.01)

The computation of diluted earnings per share for the three months ended June 30, 2018 and 2017, excludes an aggregate of 6,974,868 and 28,351,580 potentially dilutive securities, respectively, and for the six months ended June 30, 2018 and 2017, excludes an aggregate of 6,971,928 and 28,342,309 potentially dilutive securities, respectively, which include a combination of participating preferred shares, exchangeable senior notes, common shares issuable upon exercise of stock options and unvested restricted stock units, because their effect would have been antidilutive to the respective periods. The effect of the potential conversion of OP Units is not reflected in the computation of basic and diluted earnings per share, as they are exchangeable for Class A common shares on a one-for-one basis. The income allocable to the OP units is allocated on this same basis and reflected as noncontrolling interest in the accompanying consolidated financial statements. As such, the assumed conversion of the OP units would have no net impact on the determination of diluted earnings per share.

American Homes 4 Rent, L.P.

The following table reflects the Operating Partnership's computation of net loss per common unit on a basic and diluted basis for the three and six months ended June 30, 2018 and 2017 (in thousands, except unit and per unit data):

	For the Three Months Ended		For the Six Months Ended	
	June 30, 2018	2017	June 30, 2018	2017
Numerator:				
Net income	\$25,898	\$ 15,066	\$47,423	\$ 26,862
Less:				
Noncontrolling interest	(248)	1	(259)	39
Preferred distributions	11,984	15,282	26,581	28,869
Redemption of participating preferred units	32,215	—	32,215	—
Numerator for loss per common unit—basic and diluted	\$(18,053)	\$(217)	\$(11,114)	\$(2,046)
Denominator:				
Weighted-average common units outstanding—basic and diluted	13,50,812,725	14,451,049	346,198,786	307,239,255
Net loss per common unit—basic and diluted	\$(0.05)	\$ —	\$(0.03)	\$(0.01)

The computation of diluted earnings per unit for the three months ended June 30, 2018 and 2017, excludes an aggregate of 6,974,868 and 28,351,580 potentially dilutive securities, respectively, and for the six months ended (1) June 30, 2018 and 2017, excludes an aggregate of 6,971,928 and 28,342,309 potentially dilutive securities, respectively, which include a combination of participating preferred units, exchangeable senior notes, common units issuable upon exercise of stock options and unvested restricted stock units, because their effect would have been antidilutive to the respective periods.

Note 12. Commitments and Contingencies

As of June 30, 2018, the Company had commitments to acquire 236 single-family properties for an aggregate purchase price of \$62.2 million, as well as \$42.5 million in purchase commitments that relate to both third party developer agreements and land for our internal construction program. As of December 31, 2017, the Company had commitments to acquire 520 single-family properties for an aggregate purchase price of \$128.1 million, as well as \$24.0 million in land purchase commitments that relate to both third party developer agreements and our internal construction program.

As of June 30, 2018, and December 31, 2017, the Company had sales in escrow for approximately 156 and 69 of our single-family properties, respectively, for aggregate selling prices of \$24.7 million and \$7.0 million, respectively.

We are involved in various legal and administrative proceedings that are incidental to our business. We do not believe these matters will have a material adverse effect on our financial position or results of operations upon resolution.

Radian Group Inc. (“Radian”), the indirect parent company of Green River Capital LLC (“GRC”), which has been a service provider that provided certain broker price opinions (“BPO”) to us, disclosed in its Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2017, that GRC had received a letter in March 2017 from the staff of the SEC stating that it is conducting an investigation captioned “In the Matter of Certain Single Family Rental Securitizations” and requesting information from market participants. Radian disclosed that the letter asked GRC to provide information regarding BPOs that GRC provided on properties included in single family rental securitization transactions (“Securitizations”). On September 13, 2017, we received a letter from the staff of the SEC stating that it is conducting an investigation captioned “In the Matter of Certain Single Family Rental Securitizations.” The letter

enclosed a subpoena that requests the production of certain documents and communications related to our Securitizations, including, without limitation, those related to BPOs provided by GRC on properties included in Securitizations. The letter does not allege any violation of law and we are cooperating with the SEC. We understand that other transaction parties in Securitizations have received requests in this matter. We do not believe this matter will have a material adverse impact on our financial position or results of operations upon resolution.

On January 16, 2018, we received a letter from the staff of the SEC stating that it is conducting an investigation captioned “Trading in Silver Bay Realty Trust Corp.” The letter enclosed a subpoena that requests us to produce certain documents and communications, including those related to our communications and agreements with Silver Bay Realty Trust Corp. (“Silver Bay”), communications with Silver Bay’s financial advisor, and our purchases, sales and holdings of Silver Bay stock. We purchased Silver Bay stock in 2016 and 2017 and then sold all of our holdings in 2017 for a profit of approximately \$3.0 million. We intend to

cooperate fully with the SEC in connection with this matter. We do not believe this matter will have a material adverse impact on our financial position or results of operations upon resolution.

Note 13. Fair Value

The carrying amount of rents and other receivables, restricted cash, escrow deposits, prepaid expenses and other assets, and accounts payable and accrued expenses approximate fair value because of the short maturity of these amounts.

Our revolving credit facility, term loan facility, asset-backed securitizations and secured note payable are financial instruments, which are classified as Level 3 in the fair value hierarchy as they were estimated by using unobservable inputs. We estimated their fair values by modeling the contractual cash flows required under the instruments and discounting them back to their present values using estimates of current market rates. Our unsecured senior notes and exchangeable senior notes are also financial instruments, which are classified as Level 2 in the fair value hierarchy as their fair values are estimated using observable inputs, based on the market value of the last trade at the end of the period.

The following table displays the carrying values and fair values of our debt instruments as of June 30, 2018, and December 31, 2017 (in thousands):

	June 30, 2018		December 31, 2017	
	Carrying Value	Fair Value	Carrying Value	Fair Value
AH4R 2014-SFR2 securitization	\$493,761	\$497,707	\$496,326	\$504,730
AH4R 2014-SFR3 securitization	509,400	515,755	512,041	521,252
AH4R 2015-SFR1 securitization	534,960	538,855	537,723	544,592
AH4R 2015-SFR2 securitization	464,746	468,648	467,267	475,832
Total asset-backed securitizations (1)	2,002,867	2,020,965	2,013,357	2,046,406
Unsecured senior notes, net (1) (2)	497,315	497,190	—	—
Exchangeable senior notes, net (2)	113,533	145,771	111,697	147,462
Secured note payable (3)	—	—	48,859	49,027
Revolving credit facility (1) (4)	—	—	140,000	140,000
Term loan facility (1) (5)	100,000	100,000	200,000	200,000
Total debt	\$2,713,715	\$2,763,926	\$2,513,913	\$2,582,895

(1) The carrying values of the asset-backed securitizations, unsecured senior notes, revolving credit facility and term loan facility exclude \$33.5 million, \$4.9 million, \$7.9 million and \$0.9 million, respectively, of unamortized deferred financing costs as of June 30, 2018, and exclude \$36.0 million, zero, \$8.8 million and \$2.0 million, respectively, of unamortized deferred financing costs as of December 31, 2017.

(2) The carrying values of the unsecured senior notes, net and exchangeable senior notes, net are presented net of unamortized discounts.

(3) The secured note payable was paid off in full during the second quarter of 2018.

(4) As our revolving credit facility bears interest at a floating rate based on an index plus a spread, which is a LIBOR rate plus a margin ranging from 0.825% to 1.55% or a base rate (generally determined according to a prime rate or federal funds rate) plus a margin ranging from 0.00% to 0.55%, management believes that the carrying value of the revolving credit facility reasonably approximates fair value.

(5) As our term loan facility bears interest at a floating rate based on an index plus a spread, which is a LIBOR rate plus a margin ranging from 0.90% to 1.75% or a base rate (generally determined according to a prime rate or federal funds rate) plus a margin ranging from 0.00% to 0.75%, management believes that the carrying value of the term loan facility reasonably approximates fair value.

Valuation of the participating preferred shares derivative liability considered scenarios in which the participating 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 considered 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 statistical areas, or MSAs, as outlined in the agreement. The Series C participating preferred shares were redeemed through a conversion into Class A common shares on April 5, 2018 (see Note 10).

In October 2017, in anticipation of the issuance of the 2028 Notes and in order to hedge interest rate risk, the Operating Partnership entered into a treasury lock agreement on a notional amount of \$350.0 million, based on the 10-year treasury note rate at the time. The treasury lock was designated as a cash flow hedging instrument and had a fair value of \$0.1 million as of December 31,

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2017, which was included in escrow deposits, prepaid expenses and other assets within the consolidated balance sheets, with a corresponding unrealized gain reflected in other comprehensive income. The treasury lock was settled upon the issuance of the 2028 Notes in February 2018 and resulted in a \$9.6 million gain that was recorded in other comprehensive income and will be reclassified into earnings as a reduction of interest expense over the term of the 2028 Notes. The treasury lock is classified as Level 2 within the fair value hierarchy as its fair value was estimated using observable inputs, based on the 10-year treasury note rate.

The following table sets forth the fair values of the participating preferred shares derivative liability and treasury lock as of June 30, 2018, and December 31, 2017 (in thousands):

Description	Fair Value Hierarchy	June 30, 2018	December 31, 2017
Assets:			
Treasury lock	Level 2	\$	—\$ 75
Liabilities:			
Participating preferred shares derivative liability	Level 3	\$	—\$ 29,470

The following tables present changes in the fair values of our Level 3 financial instruments that were measured on a recurring basis with changes in fair value recognized in remeasurement of participating preferred shares within the condensed consolidated statements of operations for the six months ended June 30, 2018 and 2017 (in thousands):

Description	January 1, 2018	Conversions	Remeasurement included in earnings	June 30, 2018
Liabilities:				
Participating preferred shares derivative liability	\$29,470	\$ (28,258)	\$ (1,212)	\$ —

Description	January 1, 2017	Conversions	Remeasurement included in earnings	June 30, 2017
Liabilities:				
Participating preferred shares derivative liability	\$69,810	\$	—\$ 7,050	\$76,860

Note 14. Condensed Consolidating Financial Statements

American Homes 4 Rent, L.P.

The 2028 Notes issued by American Homes 4 Rent, L.P. (the “Parent Company”) have been initially guaranteed by American Residential Properties OP, L.P. (the “Guarantor Subsidiary”), a 100% owned subsidiary of the Parent Company, but such guarantee will be automatically released at the time that the Subsidiary Guarantor no longer guarantees our credit facility. The Parent Company’s other subsidiaries, including, but not limited to, the subsidiaries that own substantially all of our properties (collectively, the “Combined Non-Guarantor Subsidiaries”), have not provided a guarantee of the 2028 Notes. Pursuant to Rule 3-10 of Regulation S-X, the following condensed consolidating financial information is provided for the Operating Partnership, including the Parent Company, the Guarantor Subsidiary and the Combined Non-Guarantor Subsidiaries. This summarized financial information may not necessarily be indicative of the results of operations or financial position had the Parent Company, the Guarantor Subsidiary or the Combined Non-Guarantor Subsidiaries operated as independent entities. All intercompany balances and transactions between the Parent Company, the Guarantor Subsidiary and the Non-Guarantor Subsidiaries have been eliminated as shown in the “Consolidating Adjustments” column. All assets and liabilities have been allocated to the Parent Company, the Guarantor Subsidiary and the Combined Non-Guarantor Subsidiaries based on legal entity ownership.

Condensed Consolidating Balance Sheets
(Amounts in thousands)

	As of June 30, 2018				
	American Homes 4 Rent, L.P. (Parent Company)	American Residential Properties OP, L.P. (Guarantor Subsidiary)	Combined Non-Guarantor Subsidiaries	Consolidating Adjustments	Consolidated Total
Assets					
Single-family properties, net	\$—	\$ 656	\$ 8,183,265	\$—	\$ 8,183,921
Cash and cash equivalents	32,521	—	20,983	—	53,504
Restricted cash	26,910	30	132,070	—	159,010
Rent and other receivables, net	186	2	27,861	—	28,049
Intercompany receivables	255,388	—	—	(255,388)	—
Escrow deposits, prepaid expenses and other assets, including due from affiliates	58,231	172	214,140	—	272,543
Investments in subsidiaries	5,988,782	115,663	—	(6,104,445)	—
Deferred costs and other intangibles, net	8,436	—	4,706	—	13,142
Goodwill	120,279	—	—	—	120,279
Total assets	\$6,490,733	\$ 116,523	\$ 8,583,025	\$(6,359,833)	\$ 8,830,448
Liabilities					
Revolving credit facility	\$—	\$—	\$—	\$—	\$—
Term loan facility, net	99,120	—	—	—	99,120
Asset-backed securitizations, net	—	—	1,969,322	—	1,969,322
Unsecured senior notes, net	492,406	—	—	—	492,406
Exchangeable senior notes, net	—	113,533	—	—	113,533
Accounts payable and accrued expenses	32,844	2,648	247,242	—	282,734
Amounts payable to affiliates	4,571	—	—	—	4,571
Intercompany payables	—	9,011	246,377	(255,388)	—
Total liabilities	628,941	125,192	2,462,941	(255,388)	2,961,686
Capital					
Partners' capital:					
General partner:					
Common units	4,388,836	(8,669)	6,120,084	(6,104,445)	4,395,806
Preferred units	743,457	—	—	—	743,457
Limited partner:					
Common units	720,232	—	—	—	720,232
Accumulated other comprehensive income	9,267	—	—	—	9,267
Total partners' capital:	5,861,792	(8,669)	6,120,084	(6,104,445)	5,868,762
Total capital	5,861,792	(8,669)	6,120,084	(6,104,445)	5,868,762
Total liabilities and capital	\$6,490,733	\$ 116,523	\$ 8,583,025	\$(6,359,833)	\$ 8,830,448

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Condensed Consolidating Balance Sheets (continued)
(Amounts in thousands)

	As of December 31, 2017				
	American Homes 4 Rent, L.P. (Parent Company)	American Residential Properties OP, L.P. (Guarantor Subsidiary)	Combined Non-Guarantor Subsidiaries	Consolidating Adjustments	Consolidated Total
Assets					
Single-family properties, net	\$—	\$ 1,732	\$ 8,063,248	\$—	\$ 8,064,980
Cash and cash equivalents	22,157	—	23,999	—	46,156
Restricted cash	14,742	31	121,894	—	136,667
Rent and other receivables, net	114	57	29,973	—	30,144
Intercompany receivables	154,621	—	—	(154,621)	—
Escrow deposits, prepaid expenses and other assets, including due from affiliates	59,271	164	138,082	—	197,517
Investments in subsidiaries	5,889,146	115,303	—	(6,004,449)	—
Deferred costs and other intangibles, net	9,652	—	3,373	—	13,025
Goodwill	120,279	—	—	—	120,279
Total assets	\$6,269,982	\$ 117,287	\$ 8,380,569	\$(6,159,070)	\$ 8,608,768
Liabilities					
Revolving credit facility	\$ 140,000	\$—	\$—	\$—	\$ 140,000
Term loan facility, net	198,023	—	—	—	198,023
Asset-backed securitizations, net	—	—	1,977,308	—	1,977,308
Exchangeable senior notes, net	—	111,697	—	—	111,697
Secured note payable	—	—	48,859	—	48,859
Accounts payable and accrued expenses	27,566	2,757	192,544	—	222,867
Amounts payable to affiliates	4,720	—	—	—	4,720
Intercompany payables	—	8,428	146,193	(154,621)	—
Participating preferred units derivative liability	29,470	—	—	—	29,470
Total liabilities	399,779	122,882	2,364,904	(154,621)	2,732,944
Capital					
Partners' capital:					
General partner:					
Common units	4,241,266	(5,595)	6,017,014	(6,004,449)	4,248,236
Preferred units	901,318	—	—	—	901,318
Limited partner:					
Common units	727,544	—	—	—	727,544
Accumulated other comprehensive income	75	—	—	—	75
Total partners' capital:	5,870,203	(5,595)	6,017,014	(6,004,449)	5,877,173
Noncontrolling interest	—	—	(1,349)	—	(1,349)
Total capital	5,870,203	(5,595)	6,015,665	(6,004,449)	5,875,824
Total liabilities and capital	\$6,269,982	\$ 117,287	\$ 8,380,569	\$(6,159,070)	\$ 8,608,768

Condensed Consolidating Statements of Operations
(Amounts in thousands)

For the Three Months Ended June 30, 2018

	American Homes 4 Rent, L.P. (Parent Company)	American Residential Properties OP, L.P. (Guarantor Subsidiary)	Combined Non-Guarantor Subsidiaries	Consolidating Adjustments	Consolidated Total	
Revenues:						
Rents from single-family properties	\$—	\$ 18	\$ 227,193	\$ —	\$ 227,211	
Fees from single-family properties	—	1	2,753	—	2,754	
Tenant charge-backs	—	1	32,916	—	32,917	
Other	400	—	1,201	—	1,601	
Total revenues	400	20	264,063	—	264,483	
Expenses:						
Property operating expenses	—	1	98,842	—	98,843	
Property management expenses	—	—	18,616	—	18,616	
General and administrative expense	6,014	1	3,662	—	9,677	
Interest expense	7,972	1,870	22,136	—	31,978	
Acquisition fees and costs expensed	—	—	1,321	—	1,321	
Depreciation and amortization	204	—	78,115	—	78,319	
Other expense	80	—	1,544	—	1,624	
Total expenses	14,270	1,872	224,236	—	240,378	
Intercompany income	575	—	85	(660) —	
Intercompany expenses	(85	) —	(575	) 660	—
Gain on sale of single-family properties and other, net	—	169	3,071	—	3,240	
Loss on early extinguishment of debt	(879) —	(568) —	(1,447)
Equity in income of subsidiaries	40,405	11,035	—	(51,440) —	
Net income	26,146	9,352	41,840	(51,440	) 25,898
Noncontrolling interest	—	—	(248) —	(248)
Preferred distributions	11,984	—	—	—	11,984	
Redemption of participating preferred units	32,215	—	—	—	32,215	
Net (loss) income attributable to common unitholders	\$(18,053)	\$ 9,352	\$ 42,088	\$ (51,440) \$ (18,053)

Condensed Consolidating Statements of Operations (continued)
(Amounts in thousands)

	For the Three Months Ended June 30, 2017				
	American Homes 4 Rent, L.P. (Parent Company)	Residential Properties OP, L.P. (Guarantor Subsidiary)	Combined Non-Guarantor Subsidiaries	Consolidating Adjustments	Consolidated Total
Revenues:					
Rents from single-family properties	\$—	\$ 64	\$ 204,584	\$ —	\$ 204,648
Fees from single-family properties	—	1	2,689	—	2,690
Tenant charge-backs	—	7	27,375	—	27,382
Other	333	—	1,955	—	2,288
Total revenues	333	72	236,603	—	237,008
Expenses:					
Property operating expenses	—	54	85,900	—	85,954
Property management expenses	—	5	17,437	—	17,442
General and administrative expense	5,020	—	3,906	—	8,926
Interest expense	3,187	1,809	23,396	—	28,392
Acquisition fees and costs expensed	3	—	1,409	—	1,412
Depreciation and amortization	369	4	72,343	—	72,716
Other	81	50	1,228	—	1,359
Total expenses	8,660	1,922	205,619	—	216,201
Intercompany income	45	—	179	(224)	—
Intercompany expenses	(179)	—	(45)	224)	—
Gain on sale of single-family properties and other, net	—	285	2,169	—	2,454
Loss on early extinguishment of debt	—	—	(6,555)	—	(6,555)
Remeasurement of participating preferred units	(1,640)	—	—	—	(1,640)
Equity in income of subsidiaries	25,166	9,251	—	(34,417)	—
Net income	15,065	7,686	26,732	(34,417)	15,066
Noncontrolling interest	—	—	1	—	1
Preferred distributions	15,282	—	—	—	15,282
Net (loss) income attributable to common unitholders	\$(217)	\$ 7,686	\$ 26,731	\$(34,417)	\$(217)

Condensed Consolidating Statements of Operations (continued)

(Amounts in thousands)

	For the Six Months Ended June 30, 2018				
	American Homes 4 Rent, L.P. (Parent Company)	American Residential Properties OP, L.P. (Guarantor Subsidiary)	Combined Non-Guarantor Subsidiaries	Consolidating Adjustments	Consolidated Total
Revenues:					
Rents from single-family properties	\$—	\$ 40	\$ 445,194	\$—	\$ 445,234
Fees from single-family properties	—	1	5,586	—	5,587
Tenant charge-backs	—	4	68,720	—	68,724
Other	734	—	2,208	—	2,942
Total revenues	734	45	521,708	—	522,487
Expenses:					
Property operating expenses	—	4	199,826	—	199,830
Property management expenses	—	3	37,600	—	37,603
General and administrative expense	11,951	2	6,955	—	18,908
Interest expense	14,229	3,705	43,345	—	61,279
Acquisition fees and costs expensed	—	—	2,632	—	2,632
Depreciation and amortization	501	—	157,121	—	157,622
Other expense	175	9	2,267	—	2,451
Total expenses	26,856	3,723	449,746	—	480,325
Intercompany income	1,026	—	142	(1,168)	—
Intercompany expenses	(142)	—	(1,026)	1,168	—
Gain on sale of single-family properties and other, net	—	604	4,892	—	5,496
Loss on early extinguishment of debt	(879)	—	(568)	—	(1,447)
Remeasurement of participating preferred units	1,212	—	—	—	1,212
Equity in income of subsidiaries	72,587	21,267	—	(93,854)	—
Net income	47,682	18,193	75,402	(93,854)	47,423
Noncontrolling interest	—	—	(259)	—	(259)
Preferred distributions	26,581	—	—	—	26,581
Redemption of participating preferred units	32,215	—	—	—	32,215
Net (loss) income attributable to common unitholders	\$(11,114)	\$ 18,193	\$ 75,661	\$(93,854)	\$(11,114)

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Condensed Consolidating Statements of Operations (continued)

(Amounts in thousands)

	For the Six Months Ended June 30, 2017				
	American Homes 4 Rent, L.P. (Parent Company)	American Residential Properties OP, L.P. (Guarantor Subsidiary)	Combined Non-Guarantor Subsidiaries	Consolidating Adjustments	Consolidated Total
Revenues:					
Rents from single-family properties	\$—	\$ 166	\$ 405,589	\$ —	\$ 405,755
Fees from single-family properties	—	2	5,292	—	5,294
Tenant charge-backs	—	14	55,741	—	55,755
Other	719	—	3,239	—	3,958
Total revenues	719	182	469,861	—	470,762
Expenses:					
Property operating expenses	—	102	169,157	—	169,259
Property management expenses	—	11	34,909	—	34,920
General and administrative expense	10,014	2	8,205	—	18,221
Interest expense	6,515	3,583	50,183	—	60,281
Acquisition fees and costs expensed	358	—	2,150	—	2,508
Depreciation and amortization	778	6	145,885	—	146,669
Other	180	51	2,686	—	2,917
Total expenses	17,845	3,755	413,175	—	434,775
Intercompany income	121	—	327	(448)) —
Intercompany expenses	(327)	) —	(121)	) 448	—
Gain (loss) on sale of single-family properties and other, net	3,031	(1,175)	) 2,624	—	4,480
Loss on early extinguishment of debt	—	—	(6,555)	) —	(6,555)
Remeasurement of participating preferred units	(7,050)	) —	—	—	(7,050)
Equity in income of subsidiaries	48,174	18,488	—	(66,662)) —
Net income	26,823	13,740	52,961	(66,662)	) 26,862
Noncontrolling interest	—	—	39	—	39
Preferred distributions	28,869	—	—	—	28,869
Net (loss) income attributable to common unitholders	\$(2,046)	\$ 13,740	\$ 52,922	\$(66,662)) \$(2,046)

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Condensed Consolidating Statements of Comprehensive Income (Loss)

(Amounts in thousands)

	For the Three Months Ended June 30, 2018				
	American Homes 4 Rent, L.P. (Parent Company)	American Residential Properties OP, L.P. (Guarantor Subsidiary)	Combined Non-Guarantor Subsidiaries	Consolidating Adjustments	Consolidated Total
Net income	\$26,146	\$ 9,352	\$ 41,840	\$ (51,440)	\$ 25,898
Other comprehensive loss:					
Gain on cash flow hedging instrument:					
Reclassification adjustment for amortization of interest expense included in net income	(241)	—	—	—	(241)
Other comprehensive loss	(241)	—	—	—	(241)
Comprehensive income	25,905	9,352	41,840	(51,440)	25,657
Comprehensive loss attributable to noncontrolling interests	—	—	(248)	—	(248)
Preferred distributions	11,984	—	—	—	11,984
Redemption of participating preferred units	32,215	—	—	—	32,215
Comprehensive (loss) income attributable to common unitholders	\$(18,294)	\$ 9,352	\$ 42,088	\$ (51,440)	\$(18,294)

	For the Three Months Ended June 30, 2017				
	American Homes 4 Rent, L.P. (Parent Company)	American Residential Properties OP, L.P. (Guarantor Subsidiary)	Combined Non-Guarantor Subsidiaries	Consolidating Adjustments	Consolidated Total
Net income	\$15,065	\$ 7,686	\$ 26,732	\$ (34,417)	\$ 15,066
Comprehensive income	15,065	7,686	26,732	(34,417)	15,066
Comprehensive income attributable to noncontrolling interests	—	—	1	—	1
Preferred distributions	15,282	—	—	—	15,282
Comprehensive (loss) income attributable to common unitholders	\$(217)	\$ 7,686	\$ 26,731	\$ (34,417)	\$(217)

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Condensed Consolidating Statements of Comprehensive Income (Loss) (continued)
(Amounts in thousands)

	For the Six Months Ended June 30, 2018				
	American Homes 4 Rent, L.P. (Parent Company)	American Residential Properties OP, L.P. (Guarantor Subsidiary)	Combined Non-Guarantor Subsidiaries	Consolidating Adjustments	Consolidated Total
Net income	\$47,682	\$ 18,193	\$ 75,402	\$ (93,854)	\$ 47,423
Other comprehensive income:					
Gain on cash flow hedging instrument:					
Gain on settlement of cash flow hedging instrument	9,553	—	—	—	9,553
Reclassification adjustment for amortization of interest expense included in net income	(361)	—	—	—	(361)
Other comprehensive income	9,192	—	—	—	9,192
Comprehensive income	56,874	18,193	75,402	(93,854)	56,615
Comprehensive loss attributable to noncontrolling interests	—	—	(259)	—	(259)
Preferred distributions	26,581	—	—	—	26,581
Redemption of participating preferred units	32,215	—	—	—	32,215
Comprehensive (loss) income attributable to common unitholders	\$(1,922)	\$ 18,193	\$ 75,661	\$ (93,854)	\$(1,922)

	For the Six Months Ended June 30, 2017				
	American Homes 4 Rent, L.P. (Parent Company)	American Residential Properties OP, L.P. (Guarantor Subsidiary)	Combined Non-Guarantor Subsidiaries	Consolidating Adjustments	Consolidated Total
Net income	\$26,823	\$ 13,740	\$ 52,961	\$ (66,662)	\$ 26,862
Other comprehensive loss:					
Gain on cash flow hedging instrument:					
Reclassification adjustment for amortization of interest expense included in net income	—	—	(28)	—	(28)
Unrealized gain on investment in equity securities:					
Reclassification adjustment for realized gain included in net income	(67)	—	—	—	(67)
Other comprehensive loss	(67)	—	(28)	—	(95)
Comprehensive income	26,756	13,740	52,933	(66,662)	26,767
Comprehensive income attributable to noncontrolling interests	—	—	39	—	39
Preferred distributions	28,869	—	—	—	28,869
Comprehensive (loss) income attributable to common unitholders	\$(2,113)	\$ 13,740	\$ 52,894	\$ (66,662)	\$(2,141)

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Condensed Consolidating Statements of Cash Flows
(Amounts in thousands)

	For the Six Months Ended June 30, 2018				
	American Homes 4 Rent, L.P. (Parent Company)	American Residential Properties OP, L.P. (Guarantor Subsidiary)	Combined Non-Guarantor Subsidiaries	Consolidating Adjustment	Consolidated Total
Operating activities					
Net cash (used for) provided by operating activities	\$(115,080)	\$(1,305)	\$ 366,350	\$ —	\$ 249,965
Investing activities					
Cash paid for single-family properties	—	—	(206,137)	—	(206,137)
Change in escrow deposits for purchase of single-family properties	—	—	(4,357)	—	(4,357)
Net proceeds received from sales of single-family properties and other	—	2,165	27,977	—	30,142
Proceeds received from hurricane-related insurance claims	—	—	4,000	—	4,000
Distributions from joint ventures	440	—	2,000	—	2,440
(Investment in) return of investment in subsidiaries	(28,098)	20,907	—	7,191	—
Initial renovations to single-family properties	—	—	(33,030)	—	(33,030)
Recurring and other capital expenditures for single-family properties	—	(501)	(22,830)	—	(23,331)
Other purchases of productive assets	—	—	(95,354)	—	(95,354)
Net cash (used for) provided by investing activities	(27,658)	22,571	(327,731)	7,191	(325,627)
Financing activities					
Repurchase of Class A units	(34,969)	—	—	—	(34,969)
Share-based compensation proceeds, net	1,933	—	—	—	1,933
Payments on asset-backed securitizations	—	—	(10,490)	—	(10,490)
Proceeds from revolving credit facility	100,000	—	—	—	100,000
Payments on revolving credit facility	(240,000)	—	—	—	(240,000)
Payments on term loan facility	(100,000)	—	—	—	(100,000)
Payments on secured note payable	—	—	(49,427)	—	(49,427)
Proceeds from unsecured senior notes, net of discount	497,210	—	—	—	497,210
Settlement of cash flow hedging instrument	9,628	—	—	—	9,628
Intercompany financing and distributions to parent	—	(21,267)	28,458	(7,191)	—
Distributions to common unitholders	(34,238)	—	—	—	(34,238)
Distributions to preferred unitholders	(29,194)	—	—	—	(29,194)
Deferred financing costs paid	(5,100)	—	—	—	(5,100)
Net cash provided by (used for) financing activities	165,270	(21,267)	(31,459)	(7,191)	105,353
Net increase (decrease) in cash, cash equivalents and restricted cash	22,532	(1)	7,160	—	29,691
Cash, cash equivalents and restricted cash, beginning of period	36,899	31	145,893	—	182,823
Cash, cash equivalents and restricted cash, end of period	\$ 59,431	\$ 30	\$ 153,053	\$ —	\$ 212,514

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Supplemental cash flow information

Cash payments for interest, net of amounts capitalized \$(4,799) \$ (1,869) \$ (40,995) \$ — \$ (47,663)