January 31, 2014

Dear Investors,

This is The American Home's first annual investor letter. In summary:

- While prices for the homes in our portfolio increased sharply in 2013, our operational losses caused our NAV (Net Asset Value) to fall approximately 6%.

- As of January 31st, approximately 1942 of our homes are rented or pending lease, representing 94% of our rent-ready homes and 79% of our total homes.

- In January, we reorganized the company into simpler business units located in Atlanta and went through another round of layoffs. TAH's employee count and compensation expense will be almost 60% lower starting in February than it was in August of 2012.

- We expect to be EBITDA breakeven in February and cash to start building in during the second quarter of 2014

- Jim Rothberg will return to Route 66, our parent company, after successfully stabilizing the finances and financial operations of TAH and we are promoting Kelly McCusker as CFO from her prior role as controller.

- We have finished our exhaustive strategic review and plan on moving forward with a sale of our Florida portfolio and a portfolio of homes that are not consistent with the quality and geographic location of the rest of our portfolio

- Due to a shortage of homes, especially starter homes, we expect the underlying portfolio of assets to appreciate markedly. The combination of capital appreciation and positive cash flows bode well for a strong 2014.

2013: A year of operational struggles

Following dramatic growth in 2012, in 2013 we ended acquisitions of new homes, and focused on renovating and leasing our portfolio, and improving financial management and operating efficiency. In 2012, The American Home grew houses acquired, capital raised, and employees more than ten-fold. Our purchases were well timed; TAH bought homes at or near the bottom, and home prices have appreciated since. However, our ability to rehabilitate and rent homes did not keep up with the pace of acquisitions. We entered 2013 acquiring over 200 homes a month and we owned 2,050 homes, but only 640 leased of those homes were leased. In addition, our financial operations were struggling, and it was clear that we needed to upgrade significantly our financial personnel, processes, and controls. Consequently, in January we halted acquisitions to focus on generating cash-flowing assets and enhancing financial management.

We were largely successful in meeting these objectives. We currently have 1942 homes leased, including 46 homes with leases pending on which we have received non-refundable reservation deposits. These leased homes represent 79% of our total portfolio and 94% of our rent-ready properties.

We also completed an overhaul of the finance division. Last January, we hired Jim Rothberg as CFO. Kelly McCusker, who had joined TAH in November 2012 as chief accounting officer, became our controller. We have since completed a financial audit; developed and documented proper accounting and cash management controls and processes; instituted regular liquidity and earnings forecasts to enhance cash management and set financial objectives; and initiated monthly financial and management reporting to track performance vs. objectives. We also reduced head count by nearly two-thirds in Finance, with no reduction in productivity.

In addition, TAH began to cut costs aggressively last summer once it became clear we were not going to be acquiring more homes. This initiative included a downsizing of the company in August, with additional layoffs that continued into January.

In September, we sold two non-core assets, including a portfolio of tax assets and a subdivision of finished lots, generating over $1.5 million in realized gains.

Despite these accomplishments, the fourth quarter was disappointing because we failed to grow leased units materially. The slow pace of lease-up reflected several dynamics. First, our vendors in Charlotte and Tampa were not properly processing evictions for 2-3 months, resulting in delays in reducing non-performing assets. Second, as we entered the first significant wave of lease expirations, our processes for quickly moving residents out, rehabilitating, and returning homes to a rent-ready status broke down. Our redevelopment team struggled to repair and renovate homes, lengthening vacancy periods and reducing the inventory of properties available for lease. Finally, the holiday slump in rental demand was greater than expected. We experienced strong lease volumes in December 2012, but the seasonal slowdown this past December was greater than we anticipated.

As a result of the disappointing growth in leased properties, we did not meet our operating cash flow objectives. We had expected EBITDA (earnings before interest, taxes, depreciation, and amortization) to become positive in December, but now anticipate that EBITDA will go positive by the end of the first quarter and that we will begin to generate positive operating cash flow in the second quarter. Distributions from operations are unlikely in the first half of the year as we build our cash position.

January Reorganization

Last week we reorganized the company to address our operational challenges, including upgrading senior leadership in operations, enhancing focus on key objectives, and increasing efficiency. Specifically, we:

* Replaced the heads of our renovation, leasing, and property management functions.

* Consolidated our operations in Atlanta. Previously our redevelopment division was based in Charlotte, creating communication issues and inefficiency. All operations of the company -- including our call center, renovations, repair and maintenance, leasing, and collections and evictions functions -- are now managed from Atlanta, with the exception of those property management brokers, leasing agents, and maintenance staff who are needed on the ground in Charlotte and Florida.

* Moved the collections and evictions team into the Finance division, which will enable the implementation of proper controls and procedures and create synergy with the accounts receivable function. The former head of evictions has left the company.

* Created a new, simpler organizational structure to align better functions with key objectives. The new organization includes the following three operating divisions:
1) Marketing: Focuses on leasing homes and renewing expiring leases, with a dedicated renewals team designed and incentivized to minimize turnover, vacancies, and turn costs.

2) Property Management: Focuses on tenant underwriting, regulatory compliance, and risk management.

3) Asset Services: Focuses on renovating homes, ongoing repair and maintenance, and property preservation. This division also houses a consolidated call center to coordinate rapid responses to existing and prospective tenants.

* Terminated 20 employees, including the Charlotte redevelopment team. Since last July, our employee count has declined from 180 to 78, and compensation expense has fallen by almost 60%.

With these changes, TAH is now staffed with the right people in the right places, and we believe we have a much stronger, simpler organization than we did six months ago. To ensure proper focus and accountabilities, we are rolling out a performance management system with defined goals and metrics not only at the corporate and division levels, but also for each employee.

Jim Rothberg returns to Route 66, Kelly McCusker appointed new CFO

Jim Rothberg joined TAH as CFO during a chaotic time. Through hard work and clear-headed leadership, he was able to right our financial ship in 2013. He leaves a substantially stronger company than the one he joined one year ago. Having his decades of experience in financial management proved invaluable, and he is now returning to Route 66 Ventures after a job well done.

Kelly McCusker, who was our controller, is being promoted to CFO. During her time at TAH, she has been responsible for accounting, financial reporting, and internal controls, and has overseen many of the advances made in the company's financial management over the past year. Kelly has over 16 years of accounting and finance experience. Prior to joining The American Home, she served as Vice President of Finance for CW Financial Services (CWFS) and had oversight over technical accounting policy and financial reporting functions for CWFS, its subsidiaries, and its sponsored funds. Prior to joining CWFS, she served as a Staff Accountant with the United States Securities and Exchange Commission, where she was responsible for reviewing registration statements and other public filings to ensure compliance with GAAP, GAAS, and SEC regulations. Previously, Kelly was Assistant Corporate Controller with Berkshire Property Advisors, a publicly traded REIT. She also served as a Senior Auditor for Deloitte and Reznick, Fedder & Silverman.

I am confident that Kelly will ensure that financial management of the company remains sound.

Asset strategy

While distributions are unlikely from operations perspective, it is clear that our strategy has changed. We are no longer a growth company. We have conducted an exhaustive review of how to generate the best returns for shareholders. We have concluded that the best strategic path is to sell our Tampa and/or Orlando homes, and under-performing properties, via one or more bulk transactions. Selling these assets will allow TAH to repay the $17 million of outstanding debt to Route 66 Ventures, ensure our liquidity position, and begin to return capital to shareholders via liquidation of properties that are fully valued and no longer fit our business model. The remaining portfolio in Atlanta and Charlotte should continue to appreciate and add value, especially as we finally turn cash flow-positive, and losses do not dilute the benefits of additional price appreciation.

Home prices in Florida, and specifically central Florida, have appreciated considerably recently. Orlando and Tampa's job growth exceeds 2.5% a year, significantly higher than the nation's average. The Florida economy has recovered faster than the rest of the nation's due to several factors, including the absence of a state income tax, and voracious foreign investment in the state. Foreign investors have invested over $50 billion since 2009 into residential real estate. The combination of faster job growth and strong foreign and domestic interest in residential real estate have combined to drive a much faster housing recovery in Florida than in the other markets we are in.

In January 2000, Case Shiller started the housing price indices for all cities at 100. Today Tampa and Orlando are at 154.70. Compare that to Atlanta's paltry 113.37 and Charlotte's 124.83.

Our own internal valuations of our homes and discussions with brokers on the ground in Florida point to valuations of our homes near our estimate of fair value. In contrast, we believe Atlanta is still significantly undervalued.

We have work to do to make sure that this prospective sale goes smoothly. This includes finishing renting and renovating the final couple dozen homes in Florida. We also want to make sure our operating data is consistent to receiving a premium price in the market place. When we launch a sale, we will send out an update to investors. We are targeting a transaction in 2014, but are not certain whether it will be in the first half of the year.

In addition to the Florida homes, we have identified 239 other homes that for a variety of reasons no longer fit our model for geographic and other reasons. For example, we own 3 homes in Columbia, SC, an area we started to buy and stopped when we halted acquisitions. We also own homes that are geographically spread out and are hard to service due to our lack of concentration of homes in certain areas. There are also older homes we have decided we do not want to own and manage long term because they are not consistent with the overall portfolio.

We have packaged these homes together into one portfolio of homes and are currently working on selling this in one bulk sale. We hope to execute this sale in the first half of 2014.

TAH's Net Asset Value fell in 2013 due to operational losses

We estimated the NAV of the company at $46.87 per share on December 31, 2013, down from the 2012 year-end estimate of $50.00 per share. Despite strong home price appreciation, our operational losses destroyed value in 2013.

While we are clearly disappointed in our performance in 2013, our equity value compares favorably to comparable public companies, American Residential Properties (NYSE: ARPI) and Silver Bay (NYSE: SBY). ARPI went public last year at $21.50, after raising money privately in January of 2012 at $20 per share and December 2012 at $20.50 per share. The company now trades around $18.50, a 14% drop from its IPO. Silver Bay has also fallen 14%. Our 6% drop in valuation compares favorably.

Housing shortages looms, especially in starter home segment

Fundamentals remain strong for attractive housing appreciation going forward. A housing shortage looms due to over five years of historic underinvestment in residential housing and in particular single-family homes. Residential investment as a percentage of GDP has been lower in each of the past years than any year in the past 65 years and is half the average. Homebuilders are simply building a record low amount of homes.

But the situation for the supply starter or entry-level homes is quite stark. Homebuilders have basically abandoned building starter homes. Consider these facts from Ivy Zelman:

- In 2002, the median new home price was slightly higher than $150k. In 2013, it was $321k.

- In 2000-2002, homes priced below $150k were 30% of sales, which were over 800k homes a year. Now they represent 9% of 400,000 homes.

- In the entire U.S. only 36,000 new homes were built priced below $150k in 2013. This number is down 85% (240,000) from the year 2000 or pre-bubble.

This trend is accelerating as homes built below $150k fell 22% year over year in 2013. Foreclosure and REO supply is also plunging. Foreclosures in Atlanta are back to 2003 levels, and the foreclosure and REO investment opportunity is basically over. Where will the new home supply come from?

We believe that severe shortages of moderately priced homes will burst onto the limelight this year and plays right into the strength and heart of our portfolio. This should lead to strong price appreciation.

Strategic direction

We are finally on the cusp of profitability and have finalized our strategic direction. Despite challenges and stumbles in 2013, we are confident that 2014 will be a much stronger year and will deliver positive returns to shareholders.

Feel free to contact me any time if you have any questions or comments about this update.

Sincerely,

Aaron M. Edelheit