

Invitation Homes Reports Fourth Quarter and Full Year 2017 Results

2/21/2018

DALLAS, Feb. 21, 2018 /PRNewswire/ -- Invitation Homes Inc. (NYSE: INVH) ("Invitation Homes," "IH," or the "Company"), a leading owner and operator of single-family homes for lease in the United States, today announced its fourth quarter and full year 2017 financial and operating results.

As previously announced, Invitation Homes completed its merger with Starwood Waypoint Homes ("Legacy SWH") on November 16, 2017. Information presented for the fourth quarter and full year 2017 includes the impact of the merger.

Fourth Quarter 2017 and Full Year 2017 Highlights

- In Q4 2017, total revenues increased 40.7% year-over-year to \$330 million, and net loss attributable to common shareholders increased to \$46 million. FY 2017 total revenues increased 14.3% to \$1,054 million, and net loss attributable to common shareholders increased to \$105 million.
- IH Same Store revenue grew 4.8% year-over-year in Q4 2017 and 4.7% in FY 2017. Legacy SWH Same Store Core revenue grew 5.4% year-over-year in Q4 2017 and 4.8% in FY 2017.
- IH Same Store NOI grew 9.3% year-over-year in Q4 2017 and 7.4% in FY 2017. Legacy SWH Same Store NOI grew 4.7% year-over-year in Q4 2017 and 6.4% in FY 2017, or 5.2% in Q4 2017 and 6.5% in FY 2017 when removing the impact of increased real estate taxes triggered by the Company's merger due to California's Proposition 13.
- IH Same Store NOI margin was 66.1% in Q4 2017 and 64.0% in FY 2017. Legacy SWH Same Store NOI margin was 66.5% in Q4 2017 and 65.5% in FY 2017.
- In February 2018, Invitation Homes closed a \$917 million, seven-year (inclusive of extension options)

mortgage loan with total cost of funds of LIBOR + 124 basis points. Net proceeds were used to repay in full all remaining 2019 secured maturities. Together with the previously announced November 2017 refinancing, total refinancing activity in Q4 2017 and February 2018 is expected to result in net annual interest expense savings of \$9.1 million.

Guidance Highlights

	Full Year 2018 Guidance
Core FFO per share – diluted	\$1.13 - \$1.21
AFFO per share – diluted	\$0.94 - \$1.02
Same Store Core revenue growth	4 - 5%
Same Store Core operating expense growth	2 - 3%
Same Store NOI growth	5 - 6%

- The Company has identified \$45 - \$50 million of annual run-rate cost synergies related to its merger with Starwood Waypoint Homes, and remains on track to realize 75% of those synergies on a run-rate basis by the end of 2018. Additional upside remains a possibility as best practices are implemented across the organization.

Chief Executive Officer Fred Tuomi comments: "We are pleased that we finished an eventful 2017 stronger than expected, with 7.4% NOI growth in the Invitation Homes Same Store portfolio, and 6.4% NOI growth in the Legacy Starwood Waypoint Homes Same Store portfolio for the full year. Supply and demand fundamentals in our markets remain supportive, and consumers continue to choose the attractive housing option provided by our first-class resident service and high quality homes in desirable locations. Against this backdrop, we expect another year of outsized growth and margin expansion in 2018."

"We are also excited after the close of our merger to enter 2018 as one combined company, leading the single-family rental sector with unparalleled quality of service, locations, scale, and operating efficiency. We continue to believe this merger creates significant value for both residents and shareholders, and we have a clearly defined integration plan in place to deliver that value. Our teams across the company are energized and intensely focused on execution in 2018, with respect to customer service, core operations, and integration. We are currently on track with our integration plan and remain confident in our ability to achieve the expected synergies."

Financial Results

Net Loss, FFO, Core FFO, and AFFO Per Share — Diluted

	Q4 2017		FY 2017	
Net loss (1)	\$	(0.11)	\$	(0.26)
FFO (2)		0.13		0.50
Core FFO (2)		0.29		1.04
AFFO (2)		0.24		0.88

- (1) No shares of common stock were outstanding prior to the close of the Company's initial public offering. As such, net loss per share for FY 2017 has been calculated based on operating results for the period from February 1, 2017 through December 31, 2017, and the weighted average number of shares outstanding during that same period, in accordance with GAAP. Also in accordance with GAAP, operating results and share count reflect the impact of the merger with Starwood Waypoint Homes from its close on November 16, 2017 through December 31, 2017.
- (2) No shares of common stock or OP Units were outstanding prior to the close of the Company's initial public offering. For FY 2017, FFO, Core FFO, and AFFO per share have been calculated based on operating results for the full period from January 1, 2017 through December 31, 2017, and as if shares issued in connection with the IPO were issued on January 1, 2017. Additionally, operating results and weighted average shares and units outstanding reflect the impact of the merger with Starwood Waypoint Homes from its close on November 16, 2017 through December 31, 2017.

Net Loss

Net loss attributable to common shareholders for the three months ended December 31, 2017 was \$46.0 million, an increase of \$19.3 million from the prior year. The increase in net loss attributable to common shareholders was primarily due to higher operating expenses, partially offset by an increase in revenues, resulting from the Company's merger with Starwood Waypoint Homes. The increase in operating expenses included a \$47.1 million increase in non-recurring expenses related to share-based compensation, IPO costs, merger costs, and severance, as well as a \$5.5 million accrual for Hurricane Irma damage. Exclusive of these non-recurring items, net income (loss) attributable to common shareholders improved by \$33.2 million from the prior year.

Net loss attributable to common shareholders for the twelve months ended December 31, 2017 was \$105.3 million, an increase of \$27.1 million from the prior year. The increase in net loss attributable to common shareholders was primarily due to higher operating expenses resulting from the Company's merger with Starwood Waypoint Homes, partially offset by an increase in revenues, lower interest expense, and higher gain on sale. The increase in operating expenses included a \$105.8 million increase in non-recurring expenses related to share-based compensation, IPO costs, merger costs, and severance, as well as a \$21.5 million accrual for Hurricane Irma damage. Exclusive of these non-recurring items, net income (loss) attributable to common shareholders improved by \$100.2 million from the prior year. For details, see the Consolidated Statements of Operations in this press release.

Core FFO

Year-over-year, Core FFO for the three months ended December 31, 2017 increased \$57.3 million to \$120.3 million, primarily due to an increase in NOI, driven by higher home count from the Company's merger with Starwood Waypoint Homes and an increase in Invitation Homes Same Store NOI of 9.3%.

Core FFO for the twelve months ended December 31, 2017 increased \$95.6 million to \$351.1 million, primarily due to an increase in NOI, driven by higher home count from the Company's merger with Starwood Waypoint Homes and an increase in Invitation Homes Same Store NOI of 7.4%. For a reconciliation of net loss to Core FFO, see the Glossary and Reconciliations section of this press release.

AFFO

Year-over-year, AFFO for the three months ended December 31, 2017 increased \$47.7 million to \$100.1 million, primarily driven by the increase in Core FFO described above.

AFFO for the twelve months ended December 31, 2017 increased \$89.0 million to \$296.6 million, primarily driven by the increase in Core FFO described above. For a reconciliation of net loss to AFFO, see the Glossary and Reconciliations section of this press release.

Operating Results — Invitation Homes

Note: All IH Same Store data follows Invitation Homes' metric definitions as they have been defined historically. Refer to "Glossary and Reconciliations" for metric definitions and reconciliations of non-GAAP financial measures.

Same Store Operating Results Snapshot — IH				
Number of homes in Same Store portfolio:	42,689			
	Q4 2017	Q4 2016	FY 2017	FY 2016
Revenue growth (year-over-year)	4.8 %		4.7 %	
Operating expense growth (year-over-year)	(2.6) %		0.5 %	
NOI growth (year-over-year)	9.3 %		7.4 %	
Core NOI margin	66.1 %	63.1 %	64.0 %	62.1 %
Period average occupancy	95.6 %	95.4 %	95.7 %	96.1 %
Turnover rate	7.4 %	7.4 %	34.6 %	34.9 %
Rental rate growth (lease-over-lease):				
New leases	1.6 %	3.0 %	3.4 %	5.6 %
Renewals	4.9 %	5.5 %	5.1 %	5.5 %
Blended	3.6 %	4.4 %	4.4 %	5.5 %

Same Store NOI

For the Same Store portfolio of 42,689 homes, fourth quarter 2017 Same Store NOI increased 9.3% year-over-year on Same Store revenue growth of 4.8% and a 2.6% decrease in Same Store operating expenses. As a result, Core NOI margin increased to 66.1% in the fourth quarter of 2017 from 63.1% in the fourth quarter of 2016.

FY 2017 Same Store NOI increased 7.4% year-over-year on Same Store revenue growth of 4.7% and Same Store operating expense growth of 0.5%. As a result, Core NOI margin increased to 64.0% in FY 2017 from 62.1% in FY 2016.

Same Store Revenues

Fourth quarter 2017 Same Store revenue growth of 4.8% was driven by a 3.8% increase in average monthly rent, a 0.2% increase in average occupancy to 95.6%, and a 20.5% increase in other property income.

FY 2017 Same Store revenue growth of 4.7% was driven by a 4.2% increase in average monthly rent and a 20.6% increase in other property income, partially offset by a 0.4% decline in average occupancy to 95.7%.

Same Store Operating Expenses

Fourth quarter 2017 Same Store operating expenses decreased 2.6% year-over-year, driven by 13.1% lower repairs and maintenance expense, 8.7% lower personnel expense, 10.9% lower leasing and marketing expense, and 6.2% lower turnover expense.

FY 2017 Same Store operating expenses increased 0.5% year-over-year, driven primarily by 5.3% higher property taxes. Insurance expense was lower by 11.0% year-over-year, and controllable expenses were 3.5% lower, driven by a 14.8% decline in personnel expense and an 11.8% decline in leasing and marketing expense.

Operating Results — Legacy Starwood Waypoint Homes

Note: Legacy SWH refers to the homes owned by Starwood Waypoint Homes prior to its merger with Invitation Homes. All Legacy SWH Same Store data follows Legacy SWH' metric definitions, and reflects results for the full three months of the quarters presented and full twelve months of the annual periods presented. Refer to "Glossary and Reconciliations" for metric definitions and reconciliations of non-GAAP financial measures.

Same Store Operating Results Snapshot — Legacy SWH

Number of homes in Same Store portfolio:	27,198			
	Q4 2017	Q4 2016	FY 2017	FY 2016
Core revenue growth (year-over-year) (1)	5.4 %		4.8 %	
Core operating expense growth (year-over-year) (1)	6.7 %		1.8 %	
NOI growth (year-over-year)	4.7 %		6.4 %	
Core NOI margin	66.5 %	66.9 %	65.5 %	64.5 %
Period end occupancy	95.2 %	95.6 %	95.2 %	95.6 %
Turnover rate	7.5 %	7.5 %	35.7 %	34.8 %
Rental rate growth (lease-over-lease):				
New leases	0.9 %	1.7 %	3.3 %	3.6 %
Renewals	4.7 %	4.8 %	4.9 %	5.0 %
Blended	3.3 %	3.4 %	4.3 %	4.5 %

- (1) Core revenue growth and Core operating expense growth are depicted in the table above to exclude the impact of resident recoveries, including utility billing revenue and associated utility expenses resulting from Starwood Waypoint Homes' utility billing policy transition beginning in Q3 2016, whereby water, sewer, and trash services began being held in the Company's name during resident occupancy and billed back to the resident. Revenue growth before "Core" adjustments was 6.6% in 4Q17 and 6.0% in FY 2017, and operating expense growth before "Core" adjustments was 9.9% in 4Q17 and 5.4% in FY 2017.

Same Store NOI

For the Same Store portfolio of 27,198 homes, fourth quarter 2017 Same Store NOI increased 4.7% year-over-year on Same Store Core revenue growth of 5.4% and a 6.7% increase in Same Store Core operating expenses. As a result, Core NOI margin decreased to 66.5% in the fourth quarter of 2017 from 66.9% in the fourth quarter of 2016.

FY 2017 Same Store NOI increased 6.4% year-over-year on Same Store Core revenue growth of 4.8% and Same Store Core operating expense growth of 1.8%. As a result, Core NOI margin increased to 65.5% in FY 2017 from 64.5% in FY 2016.

Same Store Core Revenues

Fourth quarter 2017 Same Store Core revenue growth of 5.4% was driven by a 4.3% increase in period average monthly rent and lower bad debt and concessions, partially offset by a 0.2% decrease in period average occupancy to 95.0%.

FY 2017 Same Store Core revenue growth of 4.8% was driven by a 4.4% increase in period average monthly rent, and a 0.1% increase in period average occupancy to 95.1%.

Same Store Core Operating Expenses

Fourth quarter 2017 Same Store Core operating expenses increased 6.7% year-over-year, driven primarily by 11.8% higher property taxes. Excluding the impact of accruals for estimated reassessments triggered by the merger due to California's Proposition 13, Same Store Core operating expenses would have increased 5.8% year-over-year, resulting in Same Store NOI growth of 5.2%. Core controllable expenses were 3.2% higher year-over-year.

FY 2017 Same Store Core operating expenses increased 1.8% year-over-year, driven primarily by 6.8% higher property taxes. Excluding the impact of accruals for estimated reassessments triggered by the merger due to California's Proposition 13, Same Store Core operating expenses would have increased 1.6% year-over-year, resulting in Same Store NOI growth of 6.5%. HOA expenses were 6.0% lower, insurance expenses were 5.0% lower, and Core controllable expenses declined by 2.1%, driven by lower repairs & maintenance and turn costs and other expenses.

Investment Management Activity

Invitation Homes acquired 34,670 homes as a result of its merger with Starwood Waypoint Homes that closed on November 16, 2017. In addition to the homes acquired in the merger, Invitation Homes acquired 290 homes for \$80.5 million in the fourth quarter of 2017, including estimated renovation costs, and sold 257 homes for gross proceeds of \$57.9 million, resulting in total portfolio home count at December 31, 2017 of 82,570 homes.

Update on Hurricane Impact

As previously announced, Invitation Homes' and Starwood Waypoint Homes' portfolios experienced damage related to Hurricane Harvey and Hurricane Irma in the third quarter of 2017. Additional homes that experienced hurricane damage were identified in the fourth quarter. The Company has revised its estimate of total damages, and increased its casualty loss accrual by an incremental \$5.5 million.

Merger and Integration Update

As previously announced, on November 16, 2017, Invitation Homes completed its merger with Starwood Waypoint Homes, bringing together the best practices, technology, and personnel from both firms to create the premier single-family rental company in the United States. Integration efforts are progressing well and remain on track. Current and prospective residents experienced a seamless transition and are already enjoying benefits including a new and improved resident website and further enhancements to the Company's unique ProCare service model. In addition, all corporate and field leadership personnel and key operating strategy decisions have been made. A plan has been put into place to roll out the unified operating strategy and platform to all markets over the next several quarters.

In-line with its initial estimate, the Company has identified \$45 million to \$50 million of projected annual run-rate cost synergies, and expects to realize 75% of those synergies on a run-rate basis by the end of 2018. Furthermore, the Company believes there could be additional upside from the implementation of best practices across the organization. As of February 21, 2018, approximately \$20 million of annualized run-rate synergy savings had been realized, which includes approximately \$9 million of share-based compensation expense.

Balance Sheet and Capital Markets Activity

At December 31, 2017, the Company had \$1,145 million in availability through a combination of unrestricted cash and undrawn capacity on its credit facility. The Company's total indebtedness at December 31, 2017 was \$9,722 million, consisting of \$7,612 million of secured debt and \$2,110 million of unsecured debt.

During the fourth quarter of 2017, as previously announced, the Company closed a seven-year (inclusive of extension options), floating rate securitization loan (IH 2017-2) with total principal amount of \$865 million, of which the Company retained \$43 million to comply with risk retention requirements. Total cost of funds for the loan was LIBOR + 150 basis points. Net proceeds were used to repay in full IH 2014-2 and IH 2014-3. The securitization transaction and associated repayments are expected to result in net annual interest expense savings of \$4.9 million.

Subsequent to year end, the Company closed a seven-year (inclusive of extension options), floating rate securitization loan (IH 2018-1) with principal amount of \$917 million, of which the Company retained \$46 million to comply with risk retention requirements. Total cost of funds for the loan is LIBOR + 124 basis points. Net proceeds were used to repay in full the Company's last remaining 2019 secured debt maturities, CAH 2014-1 and CAH 2014-2. The securitization transaction and associated repayments are expected to result in net annual interest expense savings of \$4.2 million.

After giving effect to the IH 2018-1 securitization and associated repayment activity, weighted average years to maturity at December 31, 2017 would have been 4.7 years. 79% of debt would have been fixed rate or swapped to fixed rate, and the weighted average interest rate on total debt during the quarter would have been 3.33%.

Dividend

As previously announced on February 2, 2018, the Company's Board of Directors declared a quarterly cash dividend of \$0.11 per common share and operating partnership ("OP") unit, representing a 38% increase from the prior quarterly dividend. The dividend will be paid on or before February 28, 2018 to shareholders and OP unit holders of record as of the close of business on February 13, 2018.

Full Year 2018 Guidance Details

2018 Guidance	
	FY 2018 Guidance
Core FFO per share – diluted	\$1.13 - \$1.21
AFFO per share – diluted	\$0.94 - \$1.02
Same Store Core revenue growth	4 - 5%
Same Store Core operating expense growth	2 - 3%
Same Store NOI growth	5 - 6%

2018 Same Store Presentation

In 2018, the presentation of Legacy SWH Same Store results will be discontinued. In order to provide what the Company believes to be the most relevant operating metrics in 2018, results will be reported for one Same Store pool, and the Same Store definition will be modified to include homes acquired via the Starwood Waypoint Homes merger that were stabilized within the Legacy SWH portfolio prior to October 1, 2016, in addition to homes acquired and stabilized by Invitation Homes prior to October 1, 2016.

Merger Synergy Impact

Guidance is inclusive of anticipated synergy savings resulting from Invitation Homes' merger with Starwood Waypoint Homes. Of identifiable total cost synergies of \$45 to \$50 million, the Company expects 75% to be realized on a run-rate basis by the end of 2018, consistent with initial expectations. The majority of synergies, including those impacting NOI, are expected to be realized after transitioning to one operating platform for the Company's field and corporate teams, which the Company remains on track to complete later in the second half of 2018. As a result, the Company anticipates that synergy realization in 2018 will be almost entirely related to property management and G&A savings rather than NOI increases, and weighted towards the second half of the year. Synergies are expected to be more impactful to earnings growth in 2019 than in 2018, consistent with initial expectations.

Bridge from FY 2017 Results to FY 2018 Guidance (\$ in millions, except per share amounts)	Core FFO per share		AFFO per share	
	Low	High	Low	High
	FY 2017 reported result	\$ 1.04	\$ 1.04	\$ 0.88

Merger adjustment items:				
Change in shares outstanding	(0.38)	(0.38)	(0.32)	(0.32)
Pre-merger Legacy SWH 2017 results	0.36	0.36	0.28	0.28
Changes in:				
Same Store NOI	0.08	0.10	0.08	0.10
Interest Expense	0.02	0.04	0.02	0.04
Recurring Capital Expenditures	N/A	N/A	(0.01)	(0.01)
Synergies to PME and G&A	0.03	0.04	0.03	0.04
Other	(0.02)	0.01	(0.02)	0.01
FY 2018 Guidance	<u>\$ 1.13</u>	<u>\$ 1.21</u>	<u>\$ 0.94</u>	<u>\$ 1.02</u>

Note: The Company does not provide guidance for the most comparable GAAP financial measures of net loss, total revenues, and property operating and maintenance, or a reconciliation of the forward-looking non-GAAP financial measures of Core FFO per share, AFFO per share, Same Store revenue growth, Same Store operating expense growth, Same Store NOI growth, and Same Store Core NOI margin to the comparable GAAP financial measures because it is unable to reasonably predict certain items contained in the GAAP measures, including non-recurring and infrequent items that are not indicative of the Company's ongoing operations. Such items include, but are not limited to, impairment on depreciated real estate assets, net (gain)/loss on sale of previously depreciated real estate assets, share-based compensation, casualty loss, non-Same Store revenues, and non-Same Store operating expenses. These items are uncertain, depend on various factors, and could have a material impact on our GAAP results for the guidance period.

Earnings Conference Call Information

Invitation Homes has scheduled a conference call at 11:00 a.m. Eastern Time on Thursday, February 22, 2018 to discuss results for the three months and the year ended December 31, 2017. The domestic dial-in number is 1-888-317-6003, and the international dial-in number is 1-412-317-6061. The passcode is 8873589. An audio webcast may be accessed at www.invh.com. A replay of the call will be available through March 22, 2018, and can be accessed by calling 1-877-344-7529 (domestic) or 1-412-317-0088 (international) and using the replay passcode 10116270, or by using the link at www.invh.com.

Supplemental Information

The full text of the Earnings Release and Supplemental Information referenced in this release are available on Invitation Homes' Investor Relations website at www.invh.com.

Glossary & Reconciliations of Non-GAAP Financial Operating Measures

Financial and operating measures found in the Earnings Release and Supplemental Information include certain measures used by Invitation Homes management that are measures not defined under accounting principles generally accepted in the United States ("GAAP"). These measures are defined in the Glossary and Reconciliations section of this press release and the Supplemental Information, and as applicable, reconciled to the most comparable GAAP measures.

About Invitation Homes

Invitation Homes is a leading owner and operator of single-family homes for lease, offering residents high-quality homes across America. With more than 80,000 homes for lease in 17 markets across the country, Invitation Homes is meeting changing lifestyle demands by providing residents access to updated homes with features they value, such as close proximity to jobs and access to good schools. The Company's mission, "Together with you, we make a house a home," reflects its commitment to high-touch service that continuously enhances residents' living experiences and provides homes where individuals and families can thrive.

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Forward-Looking Statements

This press release contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act") and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), which include, but are not limited to, statements related to the Company's expectations regarding the anticipated benefits of the merger with Starwood Waypoint Homes, the performance of the Company's business, its financial results, its liquidity and capital resources, and other non-historical statements. In some cases, you can identify these forward-looking statements by the use of words such as "outlook," "believes," "expects," "potential," "continues," "may," "will," "should," "could," "seeks," "projects," "predicts," "intends," "plans," "estimates," "anticipates" or the negative version of these words or other comparable words. Such forward-looking statements are subject to various risks and uncertainties, including, among others, risks associated with achieving expected revenue synergies or cost savings, risks inherent to the single-family rental industry sector and the Company's business model, macroeconomic factors beyond the Company's control, competition in identifying and acquiring the Company's properties, competition in the leasing market for quality residents, increasing property taxes, homeowners' association fees and insurance costs, the Company's dependence on third parties for key services, risks related to evaluation of properties, poor resident selection and defaults and non-renewals by the Company's residents, performance of the Company's information technology systems, and risks related to the

Company's indebtedness. Accordingly, there are or will be important factors that could cause actual outcomes or results to differ materially from those indicated in these statements. Additional factors that could cause the Company's results to differ materially from those described in the forward-looking statements can be found under (i) the section entitled "Part I-Item 1A. Risk Factors," of the Annual Report on Form 10-K for the fiscal year ended December 31, 2016, filed with the Securities and Exchange Commission (the "SEC") and (ii) the caption entitled "Risk Factors" in the Company's definitive joint proxy statement/information statement and prospectus filed with the SEC under Rule 424(b)(3), as such factors may be updated from time to time in the Company's periodic filings with the SEC, which are accessible on the SEC's website at <http://www.sec.gov>. These factors should not be construed as exhaustive and should be read in conjunction with the other cautionary statements that are included in this release and in the Company's filings with the SEC. The forward-looking statements speak only as of the date of this press release, and we expressly disclaim any obligation or undertaking to publicly update or review any forward-looking statement, whether as a result of new information, future developments or otherwise, except to the extent otherwise required by law.

Consolidated Balance Sheets

(\$ in thousands, except shares and per share data)

	December 31, 2017 (unaudited)	December 31, 2016
Assets:		
Investments in single-family residential properties, net	\$ 17,312,264	\$ 9,002,515
Cash and cash equivalents	179,878	198,119
Restricted cash	236,684	222,092
Goodwill	258,207	—
Other assets, net	696,605	309,625
Total assets	\$ 18,683,638	\$ 9,732,351
Liabilities:		
Mortgage loans, net	\$ 7,580,153	\$ 5,254,738
Term loan facility, net	1,487,973	—
Revolving facility	35,000	—
Credit facilities, net	—	2,315,541
Convertible senior notes, net	548,536	—
Accounts payable and accrued expenses	193,413	88,052
Resident security deposits	146,689	86,513
Other liabilities	41,999	30,084
Total liabilities	10,033,763	7,774,928
Equity:		
Shareholders' equity		
Preferred stock, \$0.01 par value per share, 900,000,000 shares authorized, none outstanding at December 31, 2017	—	—
Common stock, \$0.01 par value per share, 9,000,000,000 shares authorized, 519,173,142 outstanding at December 31, 2017	5,192	—
Additional paid-in-capital	8,602,603	—
Accumulated deficit	(157,595)	—
Accumulated other comprehensive income	47,885	—
Total shareholders' equity	8,498,085	—
Non-controlling interests	151,790	—
Combined equity	—	1,957,423
Total equity	8,649,875	1,957,423
Total liabilities and equity	\$ 18,683,638	\$ 9,732,351

Consolidated Statements of Operations
(\$ in thousands, except per share amounts)

	Q4 2017 (unaudited)	Q4 2016 (unaudited)	FY 2017 (unaudited)	FY 2016
Revenues:				
Rental revenues	\$ 310,946	\$ 223,265	\$ 994,921	\$ 877,991
Other property income	19,008	11,286	59,535	44,596
Total revenues	<u>329,954</u>	<u>234,551</u>	<u>1,054,456</u>	<u>922,587</u>
Operating expenses:				
Property operating and maintenance	117,220	89,833	391,495	360,327
Property management expense	11,908	7,855	43,344	30,493
General and administrative	63,585	19,523	167,739	69,102
Depreciation and amortization	107,020	69,420	309,578	267,681
Impairment and other	7,611	2,565	24,093	4,207
Total operating expenses	<u>307,344</u>	<u>189,196</u>	<u>936,249</u>	<u>731,810</u>
Operating income	<u>22,610</u>	<u>45,355</u>	<u>118,207</u>	<u>190,777</u>
Other income (expenses):				
Interest expense	(74,244)	(76,883)	(256,970)	(286,048)
Other, net	(477)	(533)	(959)	(1,558)
Total other income (expenses)	<u>(74,721)</u>	<u>(77,416)</u>	<u>(257,929)</u>	<u>(287,606)</u>
Loss from continuing operations	<u>(52,111)</u>	<u>(32,061)</u>	<u>(139,722)</u>	<u>(96,829)</u>
Gain on sale of property, net of tax	5,657	5,412	33,896	18,590
Net loss	<u>(46,454)</u>	<u>(26,649)</u>	<u>(105,826)</u>	<u>(78,239)</u>
Net loss attributable to non-controlling interests	489	—	489	—
Net loss attributable to common shareholders	<u>\$ (45,965)</u>	<u>\$ (26,649)</u>	<u>\$ (105,337)</u>	<u>\$ (78,239)</u>
	Q4 2017 (unaudited)		February 1, 2017 through December 31, 2017 (unaudited)	
Net loss available to common shareholders — basic and diluted	<u>\$ (46,236)</u>		<u>\$ (89,073)</u>	
Weighted average common shares outstanding — basic and diluted	<u>415,276,026</u>		<u>339,423,442</u>	
Net loss per common share — basic and diluted	<u>\$ (0.11)</u>		<u>\$ (0.26)</u>	
Dividends declared per common share	<u>\$ 0.08</u>		<u>\$ 0.22</u>	

Glossary and Reconciliations

Glossary:

Average Monthly Rent

Average monthly rent represents the average of the contracted monthly rent for occupied properties in an identified population of homes for the period indicated. Rents for the Total Portfolio and IH Same Store portfolio are reflected net of concessions, and rents for the Legacy SWH Same Store portfolio are presented gross of concessions, consistent with prior metric definitions.

Core NOI Margin

Core NOI margin for an identified population of homes is calculated by dividing NOI by Core revenues attributable to such population.

Core Operating Expenses

Core operating expenses for an identified population of homes reflect property operating and maintenance expenses, excluding any expenses recovered by residents and/or bad debt attributable to such population.

Core Revenues

Core revenues for an identified population of homes reflects total revenues, net of any resident recoveries and/or bad debt attributable to such population.

Funds from Operations (FFO), Core Funds from Operations (Core FFO), and Adjusted Funds from Operations (AFFO)

FFO, Core FFO, and Adjusted FFO are supplemental, non-GAAP measures often utilized to evaluate the performance of real estate companies. FFO is defined by the National Association of Real Estate Investment Trusts ("NAREIT") as net income or loss (computed in accordance with GAAP) excluding net gains or losses from sales of previously depreciated real estate assets, plus depreciation, amortization and impairment of real estate assets, and adjustments for unconsolidated partnerships and joint ventures.

We believe that FFO is a meaningful supplemental measure of the operating performance of our business because historical cost accounting for real estate assets in accordance with GAAP assumes that the value of real estate assets diminishes predictably over time, as reflected through depreciation and amortization. Because real estate values have historically risen or fallen with market conditions, management considers FFO an appropriate supplemental performance measure as it excludes historical cost depreciation and amortization, impairment on depreciated real estate investments, as well as gains or losses related to sales of previously depreciated homes, from GAAP net income or loss.

The GAAP measure most directly comparable to FFO is net income or loss. FFO is not used as a measure of our liquidity and should not be considered an alternative to net income or loss or any other measure of financial performance presented in accordance with GAAP. Our FFO may not be comparable to the FFO of other companies due to the fact that not all companies use the same definition of FFO. Accordingly, there can be no assurance that our basis for computing this non-GAAP measures is comparable with that of other companies.

We believe that Core FFO and Adjusted FFO are also meaningful supplemental measures of our operating performance for the same reasons as FFO and are further helpful to investors as they provides a more consistent measurement of our performance across reporting periods by removing the impact of certain items that are not comparable from period to period. We define Core FFO as FFO adjusted for noncash interest expense related to amortization of deferred financing costs and discounts related to our financing arrangements, noncash interest expense for derivatives, share-based compensation expense, IPO related expenses, merger and transaction-related costs, severance expenses, casualty losses, net, and acquisition costs, as applicable. We define Adjusted FFO as Core FFO less recurring capital expenditures that are necessary to help preserve the value of and maintain functionality of our homes.

The GAAP measure most directly comparable to Core FFO and Adjusted FFO is net income or loss. Core FFO and Adjusted FFO are not used as measures of our liquidity and should not be considered alternatives to net income or loss or any other measure of financial performance presented in accordance with GAAP. Our Core FFO and Adjusted FFO may not be comparable to the Core FFO and Adjusted FFO of other companies due to the fact that not all companies use the same definition of Core FFO and Adjusted FFO. Accordingly, there can be no assurance that our basis for computing this non-GAAP measures is comparable with that of other companies.

See "Reconciliation of Non-GAAP measures" below for a reconciliation of GAAP net income (loss) to FFO, Core FFO, and Adjusted FFO.

Legacy Starwood Waypoint Homes (Legacy SWH)

Legacy Starwood Waypoint Homes refers to the homes owned by Starwood Waypoint Homes prior to its merger with Invitation Homes, and the metric definitions used by Starwood Waypoint Homes prior to its merger with Invitation Homes.

Net Operating Income (NOI)

NOI is a non-GAAP measure often used to evaluate the performance of real estate companies. We define NOI for an identified population of homes as rental revenues and other property income less property operating and maintenance expense.

The GAAP measure most directly comparable to NOI is net income or loss. NOI is not used as a measure of liquidity and should not be considered as an alternative to net income or loss or any other measure of financial performance presented in accordance with GAAP. Our NOI may not be comparable to the NOI of other companies due to the fact that not all companies use the same definition of NOI. Accordingly, there can be no assurance that our basis for computing this non-GAAP measure is comparable with that of other companies.

We believe that Same Store NOI is also a meaningful supplemental measure of our operating performance for the same reasons as NOI and is further helpful to investors as it provides a more consistent measurement of our performance across reporting periods by reflecting NOI for homes in our Same Store portfolios. For both the IH Same Store portfolio and the SWH Same Store portfolio, Same Store NOI is defined as rental revenues and other property income less property operating and maintenance expense, with those revenues and expenses defined in line with IH definitions for the IH Same Store portfolio and with Legacy SWH definitions for the Legacy SWH same store portfolio.

See "Reconciliation of Non-GAAP Measures" below for a reconciliation of GAAP net income (loss) to NOI for our total portfolio and NOI for our Same Store portfolios.

Occupancy (Period Average)

Period average occupancy for an identified population of homes represents (i) the number of days that the homes in such population were occupied, divided by (ii) the total number of owned days in the measurement period for the homes in that population.

Occupancy (Period End)

Period end occupancy for an identified population of homes represents (i) the number of occupied homes as of the last day of the measurement period divided by (ii) the number of homes in that population as of the last day of the measurement period.

Recurring Capital Expenditures or Recurring CapEx

Recurring Capital Expenditures or Recurring CapEx represents general replacements and expenditures required to preserve and maintain the value and functionality of a home and its systems as a single-family rental.

Rental Rate Growth

Rental rate growth for any home represents the difference between the monthly rent from an expiring lease and

the monthly rent from the next lease. For these calculations, rents for the Total Portfolio and IH Same Store portfolio are reflected net of concessions, and rents for the Legacy SWH Same Store portfolio are presented gross of concessions, consistent with prior metric definitions.

Leases are either renewal leases, where our current resident chooses to stay for a subsequent lease term, or a new lease, where our previous resident moves out and a new resident signs a lease to occupy the same home. Blended rental rate growth represents the blended average of net effective rental rate growth for both new and renewal leases.

Same Store / Same Store Portfolio

For Invitation Homes (IH), Same Store or Same Store portfolio includes, for a given reporting period, homes that have been stabilized (defined as homes that have (i) completed an upfront renovation and (ii) entered into at least one post-renovation Invitation Homes lease) for at least 90 days prior to the first day of the prior-year measurement period and excludes homes that have been sold and homes that have been designated for sale but have not yet entered into a written sale agreement during such reporting period. IH Same Store portfolios are established as of January 1st of each calendar year. Therefore, any home included in the IH Same Store portfolio will have satisfied the conditions described in clauses (i) and (ii) above prior to October 3rd of the year prior to the first year of the comparison period. We believe presenting information about the portion of our portfolio that has been fully operational for the entirety of a given reporting period and its prior year comparison period provides investors with meaningful information about the performance of our comparable homes across periods and about trends in our organic business.

For Legacy Starwood Waypoint Homes, Same Store or Same Store portfolio includes, for a given reporting period, homes that have been stabilized for at least fifteen (15) months prior to the start of the current measurement period, excluding any homes that have been disposed of, removed from service or returned to the development period for significant renovation.

Total Homes / Total Portfolio

Total homes or total portfolio refers to the total number of homes we own, whether or not stabilized, and excludes any properties previously acquired in purchases that have been subsequently rescinded or vacated.

Turnover Rate

Turnover rate represents the number of instances that homes in an identified population become unoccupied in a given period, divided by the number of homes in such population for Invitation Homes, and the number of homes

that had completed initial renovation/rehabilitation and were leasable during the specific period for Legacy Starwood Waypoint Homes, consistent with prior metric definitions.

Reconciliation of Non-GAAP Measures:

Reconciliation of FFO, Core FFO, and AFFO (\$ in thousands, except per share amounts) (unaudited)				
FFO Reconciliation				
	Q4 2017	Q4 2016	FY 2017	FY 2016
Net loss available to common shareholders	\$ (46,236)	\$ (26,649)	\$ (105,952)	\$ (78,239)
Net loss available to participating securities	271	—	615	—
Non-controlling interests	(489)	—	(489)	—
Depreciation and amortization on real estate assets	105,828	68,463	305,851	263,093
Impairment on depreciated real estate investments	675	687	2,231	2,282
Net gain on sale of previously depreciated investments in real estate	(5,657)	(5,412)	(33,896)	(18,590)
FFO	\$ 54,392	\$ 37,089	\$ 168,360	\$ 168,546
Core FFO Reconciliation				
	Q4 2017	Q4 2016	FY 2017	FY 2016
FFO	\$ 54,392	\$ 37,089	\$ 168,360	\$ 168,546
Noncash interest expense	5,762	17,921	29,506	59,402
Share-based compensation expense	16,739	(2,813)	81,203	10,210
IPO related expenses	—	8,898	8,287	12,979
Merger and transaction-related expenses	24,858	—	29,802	—
Severance expense	11,631	78	12,048	2,363
Casualty losses, net	6,936	1,878	21,862	1,925
Acquisition costs	—	8	—	50
Core FFO	\$ 120,318	\$ 63,059	\$ 351,068	\$ 255,475
AFFO Reconciliation				
	Q4 2017	Q4 2016	FY 2017	FY 2016
Core FFO	\$ 120,318	\$ 63,059	\$ 351,068	\$ 255,475
Recurring capital expenditures	(20,198)	(10,646)	(54,423)	(47,877)
AFFO	\$ 100,120	\$ 52,413	\$ 296,645	\$ 207,598
Weighted average shares and units outstanding — diluted (1)				
	421,443,717		338,933,198	
FFO per share — diluted (1)	\$ 0.13		\$ 0.50	
Core FFO per share — diluted (1)	\$ 0.29		\$ 1.04	
AFFO per share — diluted (1)	\$ 0.24		\$ 0.88	

- (1) No shares of common stock or OP Units were outstanding prior to the close of the Company's initial public offering. For FY 2017, FFO, Core FFO, and AFFO per share have been calculated based on operating results for the full period from January 1, 2017 through December 31, 2017, and as if shares issued in connection with the IPO were issued on January 1, 2017. Additionally, operating results and weighted average shares and units outstanding reflect the impact of the merger with Starwood Waypoint Homes from its close on November 16, 2017 through December 31, 2017.

Reconciliation of Total Revenues to Same Store Total Revenues and Same Store Core Revenues — IH, Quarterly
(in thousands) (unaudited)

	Q4 2017	Q3 2017	Q2 2017	Q1 2017	Q4 2016
Total revenues (total portfolio)	\$ 329,954	\$ 243,536	\$ 242,216	\$ 238,750	\$ 234,551
Non-Same Store revenues	(41,160)	(23,597)	(23,566)	(23,904)	(23,471)
Post-merger Legacy SWH Same Store revenues	(68,421)	—	—	—	—
Adjustments to align Legacy SWH revenues with IH metric definition	912	—	—	—	—
IH Same Store revenues	221,285	219,939	218,650	214,846	211,080
IH Same Store resident recoveries	(3,640)	(3,936)	(3,856)	(3,454)	(2,510)
IH Same Store Core revenues	<u>\$ 217,645</u>	<u>\$ 216,003</u>	<u>\$ 214,794</u>	<u>\$ 211,392</u>	<u>\$ 208,570</u>

Reconciliation of Total Revenues to Same Store Total Revenues and Same Store Core Revenues — IH, Full Year
(in thousands) (unaudited)

	FY 2017	FY 2016
Total revenues (total portfolio)	\$ 1,054,456	\$ 922,587
Non-Same Store revenues	(112,227)	(87,390)
Post-merger Legacy SWH Same Store revenues	(68,421)	—
Adjustments to align Legacy SWH revenues with IH metric definition	912	—
IH Same Store Revenue	874,720	835,197
IH Same Store resident recoveries	(14,886)	(9,899)
IH Same Store Core revenues	<u>\$ 859,834</u>	<u>\$ 825,298</u>

Reconciliation of Total Revenues to Same Store Total Revenues and Same Store Core Revenues — SWH, Quarterly
(in thousands) (unaudited)

	Q4 2017	Q3 2017	Q2 2017	Q1 2017	Q4 2016
Total revenues (total portfolio)	\$ 329,954				
Non-Same Store revenues	(41,160)				
IH Same Store revenues	(221,285)				
Pre-merger Legacy SWH Same Store revenues	68,654				
Adjustments to align IH revenues with Legacy SWH metric definition	912				
Legacy SWH Same Store revenues	137,075				
Legacy SWH Same Store resident recoveries	(6,351)				
Legacy SWH bad debt expense	(1,697)				
Legacy SWH Same Store Core revenues	<u>\$ 129,027</u>				
Legacy SWH total revenues (total portfolio)		\$ 169,687	\$ 154,374	\$ 151,040	\$ 147,484
Legacy SWH non-Same Store revenues		(34,726)	(20,639)	(19,830)	(18,906)

Legacy SWH Same Store revenues	134,961	133,735	131,210	128,578
Legacy SWH Same Store resident recoveries	(6,360)	(5,381)	(4,495)	(4,014)
Legacy SWH bad debt expense	(1,842)	(1,428)	(1,719)	(2,145)
Legacy SWH Same Store Core revenues	<u>\$ 126,759</u>	<u>\$ 126,926</u>	<u>\$ 124,996</u>	<u>\$ 122,419</u>

Reconciliation of Total Revenues to Same Store Total Revenues and Same Store Core Revenues — SWH, Full Year (in thousands) (unaudited)

	FY 2017	
Total revenues (total portfolio)	\$ 1,054,456	
Non-Same Store revenues	(112,227)	
IH Same Store revenues	(874,720)	
Pre-merger Legacy SWH Same Store revenues	468,560	
Adjustments to align IH revenues with Legacy SWH metric definition	912	
Legacy SWH Same Store revenues	536,981	
Legacy SWH Same Store resident recoveries	(22,587)	
Legacy SWH bad debt expense	(6,686)	
Legacy SWH Same Store Core revenues	<u>\$ 507,708</u>	
		FY 2016
Legacy SWH total revenues (total portfolio)		\$ 575,682
Legacy SWH non-Same Store revenues		(69,132)
Legacy SWH Same Store revenues		506,550
Legacy SWH Same Store resident recoveries		(15,072)
Legacy SWH bad debt expense		(6,802)
Legacy SWH Same Store Core revenues		<u>\$ 484,676</u>

Reconciliation of Property Operating and Maintenance to Same Store Operating Expenses and Same Store Core Operating Expenses — IH, Quarterly (in thousands) (unaudited)

	Q4 2017	Q3 2017	Q2 2017	Q1 2017	Q4 2016
Property operating and maintenance expenses (total portfolio)	\$ 117,220	\$ 93,267	\$ 92,840	\$ 88,168	\$ 89,833
Non-Same Store operating expenses	(15,213)	(8,871)	(9,325)	(9,454)	(10,263)
Post-merger Legacy SWH Same Store operating expenses	(25,918)	—	—	—	—
Adjustments to align Legacy SWH operating expenses with IH metric definition	1,411	—	—	—	—
IH Same Store operating expenses	77,500	84,396	83,515	78,714	79,570
IH Same Store resident recoveries	(3,640)	(3,936)	(3,856)	(3,454)	(2,510)
IH Same Store Core operating expenses	<u>\$ 73,860</u>	<u>\$ 80,460</u>	<u>\$ 79,659</u>	<u>\$ 75,260</u>	<u>\$ 77,060</u>

Reconciliation of Property Operating and Maintenance to Same Store Operating Expenses and Same Store Core Operating Expenses — IH, Full Year
(in thousands) (unaudited)

	FY 2017	FY 2016
Property operating and maintenance expenses (total portfolio)	\$ 391,495	\$ 360,327
Non-Same Store operating expenses	(42,863)	(37,655)
Post-merger Legacy SWH Same Store operating expenses	(25,918)	—
Adjustments to align Legacy SWH operating expenses with IH metric definition	1,411	—
IH Same Store operating expenses	324,125	322,672
IH Same Store resident recoveries	(14,886)	(9,899)
IH Same Store Core operating expenses	<u>\$ 309,239</u>	<u>\$ 312,773</u>

Reconciliation of Property Operating and Maintenance to Same Store Operating Expenses and Same Store Core Operating Expenses — SWH, Quarterly
(in thousands) (unaudited)

	Q4 2017			
Property operating and maintenance expenses (total portfolio)	\$ 117,220			
Non-Same Store operating expenses	(15,213)			
IH Same Store operating expenses	(77,500)			
Pre-merger Legacy SWH Same Store operating expenses	25,394			
Adjustments to align IH operating expenses with Legacy SWH metric definition	1,411			
Legacy SWH Same Store operating expenses	51,312			
Legacy SWH Same Store resident recoveries	(6,351)			
Legacy SWH bad debt expense	(1,697)			
Legacy SWH Same Store Core operating expenses	<u>\$ 43,264</u>			
		Q3 2017	Q2 2017	Q1 2017
Legacy SWH property operating and maintenance expenses (total portfolio)		\$ 68,084	\$ 60,371	\$ 56,895
Legacy SWH non-Same Store operating expenses		(14,551)	(8,920)	(8,596)
Legacy SWH Same Store operating expenses		53,533	51,451	48,299
Legacy SWH Same Store resident recoveries		(6,360)	(5,381)	(4,495)
Legacy SWH bad debt expense		(1,842)	(1,428)	(1,719)
Legacy SWH Same Store Core operating expenses		<u>\$ 45,331</u>	<u>\$ 44,642</u>	<u>\$ 42,085</u>
				Q4 2016
Legacy SWH property operating and maintenance expenses (total portfolio)				\$ 55,594
Legacy SWH non-Same Store operating expenses				(8,892)
Legacy SWH Same Store operating expenses				46,702
Legacy SWH Same Store resident recoveries				(4,014)
Legacy SWH bad debt expense				(2,145)
Legacy SWH Same Store Core operating expenses				<u>\$ 40,543</u>

Reconciliation of Property Operating and Maintenance to Same Store Operating Expenses and Same Store Core Operating Expenses — SWH, Full Year
(in thousands) (unaudited)

	FY 2017		FY 2016
Property operating and maintenance expenses (total portfolio)	\$ 391,495	Legacy SWH property operating and maintenance expenses (total portfolio)	\$ 228,299
Non-Same Store operating expenses	(42,863)	Legacy SWH non-Same Store operating expenses	(34,151)
IH Same Store operating expenses	(324,125)	Legacy SWH Same Store operating expenses	194,148
Pre-merger Legacy SWH Same Store operating expenses	178,677	Legacy SWH Same Store resident recoveries	(15,072)
Adjustments to align IH operating expenses with Legacy SWH metric definition	1,411	Legacy SWH bad debt expense	(6,802)
Legacy SWH Same Store operating expenses	204,595	Legacy SWH Same Store Core operating expenses	\$ 172,274
Legacy SWH Same Store resident recoveries	(22,587)		
Legacy SWH bad debt expense	(6,686)		
Legacy SWH Same Store Core operating expenses	\$ 175,322		

Reconciliation of Net Income (Loss) to NOI, Same Store NOI, and Same Store Core NOI Margin — IH, Quarterly
(in thousands) (unaudited)

	Q4 2017	Q3 2017	Q2 2017	Q1 2017	Q4 2016
Net income (loss) available to common shareholders	\$ (46,236)	\$ (22,745)	\$ 5,420	\$ (42,391)	\$ (26,649)
Net loss available to participating securities	271	235	109	—	—
Non-controlling interests	(489)	—	—	—	—
Interest expense	74,244	56,796	57,358	68,572	76,883
Depreciation and amortization	107,020	67,466	67,515	67,577	69,420
General and administrative	63,585	27,462	18,426	58,266	19,523
Property management expense	11,908	10,852	9,135	11,449	7,855
Impairment and other	7,611	14,572	706	1,204	2,565
Acquisition costs	—	—	—	—	8
Gain on sale of property, net of tax	(5,657)	(3,756)	(10,162)	(14,321)	(5,412)
Other, net	477	(613)	869	226	525

NOI (total portfolio)	212,734	150,269	149,376	150,582	144,718
Non-Same Store NOI	(25,947)	(14,726)	(14,241)	(14,450)	(13,208)
Post-merger Legacy SWH Same Store NOI	(42,503)	—	—	—	—
Adjustments to align Legacy SWH NOI with IH metric definition	(499)	—	—	—	—
IH Same Store NOI	<u>\$ 143,785</u>	<u>\$ 135,543</u>	<u>\$ 135,135</u>	<u>\$ 136,132</u>	<u>\$ 131,510</u>
IH Same Store Core revenues	<u>\$ 217,645</u>	<u>\$ 216,003</u>	<u>\$ 214,794</u>	<u>\$ 211,392</u>	<u>\$ 208,570</u>
IH Same Store Core NOI margin	<u>66.1%</u>	<u>62.8%</u>	<u>62.9%</u>	<u>64.4%</u>	<u>63.1%</u>

Reconciliation of Net Loss to NOI, Same Store NOI, and Same Store Core NOI Margin — IH, Full Year
(in thousands) (unaudited)

	FY 2017	FY 2016
Net loss available to common shareholders	\$ (105,952)	\$ (78,239)
Net loss available to participating securities	615	—
Non-controlling interests	(489)	—
Interest expense	256,970	286,048
Depreciation and amortization	309,578	267,681
General and administrative	167,739	69,102
Property management expense	43,344	30,493
Impairment and other	24,093	4,207
Acquisition costs	—	50
Gain on sale of property, net of tax	(33,896)	(18,590)
Other, net	959	1,508
NOI (total portfolio)	<u>662,961</u>	<u>562,260</u>
Non-Same Store NOI	(69,364)	(49,735)
Post-merger Legacy SWH Same Store NOI	(42,503)	—
Adjustments to align Legacy SWH NOI with IH metric definition	(499)	—
IH Same Store NOI	<u>\$ 550,595</u>	<u>\$ 512,525</u>
IH Same Store Core revenues	<u>\$ 859,834</u>	<u>\$ 825,298</u>
IH Same Store Core NOI margin	<u>64.0%</u>	<u>62.1%</u>

Reconciliation of Net Loss to NOI, Same Store NOI, and Same Store Core NOI Margin — SWH, Quarterly
(in thousands) (unaudited)

	<u>Q4 2017</u>
NOI (total portfolio)	\$ 212,734
Non-Same Store NOI	(25,947)
IH Same Store NOI	(143,785)
Pre-merger Legacy SWH Same Store NOI	43,260
Adjustments to align IH NOI with Legacy SWH metric definition	<u>(499)</u>
Legacy SWH Same Store NOI	<u>85,763</u>
Legacy SWH Same Store Core revenues	<u>\$ 129,027</u>
Legacy SWH Same Store Core NOI margin	<u>66.5%</u>

	<u>Q3 2017</u>	<u>Q2 2017</u>	<u>Q1 2017</u>	<u>Q4 2016</u>
Legacy SWH net loss attributable to common shareholders	\$ (23,159)	\$ (1,055)	\$ (11,342)	\$ (10,493)
Legacy SWH loss from discontinued operations	1,984	175	46	10,419
Legacy SWH general and administrative	10,932	10,945	10,840	11,932
Legacy SWH share-based compensation	2,387	1,636	1,561	931
Legacy SWH interest expense	38,877	37,141	38,999	37,430
Legacy SWH depreciation and amortization	53,994	48,114	46,185	42,945
Legacy SWH transaction-related expenses	7,791	65	—	(562)
Legacy SWH impairment of real estate	13,077	214	443	220
Legacy SWH realized gain on sales of investments in real estate, net of tax	(3,735)	(7,809)	(678)	(1,309)
Legacy SWH equity in income from unconsolidated JVs	(214)	(190)	(180)	(199)
Legacy SWH other expense, net	372	4,649	8,792	1,016
Legacy SWH income tax expense	359	179	157	249
Legacy SWH net income attributable to non-controlling interests	<u>(1,062)</u>	<u>(61)</u>	<u>(678)</u>	<u>(689)</u>
Legacy SWH NOI (total portfolio)	101,603	94,003	94,145	91,890
Legacy SWH non-Same Store NOI	<u>(20,175)</u>	<u>(11,719)</u>	<u>(11,234)</u>	<u>(10,014)</u>
Legacy SWH Same Store NOI	<u>\$ 81,428</u>	<u>\$ 82,284</u>	<u>\$ 82,911</u>	<u>\$ 81,876</u>
Legacy SWH Same Store Core revenues	<u>\$ 126,759</u>	<u>\$ 126,926</u>	<u>\$ 124,996</u>	<u>\$ 122,419</u>
Legacy SWH Same Store Core NOI margin	<u>64.2%</u>	<u>64.8%</u>	<u>66.3%</u>	<u>66.9%</u>

Reconciliation of Net Loss to NOI, Same Store NOI, and Same Store Core NOI Margin — SWH, Full Year
(in thousands) (unaudited)

	FY 2017		FY 2016
NOI (total portfolio)	\$ 662,961		\$ (81,267)
Non-Same Store NOI	(69,364)		17,787
IH Same Store NOI	(550,595)		54,332
Pre-merger Legacy SWH Same Store NOI	289,883		2,853
Adjustments to align IH NOI with Legacy SWH metric definition	(499)		152,167
Legacy SWH Same Store NOI	<u>332,386</u>		178,763
Legacy SWH Same Store Core revenues	<u>\$ 507,708</u>		29,496
Legacy SWH Same Store Core NOI margin	<u>65.5%</u>		750
			(4,673)
Legacy SWH net loss attributable to common shareholders			(738)
Legacy SWH loss from discontinued operations			2,395
Legacy SWH general and administrative			736
Legacy SWH share-based compensation			(5,218)
Legacy SWH interest expense			347,383
Legacy SWH depreciation and amortization			(34,981)
Legacy SWH transaction-related expenses			<u>\$ 312,402</u>
Legacy SWH impairment of real estate			\$ 484,676
Legacy SWH realized gain on sales of investments in real estate, net of tax			<u>64.5%</u>
Legacy SWH equity in income from unconsolidated JVs			
Legacy SWH other expense, net			
Legacy SWH income tax expense			
Legacy SWH net income attributable to non-controlling interests			
Legacy SWH NOI (total portfolio)			
Legacy SWH non-Same Store NOI			
Legacy SWH Same Store NOI			
Legacy SWH Same Store Core revenues			
Legacy SWH Same Store Core NOI margin			

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