STIFEL FINANCIAL CORP
Form DEF 14A
May 22, 2007

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

(Rule 14a-101)

INFORMATION REQUIRED IN PROXY STATEMENT

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the Securities

Exchange Act Of 1934

Filed by the Registrant x

Filed by a Party other than the Registrant o

Check the appropriate box:

o Preliminary Proxy Statement

o Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

x Definitive Proxy Statement

o Definitive Additional Materials

o Soliciting Material Pursuant to Rule 14a-11(c) or Rule 14a-12

Stifel Financial Corp.
(Name of Registrant as Specified in Its Charter)

(Name of Person(s) Filing Proxy Statement if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

x No fee required.

o Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11
(Set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

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o Fee paid previously with preliminary materials.

o Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the form or schedule and the date of its filing.
(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

STIFEL FINANCIAL CORP.

One Financial Plaza

501 North Broadway

St. Louis, Missouri 63102-2102

(314) 342-2000

St. Louis, Missouri

May 22, 2007

To the Stockholders of

Stifel Financial Corp.:

We cordially invite you to attend a special meeting of the stockholders of Stifel Financial Corp. The meeting will be held on Friday, June 22, 2007, at 11:00 a.m. on the 2nd Floor, One Financial Plaza, 501 North Broadway, St Louis, Missouri. One Financial Plaza is located on the southwest corner of Washington and Broadway in downtown St. Louis.

The purpose of the Special Meeting is to (1) approve the issuance of up to 500,000 shares of our common stock upon the exercise of warrants and up to 1,000,000 additional shares of our common stock for the payment of earn-out consideration relating to our acquisition of Ryan Beck Holdings, Inc. and (2) to approve and adopt the Stifel Financial Corp. 2007 Incentive Stock Plan (For Ryan Beck Employees) to provide incentive equity compensation to certain employees of Ryan Beck Holdings following the recent completion of our acquisition of that company. Only holders of record of our common stock at the close of business on April 23, 2007 will be entitled to vote. Please take the time to carefully read the description of each proposal in the attached proxy statement.

Thank you for your support.

STIFEL FINANCIAL CORP.

Ronald J. Kruszewski
Chairman of the Board and Chief Executive Officer

This proxy statement and the accompanying proxy card are

being mailed to our stockholders beginning about May 23, 2007.

Even though you may plan to attend the meeting in person,

please mark, date, and execute the enclosed proxy and mail it promptly. A postage-paid return

envelope is enclosed for your convenience.

STIFEL FINANCIAL CORP.

One Financial Plaza

501 North Broadway

St. Louis, Missouri 63102-2102

(314) 342-2000

NOTICE OF SPECIAL MEETING OF

THE STOCKHOLDERS OF

STIFEL FINANCIAL CORP.

TO BE HELD JUNE 22, 2007

St. Louis, Missouri

May 22, 2007

Dear Stockholder:

A special meeting of stockholders of Stifel Financial Corp. (Stifel) will be held on the 2nd Floor, One Financial Plaza, 501 North Broadway, St. Louis, Missouri, on Friday, June 22, 2007, at 11:00 a.m., for the following purposes:

1. To approve the issuance of (a) up to 500,000 shares of Stifel common stock issuable upon the exercise of five-year warrants issuable to the stockholders and certain former optionholders of Ryan Beck Holdings, Inc., and (b) up to 1,000,000 additional shares of Stifel common stock that may be issued and contingent earn-out payments, all pursuant to a merger agreement pursuant to which Stifel acquired Ryan Beck effective February 28, 2007;
2. To approve and adopt the Stifel Financial Corp. 2007 Incentive Stock Plan (For Ryan Beck Employees) (the Plan), to provide incentive equity compensation to certain employees of Ryan Beck; and
3. To consider and act upon such other business as may properly come before the meeting and any adjournment thereof.

The record date for the determination of stockholders entitled to receive notice of and to vote at the special meeting and any adjournment thereof has been fixed as the close of business on April 23, 2007. A stockholder list dated as of the record date will be available for inspection by any stockholder at our offices in St. Louis, Missouri for ten days prior to the special meeting.

We cordially invite you to attend the special meeting. Even if you plan to be present at the meeting in person, you are requested to date, sign and return the enclosed proxy card in the envelope provided so that your shares will be represented. The mailing of an executed proxy card will not affect your right to vote in person should you later decide to attend the special meeting.

By Order of the Board of Directors.

David M. Minnick, Secretary

May 22, 2007

St. Louis, Missouri

This proxy statement and the accompanying proxy card are

being mailed to Stifel stockholders beginning about May 23, 2007.

STIFEL FINANCIAL CORP.

One Financial Plaza

501 North Broadway

St. Louis, Missouri 63102-2102

PROXY STATEMENT

FOR THE

SPECIAL MEETING OF THE STOCKHOLDERS

TO BE HELD JUNE 22, 2007

ONE FINANCIAL PLAZA, ST. LOUIS, MISSOURI

This proxy statement is furnished to the holders of common stock of Stifel Financial Corp. (Stifel or the Company) in connection with the solicitation of proxies for use in connection with the Special Meeting of the stockholders of Stifel common stock (the Stockholders) to be held June 22, 2007, and all adjournments and postponements thereof, for the purpose set forth in the accompanying Notice of Special Meeting of the Stockholders. Stifel is first mailing this proxy statement and the enclosed form of proxy to Stockholders on or about May 23, 2007.

Pursuant to the Merger Agreement dated January 8, 2007 (the Merger Agreement) by and among Stifel, SF RB Merger Sub, Inc., a New Jersey corporation (Merger Sub), Ryan Beck Holdings, Inc., a New Jersey corporation (Ryan Beck), and BankAtlantic Bancorp, Inc., a Florida corporation (Bancorp), Stifel acquired Ryan Beck effective February 28, 2007 by merger (the Merger). Pursuant to the Merger Agreement, we agreed to seek stockholder approval to issue five-year warrants to the stockholders and certain former optionholders of Ryan Beck who were entitled to receive a portion of the Merger consideration. The warrants will provide these holders with the right to purchase up to an aggregate of 500,000 shares of Stifel common stock at an exercise price of $36.00 per share, and may be exercised immediately after their issuance. If Stifel does not obtain stockholder approval for the issuance of the shares issuable upon the exercise of the warrants on or prior to June 30, 2007, Stifel has agreed to pay $20.0 million to the Ryan Beck stockholders and optionholders in lieu of issuing the warrants.

The Merger Agreement provides for certain contingent earn-out payments after closing of the Merger, based on the achievement of certain performance criteria described below. If Stifel elects to make these earn-out payments in shares instead of in cash, as provided under the Merger Agreement, we may issue shares of Stifel common stock for such earn-out payments. One earn-out payment is based on the aggregate commissionable revenues attributable to certain individuals in Ryan Beck s existing private client division during the two-year period following closing of the Merger. Stifel will pay the Ryan Beck stockholders an earn-out payment based on 30% of commissionable revenues attributable to such existing private client division employees to the extent such revenues exceed a base amount, up to a maximum payout value of $40.0 million. Two other earn-out payments are equal to revenues attributable to certain individuals in Ryan Beck s existing investment banking division over each of the first two 12-month periods after closing of the Merger. Such earn-out payments will be equal to 25% of the amount by which the investment banking fees attributable to such individuals exceed $25.0 million in each 12-month period. If the Company elects to make the earn-out payments in shares of Stifel common stock instead of in cash, such shares of Stifel common stock will be valued according to the average of the daily closing price per share for the 10 consecutive business days ending on the day prior to the last day of the applicable earn-out period. We are seeking stockholder approval for the issuance of up to 1,000,000 shares of common stock to be used to pay any such contingent

earn-out amounts; if such earn-out consideration exceeds the value of 1,000,000 of our shares, then we will pay the balance of the earn-out consideration in cash or seek further stockholder approval for the issuance of additional shares at that time.

In conjunction with the execution of the Merger Agreement, Stifel also entered into a Voting Agreement effective January 8, 2006 (the Voting Agreement) with Bancorp, the Western and Southern Life Insurance Company (Western and Southern), and several other individual holders of Stifel s common stock (collectively, the Voting Agreement Stockholders), under which the Voting Agreement Stockholders agreed, among other things, to vote their shares of Stifel common stock in favor of the transactions contemplated by the Merger Agreement including, without limitation, the issuance of the warrants and the shares of Stifel common stock issuable upon exercise thereof and shares of Stifel common stock that may become issuable (and paid at the discretion of Stifel) as earn-out consideration, and such other matters regarding the Merger so as to facilitate the consummation thereof.

Additionally, the Voting Agreement Stockholders agreed to vote their shares of Stifel common stock against any action, transaction or agreement that would result in a breach in any respect of any covenant, representation or warranty or any other obligation or agreement under the Merger Agreement or the Voting Agreement.

Stifel s board of directors (the Board of Directors or the Board) believes that obtaining stockholder approval for the issuance of the shares underlying the warrants and for payment of the earn-out amounts provides Stifel with greater long-term flexibility for both financial and operating performance of Stifel as a whole. Approval of the shares issuable upon exercise of the warrants or that may be issued to satisfy earn-out payments, if any, will require the vote of a majority of our stockholders excluding those who received common stock in connection with the Merger.

Summary Term Sheet for the Merger

Stifel entered into the Merger Agreement on January 8, 2007, under which Stifel agreed to acquire Ryan Beck by the merger of Ryan Beck with and into a newly formed merger subsidiary wholly owned by Stifel. The Merger was consummated on February 28, 2007. The parties to the agreement are as follows:

Stifel Financial Corp., One Financial Plaza, 501 North Broadway, St. Louis, Missouri 63102-2102, (314) 342-2000. Stifel is a financial services and bank holding company.

SF RB Merger Sub, Inc., One Financial Plaza, 501 North Broadway, St. Louis, Missouri 63102-2102, (314) 342-2000. Merger Sub is a shell company organized specifically for the purposes of the Merger.

BankAtlantic Bancorp, Inc., 2100 West Cypress Creek Road, Fort Lauderdale, Florida 33309, (954) 940-5000. Bancorp is a diversified financial services holding company.

Ryan Beck Holdings, Inc., 18 Columbia Turnpike, Florham Park, New Jersey 07932, (973) 549-4000. Ryan Beck is a brokerage and financial consulting and advisory services holding company.

The consideration issued (and to be issued) in the Merger is as follows:

Initial consideration consisting of 2,467,600 shares of Stifel common stock, and cash consideration of approximately $2.65 million, as described in more detail on page 20.

Subject to the approval of Stifel s stockholders, five-year, immediately exercisable warrants to purchase up to 500,000 shares of Stifel s common stock, at an exercise price of $36.00 per share, as described in more detail on page 21.

Contingent payments, as follows:

A contingent payment based on the aggregate revenues attributable to certain individuals in Ryan Beck s existing private client division over the two-year period following closing, as described in more detail on page 21.

Two contingent payments based on revenues attributable to certain individuals in Ryan Beck s existing investment banking division over each of the first two 12-month periods following closing, as described in more detail on page 21.

Each of the contingent payments is payable in cash or Stifel common stock, at Stifel s sole election.

Additionally, Stifel has agreed to establish a retention program for certain employees of Ryan Beck, with 1,200,000 shares of Stifel common stock reserved for issuance under the Stifel Financial Corp. 2007 Incentive Stock Plan (For Ryan Beck Employees).

Value of the Merger Consideration. Stifel issued 2,467,600 shares at the closing of the Merger. Utilizing a

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value of $41.55 per share (which represents the five-day average of the closing price of our stock as reported by the NYSE commencing two days before, and ending two days after, we announced the Merger), that stock had a value of $102.5 million. In addition, we paid approximately $2.65 million of cash at the closing of the Merger. As discussed elsewhere in this proxy statement, we also agreed to issue five-year warrants to purchase up to 500,000 shares of our common stock at an exercise price of $36.00 per share. Using the Black-Scholes valuation method for the warrants, which gives consideration to the price of the underlying stock at the date of grant, the exercise price of the warrant, the expected dividend yield and volatility of the underlying stock, the expected life of the warrant and the corresponding risk free interest rate, such warrants had a value of approximately $8.5 million. Accordingly, the initial share consideration, the cash and the Black-Scholes value of the warrants totals approximately $113.7 million. If the stockholders do not approve the issuance of the warrants, we are required to pay cash of $20.0 million in lieu of issuing the warrants. With the additional cash payment, the aggregate Merger consideration would equal approximately $125.2 million. If any contingent earn-out consideration is paid, the value of the Merger consideration paid to Bancorp and former optionholders of Ryan Beck will increase by the amount of such contingent consideration paid.

Maximum Number of Shares Issuable as Merger Consideration. The maximum number of shares of Stifel common stock that Stifel estimates it will issue in connection with the transaction is 3,967,600, consisting of:

2,467,600 shares issued as initial share consideration at the closing of the Merger, which shares were not subject to stockholder approval;

up to 500,000 shares issuable upon exercise of the warrants, subject to stockholder approval; and

up to 1,000,000 shares issuable in payment for any contingent earn-out consideration, also subject to stockholder approval.

As described above, the earn-out consists of two components, one based on revenues attributable to certain individuals in Ryan Beck s existing private client division, which is capped at $40.0 million, and one based on revenues attributable to certain individuals in Ryan Beck s existing investment banking division, which is not capped. Under the Merger Agreement, we may pay such amounts in stock, cash or any combination thereof, at our election. If we use stock to pay all or portion of any earn-out, the maximum amount of shares that we will issue will be 1,000,000 shares. If we desire to utilize all of such shares to pay any such earn-out, then to the extent that the value of any earn-out exceeds the value of 1,000,000 shares, we will pay the excess over the value of 1,000,000 shares in cash or seek stockholder approval to issue additional shares. Utilizing a value of $41.55 per share, we could pay up to $41.55 million of earn-out payments with our stock, if we so elect.

The parties entered into a registration rights agreement (the Registration Rights Agreement) pursuant to the Merger Agreement, which requires Stifel to register for resale the shares issued in conjunction with the Merger on certain timetables, as described in more detail on page 22. Additionally, the Registration Rights Agreement includes a lock-up provision and standstill provisions applicable to Bancorp, as described in more detail on page 22.

The Merger Agreement includes certain non-compete and non-solicitation provisions applicable to Bancorp, as described in more detail on page 22.

Subsequent to the closing of the Merger, Stifel s Board will remain unchanged. Stifel anticipates that in conjunction with or following the annual stockholders meeting in 2007 that Ben Plotkin will be appointed to the Board. Mr. Plotkin is the Chief Executive Officer of Ryan Beck.

Stifel also entered into the Voting Agreement under which the Voting Agreement Stockholders (as defined above) agreed to vote their shares of Stifel common stock in favor of the Merger, the Merger Agreement, and related transactions, as described in more detail on page 22.

We are also seeking stockholder approval of the Stifel Financial Corp. 2007 Incentive Stock Plan (For Ryan Beck Employees) (the Plan), which reserves 1,200,000 shares of Stifel common stock for issuance under the Plan for incentive equity compensation to certain employees of Ryan Beck. Stifel currently anticipates that 600,000 of those shares will be issued upon the exercise of restricted stock units issued for purposes of retaining employees

of Ryan Beck, and that 600,000 of those shares will be issued as restricted stock units in exchange for Ryan Beck appreciation units held by Ryan Beck employees under Ryan Beck s deferred compensation plans. The value of the restricted stock units so issued will be the lower of (1) $47.65 (the closing price as of February 28, 2007, the date of closing of the Merger), or (2) the date on which we obtain stockholder approval for the Plan.

Stifel provides equity compensation to employees as an incentive to increase long-term stockholder value and to align the interests of our employees with those of our stockholders. We believe that our equity compensation programs help us to attract and retain talented and highly-skilled individuals to serve as employees. We also believe that these plans motivate high levels of performance and create incentives that reward the contributions of our employees to our success and to increased stockholder value. The Board believes these restricted stock units are a critically important part of the package of equity and cash used to provide incentives to the associates of Ryan Beck to remain with Stifel as part of our acquisition of that company.

Your vote is very important. Whether or not you plan to attend the Special Meeting, we request that you vote as soon as possible.
Whether or not you expect to be present in person at the meeting, you are requested to complete, sign, date, and return the enclosed form of proxy. If you attend the meeting, you may vote by ballot. If you do not attend the meeting, your shares of common stock can be voted only when

represented by a properly executed proxy.

Any person giving such a proxy has the right to revoke it at any time before it is voted by giving written notice of revocation to the Secretary of Stifel, by duly executing and delivering a proxy bearing a later date, or by attending the Special Meeting and voting in person.

The close of business on April 23, 2007 has been fixed as the record date for the determination of the Stockholders entitled to vote at the Special Meeting of the Stockholders. As of the record date, 14,951,845 shares of Stifel common stock were outstanding and entitled to be voted at the Special Meeting. Stockholders will be entitled to cast one vote on each issue presented above for each share of Stifel common stock held of record on the record date.

The solicitation of this proxy is made by Stifel s Board. The solicitation will primarily be by mail and the expense thereof will be paid by Stifel. In addition, proxies may be solicited by telephone or facsimile by directors, officers, or regular employees of Stifel.

4

ABOUT THE SPECIAL MEETING

WHY AM I RECEIVING THESE MATERIALS?

The Board is providing these proxy materials to you in connection with the solicitation of proxies for use at the Special Meeting of Stockholders to be held on Friday, June 22, 2007, at 11:00 a.m., Central time, and at any adjournment or postponement thereof (the Special Meeting), for the purpose of considering and acting upon the matters set forth herein.

WHO IS SOLICITING MY VOTE?

Our Board of Directors is soliciting your vote at the Special Meeting.

WHAT WILL I BE VOTING ON?

You will be voting on two proposals:

The first proposal is to approve the issuance of shares of Stifel common stock in connection with Stifel s pending acquisition of Ryan Beck Holdings, Inc. (Ryan Beck) by merger (the Merger). Stifel is seeking stockholder approval of the issuance of 500,000 shares of Stifel common stock upon the exercise of five-year, immediately exercisable warrants issued to the stockholders and optionholders of Ryan Beck who receive a portion of the consideration for the Merger. The warrants have an exercise price of $36.00 per share. The Merger Agreement dated January 8, 2007 (the Merger Agreement) by and among Stifel, SF RB Merger Sub, Inc., a New Jersey corporation (Merger Sub), Ryan Beck and BankAtlantic Bancorp, Inc., a Florida corporation (Bancorp) provides that, if Stifel stockholder approval is not obtained for the issuance of the

shares of Stifel common stock underlying the warrants on or before June 30, 2007, Stifel is obligated to pay the Ryan Beck stockholders and optionholders receiving a portion of the Merger consideration $20.0 million in cash in lieu of issuing the warrants.

The Merger Agreement further provides for certain earn-out payments after the closing of the Merger. The Merger Agreement permits Stifel to elect to make such earn-out payments in shares of Stifel common stock instead of in cash. Stifel is therefore seeking stockholder approval to issue up to 1,000,000 shares of Stifel common stock to make such earn-out payments. To the extent that the value of such earn-out payments exceed the value of 1,000,000 shares of Stifel common stock, we will pay the balance of the earn-out payments in cash or seek further stockholder approval for the issuance of additional shares at that time.

One earn-out payment is based on the aggregate commissionable revenues attributable to certain individuals in Ryan Beck s existing private client division during the two-year period following the closing of the Merger. Stifel will pay the earn-out payment based on 30% of commissionable revenues attributable to such existing private client division employees to the extent such revenues exceed a base amount, up to a maximum payout value of $40.0 million. Two other earn-out payments are based on revenues attributable to certain individuals in Ryan Beck s existing investment banking division over each of the first two 12-month periods after the closing of the Merger. Stifel will pay for each earn-out payment an amount equal to 25% of the amount by which the investment banking fees attributable to such individuals exceed $25.0 million in each 12-month period. If Stifel elects to make such earn-out payments in shares of Stifel common stock instead of in cash, such shares of Stifel common stock will be valued according to the average of the daily closing price per share for the 10 consecutive business days ending on the day prior to the last day of the applicable earn-out period, and Stifel will issue a number of shares of Stifel common stock with an aggregate valuation equal to each earn-out amount (up to 1,000,000 shares, for which stockholder approval is sought by this proxy statement).

If the issuance of these shares underlying the warrants and for payment of the earn-out payments is not approved at the Special Meeting, we believe that we will lose the flexibility we need to continue to grow our business, and in turn, we believe that this may have a negative effect on our long-term success.

The issuance of the shares underlying the warrants and for payment of the earn-out payments requires the approval of a majority of Stifel s stockholders, excluding the stockholders who received share consideration in the Merger.

The second proposal is to approve and adopt the Stifel Financial Corp. 2007 Incentive Stock Plan (For Ryan Beck Employees) (the Plan), which provides incentive equity compensation to certain employees of Ryan Beck. The Plan reserves 1,200,000 shares of Stifel common stock for issuance under the Plan. Stifel currently anticipates that 600,000 of those shares will be issued upon the exercise of restricted stock units issued for purposes of retaining employees of Ryan Beck, that 600,000 of those shares will be

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issued as restricted stock units in exchange for Ryan Beck appreciation units held by Ryan Beck employees under Ryan Beck s deferred compensation plans. The value of the restricted stock units so issued will be the lower of (1) $47.65 (the closing price as of February 28, 2007, the date of closing of the Merger), or (2) the date on which we obtain stockholder approval.

In addition to the consideration to be paid to the stockholders and optionholders of Ryan Beck who are receiving a portion of the Merger consideration, Stifel has agreed to issue certain equity compensation to key associates of Ryan Beck under the Plan. If the Plan is not approved

at the Special Meeting, we believe that our ability to retain these employees will be negatively affected, and in turn, we believe our long-term success may be adversely affected.

HOW MANY VOTES DO I HAVE?

You will have one vote for each proposal for every share of common stock you owned on the record date, April 23, 2007, and on each other proposal presented at the Special Meeting; however, because Proposal I deals with the form in which additional consideration for the Merger may be paid, holders of shares of common stock issued as consideration for the Merger are not entitled to vote in respect of Proposal I.

HOW MANY VOTES CAN BE CAST BY ALL STOCKHOLDERS?

12,574,491 for Proposal I and 14,951,845 for Proposal II, consisting of one vote for each of the shares of common stock that were outstanding on the record date, less the number of shares of common stock issued as consideration for the Merger for Proposal I.

HOW MANY VOTES MUST BE PRESENT TO HOLD THE MEETING?

7,475,923 votes, which represents a majority of the votes entitled to be cast with regard to Proposal II (which is the proposal to be decided at the Special Meeting with the largest number of shares eligible to be cast). If you vote, your shares will be part of the quorum. Abstentions and broker non-votes will be counted in determining the quorum. A broker non-vote occurs when a bank or broker holding shares in street name submits a proxy that states that the broker does not vote for some or all of the proposals, because the broker has not received instructions from the beneficial owners on how to vote on the proposals and does not have discretionary authority to vote in the absence of instructions.

We urge you to vote by proxy even if you plan to attend the Special Meeting so that we will know as soon as possible that enough votes will be present for us to hold the meeting.

DOES ANY SINGLE STOCKHOLDER CONTROL AS MUCH AS 5 PERCENT OF ANY CLASS OF STIFEL S COMMON STOCK?

As of April 23, 2007 there are two stockholders that beneficially own over five percent of our common stock (see page 47).

ARE THERE ANY VOTING AGREEMENTS THAT MAY AFFECT THE VOTE?

Stifel entered into a Voting Agreement effective January 8, 2006 (the Voting Agreement) with several individual holders of Stifel s common stock (collectively, the Voting Agreement Stockholders), under which the Voting Agreement Stockholders agreed to vote their shares of Stifel common stock in favor of the Merger, the Merger Agreement, and the transactions contemplated thereunder including, without limitation, the issuance of the warrants and the shares of Stifel common stock issuable upon exercise thereof and shares of Stifel common stock that may become issuable (and paid in the discretion of Stifel) as earn-out consideration, and such other matters regarding the Merger so as to facilitate the consummation thereof.

WHAT ARE THE BENEFITS THAT OFFICERS AND DIRECTORS RECEIVE IN THE TRANSACTION, AND WHAT ARE THE POTENTIAL CONFLICTS OF INTEREST?

Stifel s officers and directors did not receive any direct or indirect benefit as a result of the transaction that would not be realized by holders of Stifel common stock, generally, and the Board has not identified any conflicts of interest among Stifel s officers and directors.

Stifel anticipates that sometime after the annual stockholders meeting, the Board will appoint Ben Plotkin, the chief executive officer of Ryan Beck, to the Board of Stifel. Mr. Plotkin was not a member of the executive management of Stifel when the Merger was considered, and will not be a member of the Board during the time prior to the approval of the matters that are the subject of this proxy statement. At the time such matters were considered, Mr. Plotkin was on the board of, and was the chief executive officer of, Ryan Beck.

HOW DO I VOTE?

You can vote either by proxy with or without attending the Special Meeting or in person at the

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Special Meeting.

To vote by proxy, you must either:

v If your shares are registered in your name at UMB Bank, n.a. (our transfer agent), you must fill out the enclosed proxy card, date and sign it, and return it in the enclosed postage-paid envelope.

v If you hold your stock through a securities broker (that is, in street name), you must either:
  - Ø fill out the enclosed proxy card, date and sign it, and return it in the enclosed postage-paid envelope,
  - Ø vote by telephone (instructions are on the proxy card), or
  - Ø vote by Internet (instructions are on the proxy card).

Our employees who participate in our employee benefit plans may vote on our Intranet or may have their proxy card mailed to them.

If you want to vote in person at the Special Meeting, and you hold your stock through a securities broker (that is, in street name), you must obtain a proxy from your broker and bring that proxy to the meeting.

CAN I CHANGE MY VOTE?

Yes. Just send in a new proxy card with a later date, or cast a new vote by telephone, Internet or Intranet, or send a written notice of revocation to our corporate secretary at the address on the cover of this proxy statement. If you attend the Special Meeting and want to vote in person, you can request that your previously submitted proxy not be used.

WHAT IS THE VOTE REQUIRED TO APPROVE EACH PROPOSAL?

Approval of Proposal I requires the approval of a majority of total votes cast on Proposal I, excluding the votes of stockholders relating to the shares they received as consideration in the Merger, and approval and adoption of the Plan requires a majority of votes cast on Proposal II, provided that the total votes cast on such proposal represent over 50 percent of our outstanding shares entitled to vote on each such matter. Therefore, shares subject to abstention will be considered as present for quorum purposes and will have the effect of a vote against this proposal. A broker non-vote will have no effect on the proposals (except to the extent such abstentions and broker non-votes result in a failure to obtain total votes cast representing more than majority of the votes that can be cast at the Special Meeting regarding the issuance of the shares underlying the warrants and for payment of the earn-out amounts and regarding the Plan).

IF I SIGN A PROXY, HOW WILL IT BE VOTED?

All shares entitled to vote and represented by properly executed proxy cards received prior to the Special Meeting, and not revoked, will be voted at the Special Meeting in accordance with the instructions indicated on those proxy cards. If no instructions are indicated on a properly executed proxy card, the shares represented by that proxy card will be voted as recommended by the Board of Directors. As a result, your shares will be voted in favor of the Proposals.

WHEN ARE THE STOCKHOLDER PROPOSALS FOR INCLUSION IN THE PROXY STATEMENT FOR THE 2007 ANNUAL MEETING DUE?

In order to be considered for inclusion in the proxy statement for the 2007 Annual Meeting of Stockholders, stockholder proposals must have been in writing and received by December 7, 2006 by Stifel Financial Corp., One Financial Plaza, 501 North Broadway, St. Louis, Missouri 63102-2102, Attn: Secretary.

WHEN ARE STOCKHOLDER PROPOSALS FOR PRESENTATION AT MEETINGS OF STOCKHOLDERS DUE?

If you desire to submit a proposal for consideration at a meeting of stockholders, or to nominate persons for elections as directors at any meeting duly called for the election of directors, written notice of your intent to make such proposal or nomination must be given and received by Stifel s Secretary at its principal office not later than (1) with respect to an Annual Meeting of Stockholders, 60 days prior to the anniversary date of the immediately preceding Annual Meeting, and (2) with respect to a Special Meeting of Stockholders, the close of business on the 10th day following the date on which notice of the meeting is first sent or given to stockholders. Each notice shall describe the proposal or nomination in sufficient detail for a proposal or nomination to be summarized on the agenda for the meeting and shall set forth (1) the name and address, as it appears on the books of the Company, of the stockholder who intends to make the proposal or nomination; (2) a representation that the stockholder is a holder of record of the ordinary shares of the Company entitled to vote at such meeting and intends to appear in person or by proxy at the meeting to present such proposal or nomination; and (3) the class and number

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of ordinary shares of the Company which are beneficially owned by such stockholder.

COULD OTHER MATTERS BE DECIDED AT THE SPECIAL MEETING?

If any other matters are properly presented for consideration at the Special Meeting, including, among other things, consideration of a motion to adjourn the Special Meeting to another time or place (including, without limitation, for the purpose of soliciting additional proxies), the persons named in the enclosed proxy card and acting thereunder will have discretion to vote on those matters in accordance with their best judgment. Stifel does not currently anticipate that any other matters will be raised at the Special Meeting.

WHAT HAPPENS IF THE MEETING IS POSTPONED OR ADJOURNED?

Your proxy will still be valid and may be voted at the postponed or adjourned meeting.

HOW CAN I ACCESS STIFEL S PROXY MATERIALS AND ANNUAL REPORT ELECTRONICALLY?

This proxy statement and the 2006 annual report are available on our Internet site at *www.stifel.com*. Most stockholders can elect to view future proxy statements and annual reports over the Internet instead of receiving paper copies in the mail.

8

PROPOSAL I.

Issuance of Additional Shares of Stifel Common Stock in Connection with Stifel s Acquisition of Ryan Beck

The Board of Directors is asking stockholders to approve the issuance of up to 1,500,000 shares of Stifel common stock in connection with the acquisition of Ryan Beck by merger. The Board of Directors approved such issuance on January 6, 2007, subject to stockholder approval.

Our Board has approved the issuance of shares underlying the warrants and for payment of the earn-out amounts and recommends that stockholders vote therefor.

Background of the Merger

On several occasions prior to September 2006, Ronald J. Kruszewski, President, CEO and Chairman of Stifel, discussed with Ben A. Plotkin, CEO and chairman of Ryan Beck, the possibility of a strategic combination or alliance involving Stifel and Ryan Beck. In each case, the contacts were preliminary, did not involve Bancorp, Ryan Beck s sole shareholder, and did not result in any negotiations regarding any significant economic terms with respect to any transaction involving either of the two companies.

In mid-September 2006, Mr. Plotkin called Mr. Kruszewski and renewed their discussions. The two agreed to meet to discuss a potential transaction. On September 26, 2006, Mr. Kruszewski met with Mr. Plotkin at an off-site location in New Jersey to discuss the general merits of an acquisition by Stifel of Ryan Beck, including whether a combination of Stifel and Ryan would be beneficial for each their respective companies and Bancorp. Messrs. Kruszewski and Plotkin discussed their respective companies, industry trends and areas in which the two

companies businesses might be complementary. Also discussed was the importance of retaining Ryan Beck s key investment professional employees through various retention programs. The two agreed to further examine independently the benefits of such a combination.

On October 6, 2006, Mr. Plotkin circulated a draft confidentiality agreement to Mr. Kruszewski. Following conversations between the parties and respective legal counsel concerning the terms of the confidentiality agreement, it was executed on October 9, 2006 with the knowledge of Bancorp. The confidentiality agreement required each of the parties to maintain the confidentiality of nonpublic information that would be made available to the other for purposes of due diligence with respect to a potential acquisition of Ryan Beck by Stifel. Following the execution of the confidentiality agreement, the parties commenced their initial business and financial due diligence. At this time, Ryan Beck provided Stifel with access to a private online document room created to facilitate due diligence. Also, at this time discussions between Messrs. Kruszewski and Plotkin continued with respect to the various employee retention programs and post-acquisition operations.

On November 9, 2006, Mr. Kruszewski met with Alan B. Levan, the chairman of Bancorp, and Mr. Plotkin in Bancorp s offices in Miami, Florida. Mr. Kruszewski and Mr. Levan discussed valuation generally, but only in a non-specific manner, as Stifel was early in the process of its evaluation of the various potential synergies and other benefits of a transaction and the costs relating to assimilating the Ryan Beck private client, capital markets and investment banking groups. Throughout this period, Stifel met and conferred with Citigroup Global Markets Inc. (Citi), Stifel s financial advisor in connection with the proposed transaction, regarding a potential transaction with Ryan Beck, and Stifel reviewed selected materials, based on public information and information provided pursuant to the confidentiality agreement, relating to a potential strategic combination between Stifel and Ryan Beck.

On November 6, 2006, at a regularly scheduled meeting of the board of directors of Stifel, Mr. Kruszewski informed the board of the potential for entering into an acquisition agreement with Ryan Beck, but indicated that he did not know if the parties could reach an agreeable valuation.

During the last week of November and the first week of December 2006, Stifel and Bancorp discussed a summary of terms. Mr. Levan expressed interest in acquiring stock of Stifel in connection with the transaction, and the parties took note of the fact that Stifel s market price during the previous three-month period had ranged between $30.07 and $37.30. The parties agreed that the valuation would be based on the book value of Ryan Beck as a stand-alone business and would be expressed in shares of Stifel having a valuation of $36.00 per share based on the recent

9

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historical trading price of the shares. In addition, the parties discussed potential warrant and earn-out consideration tied to the performance of each of the private client group and investment banking division of Stifel.

During the week of December 4, 2006, the parties instructed their legal counsel to commence drafting an acquisition agreement based on the summary of terms. Throughout December 2006 and in early January 2007, Stifel management and their advisors conducted due diligence of Ryan Beck, including through access to the private online data room, management meetings and site visits.

On December 5, 2006, the Stifel Board held a regular board meeting during which the directors were provided with an update regarding the due diligence process and the information provided by Ryan Beck to date.

On December 9, 2006, pursuant to the request of Stifel, Bryan Cave LLP, Stifel s legal counsel for the transaction, provided an initial draft acquisition agreement to Stearns Weaver Miller Weissler Alhadeff & Sitterson, P.A., Bancorp s legal counsel for the transaction. From December 10, 2006 through January 8, 2007, Stifel, with the assistance of Bryan Cave and Citi, negotiated the specific terms of the Merger Agreement and the related disclosure letter. These negotiations addressed the nature of the representations and warranties to be made in respect of Ryan Beck and its business, the limitations on the conduct of Ryan Beck s between signing and closing and certain employee matters. Among the issues discussed, particular attention was given to (i) the scope, limitations and survival period of the indemnification obligations, (ii) the structure of the transaction and the mix of consideration to be delivered, (iii) certain tax issues, and (iv) the structure of the earn-out consideration and retention packages for Ryan Beck employees. During this period, in a series of telephone calls from mid-December through December 24, 2006, Messrs. Kruszewski and Levan agreed that the valuation would be based on the November 30, 2006 book value of Ryan Beck, approximately $91.1 million, and that the number of shares would be fixed at 2,531,278 (sometimes referred to as the Initial Share Consideration), subject to the limitation that the number would not exceed 19.9% of the outstanding voting stock of Stifel. In addition, the parties agreed on the structure of the earn-out with respect to the private client group and investment banking business. The respective parties and legal counsel continued to review and negotiate the Merger Agreement.

During the course of the negotiations of the Merger Agreement, Stearns Weaver Miller indicated the desirability of obtaining an agreement from Stifel s significant stockholders (including Western and Southern, which at the time was Stifel s largest shareholder) to vote in favor of any matters relating to the Merger requiring Stifel stockholder approval. On or about January 4, 2007, Mr. Kruszewski informed representatives of Western and Southern of the potential transaction and its material terms on a confidential basis, and those representatives indicated Western and Southern would be willing to enter into such a voting agreement. Other members of the Board of Directors, including Mr. Kruszewski, also were asked to enter into such a voting agreement. The terms of the Merger Agreement and the Voting Agreement are detailed below under Terms of the Ryan Beck Acquisition beginning on page 20 of this proxy statement.

On January 6, 2007, Stifel s entire board of directors, together with its financial and legal advisors, met to review the proposed Merger and draft Merger Agreement. At the meeting, Citi provided to the Board a summary of its fairness opinion procedures, reviewed its analysis performed and delivered a verbal fairness opinion to Stifel s Board to the effect that, as of such date and based upon and subject to the assumptions, qualifications and limitations described by Citi, the Merger consideration provided for in the Merger Agreement (assuming, however, with the consent of Stifel s Board, that no cash would be substituted for the Initial Share Consideration as contemplated by the Merger Agreement) to be paid by Stifel in the Merger, was fair, from a financial point of view, to Stifel. Representatives from Bryan Cave summarized the principal terms of the Merger Agreement and the determinations to be made by the directors in the exercise of their fiduciary duties. After discussion and deliberation based upon the totality of the information presented and considered during its evaluation of the Merger and the Merger Agreement, the Board, by unanimous vote, approved the Merger Agreement and the transactions contemplated by the Merger Agreement, in substantially the form presented to the Board.

On January 8, 2007, Stifel and its wholly-owned subsidiary Merger Sub entered into the Merger Agreement with Bancorp, and its subsidiary, Ryan Beck, pursuant to which Stifel agreed to acquire Ryan Beck through the Merger of Ryan Beck with and into Merger Sub, with Merger Sub surviving. On the morning of January 9, 2007, Stifel issued a press release announcing the execution of the Merger Agreement. The Merger closed on February 28,

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2007.

Reasons for the Merger

On January 6, 2007, the Board unanimously adopted resolutions, determining that the Merger Agreement and the transactions contemplated by the Merger Agreement, including the Merger, were in Stifel s best interests. The Board concluded that the Merger Agreement and the Merger were fair to Stifel s stockholders, and recommends that the holders of Stifel common stock vote for the approval of the issuance of shares of Stifel common stock upon exercise of the Warrants and as additional earn-out consideration as described in this proxy statement.

In reaching these conclusions, the Board consulted with our management and our legal and financial advisors, and considered the short-term and long-term interests and prospects of Stifel and its stockholders. In reaching the foregoing determinations, the Board considered the following material factors that it believed supported its determinations:

the strategic nature of the transaction, which would expand Stifel s broker-dealer network into the Northeast, with relatively little overlap with its current business operations;
the strong management team of Ryan Beck, and the relative fit of the cultures of Stifel and Ryan Beck;

Citi s written opinion dated January 8, 2007, the date of the Merger Agreement, to the effect that, as of such date, and based upon and subject to the assumptions, qualifications and limitations set forth therein, the Merger consideration provided for in the Merger Agreement (assuming, however, with the consent of Stifel s Board, that no cash would be substituted for the Initial Share Consideration as contemplated by the Merger Agreement) to be paid by Stifel in the Merger was fair, from a financial point of view, to Stifel; and

the terms and conditions of the Merger Agreement. The board of directors considered in particular:

- o the indemnification available to Stifel;
- o the structure of the consideration of the transaction, including a significant component relating to the contingent performance of certain business divisions of Ryan Beck;
- o the treatment of Ryan Beck s deferred compensation plans;
- o the treatment of Ryan Beck management s change of control contracts;
- o the fact that the Merger could be consummated quickly following regulatory approval;
- o the fact that Ryan Beck was not self-clearing and that substantial benefits would accrue to Stifel by leveraging its clearing platform;
- o the positive business reputation of Ryan Beck and its lack of any material contingent liabilities; and
- o the absence of any material regulatory issues.

The Board also considered a variety of risks and other potentially negative factors concerning the Merger. These factors included the following:

the conditions to the closing of the Merger, including regulatory approval, and the negative that failure to complete the Merger might have on the trading price of Stifel s common stock and Stifel s operating results, including the expenses associated with the transaction;

Stifel s ability to retain key personnel of Ryan Beck following the closing;

the potential distraction to Stifel management in trying to integrate the operations of Ryan Beck, which may be particularly challenging given the pending acquisition of First Service Financial Company (which was subsequently consummated in April 2007) and the recent acquisition of the capital markets business of Legg Mason at the end of 2005;

the possible disruption to Stifel s business that might result from the announcement of the Merger and the resulting distraction of the attention of Stifel s management;

the amount of stock to be held by Bancorp and the possibility that Bancorp may seek to sell such shares in the future.

The foregoing discussion of the information and factors considered by the Stifel Board is not intended to be exhaustive but, we believe, includes all material factors considered by our board of directors. Based on the factors outlined above, the Stifel Board determined that the Merger Agreement and the transactions contemplated by the Merger Agreement, including the Merger, are fair to and in the best interests of holders of Stifel common stock.

Opinion of Stifel s Financial Advisor

Stifel retained Citi as its exclusive financial advisor in connection with the Merger. In connection with this engagement, the board of directors of Stifel requested that Citi evaluate the fairness, from a financial point of view, to Stifel of the Merger consideration to be paid by Stifel in the Merger. On January 6, 2007, at a meeting of the Stifel board of directors held to evaluate the Merger, Citi delivered a verbal fairness opinion, which opinion was confirmed by delivery of a written opinion dated January 8, 2007, the date of the Merger Agreement, to the effect that as of the date of such opinion, and based upon and subject to the assumptions, limitations and considerations set forth in the opinion and other factors it deemed relevant, the Merger consideration provided for in the Merger Agreement (assuming, however, with the consent of Stifel s Board, that no cash would be substituted for the Initial Share Consideration as contemplated by the Merger Agreement) to be paid by Stifel in the Merger was fair, from a financial point of view, to Stifel.

The full text of Citi s written opinion, dated January 8, 2007, which sets forth the assumptions made, general procedures followed, matters considered and limits on the review undertaken, is included as Annex II to this proxy statement. **The summary of Citi s opinion set forth below is qualified in its entirety by reference to the full text of the opinion. You are urged to read Citi s opinion carefully and in its entirety.**

The Citi opinion was provided for the information of the Stifel board of directors in its evaluation of the Merger, which has been consummated, and was limited solely to the fairness from a financial point of view as of the date of the opinion of the Merger consideration provided for in the Merger Agreement (assuming, however, with the consent of Stifel s Board, that no cash would be substituted for the Initial Share Consideration as contemplated by the Merger Agreement) to be paid by Stifel in the Merger. Citi was not requested to opine as to, and its opinion does not address in any manner, Stifel s underlying business decision to proceed with or effect the Merger. Neither Citi s opinion nor its related analyses constituted a recommendation of the Merger to the Stifel board of directors. Citi makes no recommendation to any stockholder as to how such stockholder should vote or act on any matters relating to the Merger, including with respect to the Proposal I described in this proxy statement.

In arriving at its opinion, Citi reviewed the Merger Agreement and held discussions with certain senior officers, directors and other representatives and advisors of Stifel and certain senior officers and other representatives and advisors of Ryan Beck concerning the business, operations and prospects of Stifel and Ryan Beck. Citi examined certain publicly available business and financial information relating to Stifel and Ryan Beck as well as certain financial forecasts and other information and data relating to Stifel and Ryan Beck which were provided to or discussed with Citi by the respective managements of Stifel and Ryan Beck, including adjustments to the forecasts and other information and data relating to Stifel and Ryan Beck discussed with Citi by the respective managements of Stifel and Ryan Beck, and including information

relating to the potential strategic implications and operational benefits (including the amount, timing and achievability thereof) anticipated by the managements of Stifel and Ryan Beck to result from the Merger. In addition, Citi assumed, with the consent of Stifel s Board, that there were no material undisclosed liabilities of Ryan Beck for which adequate reserves or other provisions had not been made. Citi reviewed the financial terms of the Merger as set forth in the Merger Agreement in relation to or in light of, among other things:

- current and historical market prices and trading volumes of Stifel common stock;
- the historical and projected earnings and other operating data of Stifel and Ryan Beck;
- the capitalization and financial condition of Stifel and Ryan Beck; and
- the liquidity requirements and capital resources of Ryan Beck.

Citi considered, to the extent publicly available, the financial terms of certain other transactions which Citi considered relevant in evaluating the Merger and analyzed certain financial, stock market and other publicly available information relating to the businesses of other companies whose operations Citi considered relevant in evaluating those of Stifel and Ryan Beck. Citi also evaluated certain potential pro forma financial effects of the Merger on Stifel. In addition to the foregoing, Citi conducted such other analyses and examinations and considered such other information and financial, economic and market criteria as Citi deemed appropriate in arriving at its opinion.

In rendering its opinion, Citi assumed and relied, without assuming any responsibility for independent verification, upon the accuracy and completeness of all financial and other information and data publicly available or provided to or otherwise reviewed by or discussed with Citi and upon the assurances of the respective managements of Stifel and Ryan Beck that they were not aware of any relevant information that had been omitted or that remained undisclosed to Citi. With respect to financial forecasts and other information and data provided to or otherwise reviewed by or discussed with Citi relating to Stifel and Ryan Beck and, in the case of certain potential pro forma financial effects of, and strategic implications and operational benefits resulting from, the Merger, relating to Stifel, Citi was advised by the respective managements of Stifel and Ryan Beck that such forecasts and other information and data were reasonably prepared on bases reflecting the best currently available estimates and judgments of the managements of Stifel and Ryan Beck as to the future financial performance of Stifel and Ryan Beck, the potential strategic implications and operational benefits anticipated to result from the Merger and other matters covered thereby, and Citi assumed, with Stifel s consent, that the financial results (including the potential strategic implications and operational benefits anticipated to result from the Merger) reflected in such forecasts and other information and data will be realized in the amounts and at the times projected.

Citi assumed, with Stifel s consent, that the Merger would be consummated in accordance with its terms, without waiver, modification or amendment of any material term, condition or agreement and that, in the course of obtaining the necessary regulatory or third party approvals, consents and releases for the Merger, no delay, limitation, restriction or condition would be imposed that would have an adverse effect on Stifel, Ryan Beck or the contemplated benefits to Stifel of the Merger.

The Merger Agreement provides for the substitution of an amount of cash, referred to as the Substituted Cash Consideration, for a portion of the Initial Share Consideration in certain circumstances. Citi assumed, with the consent of Stifel s Board, that no Substituted Cash Consideration would be paid in connection with the Merger. Citi also assumed, with the consent of Stifel s Board, that the Merger would be treated as a tax-free reorganization for federal income tax purposes.

Citi s opinion, as set forth therein, relates to the relative values of Stifel and Ryan Beck. Citi did not express any opinion as to what the value of the Stifel common stock would be when issued pursuant to the Merger or the price at which the Stifel common stock would trade at any time. Citi did not make and was not provided with an independent evaluation or appraisal of the assets or liabilities (contingent or otherwise) of Stifel or Ryan Beck, nor did Citi make any physical inspection of the properties or assets of Stifel or Ryan Beck. Citi expressed no view as to, and its opinion did not address, the relative merits of the Merger as compared to any alternative business strategies that might exist for Stifel or the effect of any other transaction in which Stifel might engage. Citi s opinion was necessarily based upon information available to Citi, and financial, stock market and other conditions and circumstances existing, as of the date of the opinion.

Citi s advisory services and the opinion expressed in Citi s written opinion dated January 8, 2007, were provided solely for the information of the board of directors of Stifel in its evaluation of the proposed Merger, and may not be relied upon by any third party or used for any other purpose as set forth in Citi s engagement letter with Stifel dated January 5, 2007. Citi s engagement letter expressly states that Citi has been retained under such engagement letter solely as an adviser to Stifel, and not as an adviser to or agent to any other person, and that neither the engagement, nor the delivery of any advice in connection therewith, is intended to confer rights upon any person not a party to the engagement letter (including security holders, employees or creditors of Stifel) as against Citi or its affiliates or their respective directors, officers, agents and employees. The availability of a defense under applicable state law based on the foregoing disclaimer of third party reliance on Citi s written opinion would have no effect on the rights and responsibilities of the Stifel board of directors under applicable state law, or the rights and responsibilities of the Stifel board of directors or Citi under the federal securities laws.

Citi has consented to the inclusion of its written opinion dated January 8, 2007, to the board of directors of Stifel relating to the Merger as Annex II to this proxy statement.

Financial Analyses of Citi

In connection with rendering its opinion, Citi made a presentation to the Stifel board of directors on January 6, 2007 with respect to the material analyses performed by Citi in evaluating the fairness to Stifel, from a financial point of view, of the Merger consideration provided for in the Merger Agreement (assuming, however, with the consent of Stifel s Board, that no Substituted Cash Consideration would be paid in connection with the Merger) to be paid by Stifel in the Merger. The following is a summary of the financial analyses contained in that presentation. **The summary includes information presented in tabular format. In order to understand fully the financial analyses used by Citi, these tables must be read together with the text of each summary. The tables alone do not constitute a complete description of the financial analyses.** The following quantitative information, to the extent it is based on market data, is, except as otherwise indicated, based on market data as it existed at or prior to January 5, 2007, and is not necessarily indicative of current or future market conditions.

The written opinion of Citi did not reflect any development that may have occurred after the date of such opinion and prior to completion of the Merger. Stifel did not request an updated opinion from Citi in connection with the Merger.

Comparable Companies Analysis. Citi reviewed market values and trading multiples for the following publicly held companies in the brokerage, financial advisory, investment banking, investment advisory and related financial advisory services sectors and compared them with financial data for Ryan Beck:

- Stifel;
- A.G. Edwards & Sons, Inc.;
- Raymond James Financial, Inc.;
- Oppenheimer & Co.;
- Sanders Morris Harris Group Inc.;
- Piper Jaffray & Co.;
- KBW, Inc.;
- Thomas Weisel Partners Group, Inc.; and
- Cowen Group, Inc.

All multiples were based on market data as of January 5, 2007. The forecasted financial information used by Citi for the selected comparable companies in the course of this analysis was based on information published by Institutional Brokers Estimate System, or IBES, as provided by Thomson Financial and IDD Information Services, or IDD. IBES contains estimated and actual earnings cash flows, dividends, sales and pre-tax income data for companies in the U.S., Europe, Asia and emerging markets. The forecasted financial information used by Citi in the course of these analyses with respect to Stifel and Ryan Beck was based on Stifel and Ryan Beck management estimates and, with respect to Stifel, do not include any compensation expenses related to Stifel s acquisition of Legg Mason s capital market business.

For each of the selected comparable companies, Citi derived and compared, among other things:

the price as a multiple of 2006 earnings per share (2006 EPS);

the price as a multiple of 2007 earnings per share (2007 EPS);

the price as a multiple of book value (Book Value);

the price as a multiple of tangible book value (Tangible Book Value);

broker premium (defined as market capitalization less tangible book value, expressed on a per broker basis ($ in thousands)) (Broker Premium); and

long term earnings per share growth rate (Long Term EPS Growth Rate).

15

The following table sets forth the results of this analysis:

	High	Median	Low
Price as a multiple of 2006 EPS	23.5x	17.6x	13.5x
Price as a multiple of 2007 EPS	21.4x	15.8x	11.0x
Price as a multiple of Book Value	3.13x	2.05x	1.24x
Price as a multiple of Tangible Book Value	3.13x	2.27x	1.77x
Broker Premium ($ in thousands)	$623.0	$433.7	$147.8
Long Term EPS Growth Rate	10.0%	10.0%	5.0%

Based on this comparable company analysis and taking into consideration other performance metrics, Citi derived a reference range for the implied estimated equity value of Ryan Beck of approximately $135.0 million to $150.0 million. Citi calculated that this reference range would result in an implied multiple of equity value to estimated 2007 Net Income of 29.0x to 32.2x, an implied multiple of equity value to Tangible Book Value of 1.49x to 1.65x and an implied Broker Premium of $114.0 to $152.5 (each in thousands).

Precedent Transactions Analysis. Citi reviewed publicly available information for the following eleven merger or acquisition transactions in the brokerage, financial advisory, investment banking, investment advisory and related financial advisory services sectors publicly announced since September 28, 1999:

Acquiror	Target	Date Announced
UBS	McDonald (Retail Only)	9/6/2006
UBS	Piper Jaffray & Co. (Retail Only)	4/11/2006
Merrill Lynch & Co.	Advest Group, Inc. (AXA)	9/14/2005
Royal Bank of Canada	Tucker Anthony Sutro	8/1/2001
Regions Financial	Morgan Keegan	12/18/00
Royal Bank of Canada	Dain Rauscher	9/28/00
MONY	Advest	8/24/00
UBS	Paine Webber	7/12/00
First Union	First Albany	5/10/00
Paine Webber	J.C. Bradford	4/28/00
Wells Fargo	Ragen MacKenzie	9/28/99

For each selected precedent transaction, Citi derived and compared, among other things:

- the ratio of purchase price (excluding retention payments) of the acquired company based on the consideration paid in the transaction to net revenues, for the last 12-month period prior to the announcement of the transaction for which financial results were available (LTM Net Revenues);
- the ratio of purchase price (excluding retention payments) of the acquired company based on the consideration paid in the transaction to net income, for the last 12-month period prior to the announcement of the transaction for which financial results were available (LTM Net Income);
- the ratio of purchase price (excluding retention payments) of the acquired company based on the consideration paid in the transaction to net income, for the current fiscal year period during which the transaction was consummated (CFY Net Income);
- the ratio of purchase price (excluding retention payments) of the acquired company based on the consideration paid in the transaction to tangible book value (Tangible Book Value); and
- the broker premium (Broker Premium).

With respect to the financial information for the companies involved in the selected precedent transactions, Citi relied on information available in public documents, company press releases and information published by IDD.

The following table presents the results of this analysis:

	High	Median	Low
Ratio of Purchase Price to LTM Net Revenues	3.05x	1.39x	0.84x
Ratio of Purchase Price to LTM Net Income	73.4x	16.1x	6.8x
Ratio of Purchase Price to CFY Net Income	47.3x	16.9x	13.2x
Ratio of Purchase Price to Tangible Book Value	3.43x	2.90x	1.98x
Broker Premium ($ in thousands)	$1,014	$564	$288

Based upon this precedent transactions analysis and taking into consideration other performance metrics, Citi derived a reference range for the implied estimated equity value of Ryan Beck of approximately $180.0 million to $200.0 million. Citi calculated that this reference range would result in an implied multiple of equity value to estimated 2007 Net Income of 38.7x to 43.0x, an implied multiple of firm value to Tangible Book Value of 1.99x to 2.21x and an implied Broker Premium of $229.6 to $281.1 (each in thousands).

Discounted Cash Flow Analysis. Citi performed a discounted cash flow analysis to calculate the estimated present value of the after-tax free cash flows that Ryan Beck could generate from fiscal years 2007 through 2011 based on financial projections developed with and reviewed by Stifel management, both on a standalone basis and taking into account the value of synergies anticipated to result from the Merger by Stifel s management.

Citi calculated the after-tax free cash flows by calculating estimated net income of Ryan Beck for each of fiscal years 2007 through 2011, by applying a 7% compound annual growth rate to estimated revenues for Ryan Beck and a pre-tax net margin thereto, and adjusting estimated net income for estimated additional investments required. Citi calculated the terminal value of Ryan Beck by applying to Ryan Beck s fiscal year 2011 estimated net income a range of terminal multiples of 11.5x to 13.5x. The present value of the cash flows and the terminal value of Ryan Beck were calculated using discount rates ranging from 10.5% to 13.5%, which Citi viewed as appropriate based on weighted average cost of capital analysis for Ryan Beck.

Citi derived a reference range for the implied estimated equity value of Ryan Beck of approximately $125.0 million to $150.0 million based on the discounted cash flow analysis for Ryan Beck without taking into account synergies anticipated to result from the Merger by Stifel s management. In addition, Citi derived a reference range for the implied estimated equity value of Ryan Beck of approximately $250.0 million to $275.0 million based on the discounted cash flow analysis taking into account synergies anticipated to result from the Merger by Stifel s management.

Contribution Analysis. Citi reviewed certain historical and estimated future operating, financial and market information for Ryan Beck and Stifel, and the implied contribution percentages of Stifel and Ryan Beck to the combined company. The information used by Citi in the course of this analysis was based on estimates provided to Citi by the respective managements of Stifel and Ryan Beck.

Based upon the foregoing analysis, and assuming Stifel s stockholders would approve the issuance of the common stock issuable upon the exercise of five-year warrants that is the subject of the Proposal I described in this proxy statement, Citi calculated an implied Stifel contribution range in the combined company of approximately 67% to 92%, compared with an implied ownership percentage of Stifel shareholders in the pro forma entity of 81%, taking into account options, deferred compensation and assuming the issuance of 500,000 shares of Stifel common stock

upon the exercise of the five-year warrants and up to $20 million in additional shares of Stifel common stock in respect of earn-out consideration relating to Stifel s acquisition of Ryan Beck.

The results of this analysis were based on estimates provided to Citi by the respective managements of Stifel and Ryan Beck, and are set forth below:

Metric	Stifel Contribution
Equity	71%
Revenues	
2007 Estimated	68%
Net Income	
2007 Estimated	92%
2007 Estimated (assuming anticipated annual synergies)	73%
Private Client Revenue	
2007 Estimated	67%
Number of Brokers	
2007 Estimated	69%
Relative Discounted Cash Flow	
Standalone	82%
Standalone (assuming anticipated annual synergies)	70%

Pro Forma Analysis. Citi also analyzed the potential pro forma effect of the Merger on the projected earnings per share, or EPS, for Stifel, based upon fiscal 2007 earnings estimates prepared by Stifel and Ryan Beck managements for Stifel and Ryan Beck, for the following two scenarios:

- Stifel s stockholders approve the issuance of the common stock issuable upon the exercise of five-year warrants that is the subject of Proposal I described in this proxy statement;
- Stifel s stockholders do not approve the issuance of the common stock issuable upon the exercise of five-year warrants that is the subject of Proposal I described in this proxy statement, and cash is substituted in lieu thereof.

The effect on EPS was calculated assuming the transaction closed on December 31, 2006 and using various other assumptions. Citi compared the Stifel management s estimates of standalone 2007 earnings per share of Stifel (GAAP EPS), GAAP EPS excluding the effect of amortizing intangibles and acquisition related compensation expenses for the acquisition of the Legg Mason capital markets business and the Merger (Operating EPS), and the tangible book value per share, to the estimated GAAP EPS, Operating EPS and tangible book value per share, respectively, of the combined company for both the base case which takes into account 50% of the full amount of the synergies anticipated to result from the Merger by Stifel s management (Base Case), and the run rate which takes into account the full amount of the synergies anticipated to result from the Merger by Stifel s management (Run Rate).

The following table sets forth the results of the pro forma analysis for the Base Case and the Run Rate in the case that the issuance of the common stock issuable upon the exercise of five-year warrants that is the subject of Proposal I described in this proxy statement is approved by Stifel s stockholders:

	2007 Estimated	
	Base Case	**Run Rate**

Metric	Pro Forma Combined % Accretion/(Dilution)	% Accretion/(Dilution)
Estimated GAAP EPS	(0.9%)	16.7%
Estimated Operating EPS	2.5%	14.6%
Tangible Book Value per Share		12.2%

18

The following table sets forth the results of the pro forma analysis for the Base Case and the Run Rate in the case that the issuance of the common stock issuable upon the exercise of five-year warrants that is the subject of Proposal I described in this proxy statement is not approved by Stifel s stockholders, and cash is paid in lieu thereof:

Metric	2007 Estimated Base Case Pro Forma Combined % Accretion/(Dilution)	Run Rate Pro Forma Combined % Accretion/(Dilution)
Estimated GAAP EPS	(2.6%)	15.1%
Estimated Operating EPS	1.4%	13.5%
Tangible Book Value per Share		4.1%

General

Citi s opinion was provided for the information of the Stifel board of directors in its evaluation of the proposed Merger, which has been consummated, and was limited solely to the fairness to Stifel, from a financial point of view, as of the date of the opinion, of the Merger consideration provided for in the Merger Agreement (assuming, however, with the consent of Stifel s Board, that no Substituted Cash Consideration would be paid in connection with the Merger) to be paid by Stifel in the Merger. Neither Citi s opinion nor its related analyses constituted a recommendation of the Merger to the Stifel board of directors. Citi makes no recommendation to any stockholder regarding how such stockholder should vote or act on any matters relating to the Merger, including with respect to Proposal I described in this proxy statement.

The preceding discussion is a summary of the material financial analyses furnished by Citi to the Stifel board of directors, but it does not purport to be a complete description of the analyses performed by Citi or of its presentation to the Stifel board of directors. The preparation of financial analyses and fairness opinions is a complex process involving subjective judgments and is not necessarily susceptible to partial analysis or summary description. Citi made no attempt to assign specific weights to particular analyses or factors considered, but rather made qualitative judgments as to the significance and relevance of all of the analyses and factors considered and determined to give its fairness opinion as described above. Accordingly, Citi believes that its analyses, and the summary set forth above, must be considered as a whole, and that selecting portions of the analyses and of the factors considered by Citi, without considering all of the analyses and factors, could create a misleading or incomplete view of the processes underlying the analyses conducted by Citi and its opinion. With regard to the comparable companies and precedent transactions analyses summarized above, Citi selected comparable public companies and precedent transactions on the basis of various factors, including size and similarity of the line of business of the relevant entities; however, no company utilized in these analyses is identical to Ryan Beck and no precedent transaction is identical to the Merger. As a result, these analyses are not purely mathematical, but also take into account differences in financial and operating characteristics of the subject companies and other factors that could affect the Merger, the transactions in connection with the Merger or the public trading value of the subject companies to which Ryan Beck was being compared.

In its analyses, Citi made numerous assumptions with respect to Stifel and Ryan Beck, industry performance, general business, economic, market and financial conditions and other matters, many of which are beyond the control of Stifel and Ryan Beck. Any estimates contained in Citi s analyses are not necessarily indicative of actual values or predictive of future results or values, which may be significantly more or less favorable than those suggested by these analyses. Estimates of values of companies do not purport to be appraisals or necessarily to reflect the prices at which companies may actually be sold. Because these estimates are inherently subject to uncertainty, none of Stifel, Ryan Beck, the Stifel board of directors, Citi or any other person assumes responsibility if future results or actual values differ materially from the estimates. Citi s analyses were prepared solely as part of

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Citi s analysis of the fairness to Stifel, from a financial point of view, of the Merger consideration provided for in the Merger Agreement (assuming, however, with the consent of Stifel s Board, that no Substituted Cash Consideration would be paid in connection with the Merger) to be paid by Stifel in the Merger and were provided for the information of the Stifel board of directors in that connection.

Stifel retained Citi as its exclusive financial advisor in connection with the Merger, which was consummated on February 28, 2007, based on Citi s qualifications, expertise and reputation. Citi is an internationally recognized investment banking firm engaged in, among other things, the valuation of businesses and their securities in connection with mergers and acquisitions, restructurings, leveraged buyouts, negotiated underwritings, competitive biddings, secondary distributions of listed and unlisted securities, private placements and valuations for estate, corporate and other purposes.

Citi was not requested to, and it did not, recommend the specific consideration payable in the Merger, which consideration was determined between Stifel and Bancorp, and the decision to enter into the Merger was solely that of the Stifel board of directors. Citi s opinion and financial analyses were only one of many factors considered by the Stifel board of directors in its evaluation of the Merger and should not be viewed as determinative of the views of the Stifel board of directors or Stifel s management with respect to the Merger or the consideration to be paid by Stifel in the Merger.

Citi entered into an engagement letter with Stifel dated as of January 5, 2007, pursuant to which Stifel agreed to pay Citi (1) $50,000 promptly following the execution of the engagement letter, (2) $500,000 promptly upon delivery by Citi of the fairness opinion, and (3) an additional fee of $2 million (less any amounts paid under (1) and (2)) promptly upon consummation of the Merger. Stifel also agreed to reimburse Citi for all reasonable travel and other expenses incurred by Citi in connection with performing its services, including reasonable fees and expenses of its legal counsel. In addition, Stifel also agreed to indemnify Citi and related persons against liabilities, including liabilities under the federal securities laws, arising out of its engagement.

Citi acted as the exclusive financial advisor to Citigroup Inc. in connection with its sale of the Legg Mason capital markets business to Stifel on December 1, 2005. In connection therewith and pursuant to that certain Acquisition Agreement, dated as of September 15, 2005, as amended, between Stifel and Citigroup Inc., Stifel may owe Citigroup Inc. certain contingent earn-out payments based on the combined revenues of Stifel and Ryan Beck, subject to certain exceptions and thresholds agreed upon by Citigroup Inc. and Stifel.

In the ordinary course of business, Citi and its affiliates may actively trade or hold the securities of Stifel and Bancorp for its own account or for the account of its customers and, accordingly, may at any time hold a long or short position in such securities. In addition, Citi and its affiliates (including Citigroup Inc. and its affiliates) may maintain relationships with Stifel, Bancorp and Ryan Beck and their respective affiliates.

Potential Dilution

As of March 1, 2007, the day following the closing of the Merger, Stifel had authorized 30,000,000 shares of common stock and 14,906,752 shares outstanding. The maximum number of shares issuable in connection with the issuance of the shares underlying the warrants and for payment of the earn-out amounts is 1,500,000 shares of common stock. This total does not include the 1,200,000 shares to be reserved for issuance under the Plan, which is also subject to stockholder approval under Proposal II, as described beginning on page 42. The issuance of the shares underlying the warrants and for payment of the earn-out amounts will result in a dilution in the ownership percentage of common stock

held by current stockholders as described in the tables below.

The issuance of the shares underlying the warrants and for payment of the earn-out amounts may also result in a significant ownership position in Stifel by the former stockholders of Ryan Beck. Specifically, if all 1,500,000 shares described in this Proposal I are issued, the former stockholders of Ryan Beck will own 24.18% of the outstanding shares of Stifel common stock. Under the standstill provisions of the Registration Rights Agreement, Bancorp s ownership of shares of Stifel common stock is capped at 24.9% of the outstanding voting securities of Stifel for a period of 10 years.

The following table illustrates the potential dilutive effect of the issuance of the shares underlying the warrants and for payment of the earn-out amounts described in Proposal I, including both the dilutive effective of the shares underlying the warrants with and without the payment of any earn-out consideration:

	Number	%	Number	%
Stockholders before Issuance (including 2,467,600 shares issued at closing of the Merger)	14,906,752	96.8%	14,906,752	90.9%
Shares subject to Proposal I:				
Warrants	500,000	3.2%	500,000	3.0%
Contingent earn-out	--	--	1,000,000	6.1%
Total	15,406,752	100.0%	16,406,752	100.0%

The following table illustrates the potential collective dilutive effect of each of the potential issuances of common stock (Proposal I and Proposal II, if both are approved) in connection with this proxy statement, including both the dilutive effective of the shares underlying the warrants with and without the payment of any earn-out consideration:

	Number	%	Number	%
Stockholders before Issuance and Plan (including 2,467,600 shares issued at closing of the Merger)	14,906,752	89.8%	14,906,752	84.7%
Shares subject to Proposal I and II:				
Warrants	500,000	3.0%	500,000	2.8%
Contingent earn-out	--	--	1,000,000	5.7%
Shares pursuant to the Plan	1,200,000	7.2%	1,200,000	6.8%
Total	16,606,752	100.0%	17,606,752	100.0%

Terms of the Ryan Beck Acquisition

Pursuant to the Merger, Ryan Beck was merged with and into Merger Sub. Merger Sub was the surviving entity, is a wholly-owned subsidiary of Stifel. Merger Sub has subsequently changed its name to Ryan Beck Holdings, Inc. As previously discussed, the consideration issued (and to be issued) in the Merger is as follows:

- As initial consideration for the Merger, Stifel (1) issued 2,467,600 shares of Stifel common stock in a private placement to Bancorp, as the sole stockholder of Ryan Beck, and to certain optionholders of Ryan Beck (as described below) and (2) cash consideration of approximately $2.65 million. Stifel had agreed to issue 2,531,278 shares, subject to reduction so that the total number of shares was equal to approximately 19.9% of the outstanding common stock as of the date of issuance. The amount of cash substituted for each such share of Stifel common stock was equal to the average of the daily closing price of a share of Stifel common stock for the 10 consecutive business days ending on February 27, 2007, the day prior to the closing date.

- Subject to the approval of Stifel stockholders requested in this proxy, warrants to purchase up to 500,000 shares of Stifel s common stock, at an exercise price of $36.00 per share. After their issuance, the warrants will have a term of five years and will be immediately exercisable. If Stifel does not obtain such stockholder approval on or before June 30, 2007, Stifel will pay $20.0 million in cash to the stockholders of Ryan Beck common stock in lieu of issuing the warrants, and Stifel will have no further obligation to issue the warrants or any shares of Stifel common stock upon exercise of any such warrants.

- Contingent payments, as follows:

  - A contingent payment based on the aggregate commissionable revenues attributable to certain individuals in Ryan Beck s existing private client division over the two-year period following

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closing. The earn-out is based on 30% of commissionable revenue attributable to specified individuals above a base commissionable revenues amount for the entire two-year earn-out period, up to a maximum payout of $40.0 million, subject to adjustment in certain events.

  - Two contingent payments based on revenues attributable to certain individuals in Ryan Beck s existing investment banking division over each of the first two 12-month periods following closing. The earn-out is equal to 25% of the amount by which the investment banking fees attributed to specified individuals in Ryan Beck s investment banking division exceeds $25.0 million in each of the two 12-month periods following closing.

Each of the contingent payments is payable in cash or Stifel common stock, at Stifel s election. Any shares of Stifel stock delivered as consideration for either of the contingent earn-outs will be valued according to the average of the daily closing price of a share of Stifel stock for the 10 consecutive business days ending on the day prior to the last day of the earn-out period. Stifel is seeking stockholder approval for the issuance of up to 1,000,000 shares of common stock to be used to pay any such contingent earn-out payments; if such earn-out consideration exceeds the value of 1,000,000 shares, then we will pay the balance of the earn-out payments in cash or seek further stockholder approval for the issuance of additional shares at that time.

Because the exercise of such warrants and/or the issuance of shares of Stifel common stock in consideration of the earn-out payments, together with the initial share consideration, would in the aggregate exceed 20% of the outstanding Stifel common stock prior to the Merger, the Stifel Board of Directors is seeking stockholder approval for the issuance of shares of common stock, $0.15 par value, in connection with the Merger, pursuant to the rules of the New York Stock Exchange (the NYSE).

It is not possible to determine the exact number of shares issuable in connection with a potential payment of earn-out consideration because (1) the amount of any earn-out payments have not been finally determined, (2) the valuation of such shares as relating to the earn-out payments has not been determined, and (3) Stifel may elect to pay all or a portion of such earn-out payments in cash. However, Stifel is only seeking approval of the issuance of up to 1,000,000 shares in connection with payment of the earn-out consideration, and that would be the maximum amount issuable in respect of the earn-out consideration.

In the event Stifel does not obtain such stockholder approval of Proposal I on or before June 30, 2007, Stifel will be obligated to pay $20.0 million in cash to the stockholders of Ryan Beck common stock in lieu of issuing the warrants, and Stifel will be required to pay all earn-out payments in cash instead of in shares of Stifel common stock.

Prior to the acquisition, Ryan Beck had established the RB Holdings, Inc. Amended and Restated Common Stock Option Program. In connection with entering into the Merger Agreement, Ryan Beck s board of directors and Bancorp, the sole shareholder of Ryan Beck, took action to cause the options under that plan, to the extent such options were (or could become) in the money to be canceled and converted into the right to receive a portion of the Merger consideration, net of applicable exercise price. The aggregate Merger consideration paid by Stifel did not change as a result of these adjustments to the Ryan Beck options. These optionholders received 90,246 shares of the 2,467,600 shares of Stifel common stock and approximately $24,000 of the overall $2.65 million cash portion of the initial Merger consideration paid by Stifel at the closing of the Merger.

Value of the Merger Consideration. Stifel issued 2,467,600 shares at the closing of the Merger. Utilizing a value of $41.55 per share (which represents the five-day average of the closing price of our stock as reported by the NYSE commencing two days before, and ending two days after, we announced the Merger), that stock had a value of $102.5 million. In addition, we paid approximately $2.65 million of cash at the closing of the Merger. As discussed elsewhere in this proxy statement, we also agreed to issue five-year warrants to purchase up to 500,000 shares of our common stock at an exercise price of $36.00 per share. Using the Black-Scholes valuation method for the warrants, which gives consideration to the price of the underlying stock at the date of grant, the exercise price of the warrant, the expected dividend yield and volatility of the underlying stock, the expected life of the warrant and the corresponding risk free interest rate, such warrants had a value of approximately $8.5 million. Accordingly, the

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initial share consideration, the cash and the Black-Scholes value of the warrants totals approximately $113.7 million. If the stockholders do not approve the issuance of the warrants, we are required to pay cash of $20.0 million in lieu of issuing the warrants. With the additional cash payment, the aggregate Merger consideration would equal approximately $125.2 million. If any contingent earn-out consideration is paid, the value of the Merger consideration paid to Bancorp and former optionholders of Ryan Beck will increase by the amount of such contingent consideration paid.

In connection with the closing of the Merger, Stifel entered into a registration rights agreement (the Registration Rights Agreement) with Bancorp (on its own behalf and on behalf of the holders of options to acquire shares of Ryan Beck common stock who acquire shares of Stifel common stock in the Merger) relating to the registration of shares of Stifel common stock issued as Merger consideration. The Registration Rights Agreement requires Stifel to register for resale (i) all such shares held by stockholders other than Bancorp within 180 days after the closing of the Merger and (ii) one-third of such shares held by Bancorp within 180 days after the closing of the Merger, and another one-third of such shares held by Bancorp by the first and second anniversaries of Stifel s initial share registration. Additionally, the Registration Rights Agreement includes a lock-up provision under which Bancorp will agree not to sell, other than in a private sale, or enter into a hedging transaction with respect to, such shares for certain amounts of time; specifically, Bancorp may sell one-third of its shares acquired in respect of the Merger after 180 days after the closing of the Merger, two-thirds of its shares acquired in respect of the Merger after 18 months after the closing of the Merger, and all of its shares acquired in respect of the Merger after 30 months after the closing of the Merger. Finally, the Registration Rights Agreement includes standstill provisions under which Bancorp will agree not to, by itself or through its affiliates, acquire shares of Stifel common stock in excess of certain thresholds, and not to otherwise seek to acquire, merge or exert control over Stifel, other than

as provided in the Merger Agreement, for a period of time as defined in the Registration Rights Agreement.

The Merger Agreement includes certain non-compete provisions under which Bancorp agreed, for a period of two years after the closing of the Merger, not to directly or indirectly engage in the broker/dealer business in the United States, subject to certain exceptions in the case of acquisitions by or of Bancorp. The Merger Agreement also includes a two-year non-solicitation provision under which Bancorp agreed not to directly or indirectly solicit the employment of Ryan Beck employees engaged in the broker-dealer business.

The Merger Agreement provided for certain customary representations, warranties and covenants on the part of the Stifel, Merger Sub, Bancorp and Ryan Beck, as well as customary closing conditions and the approval of all required governmental and other regulatory entities. The Merger was closed on February 28, 2007, following satisfaction of such closing conditions. The Merger Agreement also provides for indemnification of each of the parties in certain instances.

Voting Agreement

In conjunction with the execution of the Merger Agreement, Stifel also entered into a Voting Agreement effective January 8, 2006 (the Voting Agreement) with Bancorp, Western and Southern, and several other individual holders of Stifel s common stock (collectively, the Stockholders), under which the Stockholders agreed to vote their shares of Stifel common stock, among other things, in favor of the transactions contemplated by the Merger Agreement including, without limitation, the issuance of the consideration, the warrant and the shares of Stifel common stock issuable upon exercise thereof and shares of Stifel common stock that may become issuable (and paid at the discretion of Stifel) as earn-out consideration, each as described above, and such other matters regarding the Merger so as to facilitate the consummation thereof. Additionally, the Stockholders agreed to vote their shares of Stifel common stock against any action, transaction or agreement that would result in a breach in any respect of any covenant, representation or warranty or any other obligation or agreement under the Merger Agreement or the Voting Agreement.

Interest of Certain Persons in the Merger

Stifel s officers and directors and their associates did not receive any direct or indirect benefit as a result of the transaction that would not be realized by holders of Stifel common stock, generally, and the Board has not identified any conflicts of interest among Stifel s officers and directors.

23

Stifel anticipates that sometime after the annual stockholders meeting, the Board will appoint Ben A. Plotkin, the chairman and chief executive officer of Ryan Beck, to the Board of Stifel. Mr. Plotkin was not a member of the executive management of Stifel when the Merger was considered, and will not be a member of the Board during the time prior to the approval of the matters that are the subject of this proxy statement. At the time such matters were considered, Mr. Plotkin was chairman of the board of, and was the chief executive officer of, Ryan Beck.

NYSE Listing

In accordance with the rules of the New York Stock Exchange, on which Stifel s common stock is listed for trading, the Company filed a Listing Application for the additional shares of Common Stock issued and issuable pursuant to the Merger Agreement. Prior to the effective time of the merger, the shares issued as initial share consideration were approved and the shares issuable upon exercise of the warrants and as payment for the earn-out consideration were approved, subject to stockholder approval.

Expenses

The Acquisition Agreement provides that all fees and expenses incurred in connection with the Acquisition Agreement and the related transactions will be paid by the party incurring such fees or expenses.

Certain Federal Income Tax Considerations

The acquisition is intended to qualify as a tax-free reorganization pursuant to the provisions of section 368(a)(2)(D) of the Internal Revenue Code of 1986, as amended (the Code). In such tax-free reorganization, the target corporation (in this case, Ryan Beck, the company being acquired), merges with and into a controlled subsidiary of the parent corporation (in this case, Stifel) with the controlled subsidiary surviving. Stifel s Merger Sub is acquiring substantially all of the assets of Ryan Beck in exchange for Merger consideration, which is limited to Stifel common stock and cash. Because the transaction is a merger, Merger Sub will assume all liabilities of Ryan Beck; however, no Merger Sub stock or securities will be issued. Merger Sub will remain a wholly-owned subsidiary of Stifel with Stifel owning 100% of Merger Sub outstanding common stock.

Upon Bancorp s exchange of its Ryan Beck stock for the Merger consideration, it will recognize gain in an amount equal to the lesser of (i) the difference between (A) the fair market value of the Stifel common stock and cash received in the exchange and (B) its basis in the Ryan Beck stock; or (ii) the amount of cash received in the exchange. Bancorp will have a basis in the Stifel common stock received equal to its basis in the Ryan Beck stock exchanged, decreased by the cash received and increased by any gain recognized on the exchange. Stifel has not made any determination as to whether the transaction contemplated by the Merger Agreement will successfully qualify as a tax-free reorganization pursuant to Section 368(a)(2)(D) of the Code, and Bancorp is responsible for obtaining its own independent tax advice with regard to these issues.

In general, Stifel and Merger Sub will not recognize any gain or loss upon the receipt by the Merger Sub of the assets of Ryan Beck in exchange for the Merger consideration and the assumption by Merger Sub of the liabilities of Ryan Beck. The holding period for the assets of Ryan Beck received by Merger Sub will include the period during which such assets were held by Ryan Beck. The tax basis of the assets of Ryan Beck held by Merger Sub will be the same tax basis of such assets in the hands of Ryan Beck immediately prior to the Merger.

Accounting Treatment

The acquisition has been treated as a purchase for financial reporting and accounting purposes, in accordance with generally accepted accounting principles. After the Closing Date, the results of operations of Ryan Beck s business will be included in the consolidated financial statements of Stifel. See Summary Unaudited Pro Forma Combined Financial Data on page 50.

Regulatory Matters

The Merger Agreement provided customary closing conditions, including the approval of all required governmental and other regulatory entities.

The Hart-Scott-Rodino Antitrust Improvements Act of 1976 and the regulations promulgated thereunder (the HSR Act) required Stifel and Bancorp to file notification and report forms with respect to the merger and related transactions with the Antitrust Division of the U.S. Department of Justice and the Federal Trade Commission. Stifel and Bancorp both filed their required notifications and report forms on January 16, 2007. Early termination of the waiting period required under the HSR Act was granted on January 30, 2007.

Our acquisition of Ryan Beck was also subject to approval by the National Association of Securities Dealers (NASD), which provided formal written approval on March 2, 2007. The NYSE also provided informal approval of the transaction in February 2007.

There were no other material regulatory approvals required in connection with the Merger.

Vote Required and Recommendation of the Board of Directors

The affirmative vote of a majority of the shares present and entitled to vote at the meeting will constitute approval of Proposal I.

As described above, in conjunction with the execution of the Merger Agreement, directors, officers and principal stockholders of Stifel entered into the Voting Agreement pursuant to which they agreed to vote the shares of Stifel common stock listed in an exhibit to the Voting Agreement in favor of such matters regarding the merger so as to facilitate the consummation thereof, including issuance of the warrants and shares issuable upon exercise thereof and shares issuable to pay a portion of the earn-out consideration. The signatory stockholders to the Voting Agreement collectively beneficially owned, as of the date of the Voting Agreement, 3,020,370 shares of Stifel common stock, constituted approximately 24.3% of the outstanding Stifel common stock as of February 27, 2007, and approximately 24.3% of the shares of Stifel common stock entitled to vote on Proposal I following the consummation of the Merger. Because of the number of shares obligated to be voted in favor of Proposal I, Stifel believes the chances of its approval are substantially improved.

We recommend a vote FOR Proposal I.

Past Contacts, Transactions Or Negotiations

Except as described under Background of the Merger above, there have not been any negotiations, transactions or material contacts during the past two years concerning any merger, consolidation, acquisition, tender offer or other acquisition of any class of Ryan Beck s securities, election of Ryan Beck s directors or sale or other transfer of a material amount of Ryan Beck s assets (i) between Stifel or Merger Sub or any of their respective affiliates, on the one hand, and Bancorp, Ryan Beck, their respective executive officers, directors, members or controlling persons, on the other hand, (ii) between any affiliates of Stifel or (iii) between Stifel and its affiliates, on the one hand, and any person not affiliated with Stifel who would have a direct interest in such matters, on the other hand.

25

DESCRIPTION OF RYAN BECK

As described elsewhere in this proxy statement, on February 28, 2007, Stifel closed on the acquisition of Ryan Beck Holdings, Inc. and its wholly-owned broker-dealer subsidiary, Ryan Beck & Co., Inc., from Bancorp. Ryan Beck will continue to operate as a free standing subsidiary of Stifel until after all existing branches are converted to Stifel Nicolaus. Unless the context requires otherwise in this description, the term Ryan Beck as used herein means Ryan Beck Holdings, Inc. and its subsidiaries. The description of Ryan Beck s business is on a stand-alone basis effective immediately as of the closing, unless the context requires otherwise.

Ryan Beck offers securities-related financial services principally through its subsidiary, Ryan Beck & Co., Inc., including brokerage, trading, investment banking, investment advisory, and related financial services primarily to customers throughout the United States. Ryan Beck s customers include individuals, corporations, municipalities, and institutions. Although Ryan Beck has customers throughout the United States, its major geographic area of concentration is in the Mid-Atlantic region.

Ryan Beck is headquartered in Florham Park, New Jersey and employed 929 employees at March 1, 2007, including 395 investment executives, in 33 private client branch offices throughout the Mid-Atlantic region. Ryan Beck was founded in 1946.

Through its broker-dealer subsidiary, Ryan Beck provides securities services to approximately 158,000 client accounts. No single client accounts for a material percentage of any segment of Ryan Beck s business.

SEGMENTS

Ryan Beck s business has four segments: Private Client Group, Equity Capital Markets, Fixed Income Capital Markets, and Other.

Private Client Group

Ryan Beck provides securities transaction and financial planning services to its private clients through the Ryan Beck branch systems. At March 1, 2007, the Private Client Group employed 676 individuals, including 395 Ryan Beck investment executives.

Private Client

Ryan Beck had 33 private client branches located in 9 states, primarily in the Mid-Atlantic region. Its 395 investment executives provide a broad range of services and financial products to their clients. While an increasing number of clients are electing asset-based fee alternatives to the traditional commission schedule, in most cases Ryan Beck charges commissions on both stock exchange and over-the-counter transactions, in accordance with its commission schedule. In certain cases, varying discounts from the schedule are granted. In addition, Ryan Beck distributes equity securities, through public offerings and secondary markets, and taxable and tax-exempt fixed income products to its private clients, including municipal, corporate, government agency and mortgage-backed securities, preferred stock, and unit investment trusts. In addition, it distributes insurance and annuity products and investment company shares. Ryan Beck has dealer-sales agreements with numerous distributors of investment company shares. These agreements generally provide for dealer discounts ranging up to 5.75% of the purchase price, depending upon the size of the transaction.

Equity Capital Markets

The Ryan Beck Equity Capital Markets segment includes corporate finance, research, syndicate, over-the-counter equity trading, and institutional sales and trading. At March 1, 2007, Ryan Beck s Equity Capital Markets segment employed 74 individuals.

Corporate Finance

Ryan Beck s corporate finance group consisted of 33 professionals and support associates. Its corporate finance activities include public offerings and private placements of debt and equity securities and the provision of financial advisory services principally with respect to merger and acquisition transactions. The corporate finance group principally focuses on mid-sized companies as well as on larger companies in targeted industry sectors which include Real Estate, Financial Services, Healthcare, IT Services, Business & Consumer Services, and Aerospace, Defense and Homeland Security.

Research

The Ryan Beck research department consisted of 32 analysts and support associates, who publish research on 18 companies. Proprietary research reports are provided to private and institutional clients at no charge and are supplemented by research purchased from outside vendors.

Syndicate

Ryan Beck has a syndicate function, which coordinates the marketing, distribution, pricing, and stabilization of Ryan Beck s lead and co-managed underwritings. In addition, the syndicate department coordinates the Ryan Beck s syndicate and selling group activities managed by other investment banking firms.

Equity Trading

Ryan Beck trades as principal and agent in the over-the-counter market. The over-the-counter equity trading group, which consisted of four professionals and support associates, acts as both principal and agent to facilitate the execution of customers orders. Ryan Beck makes a market in various securities of interest to its customers through buying, selling, and maintaining an inventory of these securities. At March 1, 2007, Ryan Beck made a market in 408 equity issues in the over-the-counter market. Ryan Beck does not engage in a significant amount of trading for its own account.

Institutional Sales and Trading

The Ryan Beck institutional equity sales and trading group consisted of four professionals and support associates, who provide equity products to its institutional accounts in both the primary and secondary markets. At March 1, 2007, the Ryan Beck institutional equity sales and trading department maintained relationships with approximately 132 institutional accounts.

Fixed Income Capital Markets

The Ryan Beck Fixed Income Capital Markets segment includes institutional sales and competitive underwriting, and trading. At March 1, 2007, Ryan Beck s Fixed Income Capital Markets segment employed 53 individuals, including of institutional sales professionals and support associates, and is comprised of taxable and tax-exempt sales departments. Ryan Beck buys both tax-exempt and taxable products, primarily municipal, corporate, government agency, and mortgage-backed securities for their own account, maintain an inventory of these products, and resell from that inventory to their institutional accounts. The institutional fixed income sales group maintained relationships with approximately 79 accounts at March 1, 2007.

Other Segment

Included in the Other Segment are unallocated interest expense, interest income from stock borrow activities, and interest income and gains and losses on investments held in the Other Segment as well as the unallocated overhead cost associated with the execution of orders; processing of securities transactions; custody of client securities; receipt, identification, and delivery of funds and securities; compliance with regulatory and legal requirements; internal financial accounting and controls; and general administration. At March 1, 2007, Ryan Beck employed 126 persons in the Other Segment.

BUSINESS CONTINUITY

Ryan Beck has a disaster recovery plan for each of Ryan Beck s branches. From Ryan Beck s data center in Jersey City, New Jersey, Ryan Beck can redirect all critical business functions for any of Ryan Beck s branches. Ryan Beck has deployed internet protocol telephony through a majority of Ryan Beck s branches, which enables redirection of all calls remotely. Ryan Beck has developed a business continuity plan that is designed to permit continued operation of business critical functions in the event of disruptions to Ryan Beck s primary data center. All business critical functions can be supported without the Jersey City facility through Ryan Beck s back-up data center located in Florham Park, New Jersey. Ryan Beck also has provided for a back-up trading facility located in Jersey City, which can fully support all trading activities currently located in Florham Park. Additionally, through Ryan Beck s clearing broker, Ryan Beck has provided for continuity of all customer related processing activities. Stifel is in the process of integrating Ryan Beck s business continuity program into its own program.

COMPETITION

Ryan Beck competes with other securities firms, some of which offer their customers a broader range of brokerage services, have substantially greater resources, and may have greater operating efficiencies. The securities industry is dominated by several large Wall Street and foreign firms. Over the past several years there have been numerous acquisitions of securities firms by large financial institutions. Ryan Beck also compete with regional broker-dealers and in some cases with small boutique firms. In addition, Ryan Beck compete with alternative trading systems via the internet and other media through which securities and futures transactions are effected. Competition is principally based on price, quality of service, reputation and financial resources. In addition, Ryan Beck faces increasing competition from other financial institutions, such as insurance companies, commercial banks, online service providers, mutual fund sponsors and other companies offering financial services. The Financial Modernization Act, signed into law in late 1999, lifted restrictions on banks and insurance companies, permitting them to provide financial services once dominated by securities firms. In addition, recent consolidation in the financial services industry may lead to increased competition from larger, more diversified organizations. Some of these firms generally charge lower commission rates to their customers without offering services such as portfolio valuation, investment recommendations, and research.

In addition, there is competition within Ryan Beck s industry in obtaining and retaining the services of qualified employees. Because of the importance of Ryan Beck s employees in the performance of Ryan Beck s business, Ryan Beck s ability to compete effectively is dependent upon attracting, retaining and motivating qualified individuals. Ryan Beck s ability to attract, retain and motivate such persons depends, among other things, on geographical location, work environment, culture and compensation.

Management relies on the expertise acquired in its market area over its 61-year history, its personnel, and its equity capital to operate in the competitive environment.

REGULATION

The securities industry in the United States is subject to extensive regulation under federal and state laws. The SEC is the federal agency charged with the administration of the federal securities laws. Much of the regulation of broker-dealers, however, has been delegated to self-regulatory organizations (SRO), principally the National Association of Securities Dealers, Inc. (NASD), the Municipal Securities Rulemaking Board, and the national securities exchanges, such as the NYSE. SROs adopt rules (which are subject to approval by the SEC) that govern the industry and conduct periodic examinations of member broker-dealers. Securities firms are also subject to regulation by state securities commissions in the states in which they are registered.

As a result of federal and state registration and SRO memberships, broker-dealers are subject to overlapping schemes of regulation which cover all aspects of their securities businesses. Such regulations cover matters including capital requirements; uses and safekeeping of clients funds; conduct of directors, officers, and employees; recordkeeping and reporting requirements; supervisory and organizational procedures intended to assure compliance with securities laws and to prevent improper trading on material nonpublic information; employee-related matters,

28

including qualification and licensing of supervisory and sales personnel; limitations on extensions of credit in securities transactions; clearance and settlement procedures; requirements for the registration, underwriting, sale, and distribution of securities; and rules of the SROs designed to promote high standards of commercial honor and just and equitable principles of trade. A particular focus of the applicable regulations concerns the relationship between broker-dealers and their customers. As a result, many aspects of the broker-dealer customer relationship are subject to regulation, including, in some instances, suitability determinations as to certain customer transactions, limitations on the amounts that may be charged to customers, timing of proprietary trading in relation to customers trades, and disclosures to customers.

Additional legislation, changes in rules promulgated by the SEC and by SROs, and changes in the interpretation or enforcement of existing laws and rules often directly affect the method of operation and profitability of broker-dealers. The SEC and the SROs conduct regular examinations of Ryan Beck s broker-dealer subsidiary and also initiate targeted and other specific inquiries from time to time, which generally include the investigation of issues involving substantial portions of the securities industry. The SEC and the SROs may determine to take no formal action in certain matters. The SEC and the SROs may conduct administrative proceedings, which can result in censures, fines, suspension, or expulsion of a broker-dealer, its officers, or employees. The principal purpose of regulation and discipline of broker-dealers is the protection of customers and the securities markets rather than the protection of creditors and stockholders of broker-dealers.

On July 30, 2002, President Bush signed into law the Sarbanes-Oxley Act of 2002 (the Sarbanes-Oxley Act). The Sarbanes-Oxley Act represents a comprehensive revision of laws affecting corporate governance, accounting obligations, and corporate reporting. The Sarbanes-Oxley Act is applicable to all companies with equity or debt securities registered under the Securities Exchange Act of 1934, as amended (the Exchange Act). In particular, the Sarbanes-Oxley Act established: (1) new requirements for audit committees, including independence, expertise, and responsibilities; (2) the implementation of an internal control structure and procedures for financial reporting; (3) additional responsibilities regarding financial statements for the Chief Executive Officer and Chief Financial Officer of the reporting company and their assessment of Ryan Beck s internal controls over financial reporting; (4) new standards for auditors and regulation of audits; (5) increased disclosure and reporting obligations for the reporting company and its directors and executive officers; (6) increased work by independent auditors to audit management s assessment of internal controls over financial reporting; and (7) new and increased civil and criminal penalties for violations of the securities laws. Before being acquired by Stifel, Ryan Beck was a subsidiary of Bancorp, another public company, and as a result compliance with these aspects of the Sarbanes-Oxley Act, particularly Section 404, has increased Ryan Beck s costs.

As broker-dealers, Ryan Beck s broker-dealer subsidiary is subject to the Uniform Net Capital Rule (Rule 15c3-1) promulgated by the SEC, which provides that a broker-dealer doing business with the public shall not permit its aggregate indebtedness (as defined) to exceed 15 times its net capital (as defined) or, alternatively, that its net capital shall not be less than two percent of aggregate debit balances (primarily receivables from customers and broker-dealers) computed in accordance with the SEC s Customer Protection Rule (Rule 15c3-3). The Uniform Net Capital Rule is designed to measure the general financial integrity and liquidity of a broker-dealer and the minimum net capital deemed necessary to meet the broker-dealer s continuing commitments to its customers and other broker-dealers. Both methods allow broker-dealers to increase their commitments to customers only to the extent their net capital is deemed adequate to support an increase. Management believes that the alternative method, which is utilized by most full-service securities firms, is more directly related to the level of customer business. Ryan Beck computes its net capital under the aggregate indebtedness method.

Under SEC rules, a broker-dealer may be prohibited from expanding its business and declaring cash dividends. A broker-dealer that fails to comply with the Uniform Net Capital Rule may be subject to disciplinary actions by the SEC and self-regulatory agencies, such as the NYSE and NASD, including censures, fines, suspension, or expulsion. Ryan Beck had net capital of approximately $20.4 million at March 31, 2007, which was approximately $19.4 million in excess of required net capital.

PROPERTIES

Ryan Beck s corporate and executive offices are located at 18 Columbia Turnpike, Florham Park, New

29

Jersey. Corporate support, operations and administration are located in Livingston, New Jersey. Ryan Beck s primary data center is located in Jersey City, New Jersey. As of March 31, 2006, Ryan Beck operated 40 locations throughout the United States. Ryan Beck has branch facilities in Connecticut, Florida, Illinois, Maryland, Massachusetts, Nevada, New Jersey, New York, Ohio, Pennsylvania and Virginia.

All of Ryan Beck s facilities are leased. The leases are for varying terms through 2019. See Note 13 to Ryan Beck s audited consolidated financial statements for additional information.

LEGAL PROCEEDINGS

Ryan Beck is involved in a number of complaints, legal actions, arbitrations, investigations and proceedings concerning matters arising in connection with its business. Some of these actions have been brought on behalf of various classes of plaintiffs and seek substantial or indeterminate damages.

Ryan Beck is also involved, from time to time, in investigations and proceedings by governmental agencies and self-regulatory organizations, which can result in fines or other disciplinary action being imposed.

Ryan Beck is named as a defendant in various judicial, regulatory and arbitration proceedings in the ordinary course of business. The nature of such proceedings do not involve large claims subjecting Ryan Beck to exposure, such as claims relating to investment banking underwritings, but rather are routine retail customer complaints regarding losses in individual accounts. These claims are ordinarily subject to arbitration proceedings, as specified in the agreements customers enter into when they transact with or through us. Additionally, legal proceedings may be brought from time to time in the future. Although there can be no assurance as to the ultimate outcome of a particular matter, Ryan Beck has generally denied, or believes that Ryan Beck has meritorious defenses and will deny, liability in all significant actions pending against them and Ryan Beck intends to vigorously defend such actions. In view of the inherent difficulty of predicting the outcome of legal proceedings, particularly where the plaintiffs seek substantial or indeterminate damages or where novel legal theories or a large number of parties are involved, Ryan Beck cannot state what the eventual outcome of currently pending matters will be, what the timing of the ultimate resolution of these matters will be or what the eventual result in each pending matter will be. Subject to the foregoing caveat, Ryan Beck believes, based upon its current knowledge, after appropriate consultation with legal counsel and taking into account our legal reserves, that pending judicial, regulatory and arbitration proceedings will be resolved with no material adverse effect on our financial condition, although Ryan Beck can provide no assurance that such actions will not be material to our operating results and cash flows, depending in part, upon operating results and cash flows for a particular period. A provision has been made for all legal contingencies that are both probable and reasonably estimable.

Dividends, Market for Ryan Beck Stock and Other Stockholder Information. Ryan Beck was a wholly-owned subsidiary of Bancorp prior to its acquisition by Stifel on February 28, 2007. Ryan Beck s shares were not traded on any stock exchange or other stock market. No dividends were paid during the two most recent fiscal years. Ryan Beck paid a dividend to its parent in fiscal year 2004 equal to $5.0 million, or $0.204 per

common share.

Prior to the merger, Ryan Beck maintained the Ryan Beck & Co., Inc. Common Stock Option Plan. As of December 31, 2006, there were options to acquire 2,364,500 shares of Ryan Beck s common stock outstanding under this plan at a weighted average exercise price of $3.82, and 73,000 shares remained available for grant as of such date. See Note 11 to Ryan Beck financial statements included elsewhere in this proxy statement for a description of this plan.

30

SELECTED HISTORICAL FINANCIAL DATA OF RYAN BECK

The following table presents Ryan Beck s selected consolidated financial data for the periods and dates indicated. The information set forth below should be read in conjunction with Management s Discussion and Analysis of Financial Condition and Results of Operations for Ryan Beck and its consolidated financial statements and notes to those statements included elsewhere in this proxy statement. The selected statements of operations data for the years ended December 31, 2004, 2005 and 2006, and the other financial data as of December 31, 2005 and 2006, are derived from our audited consolidated financial statements included as Appendix III to this proxy statement. The selected statements of operations data for the years ended December 31, 2002 and 2003, and the other financial data as of December 31, 2002, 2003 and 2004, are derived from Ryan Beck s audited consolidated financial statements (or, in the case of the financial data as of and for the periods December 31, 2002, Ryan Beck s unaudited consolidated financial statements) not included in this proxy statement.

	For the fiscal year ended December 31,				
(In thousands, except per share amounts)	2002	2003	2004	2005	2006
Statement of Operations Data:					
Total Revenue	$128,358	221,376	$243,155	$253,311	$218,461
Total Expenses	134,499	204,578	213,981	226,473	238,611
Income (loss) before income taxes and minority interest	(6,141)	16,798	29,174	26,838	(20,150)
Income tax benefit/(expense)	(2,476)	6,924	(11,692)	(10,095)	7,965
(Loss)/income before minority interest	(3,665)	9,874	17,482	16,743	(12,185)
Minority interest benefit/(expense)	--	--	--	(87)	750
Net (loss) income	(3,665)	9,874	17,482	16,656	(11,435)
Earnings (loss) per share:[1]					
Basic	$(0.15)	$0.41	$0.72	$0.68	$(0.47)
Diluted	$(0.15)	$0.40	$0.69	$0.65	$(0.47)
Other Data:					
Total Assets	$107,819	$175,233	$190,778	$234,379	$188,628
Dividends per share	--	--	$0.20	--	--

[1] Earnings per share of common stock is calculated in accordance with generally accepted accounting principles. Basic earnings per share is calculated by dividing income available to shareholders by the weighted average number of commons shares outstanding. Diluted earnings per share reflects additional common share equivalents that had been issued, as well as any adjustment to income that would result from the assumed issuance. Potential common shares that may be issued by Ryan Beck relate solely to outstanding options and are determined using the treasury stock method. The calculation of diluted earnings per share excludes Ryan Beck stock options considered antidilutive.

31

Management s Discussion and Analysis Of Financial Condition

And Results Of Operations

For Ryan Beck Holdings, Inc.

In addition to historical statements, the following discussion contains forward-looking statements, including with respect to industry outlook and our expectations regarding the performance of our business. These forward-looking statements are made based on expectations and beliefs concerning future events affecting us and are subject to uncertainties and factors relating to our operations and the business environment, all of which are difficult to predict and many of which are beyond our control, that could cause our actual results to differ materially from those expressed in or implied by these forward-looking statements. In particular, the factors which could affect these forward-looking statements include, among other things: our ability to implement our growth and diversification strategy; the overall environment for interest rates; risk associated with equity investments; activity in the secondary securities markets; competition among financial services firms for business and personnel; our ability to recruit and retain financial consultants and other employees; volatility of the securities markets; available technologies; the effect of government regulation and of general economic conditions on our own business and on the business in the industry areas on which we focus our investment banking activities; fluctuating quarterly operating results; and the availability of capital to us.

Our actual results may differ materially from those projected in or implied by any forward-looking statements.

Overview

In recent periods, our financial results have been impacted by these broader market conditions. For example, during the period from 2001 to 2002, the equity markets were generally characterized by declining stock prices and trading volumes, reduced capital markets issuances, decreased volume of merger and acquisition transactions and subdued investor confidence. Beginning in 2003, corporate earnings and operating performance and investor confidence improved, leading to more merger and acquisition activity, increased capital markets issuances and stronger trading volume. Commencing in the second quarter of 2005, interest rate increases and other factors adversely affected trading volumes in fixed-income securities, financial institution merger and acquisition transactions and capital markets issuances.

In addition to the impact of broader market conditions, our sales and trading business has experienced increased competition, which has in turn led to pricing pressures on commissions. The entrance of new competitors such as electronic communication networks into the brokerage sector has resulted in a steady decline in commission rates over the past five years.

We have added to our base of experienced financial consultants, increased our number of locations, expanded our client service offerings and extended our industry focus and research coverage as part of our strategy to grow and diversify our revenues.

On February 28, 2007 BankAtlantic Bancorp (BankAtlantic) and the Company s option holders (collective, the Shareholders) exchanged their entire interest in Ryan Beck Holdings, Inc. common stock and options to acquire the Company s common stock for approximately 2,500,000 shares of Stifel Financial Corp. common stock and five-year warrants to purchase an aggregate of 500,000 shares of Stifel Financial Corp s. common stock at an exercise price of $36.00 per share. This resulted in the merger of Ryan Beck Holdings, Inc. and Ryan Beck into Stifel Financial Corp. The merger resulted in the triggering of change of control provisions with various deferred compensation and stock option arrangements of the Company resulting in the acceleration and recognition of liabilities, upon closing of the merger.

This proposed merger will result in the triggering of change of control provisions with various deferred compensation and stock option arrangements of the Company resulting in the acceleration and recognition of liabilities, upon closing of the merger. In addition, the proposed merger may also impact the ultimate realizability of certain deferred tax assets of which there is currently no valuation allowance established.

32

For the year ended December 31, 2006 compared to the same 2005 period:

We recorded a loss of $11.4 million for 2006 compared to a profit of $16.7 million for 2005. The 2006 net loss primarily resulted from lower revenues from investment banking and principal transactions activities, as well as increased compensation costs and direct expenses associated with the expansion in late 2005 and 2006 of investment banking and capital markets activities, including expansion of municipal finance and trading areas. Net income for 2005 was impacted significantly from one large investment banking transaction which contributed significant investment banking fees, principal transactions fees and commissions.

(in thousands, except percentages, earnings per share and employee and location data)	Year ended December 31, 2006	2005	Period-to-period $ Change
Revenues			
PPrincipal transactions, net	$ 90,190	$ 100,287	$ (10,097
Commissions	85,866	83,073	2,793
Interest and dividends	25,151	22,187	2,964
Underwriting and investment banking	14,221	45,527	(31,306
Other	3,033	2,237	796
Total revenues	218,461	253,311	(34,850
Expenses			
Compensation and benefits	170,605	165,323	5,282
Occupancy, equipment rental and depreciation	16,588	15,816	

Table of Contents

The following table sets forth certain information relating to the mortgages encumbering CPF XIX s properties at D

Property	Principal, Balance at December 31, 2012 (In thousands)	Interest Rate(1)	Period Amortized	Ma D
Lakeside at Vinings Mountain(3)				
First mortgage	$ 14,677	5.53%	360 months	06
The Peak at Vinings Mountain(4)				
First mortgage	15,506	5.54%	360 months	06

	$ 30,183

(1) Fixed rate mortgages.

(2) See Note B Mortgage Notes Payable to the financial statements included in Item 8. *Financial Statements* XIX s Annual Report on Form 10-K for the year ended December 31, 2012, attached hereto as Annex E, for in XIX s ability to prepay these mortgages and other specific details about the mortgages.

(3) On May 2, 2011, the mortgage debt encumbering the Lakeside Property was refinanced. The refinancing replac with a new mortgage loan in the principal amount of $14,982,000. The new loan bears interest at a rate of 5.53 monthly payments of principal and interest of approximately $85,000 beginning on July 1, 2011, through the Ju new mortgage loan has a balloon payment of approximately $12,405,000 due at maturity. For more informatio loan, see CPF XIX s Annual Report on Form 10-K filed with the SEC on February 27, 2013, attached hereto a

(4) On May 2, 2011, the mortgage debt encumbering the Peak Property was refinanced. The refinancing replaced t a new mortgage loan in the principal amount of $15,828,000. The new loan bears interest at a rate of 5.54% per payments of principal and interest of approximately $90,000 beginning on July 1, 2011, through the June 1, 20 mortgage loan has a balloon payment of approximately $13,109,000 due at maturity. For more information reg see CPF XIX s Annual Report on Form 10-K filed with the SEC on February 27, 2013, attached hereto as Ann

Distributions to Limited Partners

As of April 16, 2013, there were 89,233 Limited Partnership Units outstanding, and Aimco OP and its affiliates owne approximately 68.04% of those units. CPF XIX distributed the following amounts during the years ended December

	Year ended December 31, 2012	Per Limited Partnership Unit	Yea ende Decemb 201
	(In thousands, except for per un		
Sale(1)	$ 10,252	$ 112.58	$

(1) Proceeds from the March 2012 sale of the Greenspoint Property and the September 2012 sale of the Tamarind I

Future cash distributions will depend on the levels of net cash generated from operations, the timing of debt maturitie refinancings. CPF XIX s cash available for distribution is reviewed on a monthly basis. There can be no assurance, h generate sufficient funds from operations, after planned capital expenditures, to permit any distributions to its partner future.

30

Table of Contents

Certain Relationships and Related Transactions

CPF XIX has no employees and depends on FCMC and its affiliates for the management and administration of all pa
XIX partnership agreement provides for certain payments to affiliates for services and as reimbursement of certain ex
behalf of CPF XIX.

Under the CPF XIX partnership agreement, FCMC and its affiliates receive 5% of gross receipts from the properties
property management services. CPF XIX paid to such affiliates approximately $413,000 and $528,000 for the years e
2011, respectively.

Affiliates of FCMC charged CPF XIX for reimbursement of accountable administrative expenses amounting to appro
for the years ended December 31, 2012 and 2011, respectively. At December 31, 2011, approximately $371,000 of re
affiliates of FCMC. There were no such amounts owed at December 31, 2012.

Under the CPF XIX partnership agreement, for managing the affairs of CPF XIX, FCMC is entitled to receive a partn
10% of CPF XIX s adjusted cash from operations as distributed. During the years ended December 31, 2012 and 20
were no distributions from operations.

Aimco OP has made available to CPF XIX a credit line of up to $150,000 per property owned by CPF XIX. Prior to 2
exceeded and Aimco OP advanced CPF XIX approximately $492,000 for the year ended December 31, 2012 to fund
Peak Property and the Lakeside Property. During the year ended December 31, 2011, Aimco OP advanced CPF XIX
fund loan application deposits and mortgage refinancing commitment fees related to the Lakeside and Peak Propertie
of the properties. Aimco OP charges interest on advances under the terms permitted by CPF XIX partnership agreem
on the outstanding advances made to CPF XIX range from the prime rate plus 0.5% to a variable rate based on the pr
adjustment for similar type loans. Affiliates of FCMC review the market rate adjustment quarterly. The interest rates
December 31, 2012 was 5.25%. Interest expense was approximately $74,000 and $478,000 for the years ended Decen
respectively. During the years ended December 31, 2012 and 2011, CPF XIX repaid approximately $6,744,000 and $
advances and accrued interest with proceeds from the sale of the Greenspoint Property, proceeds from the refinancing
the Peak Property and the Lakeside Property and cash from operations. At December 31, 2012 and 2011, the total adv
to Aimco OP was approximately $166,000 and $6,344,000, respectively. Aimco OP may advance additional funds to
to make such advances. For more information on Aimco OP, including its audited balance sheets, see Annex F to this
statement/prospectus.

CPF XIX insures its properties up to certain limits through coverage provided by Aimco, which is generally self-insu
liabilities related to workers compensation, property casualty, general liability and vehicle liability. CPF XIX insure
limits through insurance policies obtained by Aimco from insurers unaffiliated with FCMC. During the years ended D
CPF XIX was charged by Aimco and its affiliates approximately $140,000 and $159,000, respectively, for insurance
with policy claims administration.

In addition to its indirect ownership of the general partner interest in CPF XIX, Aimco and its affiliates owned 60,71
representing approximately 68.04% of the outstanding Limited Partnership Units at April 16, 2013. A number of thes
were acquired pursuant to tender offers made by Aimco or its affiliates. Pursuant to the CPF XIX partnership agreem
majority of the Limited Partnership Units are entitled to take action with respect to a variety of matters that include, b
certain amendments to the CPF XIX partnership agreement and voting to remove Fox Partners II. As a result of its ov
68.04% of the outstanding Limited Partnership Units, Aimco and its affiliates are in a position to influence all such v
the Partnership. However, with respect to the 25,228.66 Limited Partnership Units acquired on January 19, 1996, AIM
FCMC and of Aimco, agreed to vote such Limited

Table of Contents

Partnership Units: (i) against any increase in compensation payable to FCMC or to its affiliates; and (ii) on all other r
affiliates, in proportion to the vote cast by third party unitholders. Except for the foregoing, no other limitations are in
Aimco s or any other affiliates right to vote each Limited Partnership Unit held. Although Fox Partners II owes fid
of CPF XIX, Fox Partners II also owes fiduciary duties to Aimco-affiliated entities as the beneficial owners of its ma
result, the duties of Fox Partners II, as general partner, to CPF XIX and its limited partners may come into conflict w
Aimco-affiliated entities.

Directors, Executive Officers and Corporate Governance

Neither CPF XIX nor Fox Partners II has any directors or executive officers of its own. The general partners of Fox P
Realty Investors. FCMC is the managing general partner of Fox Partners II. The names and ages of, as well as the po
present directors and officers of FCMC, as of December 31, 2012, are set forth in Annex C to this information statem
those persons are also directors and/or officers of a general partner (or general partner of a general partner) of limited
a class of securities registered pursuant to Section 12(g) of the Exchange Act, or are subject to the reporting requirem
Exchange Act. Further, one or more of those persons are also officers of Aimco and the general partner of Aimco OP
securities registered pursuant to Section 12(g) of the Exchange Act, or are subject to the reporting requirements of Se
Act. There are no family relationships between or among any officers or directors. None of the directors or officers o
from CPF XIX during the years ended December 31, 2012 and 2011.

The board of directors of FCMC does not have a separate audit committee. As such, the board of directors of FCMC
committee. The board of directors has determined that Steven D. Cordes meets the requirement of an audit committ

The directors and officers of FCMC, who have authority over FCMC, and indirectly over Fox Partners II and CPC X
subsidiaries of Aimco. Aimco has adopted a code of ethics that applies to such directors and officers that is posted or
(www.aimco.com). Aimco s website is not incorporated by reference to this filing.

Security Ownership of Certain Beneficial Owners and Management

Fox Partners II is the general partner of CPF XIX and owns all of the outstanding general partner interests in CPF XI
total interests in the partnership. CPF XIX has no directors or executive officers of its own. Fox Partners II is a Califo
managing general partner of which is indirectly wholly owned by Aimco. None of Fox Partners II, FCMC, or any of
officers of FCMC, owns any of the limited partnership interests of CPF XIX. The following table sets forth certain in
with respect to the ownership by any person (including any group, as that term is used in Section 13(d)(3) of the E
the beneficial owner of more than 5% of the units of limited partnership interest of the partnership.

Entity Name and Address	Approximate Number of Limited Partnership Units
Apartment Investment and Management Company(1) 4582 South Ulster Street, Suite 1100 Denver, CO 80237	60,711.66(
AIMCO-GP, Inc.(1) 4582 South Ulster Street, Suite 1100 Denver, CO 80237	60,711.66(

Table of Contents

Entity Name and Address	Approximate Number of Limited Partnership Units
AIMCO Properties, L.P.(1) 4582 South Ulster Street, Suite 1100 Denver, CO 80237	60,711.66(2)
AIMCO IPLP, L.P.(3)(4) 4582 South Ulster Street, Suite 1100 Denver, CO 80237	30,120.66(4)(
AIMCO/IPT, Inc.(3) 4582 South Ulster Street, Suite 1100 Denver, CO 80237	30,220.66(5)(
IPLP Acquisitions I, L.L.C.(4) 4582 South Ulster Street, Suite 1100 Denver, CO 80237	4,892

(1) AIMCO-GP, Inc., a Delaware corporation, is the sole general partner of AIMCO Properties, L.P., and owns app general partner interest in AIMCO Properties, L.P. AIMCO-GP, Inc. is wholly owned by Apartment Investmen Company. As of March 31, 2013, AIMCO-LP Trust, a Delaware trust wholly owned by Apartment Investment Company, owns approximately a 94% interest in the OP Units and equivalents of AIMCO Properties, L.P.

(2) AIMCO Properties, L.P., AIMCO-GP, Inc. and Apartment Investment and Management Company share voting 60,711.66 Limited Partnership Units, representing approximately 68.04% of the class. AIMCO-GP, Inc. holds directly or indirectly, as nominee for AIMCO Properties, L.P. and so AIMCO Properties, L.P. may be deemed Limited Partnership Units held by AIMCO-GP, Inc. Apartment Investment and Management Company may be the Limited Partnership Units held by AIMCO Properties, L.P. and AIMCO-GP, Inc. by virtue of its indirect ov entities.

(3) AIMCO/IPT, Inc. is wholly owned by Aimco and holds a 70% interest in AIMCO IPLP, L.P. as its general par holds a 30% interest in AIMCO IPLP, L.P. as the limited partner.

(4) IPLP Acquisitions I L.L.C. s sole member is AIMCO IPLP LP.

(5) AIMCO IPLP, L.P. and AIMCO/IPT, Inc. share voting and dispositive power over 25,228.66 Limited Partnersh approximately 28.28% of the class.

(6) AIMCO/IPT, Inc. owns an additional 100 Limited Partnership Units, representing approximately 0.11% of the subsidiary, Fox Capital Management Corporation.

Additional Information

For additional information about CPF XIX and its properties and operating data related to those properties, see CPF X Form 10-K for the year ended December 31, 2012, attached hereto as Annex E.

THE MERGER

Background of the Merger

Fox Partners II regularly evaluates CPF XIX s properties by considering various factors, such as CPF XIX s financi
capital markets conditions. Fox Partners II monitors the properties specific locale and sub-market conditions (incluc
neighborhood), evaluating current trends, competition, new construction and economic changes. It oversees the opera
properties and continuously evaluates the physical improvement requirements. In addition, the financing structure for
prepayment penalties), tax implications to limited partners, availability of attractive mortgage financing to a purchase
are all considered. Any of these factors, and possibly others, could potentially contribute to any decision by Fox Partr
with capital improvements or hold a partnership property.

After taking into account the foregoing considerations, in June 2008, CPF XIX sold Plantation Crossing Apartments
price of approximately $11.35 million.

During January 2011, officers of Fox Partners II s managing general partner, FCMC, who are also officers of Aimco
strategic alternatives for CPF XIX. During these meetings, they considered the costs of maintaining CPF XIX s curr
audit, tax and SEC reporting costs. Given Aimco OP s ownership of 68.01% of the Limited Partnership Units, the pa
XIX owed approximately $17.79 million to Aimco OP as of March 31, 2011, and that CPF XIX had been operating a
years. In light of the amounts already then owed to Aimco OP and CPF XIX s ongoing losses, the officers concluded
Aimco OP would be unlikely.

After considering all of these factors, the officers agreed to explore the possibility of Aimco OP either liquidating CP
assets or acquiring the non-Aimco limited partnership units through a transaction that would provide the unaffiliated
opportunity to defer taxable gain through an exchange of Limited Partnership Units for OP Units.

During January and February of 2011, FCMC management sought advice from outside counsel to determine whether
that would result in Aimco OP s ownership of the non-Aimco limited partnership units while also providing potentia
who are unaffiliated with Aimco OP. At the same time, they spoke with appraisers regarding the possibility of apprai
of evaluating a potential transaction with Aimco OP. FCMC engaged CRA on February 11, 2011 to appraise the Lak
Property and the Peak Property. FCMC engaged KTR on February 11, 2011 to appraise the Tamarind Bay Property.
respect to the Lakeside Property on March 14, 2011, pursuant to which it valued the property at $26.0 million; (ii) wi
Property on March 28, 2011, pursuant to which it valued the property at $25.8 million; and (iii) with respect to the Pe
pursuant to which it valued the property at $29.6 million. KTR delivered its report with respect to the Tamarind Bay
pursuant to which it valued the property at $9.5 million.

Over the following weeks, FCMC management reviewed the appraisal reports and discussed both the assumptions ar
the properties, and determined that, in each case, the appraiser s assumptions were reasonable and the valuation was
review, they considered the fiduciary duties owed by FCMC to unaffiliated limited partners, as well as each of the pr
amount of indebtedness secured by each of the properties, which at March 31, 2011 was approximately $41.7 million
indebtedness of CPF XIX, which at March 31, 2011 was approximately $19.2 million in the aggregate, including app
affiliates of FCMC.

In April and May 2011, Aimco OP and FCMC continued discussions regarding a possible merger transaction betwee
connection with these discussions, Aimco OP and FCMC agreed that, if they were to pursue the merger at that time, t
independent financial advisor to opine as to the fairness of the merger to the unaffiliated limited partners of CPF XIX
together with outside legal counsel, conducted interviews with representatives of Duff & Phelps and two other financ

On June 10, 2011, Aimco OP engaged Duff & Phelps to provide a fairness opinion with respect to the proposed merg
possible merger transactions with affiliated entities. In the following

34

weeks, Duff & Phelps had due diligence calls with FCMC management and received due diligence materials in respo
requests.

In June 2011, at the request of Aimco OP and FCMC management, CRA and KTR delivered an updated appraisal for
May 31, 2011, pursuant to which the Lakeside Property was valued at $27.1 million, the Greenspoint Property was va
Property was valued at $30.2 million, and the Tamarind Bay Property was valued at $9.6 million. Aimco OP and FCI
updated appraisal reports and calculated the equity value of the Limited Partnership Units based on these updated app
Value).

On July 28, 2011, Duff & Phelps delivered its written opinion to the boards of directors of Aimco, the general partne
the effect that, as of July 28, 2011, and based on and subject to the various assumptions, qualifications and limitation
cash consideration offered in the proposed merger is fair, from a financial point of view, to the unaffiliated limited pa

Also on July 28, 2011, after considering a number of possible alternatives, FCMC and the general partner of Aimco O
agreement, ultimately determining, at that time, that the proposed merger was in the best interests of CPF XIX and its
that hold Limited Partnership Units.

In October 2011, CPF XIX received a letter from Peachtree Partners informing CPF XIX of Peachtree Partners desi
Limited Partnership Units, including units they already owned, of CPF XIX through a tender offer at a price of $200.
Unit. On October 7, 2011, CPF XIX mailed a letter to the limited partners, informing them of the proposed tender off
reminding them of the proposed merger transaction between the Aimco Entities and CPF XIX, stating that a merger a
that the merger agreement could be terminated, and the merger abandoned, at any time prior to its consummation by
reason, and that the proposed merger transaction was at that time under review by Fox Partners II and Aimco OP. Pea
tender offers in January 2012, June 2012 and March 2013, in each case for up to 4.9% of the Limited Partnership Uni
owned, at prices of $130.00, $130.00 and $265.00, respectively, per Limited Partnership Unit. Fox Partners II contac
in response to each of these three tender offers, on October 11, 2011, April 23, 2012, June 19, 2012 and March 27, 20
was remaining neutral with regard to the respective tender offer. Fox Partners II does not have any additional informa
offers. The tender offers expired by their terms on November 15, 2011, April 27, 2012 and June 30, 2012 and the mo
April 30, 2013.

In November 2011, discussions were held by the management of CPF XIX, FCMC, Fox Partners II and the Aimco E
consummation of the proposed merger transaction was the most economically advantageous alternative at the present
in the best interests of CPF XIX and its unaffiliated limited partners. Based upon activity in the marketplace and pric
in Phoenix, Arizona and St. Petersburg, Florida, the decision was made to abandon the proposed merger transaction a
Greenspoint Property and the Tamarind Bay Property. The parties believed that the disposition of these two propertie
would result in greater returns to the limited partners than a merger transaction.

On December 29, 2011, Aimco and Aimco OP filed the required forms with the SEC to terminate the proposed merg
registration statement related to such transaction.

Beginning in January 2012, CPF XIX began marketing efforts to sell the Greenspoint Property and Tamarind Bay Pr
CPF XIX completed the sale of the Greenspoint Property to a third party for a gross sale price of $29.75 million. App
the proceeds from the sale were used to repay the mortgages encumbering the property. CPF XIX used approximately
from the sale of the Greenspoint Property to repay outstanding borrowings owed to Aimco OP. CPF XIX has distribu
of the proceeds from the sale of the Greenspoint Property to the limited partners.

On August 27, 2012, Fox Partners II became aware of an unsolicited tender offer by Mackenzie Capital Management
purchase up to 3.9% of the Limited Partnership Units, including the units it already owned, for a price of $150.00 per
September 5, 2012, Fox Partners II, in response to Mackenzie s tender offer, sent a letter to the limited partners discl

Table of Contents

that it continued to investigate strategic alternatives with respect to CPF XIX s properties and that such alternatives
properties as well as a renewed effort to effect a merger of CPF XIX that would result in distributions to the limited
remaining neutral with regard to the tender offer. MacKenzie made an additional tender offer in March 2013, again f
Partnership Units, including units they already owned, at a price of $250.00 per Limited Partnership Unit. Fox Partne
partners by letter in response to this tender offer stating that it was remaining neutral with regard to the respective ter
not have any additional information regarding the outcome of the tender offers. The tender offers expired by their ter
April 5, 2013, respectively.

On September 28, 2012, CPF XIX completed the sale of the Tamarind Bay Property to a third party for a gross sale
Approximately $6.67 million of the proceeds from the sale were used to repay the mortgages encumbering the prope
XIX distributed approximately $2.5 million of the proceeds from the sale of the Tamarind Bay Property to the limite

During October and November 2012, following the successful disposition of the Greenspoint and Tamarind Bay Pro
met several times to discuss the strategic alternatives for CPF XIX. During these meetings, they revisited the delibera
2011, including the costs of maintaining CPF XIX s current ownership structure, including audit, tax and SEC repor
factors, along with CPF XIX s strengthened balance sheet following the repayment of substantially all of the loaned
officers agreed to re-explore the possibility of Aimco OP acquiring the properties through a transaction that would p
partners with the opportunity to defer taxable gain through an exchange of Limited Partnership Units for OP Units.

In anticipation of renewed efforts to enter into a merger transaction, FCMC engaged CRA on October 19, 2012 to co
Lakeside Property and the Peak Property. CRA delivered its report (i) with respect to the Lakeside Property on Octo
it valued the property at $31.4 million; and (ii) with respect to the Peak Property on October 31, 2012, pursuant to w
$34.6 million. In addition, Aimco OP and FCMC considered retaining an independent financial advisor to opine as t
the unaffiliated limited partners of CPF XIX. Representatives of Aimco OP and FCMC had discussions with Duff &
preparation of such opinions.

During November 2012, the officers of FCMC held discussions regarding the possibility of filing a new Form S-4 w
However, the decision was made to time the filing of the S-4 to coincide with the filing of the Annual Report on For
OP, in order to provide the limited partners with the most current audited financial information.

During November and December 2012, Aimco OP and FCMC determined that the costs and effort involved in obtai
advisor to opine as to the fairness of the merger to the unaffiliated limited partners of CPF XIX was prohibitive. Ho
obtaining a second independent appraisal of the properties would provide a further understanding of the market valu
enable the parties to better determine the fairness of the proposed transactions to the unaffiliated limited partners of
on December 27, 2012 to conduct new appraisals of the Lakeside Property and the Peak Property. KTR delivered its
Lakeside Property on January 31, 2013, pursuant to which it valued the property at $31.0 million; and (ii) with respe
January 31, 2013, pursuant to which it valued the property at $34.6 million.

In January 2013, at the request of Aimco OP and FCMC management, CRA delivered an updated appraisal for each
January 23, 2013, pursuant to which the Lakeside Property was valued at $32.0 million and the Peak Property was va
OP and FCMC management reviewed the updated appraisal reports and calculated the equity value of the Limited Pa
updated appraisals.

During January and early February 2013, FCMC management reviewed the appraisal reports and discussed both the
valuation of the properties, and determined that, in each case, the appraiser s assumptions were reasonable and the v
of their review, they considered the fiduciary duties owed by FCMC to unaffiliated limited partners, as well as each
the amount of indebtedness secured by each of the properties, which at December 31, 2012 was approximately $30.1
indebtedness of CPF XIX, which at December 31, 2012 was

approximately $752,000, including approximately $166,000 due to affiliates of FCMC. The decision was made by FC
equity value of the Limited Partnership Units on the higher of the CRA and KTR appraisals with respect to each prop

On February 28, 2013, FCMC and the general partner of Aimco OP approved the merger agreement. Before doing so
Aimco Entities again considered a number of possible alternatives to the proposed transaction, as described in greater
statement/prospectus. However, FCMC and the Aimco Entities ultimately determined that the proposed merger is in t
and its unaffiliated limited partners that hold Limited Partnership Units.

Determination of Merger Consideration

In the merger, each Limited Partnership Unit outstanding immediately prior to consummation of the merger will be c
receive, at the election of the holder of such Limited Partnership Unit, either $364.65 in cash or equivalent value in A
jurisdictions where the law prohibits the offer of OP Units in this transaction (or registration or qualification would b
Aimco indirectly owns FCMC, the managing general partner of Fox Partners II, which is the general partner of CPF X
has not been determined in an arm s-length negotiation. In order to arrive at a fair consideration, both CRA and KTR
appraisal firms, were engaged to perform a complete appraisal of each of the properties. The Aimco Entities used the
each property in determining the merger consideration. For more detailed information about the independent appraise
estimated value of each of the properties, see Special Factors The Appraisals. The per unit cash merger consider
Limited Partnership Units is greater than FCMC s estimate of the proceeds that would be available for distribution to
repayment of debt and other liabilities of CPF XIX) if the properties were sold at a price equal to their appraised valu
certain amounts that would be payable upon an immediate sale of the partnership s properties, such as prepayment p
on current interest rates) if the Peak Property or the Lakeside Property were sold after the expiration of the current lo
prepayment of the mortgage debt is prohibited). FCMC calculated the equity of the partnership by (i) adding to the ap
other non-real estate assets of CPF XIX that would not be included in the appraisal; and (ii) deducting all liabilities, i
mortgage debt, debt owed to Fox Partners II or its affiliates, accounts payable and accrued expenses and certain other
deducted includes an estimate of $200,000 for expenses attributable to the properties that would be incurred prior to t
merger. This calculation, which is summarized below, resulted in per unit cash merger consideration of $364.65.

Appraised value of the Lakeside Property	
Appraised value of the Peak Property	
Plus: Cash and cash equivalents	
Plus: Other assets	
Less: Mortgage debt, including accrued interest	
Less: Mark-to-market adjustment(1)	
Less: Loans from affiliates of the managing general partner	
Less: Other amounts payable to the managing general partner and/or affiliates	
Less: Accounts payable and accrued expenses owed to third parties	
Less: Other liabilities(2)	
Plus: Deficit restoration obligation paid by Fox Partners II(3)	
Less: Estimated trailing payables	
Net partnership equity	
Percentage of net partnership equity allocable to limited partners	
Net partnership equity allocable to limited partners	
Total number of Units	
Cash consideration per unit	

Table of Contents

(1) The mark-to-market adjustment reflects the difference between the aggregate outstanding amount of the mortg
The market value was calculated as the present value of the remaining required payments under the loan throug
for both the Peak Property the Lakeside Property, which we believe is an appropriate market rate based on FCM
selected loans of a similar type, leverage and duration.

(2) Consists primarily of security deposits paid by tenants of the properties.

(3) Contributions by Fox Partners II pursuant to the terms of CPF XIX s partnership agreement to address a defici
partnership equity allocable to Fox Partners II.

The number of OP Units offered per Limited Partnership Unit will be calculated by dividing the per unit cash merger
closing price of Aimco common stock, as reported on the NYSE, over the ten consecutive trading days ending on the
immediately prior to the consummation of the merger. Although there is no public market for OP Units, after a one-y
OP Unit is generally redeemable for cash in an amount equal to the value of one share of Aimco common stock at the
to acquire each OP Unit in exchange for one share of Aimco common stock (subject to anti-dilution adjustments). Th
considers the trading price of Aimco common stock to be a reasonable estimate of the fair market value of an OP Uni
average closing price of Aimco common stock over the preceding ten consecutive trading days was $31.49, which wo
consideration of 11.58 OP Units per Limited Partnership Unit.

Conflicts of Interest

CPF XIX s general partner, Fox Partners II, is a general partnership, the managing general partner of which is wholl
Aimco. Therefore, Fox Partners II has a conflict of interest with respect to the merger. Fox Partners II has fiduciary d
Aimco, as the beneficial owner of its managing general partner, on the one hand, and to the limited partners of CPF X
duties of Fox Partners II to the limited partners of CPF XIX conflict with the duties of Fox Partners II to its general p
Fox Partners II approving a transaction that is more favorable to Aimco than might be the case absent such conflict o
of CPF XIX, Fox Partners II seeks the best possible terms for CPF XIX s limited partners. This conflicts with Aimco
possible terms for Aimco OP.

Future Plans for the Properties

After the merger, Aimco OP will be the sole limited partner in CPF XIX, and will own all of the outstanding Limited
Partners II will continue to be the sole general partner of CPF XIX after the merger, and CPF XIX s partnership agre
prior to the merger will remain unchanged after the merger. Aimco OP intends to retain the Limited Partnership Unit
merger, Aimco will evaluate the capital improvement needs of the properties, and anticipates making certain routine
respect to each property during 2013.

Material United States Federal Income Tax Consequences of the Merger

For a discussion of the material U.S. federal income tax consequences of the merger, see Material United States Fed
United States Federal Income Tax Consequences Relating to the Merger.

Regulatory Matters

No material federal or state regulatory requirements must be satisfied or approvals obtained in connection with the m
registration statement that includes this information statement/prospectus with the SEC and obtaining the SEC s dec
statement is effective under the Securities Act, (2) registration or qualification of the issuance of OP Units under stat
certificate of merger with the Secretary of State of the State of Delaware.

Accounting Treatment of the Merger

Aimco and Aimco OP will treat the merger as a purchase of noncontrolling interests for financial accounting purpose
Aimco OP will recognize any difference between the purchase price for

38

Table of Contents

these noncontrolling interests and the carrying amount of such noncontrolling interests in Aimco and Aimco OP s co
as an adjustment to the amounts of consolidated equity and partners capital attributed to Aimco and Aimco OP, resp

Appraisal Rights

Limited partners are not entitled to dissenters appraisal rights under applicable law or CPF XIX s partnership agree
merger. However, pursuant to the terms of the merger agreement, Aimco OP will provide each limited partner with c
rights that are similar to the dissenters appraisal rights available to a stockholder of a constituent corporation in a m
contractual appraisal rights will enable a limited partner to obtain an appraisal of the value of the limited partner s L
connection with the merger. Prosecution of these contractual appraisal rights will involve an arbitration proceeding, a
limited partner after the prosecution of such contractual appraisal rights, which will take a period of time that cannot
be a cash payment, resulting in a taxable event to such limited partner. A description of the appraisal rights being pro
limited partner must follow to seek such rights, is attached to this information statement/prospectus as Annex B.

List of Investors

Under CPF XIX s partnership agreement and Delaware law, a limited partner has the right to obtain by mail, free of
addresses and interests owned of the limited partners. This list may be obtained by making written request to Fox Par
Advisors, LLC, 12 Commerce Drive, Cranford, New Jersey 07016, or by fax at (908) 497-2349.

Expenses and Fees and Source of Funds

The costs of planning and implementing the merger, including the cash merger consideration and the preparation of t
statement/prospectus, will be borne by Aimco OP without regard to whether the merger is effectuated. The estimated
approximately $10,866,700, assuming all limited partners elect to receive the cash merger consideration. Aimco OP i
merger with funds on hand or from drawings under its revolving credit facility. The revolving credit facility is pursua
Restated Senior Secured Credit Agreement, as amended, with a syndicate of financial institutions, with Bank of Ame
agent, swing line lender and L/C issuer. Borrowings under the revolving credit facility bear interest based on a pricin
(either at LIBOR plus 4.25% with a LIBOR floor of 1.50% or, at Aimco OP s option, a base rate equal to the Prime
revolving credit facility matures May 1, 2013, and may be extended for one year, subject to certain conditions. Aimc
Amended and Restated Senior Secured Credit Agreement are secured by its equity interests in its subsidiaries.

Approvals Required

Under Delaware law, the merger must be approved by Fox Partners II, as the general partner of CPF XIX, and a majo
Partnership Units. Fox Partners II has determined that the merger is advisable, fair to and in the best interests of CPF
and has approved the merger and the merger agreement. As of April 16, 2013, there were issued and outstanding 89,2
and Aimco OP and its affiliates owned 60,711.66 of those units, or approximately 68.04% of the number outstanding
Partnership Units owned by affiliates of Aimco OP, 25,228.66 are subject to a voting restriction, which requires the s
proportion to the votes cast with respect to Limited Partnership Units not subject to this voting restriction. Aimco OP
they will vote all of their Limited Partnership Units that are not subject to this restriction, 35,483 Limited Partnership
of the outstanding Limited Partnership Units, in favor of the merger agreement and the merger. As a result, affiliates
approximately 49,469 Limited Partnership Units, or approximately 55.44% of the outstanding Limited Partnership U
agreement and the merger. Aimco OP and its affiliates have indicated that they intend to take action by written conse
partnership agreement, to approve the merger on or about June 18, 2013. **As a result, approval of the merger is ass
merger is not required.**

Table of Contents

THE MERGER AGREEMENT

The following is a summary of the material terms of the merger agreement and is qualified in its entirety by referenc which is attached to this information statement/prospectus as Annex A. You should read the merger agreement caref legal document that governs this merger.

The Merger

CPF XIX has entered into an agreement and plan of merger with the Aimco Subsidiary and Aimco OP. The Aimco S subsidiary of Aimco OP, and was formed for the purpose of effecting the merger with CPF XIX. Aimco owns the ma Partners II, CPF XIX s general partner, and, together with its affiliates, owns a majority of CPF XIX s outstanding

Under the merger agreement, at the effective time of the merger, the Aimco Subsidiary will be merged with and into surviving entity. In the merger, each Limited Partnership Unit outstanding immediately prior to consummation of the the right to receive, at the election of the holder of such Limited Partnership Unit, either $364.65 in cash or equivale (calculated by dividing $364.65 by the average closing price of Aimco common stock, as reported on the NYSE, ove days ending on the second trading day immediately prior to the consummation of the merger); provided, however, th the law of the state or other jurisdiction in which a limited partner resides would prohibit the issuance of Aimco OP jurisdiction (or that registration or qualification in that state or jurisdiction would be prohibitively costly), then such entitled to receive $364.65 in cash for each Limited Partnership Unit. Each holder of Limited Partnership Units must OP Units) for all of his or her Limited Partnership Units. Aimco OP s interest in the Aimco Subsidiary will be conv Units. As a result, after the merger, Aimco OP will be the sole limited partner of CPF XIX and will own all of the ou Units.

The agreement of limited partnership of CPF XIX as in effect immediately prior to the consummation of the merger partnership of CPF XIX after the merger, until thereafter amended in accordance with the provisions thereof and app

Treatment of Interests in the Merger

CPF XIX. Under the merger agreement, each Limited Partnership Unit outstanding immediately prior to consumma converted into the right to receive, at the election of the holder of such Limited Partnership Unit, either $364.65 in ca OP Units (calculated by dividing $364.65 by the average closing price of Aimco common stock, as reported on the N trading days ending on the second trading day immediately prior to the consummation of the merger), except in thos prohibits the issuance of Aimco OP Units (or registration or qualification would be prohibitively costly). Fox Partne general partner of CPF XIX after the merger, and its current general partner interest will remain unchanged after the

Aimco Subsidiary. All membership interests in the Aimco Subsidiary immediately prior to the effective time of the Limited Partnership Units after the merger.

Approvals Required

Under Delaware law, the merger must be approved by Fox Partners II, as the general partner of CPF XIX, and a maj Partnership Units. Fox Partners II has determined that the merger is advisable, fair to and in the best interests of CPF and has approved the merger and the merger agreement. As of April 16, 2013, there were issued and outstanding 89, and Aimco OP and its affiliates owned 60,711.66 of those units, or approximately 68.04% of the number outstanding Partnership Units owned by affiliates of Aimco OP, 25,228.66 are subject to a voting restriction, which requires the s proportion to the votes cast with respect to Limited Partnership Units not subject to this voting restriction. Aimco OP they will vote all

Table of Contents

of their Limited Partnership Units that are not subject to this restriction, 35,483 Limited Partnership Units or approxi
outstanding Limited Partnership Units, in favor of the merger agreement and the merger. As a result, affiliates of Aim
approximately 49,469 Limited Partnership Units, or approximately 55.44% of the outstanding Limited Partnership U
agreement and the merger. Aimco OP and its affiliates have indicated that they intend to take action by written conse
partnership agreement, to approve the merger on or about June 18, 2013. **As a result, approval of the merger is ass
merger is not required.** Aimco OP has approved the merger on behalf of the Aimco Subsidiary.

Conditions to Obligations to Complete the Merger

None of the parties to the merger agreement are required to consummate the merger if any third party consent, author
the parties deems necessary or desirable in connection with the merger agreement, and the consummation of the trans
has not been obtained or received.

Termination of the Merger Agreement

The merger agreement may be terminated and the merger may be abandoned at any time prior to consummation of th
any party to the merger agreement, by CPF XIX, Aimco OP or the Aimco Subsidiary, in each case, acting in its sole
for no reason, notwithstanding the approval of the merger agreement by any of the partners of CPF XIX or the memb

Amendment

Subject to applicable law, the merger agreement may be amended, modified or supplemented by written agreement o
the consummation of the merger with respect to any of the terms contained therein.

Governing Law

The merger agreement is governed by and construed in accordance with the laws of the State of Delaware, without re
provisions thereof.

Appraisal Rights

Limited partners are not entitled to dissenters appraisal rights under applicable law or CPF XIX s partnership agree
merger. However, pursuant to the terms of the merger agreement, Aimco OP will provide each limited partner with c
rights that are similar to the dissenters appraisal rights available to a stockholder of a constituent corporation in a m
contractual appraisal rights will enable a limited partner to obtain an appraisal of the value of the limited partner s L
connection with the merger. Prosecution of these contractual appraisal rights will involve an arbitration proceeding, a
limited partner after the prosecution of such contractual appraisal rights, which will take a period of time that cannot
be a cash payment, resulting in a taxable event to such limited partner. A description of the appraisal rights being pro
limited partner must follow to seek such rights, is attached to this information statement/prospectus as Annex B.

Election Forms

Within 10 days after the effective time of the merger, Aimco OP will prepare and mail to the former holders of Limit
form pursuant to which they can elect to receive cash or OP Units. Each holder of CPF XIX Limited Partnership Uni
(cash or OP Units) for all of his or her Limited Partnership Units. Limited partners may also elect appraisal of their L
pursuant to the election form. Holders of Limited Partnership Units may elect their form of consideration by

Table of Contents

completing and returning the election form in accordance with its instructions. If the information agent does not recei
election form from a holder before 5:00 p.m., New York time on the 30th day after the mailing of the election form, t
have elected to receive the cash consideration. Former holders of Limited Partnership Units may also use the election
of the merger consideration, the appraised value of their Limited Partnership Units, determined through an arbitration

Table of Contents

DESCRIPTION OF AIMCO OP UNITS; SUMMARY OF AIMCO OP PARTNERSHIP AC

The following description sets forth some general terms and provisions of the Aimco OP partnership agreement. The
Aimco OP partnership agreement is qualified in its entirety by the terms of the agreement.

General

Aimco OP is a limited partnership organized under the provisions of the Delaware Revised Uniform Limited Partners
to time, or any successor to such statute, or the Delaware Act, and upon the terms and subject to the conditions set fo
partnership. AIMCO-GP, Inc., a Delaware corporation and wholly owned subsidiary of Aimco, is the sole general pa
wholly owned subsidiary of Aimco, AIMCO-LP Trust, a Delaware trust, or the special limited partner, is a limited pa
Aimco OP commenced on May 16, 1994, and will continue in perpetuity, unless Aimco OP is dissolved sooner unde
partnership agreement or as otherwise provided by law.

Purpose And Business

The purpose and nature of Aimco OP is to conduct any business, enterprise or activity permitted by or under the Dela
limited to, (i) conducting the business of ownership, construction, development and operation of multifamily rental a
(ii) entering into any partnership, joint venture, business trust arrangement, limited liability company or other similar
business permitted by or under the Delaware Act, or to own interests in any entity engaged in any business permitted
(iii) conducting the business of providing property and asset management and brokerage services, whether directly o
partnerships, joint ventures, subsidiaries, business trusts, limited liability companies or other similar arrangements, a
or incidental to the foregoing; provided, however, such business and arrangements and interests may be limited to an
to permit Aimco, in the sole and absolute discretion of the general partner, at all times to be classified as a REIT.

Management By The General Partner

Except as otherwise expressly provided in the Aimco OP partnership agreement, all management powers over the bu
are exclusively vested in the general partner. No limited partner of Aimco OP or any other person to whom one or m
transferred (each, an assignee) may take part in the operations, management or control (within the meaning of the
business, transact any business in Aimco OP s name or have the power to sign documents for or otherwise bind Aim
not be removed by the limited partners with or without cause, except with the consent of the general partner. In addit
general partner of a limited partnership under applicable law or that are granted to the general partner under any othe
partnership agreement, the general partner, subject to the other provisions of the Aimco OP partnership agreement, h
all things deemed necessary or desirable by it to conduct the business of Aimco OP, to exercise all powers of Aimco
purposes of Aimco OP. Aimco OP may incur debt or enter into other similar credit, guarantee, financing or refinanci
purpose (including, without limitation, in connection with any acquisition of properties) upon such terms as the gene
appropriate. The general partner is authorized to execute, deliver and perform specific agreements and transactions o
any further act, approval or vote of the limited partners.

Restrictions on General Partner s Authority. The general partner may not take any action in contravention of the A
The general partner may not, without the prior consent of the limited partners, undertake, on behalf of Aimco OP, an
enter into any transaction that would have the effect of such transactions: (i) except as provided in the partnership ag
terminate the partnership agreement other than to reflect the admission, substitution, termination or withdrawal of

43

partners; (ii) make a general assignment for the benefit of creditors or appoint or acquiesce in the appointment of a cu
all or any part of the assets of Aimco OP; (iii) institute any proceeding for bankruptcy on behalf of Aimco OP; or (iv
approve or acquiesce to the transfer of the Aimco OP general partner interest, or admit into Aimco OP any additional

Additional Limited Partners. The general partner is authorized to admit additional limited partners to Aimco OP fro
conditions and for such capital contributions as may be established by the general partner in its reasonable discretion
need not be equal for all partners. No action or consent by the limited partners is required in connection with the adm
partner. The general partner is expressly authorized to cause Aimco OP to issue additional interests (i) upon the conv
of any debt, OP Units or other securities issued by Aimco OP, (ii) for less than fair market value, so long as the gener
faith that such issuance is in the best interests of the general partner and Aimco OP, and (iii) in connection with any r
Aimco OP if the applicable merger agreement provides that persons are to receive interests in Aimco OP in exchange
merging into Aimco OP. Subject to Delaware law, any additional partnership interests may be issued in one or more
any of such classes, with such designations, preferences and relative, participating, optional or other special rights, po
determined by the general partner, in its sole and absolute discretion without the approval of any limited partner, and
thereafter attached to and made an exhibit to the partnership agreement. Without limiting the generality of the forego
authority to specify (a) the allocations of items of partnership income, gain, loss, deduction and credit to each such cl
interests; (b) the right of each such class or series of partnership interests to share in distributions; (c) the rights of eac
partnership interests upon dissolution and liquidation of Aimco OP; (d) the voting rights, if any, of each such class or
and (e) the conversion, redemption or exchange rights applicable to each such class or series of partnership interests.
an additional limited partner without the consent of the general partner, which consent may be given or withheld in th
absolute discretion.

Indemnification. As a part of conducting the merger described herein, the general partner has agreed not to seek ind
harmless by, Aimco OP, or its affiliates, for any liability or loss suffered by the general partner related to the merger,
has determined, in good faith, that the course of conduct which caused the loss or liability was in the best interests of
partner was acting on behalf of or performing services for Aimco OP, (iii) such liability or loss was not the result of n
general partner, and (iv) such indemnification or agreement to hold harmless is recoverable only out of the assets of A
limited partners of Aimco OP. In addition, the general partner, and any of its affiliates that are performing services on
agreed that they will not seek indemnification for any losses, liabilities or expenses arising from or out of an alleged v
securities laws unless (i) there has been a successful adjudication on the merits of each count involving alleged secur
particular indemnitee, (ii) such claims have been dismissed with prejudice on the merits by a court of competent juris
indemnitee, or (iii) a court of competent jurisdiction approves a settlement of the claims against a particular indemnit
indemnification of the settlement and related costs should be made, and, as relates to (iii), the court of law considerin
indemnification has been advised of the position of the SEC and the position of any state securities regulatory author
OP were offered or sold as to indemnification for violations of securities laws. Aimco OP shall not incur the cost of t
insurance, if any, which insures the general partner for any liability as to which the general partner is prohibited from
in this paragraph. Finally, the general partner has agreed that the provision of advancement from Aimco OP funds to
affiliates for legal expenses and other costs incurred as a result of any legal action is permissible if (i) the legal action
with respect to the performance of duties or services on behalf of Aimco OP, (ii) the legal action is initiated by a third
partner of Aimco OP, or the legal action is initiated by a limited partner and a court of competent jurisdiction specific
advancement, and (iii) the general partner or its affiliates undertake to repay the advanced funds to Aimco OP in case
entitled to indemnification under this paragraph.

Table of Contents

Outstanding Classes Of Units

As of March 31, 2013, Aimco OP had issued and outstanding the following partnership interests:

Class	Units Outstanding	Quarterly D per U
Partnership Common Units (OP Units)	151,551,434	$
Class Z Partnership Preferred Units	1,274,243	$
Series A Community Reinvestment Act Perpetual Partnership Preferred Units(1)	74	$
Class One Partnership Preferred Units(2)	90,000	$
Class Two Partnership Preferred Units(2)	18,589	$
Class Three Partnership Preferred Units(2)	1,357,091	$
Class Four Partnership Preferred Units(2)	644,954	$
Class Six Partnership Preferred Units(2)	790,833	$
Class Seven Partnership Preferred Units(2)	27,960	$
Class I High Performance Partnership Units (HPUs)(3)	2,339,950	$

(1) The Series A Community Reinvestment Act Perpetual Partnership Preferred Units, or the CRA Preferred Units terms as Aimco s Series A Community Reinvestment Act Perpetual Preferred Stock, or the CRA Preferred Sto Units are entitled to cumulative cash dividends payable quarterly in arrears on March 31, June 30, September 3 year, when and as declared, beginning on September 30, 2006. For the period from the date of original issuance distribution rate is a variable rate per annum equal to the Three-Month LIBOR Rate (as defined in the articles s CRA Preferred Stock) plus 1.25%, calculated as of the beginning of each quarterly dividend period. The rate at Upon liquidation, holders of the CRA Preferred Stock are entitled to a preference of $500,000 per share, plus a accrued and unpaid dividends, whether or not earned or declared. The CRA Preferred Units rank prior to Comm level as Aimco OP s other Preferred OP Units, with respect to the payment of distributions and the distributio dissolution or winding up. The CRA Preferred Units are redeemable for cash, in whole or from time to time in Aimco s option, of its CRA Preferred Stock at a price per share equal to the liquidation preference, plus accum distributions, if any, to the redemption date.

(2) The Class One, Class Two, Class Three, Class Four, Class Six and Class Seven preferred OP Units are redeema Aimco OP, at its sole discretion, may settle such redemption requests in cash or shares of Aimco common stoc redemption preference. In the event Aimco OP requires Aimco to issue shares to settle a redemption request, it corresponding number of OP Units. Aimco OP has a redemption policy that requires cash settlement of redemp preferred OP Units, subject to limited exceptions.

(3) The holders of HPUs receive the same amount of distributions that are paid to holders of an equivalent number common partnership units.

Distributions

Subject to the rights of holders of any outstanding partnership preferred units, the Aimco OP partnership agreement r cause Aimco OP to distribute quarterly all, or such portion as the general partner may in its sole and absolute discreti (as defined in the partnership agreement) generated by Aimco OP during such quarter to the general partner, the spec holders of OP Units and holders of HPUs on the record date established by the general partner with respect to such qu respective interests in Aimco OP on such record date. Holders of any partnership preferred units issued in the future r general partner, the special limited partner, holders of OP Units and holders of HPUs with respect to distributions of upon liquidation or other distributions.

Table of Contents

Distributions payable with respect to any interest in Aimco OP that was not outstanding during the entire quarterly pe
distribution is made will be prorated based on the portion of the period that such interest was outstanding. The genera
discretion may distribute to the limited partners Available Cash on a more frequent basis and provide for an appropri
agreement requires the general partner to take such reasonable efforts, as determined by it in its sole and absolute dis
requirements for qualification as a REIT, to cause Aimco OP to distribute sufficient amounts to enable the general pa
and enable Aimco to pay stockholder dividends that will (i) satisfy the requirements, or the REIT Requirements, for
Internal Revenue Code and the applicable regulations promulgated by the U.S. Treasury Department, or the Treasury
U.S. federal income or excise tax liability of Aimco.

While some of the debt instruments to which Aimco OP is a party, including its credit facilities, contain restrictions
to OP Unitholders, the debt instruments allow Aimco OP to distribute sufficient amounts to enable the general partne
transfer funds to Aimco which are then used to pay stockholder dividends thereby allowing Aimco to meet the requir
REIT under the Internal Revenue Code.

Distributions in Kind. No OP Unitholder has any right to demand or receive property other than cash as provided in
general partner may determine, in its sole and absolute discretion, to make a distribution in kind of partnership assets
assets will be distributed in such a fashion as to ensure that the fair market value is distributed and allocated in accord
partnership agreement.

Distributions Upon Liquidation. Subject to the rights of holders of any outstanding partnership preferred units, net
disposition of all or substantially all of its assets in a transaction that will lead to a liquidation of Aimco OP or a relat
taken together, result in the sale or other disposition of all or substantially all of the assets of Aimco OP, or a Termin
any other cash received or reductions in reserves made after commencement of the liquidation of Aimco OP, will be
OP Unitholders in accordance with the Aimco OP partnership agreement.

Restricted Distributions. The Aimco OP partnership agreement prohibits Aimco OP and the general partner, on beh
a distribution to any OP Unitholder on account of its interest in OP Units if such distribution would violate Section 1
other applicable law.

Allocations Of Net Income And Net Loss

OP Units and HPUs. Net Income (as defined in the Aimco OP partnership agreement) and Net Loss (as defined in
agreement) of Aimco OP will be determined and allocated with respect to each fiscal year of Aimco OP as of the end
otherwise provided in the Aimco OP partnership agreement, an allocation to an OP Unitholder of a share of Net Inco
as an allocation of the same share of each item of income, gain, loss or deduction that is taken into account in compu
Except as otherwise provided in the Aimco OP partnership agreement and subject to the terms of any outstanding par
Income and Net Loss will be allocated to the holders of OP Units and holders of HPUs in accordance with their respe
fiscal year. The Aimco OP partnership agreement contains provisions for special allocations intended to comply with
requirements, including the requirements of Treasury Regulations Sections 1.704-1(b) and 1.704-2. Except as otherw
partnership agreement and subject to the terms of any outstanding partnership preferred units, for U.S. federal incom
Revenue Code and the Treasury Regulations, each partnership item of income, gain, loss and deduction will be alloca
in the same manner as its correlative item of book income, gain, loss or deduction is allocated under the Aimco O

Partnership Preferred Units. Net income will be allocated to the holders of partnership preferred units for any fisca
subsequent fiscal years) to the extent that the holders of partnership preferred units receive a distribution on any partn
than an amount included in any redemption of partnership preferred units). If any partnership preferred units are rede
includes

Table of Contents

such redemption (and, if necessary, for subsequent fiscal years) (i) gross income and gain (in such relative proportion
discretion will determine) will be allocated to the holders of partnership preferred units to the extent that the redempt
with respect to the partnership preferred units so redeemed exceeds the aggregate capital contributions (net of liabilit
by Aimco OP) per partnership preferred units allocable to the partnership preferred units so redeemed and (ii) deduct
proportions as the general partner in its discretion will determine) will be allocated to the holders of partnership prefe
aggregate capital contributions (net of liabilities assumed or taken subject to by Aimco OP) per partnership preferred
partnership preferred units so redeemed exceeds the redemption amount paid or payable with respect to the partnersh

Withholding

Aimco OP is authorized to withhold from or pay on behalf of or with respect to each limited partner any amount of F
taxes that the general partner determines that Aimco OP is required to withhold or pay with respect to any amount di
limited partner under the Aimco OP partnership agreement. The Aimco OP partnership agreement also provides that
paid on behalf of or with respect to a limited partner constitutes a loan by Aimco OP to such limited partner. This loa
15 days after notice to the limited partner from the general partner, and each limited partner grants a security interest
secure its obligation to pay any partnership withholding tax amounts paid on its behalf or with respect to such limited
Aimco OP partnership agreement, the partnership may redeem the partnership interest of any limited partner who fai
withholding tax amounts paid on behalf of or with respect to such limited partner. Also, the general partner has autho
amounts otherwise distributable, allocable or payable to a limited partner, the general partner s estimate of further ta
limited partner.

Return Of Capital

No partner is entitled to interest on its capital contribution or on such partner s capital account. Except (i) under the
the Aimco OP partnership agreement, (ii) as provided by law, or (iii) under the terms of any outstanding partnership
any right to demand or receive the withdrawal or return of its capital contribution from Aimco OP, except to the exte
the Aimco OP partnership agreement or upon termination of Aimco OP. Except to the extent otherwise expressly pro
partnership agreement and subject to the terms of any outstanding partnership preferred units, no limited partner or a
any other limited partner or assignee either as to the return of capital contributions or as to profits, losses or distributi

Redemption Rights Of Qualifying Parties

After the first anniversary of becoming a holder of OP Units, each OP Unitholder and some assignees have the right,
conditions set forth in the Aimco OP partnership agreement, to require Aimco OP to redeem all or a portion of the O
exchange for shares of Aimco common stock or a cash amount equal to the value of such shares, as Aimco OP may
close of business on the fifth business day after a holder of OP Units gives the general partner a notice of redemption
absolute discretion but subject to the restrictions on the ownership of Aimco stock imposed under Aimco s charter a
other limitations thereof, elect to cause Aimco to acquire some or all of the tendered OP Units from the tendering pa
common stock, based on an exchange ratio of one share of Aimco common stock for each OP Unit, subject to adjust
OP partnership agreement. The Aimco OP partnership agreement does not obligate Aimco or the general partner to r
Aimco common stock issued in exchange for OP Units with the SEC, with any state securities commissioner, depart
stock exchange. Aimco common stock issued in exchange for OP Units under the Aimco OP partnership agreement
restrictions under the Securities Act and applicable state securities laws as Aimco in good faith determines to be nec
ensure compliance with securities laws. In the event of a change of control of Aimco, holders of HPUs will have red
of holders of OP Units.

Table of Contents

Partnership Right To Call Limited Partner Interests

Notwithstanding any other provision of the Aimco OP partnership agreement, on and after the date on which the agg
the limited partners, other than the special limited partner, are less than one percent (1%), Aimco OP will have the ri
time to time and at any time to redeem any and all outstanding limited partner interests (other than the special limite
any limited partner as if such limited partner had tendered for redemption under the Aimco OP partnership agreemen
specified by the general partner, in its sole and absolute discretion, by notice to the limited partner.

Transfers And Withdrawals

Restrictions On Transfer. The Aimco OP partnership agreement restricts the transferability of OP Units. Any trans
OP Unit not made in accordance with the Aimco OP partnership agreement will be null and void *ab initio*. Until the
date on which an OP Unitholder acquired OP Units, subject to some exceptions, such OP Unitholder may not transfe
OP Units to any transferee without the consent of the general partner, which consent may be withheld in its sole and
expiration of one year from the date on which an OP Unitholder acquired OP Units, such OP Unitholder has the righ
its OP Units to any person, subject to the satisfaction of specific conditions specified in the Aimco OP partnership ag
partner s right of first refusal.

It is a condition to any transfer (whether or not such transfer is effected before or after the one year holding period) t
operation of law or express agreement all of the obligations of the transferor limited partner under the Aimco OP par
to such OP Units, and no such transfer (other than under a statutory merger or consolidation wherein all obligations a
partner are assumed by a successor corporation by operation of law) will relieve the transferor partner of its obligati
partnership agreement without the approval of the general partner, in its sole and absolute discretion.

In connection with any transfer of OP Units, the general partner will have the right to receive an opinion of counsel r
the effect that the proposed transfer may be effected without registration under the Securities Act, and will not other
securities laws or regulations applicable to Aimco OP or the OP Units transferred.

No transfer by a limited partner of its OP Units (including any redemption or any acquisition of OP Units by the gen
may be made to any person if (i) in the opinion of legal counsel for Aimco OP, it would result in Aimco OP being tre
a corporation, or (ii) such transfer is effectuated through an established securities market or a secondary market
within the meaning of Section 7704 of the Internal Revenue Code.

HPUs. HPUs are subject to different restrictions on transfer. Individuals may not transfer HPUs except to a family
entity) or in the event of their death. The holders of HPUs may redeem these units commencing after December 31,
for either one share of Common Stock or cash equal to the fair value of a share of Common Stock at the time of rede

Substituted Limited Partners. No limited partner will have the right to substitute a transferee as a limited partner in
interest of a limited partner may be admitted as a substituted limited partner only with the consent of the general part
given or withheld by the general partner in its sole and absolute discretion. If the general partner, in its sole and abso
to the admission of any permitted transferee as a substituted limited partner, such transferee will be considered an as
OP partnership agreement. An assignee will be entitled to all the rights of an assignee of a limited partnership intere
including the right to receive distributions from Aimco OP and the share of Net Income, Net Losses and other items
and credit of Aimco OP attributable to the OP Units assigned to such transferee and the rights to transfer the OP Uni
partnership agreement, but will not be deemed to be a holder of OP Units for any other purpose under the Aimco OP
not be entitled to effect a

consent or vote with respect to such OP Units on any matter presented to the limited partners for approval (such right
provided in the Aimco OP partnership agreement or under the Delaware Act, fully remaining with the transferor limi

Withdrawals. No limited partner may withdraw from Aimco OP other than as a result of a permitted transfer of all
OP Units in accordance with the Aimco OP partnership agreement, with respect to which the transferee becomes a su
under a redemption (or acquisition by Aimco) of all of such limited partner s OP Units.

Restrictions on the general partner. The general partner may not transfer any of its general partner interest or withdra
(i) the limited partners consent or (ii) immediately after a merger of the general partner into another entity, substantia
surviving entity, other than the general partnership interest in Aimco OP held by the general partner, are contributed
contribution in exchange for OP Units.

Amendment of the Partnership Agreement

By the General Partner Without the Consent of the Limited Partners. The general partner has the power, without th
partners, to amend the Aimco OP partnership agreement as may be required to facilitate or implement any of the foll
obligations of the general partner or surrender any right or power granted to the general partner or any affiliate of the
of the limited partners; (ii) to reflect the admission, substitution or withdrawal of partners or the termination of Aimc
partnership agreement; (iii) to reflect a change that is of an inconsequential nature and does not adversely affect the l
respect, or to cure any ambiguity, correct or supplement any provision in the partnership agreement not inconsistent
provisions, or make other changes with respect to matters arising under the partnership agreement that will not be inc
provisions of the partnership agreement; (iv) to satisfy any requirements, conditions or guidelines contained in any o
regulation of a federal or state agency or contained in federal or state law; (v) to reflect such changes as are reasonab
maintain its status as a REIT; and (vi) to modify the manner in which capital accounts are computed (but only to the
of Capital Account in the Aimco OP partnership agreement or contemplated by the Internal Revenue Code or The

With the Consent of the Limited Partners. Amendments to the Aimco OP partnership agreement may be proposed b
holders of a majority of the outstanding OP Units and other classes of units that have the same voting rights as holde
special limited partner. Following such proposal, the general partner will submit any proposed amendment to the lim
partner will seek the written consent of a majority in interest of the limited partners on the proposed amendment or w
and to transact any other business that the general partner may deem appropriate.

Procedures for Actions and Consents of Partners

Meetings of the partners may be called by the general partner and will be called upon the receipt by the general partn
majority in interest of the limited partners. Notice of any such meeting will be given to all partners not less than seve
(30) days prior to the date of such meeting. Partners may vote in person or by proxy at such meeting. Each meeting o
the general partner or such other person as the general partner may appoint under such rules for the conduct of the m
such other person deems appropriate in its sole and absolute discretion. Whenever the vote or consent of partners is p
partnership agreement, such vote or consent may be given at a meeting of partners or may be given by written conse
permitted to be taken at a meeting of the partners may be taken without a meeting if a written consent setting forth th
partners holding a majority of outstanding OP Units (or such other percentage as is expressly required by the Aimco
the action in question).

Records and Accounting; Fiscal Year

The Aimco OP partnership agreement requires the general partner to keep or cause to be kept at the principal office c
documents required to be maintained by the Delaware Act and

other books and records deemed by the general partner to be appropriate with respect to Aimco OP s business. The b
maintained, for financial and tax reporting purposes, on an accrual basis in accordance with generally accepted accou
other basis as the general partner determines to be necessary or appropriate. To the extent permitted by sound accoun
Aimco OP, the general partner and Aimco may operate with integrated or consolidated accounting records, operation
of Aimco OP is the calendar year.

Reports

As soon as practicable, but in no event later than one hundred and five (105) days after the close of each calendar qua
general partner will make available to limited partners (which may be done by filing a report with the SEC) a report o
of Aimco OP, or of Aimco if such statements are prepared solely on a consolidated basis with Aimco, for such calend
case may be, presented in accordance with generally accepted accounting principles, and such other information as m
law or regulation or as the general partner determines to be appropriate. Statements included in quarterly reports are n
in annual reports are audited by a nationally recognized firm of independent public accountants selected by the gener

Tax Matters Partner

The general partner is the tax matters partner of Aimco OP for U.S. federal income tax purposes. The tax matters p
required, to take certain actions on behalf of Aimco OP with respect to tax matters. In addition, the general partner w
and timely filing of all returns with respect to partnership income, gains, deductions, losses and other items required o
and state income tax purposes and will use all reasonable effort to furnish, within ninety (90) days of the close of eac
information reasonably required by limited partners for U.S. federal and state income tax reporting purposes. The lim
provide the general partner with such information as may be reasonably requested by the general partner from time to

Dissolution and Winding Up

Dissolution. Aimco OP will dissolve, and its affairs will be wound up, upon the first to occur of any of the followin
(i) an event of withdrawal, as defined in the Delaware Act (including, without limitation, bankruptcy), of the sole gen
ninety (90) days after the withdrawal, a majority in interest (as such phrase is used in Section 17-801(3) of the Del
partners agree in writing, in their sole and absolute discretion, to continue the business of Aimco OP and to the appoi
of withdrawal, of a successor general partner; (ii) an election to dissolve Aimco OP made by the general partner in its
with or without the consent of the limited partners; (iii) entry of a decree of judicial dissolution of Aimco OP under th
Act; (iv) the occurrence of a Terminating Capital Transaction; or (v) the redemption (or acquisition by Aimco, the ge
limited partner) of all OP Units other than OP Units held by the general partner or the special limited partner.

Winding Up. Upon the occurrence of a liquidating event, Aimco OP will continue solely for the purposes of windin
manner, liquidating its assets and satisfying the claims of its creditors and partners. The general partner (or, in the eve
general partner or the general partner has dissolved, become bankrupt within the meaning of the Delaware Act or cea
elected by a majority in interest of the limited partners) will be responsible for overseeing the winding up and dissolu
full account of Aimco OP s liabilities and property, and Aimco OP property will be liquidated as promptly as is cons
value thereof, and the proceeds therefrom (which may, to the extent determined by the general partner, include Aimc
distributed in the following order: (i) first, to the satisfaction of all of Aimco OP s debts and liabilities to creditors ot
assignees (whether by payment or the making of reasonable provision for payment thereof); (ii) second, to the satisfa
and liabilities to the general partner (whether by payment or the making of reasonable provision for payment thereof)
amounts due as

Table of Contents

reimbursements under the partnership agreement; (ii) third, to the satisfaction of all of Aimco OP s debts and liabilit
assignees (whether by payment or the making of reasonable provision for payment thereof); (iv) fourth, to the satisfac
preferences of outstanding Partnership Preferred Units, if any; and (v) the balance, if any, to the general partner, the l
assignees in accordance with and in proportion to their positive capital account balances, after giving effect to all con
allocations for all periods. In the event of a liquidation, holders of HPUs will be specially allocated items of income a
to cause the capital account of such holder to be equal to that of a holder of an equal number of OP Units.

Table of Contents

DESCRIPTION OF AIMCO COMMON STOCK

General

Aimco s charter authorizes the issuance of up to 510,587,500 shares of capital stock, consisting of 505,787,260 shar stock with a par value of $0.01 per share and 4,800,240 shares currently classified as preferred stock with a par value March 31, 2013, 145,897,813 shares were issued and outstanding. Aimco common stock is traded on the NYSE unde Computershare Limited serves as transfer agent and registrar of Aimco common stock. On April 16, 2013, the closin stock on the NYSE was $31.40. The following table shows the high and low reported sales prices and dividends paid stock in the periods indicated.

Quarter Ended	High
June 30, 2013 (through April 16, 2013)	$ 31.91
March 31, 2013	30.85
December 31, 2012	27.13
September 30, 2012	28.30
June 30, 2012	27.98
March 31, 2012	26.44
December 31, 2011	$ 27.26
September 30, 2011	28.12
June 30, 2011	27.67
March 31, 2011	26.33
December 31, 2010	$ 26.24
September 30, 2010	22.82
June 30, 2010	24.21
March 31, 2010	19.17

Aimco has a Stock Award and Incentive Plan to attract and retain officers, key employees and independent directors. issuance a maximum of 4.4 million shares, which may be in the form of incentive stock options, non-qualified stock other types of awards as authorized under Aimco s plan.

Holders of Aimco common stock are entitled to receive dividends, when and as declared by Board of Directors of Ai Directors, out of funds legally available therefor. The holders of shares of common stock, upon any liquidation, disso are entitled to receive ratably any assets remaining after payment in full of all liabilities of Aimco and the liquidation The shares of common stock possess ordinary voting rights for the election of directors and in respect of other corpor the holder thereof to one vote. Holders of shares of common stock do not have cumulative voting rights in the electio holders of more than 50% of the shares of common stock voting for the election of directors can elect all of the direct the holders of the remaining shares cannot elect any directors. Holders of shares of common stock do not have preem have no right to acquire any additional shares of common stock that may be issued by Aimco at a subsequent date.

Outstanding Classes Of Preferred Stock

Aimco is authorized to issue shares of preferred stock in one or more classes or subclasses, with such designations, p rights, voting powers, restriction, limitations as to dividends, qualifications and terms and conditions of redemption, i permitted by Maryland law and

Table of Contents

as the Aimco Board of Directors may determine by resolution. As of March 31, 2013, Aimco had issued and outstanc
preferred stock:

Class	Shares Authorized	Shares Outstanding	Quarterly Dividend per Share
Class Z Cumulative Preferred Stock	4,800,000	1,274,243	$ 0.4375
Series A Community Reinvestment Act Perpetual Preferred Stock(1)	240	74	$ 1,950.00

(1) For the period from the date of original issuance through March 31, 2015, the dividend rate is a variable rate pe Three-Month LIBOR Rate (as defined in the articles supplementary designating the CRA Preferred Stock) plus beginning of each quarterly dividend period. The rate at December 31, 2012 was 1.61%. Upon liquidation, hold are entitled to a preference of $500,000 per share, plus an amount equal to accumulated, accrued and unpaid di or declared. The CRA Preferred Stock ranks prior to the Aimco common stock and on the same level as Aimco preferred stock with respect to the payment of dividends and the distribution of amounts upon liquidation, disso Preferred Stock is redeemable for cash, in whole or from time to time in part, at Aimco s option, at a price per preference, plus accumulated, accrued and unpaid dividends, if any, to the redemption date.

Ranking. Each authorized class of preferred stock ranks, with respect to dividend rights and rights upon liquidation Aimco, (a) prior or senior to the Aimco common stock and any other class or series of capital stock of Aimco if the h stock are entitled to the receipt of dividends or amounts distributable upon liquidation, dissolution or winding-up in p holders of shares of such class or series (Junior Stock); (b) on a parity with the other authorized classes of preferre series of capital stock of Aimco if the holders of such class or series of stock and that class of preferred stock are enti amounts distributable upon liquidation, dissolution or winding-up in proportion to their respective amounts of accrue share or liquidation preferences, without preference or priority of one over the other (Parity Stock); and (c) junior stock of Aimco if the holders of such class or series are entitled to receive dividends and amounts distributable upon winding-up in preference or priority to the holders of that class of preferred stock (Senior Stock).

Dividends. Holders of each authorized class of preferred stock are entitled to receive, when and as declared by The of funds legally available for payment, quarterly cash dividends in the amount per share set forth in the table above u Dividend Per Share. The dividends are cumulative from the date of original issue, whether or not in any dividend pe any dividends or have funds legally available for the payment of such dividend. Holders of preferred stock are not en in excess of cumulative dividends on the preferred stock. No interest, or sum of money in lieu of interest, shall be pay payment or payments on the preferred stock that may be in arrears.

When dividends are not paid in full upon any class of preferred stock, or a sum sufficient for such payment is not set upon that class of preferred stock and any shares of Parity Stock will be declared ratably in proportion to the respecti accumulated, accrued and unpaid on that class of preferred stock and accumulated, accrued and unpaid on such Parity the preceding sentence, unless dividends on each class of preferred stock equal to the full amount of accumulated, ac have been or contemporaneously are declared and paid or declared and a sum sufficient for the payment thereof has b set apart for such payment, for all past dividend periods, no dividends may be declared or paid or set apart for payme distribution of cash or other property may be declared or made, directly or indirectly, by Aimco with respect to any sl dividends equal to the full amount of all accumulated, accrued and unpaid dividends on each class of preferred stock declared and a sum sufficient for the payment thereof has been set apart for such payment, for all past dividend perio

dividends or distributions paid in shares of Junior Stock or options, warrants or rights to subscribe for or purchase sha
declared or paid or set apart for payment by Aimco and no other distribution of cash or other property may be declare
indirectly, by Aimco with respect to any shares of Junior Stock, nor may any shares of Junior Stock be redeemed, pur
(other than a redemption, purchase or other acquisition of common stock made for purposes of an employee incentive
any subsidiary) for any consideration (or any monies be paid to or made available for a sinking fund for the redempti
stock), directly or indirectly, by Aimco (except by conversion into or exchange for shares of Junior Stock, or options,
for or purchase shares of Junior Stock), nor shall any other cash or other property be paid or distributed to or for the b
Junior Stock. Notwithstanding the foregoing provisions of this paragraph, Aimco is not prohibited from (i) declaring
payment any dividend or distribution on any shares of Parity Stock or (ii) redeeming, purchasing or otherwise acquiri
case, if such declaration, payment, redemption, purchase or other acquisition is necessary to maintain Aimco s quali

Liquidation Preference. Upon any voluntary or involuntary liquidation, dissolution or winding up of Aimco, before
payment or distribution for the holders of any shares of Junior Stock, the holders of each class of preferred stock are e
preference per share in the amount set forth above under the heading, Liquidation Preference Per Share, plus an am
accrued and unpaid dividends (whether or not formed or declared) to the date of final distribution to such holders. Ho
stock are not entitled to any further payment. Until the holders of each class of preferred stock have been paid their re
in full, plus an amount equal to all accumulated, accrued and unpaid dividends (whether or not earned or declared) to
such holders, no payment may be made to any holder of Junior Stock upon the liquidation, dissolution or winding up
liquidation, dissolution or winding up of Aimco, its assets, or proceeds thereof, distributable among the holders of pre
pay in full the preference described above for any class of preferred stock and any liquidating payments on any other
Parity Stock, then such proceeds shall be distributed among the holders of such class of preferred stock and holders o
series of Parity Stock ratably in the same proportion as the respective amounts that would be payable on such class of
Parity Stock if all amounts payable thereon were paid in full. A voluntary or involuntary liquidation, dissolution or w
include its consolidation or merger with one or more corporations, a sale or transfer of all or substantially all of its as
exchange. Upon any liquidation, dissolution or winding up of Aimco, after payment shall have been made in full to th
any other series or class or classes of Junior Stock shall be entitled to receive any and all assets remaining to be paid o
each class of preferred stock and any Parity Stock shall not be entitled to share therein.

Redemption. Except as described below and in certain limited circumstances, including circumstances relating to m
qualify as a REIT, Aimco may not redeem the shares of preferred stock. On or after the dates set forth in the table bel
redeem shares of the classes of preferred stock set forth below, in whole or from time to time in part, at a cash redem
percentage of the liquidation preference for that class of preferred stock indicated under the heading, Price, plus al
dividends, if any, to the date fixed for redemption. The redemption price for each class of non-convertible preferred s
thereof consisting of accumulated, accrued and unpaid dividends) is payable solely with the proceeds from the sale of
Aimco OP (whether or not such sale occurs concurrently with such redemption). For purposes of the preceding sente
common stock, preferred stock, depositary shares, partnership or other interests, participations or other ownership int
any rights (other than debt securities convertible into or exchangeable at the option of the holder for equity securities
debt securities are subsequently converted into capital stock)) or options to purchase any of the foregoing securities is

Class	Dat
Class Z Cumulative Preferred Stock	Ju
Series A Community Reinvestment Act Perpetual Preferred Stock	Ju

Except as otherwise described in this information statement/prospectus, none of the authorized classes of preferred st
are subject to any sinking find or mandatory redemption provisions.

Conversion. The shares of convertible preferred stock are convertible at any time, at the option of the holder, into a
common stock obtained by dividing its liquidation preference (excluding any accumulated, accrued and unpaid divid
set forth in the table above. In the case of shares called for redemption, conversion rights will terminate at the close o
such redemption, unless Aimco defaults in making such redemption payment. Each conversion will be deemed to hav
prior to the close of business on the date on which the holder surrenders certificates representing shares of preferred s
and any applicable instruments of transfer and any required taxes. The conversion will be at the conversion price in e
date unless the stock transfer books of Aimco are closed on that date, in which event such person or persons will be d
holder or holders of record at the close of business on the next succeeding day on which such stock transfer books are
be at the conversion price in effect on the date on which such shares were surrendered and such notice received by A
Aimco common stock or scrip representing fractions of a share of Aimco common stock will be issued upon convers
Instead of any fractional interest in a share of Aimco common stock that would otherwise be deliverable upon the co
preferred stock, Aimco will pay to the holder of such shares an amount in cash based upon the closing price of the Ai
trading day immediately preceding the date of conversion. If more than one share of preferred stock is surrendered fo
same holder, the number of full shares of Aimco common stock issuable upon conversion thereof will be computed o
number of shares of preferred stock so converted. Except as otherwise required, Aimco will make no payment or allo
whether or not in arrears, on converted shares or for dividends (other than dividends on the Aimco common stock the
the conversion date and which Aimco shall pay in the ordinary course to the record holder as of the record date) on th
upon such conversion. Holders of preferred stock at the close of business on a record date for the payment of dividen
entitled to receive an amount equal to the dividend payable on such shares on the corresponding dividend payment da
conversion of such shares following such record date.

Each conversion price is subject to adjustment upon the occurrence of certain events, including: (i) if Aimco (A) pays
distribution on its capital stock in shares of Aimco common stock, (B) subdivides its outstanding common stock into
(C) combines its outstanding Aimco common stock into a smaller number of shares or (D) issues any shares of capita
outstanding common stock; (ii) if Aimco issues rights, options or warrants to holders of common stock entitling them
common stock at a price per share less than the fair market value thereof; and (iii) if Aimco makes a distribution on i
cash or shares of common stock.

Conversion of preferred stock will be permitted only to the extent that such conversion would not result in a violatio
set forth in Aimco s charter.

Voting Rights. Holders of shares of the authorized classes of preferred stock do not have any voting rights, except a
otherwise required by applicable law.

If and whenever dividends on any shares of any class of preferred stock or any series or class of Parity Stock are in a
periods, whether or not consecutive, the number of directors then constituting the Aimco Board of Directors will be i
increased by reason of similar types of provisions with respect to shares of Parity Stock of any other class or series w
rights (the Voting Preferred Stock), and the holders of shares of that class of preferred stock, together with the hol
Preferred Stock then entitled to exercise similar voting rights, voting as a single class regardless of series, will be ent
the two additional directors of Aimco at any annual meeting of stockholders or at a special meeting of the holders of
of the Voting Preferred Stock called for that purpose. Whenever dividends in arrears on outstanding shares of Voting
paid and dividends thereon for the current quarterly dividend period have been paid or declared and set apart for pay
holders of the Voting Preferred Stock to elect the additional two directors shall cease and the terms of office of the di

Table of Contents

the number of directors constituting the Aimco Board of Directors shall be reduced accordingly. Holders of Class W
Preferred Stock, voting as a single class, are also entitled to elect one director of Aimco if and whenever (i) for two c
periods, Aimco fails to pay at least $0.45 per share in dividends on the Aimco common stock or (ii) Aimco fails to pa
class of preferred stock, whether or not earned or declared.

The affirmative vote or consent of at least 66 $^{2}/_{3}$% of the votes entitled to be cast by the holders of the outstanding sha
stock and the holders of all other classes or series of Parity Stock entitled to vote on such matters, voting as a single c
(i) authorize, create, increase the authorized amount of, or issue any shares of any class of Senior Stock or any securi
class of Senior Stock, or (ii) amend, alter or repeal any provision of, or add any provision to, Aimco s charter or by-l
materially adversely affect the voting powers, rights or preferences of the holders of that class of preferred stock or, v
Cumulative Convertible Preferred Stock, would convert such preferred stock into cash or any other security other tha
and provisions equivalent to those set forth in the articles supplementary for such class of preferred stock (including a
repeal effected pursuant to a merger, consolidation, or similar transaction); provided, however, that no such vote of th
preferred stock shall be required if, at or prior to the time such amendment, alteration or repeal is to take effect or the
Stock or convertible security is to be made, as the case may be, provisions are made for the redemption of all outstan
preferred stock. The amendment of or supplement to Aimco s charter to authorize, create, increase or decrease the au
Junior Stock, or any shares of any class of Parity Stock shall not be deemed to materially adversely affect the voting p
any class of preferred stock.

Transfer. For Aimco to qualify as a REIT under the Internal Revenue Code, not more than 50% in value of its outst
owned, directly or indirectly, by five or fewer individuals (as defined in the Internal Revenue Code to include certain
a taxable year and the shares of Aimco common stock must be beneficially owned by 100 or more persons during at l
of 12 months or during a proportionate part of a shorter taxable year. Because the Aimco board of directors believes t
meet the REIT Requirements, the Aimco Board of Directors has adopted, and the stockholders have approved, provis
restricting the acquisition of shares of common stock.

Subject to specific exceptions specified in Aimco s charter, no holder may own, or be deemed to own by virtue of va
ownership provisions of the Internal Revenue Code and Rule 13d-3 under the Exchange Act, more than 8.7% (or 15%
trusts described in the Internal Revenue Code, investment companies registered under the Investment Company Act o
Mr. Considine) of the outstanding shares of Aimco common stock (the Ownership Limit). The Aimco Board of Di
Limit if evidence satisfactory to the Aimco Board of Directors and Aimco s tax counsel is presented that such owner
jeopardize Aimco s status as a REIT. However, in no event may such holder s direct or indirect ownership of Aimc
total outstanding shares of Aimco common stock. As a condition of such waiver, the Aimco Board of Directors may r
satisfactory to it and/or an undertaking from the applicant with respect to preserving the REIT status of Aimco. The f
transferability and ownership will not apply if the Aimco Board of Directors determines that it is no longer in the bes
to qualify, or to continue to quality as a REIT and a resolution terminating Aimco s status as a REIT and amending A
foregoing restrictions is duly adopted by the Aimco Board of Directors and a majority of Aimco s stockholders. If sh
excess of the Ownership Limit, or shares of Aimco common stock which would cause the REIT to be beneficially ow
or which would result in Aimco being closely held, within the meaning of Section 856(h) of the Internal Revenue
result in Aimco failing to qualify as a REIT, are issued or transferred to any person, such issuance or transfer shall be
transferee, and the intended transferee would acquire no rights to the stock. Shares of Aimco common stock transferr
Limit or other applicable limitations will automatically be transferred to a trust for the exclusive benefit of one or mo
organizations to be designated by Aimco. Shares transferred to such trust will remain outstanding, and the trustee of t
dividend rights pertaining to such shares. The

trustee of such trust may transfer such shares to a person whose ownership of such shares does not violate the Owner
limitation. Upon a sale of such shares by the trustee, the interest of the charitable beneficiary will terminate, and the s
first, to the original intended transferee, to the extent of the lesser of (a) such transferee s original purchase price (or
shares if purportedly acquired by gift or devise) and (b) the price received by the trustee, and, second, any remainder
addition, shares of stock held in such trust are purchasable by Aimco for a 90 day period at a price equal to the lesser
by the original intended transferee (or the original market value of such shares if purportedly acquired by gift or devi
stock on the date that Aimco determines to purchase the stock. The 90 day period commences on the date of the viola
Aimco Board of Directors determines in good faith that a violative transfer has occurred, whichever is later. All certi
Aimco common stock bear a legend referring to the restrictions described above.

All persons who own, directly or by virtue of the attribution provisions of the Internal Revenue Code and Rule 13d-3
than a specified percentage of the outstanding shares of Aimco common stock must file an affidavit with Aimco cont
in Aimco s charter within 30 days after January 1 of each year. In addition, each stockholder shall upon demand be r
writing such information with respect to the direct, indirect and constructive ownership of shares as the Aimco Board
to comply with the provisions of the Internal Revenue Code applicable to a REIT or to comply with the requirements
governmental agency.

The ownership limitations may have the effect of precluding acquisition of control of Aimco by specific parties unles
determines that maintenance of REIT status is no longer in the best interests of Aimco.

COMPARISON OF AIMCO OP UNITS AND AIMCO COMMON STOCK

Set forth below is a comparison of the OP Units to the Aimco common stock.

OP Units	Common Sto
Nature of Investment	
The OP Units constitute equity interests entitling each holder to his or her pro rata share of cash distributions made from Available Cash (as such term is defined in the Aimco OP partnership agreement) to the partners of Aimco OP, a Delaware limited partnership.	The Aimco common stock constitutes eq Maryland corporation.
Voting Rights	
Under the Aimco OP partnership agreement, limited partners have voting rights only with respect to certain limited matters such as certain amendments of the partnership agreement and certain transactions such as the institution of bankruptcy proceedings, an assignment for the benefit of creditors and certain transfers by the general partner of its interest in Aimco OP or the admission of a successor general partner.	Each outstanding share of Aimco comm thereof to one vote on all matters submit including the election of directors. Holde have the right to vote on, among other th amendments to the Aimco charter and th Certain amendments to the Aimco charte of not less than two-thirds of votes entitl The Aimco charter permits the Aimco B and issue capital stock in one or more se which may differ from that of the comm law, a consolidation, merger, share excha substantially all of the assets of Aimco r of not less than two-thirds of all of the v matter. With respect to each of these tra common stock are entitled to vote on the stockholders is required for the sale of le of Aimco s assets. Maryland law provid Directors must obtain the affirmative vo votes entitled to be cast on the matter in Only the holders of Aimco common stoc Aimco s dissolution.
Distributions/Dividends	
Subject to the rights of holders of any outstanding partnership preferred units, the Aimco OP partnership agreement requires the general partner to cause Aimco OP to distribute quarterly all, or such portion as the general partner may in its sole and absolute discretion determine, of Available Cash (as such term is defined in the partnership agreement) generated by Aimco OP during such quarter to the general partner, the Special Limited Partner and the holders of OP Units and HPUs on the record date established by the general partner with respect to such quarter, in accordance with their respective interests in Aimco OP on such record date. Holders of any Partnership Preferred Units currently	Holders of Aimco common stock are ent when and as declared by the Aimco Boa legally available therefor. Under the REI distribute dividends (other than capital g stockholders in an amount at least equal Aimco s REIT taxable income (comp dividends paid deduction and Aimco s r of the net income (after tax), if any, from (B) the sum of certain items of noncash i States Federal Income Tax Consideratio

Table of Contents

OP Units	Common Stoc
issued and which may be issued in the future may have priority over the general partner, the special limited partner and holders of OP Units and HPUs with respect to distributions of Available Cash, distributions upon liquidation or other distributions. See Description of Aimco OP Units; Summary of Aimco OP Partnership Agreement Distributions. The general partner in its sole and absolute discretion may distribute to the holders of OP Units and HPUs Available Cash on a more frequent basis and provide for an appropriate record date. The partnership agreement requires the general partner to take such reasonable efforts, as determined by it in its sole and absolute discretion and consistent with the REIT Requirements, to cause Aimco OP to distribute sufficient amounts to enable the general partner to transfer funds to Aimco and enable Aimco to pay stockholder dividends that will (i) satisfy the requirements for qualifying as a REIT under the Internal Revenue Code, and the Treasury Regulations and (ii) avoid any U.S. federal income or excise tax liability of Aimco. See Description of Aimco OP Units; Summary of Aimco OP Partnership Agreement Distributions.	
Liquidity and Transferability/Redemption	
There is no public market for the OP Units and the OP Units are not listed on any securities exchange.	The Aimco common stock is transferable Limit set forth in the Aimco charter. The listed on the NYSE.
Under the Aimco OP partnership agreement, until the expiration of one year from the date on which a holder acquired OP Units, subject to certain exceptions, such OP Unitholder may not transfer all or any portion of its OP Units to any transferee without the consent of the general partner, which consent may be withheld in its sole and absolute discretion. After the expiration of one year, such OP Unitholder has the right to transfer all or any portion of its OP Units to any person, subject to the satisfaction of certain conditions specified in the partnership agreement, including the general partner s right of first refusal. See Description of Aimco OP Units; Summary of Aimco OP Partnership Agreement Transfers and Withdrawals. After the first anniversary of becoming a holder of OP Units, a holder has the right, subject to the terms and conditions of the partnership agreement, to require Aimco OP to redeem all or a portion of such holder s OP Units in exchange for shares of common stock or a cash amount equal to the value of such shares, as Aimco OP may elect. See Description of Aimco OP Units; Summary of Aimco OP Partnership Agreement Redemption Rights of Qualifying Parties. Upon receipt of a notice of redemption, Aimco OP may, in its sole and absolute discretion but subject to the restrictions on the ownership	

Table of Contents

OP Units	Common Stoc
of common stock imposed under the Aimco charter and the transfer restrictions and other limitations thereof, elect to cause Aimco to acquire some or all of the tendered OP Units in exchange for common stock, based on an exchange ratio of one share of Aimco common stock for each OP Unit, subject to adjustment as provided in the partnership agreement.	

60

Table of Contents

COMPARISON OF CPF XIX LIMITED PARTNERSHIP UNITS AND AIMCO OP U

The rights of CPF XIX limited partners are currently governed by the Delaware Act and the CPF XIX partnership ag
limited partners of Aimco OP are currently governed by the Delaware Act and the Aimco OP partnership agreement.

The information below highlights a number of the significant differences between CPF XIX Limited Partnership Uni
comparisons are intended to assist CPF XIX limited partners in understanding how their investment will be changed
if they elect to receive OP Units in lieu of cash with respect to the merger.

Limited Partnership Units	OP Units
Nature of Investment	
The Limited Partnership Units constitute equity interests entitling each partner to its pro rata share of distributions to be made to the partners of CPF XIX.	The OP Units constitute equity interests e her pro rata share of cash distributions m such term is defined in the Aimco OP pa partners of Aimco OP.
Voting Rights	
With limited exceptions, under the CPF XIX partnership agreement, upon the vote of a majority of all Limited Partnership Units, the limited partners may (i) remove the general partner, (ii) elect a successor general partner and approve the appointment of a general partner, (iii) vote to dissolve and terminate the partnership, (iv) make amendments to CPF XIX s partnership agreement, (v) extend the term of CPF XIX s partnership agreement, and (vi) vote on certain proposals to enter into a transaction entailing the sale of all or substantially all of CPF XIX s assets. An affiliate of the general partner of CPF XIX currently owns a majority of CPF XIX s limited partnership units. The general partner of CPF XIX may serialize interests without the consent of the limited partners.	Under the Aimco OP partnership agreem voting rights only with respect to certain certain amendments of the partnership ag transactions such as the institution of ban assignment for the benefit of creditors an general partner of its interest in Aimco O successor general partner. Under the Aim agreement, the general partner has the po sale, transfer, exchange or other dispositi OP (including, but not limited to, the exe conversion, option, privilege or subscript available in connection with any assets a OP) or the merger, consolidation, reorga of Aimco OP with or into another entity, the OP Unitholders.
	The general partner may cause the dissol event of withdrawal, as defined in the without limitation, bankruptcy), unless, w withdrawal, holders of a majority in int Delaware Act, agree in writing, in their s to continue the business of Aimco OP an successor general partner. The general pa Aimco OP in its sole and absolute discre consent of the OP Unitholders. OP Unith general partner of Aimco OP with or wit

Table of Contents

Limited Partnership Units	OP Units
Distributions	
Distributions from operations will be made to the extent deemed available by the general partner. The distributions payable to the partners are not fixed in amount and depend upon the operating results and net sales or refinancing proceeds available from the disposition of CPF XIX s assets.	Subject to the rights of holders of any ou preferred units, the Aimco OP partnershi general partner to cause Aimco OP to dis portion as the general partner may in its s determine, of Available Cash (as such te partnership agreement) generated by Ain to the general partner, the special limited OP Units and HPUs on the record date es partner with respect to such quarter, in ac respective interests in Aimco OP on such Partnership Preferred Units currently issu in the future may have priority over the g limited partner and holders of OP Units a distributions of Available Cash, distribut other distributions. See Description of A Aimco OP Partnership Agreement Dis in its sole and absolute discretion may di Units and HPUs Available Cash on a mo for an appropriate record date. The partn general partner to take such reasonable e its sole and absolute discretion and consi requirements, to cause Aimco OP to dist enable the general partner to transfer fun Aimco to pay stockholder dividends that requirements for qualifying as a REIT un Code, and the Treasury Regulations and income or excise tax liability of Aimco. S Units; Summary of Aimco OP Partnersh
Liquidity and Transferability/Redemption	
There is a limited market for the Limited Partnership Units and the Limited Partnership Units are not listed on any securities exchange.	There is no public market for the OP Uni listed on any securities exchange.

Table of Contents

Limited Partnership Units	OP Units
Under the CPF XIX partnership agreement, holders of Limited Partnership Units may assign one or more whole Limited Partnership Units by a written instrument that is not contrary to any terms of the partnership agreement and that has been executed by the assignor of the Limited Partnership Unit. No assignee of a limited partner s interest may become a substituted limited partner unless (a) a written instrument of assignment covering no less than five Limited Partnership Units, or no less than two Limited Partnership Units if the assignor is an IRA or Keogh Plan, shall have been filed with the partnership, specifying the number of Limited Partnership Units being assigned and setting forth the intention of the assignor that the assignee succeed to assignor s interest as a substituted limited partner, (b) the assignor and assignee execute and acknowledge other instruments that the general partner deems necessary or desirable to effect admission, (c) the written consent of the general partner is obtained, which consent may be withheld in the general partner s sole discretion, and (d) a transfer fee is paid to the partnership sufficient to cover all reasonable expenses, if the general partner has established a policy requiring payment of a fee. The CPF XIX partnership agreement contains no redemption rights.	Under the Aimco OP partnership agreem one year from the date on which a holder to certain exceptions, such OP Unitholde portion of its OP Units to any transferee general partner, which consent may be w absolute discretion. After the expiration Unitholder has the right to transfer all or to any person, subject to the satisfaction specified in the partnership agreement, in right of first refusal. See Description of of Aimco OP Partnership Agreement T After the first anniversary of becoming a has the right, subject to the terms and co agreement, to require Aimco OP to rede holder s OP Units in exchange for share amount equal to the value of such shares See Description of Aimco OP Units; S Partnership Agreement Redemption R Upon receipt of a notice of redemption, and absolute discretion but subject to the ownership of common stock imposed un the transfer restrictions and other limitat Aimco to acquire some or all of the tend for common stock, based on an exchange common stock for each OP Unit, subject the partnership agreement.
Fiduciary Duty	
Delaware law provides that, except as provided in a partnership agreement, a general partner owes the fiduciary duties of loyalty and care to the partnership and its limited partners. The CPF XIX partnership agreement provides that Fox Partners II, as the general partner, has a fiduciary responsibility for the safekeeping and use of all funds of the partnership, whether or not in Fox Partners II s immediate possession or control, and shall not employ or permit another to employ such funds or assets in any manner except for the exclusive benefit of the partnership. Fox Partners II and its affiliates may acquire units for resale or for investment, for any reason deemed appropriate by Fox Partners II. The CPF XIX partnership agreement limits the liability of Fox Partners II and its affiliates by providing that, except in the case of	Delaware law provides that, except as pr agreement, a general partner owes the fi care to the partnership and its limited pa partnership agreement expressly authori enter into, on behalf of Aimco OP, a righ arrangement and other conflict avoidanc affiliates of Aimco OP and the general p general partner, in its sole and absolute d advisable. The Aimco OP partnership ag liability of the general partner by provid and its officers and directors, will not be damages to Aimco OP, the limited partn judgment or mistakes of fact or law or o

63

Table of Contents

Limited Partnership Units	OP Units
negligence or misconduct, Fox Partners II and its affiliates or agents acting on their behalf will not be liable, responsible or accountable in damages or otherwise to CPF XIX or to any of the limited partners for the doing of any act or the failure to do any act, the effect of which may cause or result in loss or damage to CPF XIX, if done in good faith to promote the best interests of CPF XIX.	act or omission if the general partner or s in good faith.
Investment Policy	
CPF XIX is engaged in the business of operating and holding real estate properties for investment. In general, Fox Partners II, as the general partner, regularly evaluates CPF XIX s properties by considering various factors, such as the partnership s financial position and real estate and capital markets conditions. Fox Partners II monitors a property s specific locale and sub-market conditions (including stability of the surrounding neighborhood), evaluating current trends, competition, new construction and economic changes. It oversees the operating performance of the property and evaluates the physical improvement requirements. In addition, the financing structure for the property (including any prepayment penalties), tax implications, availability of attractive mortgage financing to a purchaser, and the investment climate are all considered. Any of these factors, and possibly others, could potentially contribute to any decision by Fox Partners II to sell, refinance, upgrade with capital improvements or hold a partnership property.	Aimco OP was formed to engage in the a management and redevelopment of apart holds all of its properties for investment, properties when they do not meet its inve in areas that it believes do not justify a co compared to alternative uses for capital. strategy includes property acquisitions an its portfolio in its target markets. It may properties that are inconsistent with this strategy. Additionally, from time to time certain properties that are consistent with attractive returns. Aimco OP may use its from such dispositions to, among other th capital expenditures on existing assets, fu other operating needs and corporate purp

64

Table of Contents

Compensation and Distributions

CPF XIX. CPF XIX has no employees and depends on Fox Partners II, CPF XIX s general partner, and its affiliate
administration of all partnership activities. Pursuant to the CPF XIX partnership agreement, Fox Partners II and its af
receipts from all of CPF XIX s properties as compensation for providing property management services, and Fox Pa
certain payments for other services and reimbursement of certain expenses incurred on behalf of CPF XIX.

In addition, under the CPF XIX partnership agreement, Cash Available for Distribution (as defined in the CPF XIX p
extent deemed available by Fox Partners II for distribution, is distributed as follows: ninety-eight percent to the limit
Fox Partners II, as the general partner.

A description of the compensation paid to Fox Partners II, as CPF XIX s general partner, and its affiliates during the
and 2011 can be found under the heading Information About Century Properties Fund XIX Certain Relationships
information statement/prospectus. In addition, for more information, see Note D Transactions with Affiliated Part
financial statements appearing in CPF XIX s Annual Report on Form 10-K for the year ended December 31, 2012, v
this information statement/prospectus.

Aimco OP. The Aimco OP partnership agreement provides that Aimco OP s general partner shall not be compensa
partner, other than the compensation it receives with respect to distributions and allocations in accordance with the pa
certain provisions of the partnership agreement, Aimco OP will reimburse the general partner for all sums expended
partnership s business.

In addition, subject to the rights of holders of any outstanding preferred OP Units, the Aimco OP partnership agreem
to cause Aimco OP to distribute quarterly all, or such portion of, as the general partner may in its sole and absolute d
Cash (as such term is defined in the partnership agreement) generated by Aimco OP during such quarter to the genera
partner and the holders of common OP Units and HPUs on the record date established by the general partner with res
accordance with their respective interests in Aimco OP on such record date. The partnership agreement requires the g
reasonable efforts, as determined by it in its sole and absolute discretion and consistent with the REIT Requirements,
distribute sufficient amounts to enable the general partner to transfer funds to Aimco and enable Aimco to pay stockh
(i) satisfy the requirements for qualifying as a REIT under the Internal Revenue Code and the Treasury Regulations a
income or excise tax liability of Aimco.

Table of Contents

MATERIAL UNITED STATES FEDERAL INCOME TAX CONSIDERATION

The following is a summary of the material U.S. federal income tax consequences of the merger and the material U.S
considerations related to an investment in Aimco OP Units and Aimco stock. This discussion is based upon the Intern
Regulations, rulings issued by the IRS, and judicial decisions, all in effect as of the date of this information statement
subject to change or differing interpretations, possibly with retroactive effect. This summary is also based on the assu
Aimco, Aimco OP and the limited liability companies and limited partnerships in which they own controlling interes
Partnerships) and any affiliated entities will be in accordance with their respective organizational documents and pa
summary is for general information only and does not purport to discuss all aspects of U.S. federal income taxation w
particular investor.

This summary assumes that investors will hold their OP Units and Aimco stock as capital assets (generally, property
the extent provided below, this summary is not directed to investors subject to special tax rules, such as:

banks or other financial institutions;

broker-dealers;

regulated investment companies;

holders that receive Aimco stock through the exercise of stock options or otherwise as compensation;

insurance companies;

persons holding Aimco stock as part of a straddle, hedge, conversion transaction, synthetic securi
and, except to the extent discussed below:

tax-exempt organizations;

and foreign investors.

No advance ruling from the IRS has been or will be sought regarding the tax status of Aimco or Aimco OP, or the tax
Aimco or Aimco OP of an investment in OP Units or Aimco stock. No assurance can be given that the IRS would no
not sustain, a position contrary to any of the tax consequences set forth below.

THE U.S. FEDERAL INCOME TAX TREATMENT OF A PARTICULAR HOLDER DEPENDS UPON DETERM
INTERPRETATIONS OF COMPLEX PROVISIONS OF UNITED STATES FEDERAL INCOME TAX LAW FOR
PRECEDENT OR AUTHORITY MAY BE AVAILABLE. ACCORDINGLY, EACH HOLDER IS URGED TO CO
REGARDING THE FEDERAL, STATE, LOCAL, AND FOREIGN TAX CONSEQUENCES OF THE MERGER, O
EXCHANGING, OR OTHERWISE DISPOSING OF OP UNITS AND AIMCO STOCK, AND OF AIMCO S ELE
TAX, FOR U.S. FEDERAL INCOME TAX PURPOSES, AS A REAL ESTATE INVESTMENT TRUST.

Federal Income Tax Opinion

Alston & Bird LLP has acted as Aimco and Aimco OP s counsel in connection with the merger. Alston & Bird LLP
regarding the material U.S. federal income tax consequences of the merger summarized below under United State
Consequences Relating to the Merger. The opinion is expressed as of the date issued. Alston & Bird LLP will have
Aimco OP or the limited partners of any subsequent change in the matters stated, represented or assumed, or of any s
applicable law. Each investor should be aware that opinions of counsel are not binding on the IRS, and no assurance
not challenge the conclusions set forth in such opinions.

66

Table of Contents

The opinion is not included as an appendix to this information statement/prospectus, but has been filed as an exhibit t
filed with the SEC. Aimco will provide a copy of the opinion, without charge, if an investor (or an investor s represe
designated in writing) makes a written request at the address set forth herein under Where You Can Find Additiona

United States Federal Income Tax Consequences Relating to the Merger

Tax Consequences of Exchanging Limited Partnership Units Solely for Cash

For U.S. federal income tax purposes, any payment of cash for Limited Partnership Units will be treated as a sale of s
by such holder.

If a holder of Limited Partnership Units exchanges such units for cash, such holder will recognize gain or loss on the
the difference between (i) such holder s amount realized on the exchange and (ii) such holder s adjusted tax basi
exchanged. The amount realized with respect to a Limited Partnership Unit will be equal to the sum of the amount
his units plus the amount of liabilities of CPF XIX allocable to such Limited Partnership Units as determined under s
Revenue Code.

Tax Consequences of Exchanging Limited Partnership Units Solely for OP Units

For U.S. federal income tax purposes, a holder of Limited Partnership Units receiving OP Units in the merger will be
Units pursuant to a contribution of such units to Aimco OP. Except to the extent described below, a holder receiving
recognize gain or loss on the transaction.

If a holder of Limited Partnership Units receives solely OP Units in the merger, such holder generally will not recogn
prior to the merger, the amount of liabilities of CPF XIX allocable to such holder s Limited Partnership Units exceed
partnership liabilities allocable to such holder immediately after the merger, the excess will be treated as a deemed di
holder. This deemed cash distribution will be treated as a return of capital to the extent of such holder s adjusted tax
Partnership Units exchanged, which is not subject to tax, and thereafter as taxable gain. If such holder exercises his r
the OP Units within the two year period beginning on the date of the merger, please see the discussion below under
Unitholders Disguised Sale Rules.

Taxation of Aimco OP and OP Unitholders

Partnership Status

Aimco believes that Aimco OP is classified as a partnership, and not as an association or a publicly traded partnershi
U.S. federal income tax purposes. If Aimco OP were treated as an association or a publicly traded partnership taxable
U.S. federal income tax purposes, material adverse consequences to the partners would result. Moreover, in such case
Partnership Units receiving OP Units in the merger would be required to recognize gain or loss on the transaction. In
Aimco OP as an association or publicly traded partnership taxable as a corporation would also result in the terminatio
for U.S. federal income tax purposes, which would have a material adverse impact on Aimco and its shareholders. Se
Aimco Stockholders Tax Aspects of Aimco s Investments in Partnerships. This discussion assumes that Aimco C
classified and taxed as a partnership for U.S. federal income tax purposes.

Taxation of OP Unitholders

In general, a partnership is treated as a pass-through entity for U.S. federal income tax purposes and is not itself su
taxation. Each partner of a partnership, however, is subject to tax on his allocable share of partnership tax items, inclu
losses, deductions, and expenses

Table of Contents

(Partnership Tax Items) for each taxable year of the partnership ending within or with such taxable year of the par
receives any actual distributions from the partnership during the taxable year. Generally, the characterization of any p
is determined at the partnership, rather than at the partner level, and the amount of a partner s allocable share of such
the partnership agreement. An OP unitholder s allocable share of Aimco OP s taxable income may exceed the cash
for any year if Aimco OP retains its profits rather than distributing them.

Allocations of Aimco OP Profits and Losses

For U.S. federal income tax purposes, an OP unitholder s allocable share of Aimco OP s Partnership Tax Items will
partnership agreement, provided such allocations either have substantial economic effect or are determined to be i
unitholder s interests in Aimco OP. If the allocations provided by Aimco OP s partnership agreement were successf
redetermination of the allocations to a particular OP unitholder for U.S. federal income tax purposes may be less favo
forth in Aimco OP s partnership agreement.

Tax Basis of a Partnership Interest

A partner s adjusted tax basis in his partnership interest is relevant, among other things, for determining (i) gain or lo
his partnership interest, (ii) gain upon the receipt of partnership distributions, and (iii) the limitations imposed on the
and losses allocable to such partner. Generally, the adjusted tax basis of an OP unitholder s interest in Aimco OP is e
tax basis of the property contributed by the OP unitholder to Aimco OP in exchange for an interest in Aimco OP and
contributed by the OP unitholder to Aimco OP, increased by the OP unitholder s allocable share of Aimco OP (a) pa
(B) partnership liabilities. The OP unitholder s adjusted tax basis will be reduced, but not below zero, by (a) the OP
Aimco OP partnership distributions, deductions, and losses, and (b) the OP unitholder s liabilities assumed by Aimc
allocable share of any reduction in Aimco OP partnership liabilities.

Cash Distributions

Cash distributions received from a partnership do not necessarily correlate with income earned by the partnership as
income tax purposes. Thus, an OP unitholder s U.S. federal income tax liability in respect of his allocable share of A
particular taxable year may exceed the amount of cash, if any, received by the OP unitholder from Aimco OP during

If cash distributions, including a deemed cash distribution as discussed below, received by an OP Unitholder in an
share of Aimco OP taxable income for the year, the excess will generally constitute, for U.S. federal income tax purp
extent of such OP Unitholder s adjusted tax basis in his Aimco OP interest. Such return of capital will not be includi
OP Unitholder, for U.S. federal income tax purposes, but it will reduce, but not below zero, the adjusted tax basis of
OP Unitholder. If an OP Unitholder s tax basis in his Aimco OP interest is reduced to zero, a subsequent cash distrib
OP Unitholder will be subject to tax as capital gain and/or ordinary income, but only if, and to the extent that, such di
subsequent positive adjustments, if any, to the tax basis of the OP Unitholder s Aimco OP interest as determined at t
which such distribution is received. A decrease in an OP Unitholder s allocable share of Aimco OP liabilities resulti
settlement, or reallocation of such liabilities is generally treated, for U.S. federal income tax purposes, as a deemed ca
an OP Unitholder s percentage interest in Aimco OP because of the issuance by Aimco OP of additional OP Units o
OP Unitholder s share of nonrecourse liabilities of Aimco OP and thus, may result in a corresponding deemed distrib
distribution of cash resulting from the payment, settlement, or other reduction or reallocation of Aimco OP liabilities
OP Unitholder will result in taxable gain to such OP Unitholder to the extent such deemed distribution of cash exceed
his OP Units

Table of Contents

A non-pro rata distribution (or deemed distribution) of money or property may result in ordinary income to an OP Ur
OP Unitholder s tax basis in his OP Units, if the distribution reduces such OP Unitholder s share of Aimco OP s u
receivables include amounts attributable to previously claimed depreciation deductions on certain types of property
reduction in an OP Unitholder s share of unrealized receivables occurs, Aimco OP will be deemed to have distrib
unrealized receivables to the OP Unitholder followed by a deemed exchange of such assets with Aimco OP in retu
the actual distribution made to such OP Unitholder. This deemed exchange will generally result in the realization of o
OP Unitholder. Such income will equal the excess of (i) the non-pro rata portion of such distribution over (ii) the OP
OP Unitholder s share of such unrealized receivables deemed relinquished in the exchange.

Tax Consequences Relating To Contributed Assets

If an investor contributes property to Aimco OP in exchange for OP Units, and the adjusted tax basis of such property
value, Partnership Tax Items must be allocated in a manner such that the contributing partner, over the life of Aimco
from, the unrealized gain or unrealized loss associated with such property at the time of the contribution. This may re
corresponding receipt of cash. Where a partner contributes cash to a partnership that holds appreciated property, Trea
similar allocation of such items to the other partners. For example, these rules may apply to a contribution by Aimco
received by Aimco from the offering of its stock. Such allocations are solely for U.S. federal income tax purposes and
accounts or other economic or legal arrangements among the OP Unitholders. The general purpose underlying this pr
certain Partnership Tax Items in order to place both the noncontributing and contributing partners in the same tax pos
in had the contributing partner contributed property with an adjusted tax basis equal to its fair market value. Treasury
with several alternative methods and allow Aimco OP to adopt any other reasonable method to make allocations to re
book-tax differences. The general partner, in its sole and absolute discretion and in a manner consistent with Treas
adopt a method of allocating Partnership Tax Items for purposes of eliminating such disparities. The method selected
discretion could cause those CPF XIX limited partners that receive OP Units in connection with the merger to incur a
corresponding receipt of cash. Each prospective investor is urged to consult his tax advisor regarding the tax consequ
of Partnership Tax Items resulting from the contribution of property to Aimco OP.

Disguised Sale Rules

Generally, section 721 of the Internal Revenue Code provides that neither the contributing partner nor Aimco OP wil
U.S. federal income tax purposes, upon a contribution of property to Aimco OP solely in exchange for OP Units. If, h
such a contribution of property, the investor receives, or is deemed to receive, cash or other consideration in addition
deemed receipt of such cash or other consideration may be treated as part of a disguised sale. In that case, the inve
sold, in a taxable transaction, a portion of the contributed property to Aimco OP in exchange for such cash or other co
contributed property would, however, remain subject to the tax-free contribution treatment described above.

The disguised sale rules further provide that, unless certain exceptions apply (including exceptions that apply to distr
transfers of money or other property between a partnership and a partner that are made within two years of each other
and are presumed to be a disguised sale unless the facts and circumstances clearly establish that the transfers do no
sale rules may also apply, and give rise to taxable income without a corresponding receipt of cash where, for examp
to Aimco OP subject to one or more liabilities or where liabilities are assumed or paid by Aimco OP. If the disguise
of the liabilities associated with the contributed property may be treated as consideration received by the contributing
to Aimco OP. The disguised sale rules also may apply if, for example, the issuance of

69

OP Units to CPF XIX limited partners in connection with the merger is integrated with any other acquisition betweer
or any related party. For example, the IRS may assert that any redemption or exchange for several years between Air
who receives OP Units in the merger constitutes an integrated disguised sale that may result in taxation (without r
unitholders. No assurances can be given that the IRS would not be successful in such an assertion. Each prospective i
tax advisor regarding the application of the disguised sale rules.

Limitations On Deductibility Of Losses

Basis Limitation. To the extent that an OP Unitholder s allocable share of Aimco OP partnership deductions and lo
basis in his Aimco OP interest at the end of the taxable year in which the losses and deductions flow through, the exc
cannot be utilized, for U.S. federal income tax purposes, by the OP Unitholder in such year. The excess losses and de
utilized in the first succeeding taxable year in which, and to the extent that, there is an increase in the tax basis of the
OP Unitholder, but only to the extent permitted under the at risk and passive activity loss rules discussed below

At Risk Limitation. Under the at risk rules of section 465 of the Internal Revenue Code, a noncorporate taxpay
taxpayer are generally not permitted to claim a deduction, for U.S. federal income tax purposes, in respect of a loss fr
conducted directly by the taxpayer or through an investment in a partnership, to the extent that the loss exceeds the ag
the taxpayer has at risk in such activity at the close of the taxable year. To the extent that losses are not permitted t
losses may be carried over to subsequent taxable years and may be claimed as a deduction by the taxpayer if, and to t
which the taxpayer has at risk is increased. Provided certain requirements are met, a taxpayer is considered at ris
nonrecourse financing secured by real property where the real property is used in the taxpayer s activity of holding
OP Unit generally would constitute such an activity.

Passive Activity Loss Limitation. The passive activity loss rules of section 469 of the Internal Revenue Code lim
passive activities, which generally includes an investment in limited partnership interests such as the OP Units. If an
treated as a passive activity, an OP Unitholder who is an individual investor, as well as certain other types of investor
losses from Aimco OP to offset nonpassive activity income, including salary, business income, and portfolio income
royalties, and gain on the disposition of portfolio investments) received during the taxable year. Passive activity losse
particular taxable year may, however, be carried forward to offset passive activity income earned by the OP Unithold
addition, such disallowed losses may be claimed as a deduction, subject to the basis and at risk limitations discussed
disposition of an OP Unitholder s entire interest in Aimco OP, regardless of whether such OP Unitholder has receive
during the year of disposition.

If Aimco OP were characterized as a publicly traded partnership, each OP Unitholder would be required to treat any
separately from any income or loss derived from any other publicly traded partnership, as well as from income or los
activities. In such case, any net losses or credits attributable to Aimco OP which are carried forward may only be offs
Aimco OP. Moreover, unlike other passive activity losses, suspended losses attributable to Aimco OP would only be
disposition of the OP Unitholder s entire interest in Aimco OP.

Section 754 Election

Aimco OP has made the election permitted by section 754 of the Internal Revenue Code. Such election is irrevocable
The election will generally permit a purchaser of OP Units, such as Aimco when it acquires OP Units from OP Unith
basis in Aimco OP s properties pursuant to section 743(b) of the Internal Revenue Code to fair market value (as refl
consideration paid for the OP Units), as if such purchaser had acquired a direct interest in Aimco OP s assets. The se
attributed solely to a purchaser of OP Units and is not added to the bases of Aimco OP s assets associated with all of
OP.

Table of Contents

Depreciation

Section 168(i)(7) of the Internal Revenue Code provides that in the case of property transferred to a partnership in a s
transferee shall be treated as the transferor for purposes of computing the depreciation deduction with respect to so m
the transferee as does not exceed the adjusted basis in the hands of the transferor. The effect of this rule would be to c
placed in service dates and methods with respect to the depreciation of any properties contributed to Aimco OP in exc
an acquirer of OP Units that obtains a section 743(b) adjustment by reason of such acquisition (see Section 754 Elec
allowed depreciation with respect to such adjustment beginning as of the date of the exchange as if it were new prope
that date.

Sale, Redemption, Exchange or Abandonment of OP Units

An OP Unitholder will recognize a gain or loss upon a sale of an OP Unit, a redemption of an OP Unit for cash, an ex
shares of common stock or other taxable disposition of an OP Unit. Gain or loss recognized upon a sale or exchange
the difference between (i) the amount realized in the transaction (i.e., the sum of the cash and the fair market value of
OP Unit plus the amount of Aimco OP liabilities allocable to the OP Unit at such time) and (ii) the OP Unitholder s
of, which tax basis will be adjusted for the OP Unitholder s allocable share of Aimco OP s income or loss for the ta
tax liability resulting from the gain recognized on a disposition of an OP Unit could exceed the amount of cash and th
received.

If Aimco OP redeems less than all of an OP Unitholder s OP Units, the OP Unitholder would recognize taxable gain
plus the amount of Aimco OP liabilities allocable to the redeemed OP Units, exceeded the OP Unitholder s adjusted
OP Unitholder s OP Units immediately before the redemption.

Capital gains recognized by individuals and certain other noncorporate taxpayers upon the sale or disposition of an O
taxation at long-term capital gains rates if the OP Unit is held for more than 12 months and will be taxed at ordinary i
is held for 12 months or less. Generally, gain or loss recognized by an OP Unitholder on the sale or other taxable disp
taxable as capital gain or loss. However, to the extent that the amount realized upon the sale or other taxable dispositi
an OP Unitholder s share of unrealized receivables of Aimco OP exceeds the basis attributable to those assets, su
income. In addition, the maximum U.S. federal income tax rate for net capital gains attributable to the sale of depreci
be determined to include an interest in a partnership such as Aimco OP) held for more than 12 months is currently 25
extent of previously claimed depreciation deductions that would not be treated as unrealized receivables. See also
sales integrated with the contribution of property for OP Units.

The law is currently uncertain regarding the treatment of an abandoned interest in a partnership, and whether an aban
deductible loss is a question of fact. Prospective investors are urged to consult their tax advisors regarding the applica
abandoning an interest in an OP Unit.

Alternative Minimum Tax

The Internal Revenue Code contains different sets of minimum tax rules applicable to corporate and noncorporate inv
relates only to the alternative minimum tax applicable to noncorporate taxpayers. Accordingly, corporate investors sh
advisors with respect to the effect of the corporate minimum tax provisions that may be applicable to them. Noncorpo
alternative minimum tax to the extent the tentative minimum tax exceeds the regular income tax otherwise payable. I
taxable income (AMTI) consists of the taxpayer s taxable income, determined with certain adjustments, plus his i
alternative minimum taxable income is calculated using an alternative cost recovery (depreciation) system that is not

Table of Contents

the methods provided for under section 168 of the Internal Revenue Code which Aimco OP will use in computing its
income tax purposes. Accordingly, an OP Unitholder s AMTI derived from Aimco OP may be higher than such OP
net taxable income. Prospective investors should consult their tax advisors as to the impact of an investment in OP U
alternative minimum tax.

Information Returns and Audit Procedures

Aimco OP will use all reasonable efforts to furnish to each OP Unitholder as soon as possible after the close of each
certain tax information, including a Schedule K-l, which sets forth each OP Unitholder s allocable share of Aimco O
preparing this information the general partner will use various accounting and reporting conventions to determine the
allocable share of Partnership Tax Items. The general partner cannot assure a current or prospective OP Unitholder th
contend in court that such accounting and reporting conventions are impermissible.

No assurance can be given that Aimco OP will not be audited by the IRS or that tax adjustments will not be made. Fu
Aimco OP s tax returns will lead to adjustments in OP Unitholders tax returns and may lead to audits of their retur
unrelated to Aimco OP. Each OP Unitholder would bear the cost of any expenses incurred in connection with an exa
OP Unitholder s personal tax return.

The tax treatment of Partnership Tax Items generally is determined at the partnership level in a unified partnership pr
proceedings with the partners. The Internal Revenue Code provides for one partner to be designated as the Tax Matte

The Tax Matters Partner is authorized, but not required, to take certain actions on behalf of Aimco OP and the OP U
statute of limitations for assessment of tax deficiencies against OP Unitholders with respect to Aimco OP Partnership
Partner may bind an OP Unitholder with less than a l% profits interest in Aimco OP to a settlement with the IRS, unl
by filing a statement with the IRS, not to give such authority to the Tax Matters Partner. The Tax Matters Partner ma
all the OP Unitholders are bound) of a final partnership administrative adjustment; if the Tax Matters Partner fails to
review may be sought by any OP Unitholder having at least a 1% interest in the profits of Aimco OP or by OP Unith
least a 5% profits interest. However, only one action for judicial review will go forward, and each OP Unitholder wit
participate.

Taxation of Foreign OP Unitholders

A Non-U.S. OP unitholder (see the definition of Non-U.S. stockholder below under Taxation of Aimco and Aimc
Stockholders Taxation of Foreign Stockholders) will generally be considered to be engaged in a U.S. trade or bus
of an OP Unit. As a result, a Non-U.S. OP Unitholder will be required to file U.S. federal income tax returns with res
Aimco OP s income. A Non-U.S. OP unitholder that is a corporation may also be subject to U.S. branch profit tax a
regular U.S. federal income tax, on its allocable share of such income. Such a tax may be reduced or eliminated by a
U.S. and the country with respect to which the Non-U.S. OP unitholder is resident for tax purposes. Non-U.S. OP un
their tax advisors regarding the effects an investment in Aimco OP may have on information return requirements and
non-United States tax matters, including the tax consequences of an investment in Aimco OP for the country or other
Non-U.S. OP unitholder is a citizen or in which such Non-U.S. OP unitholder resides or is otherwise located.

Taxation of Aimco and Aimco Stockholders

Taxation of Aimco

The REIT provisions of the Internal Revenue Code are highly technical and complex. The following summary sets fo
provisions of the Internal Revenue Code that govern the U.S. federal

Table of Contents

income tax treatment of a REIT and its stockholders. This summary is qualified in its entirety by the applicable Intern
Treasury Regulations, and administrative and judicial interpretations thereof, all of which are subject to change, poss

Aimco has elected to be taxed as a REIT under the Internal Revenue Code commencing with its taxable year ended D
intends to continue such election. Although Aimco believes that, commencing with Aimco s initial taxable year ende
was organized in conformity with the requirements for qualification as a REIT, and its actual method of operation ha
method of operation will enable, it to meet the requirements for qualification and taxation as a REIT under the Intern
can be given that Aimco has been or will remain so qualified. Such qualification and taxation as a REIT depends upo
continuing basis, through actual annual operating results, asset ownership, distribution levels, and diversity of stock o
qualification tests imposed under the Internal Revenue Code as discussed below. No assurance can be given that the a
operation for any one taxable year will satisfy such requirements. See Taxation of REITs in General Failure to Qu
that the IRS will not challenge Aimco s eligibility for taxation as a REIT.

Taxation of REITs in General

Provided Aimco qualifies as a REIT, it will generally be entitled to a deduction for dividends that it pays and therefor
U.S. federal corporate income tax on its net income that is currently distributed to its stockholders. This deduction fo
eliminates the double taxation of corporate income (i.e., taxation at both the corporate and stockholder levels) that
in a corporation. Rather, income generated by a REIT is generally taxed only at the stockholder level upon a distribut

Most domestic stockholders that are individuals, trusts or estates are taxed on corporate dividends at a maximum rate
capital gains). With limited exceptions, however, dividends received by stockholders from Aimco or from other entit
generally not eligible for this rate, and will continue to be taxed at rates applicable to ordinary income. See Taxati
Domestic Stockholders Distributions.

Net operating losses, foreign tax credits and other tax attributes of a REIT generally do not pass through to the stockh
special rules for certain items such as capital gains recognized by REITs. See Taxation of Stockholders.

If Aimco qualifies as a REIT, it will nonetheless be subject to U.S. federal income tax in the following circumstances

Aimco will be taxed at regular corporate rates on any undistributed REIT taxable income, including undistri

A 100% excise tax may be imposed on some items of income and expense that are directly or constructively
taxable REIT subsidiaries (as described below) if and to the extent that the IRS successfully asserts that the
between Aimco and its taxable REIT subsidiaries are not comparable to similar arrangements between unrel

If Aimco has net income from prohibited transactions, which are, in general, sales or other dispositions of pr
customers in the ordinary course of business, other than foreclosure property, such income will be subject to

If we elect to treat property that we acquire in connection with a foreclosure of a mortgage loan or certain le
foreclosure property, we may thereby avoid the 100% prohibited transactions tax on gain from a resale of
otherwise constitute a prohibited transaction), but the income from the sale or operation of the property may
tax at the highest applicable rate. We do not anticipate receiving any income from foreclosure property.

If Aimco should fail to satisfy the 75% gross income test or the 95% gross income test (as discussed below)
qualification as a REIT because certain other requirements have

73

been met, it will be subject to a 100% tax on an amount based on the magnitude of the failure adjusted to re
with Aimco s gross income.

Similarly, if Aimco should fail to satisfy the asset test or other requirements applicable to REITs, as describ
maintain its qualification as a REIT because there is reasonable cause for the failure and other applicable re
subject to an excise tax. In that case, the amount of the tax will be at least $50,000 per failure, and, in the ca
will be determined as the amount of net income generated by the assets in question multiplied by the highes
amount exceeds $50,000 per failure.

If Aimco should fail to distribute during each calendar year at least the sum of (i) 85% of its REIT ordinary
of its REIT capital gain net income for such year, and (iii) any undistributed taxable income from prior peri
pay a 4% excise tax on the excess of the required distribution over the sum of (a) the amounts actually distr
on which income tax is paid at the corporate level.

Aimco may be required to pay monetary penalties to the IRS in certain circumstances, including if it fails to
requirements intended to monitor its compliance with rules relating to the composition of a REIT s stockho
Requirements for Qualification.

If Aimco acquires appreciated assets from a corporation that is not a REIT (i.e., a subchapter C corporatio
adjusted tax basis of the assets in the hands of Aimco is determined by reference to the adjusted tax basis of
subchapter C corporation, Aimco may be subject to tax on such appreciation at the highest corporate incom
Aimco subsequently recognizes gain on the disposition of any such asset during the ten-year period followi
subchapter C corporation.

Certain of Aimco s subsidiaries are subchapter C corporations, the earnings of which could be subject to U.

Aimco may be subject to the alternative minimum tax on its items of tax preference, including any deduc

Aimco and its subsidiaries may be subject to a variety of taxes, including state, local and foreign income tax
taxes on their assets and operations. Aimco could also be subject to tax in situations and on transactions not

Requirements for Qualification

The Internal Revenue Code defines a REIT as a corporation, trust or association:

1. that is managed by one or more trustees or directors;

2. the beneficial ownership of which is evidenced by transferable shares, or by transferable certificates of beneficial i

3. that would be taxable as a domestic corporation, but for the special Internal Revenue Code provisions applicable t

4. that is neither a financial institution nor an insurance company subject to certain provisions of the Internal Revenu

5. the beneficial ownership of which is held by 100 or more persons;

6. in which, during the last half of each taxable year, not more than 50% in value of the outstanding stock is owned,
fewer individuals (as defined in the Internal Revenue Code to include certain entities and as determined by applying

7. that meets other tests described below (including with respect to the nature of its income and assets).

Table of Contents

The Internal Revenue Code provides that conditions (1) through (4) must be met during the entire taxable year, and th
met during at least 335 days of a taxable year of 12 months, or during a proportionate part of a shorter taxable year.

Aimco believes that it has been organized, has operated and has issued sufficient shares of stock to satisfy conditions
Aimco s articles of incorporation provide certain restrictions regarding transfers of its shares, which are intended to
share ownership requirements described in conditions (5) and (6) above. These restrictions, however, may not ensure
able to satisfy the share ownership requirements described in (5) and (6) above.

To monitor Aimco s compliance with the share ownership requirements, Aimco is generally required to maintain rec
ownership of its shares. To do so, Aimco must demand written statements each year from the record holders of certai
which the record holders are to disclose the actual owners of the shares (i.e., the persons required to include in gross
Aimco). A list of those persons failing or refusing to comply with this demand must be maintained as part of Aimco
comply with these record keeping requirements could subject it to monetary penalties. A stockholder who fails or ref
is required by the Treasury Regulations to submit a statement with its tax return disclosing the actual ownership of th
information.

In addition, a corporation generally may not elect to become a REIT unless its taxable year is the calendar year. Aim

Effect of Subsidiary Entities

Ownership of Partnership Interests. In the case of a REIT that is a partner in a partnership, the Treasury Regulation
deemed to own its proportionate share of the partnership s assets and to earn its proportionate share of the partnershi
asset and gross income tests applicable to REITs as described below. Similarly, the assets and gross income of the pa
the same character in the hands of the REIT. Thus, Aimco s proportionate share of the assets, liabilities and items of
Subsidiary Partnerships will be treated as assets, liabilities and items of income of Aimco for purposes of applying th
below. A summary of certain rules governing the Federal income taxation of partnerships and their partners is provid
Aimco s Investments in Partnerships.

Disregarded Subsidiaries. Aimco s indirect interests in Aimco OP and the Subsidiary Partnerships are held throug
subsidiaries of Aimco organized and operated as qualified REIT subsidiaries within the meaning of the Internal R
subsidiary is any corporation, other than a taxable REIT subsidiary as described below, that is wholly-owned by a RE
subsidiaries, or by a combination of the two. If a REIT owns a qualified REIT subsidiary, that subsidiary is disregard
purposes, and all assets, liabilities and items of income, deduction and credit of the subsidiary are treated as assets, li
deduction and credit of the REIT itself, including for purposes of the gross income and asset tests applicable to REIT
qualified REIT subsidiary, therefore, is not subject to U.S. federal corporate income taxation, although it may be subj
Other entities that are wholly-owned by a REIT, including single member limited liability companies, are also genera
entities for U.S. federal income tax purposes, including for purposes of the REIT income and asset tests. Disregarded
partnerships in which Aimco holds an equity interest, are sometimes referred to herein as pass-through subsidiaries.
subsidiary of Aimco ceases to be wholly-owned for example, if any equity interest in the subsidiary is acquired by
another disregarded subsidiary of Aimco the subsidiary s separate existence would no longer be disregarded for U
Instead, it would have multiple owners and would be treated as either a partnership or a taxable corporation. Such an
circumstances, adversely affect Aimco s ability to satisfy the various asset and gross income requirements applicabl
requirement that REITs generally may not own, directly or indirectly, more than 10% of the securities of another cor
Income Tests.

75

Table of Contents

Taxable Subsidiaries. A REIT, in general, may jointly elect with a subsidiary corporation, whether or not wholly-o
corporation as a taxable REIT subsidiary (TRS). A TRS also includes any corporation, other than a REIT, with res
REIT owns an interest, owns securities possessing 35% of the total voting power or total value of the outstanding sec
separate existence of a TRS or other taxable corporation, unlike a disregarded subsidiary as discussed above, is not ig
tax purposes. As a result, a parent REIT is not treated as holding the assets of a TRS or as receiving any income that
issued by the TRS is an asset in the hands of the parent REIT, and the REIT recognizes as income the dividends, if ar
subsidiary. This treatment can affect the income and asset test calculations that apply to the REIT, as described below
not include the assets and income of such subsidiary corporations in determining the parent s compliance with the R
may be used by the parent REIT to indirectly undertake activities that the REIT rules might otherwise preclude it fro
pass-through subsidiaries (for example, activities that give rise to certain categories of income such as management f
As a taxable corporation, a TRS is required to pay regular U.S. federal income tax, and state and local income tax wh

Certain of Aimco s operations (including certain of its property management, asset management, risk management,
TRSs. Because Aimco is not required to include the assets and income of such TRSs in determining Aimco s compli
requirements, Aimco uses its TRSs to facilitate its ability to offer services and activities to its residents that are not g
qualifying REIT services and activities. If Aimco fails to properly structure and provide such nonqualifying services
its ability to satisfy the REIT gross income requirement, and also its REIT status, may be jeopardized.

A TRS may generally engage in any business except the operation or management of a lodging or health care facility
of a health care or lodging facility precludes a corporation from qualifying as a TRS. If any of Aimco s TRSs were
health care or lodging facility, such TRSs would fail to qualify as taxable REIT subsidiaries, and Aimco would fail to
believes that none of its TRSs operate or manage any health care or lodging facilities. However, the statute provides
definition of a health care or lodging facility. Accordingly, there can be no assurance that the IRS will not contend th
manages a health care or lodging facility, disqualifying it from treatment as a TRS, thereby resulting in the disqualifi

Several provisions of the Internal Revenue Code regarding arrangements between a REIT and a TRS seek to ensure t
appropriate level of U.S. federal income taxation. For example, a TRS is limited in its ability to deduct interest paym
addition, Aimco would be obligated to pay a 100% penalty tax on certain payments that it receives from, or on certai
if the IRS were to successfully assert that the economic arrangements between Aimco and the TRS were not compara
among unrelated parties.

A portion of the amounts to be used to fund distributions to stockholders may come from distributions made by Aim
interest paid by the TRSs on certain notes held by Aimco OP. In general, TRSs pay Federal, state and local income ta
normal corporate rates. Any Federal, state or local income taxes that Aimco s TRSs are required to pay will reduce
activities and its ability to make payments to holders of its securities.

Income Tests

In order to maintain qualification as a REIT, Aimco annually must satisfy two gross income requirements:

First, at least 75% of Aimco s gross income for each taxable year, excluding gross income from sales of inv
prohibited transactions, must be derived from investments relating to real property or mortgages on real p
property, dividends received from other REITs, interest income derived from mortgage loans secured by re
sale of real estate assets, as well as certain types of temporary investments.

Second, at least 95% of Aimco s gross income for each taxable year, excluding gross income from prohibit
from some combination of such income from investments in real

76

property (i.e., income that qualifies under the 75% income test described above), as well as other dividends, the sale or disposition of stock or securities, which need not have any relation to real property.

Rents received by Aimco directly or through Aimco OP or the Subsidiary Partnerships will qualify as rents from rea income requirements described above, only if several conditions are met. If rent is partly attributable to personal prop lease of real property, the portion of the total rent attributable to the personal property will not qualify as rents from 15% or less of the total rent received under the lease. Moreover, the REIT generally must not operate or manage the p exceptions) or furnish or render services to the tenants of such property, other than through an independent contract no revenue. Aimco and its affiliates are permitted, however, to directly perform services that are usually or customa the rental of space for occupancy only and are not otherwise considered rendered to the occupant of the property. In a may directly or indirectly provide non-customary services to tenants of its properties without disqualifying all of the payment for such services does not exceed 1% of the total gross income from the property. For purposes of this test, t non-customary services is deemed to be at least 150% of the direct cost of providing the services. Moreover, Aimco i services to tenants or others through a TRS without disqualifying the rental income received from tenants for purpose requirements.

Aimco manages apartment properties for third parties and affiliates through its TRSs. These TRSs receive manageme portion of such fees and other income accrue to Aimco through distributions from the TRSs that are classified as divi earnings and profits of the TRSs. Such distributions will generally qualify for purposes of the 95% gross income test gross income test. Any dividend Aimco receives from a REIT, however, will be qualifying income in Aimco s hands and 75% income tests.

Any income or gain derived by Aimco directly or through Aimco OP or the Subsidiary Partnerships from instruments as the risk of changes in interest rates, will not constitute gross income for purposes of the 75% or 95% gross income requirements are met. Such requirements include that the instrument hedge risks associated with indebtedness issued Subsidiary Partnerships that is incurred to acquire or carry real estate assets (as described below under Asset T identified as a hedge, along with the risk that it hedges, within prescribed time periods.

If Aimco fails to satisfy one or both of the 75% or 95% gross income tests for any taxable year, it may nevertheless q it is entitled to relief under certain provisions of the Internal Revenue Code. These relief provisions will be generally meet these tests was due to reasonable cause and not due to willful neglect, and Aimco attaches a schedule of the sou return. It is not possible to state whether Aimco would be entitled to the benefit of these relief provisions in all circum provisions are inapplicable to a particular set of circumstances involving Aimco, Aimco will not qualify as a REIT. E provisions apply, the Internal Revenue Code imposes a tax based upon the amount by which Aimco fails to satisfy th

Asset Tests

Aimco, at the close of each calendar quarter of its taxable year, must also satisfy four tests relating to the nature of its

First, at least 75% of the value of the total assets of Aimco must be represented by some combination of re U.S. government securities, and under some circumstances, stock or debt instruments purchased with new ca estate assets include interests in real property, such as land, buildings, leasehold interests in real property, s qualify as REITs, and some kinds of mortgage backed securities and mortgage loans. Assets that do not qual are subject to the additional asset tests described below.

Second, not more than 25% of Aimco s total assets may be represented by securities other than those in the

Table of Contents

Third, of the investments included in the 25% asset class, the value of any one issuer s securities owned by
value of Aimco s total assets, Aimco may not own more than 10% of any one issuer s outstanding voting s
exceptions, Aimco may not own more than 10% of the total value of the outstanding securities of any one is
tests do not apply to securities of TRSs.

Fourth, the aggregate value of all securities of TRSs held by Aimco may not exceed 25% of the value of Ai
Aimco believes that the value of the securities held by Aimco in its TRSs will not exceed, in the aggregate, 25% of th
and that Aimco s ownership interests in its TRSs qualify under the asset tests set forth above.

Notwithstanding the general rule that a REIT is treated as owning its share of the underlying assets of a subsidiary pa
REIT income and asset tests, if a REIT holds indebtedness issued by a partnership, the indebtedness will be subject t
the asset tests, resulting in loss of REIT status, unless it is a qualifying mortgage asset satisfying the rules for straig
as not to otherwise cause an asset test violation. Similarly, although stock of another REIT is a qualifying asset for pu
non-mortgage debt held by Aimco that is issued by another REIT may not so qualify.

Certain securities will not cause a violation of the 10% value test described above. Such securities include instrument
which includes, among other things, securities having certain contingency features. A security does not qualify as s
controlled TRS of the REIT) owns other securities of the same issuer which do not qualify as straight debt, unless the
constitute, in the aggregate, 1% or less of the total value of that issuer s outstanding securities. In addition to straight
provides that certain other securities will not violate the 10% value test. Such securities include (a) any loan made to
(b) certain rental agreements in which one or more payments are to be made in subsequent years (other than agreeme
persons related to the REIT), (c) any obligation to pay rents from real property, (d) securities issued by governmental
in whole or in part on the profits of (or payments made by) a non-governmental entity, (e) any security issued by ano
instrument issued by a partnership if the partnership s income is of a nature that it would satisfy the 75% gross incor
Income Tests. In applying the 10% value test, a debt security issued by a partnership is not taken into account to
proportionate equity interest in that partnership.

Aimco believes that its holdings of securities and other assets comply, and will continue to comply, with the foregoir
it intends to monitor compliance on an ongoing basis. No independent appraisals have been obtained, however, to su
the value of its assets, including Aimco OP s total assets and the value of Aimco OP s interest in its TRSs. Moreove
be susceptible to a precise determination, and values are subject to change in the future. Furthermore, the proper clas
debt or equity for U.S. federal income tax purposes may be uncertain in some circumstances, which could affect the a
requirements. Accordingly, there can be no assurance that the IRS will not contend that Aimco s interests in its subs
other issuers will cause a violation of the REIT asset requirements and loss of REIT status.

Certain relief provisions are available to allow REITs to satisfy the asset requirements or to maintain REIT qualificat
violations of the asset and other requirements. One such provision allows a REIT which fails one or more of the asse
its REIT qualification if (a) it provides the IRS with a description of each asset causing the failure, (b) the failure is d
willful neglect, (c) the REIT pays a tax equal to the greater of (i) $50,000 per failure, and (ii) the product of the net in
that caused the failure multiplied by the highest applicable corporate tax rate, and (d) the REIT either disposes of the
6 months after the last day of the quarter in which it identifies the failure, or otherwise satisfies the relevant asset test

A second relief provision contained in the Internal Revenue Code applies to de minimis violations of the 10% and 5%
maintain its qualification despite a violation of such requirements if (a) the

value of the assets causing the violation do not exceed the lesser of 1% of the REIT s total assets, and $10,000,000, a
of the assets causing the failure within 6 months after the last day of the quarter in which it identifies the failure, or th
satisfied within that time frame.

If we should fail to satisfy the asset tests at the end of a calendar quarter, such a failure would not cause us to lose ou
the asset tests at the close of the preceding calendar quarter and (ii) the discrepancy between the value of our assets a
was not wholly or partly caused by an acquisition of non-qualifying assets, but instead arose from changes in the mar
condition described in (ii) were not satisfied, we still could avoid disqualification by eliminating any discrepancy wit
calendar quarter in which it arose.

Annual Distribution Requirements

In order for Aimco to qualify as a REIT, Aimco is required to distribute dividends, other than capital gain dividends,
at least equal to:

the sum of
(a) 90% of Aimco s REIT taxable income, computed without regard to the deduction for dividends paid and net capi

(b) 90% of the net income, if any, from foreclosure property (as described below), minus

the sum of certain items of noncash income.
These distributions must be paid in the taxable year to which they relate, or in the following taxable year if they are d
or December of the taxable year, are payable to stockholders of record on a specified date in any such month, and are
January of the following year. In order for distributions to be counted for this purpose, and to give rise to a tax deduc
preferential dividends. A dividend is not a preferential dividend if it is pro rata among all outstanding shares of sto
in accordance with the preferences among different classes of stock as set forth in Aimco s organizational document

To the extent that Aimco distributes at least 90%, but less than 100%, of its REIT taxable income, as adjusted, it w
ordinary corporate tax rates. In any year, Aimco may elect to retain, rather than distribute, its net capital gain and pay
case, Aimco s stockholders would include their proportionate share of such undistributed long-term capital gain in in
corresponding credit for their share of the tax paid by Aimco. Aimco s stockholders would then increase the adjusted
the difference between the designated amounts included in their long-term capital gains and the tax deemed paid with

To the extent that a REIT has available net operating losses carried forward from prior tax years, such losses may red
that it must make in order to comply with the REIT distribution requirements. Such losses, however, will generally n
hands of stockholders, of any distributions that are actually made by the REIT, which are generally taxable to stockho
REIT has current or accumulated earnings and profits. See Taxation of Stockholders Taxable Domestic Stockho

If Aimco should fail to distribute during each calendar year at least the sum of:

85% of its REIT ordinary income for such year,

95% of its REIT capital gain net income for such year (excluding retained net capital gain), and

any undistributed taxable income from prior periods,

Aimco would be subject to a 4% excise tax on the excess of such required distribution over the sum of (x) the amoun
(y) the amounts of income retained on which it has paid corporate income tax.

It is possible that Aimco, from time to time, may not have sufficient cash to meet the 90% distribution requirement d
(i) the actual receipt of cash (including receipt of distributions

79

Table of Contents

from Aimco OP) and (ii) the inclusion of certain items in income by Aimco for U.S. Federal income tax purposes. In
differences occur, in order to meet the distribution requirements, Aimco may find it necessary to arrange for short-ter
borrowings, or to pay dividends in the form of taxable in-kind distributions of property.

Under certain circumstances, Aimco may be able to rectify a failure to meet the distribution requirement for a year by
stockholders in a later year, which may be included in Aimco s deduction for dividends paid for the earlier year. In t
avoid losing its REIT status or being taxed on amounts distributed as deficiency dividends; however, Aimco will be r
penalty based on the amount of any deduction taken for deficiency dividends.

Prohibited Transactions

Net income derived by a REIT from a prohibited transaction is subject to a 100% excise tax. The term prohibited tra
sale or other disposition of property (other than foreclosure property) that is held primarily for sale to customers in th
business. Aimco intends to conduct its operations so that no asset owned by Aimco or its pass-through subsidiaries w
and that a sale of any such asset will not be in the ordinary course of Aimco s business. Whether property is held p
the ordinary course of a trade or business depends, however, on the particular facts and circumstances. No assuranc
sold by Aimco will be treated as property held for sale to customers, or that Aimco can comply with certain safe-harb
Revenue Code that would prevent the imposition of the 100% excise tax. The 100% tax does not apply to gains from
through a TRS or other taxable corporation, although such income will be subject to tax in the hands of the corporatio

Penalty Tax

Aimco will be subject to a 100% penalty tax on the amount of certain non-arm s length payments received from, or d
TRS if the IRS were to successfully assert that the economic arrangements between Aimco and such TRS are not com
between unrelated parties. Such amounts may include rents from real property that are overstated as a result of servic
tenants of Aimco and amounts that are deducted by a TRS for payments made to Aimco that are in excess of the amo
charged by an unrelated party.

Aimco believes that the fees paid to its TRSs for tenant services are comparable to the fees that would be paid to an u
at arm s-length. This determination, however, is inherently factual, and the IRS may assert that the fees paid by Aim
amounts. If the IRS successfully made such an assertion, Aimco would be required to pay a 100% penalty tax on the
tenant services over the amount actually paid.

Failure to Qualify

If Aimco fails to qualify for taxation as a REIT in any taxable year, and the relief provisions do not apply, Aimco wil
any applicable alternative minimum tax, on its taxable income at regular corporate rates. Distributions to stockholder
fails to qualify will not be deductible by Aimco nor will they be required to be made. In such event, to the extent of c
earnings and profits, all distributions to stockholders that are individuals will generally be taxable at the preferential i
maximum federal rate) for qualified dividends. In addition, subject to the limitations of the Internal Revenue Code, c
eligible for the dividends received deduction. Unless Aimco is entitled to relief under specific statutory provisions, A
from re-electing to be taxed as a REIT for the four taxable years following the year during which qualification was lo
whether, in all circumstances, Aimco would be entitled to this statutory relief.

Table of Contents

Tax Aspects of Aimco s Investments in Partnerships

General

Substantially all of Aimco s investments are held indirectly through Aimco OP. In general, partnerships are pass-th
to U.S. federal income tax. Rather, partners are allocated their proportionate shares of the items of income, gain, loss
partnership, and are potentially subject to tax on these items, without regard to whether the partners receive a distribu
Aimco will include in its income its proportionate share of the foregoing partnership items for purposes of the variou
computation of its REIT taxable income. Moreover, for purposes of the REIT asset tests, Aimco will include its prop
Aimco OP and the Subsidiary Partnerships. See Taxation of REITs in General Effect of Subsidiary Entities Ow

Entity Classification.

Aimco s direct and indirect investment in partnerships involves special tax considerations, including the possibility o
tax status of Aimco OP or any of the Subsidiary Partnerships as a partnership for U.S. federal income tax purposes. I
treated as an association or a publicly traded partnership taxable as a corporation for U.S. federal income tax purpose
entity-level tax on its income. In such a situation, the character of Aimco s assets and items of gross income would c
from satisfying the REIT asset tests and gross income tests (see Taxation of REITs in General Asset Tests and
prevent Aimco from qualifying as a REIT unless Aimco is eligible for relief from the violation pursuant to relief prov
Taxation of REITs in General Failure to Qualify above for a summary of the effect of Aimco s failure to satisfy
of the relief provisions. In addition, any change in the status of any of the Subsidiary Partnerships for tax purposes m
event, in which case Aimco might incur a tax liability without any related cash distributions.

Tax Allocations With Respect To Contributed Properties.

Under the Internal Revenue Code and the Treasury Regulations, income, gain, loss and deduction attributable to appr
that is contributed to a partnership in exchange for an interest in the partnership must be allocated for tax purposes in
contributing partner is charged with, or benefits from the unrealized gain or unrealized loss associated with the prope
contribution. The amount of the unrealized gain or unrealized loss is generally equal to the difference between the fai
contributed property at the time of contribution, and the adjusted tax basis of such property at the time of contributio
Such allocations are solely for U.S. federal income tax purposes and do not affect the book capital accounts or other e
among the partners. Aimco OP was formed by way of contributions of appreciated property. Consequently, allocatio
consistent with these requirements. Where a partner contributes cash to a partnership at a time that the partnership ho
property, the Treasury Regulations provide for a similar allocation of these items to the other (i.e., non-contributing)
the contribution by Aimco to Aimco OP of the cash proceeds received in any offerings of its stock.

In general, certain unitholders will be allocated lower amounts of depreciation deductions for tax purposes and increa
the sale by Aimco OP or other Subsidiary Partnerships of contributed properties. This will tend to eliminate the Book
these partnerships. However, the special allocations do not always entirely rectify the Book-Tax Difference on an ann
specific taxable transaction such as a sale. Thus, the carryover basis of the contributed properties in the hands of Aim
Partnerships may cause Aimco to be allocated lower depreciation and other deductions, and possibly greater amounts
of a sale of such contributed assets in excess of the economic or book income allocated to it as a result of such sale. T
recognize, over time, taxable income in excess of cash proceeds, which might adversely affect Aimco s ability to co
requirements. See Taxation of Aimco Annual Distribution Requirements.

Table of Contents

With respect to any property purchased or to be purchased by any of the Subsidiary Partnerships (other than through
subsequent to the formation of Aimco, such property will initially have a tax basis equal to its fair market value and t
described above will not apply.

Sale Of Properties

Aimco s share of any gain realized by Aimco OP or any other Subsidiary Partnership on the sale of any property hel
sale to customers in the ordinary course of business will be treated as income from a prohibited transaction that is sub
Taxation of REITs in General Prohibited Transactions. Under existing law, whether property is held as inventory
in the ordinary course of a partnership s trade or business is a question of fact that depends on all the facts and circu
particular transaction. Aimco OP and the other Subsidiary Partnerships intend to hold their properties for investment
appreciation, to engage in the business of acquiring, developing, owning and operating the properties and to make su
properties, including peripheral land, as are consistent with Aimco s investment objectives.

Taxation of Stockholders

Taxable Domestic Stockholders

Distributions. Provided that Aimco qualifies as a REIT, distributions made to Aimco s taxable domestic stockhold
earnings and profits (and not designated as capital gain dividends) will generally be taken into account by them as or
eligible for the dividends received deduction for corporations. With limited exceptions, dividends received from REI
the preferential income tax rates for qualified dividends received by individuals from taxable C corporations. Stockh
however, are taxed at the preferential rates on dividends designated by and received from REITs to the extent that the
(i) income retained by the REIT in the prior taxable year on which the REIT was subject to corporate level income ta
(ii) dividends received by the REIT from TRSs or other taxable C corporations, or (iii) income in the prior taxable ye
property acquired by the REIT from C corporations in carryover basis transactions (less the amount of corporate tax

Distributions (and retained net capital gains) that are designated as capital gain dividends will generally be taxed to s
gains, to the extent that they do not exceed Aimco s actual net capital gain for the taxable year, without regard to the
has held its stock. However, corporate stockholders may be required to treat up to 20% of certain capital gain divide
Long-term capital gains are generally taxable at maximum Federal rates of 20% in the case of stockholders who are i
of stockholders that are corporations. Capital gains attributable to the sale of depreciable real property held for more
25% maximum U.S. federal income tax rate for taxpayers who are individuals, to the extent of previously claimed de

Aimco may elect to retain and pay taxes on some or all of its net long term capital gain, in which case U.S. stockhold
received, solely for U.S. federal income tax purposes, Aimco s undistributed capital gain as well as a corresponding
be, for taxes that Aimco paid on such undistributed capital gain. See Taxation of REITs in General Annual Dist

In determining the extent to which a distribution constitutes a dividend for tax purposes, Aimco s earnings and profi
to distributions with respect to preferred stock prior to allocating any remaining earnings and profits to distributions
Aimco has net capital gains and designates some or all of its distributions as capital gain dividends to that extent, the
allocated among different classes of stock in proportion to the allocation of earnings and profits as described above.

Distributions in excess of current and accumulated earnings and profits will not be taxable to a stockholder to the ext
adjusted basis of the stockholder s shares in respect of which the

distributions were made, but rather will reduce the adjusted basis of such shares. To the extent that such distributions stockholder s shares, they will be included in income as long-term capital gain, or short-term capital gain if the share less. In addition, any dividend declared by Aimco in October, November or December of any year and payable to a s specified date in any such month will be treated as both paid by Aimco and received by the stockholder on December the dividend is actually paid by Aimco before the end of January of the following calendar year.

To the extent that a REIT has available net operating losses and capital losses carried forward from prior tax years, su amount of distributions that must be made in order to comply with the REIT distribution requirements. See Taxat Distribution Requirements. Such losses, however, are not passed through to stockholders and do not offset income sources, nor would they affect the character of any distributions that are actually made by a REIT, which are generall stockholders to the extent that the REIT has current or accumulated earnings and profits.

Dispositions of Aimco Stock. A stockholder will realize gain or loss upon the sale, redemption or other taxable disp equal to the difference between the sum of the fair market value of any property and cash received in such dispositio tax basis in the stock at the time of the disposition. In general, a stockholder s tax basis will equal the stockholder s excess of net capital gains deemed distributed to the stockholder (as discussed above), less tax deemed paid on such r returns of capital. In general, capital gains recognized by individuals upon the sale or disposition of shares of Aimco at long-term capital gains rates if the Aimco stock is held for more than 12 months, and will be taxed at ordinary inco held for 12 months or less. Gains recognized by stockholders that are corporations are currently subject to U.S. feder of 35%, whether or not classified as long-term capital gains. Capital losses recognized by a stockholder upon the disp more than one year at the time of disposition will be considered long-term capital losses, and are generally available income of the stockholder but not ordinary income (except in the case of individuals, who may offset up to $3,000 of addition, any loss upon a sale or exchange of shares of Aimco stock by a stockholder who has held the shares for six holding period rules, will be treated as a long-term capital loss to the extent of distributions received from Aimco tha the stockholder as long-term capital gain.

A redemption of Aimco stock (including preferred stock or equity stock) will be treated under Section 302 of the Inte dividend subject to tax at ordinary income tax rates (to the extent of Aimco s current or accumulated earnings and pr satisfies certain tests set forth in Section 302(b) of the Internal Revenue Code enabling the redemption to be treated a stock. The redemption will satisfy such test if it (i) is substantially disproportionate with respect to the holder (wh preferred stock is redeemed, since it generally does not have voting rights), (ii) results in a complete termination o Aimco, or (iii) is not essentially equivalent to a dividend with respect to the holder, all within the meaning of Sect Code. In determining whether any of these tests have been met, shares considered to be owned by the holder by reaso ownership rules set forth in the Internal Revenue Code, as well as shares actually owned, must generally be taken int determination as to whether any of the alternative tests of Section 302(b) of the Internal Revenue Code is satisfied wi holder of the stock will depend upon the facts and circumstances as of the time the determination is made, prospectiv consult their own tax advisors to determine such tax treatment. If a redemption of the stock is treated as a distributio the amount of the distribution would be measured by the amount of cash and the fair market value of any property re stockholder s adjusted tax basis in such redeemed stock would be transferred to the holder s remaining stockholdin stockholder has no remaining stockholdings in Aimco, such basis may, under certain circumstances, be transferred to lost entirely.

If an investor recognizes a loss upon a subsequent disposition of stock or other securities of Aimco in an amount that it is possible that the provisions of the Treasury Regulations

involving reportable transactions could apply, with a resulting requirement to separately disclose the loss generati
these Treasury Regulations are directed towards tax shelters, they are written quite broadly, and apply to transacti
considered tax shelters. In addition, the Internal Revenue Code imposes penalties for failure to comply with these req
investors should consult their tax advisors concerning any possible disclosure obligation with respect to the receipt o
securities of Aimco, or transactions that might be undertaken directly or indirectly by Aimco. Moreover, prospective
Aimco and other participants in the transactions involving Aimco (including their advisors) might be subject to discl
pursuant to these Treasury Regulations.

Taxation of Foreign Stockholders

The following is a summary of certain anticipated U.S. federal income and estate tax consequences of the ownership
applicable to Non-U.S. stockholders. A Non-U.S. stockholder is generally any person other than (i) a citizen or re
corporation or partnership created or organized in the United States or under the laws of the United States or of any s
Columbia, (iii) an estate whose income is includable in gross income for U.S. Federal income tax purposes regardles
United States court is able to exercise primary supervision over the administration of such trust and one or more Uni
authority to control all substantial decisions of such trust. The discussion is based on current law and is for general in
addresses only certain and not all aspects of U.S. Federal income and estate taxation.

Ordinary Dividends. The portion of dividends received by Non-U.S. stockholders payable out of Aimco s earning
attributable to capital gains of Aimco and which are not effectively connected with a U.S. trade or business of the No
subject to U.S. withholding tax at the rate of 30% (unless reduced by treaty and the Non-U.S. stockholder provides a
regarding its eligibility for treaty benefits). In general, Non-U.S. stockholders will not be considered engaged in a U.
result of their ownership of Aimco stock. In cases where the dividend income from a Non-U.S. stockholder s invest
treated as, effectively connected with the Non-U.S. stockholder s conduct of a U.S. trade or business, the Non-U.S.
subject to U.S. tax at graduated rates, in the same manner as domestic stockholders are taxed with respect to such div
generally be reported on a U.S. income tax return filed by or on behalf of the non-U.S. stockholder, and the income
branch profits tax in the case of a Non-U.S. stockholder that is a corporation.

Non-Dividend Distributions. Unless Aimco stock constitutes a United States real property interest (a USRPI) wi
Investment in Real Property Tax Act of 1980 (FIRPTA), distributions by Aimco which are not dividends out of th
will not be subject to U.S. income tax. If it cannot be determined at the time at which a distribution is made whether
exceed current and accumulated earnings and profits, the distribution will be subject to withholding at the rate applic
Non-U.S. stockholder may seek a refund from the IRS of any amounts withheld if it is subsequently determined that
excess of current and accumulated earnings and profits of Aimco. If Aimco stock constitutes a USRPI, distributions
of its earnings and profits plus the stockholder s basis in its Aimco stock will be taxed under FIRPTA at the rate of t
capital gains rates, that would apply to a domestic stockholder of the same type (e.g., an individual or a corporation,
collection of the tax will be enforced by a refundable withholding at a rate of 10% of the amount by which the distrib
share of Aimco s earnings and profits.

Capital Gain Dividends. Under FIRPTA, a distribution made by Aimco to a Non-U.S. stockholder, to the extent at
dispositions of USRPIs held by Aimco directly or through pass-through subsidiaries (USRPI Capital Gains), will,
considered effectively connected with a U.S. trade or business of the Non-U.S. stockholder and will be subject to U.
applicable to U.S. individuals or corporations, without regard to whether the distribution is designated as a capital ga
will be required to withhold tax equal to 35% of the amount of the distribution to

Table of Contents

the extent such distribution constitutes USRPI Capital Gains. Distributions subject to FIRPTA may also be subject to
hands of a Non-U.S. stockholder that is a corporation. A distribution is not a USRPI capital gain if Aimco held the ur
creditor. Capital gain dividends received by a non-U.S. stockholder from a REIT that are attributable to dispositions b
USRPIs are generally not subject to U.S. income or withholding tax.

A capital gain dividend by Aimco that would otherwise have been treated as a USRPI capital gain will not be so treat
will generally not be treated as income that is effectively connected with a U.S. trade or business, and will instead be
dividend from Aimco (see Ordinary Dividends), provided that (i) the capital gain dividend is received with resp
regularly traded on an established securities market located in the United States, and (ii) the recipient non-U.S. stockh
5% of that class of stock at any time during the one year period ending on the date on which the capital gain dividend

Dispositions of Aimco Stock. Unless Aimco stock constitutes a USRPI, a sale of Aimco stock by a Non-U.S. stockh
subject to U.S. taxation. The stock will be treated as a USRPI if 50% or more of Aimco s assets throughout a prescri
interests in real property located within the United States, excluding, for this purpose, interests in real property solely
Even if the foregoing test is met, Aimco stock nonetheless will not constitute a USRPI if Aimco is a domestically co
entity. A domestically controlled qualified investment entity is a REIT in which, at all times during a specified testi
of its shares is held directly or indirectly by Non-U.S. stockholders. Aimco believes that it is, and it expects to contin
controlled qualified investment entity. If Aimco is, and continues to be, a domestically controlled qualified investmen
stock should not be subject to U.S. taxation. Because most classes of stock of Aimco are publicly traded, however, no
Aimco is or will continue to be a domestically controlled qualified investment entity.

Even if Aimco does not constitute a domestically controlled qualified investment entity, a Non-U.S. stockholder s sa
will not be subject to tax under FIRPTA as a sale of a USRPI provided that:

- the stock is of a class that is regularly traded (as defined by applicable Treasury Regulations) on an establ
NYSE, on which Aimco stock is listed), and

- the selling Non-U.S. stockholder held 5% or less of such class of Aimco s outstanding stock at all times dur

If gain on the sale of stock of Aimco were subject to taxation under FIRPTA, the Non-U.S. stockholder would be sub
U.S. stockholder with respect to such gain (subject to applicable alternative minimum tax and a special alternative mi
nonresident alien individuals) and the purchaser of the stock could be required to withhold 10% of the purchase price
the IRS.

Gain from the sale of Aimco stock that would not otherwise be subject to taxation under FIRPTA will nonetheless be
a Non-U.S. stockholder in two cases. First, if the Non-U.S. stockholder s investment in the Aimco stock is effectivel
business conducted by such Non-U.S. stockholder, the Non-U.S. stockholder will be subject to the same treatment as
to such gain. Second, if the Non-U.S. stockholder is a nonresident alien individual who was present in the United Sta
the taxable year and has a tax home in the United States, the nonresident alien individual will be subject to a 30%

Estate Tax

Aimco stock owned or treated as owned by an individual who is not a citizen or resident (as specially defined for U.S
the United States at the time of death will be includible in the individual s gross estate for U.S. Federal estate tax pur
tax treaty provides otherwise. Such individual s estate may be subject to U.S. Federal estate tax on the property inclu
U.S. Federal estate tax purposes.

Table of Contents

Taxation of Tax-Exempt Stockholders

Tax-exempt entities, including qualified employee pension and profit sharing trusts and individual retirement accoun
U.S. federal income taxation. However, they are subject to taxation on their unrelated business taxable income (UB
real estate may generate UBTI, the IRS has ruled that dividend distributions from a REIT to a tax-exempt entity do n
that ruling, and provided that (i) a tax-exempt stockholder has not held its Aimco stock as debt financed property
Revenue Code (i.e., where the acquisition or holding of the property is financed through a borrowing by the tax-exem
Aimco stock is not otherwise used in an unrelated trade or business, Aimco believes that distributions from Aimco ar
Aimco stock should not give rise to UBTI to a tax-exempt stockholder.

Tax-exempt stockholders that are social clubs, voluntary employee benefit associations, supplemental unemployment
group legal services plans that are exempt from taxation under paragraphs (7), (9), (17) and (20), respectively, of Sec
Revenue Code are subject to different UBTI rules, which generally will require them to characterize distributions fro

In certain circumstances, a pension trust that owns more than 10% of our stock could be required to treat a percentag
are a pension-held REIT. We will not be a pension-held REIT unless (i) we are required to look through one or
stockholders in order to satisfy the REIT closely-held test, and (ii) either (a) one pension trust owns more than 25
(b) one or more pension trusts, each individually holding more than 10% of the value of our stock, collectively owns
our stock.

Certain restrictions on ownership and transfer of Aimco s stock generally should prevent a tax-exempt entity from o
value of our stock and generally should prevent us from becoming a pension-held REIT.

Other Tax Consequences

Legislative or Other Actions Affecting REITs

The present federal income tax treatment of REITs may be modified, possibly with retroactive effect, by legislative, j
at any time. The REIT rules are constantly under review by persons involved in the legislative process and by the IR
Department, which may result in statutory changes as well as revisions to regulations and interpretations. Changes to
interpretations thereof could adversely affect an investment in our common stock.

Under recently enacted legislation, for taxable years beginning after December 31, 2012, certain U.S. holders who ar
and whose income exceeds certain thresholds will be required to pay a 3.8% Medicare tax on dividend and other inco
from the sale or other disposition of Aimco common stock.

Recently enacted legislation will require, after December 31, 2013, withholding at a rate of 30% on dividends in resp
2014, gross proceeds from the sale of, Aimco common stock held by or through certain foreign financial institutions
unless such institution enters into an agreement with the Secretary of the Treasury to report, on an annual basis, infor
the institution held by certain U.S. persons and by certain non-U.S. entities that are wholly or partially owned by U.S
entity through which Aimco common stock is held will affect the determination of whether such withholding is requi
respect of, and gross proceeds from the sale of, Aimco common stock held by an investor that is a non-financial non-
withholding at a rate of 30%, unless such entity either (i) certifies to Aimco that such entity does not have any subst
(ii) provides certain information regarding the entity s substantial United States owners, which Aimco will in turn
Treasury. Non-U.S. stockholders are encouraged to consult with their tax advisors regarding the possible implication
investment in Aimco common stock.

Table of Contents

State, Local And Foreign Taxes

Aimco, Aimco OP, Aimco stockholders and OP Unitholders may be subject to state, local or foreign taxation in vario
in which it or they transact business, own property or reside. It should be noted that Aimco OP owns properties locat
local jurisdictions, and OP Unitholders may be required to file income tax returns in some or all of those jurisdictions
treatment of Aimco OP, Aimco, Aimco stockholders and OP Unitholders may not conform to the U.S. federal incom
above. Consequently, prospective investors are urged to consult their tax advisors regarding the application and effec
laws on an investment in Aimco.

87

Table of Contents

FEES AND EXPENSES

The costs of planning and implementing the merger, including the preparation of this information statement/prospect
without regard to whether the merger is effectuated. Except as set forth in this information statement/prospectus, Aim
commissions to any broker, dealer or other person in connection with the merger. Fox Partners II has retained Eagle I
the Information Agent, to act as the information agent in connection with the merger. The Information Agent may co
Partnership Units by mail, e-mail, telephone, telex, telegraph and in person and may request brokers, dealers and othe
forward materials relating to the merger to beneficial owners of the Limited Partnership Units. Aimco OP will pay th
and customary compensation for its services in connection with the merger, plus reimbursement for out-of-pocket ex
against certain liabilities and expenses in connection therewith, including liabilities under the U.S. federal securities l
costs and expenses of filing, printing and mailing the information statement/prospectus as well as any related legal fe

Below is an itemized list of the estimated expenses incurred and to be incurred in connection with preparing and deli
statement/prospectus:

Information Agent Fees
Printing Fees
Postage Fees
Tax and Accounting Fees
Appraisal Fees
Legal Fees
Total

88

Table of Contents

LEGAL MATTERS

The validity of the Aimco Class A Common Stock issuable upon redemption of the OP Units will be passed upon by
validity of the OP Units offered by this information statement/prospectus will be passed upon by Alston & Bird LLP.

Table of Contents

EXPERTS

The consolidated financial statements of Aimco appearing in Aimco s Annual Report (Form10-K) for the year endec
the schedule appearing therein), and the effectiveness of Aimco s internal control over financial reporting as of Dece
by Ernst & Young LLP, independent registered public accounting firm, as set forth in their reports thereon, included
by reference, and included in Annex F to this information statement/prospectus. Such consolidated financial statemer
assessment of the effectiveness of internal control over financial reporting as of December 31, 2012 are incorporated
upon such reports given on the authority of such firm as experts in accounting and auditing.

The consolidated financial statements of Aimco OP appearing in Aimco OP s Annual Report (Form 10-K) for the ye
(including the schedule appearing therein) and the effectiveness of Aimco OP s internal control over financial report
have been audited by Ernst & Young LLP, independent registered public accounting firm, as set forth in their reports
included in Annex F to this information statement/prospectus. Such consolidated financial statements and Aimco OP
effectiveness of internal control over financial reporting as of December 31, 2012 are included herein in reliance upo
authority of such firm as experts in accounting and auditing.

The financial statements of CPF XIX appearing in CPF XIX s Annual Report on Form 10-K for the year ended Dec
by Ernst & Young LLP, independent registered public accounting firm, as set forth in their report thereon, included t
of this information statement/prospectus. Such financial statements included herein in reliance upon such report give
as experts in accounting and auditing.

Table of Contents

WHERE YOU CAN FIND ADDITIONAL INFORMATION

Information Incorporated by Reference

Aimco, Aimco OP and CPF XIX are subject to the informational requirements of the Exchange Act, and, in accordar
statements and other information with the SEC. You may read and copy any document so filed at the SEC s public r
Washington, D.C., New York, New York and Chicago, Illinois. Please call the SEC at 1-800-SEC-0330 for further in
reference rooms. Aimco, Aimco OP and CPF XIX s filings are also available to the public at the SEC s web site at

The information that Aimco files with the SEC is incorporated by reference, which means that important information
referring you to those documents. The information incorporated by reference is considered to be part of this informat
documents listed below are incorporated by reference along with all documents filed by us with the SEC pursuant to
of the Exchange Act (i) after the date of the initial registration statement and prior to effectiveness of the registration
of this prospectus and before the completion of the offering of the shares described in this prospectus.

Proxy Statement for the 2013 Annual Meeting of Stockholders of Aimco (filed March 4, 2013);

Aimco s and Aimco OP s combined Annual Report on Form 10-K for the year ended December 31, 2012 (
Aimco s Current Report on Form 8-K, dated February 21, 2013 (filed February 21, 2013).

You may request a copy of these filings, at no cost, by writing or calling Aimco at the following address and telephor

ISTC Corporation

P.O. Box 2347

Greenville, South Carolina 29602

(864) 239-1029

You should rely only on the information included or incorporated by reference in this information statement/prospect
provide you with different information. You should not assume that the information in this information statement/pro
date other than the date on the front of the document.

Information Included in the Annexes to this Information Statement/Prospectus

Important information is also included in the Annexes attached hereto, including the following:

Annex A Agreement and Plan of Merger;

Annex B Appraisal Rights of Limited Partners;

Annex C Officers and Directors;

Annex D Summary of Appraisals Table;

Annex E CPF XIX s Annual Report on Form 10-K for the year ended December 31, 2012; and

Annex F Aimco s and Aimco OP s combined Annual Report on Form 10-K for the year ended Decembe
References to the safe-harbor provisions of the Private Securities Litigation Reform Act of 1995 are included in CPF
Form 10-K for the year ended December 31, 2012, which is included as Annex E to this information statement/prosp
Aimco OP s combined Annual Report on Form 10-K for the year ended December 31, 2012 which is included in Ar
statement/prospectus; and in Aimco s Annual Report on Form 10-K for the year ended December 31, 2012, which is
information statement/prospectus. However, because the merger constitutes a going private transaction, those safe
any forward-looking statements CPF XIX, Aimco OP or Aimco make in connection with the merger.

Agreement and Plan of Merger

AGREEMENT AND PLAN OF MERGER (this **Agreement**), dated as of February 28, 2013, by and among CEN
LP, a Delaware limited partnership (**CPF XIX**), AIMCO CPF XIX MERGER SUB LLC, a Delaware limited liabi
Subsidiary), and AIMCO PROPERTIES, L.P., a Delaware limited partnership (**Aimco OP**).

WHEREAS, Fox Partners II, the general partner of CPF XIX (**CPF XIX GP**), has determined that the Merger (as
Subsidiary with and into CPF XIX, with CPF XIX as the surviving entity, is advisable and in the best interests of CP

WHEREAS, Aimco OP, the sole member of the Aimco Subsidiary, has determined that the Merger of the Aimco Sub
with CPF XIX as the surviving entity, is advisable and in the best interests of the Aimco Subsidiary and its member;

WHEREAS, the Board of Directors of AIMCO-GP, Inc., the general partner of Aimco OP (**AIMCO-GP**), has det
Aimco Subsidiary with and into CPF XIX, with CPF XIX as the surviving entity, is advisable and in the best interest
partners; and

WHEREAS, the parties desire to enter this Agreement to evidence the terms, provisions, representations, warranties,
which the Merger will be consummated.

NOW, THEREFORE, in consideration of the mutual agreements and covenants set forth herein, and for other good a
adequacy, sufficiency, and receipt of which are hereby acknowledged, CPF XIX, the Aimco Subsidiary and Aimco O

SECTION 1. *The Merger.* Subject to the terms and conditions set forth herein, the Aimco Subsidiary shall be merge
Merger), and CPF XIX shall be the surviving entity of the Merger (the **Surviving Entity**). The Merger will ha
Agreement, section 17-211 of the Delaware Revised Uniform Limited Partnership Act, as amended (the **DRULPA**
Delaware Limited Liability Company Act, as amended (the **DLLCA**).

SECTION 2. *General Partner.* CPF XIX GP will be the sole general partner of the Surviving Entity.

SECTION 3. *Certificate.* As soon as practicable after the approval of this Agreement by a majority in interest of lim
XIX shall cause to be filed a certificate of merger with respect to the Merger (the **Certificate of Merger**) with the
the State of Delaware pursuant to 17-211 of the DRULPA and section 18-209 of the DLLCA. The Merger shall beco
Certificate of Merger has been accepted for record by the Secretary of State of the State of Delaware (the **Effective**

SECTION 4. *Limited Partnership Agreement.* The agreement of limited partnership of CPF XIX as in effect immedi
of the Merger (the **Partnership Agreement**), shall be the agreement of limited partnership of the Surviving Entity
accordance with the provisions thereof and applicable law. The general partner and each limited partner of the Surviv
under, be bound by and be subject to the terms and conditions of, the Partnership Agreement, as a general partner or l

SECTION 5. *Treatment of Interests in CPF XIX.*

(a) *Limited Partners Interests.*

(i) In connection with the Merger and in accordance with the procedures set forth in Section 5(a)(iii) of this Agreem
unit of CPF XIX outstanding immediately prior to the Effective Time and held by limited partners of CPF XIX, exce
by limited partners who have perfected their appraisal rights pursuant to Exhibit A hereto, shall be converted into the

election of the limited partner, either (x) $364.65 in cash (the **Cash Consideration**) or (y) a number of partnershi
calculated by dividing $364.65 by the average closing price of Apartment Investment and Management Company co
NYSE, over the ten consecutive trading days ending on the second trading day immediately prior to the Effective Ti
and, together with the Cash Consideration, the **Merger Consideration**).

(ii) Notwithstanding Section 5(a)(i) of this Agreement, if Aimco OP determines that the law of the state or other juri
partner resides would prohibit the issuance of partnership common units of Aimco OP in that state or jurisdiction (or
or other jurisdiction would be prohibitively costly), then such limited partner will only be entitled to receive the Cash
partnership unit.

(iii) Aimco OP shall prepare a form of election (the **Election Form**) describing the Merger and pursuant to which
will have the right to elect to receive either the Cash Consideration or the OP Unit Consideration (subject to Section
cause to be mailed an Election Form to each limited partner, together with any other materials that Aimco OP determ
no later than ten (10) days after the Effective Time. An election to receive the Cash Consideration or the OP Unit Co
only if a properly executed Election Form is received by Aimco OP or its designees prior to 5:00 p.m., Eastern Time
(30) days after the mailing of such Election Form by Aimco OP. If a limited partner fails to return a duly completed
period specified in the Election Form, such holder shall be deemed to have elected to receive the Cash Consideration
partner that resides in a state or other jurisdiction that Aimco OP determines would prohibit the issuance of partnersh
(or in which registration or qualification would be prohibitively costly) will be deemed to have elected the Cash Con
Subsidiary and Aimco OP agree that limited partners shall have the right to revoke any election made in connection
prior to the expiration of the time period stated in the Election Form. Aimco OP and CPF XIX GP, by mutual agreem
rules, not inconsistent with the terms of this Agreement, governing the validity of Election Forms and the issuance a
Consideration, as applicable.

(b) *General Partner s Interests*. Each general partnership interest of CPF XIX outstanding immediately prior to c
remain outstanding and unchanged, with all of the rights set forth in the Partnership Agreement.

SECTION 6. *Treatment of Interests in Aimco Subsidiary.* The entire membership interest in the Aimco Subsidiary in
Time shall be converted into 1,000 limited partnership units of the Surviving Entity.

SECTION 7. *Appraisal Rights.* In connection with the Merger, the holders of limited partnership units of CPF XIX in
shall have the appraisal rights set forth in Exhibit A hereto.

SECTION 8. *Covenants.* Aimco OP agrees to pay for, or reimburse CPF XIX for, all expenses incurred by CPF XIX i
Aimco OP agrees to pay cash or issue and deliver common units of Aimco OP to the former holders of CPF XIX lim
accordance with section 5(a) of this Agreement.

SECTION 9. *Conditions to the Merger.*

(a) The Merger shall not occur unless and until the Merger has been approved or consented to by a majority in intere
XIX.

(b) Notwithstanding any provisions of this Agreement to the contrary, none of the parties hereto shall be required to
contemplated hereby if any third-party consent, authorization or approval that any of the parties hereto deem necessa
with this Agreement, or the consummation of the transactions contemplated hereby, has not been obtained or receive

SECTION 10. *Tax Treatment.* The parties hereto intend and agree that, for Federal income tax purposes, (i) any pay
partnership units of CPF XIX shall be treated as a sale of such limited

Table of Contents

partnership units by such holder and a purchase of such limited partnership units by Aimco OP for the cash so paid u
Agreement, and (ii) each such holder of limited partnership units who accepts cash explicitly agrees and consents to s
parties hereto intend and agree that, for Federal income tax purposes, (i) any exchange of limited partnership units of
common units of Aimco OP under the terms of this Agreement shall be treated in accordance with Sections 721 and
Code of 1986, as amended, and (ii) each such holder of limited partnership units of CPF XIX who accepts partnershi
explicitly agrees and consents to such treatment. Any cash and/or partnership common units of Aimco OP to which a
units of CPF XIX is entitled pursuant to this Agreement shall be paid only after the receipt of a consent from such ho
purposes, the receipt of cash and/or partnership common units of Aimco OP shall be treated as described in this Secti

SECTION 11. *Further Assurances.* From time to time, as and when required by the Surviving Entity or by its succes
executed and delivered on behalf of the Aimco Subsidiary such deeds and other instruments, and there shall be taken
Aimco Subsidiary all such further actions, as shall be appropriate or necessary in order to vest, perfect or confirm, of
Surviving Entity the title to and possession of all property, interests, assets, rights, privileges, immunities, powers, fr
Aimco Subsidiary, and otherwise to carry out the purposes of this Agreement, and the officers and directors of CPF X
the name and on behalf of Aimco Subsidiary or otherwise to take any and all such action and to execute and deliver a
instruments.

SECTION 12. *Amendment.* Subject to applicable law, this Agreement may be amended, modified or supplemented b
parties hereto at any time prior to the consummation of the Merger with respect to any of the terms contained herein.

SECTION 13. *Abandonment.* At any time prior to consummation of the Merger, this Agreement may be terminated
abandoned without liability to any party hereto by any of the Aimco Subsidiary, Aimco OP or CPF XIX, in each cas
and for any reason or for no reason, notwithstanding approval of this Agreement by any of the members of the Aimc
CPF XIX or the general partner of Aimco OP.

SECTION 14. *Governing Law.* This Agreement shall be governed by and construed in accordance with the laws of t
reference to the conflict of law provisions thereof.

SECTION 15. *No Third-Party Beneficiaries.* No provision of this Agreement is intended to confer upon any person,
than the parties hereto any rights or remedies hereunder, other than the appraisal rights given to holders of limited pa
pursuant to Section 7 of this Agreement.

[Signatures appear on following page.]

Table of Contents

IN WITNESS WHEREOF, CPF XIX, the Aimco Subsidiary and Aimco OP have caused this Agreement to be sign
authorized officers as of the date first written above.

CENTURY PROPERTIE

By: Fox Partners II,
its General Partner

By: Fox Capital Managem
its Managing General

By: /s/ John Bezzant
Name: John Bezzant
Title: Executive Vice

AIMCO CPF XIX MERG

By: Aimco Properties, L.P
its sole Member

By: AIMCO-GP, Inc.
its General Partner

By: /s/ John Bezzant
Name: John Bezzant
Title: Executive Vice

AIMCO PROPERTIES, L

By: AIMCO-GP, Inc.,
its General Partner

By: /s/ John Bezzant
Name: John Bezzant
Title: Executive Vice

Appraisal Rights of Limited Partners

Capitalized terms used but not defined herein shall have the respective meanings ascribed thereto in the Agreement a
February 28, 2013 (the **Merger Agreement**), by and among Century Properties Fund XIX, a Delaware limited pa
CPF XIX Merger Sub LLC, a Delaware limited liability company (the **Aimco Subsidiary**), and AIMCO Propertie
partnership (**Aimco OP**). In connection with the Merger, limited partners of CPF XIX shall have the following ap

(a) Any limited partner who holds limited partnership units on the effective date of the Merger who has not consente
Nonconsenting Limited Partners) and who has otherwise complied with paragraph (b) hereof shall be entitled to
fair value of the Nonconsenting Limited Partner s limited partnership units. This arbitration shall be conducted in De
with the Commercial Arbitration Rules of the American Arbitration Association (**AAA**), excluding the Procedures
Disputes, by a single arbitrator selected by Aimco OP from a panel of AAA arbitrators who are qualified to value inv
real estate. Any action for judicial review or enforcement of the arbitration award shall be brought in a court of comp
Denver, Colorado.

(b) Within 10 days after the effective date of the Merger, Aimco OP shall notify each of the Nonconsenting Limited
of the Merger, the effective date of the Merger and that appraisal rights are available for any or all limited partnershi
Limited Partners, and shall include in such notice a copy of this Exhibit A. Such notice shall include an Election For
Nonconsenting Limited Partners may elect an appraisal by arbitration of the fair value of their limited partnership uni
(a) hereof. Any limited partner who holds limited partnership units on the effective date of the Merger and who has n
be entitled to receive such notice and may, within 30 days after the date of mailing of such notice (such 30th day bein
demand from Aimco OP the appraisal of his or her limited partnership units by making the appropriate election in the
with the instructions thereto. Each completed Election Form must be delivered to the address, and within the time pe
to the Election Form. If a Nonconsenting Limited Partner fails to properly complete an Election Form or return it to t
specified time period, such Nonconsenting Limited Partner shall be deemed to have elected not to seek an appraisal o
units, and will be deemed to have elected the Cash Consideration.

(c) At any time prior to the Election Deadline, any Nonconsenting Limited Partner who has made a demand for appr
partnership units shall have the right to withdraw his or her demand for appraisal and to accept the Cash Consideratio
Merger Agreement. Nonconsenting Limited Partners who wish to withdraw their demands must do so in writing deli
c/o Eagle Rock Proxy Advisors, LLC, by mail at 12 Commerce Drive, Cranford, New Jersey 07016, or by fax at (908
20 days after the Election Deadline, any Nonconsenting Limited Partner who has complied with the requirements of
upon written request, shall be entitled to receive from Aimco OP a statement setting forth the aggregate number of li
respect to which Nonconsenting Limited Partners have made demands for appraisal and the aggregate number of hol
units. Such written statement shall be mailed to the Nonconsenting Limited Partner within 10 days after such Noncon
written request for such a statement is received by Aimco OP or within 20 days after the Election Deadline, whichev

(d) Upon the submission of any such demand by a Nonconsenting Limited Partner, Aimco OP shall, within 40 days
submit to the arbitrator a duly verified list containing the names and addresses of all Nonconsenting Limited Partners
for their limited partnership units and with whom agreements as to the value of their limited partnership units have n

reached with Aimco OP. The arbitrator shall give notice of the time and place fixed for the hearing of such demand b
Aimco OP and to the Nonconsenting Limited Partners shown on the list at the addresses therein stated. The forms of
the arbitrator, and the costs of the preparation and mailing thereof shall be borne by Aimco OP.

(e) At the hearing on such demand, the arbitrator shall determine as to each of the Nonconsenting Limited Partners v
Limited Partner is entitled to appraisal rights hereunder.

(f) After determining the Nonconsenting Limited Partners entitled to an appraisal, the arbitrator shall appraise such N
limited partnership units, determining their fair value, as of the date of the Merger, exclusive of any element of value
accomplishment or expectation of the Merger, together with interest, if any, to be paid upon the amount determined t
determining such fair value, the arbitrator shall take into account all factors relevant to the issue of fair value of the li
the legal standard of fair value that would apply if the Nonconsenting Limited Partner were a stockholder in a corpor
as a result of a corporate merger under the corporation laws of the state of Delaware. Unless the arbitrator in his or he
otherwise for good cause shown, interest from the effective date of the Merger through the date of payment of the juc
quarterly and shall accrue at 5% over the Federal Reserve discount rate (including any surcharge), as established fron
between the effective date of the Merger and the date of payment of the judgment. Upon application by Aimco OP or
Partner entitled to participate in the appraisal proceeding, the arbitrator may, in his or her discretion, proceed with the
determination of the Nonconsenting Limited Partners entitlement to appraisal rights hereunder. Any Nonconsenting
appears on the list submitted by Aimco OP pursuant to paragraph (d) hereof may participate fully in all proceedings u
such Nonconsenting Limited Partner is not entitled to appraisal rights hereunder.

(g) The arbitrator shall direct the payment of the fair value of the limited partnership units (which will be paid only i
any, by Aimco OP to the Nonconsenting Limited Partners entitled thereto. Payment shall be so made to each such No
upon the receipt by Aimco OP of the written consent from such Nonconsenting Limited Partner that, for federal incor
cash for the limited partnership units shall be treated as a sale of the limited partnership units by the owner and a pur
units by Aimco OP for the cash consideration so paid under the terms of the Merger Agreement.

(h) The costs of the proceeding may be determined by the arbitrator and taxed upon the parties as the arbitrator deen
circumstances. Upon application of a Nonconsenting Limited Partner, the arbitrator may order all or a portion of the
Nonconsenting Limited Partner in connection with the appraisal proceeding, including, without limitation, reasonabl
expenses of experts, to be charged pro rata against the value of all the interests entitled to an appraisal.

(i) Any Nonconsenting Limited Partner who has made a demand for appraisal of his or her limited partnership units
demand before the Election Deadline shall be deemed to have entered into a binding contract with Aimco OP to acce
arbitrator in exchange for his or her limited partnership units, plus any interest as provided herein. The award of fair
Nonconsenting Limited Partners shall be exclusive of and in lieu of any other right, claim or remedy under state or fe
Nonconsenting Limited Partner may have with respect to his or her limited partnership units whether under the Merg
whether against CPF XIX, CPF XIX GP, Aimco-GP, Apartment Investment and Management Company, Aimco OP,
and the Nonconsenting Limited Partner shall execute and deliver a release of all other such rights, claims and remedi
the award.

(j) From and after the effective date of the Merger, no Nonconsenting Limited Partner who has demanded appraisal
(b) hereof shall be entitled to vote his or her limited

Table of Contents

partnership units for any purpose or to receive payment of distributions on such interests (except distributions payabl
effective date of the Merger); provided, however, that if such Nonconsenting Limited Partner shall deliver to Aimco
Proxy Advisors, LLC, by mail at 12 Commerce Drive, Cranford, New Jersey 07016, or by fax at (908) 497-2349, a w
Nonconsenting Limited Partner s demand for an appraisal and an acceptance of the Cash Consideration payable purs
either as provided in paragraph (c) hereof or thereafter with the written approval of Aimco OP, then the right of such
to an appraisal shall cease. The appraisal proceeding may also be dismissed as to any Nonconsenting Limited Partner
of Aimco OP upon such terms as the two parties may agree. Except as provided in the two foregoing sentences, no ap
arbitrator shall be dismissed as to any Nonconsenting Limited Partner without the approval of the arbitrator, and such
upon such terms as the arbitrator deems just.

A-7

Table of Contents

Appraisal Rights of Limited Partners

Capitalized terms used but not defined herein shall have the respective meanings ascribed thereto in the Agreement a
February 28, 2013 (the **Merger Agreement**), by and among Century Properties Fund XIX, a Delaware limited pa
CPF XIX Merger Sub LLC, a Delaware limited liability company (the **Aimco Subsidiary**), and AIMCO Propertie
partnership (**Aimco OP**). In connection with the Merger, limited partners of CPF XIX shall have the following ap

(a) Any limited partner who holds limited partnership units on the effective date of the Merger who has not consente
Nonconsenting Limited Partners) and who has otherwise complied with paragraph (b) hereof shall be entitled to
fair value of the Nonconsenting Limited Partner s limited partnership units. This arbitration shall be conducted in De
with the Commercial Arbitration Rules of the American Arbitration Association (**AAA**), excluding the Procedures
Disputes, by a single arbitrator selected by Aimco OP from a panel of AAA arbitrators who are qualified to value inv
real estate. Any action for judicial review or enforcement of the arbitration award shall be brought in a court of comp
Denver, Colorado.

(b) Within 10 days after the effective date of the Merger, Aimco OP shall notify each of the Nonconsenting Limited
of the Merger, the effective date of the Merger and that appraisal rights are available for any or all limited partnership
Limited Partners, and shall include in such notice a copy of this Exhibit A. Such notice shall include an Election Forr
Nonconsenting Limited Partners may elect an appraisal by arbitration of the fair value of their limited partnership uni
(a) hereof. Any limited partner who holds limited partnership units on the effective date of the Merger and who has n
be entitled to receive such notice and may, within 30 days after the date of mailing of such notice (such 30th day bein
demand from Aimco OP the appraisal of his or her limited partnership units by making the appropriate election in the
with the instructions thereto. Each completed Election Form must be delivered to the address, and within the time per
to the Election Form. If a Nonconsenting Limited Partner fails to properly complete an Election Form or return it to t
specified time period, such Nonconsenting Limited Partner shall be deemed to have elected not to seek an appraisal o
units, and will be deemed to have elected the Cash Consideration.

(c) At any time prior to the Election Deadline, any Nonconsenting Limited Partner who has made a demand for appr
partnership units shall have the right to withdraw his or her demand for appraisal and to accept the Cash Consideratio
Merger Agreement. Nonconsenting Limited Partners who wish to withdraw their demands must do so in writing deli
c/o Eagle Rock Proxy Advisors, LLC, by mail at 12 Commerce Drive, Cranford, New Jersey 07016, or by fax at (908
20 days after the Election Deadline, any Nonconsenting Limited Partner who has complied with the requirements of
upon written request, shall be entitled to receive from Aimco OP a statement setting forth the aggregate number of li
respect to which Nonconsenting Limited Partners have made demands for appraisal and the aggregate number of hold
units. Such written statement shall be mailed to the Nonconsenting Limited Partner within 10 days after such Noncon
written request for such a statement is received by Aimco OP or within 20 days after the Election Deadline, whichev

(d) Upon the submission of any such demand by a Nonconsenting Limited Partner, Aimco OP shall, within 40 days
submit to the arbitrator a duly verified list containing the names and addresses of all Nonconsenting Limited Partners
for their limited partnership units and with whom agreements as to the value of their limited partnership units have no

Table of Contents

reached with Aimco OP. The arbitrator shall give notice of the time and place fixed for the hearing of such demand b
Aimco OP and to the Nonconsenting Limited Partners shown on the list at the addresses therein stated. The forms of
the arbitrator, and the costs of the preparation and mailing thereof shall be borne by Aimco OP.

(e) At the hearing on such demand, the arbitrator shall determine as to each of the Nonconsenting Limited Partners v
Limited Partner is entitled to appraisal rights hereunder.

(f) After determining the Nonconsenting Limited Partners entitled to an appraisal, the arbitrator shall appraise such N
limited partnership units, determining their fair value, as of the date of the Merger, exclusive of any element of value
accomplishment or expectation of the Merger, together with interest, if any, to be paid upon the amount determined t
determining such fair value, the arbitrator shall take into account all factors relevant to the issue of fair value of the li
the legal standard of fair value that would apply if the Nonconsenting Limited Partner were a stockholder in a corpor
as a result of a corporate merger under the corporation laws of the state of Delaware. Unless the arbitrator in his or he
otherwise for good cause shown, interest from the effective date of the Merger through the date of payment of the juc
quarterly and shall accrue at 5% over the Federal Reserve discount rate (including any surcharge), as established from
between the effective date of the Merger and the date of payment of the judgment. Upon application by Aimco OP or
Partner entitled to participate in the appraisal proceeding, the arbitrator may, in his or her discretion, proceed with the
determination of the Nonconsenting Limited Partners entitlement to appraisal rights hereunder. Any Nonconsenting
appears on the list submitted by Aimco OP pursuant to paragraph (d) hereof may participate fully in all proceedings u
such Nonconsenting Limited Partner is not entitled to appraisal rights hereunder.

(g) The arbitrator shall direct the payment of the fair value of the limited partnership units (which will be paid only i
any, by Aimco OP to the Nonconsenting Limited Partners entitled thereto. Payment shall be so made to each such No
upon the receipt by Aimco OP of the written consent from such Nonconsenting Limited Partner that, for federal incor
cash for the limited partnership units shall be treated as a sale of the limited partnership units by the owner and a purc
units by Aimco OP for the cash consideration so paid under the terms of the Merger Agreement.

(h) The costs of the proceeding may be determined by the arbitrator and taxed upon the parties as the arbitrator deem
circumstances. Upon application of a Nonconsenting Limited Partner, the arbitrator may order all or a portion of the
Nonconsenting Limited Partner in connection with the appraisal proceeding, including, without limitation, reasonabl
expenses of experts, to be charged pro rata against the value of all the interests entitled to an appraisal.

(i) Any Nonconsenting Limited Partner who has made a demand for appraisal of his or her limited partnership units
demand before the Election Deadline shall be deemed to have entered into a binding contract with Aimco OP to acce
arbitrator in exchange for his or her limited partnership units, plus any interest as provided herein. The award of fair
Nonconsenting Limited Partners shall be exclusive of and in lieu of any other right, claim or remedy under state or fe
Nonconsenting Limited Partner may have with respect to his or her limited partnership units whether under the Merg
whether against CPF XIX, CPF XIX GP, Aimco-GP, Apartment Investment and Management Company, Aimco OP,
and the Nonconsenting Limited Partner shall execute and deliver a release of all other such rights, claims and remedi
the award.

(j) From and after the effective date of the Merger, no Nonconsenting Limited Partner who has demanded appraisal
(b) hereof shall be entitled to vote his or her limited partnership units for any purpose or to receive payment of distrib

Table of Contents

distributions payable as of a record date prior to the effective date of the Merger); provided, however, that if such No
shall deliver to Aimco Properties, L.P., c/o Eagle Rock Proxy Advisors, LLC, by mail at 12 Commerce Drive, Cranfo
fax at (908) 497-2349, a written withdrawal of such Nonconsenting Limited Partner s demand for an appraisal and a
Consideration payable pursuant to the Merger Agreement, either as provided in paragraph (c) hereof or thereafter wit
OP, then the right of such Nonconsenting Limited Partner to an appraisal shall cease. The appraisal proceeding may a
Nonconsenting Limited Partner with the agreement or consent of Aimco OP upon such terms as the two parties may
two foregoing sentences, no appraisal proceeding before the arbitrator shall be dismissed as to any Nonconsenting Li
approval of the arbitrator, and such approval may be conditioned upon such terms as the arbitrator deems just.

B-3

Table of Contents

OFFICERS AND DIRECTORS

None of CPF XIX, Fox Partners II, Aimco OP or the Aimco Subsidiary has directors, officers or significant employe positions of the executive officers and directors of Aimco, AIMCO-GP, AIMCO/IPT and FCMC are set forth below. executive officer and director is 4582 South Ulster Street, Suite 1100, Denver, Colorado 80237. Each executive offic United States of America.

Name (Age)	Position
Terry Considine(65)	Chairman of the Board of Directors and Chief Executive Officer Executive Officer and President of AIMCO-GP and AIMCO/IPT
John Bezzant(50)	Executive Vice President Transactions of Aimco, AIMCO-GP Director of FCMC and AIMCO/IPT.
Lisa R. Cohn(44)	Executive Vice President, General Counsel and Secretary of Aim and FCMC.
Miles Cortez(69)	Executive Vice President and Chief Administrative Officer of Ai AIMCO/IPT.
Patti K. Fielding(49)	Executive Vice President Securities and Debt and Treasurer of AIMCO/IPT and FCMC.
Ernest M. Freedman(42)	Executive Vice President and Chief Financial Officer of Aimco, FCMC.
Keith M. Kimmel(41)	Executive Vice President of Property Operations of Aimco, AIM FCMC.
Daniel S. Matula(47)	Executive Vice President Redevelopment and Construction Se AIMCO/IPT and FCMC.
Steven D. Cordes(41)	Senior Vice President Affordable Asset Management of Aimc FCMC; Director of FCMC.
Paul Beldin(39)	Senior Vice President and Chief Accounting Officer of Aimco, A FCMC.
Stephen B. Waters(51)	Senior Director of Partnership Accounting of Aimco, AIMCO-G
James N. Bailey(66)	Director of Aimco and AIMCO-GP.
Thomas L. Keltner(66)	Director of Aimco and AIMCO-GP.
J. Landis Martin(67)	Director of Aimco and AIMCO-GP.
Robert A. Miller(67)	Director of Aimco and AIMCO-GP.
Kathleen M. Nelson(67)	Director of Aimco and AIMCO-GP.
Michael A. Stein(63)	Director of Aimco and AIMCO-GP.

Table of Contents

Name	Biographical Summary of Current Directors a
Terry Considine	Mr. Considine has been Chairman of the Board of Directors and Aimco and AIMCO-GP, Inc. since July 1994, and has been a dir and President of AIMCO/IPT since February 1999. Mr. Considir directors of Intrepid Potash, Inc. a publicly held producer of pota early 2009, Mr. Considine served as Chairman of the Board and American Land Lease, Inc. Mr. Considine has over 40 years of e other industries. Among other real estate ventures, in 1975, Mr. C the predecessor companies that became Aimco at its initial publi
John Bezzant	Mr. Bezzant was appointed as a Director of FCMC effective Dec currently serves as an Executive Vice President of Aimco, AIMC Mr. Bezzant chairs Aimco s investment committee, oversees ca responsible for portfolio management, and disposition of and acc joined Aimco in June 2006 as Senior Vice President Developm Executive Vice President, Transactions in January 2011. Prior to June 2006, Mr. Bezzant was a First Vice President at Prologis an Mr. Bezzant served as Vice President, Asset Management at Cat
Lisa R. Cohn	Ms. Cohn was appointed Executive Vice President, General Cou AIMCO-GP, AIMCO/IPT and FCMC in December 2007. In add counsel, Ms. Cohn has executive responsibility for insurance and human resources. From January 2004 to December 2007, Ms. Co President and Assistant General Counsel. She joined Aimco in Ju Assistant General Counsel. Prior to joining Aimco, Ms. Cohn wa law firm of Hogan & Hartson LLP with a focus on public and pr venture capital financing, securities and corporate governance.
Miles Cortez	Mr. Cortez was appointed Executive Vice President and Chief A December 2007. He is responsible for administration, governmen and special projects. Mr. Cortez joined Aimco in August 2001 as General Counsel and Secretary. Prior to joining Aimco, Mr. Cort Cortez Macaulay Bernhardt & Schuetze LLC, a Denver, Colorad 1997 through September 2001. He served as president of the Col 1996 to 1997 and the Denver Bar Association from 1982 to 1983
Patti K. Fielding	Ms. Fielding was appointed Executive Vice President of Aimco, FCMC, in February 2003 and Treasurer in January 2005, respons treasury department. From January 2000 to February 2003, Ms. F President Securities and Debt. Ms. Fielding joined the Compar 1997. Prior to joining the Company, Ms. Fielding was with Hanc and from 1993 to 1995 she was Vice Chairman, Senior Vice Pres

Table of Contents

Name	Biographical Summary of Current Directors a
	CapSource Funding Corp. She was also a Group Vice President Company from 1987 to 1993 and a commercial real estate apprai for three years.
Ernest M. Freedman	Mr. Freedman was appointed Executive Vice President and Chie AIMCO-GP, AIMCO/IPT and FCMC effective November 1, 20 in 2007 as Senior Vice President of Financial Planning and Anal Vice President of Finance since February 2009, responsible for f accounting and related areas. From 2004 to 2007, Mr. Freedman Officer of HEI Hotels and Resorts. From 2000 to 2004, Mr. Free a number of capacities, including operations controller and finan acquisitions. From 1993 to 2000, Mr. Freedman was with Ernst year as a senior manager in the real estate practice. Mr. Freedma accountant.
Keith M. Kimmel	Mr. Kimmel was appointed Executive Vice President of Property January 2011. He also serves as Executive Vice President of AIM FCMC. From September 2008 to January 2011, Mr. Kimmel ser of property operations for the western region. Prior to that, from he served as the Regional Vice President of property operations in March of 2002 as a Regional Property Manager. Prior to joinin with Casden Properties from 1998 through 2002, and was respon new construction and high-end product line. Mr. Kimmel began real estate business in 1992 as a leasing consultant and on-site m
Daniel S. Matula	Mr. Matula was appointed Executive Vice President of Redevelo Aimco in January 2011. He also serves as Executive Vice Presid AIMCO/IPT and FCMC. He joined Aimco as Senior Vice Presid January 2006. Mr. Matula oversees redevelopment and construct Aimco, from 2005 to 2006, Mr. Matula served as Senior Vice Pr Triad Partners, a private medical office development company h From 2000 to 2005, Mr. Matula served as Senior Vice President Catellus Development Corporation.
Steven D. Cordes	Mr. Cordes was appointed as a Director of FCMC effective Mar a Senior Vice President of Aimco, AIMCO-GP, AIMCO/IPT an Mr. Cordes was appointed Senior Vice President Structured E joined Aimco in 2001 as a Vice President of Capital Markets wit joint ventures and equity capital markets activity. Prior to joining manager in the financial consulting practice of PricewaterhouseC Mr. Cordes was appointed to serve as the equivalent of the chief Partnership.
Paul Beldin	Mr. Beldin was appointed Senior Vice President and Chief Acco FCMC in May 2008. Mr. Beldin joined Aimco in May 2008. Pri controller and then as chief financial officer of America First Ap publicly traded multifamily real estate investment trust, from Ma when the company was acquired by Sentinel Real Estate Corpor First Apartment Investors,

Table of Contents

Name	Biographical Summary of Current Directors a
	Inc., Mr. Beldin was a senior manager at Deloitte and Touche LI from August 1996 to May 2005, including two years as an audit Deloitte s national office.
Stephen B. Waters	Mr. Waters was appointed Senior Director of Partnership Accour June 2009. Mr. Waters has responsibility for partnership account the principal financial officer of FCMC. Mr. Waters joined Aimc Accounting in September 1999 and was appointed Vice Presiden 2004. Prior to joining Aimco, Mr. Waters was a senior manager
James N. Bailey	Mr. Bailey was first elected as a director of Aimco in June 2000 Nominating and Corporate Governance Committee and a membe and Human Resources and Redevelopment and Construction Co co-founded Cambridge Associates, LLC, an investment consultir serves as its Senior Managing Director and Treasurer. He is also treasurer of The Plymouth Rock Company, and a director of SRI Homeowners Direct Company, all three of which are insurance c company affiliates. Mr. Bailey also serves as Chairman of the Bo Bridge Vineyards LLC and Chairman of the Board of Knights B serves as an Overseer for the New England Aquarium, and is on committees. Mr. Bailey is a member of the Massachusetts Bar ar Associations. Mr. Bailey, a long-time entrepreneur, brings partic areas of investment and financial planning, capital markets, evalu markets and managers of all property types.
Thomas L. Keltner	Mr. Keltner was first elected as a director of Aimco in April 200 the Compensation and Human Resources Committee. He is also Nominating and Corporate Governance, and Redevelopment and Mr. Keltner served as Executive Vice President and Chief Execu Global Brands for Hilton Hotels Corporation from March 2007 t concluded the transition period following Hilton s acquisition b Mr. Keltner joined Hilton Hotels Corporation in 1999 and served has more than 20 years of experience in the areas of hotel develo franchising and management. Prior to joining Hilton Hotels Corp Mr. Keltner served in several positions with Promus Hotel Corpo Brand Performance and Development. Before joining Promus H various capacities with Holiday Inn Worldwide, Holiday Inns In Inc. In addition, Mr. Keltner was President of Saudi Marriott Co Corporation, and was a management consultant with Cresap, Mc Mr. Keltner brings particular expertise to the board in the areas c marketing, branding, development and customer service.

Name	Biographical Summary of Current Directors a
J. Landis Martin	Mr. Martin was first elected as a director of Aimco in July 1994 Independent Director. Mr. Martin is also a member of the Audit, Governance, Compensation and Human Resources, and Redevel Committees. Mr. Martin is the Founder and Managing Director o private equity firm. In November 2005, Mr. Martin retired as Ch Metals Corporation, a publicly held integrated producer of titaniu since January 1994. Mr. Martin served as President and CEO of held manufacturer of titanium dioxide chemicals, from 1987 to 2 director of Crown Castle International Corporation, a publicly he company, Halliburton Company, a publicly held provider of proc industry, and Intrepid Potash, Inc., a publicly held producer of po executive of four NYSE-listed companies, Mr. Martin brings par the areas of operations, finance and governance.
Robert A. Miller	Mr. Miller was first elected as a director of Aimco in April 2007 the Redevelopement and Construction Committee. Mr. Miller is Compensation and Human Resources, and Nominating and Corp Mr. Miller served as Executive Vice President and Chief Operati Marriott Vacations Worldwide Corporation (MVWC) from 20 this position and serves as President of RAMCO Advisors LLC, business consulting firm. Mr. Miller served as the President of M November 2011 when Marriott International elected to spin-off i Ownership Resorts, Inc. by forming a new parent entity, MVWC company. Prior to his role as President of Marriott Leisure, from served as Executive Vice President & General Manager of Marri and then as its President from 1988 to 1997. In 1984, Mr. Miller company, American Resorts, Inc., to Marriott. Mr. Miller co-fou 1978, and it was the first business model to encompass all aspect development, sales, management and operations. Prior to foundir 1972 to 1978, Mr. Miller was Chief Financial Officer of Fleetwin and wholesale petroleum company. Prior to joining Fleetwing, M as a staff accountant for Arthur Young & Company. Mr. Miller i director of the American Resort Development Association (AR Chairman and director of the ARDA International Foundation. A entrepreneur, Mr. Miller brings particular expertise to the board i management, marketing, sales, and development, as well as finan

Name	Biographical Summary of Current Directors a
Kathleen M. Nelson	Ms. Nelson was first elected as a director of Aimco in April 201 Audit, Compensation and Human Resources, Nominating and C Redevelopment and Construction Committees. Ms. Nelson has a commercial real estate and financial services with over 40 years at TIAA-CREF. She held the position of Managing Director/Gro Administrative Officer for TIAA-CREF s mortgage and real est developed and staffed TIAA s real estate research department. S December 2004 and founded and serves as president of KMN A real estate investment advisory and consulting firm. In 2009, Ms as Managing Principal of Bay Hollow Associates, LLC, a comm firm, which provides counsel to institutional investors. Ms. Nels Council of Shopping Centers chairman for the 2003-04 term an 1991. She also is the chairman of the ICSC Audit Committee an committees. Ms. Nelson serves on the Board of Directors of CB which is a publicly held REIT that develops and manages retail s member of Castagna Realty Company Advisory Board and has s Institute Center for Terrorism Risk Management Policy and on t Development Corporation. Ms. Nelson serves on the Advisory B Architectural Foundation and is a member of the Anglo America Ms. Nelson brings to the board particular expertise in the areas o investment.
Michael A. Stein	Mr. Stein was first elected as a director of Aimco in October 200 of the Audit Committee. Mr. Stein is also a member of the Comp Nominating and Corporate Governance, and Redevelopment and From January 2001 until its acquisition by Eli Lilly in January 2 Vice President and Chief Financial Officer of ICOS Corporation based in Bothell, Washington. From October 1998 to September Vice President and Chief Financial Officer of Nordstrom, Inc. F Mr. Stein served in various capacities with Marriott International President and Chief Financial Officer from 1993 to 1998. Mr. St Directors of Nautilus, Inc., which is a publicly held fitness comp of Providence Health & Services, a not-for-profit health system health care facilities across Alaska, Washington, Montana, Oreg chief financial officer of two NYSE-listed companies and a form Mr. Stein brings particular expertise to the board in the areas of and accounting and auditing for large and complex business ope

Table of Contents

SUMMARY OF APPRAISALS TABLE

The Lakeside Property CRA Appraisal

Valuation Methodology	Appraised Value (as of January 18, 2013)	Material A
Income Capitalization Approach Direct Capitalization Analysis	$32,000,000	potential gross in of $237,010 per mo appraised year;
		a loss to lease allo potential;
		rent concessions potential;
		a combined vacan 4.0%;
		estimated utility r
		other income of $
		estimated total ex $1,068,431; and
		capitalization rate
Sales Comparison Approach	$29,700,000	CRA examined a five properties in t
		The sales reflecte ranging from $106
		After adjustment location, building s building materials, utility, appearance comparable sales il to $136,290 per un
		Based on this ran of $135,000 per un reasonable.
		The per unit valu the property s 220

D-1

Valuation Methodology	Appraised Value (as of January 18, 2013)	Material
		Extr
		In connection October 2012 a Property, CRA noted that the s 2013 appraisal inspection of th the value derive extraordinary a condition of the changed since i connection with

The Peak Property CRA Appraisal

Valuation Methodology	Appraised Value (as of January 18, 2013)	Material
Income Capitalization Approach Direct Capitalization Analysis	$ 35,000,000	potential gross rentals of $272, for the appraise
		a loss to lease rent potential;
		rent concessio potential;
		a combined va of 4.0%;
		estimated utili
		other income
		estimated tota $1,402,876; and
		capitalization
Sales Comparison Approach	$35,000,000	CRA examine of five properti
		The sales refle prices ranging f

D-2

Table of Contents

Valuation Methodology	Appraised Value (as of January 18, 2013)	Material
		After adjustm in location, buil construction, bu functional utilit size, the compa from $112,561
		Based on this value of $125,0 reasonable.
		The per unit v by the property
		Extr
		In connection October 2012 a Property, CRA noted that the s 2013 appraisal inspection of th derived in the r extraordinary a condition of the changed since i connection with

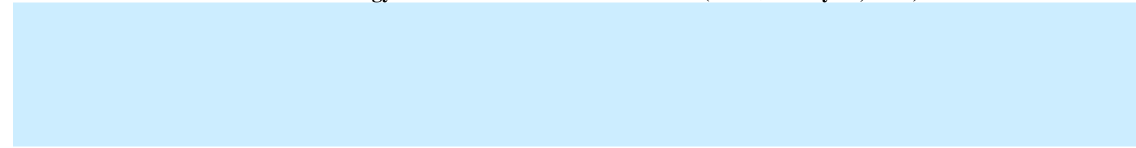
The Lakeside Property KTR Appraisal

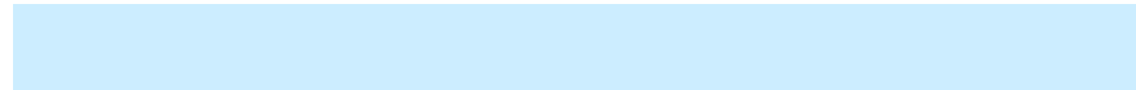
Valuation Methodology	Appraised Value (as of January 18, 2013)	Material A
Income Capitalization Approach Direct Capitalization Analysis	$31,500,000	potential gross in of $233,690 per m appraised year;
		a loss to lease all potential;

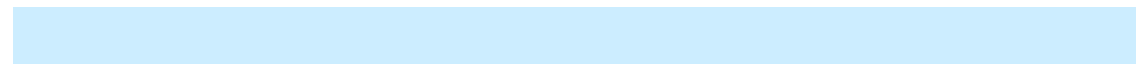
D-3

Table of Contents

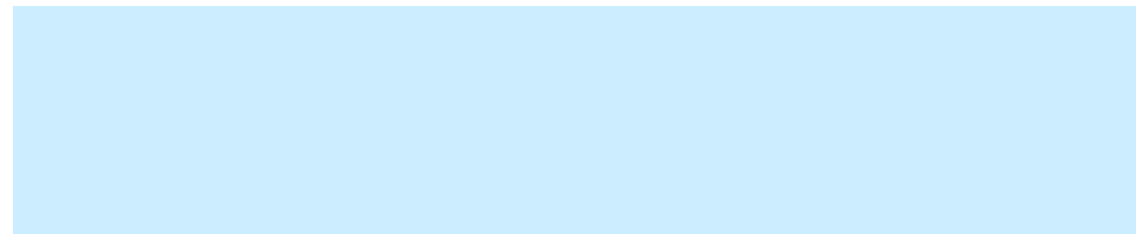
Valuation Methodology	Appraised Value (as of January 18, 2013)

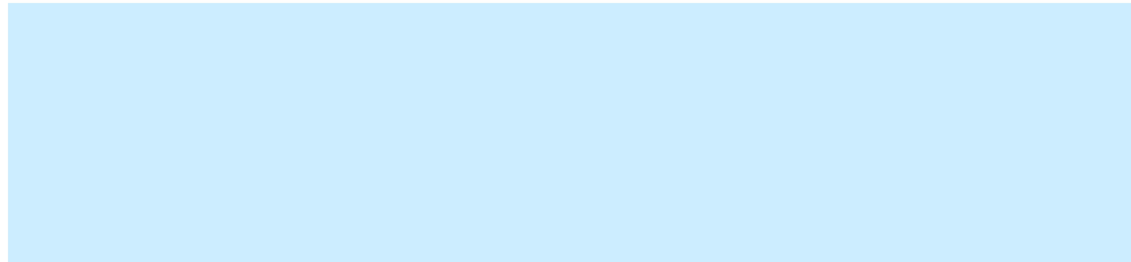






Sales Comparison Approach	$28,600,000





The Peak Property KTR Appraisal

Valuation Methodology	Appraised Value (as of January 18, 2013)	Material A
Income Capitalization Approach Direct Capitalization Analysis	$ 34,600,000	potential gross rentals of $280,4 the appraised yea a loss to lease a potential;

D-4

Table of Contents

Valuation Methodology	Appraised Value (as of January 18, 2013)	Material A
		No concession potential;
		a combined vac 5.0%;
		estimated other
		estimated total $1,468,195; and
		capitalization ra
Sales Comparison Approach	$ 35,000,000	KTR examined of four properties
		The sales reflec prices ranging fro
		After adjustmen in location, build building material utility, appearanc comparable sales $91,599 to $129,
		Based on this ra of $125,000 per u reasonable.
		The per unit va the property s 28

Table of Contents

UNITED STATES

SECURITIES AND EXCHANGE COMMISS

WASHINGTON, DC 20549

Form 10-K

(Mark One)

x **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES 1934**

For the fiscal year ended December 31, 2012

or

¨ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURI ACT OF 1934**

For the transition period from ______ to ______

Commission file number 0-11935

CENTURY PROPERTIES FUND XIX,

(Exact name of registrant as specified in its charter)

Delaware	**94-2887133**
(State or other jurisdiction of	**(I.R.S. Employ**
incorporation or organization)	**Identification N**

80 International Drive, PO Box 1089

Greenville, South Carolina 29602

(Address of principal executive offices)

Registrant s telephone number, including area code (864) 239-1000

Securities registered pursuant to Section 12(b) of the Act:

None

Securities registered pursuant to Section 12(g) of the Act:

Units of Limited Partnership Interest

(Title of class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ¨ No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. Yes ¨ No x

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 Ex preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to suc days. Yes x No ¨

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Intera submitted and posted pursuant to Rule 405 of Regulation S-T (232.405 of this chapter) during the preceding 12 months (or for such was required to submit and post such files). Yes x No ¨

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (229.405 of this chapter) is not con contained, to the best of the registrant s knowledge, in definitive proxy or information statements incorporated by reference in Part amendment to this Form 10-K. x

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

Large accelerated filer ¨

Non-accelerated filer ¨ (Do not check if a smaller reporting company)
Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ¨ No x

State the aggregate market value of the voting and non-voting partnership interests held by non-affiliates computed by reference to t
interests were last sold, or the average bid and asked price of such partnership interests as of the last business day of the registrant s
fiscal quarter. No market exists for the limited partnership interests of the Registrant, and, therefore, no aggregate market value can

DOCUMENTS INCORPORATED BY REFERENCE

None

Table of Contents

FORWARD-LOOKING STATEMENTS

The Private Securities Litigation Reform Act of 1995 provides a safe harbor for forward-looking statements in cer
information included in this Annual Report contains or may contain information that is forward-looking within the m
laws, including, without limitation, statements regarding the Partnership s ability to maintain current or meet project
property operating results and the effect of redevelopments. Actual results may differ materially from those describec
statements and, in addition, will be affected by a variety of risks and factors, some of which are beyond the Partnersh
limitation: financing risks, including the availability and cost of financing and the risk that the Partnership s cash flo
insufficient to meet required payments of principal and interest; natural disasters and severe weather such as hurrican
conditions, including the pace of job growth and the level of unemployment; energy costs; the terms of governmental
Partnership s properties and interpretations of those regulations; the competitive environment in which the Partnersh
including fluctuations in real estate values and the general economic climate in local markets and competition for res
insurance risk, including the cost of insurance; litigation, including costs associated with prosecuting or defending cl
and possible environmental liabilities, including costs, fines or penalties that may be incurred due to necessary remed
properties presently owned or previously owned by the Partnership. Readers should carefully review the Partnership
notes thereto, as well as the other documents the Partnership files from time to time with the Securities and Exchange

PART I

Item 1. Business

Century Properties Fund XIX, LP (the Partnership or Registrant) was organized in August 1982, as a Californi
Uniform Limited Partnership Act of the California Corporations Code. Fox Partners II, a California general partnersh
Partnership. The general partners of Fox Partners II are Fox Capital Management Corporation (FCMC or the Ma
California corporation, and Fox Realty Investors (FRI), a California general partnership. The Managing General P
Investment and Management Company (Aimco), a publicly traded real estate investment trust. The term of the Pa
December 31, 2024.

The Partnership s Registration Statement, filed pursuant to the Securities Act of 1933 (No. 2-79007), was declared e
Exchange Commission on September 20, 1983. Beginning in September 1983 through October 1984, the Partnership
Partnership Units and sold 89,292 units having an initial cost of $89,292,000. The net proceeds of this offering were
income-producing real estate properties. Since its initial offering, the Partnership has not received, nor have limited p
additional capital contributions. The Partnership s original property portfolio was geographically diversified with pr
The Partnership s acquisition activities were completed in June 1985 and since then the principal activity of the Part
portfolio. One property was sold in each of the years 1988, 1992, 1993, 1994, 2003, 2005, 2006 and 2008 and two pr
addition, one property was foreclosed on in 1993. See Item 2. Properties for a description of the Partnership s ren

The Partnership is engaged in the business of operating and holding real estate properties.

The Partnership has no employees and depends on the Managing General Partner and its affiliates for property mana
administration of all Partnership activities. The Partnership Agreement provides for certain payments to affiliates for
of certain expenses incurred by affiliates on behalf of the Partnership.

Table of Contents

A further description of the Partnership s business is included in Item 7. Management s Discussion and Analysis o
Operations included in this Form 10-K.

Item 1A. Risk Factors
Not applicable.

Item 2. Properties
The following table sets forth the Partnership s investment in properties:

Property	Date of Purchase	Type of Ownership
Lakeside at Vinings Mountain Atlanta, Georgia	12/83	Fee ownership subject to first mortgag
The Peak at Vinings Mountain Atlanta, Georgia	04/84	Fee ownership subject to first mortgag

On March 29, 2012, the Partnership sold Greenspoint at Paradise Valley to a third party for a gross sale price of $29,
realized by the Partnership were approximately $29,432,000 after payment of closing costs. The Partnership used app
net proceeds to repay the mortgages encumbering the property. As a result of the sale, the Partnership recorded a gain
In addition, the Partnership recorded a loss on the early extinguishment of debt of approximately $4,000 due to the w
costs.

On September 28, 2012, the Partnership sold Tamarind Bay Apartments to a third party for a gross sale price of $12,
realized by the Partnership were approximately $12,073,000 after payment of closing costs and a credit for approxim
for capital improvements. The Partnership used approximately $6,670,000 of the net proceeds to repay the mortgages
a result of the sale, the Partnership recorded a gain of approximately $9,106,000. In addition, the Partnership recorde
extinguishment of debt of approximately $2,697,000 due to the write off of unamortized loan costs of approximately
prepayment penalty of approximately $2,553,000.

Schedule of Properties

Set forth below for each of the Partnership s properties is the gross carrying value, accumulated depreciation, deprec
and Federal tax basis.

Property	Gross Carrying Value	Accumulated Depreciation	Depreciable Life
	(in thousands)		
Lakeside at Vinings Mountain	$ 26,560	$ 20,257	5-30 yrs
The Peak at Vinings Mountain	30,977	22,807	5-30 yrs
	$ 57,537	$ 43,064	

See Note A Organization and Summary of Significant Accounting Policies to the financial statements included i
Supplementary Data for a description of the Partnership s depreciation and capitalization policies.

E-3

Table of Contents

Schedule of Property Indebtedness

The following table sets forth certain information relating to the loans encumbering the Partnership s properties.

Property	Principal Balance At December 31, 2012 (in thousands)	Interest Rate (1)	Period Amortized
Lakeside at Vinings Mountain 1st mortgage	$ 14,677	5.53%	30 yrs
The Peak at Vinings Mountain 1st mortgage	15,506	5.54%	30 yrs
	$ 30,183		

(1) Fixed rate mortgages.
(2) See Note B Mortgage Notes Payable to the financial statements included in Item 8. Financial Statements
information with respect to the Partnership s ability to prepay these loans and other specific details about the l

On May 2, 2011, the Partnership refinanced the mortgage debt encumbering Lakeside at Vinings Mountain. The refi
mortgage loans, which at the time of refinancing had an aggregate principal balance of approximately $9,170,000, wi
principal amount of $14,982,000. The new loan bears interest at a rate of 5.53% per annum and requires monthly pay
of approximately $85,000 beginning on July 1, 2011, through the June 1, 2021 maturity date. The new mortgage loa
approximately $12,405,000 due at maturity. The Partnership may prepay the mortgage at any time with 30 days writ
to a prepayment penalty. In connection with the payoff of the existing mortgage debt, the Partnership recognized a lo
debt of approximately $482,000 during the year ended December 31, 2011, due to the write off of unamortized loan
Total capitalized loan costs associated with the new mortgage were approximately $189,000 and are included in othe
included in Item 8. Financial Statements and Supplementary Data .

On May 2, 2011, the Partnership refinanced the mortgage debt encumbering The Peak at Vinings Mountain. The refi
mortgage loans, which at the time of refinancing had an aggregate principal balance of approximately $9,861,000, wi
principal amount of $15,828,000. The new loan bears interest at a rate of 5.54% per annum and requires monthly pay
of approximately $90,000 beginning on July 1, 2011, through the June 1, 2021 maturity date. The new mortgage loa
approximately $13,109,000 due at maturity. The Partnership may prepay the mortgage at any time with 30 days writ
to a prepayment penalty. In connection with the payoff of the existing mortgage debt, the Partnership recognized a lo
debt of approximately $515,000 during the year ended December 31, 2011, due to the write off of unamortized loan
Total capitalized loan costs associated with the new mortgage were approximately $201,000 and are included in othe
included in Item 8. Financial Statements and Supplementary Data .

Rental Rates and Occupancy

Average annual rental rates and occupancy for 2012 and 2011 for each property were as follows:

Property	Average Annual Rental Rates (per unit) 2012	2011
Lakeside at Vinings Mountain	$ 12,175	$ 11,464
The Peak at Vinings Mountain	11,381	10,642

Table of Contents

The real estate industry is highly competitive. Both of the properties are subject to competition from other residential
area. The Managing General Partner believes that both of the properties are adequately insured. Each property is an a
units for lease terms of one year or less. No residential tenant leases 10% or more of the available rental space. Both
physical condition, subject to normal depreciation and deterioration as is typical for assets of this type and age.

Real Estate Taxes and Rates

Real estate taxes and rates in 2012 for each property were as follows:

	2012 Billing (in thousands)
Lakeside at Vinings Mountain	$ 221
The Peak at Vinings Mountain	270

Capital Improvements

Lakeside at Vinings Mountain

During the year ended December 31, 2012, the Partnership completed approximately $467,000 of capital improveme
Mountain, which consisted primarily of interior improvements, structural upgrades and floor covering replacement. T
funded from operating cash flow. The Partnership regularly evaluates the capital improvement needs of the property.
material commitments for property improvements and replacements, certain routine capital expenditures are anticipat
expenditures will depend on the physical condition of the property as well as anticipated cash flow generated by the p

Greenspoint at Paradise Valley

During the year ended December 31, 2012, the Partnership completed approximately $131,000 of capital improveme
Valley, which consisted primarily of sewer upgrades and floor covering replacement. These improvements were func
The Partnership sold Greenspoint at Paradise Valley to a third party on March 29, 2012.

The Peak at Vinings Mountain

During the year ended December 31, 2012, the Partnership completed approximately $509,000 of capital improveme
Mountain, which consisted primarily of HVAC upgrades, interior improvements and floor covering replacement. The
from operating cash flow. The Partnership regularly evaluates the capital improvement needs of the property. While t
commitments for property improvements and replacements, certain routine capital expenditures are anticipated durin
expenditures will depend on the physical condition of the property as well as anticipated cash flow generated by the p

Tamarind Bay Apartments

During the year ended December 31, 2012, the Partnership completed approximately $38,000 of capital improvemen
which consisted primarily of major landscaping and floor covering replacement. These improvements were funded fr
Partnership sold Tamarind Bay Apartments to a third party on September 28, 2012.

Table of Contents

Capital expenditures will be incurred only if cash is available from operations or from Partnership reserves. To the ex
are completed, the Partnership s distributable cash flow, if any, may be adversely affected at least in the short term.

Item 3. **Legal Proceedings**

None.

Item 4. **Mine Safety Disclosures**

Not applicable.

E-6

Table of Contents

PART II

Item 5. **Market for the Registrant s Common Equity, Related Security Holder Matters and Issuer Purch**

The Partnership, a publicly-held limited partnership, offered and sold 89,292 limited partnership units (the Units) Partnership had 89,233 Units outstanding held by 2,755 limited partners of record at December 31, 2012. Affiliates o owned 60,711.66 Units or 68.04% at December 31, 2012. No public trading market has developed for the Units, and market will develop in the future.

The Partnership distributed the following amounts during the years ended December 31, 2012 and 2011 (in thousand

	Year Ended December 31, 2012	Per Limited Partnership Unit	Year End December 31
Sale (1)	$ 10,252	$ 112.58	$

(1) Proceeds from the March 2012 sale of Greenspoint at Paradise Valley and the September 2012 sale of Tamarin Future cash distributions will depend on the levels of net cash generated from operations and the timing of debt matu refinancings. The Partnership s cash available for distribution is reviewed on a monthly basis. There can be no assur Partnership will generate sufficient funds from operations, after planned capital expenditures, to permit any distributi subsequent periods. See Item 2. Properties Capital Improvements for information relating to anticipated capital

In addition to its indirect ownership of the general partner interest in the Partnership, Aimco and its affiliates owned Partnership representing 68.04% of the outstanding Units at December 31, 2012. A number of these Units were acqu made by Aimco or its affiliates. It is possible that Aimco or its affiliates will acquire additional Units in exchange fo and units in AIMCO Properties, L.P., the operating partnership of Aimco, either through private purchases or tender Partnership Agreement, Unit holders holding a majority of the Units are entitled to take action with respect to a varie are not limited to, voting on certain amendments to the Partnership Agreement and voting to remove the Managing G ownership of 68.04% of the outstanding Units, Aimco and its affiliates are in a position to influence all such voting d Partnership. However, with respect to the 25,228.66 Units acquired on January 19, 1996, AIMCO IPLP, L.P. (IPLP General Partner and of Aimco, agreed to vote such Units: (i) against any increase in compensation payable to the Ma affiliates; and (ii) on all other matters submitted by it or its affiliates, in proportion to the vote cast by third party unit foregoing, no other limitations are imposed on IPLP s, Aimco s or any other affiliates right to vote each Unit held fiduciary duties to the limited partners of the Partnership, the Managing General Partner also owes fiduciary duties to Aimco as the sole stockholder of the Managing General Partner. As a result, the duties of the Managing General Part partner, to the Partnership and its limited partners may come into conflict with the duties of the Managing General Pa stockholder.

Item 6. **Selected Financial Data**

Not applicable.

Table of Contents

Item 7. Management s Discussion and Analysis of Financial Condition and Results of Operations

This item should be read in conjunction with the financial statements and other items contained in this report.

The Partnership s financial results depend upon a number of factors including the ability to attract and maintain tena
interest rates on mortgage loans, costs incurred to operate the investment properties, general economic conditions anc
ongoing business plan of the Partnership, the Managing General Partner monitors the rental market environment of it
assess the feasibility of increasing rents, maintaining or increasing occupancy levels and protecting the Partnership fr
part of this plan, the Managing General Partner attempts to protect the Partnership from the burden of inflation-relate
increasing rents and maintaining a high overall occupancy level. However, the Managing General Partner may use re
reductions to offset softening market conditions; accordingly, there is no guarantee that the Managing General Partne
plan. Further, a number of factors that are outside the control of the Partnership such as the local economic climate ar
positively affect the Partnership s financial results.

Results of Operations

The Partnership recognized net income of approximately $24,709,000 for the year ended December 31, 2012, compa
$6,492,000 for the year ended December 31, 2011. The statement of operations included in Item 8. Financial Staten
the year ended December 31, 2011 has been restated to reflect the operations of Greenspoint at Paradise Valley and T
loss from discontinued operations and the balance sheet as of December 31, 2011 has also been restated to reflect the
of Greenspoint at Paradise Valley and Tamarind Bay Apartments as held for sale due to their sales on March 29, 201
respectively.

The following table presents summarized results of operations for Greenspoint at Paradise Valley and Tamarind Bay
December 31, 2012 and 2011 (in thousands):

	Year Ended December 31, 2012
Revenues	$ 2,083
Expenses	(2,875)
Loss on early extinguishment of debt	(2,701)
Loss from discontinued operations	$ (3,493)

On March 29, 2012, the Partnership sold Greenspoint at Paradise Valley to a third party for a gross sale price of $29,
realized by the Partnership were approximately $29,432,000 after payment of closing costs. The Partnership used app
net proceeds to repay the mortgages encumbering the property. As a result of the sale, the Partnership recorded a gair
which is included in gain from sale of discontinued operations. In addition, the Partnership recorded a loss on the ear
approximately $4,000 due to the write off of unamortized loan costs, which is included in loss from discontinued ope

On September 28, 2012, the Partnership sold Tamarind Bay Apartments to a third party for a gross sale price of $12,
realized by the Partnership were approximately $12,073,000 after payment of closing costs and a credit for approxim
for capital improvements. The Partnership used approximately $6,670,000 of the net proceeds to repay the mortgages
a result of the sale, the Partnership recorded a gain of approximately $9,106,000, which is included in gain from sale
addition, the Partnership recorded a loss on the early extinguishment of debt of

Table of Contents

approximately $2,697,000 due to the write off of unamortized loan costs of approximately $144,000 and the payment
approximately $2,553,000, which is included in loss from discontinued operations.

The Partnership s loss from continuing operations for the years ended December 31, 2012 and 2011 was approximat
respectively. The decrease in loss from continuing operations is due to an increase in total revenues and a decrease in
by the recognition of casualty gains in 2011. The increase in total revenues is due to increases in both rental and othe
increased primarily due to increases in the average rental rate, partially offset by decreases in occupancy at both The
Lakeside at Vinings Mountain. The increase in other income is primarily due to increases in lease cancellation fees at
and internet service and parking income at both The Peak at Vinings Mountain and Lakeside at Vinings Mountain.

Total expenses decreased due to decreases in general and administrative, depreciation and interest expenses and the r
extinguishment of debt associated with the payoff of the mortgages encumbering The Peak at Vinings Mountain and
in May 2011 (as discussed in Liquidity and Capital Resources), partially offset by an increase in property tax expe
relatively constant for the year ended December 31, 2012. Depreciation expense decreased primarily due to assets be
properties during the fourth quarter of 2011 and the second quarter of 2012. Interest expense decreased due to a decre
from AIMCO Properties, L.P., as a result of a lower average outstanding advance balance, partially offset by interest
debt balance as a result of the May 2011 refinancing of the mortgages encumbering The Peak at Vinings Mountain an
Mountain. The increase in property tax expense is primarily due to an increase in the assessed value of both propertie

General and administrative expenses decreased primarily due to decreases in management reimbursements charged b
General Partner as allowed under the Partnership Agreement and professional expenses associated with the administr
included in general and administrative expenses for the years ended December 31, 2012 and 2011 are costs associated
communications with investors and regulatory agencies and the annual audit required by the Partnership Agreement.

In April 2011, The Peak at Vinings Mountain sustained damages of approximately $61,000 and clean up costs of app
of a severe storm. During the year ended December 31, 2011, the Partnership received approximately $82,000 in insu
approximately $21,000 for clean up costs, which are included in operating expenses. The Partnership recognized a ca
$59,000 during the year ended December 31, 2011 as a result of the write off of undepreciated damaged assets of app

In April 2011, Lakeside at Vinings Mountain sustained damages of approximately $10,000 and clean up costs of app
of a severe storm. During the year ended December 31, 2011, the Partnership received approximately $24,000 in insu
approximately $14,000 for clean up costs, which are included in operating expenses. The Partnership recognized a ca
$10,000 during the year ended December 31, 2011 as the damaged assets were fully depreciated at the time of the cas

Liquidity and Capital Resources

At December 31, 2012, the Partnership had cash and cash equivalents of approximately $311,000, compared to appro
December 31, 2011. Cash and cash equivalents decreased approximately $142,000 due to approximately $41,040,000
activities, partially offset by approximately $40,254,000 and $644,000 of cash provided by investing and operating ac
in

E-9

financing activities consisted of repayment of the mortgage notes encumbering Greenspoint at Paradise Valley and T
distributions to partners, repayment of advances from an affiliate of the Managing General Partner, a prepayment per
payments made on the mortgages encumbering the Partnership s investment properties, partially offset by advances
Managing General Partner. Cash provided by investing activities consisted of net proceeds from the sales of Greensp
Tamarind Bay Apartments, partially offset by property improvements and replacements.

AIMCO Properties, L.P., an affiliate of the Managing General Partner has made available to the Partnership a credit l
property owned by the Partnership. Prior to 2011, this credit limit was exceeded. During the year ended December 31
advanced the Partnership approximately $492,000 to fund real estate taxes at both of the Partnership s remaining inv
year ended December 31, 2011, AIMCO Properties, L.P. advanced the Partnership approximately $1,136,000 to func
mortgage refinancing commitment fees related to The Peak at Vinings Mountain and Lakeside at Vinings Mountain a
the Partnership s investment properties. AIMCO Properties, L.P. charges interest on advances under the terms permi
Agreement. The interest rates charged on the outstanding advances made to the Partnership range from the prime rate
based on the prime rate plus a market rate adjustment for similar type loans. Affiliates of the Managing General Partn
adjustment quarterly. The interest rate on the outstanding advances at December 31, 2012 was 5.25%. Interest expens
and $478,000 for the years ended December 31, 2012 and 2011, respectively. During the years ended December 31, 2
repaid approximately $6,744,000 and $12,565,000, respectively, of advances and accrued interest with proceeds from
Paradise Valley, refinancing proceeds and cash from operations. At December 31, 2012 and 2011, the total advances
AIMCO Properties, L.P. was approximately $166,000 and $6,344,000, respectively, and is included in due to affiliate
included in Item 8. Financial Statements and Supplementary Data . The Partnership may receive additional advanc
Properties, L.P. although AIMCO Properties, L.P. is not obligated to provide such advances. For more information or
including copies of its audited balance sheets, please see its reports filed with the Securities and Exchange Commissi

The sufficiency of existing liquid assets to meet future liquidity and capital expenditure requirements is directly relat
expenditures required at the properties to adequately maintain the physical assets and other operating needs of the Pa
Federal, state, and local legal and regulatory requirements. The Managing General Partner monitors developments in
compliance. The Partnership regularly evaluates the capital improvement needs of the properties. While the Partnersh
commitments for property improvements and replacements, certain routine capital expenditures are anticipated durin
expenditures will depend on the physical condition of the properties as well as anticipated cash flow generated by the
expenditures will be incurred only if cash is available from operations or from Partnership reserves. To the extent tha
completed, the Partnership s distributable cash flow, if any, may be adversely affected at least in the short term.

The Partnership s assets are thought to be generally sufficient for any near term needs (exclusive of capital improver
May 2, 2011, the Partnership refinanced the mortgage debt encumbering Lakeside at Vinings Mountain. The refinanc
mortgage loans, which at the time of refinancing had an aggregate principal balance of approximately $9,170,000, wi
principal amount of $14,982,000. The new loan bears interest at a rate of 5.53% per annum and requires monthly pay
of approximately $85,000 beginning on July 1, 2011, through the June 1, 2021 maturity date. The new mortgage loan
approximately $12,405,000 due at maturity. The Partnership may prepay the mortgage at any time with 30 days writt
to a prepayment penalty. In connection with the payoff of the existing mortgage debt, the Partnership recognized a lo
debt of approximately $482,000 during the year ended December 31, 2011, due to the write off of unamortized loan c
Total capitalized loan costs associated with

the new mortgage were approximately $189,000 and are included in other assets on the balance sheets included in I
Supplementary Data .

On May 2, 2011, the Partnership refinanced the mortgage debt encumbering The Peak at Vinings Mountain. The refi
mortgage loans, which at the time of refinancing had an aggregate principal balance of approximately $9,861,000, wi
principal amount of $15,828,000. The new loan bears interest at a rate of 5.54% per annum and requires monthly pay
of approximately $90,000 beginning on July 1, 2011, through the June 1, 2021 maturity date. The new mortgage loan
approximately $13,109,000 due at maturity. The Partnership may prepay the mortgage at any time with 30 days writt
to a prepayment penalty. In connection with the payoff of the existing mortgage debt, the Partnership recognized a lo
debt of approximately $515,000 during the year ended December 31, 2011, due to the write off of unamortized loan c
Total capitalized loan costs associated with the new mortgage were approximately $201,000 and are included in othe
included in Item 8. Financial Statements and Supplementary Data .

The Managing General Partner will attempt to refinance such indebtedness and/or sell the properties prior to such ma
cannot be refinanced or sold for a sufficient amount, the Partnership will risk losing such property through foreclosur

The Partnership distributed the following amounts during the years ended December 31, 2012 and 2011 (in thousand

	Year Ended December 31, 2012	Per Limited Partnership Unit	Year End December 31
Sale (1)	$ 10,252	$ 112.58	$

(1) Proceeds from the March 2012 sale of Greenspoint at Paradise Valley and the September 2012 sale of Tamarin
Future cash distributions will depend on the levels of net cash generated from operations and the timing of debt matu
refinancings. The Partnership s cash available for distribution is reviewed on a monthly basis. There can be no assur
Partnership will generate sufficient funds from operations, after planned capital expenditures, to permit any distributi
subsequent periods.

Critical Accounting Policies and Estimates

A summary of the Partnership s significant accounting policies is included in Note A Organization and Summary
which is included in the financial statements in Item 8. Financial Statements and Supplementary Data . The Manag
the consistent application of these policies enables the Partnership to provide readers of the financial statements with
about the Partnership s operating results and financial condition. The preparation of financial statements in conformi
generally accepted in the United States requires the Partnership to make estimates and assumptions. These estimates
reported amounts of assets and liabilities at the date of the financial statements as well as reported amounts of revenu
reporting period. Actual results could differ from these estimates. Judgments and assessments of uncertainties are req
Partnership s accounting policies in many areas. The Partnership believes that of its significant accounting policies,
higher degree of judgment and complexity.

Table of Contents

Impairment of Long-Lived Assets

Investment properties are recorded at cost, less accumulated depreciation, unless the carrying amount of the asset is r
circumstances indicate that the carrying amount of a property may not be recoverable, the Partnership will make an a
by comparing the carrying amount to the Partnership s estimate of the undiscounted future cash flows, excluding inte
the carrying amount exceeds the estimated aggregate undiscounted future cash flows, the Partnership would recogniz
extent the carrying amount exceeds the estimated fair value of the property.

Real property investment is subject to varying degrees of risk. Several factors may adversely affect the economic per
Partnership s investment properties. These factors include, but are not limited to, general economic climate; competi
communities and other housing options; local conditions, such as loss of jobs or an increase in the supply of apartmen
apartment occupancy or rental rates; changes in governmental regulations and the related cost of compliance; increas
real estate taxes) due to inflation and other factors, which may not be offset by increased rents; changes in tax laws an
enactment of rent control laws or other laws regulating multi-family housing; and changes in interest rates and the av
adverse changes in these and other factors could cause an impairment of the Partnership s assets.

Revenue Recognition

The Partnership generally leases apartment units for twelve-month terms or less. The Partnership will offer rental con
slow months or in response to heavy competition from other similar complexes in the area. Rental income attributabl
concessions, is recognized on a straight-line basis over the term of the lease. The Partnership evaluates all accounts re
establishes an allowance, after the application of security deposits, for accounts greater than 30 days past due on curr
due from former tenants.

Assets Held for Sale

The Partnership classifies long-lived assets as held for sale in the period in which all of the following criteria are met
authority to approve the action, commits to a plan to sell the asset; the asset is available for immediate sale in its pres
terms that are usual and customary for sales of such assets; an active program to locate a buyer and other actions requ
the asset have been initiated; the sale of the asset is probable, and transfer of the asset is expected to qualify for recog
within one year; the asset is being actively marketed for sale at a price that is reasonable in relation to its current fair
complete the plan indicate that it is unlikely that significant changes to the plan will be made or that the plan will be w
recorded during the period in which the long-lived asset is classified as held for sale. When the asset is designated as
of operations are presented as discontinued operations.

Item 7A. **Quantitative and Qualitative Disclosures About Market Risk**
Not applicable.

Item 8. Financial Statements and Supplementary Data
CENTURY PROPERTIES FUND XIX, LP

LIST OF FINANCIAL STATEMENTS

Report of Independent Registered Public Accounting Firm

Balance Sheets December 31, 2012 and 2011

Statements of Operations Years ended December 31, 2012 and 2011

Statements of Changes in Partners Deficit Years ended December 31, 2012 and 2011

Statements of Cash Flows Years ended December 31, 2012 and 2011

Notes to Financial Statements

E-13

Table of Contents

Report of Independent Registered Public Accounting Firm

The Partners

Century Properties Fund XIX, LP

We have audited the accompanying balance sheets of Century Properties Fund XIX, LP as of December 31, 2012 and statements of operations, changes in partners deficit, and cash flows for each of the two years in the period ended D financial statements are the responsibility of the Partnership s management. Our responsibility is to express an opini based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (Unit require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are f We were not engaged to perform an audit of the Partnership s internal control over financial reporting. Our audits in control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, bu expressing an opinion on the effectiveness of the Partnership s internal control over financial reporting. Accordingly audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial staten principles used and significant estimates made by management, and evaluating the overall financial statement presen audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position XIX, LP at December 31, 2012 and 2011, and the results of its operations and its cash flows for each of the two years December 31, 2012, in conformity with U.S. generally accepted accounting principles.

/s/ ERNST & YOUNG LLP

Greenville, South Carolina

February 27, 2013

Table of Contents

CENTURY PROPERTIES FUND XIX, LP

BALANCE SHEETS

(in thousands)

Assets:
Cash and cash equivalents
Receivables and deposits
Other assets
Investment properties:
Land
Buildings and related personal property
Total investment property
Less accumulated depreciation
Investment property, net
Assets held for sale
Total assets
Liabilities and Partners Deficit:
Liabilities:
Accounts payable
Tenant security deposit liabilities
Other liabilities
Due to affiliates
Mortgage notes payable
Liabilities related to assets held for sale
Total liabilities
Partners Deficit:
General partner
Limited partners
Total partners deficit
Total liabilities and partners deficit

See Accompanying Notes to Financial Statements

E-15

Table of Contents

CENTURY PROPERTIES FUND XIX, LP

STATEMENTS OF OPERATIONS

(in thousands, except per unit data)

Revenues:
Rental income
Other income
Total revenues
Expenses:
Operating
General and administrative
Depreciation
Interest
Property taxes
Loss on early extinguishment of debt
Total expenses
Casualty gain
Loss from continuing operations
Loss from discontinued operations
Gain from sale of discontinued operations
Net income (loss)
Net income (loss) allocated to general partner
Net income (loss) allocated to limited partners
Per limited partnership unit:
Loss from continuing operations
Loss from discontinued operations
Gain from sale of discontinued operations
Net income (loss) per limited partnership unit
Distributions per limited partnership unit

See Accompanying Notes to Financial Statements

Table of Contents

CENTURY PROPERTIES FUND XIX, LP

STATEMENTS OF CHANGES IN PARTNERS DEFICIT

(in thousands)

	General Partner
Partners deficit at December 31, 2010	$ (10,023
Net income (loss) for the year ended December 31, 2011	(766
Partners deficit at December 31, 2011	(10,789
Distributions to partners	(206
Net income (loss) for the year ended December 31, 2012	3,167
Partners deficit at December 31, 2012	$ (7,828

See Accompanying Notes to Financial Statements

E-17

Table of Contents

CENTURY PROPERTIES FUND XIX, LP

STATEMENTS OF CASH FLOWS

(in thousands)

Cash flows from operating activities:
Net income (loss)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:
Depreciation
Amortization of loan costs
Gain from sale of discontinued operations
Loss on early extinguishment of debt
Casualty gain
Change in accounts:
Receivables and deposits
Other assets
Accounts payable
Tenant security deposit liabilities
Accrued property taxes
Other liabilities
Due to affiliates
Net cash provided by operating activities
Cash flows from investing activities:
Property improvements and replacements
Insurance proceeds received
Proceeds from sale of discontinued operations
Net cash provided by (used in) investing activities
Cash flows from financing activities:
Payments on mortgage notes payable
Repayment of mortgage notes payable
Proceeds from mortgage notes payable
Advances from affiliate
Repayment of advances from affiliate
Prepayment penalties paid
Loan costs paid
Distributions to partners
Net cash used in financing activities
Net increase (decrease) in cash and cash equivalents
Cash and cash equivalents at beginning of the year
Cash and cash equivalents at end of the year
Supplemental disclosure of cash flow information:
Cash paid for interest

Supplemental disclosure of non-cash activity:
Property improvements and replacements included in accounts payable

See Accompanying Notes to Financial Statements

Table of Contents

CENTURY PROPERTIES FUND XIX, LP

NOTES TO FINANCIAL STATEMENTS

December 31, 2012

Note A - Organization and Summary of Significant Accounting Policies

Organization

Century Properties Fund XIX, LP (the Partnership or Registrant), is a California Limited Partnership organized
and ultimately sell residential apartment complexes. At December 31, 2012, the Partnership operated two residential
Atlanta, Georgia. The general partner of the Partnership is Fox Partners II, a California general partnership. The gene
are Fox Capital Management Corporation (FCMC or the Managing General Partner), a California corporation,
California general partnership. The Managing General Partner is a subsidiary of Apartment Investment and Managem
publicly traded real estate investment trust. The term of the Partnership is scheduled to expire on December 31, 2024

Basis of Presentation

The accompanying statement of operations for the year ended December 31, 2011 has been restated to reflect the ope
Paradise Valley and Tamarind Bay Apartments as loss from discontinued operations and the accompanying balance s
has also been restated to reflect the respective assets and liabilities of Greenspoint at Paradise Valley and Tamarind B
due to their sales on March 29, 2012 and September 28, 2012, respectively.

The following table presents summarized results of operations for Greenspoint at Paradise Valley and Tamarind Bay
December 31, 2012 and 2011 (in thousands):

	Year Ended December 31, 2012	Dec
Revenues	$ 2,083	$
Expenses	(2,875)	
Loss on early extinguishment of debt	(2,701)	
Loss from discontinued operations	$ (3,493)	$

Reclassifications

Certain reclassifications have been made to the 2011 balances to conform to the 2012 presentation.

Subsequent Events

The Partnership s management evaluated subsequent events through the time this Annual Report on Form 10-K was

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United Sta
make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes
from those estimates.

Table of Contents

CENTURY PROPERTIES FUND XIX, LP

NOTES TO FINANCIAL STATEMENTS   CONTINUED

Note A   Organization and Summary of Significant Accounting Policies (continued)

Abandoned Units

During the years ended December 31, 2012 and 2011, the number of limited partnership units (the   Units   ) decrease
due to limited partners abandoning their Units. At December 31, 2012 and 2011, the Partnership had outstanding 89,
respectively. In abandoning his or her Units, a limited partner relinquishes all right, title and interest in the Partnershi
abandonment.

Net Income (Loss) and Distributions Per Limited Partnership Unit

Net income (loss) per limited partnership unit (the   Units   ) is computed by dividing net income (loss) allocated to th
of Units outstanding at the beginning of the fiscal year. Distributions per Unit for the year ended December 31, 2012
number of Units outstanding at the beginning of the year. The number of Units used was 89,235 and 89,274 for the y
and 2011, respectively.

Allocation of Income, Loss and Distributions

Net income, net loss and distributions of cash of the Partnership are allocated between general and limited partners in
of the Partnership Agreement.

Fair Value of Financial Instruments

Financial Accounting Standards Board Accounting Standards Codification (ASC   ) Topic 825,   Financial Instrume
information about financial instruments, whether or not recognized in the balance sheet, for which it is practicable to
defined as the amount at which the instruments could be exchanged in a current transaction between willing parties, o
liquidation sale. The Partnership is required to classify these fair value measurements into one of three categories, ba
used in the fair value measurement. Level 1 of the hierarchy includes fair value measurements based on unadjusted q
for identical assets or liabilities the Partnership can access at the measurement date. Level 2 includes fair value meas
than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. L
measurements based on unobservable inputs. The classification of fair value measurements is subjective and generall
principles requires the Partnership to disclose more detailed information regarding those fair value measurements cla
of the hierarchy. The Partnership believes that the carrying amount of its financial instruments (except for mortgage n
their fair value due to the short-term maturity of these instruments. The Partnership estimates the fair value of its mor
discounting future cash flows using a discount rate commensurate with that currently believed to be available to the P
mortgage notes payable. The Partnership has classified this fair value measurement within Level 2 of the fair value h
2012, the fair value of the Partnership   s mortgage notes payable at the Partnership   s incremental borrowing rate was

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and in banks. At certain times, the amount of cash deposited at a ban
insured deposits. Cash balances include approximately $310,000 and $228,000 at December 31, 2012 and 2011, resp
an affiliated management company on behalf of affiliated entities in cash concentration accounts.

Table of Contents

CENTURY PROPERTIES FUND XIX, LP

NOTES TO FINANCIAL STATEMENTS   CONTINUED

Note A   Organization and Summary of Significant Accounting Policies (continued)

Tenant Security Deposits

The Partnership requires security deposits from lessees for the duration of the lease. Deposits are refunded when the t
tenant has not damaged the space and is current on rental payments.

Investment Properties

Investment properties consist of two apartment complexes and are stated at cost, less accumulated depreciation, unles
asset is not recoverable. The Partnership capitalizes costs incurred in connection with capital additions activities, incl
construction projects, other tangible property improvements and replacements of existing property components. Inclu
are payroll costs associated with time spent by site employees in connection with the planning, execution and control
activities at the property level. The Partnership capitalizes interest, property taxes and insurance during periods in wh
construction projects are in progress. The Partnership did not capitalize any costs related to interest, property taxes or
ended December 31, 2012 and 2011. Capitalized costs are depreciated over the estimated useful life of the asset. The
as incurred costs that do not relate to capital additions activities, including ordinary repairs, maintenance and resident

If events or circumstances indicate that the carrying amount of a property may not be recoverable, the Partnership wi
recoverability by comparing the carrying amount to the Partnership s estimate of the undiscounted future cash flows
the property. If the carrying amount exceeds the estimated aggregate undiscounted future cash flows, the Partnership
loss to the extent the carrying amount exceeds the estimated fair value of the property. No adjustments for impairmen
the years ending December 31, 2012 and 2011.

Depreciation

Depreciation is provided by the straight-line method over the estimated lives of the apartment properties and related p
income tax purposes, the modified accelerated cost recovery method is used for depreciation of (1) real property addi
(2) personal property additions over 5 years.

Leases

The Partnership generally leases apartment units for twelve-month terms or less. The Partnership will offer rental con
slow months or in response to heavy competition from other similar complexes in the area. Rental income attributabl
concessions, is recognized on a straight-line basis over the term of the lease. The Partnership evaluates all accounts re
establishes an allowance, after the application of security deposits, for accounts greater than 30 days past due on curr
due from former tenants.

Advertising Costs

The Partnership expenses the costs of advertising as incurred. Advertising costs of approximately $203,000 and $228
December 31, 2012 and 2011, respectively, are included in operating expense and loss from discontinued operations.

Table of Contents

CENTURY PROPERTIES FUND XIX, LP

NOTES TO FINANCIAL STATEMENTS CONTINUED

Note A Organization and Summary of Significant Accounting Policies (continued)

Deferred Costs

Loan costs of approximately $390,000 and $864,000 at December 31, 2012 and 2011, respectively, less accumulated
$63,000 and $328,000, respectively, are included in other assets and assets held for sale. During the year ended Dece
approximately $474,000 and amortization of approximately $326,000 were written off in connection with the sales o
and Tamarind Bay Apartments. The loan costs are amortized over the terms of the related loan agreements. The total
years ended December 31, 2012 and 2011 was approximately $61,000 and $118,000, respectively, and is included in
discontinued operations. Amortization expense is expected to be approximately $39,000 for each of the years 2013 th

Leasing commissions and other direct costs incurred in connection with successful leasing efforts are deferred and an
related leases. Amortization of these costs is included in operating expenses and loss from discontinued operations.

Segment Reporting

ASC Topic 280-10, Segment Reporting , established standards for the way that public business enterprises report i
segments in annual financial statements and requires that those enterprises report selected information about operatin
reports. ASC Topic 280-10 also established standards for related disclosures about products and services, geographic
defined in ASC Topic 280-10, the Partnership has only one reportable segment.

Note B Mortgage Notes Payable

Property	Principal Balance December 31, 2012	Principal Balance December 31, 2011	Monthly Payment Including Interest	Stated Interest Rate (1)
	(in thousands)		(in thousands)	
Lakeside at Vinings Mountain 1st mortgage	$ 14,677	$ 14,883	$ 85	5.53%
The Peak at Vinings Mountain 1st mortgage	15,506	15,724	90	5.54%
	$ 30,183	$ 30,607	$ 175	

(1) Fixed rate mortgages.

On May 2, 2011, the Partnership refinanced the mortgage debt encumbering Lakeside at Vinings Mountain. The refi
mortgage loans, which at the time of refinancing had an aggregate principal balance of approximately $9,170,000, wi
principal amount of $14,982,000. The new loan bears interest at a rate of 5.53% per annum and requires monthly pay
of approximately $85,000 beginning on July 1, 2011, through the June 1, 2021 maturity date. The new mortgage loan
approximately $12,405,000 due at maturity. The Partnership may prepay the mortgage at any time with 30 days writt
to a prepayment penalty. In connection with the payoff of the existing mortgage debt, the Partnership recognized a lo
debt

Table of Contents

CENTURY PROPERTIES FUND XIX, LP

NOTES TO FINANCIAL STATEMENTS   CONTINUED

Note B   Mortgage Notes Payable (continued)

of approximately $482,000 during the year ended December 31, 2011, due to the write off of unamortized loan costs
capitalized loan costs associated with the new mortgage were approximately $189,000 and are included in other asset

On May 2, 2011, the Partnership refinanced the mortgage debt encumbering The Peak at Vinings Mountain. The refi
mortgage loans, which at the time of refinancing had an aggregate principal balance of approximately $9,861,000, wi
principal amount of $15,828,000. The new loan bears interest at a rate of 5.54% per annum and requires monthly pay
of approximately $90,000 beginning on July 1, 2011, through the June 1, 2021 maturity date. The new mortgage loan
approximately $13,109,000 due at maturity. The Partnership may prepay the mortgage at any time with 30 days writt
to a prepayment penalty. In connection with the payoff of the existing mortgage debt, the Partnership recognized a lo
debt of approximately $515,000 during the year ended December 31, 2011, due to the write off of unamortized loan c
Total capitalized loan costs associated with the new mortgage were approximately $201,000 and are included in othe

The mortgage notes payable are non-recourse and are secured by a pledge of the Partnership s investment properties
from the respective investment properties. The mortgage notes payable include a prepayment penalty if repaid prior t
properties may not be sold subject to existing indebtedness.

Scheduled principal payments of the mortgage notes payable subsequent to December 31, 2012 are as follows (in tho

2013	$
2014	
2015	
2016	
2017	
Thereafter	
	$

Note C   Income Taxes

The Partnership is classified as a partnership for Federal income tax purposes. Accordingly, no provision for income
statements of the Partnership. Taxable income or loss of the Partnership is reported in the income tax returns of its pa

E-23

Table of Contents

CENTURY PROPERTIES FUND XIX, LP

NOTES TO FINANCIAL STATEMENTS CONTINUED

Note C Income Taxes (continued)

The following is a reconciliation of reported net income (loss) and Federal taxable income (loss) for the years ended
(in thousands, except per unit data):

	2012
Net income (loss) as reported	$ 24,709
Add (deduct):	
Depreciation differences	2,529
Gain (loss) on disposal of property	1,484
Unearned income	(29)
Other	(80)
Federal taxable income (loss)	$ 28,613
Federal taxable income (loss) per limited partnership unit	$ 179.00

The following is a reconciliation between the Partnership s reported amounts and Federal tax basis of net liabilities (

	2012
Net liabilities as reported	$ (15,649)
Land and buildings	2,913
Accumulated depreciation	(2,360)
Deferred sales commission	7,947
Syndication and distribution costs	4,451
Other	304
Net liabilities Federal tax basis	$ (2,394)

Note D Transactions with Affiliated Parties

The Partnership has no employees and depends on the Managing General Partner and its affiliates for the managemen
Partnership activities. The Partnership Agreement provides for certain payments to affiliates for services and as reiml
incurred by affiliates on behalf of the Partnership.

Affiliates of the Managing General Partner receive 5% of gross receipts from all of the Partnership s properties as co
property management services. The Partnership paid to such affiliates approximately $413,000 and $528,000 for the
and 2011, respectively, which are included in operating expenses and loss from discontinued operations.

An affiliate of the Managing General Partner charged the Partnership for reimbursement of accountable administrativ
approximately $78,000 and $125,000 for the years ended December 31, 2012 and 2011, respectively, which is includ
expenses. At December 31, 2011, approximately $371,000 of reimbursements were due to the Managing General Par
affiliates. There were no such amounts owed at December 31, 2012.

CENTURY PROPERTIES FUND XIX, LP

NOTES TO FINANCIAL STATEMENTS CONTINUED

Note D Transactions with Affiliated Parties (continued)

Pursuant to the Partnership Agreement, for managing the affairs of the Partnership, the Managing General Partner is e
management fee equal to 10% of the Partnership s adjusted cash from operations as distributed. During the years end
no fee was earned as there were no distributions from operations.

AIMCO Properties, L.P., an affiliate of the Managing General Partner has made available to the Partnership a credit l
property owned by the Partnership. Prior to 2011, this credit limit was exceeded. During the year ended December 31
advanced the Partnership approximately $492,000 to fund real estate taxes at both of the Partnership s remaining inv
year ended December 31, 2011, AIMCO Properties, L.P. advanced the Partnership approximately $1,136,000 to fund
mortgage refinancing commitment fees related to The Peak at Vinings Mountain and Lakeside at Vinings Mountain a
the Partnership s investment properties. AIMCO Properties, L.P. charges interest on advances under the terms permi
Agreement. The interest rates charged on the outstanding advances made to the Partnership range from the prime rate
based on the prime rate plus a market rate adjustment for similar type loans. Affiliates of the Managing General Partn
adjustment quarterly. The interest rate on the outstanding advances at December 31, 2012 was 5.25%. Interest expens
and $478,000 for the years ended December 31, 2012 and 2011, respectively. During the years ended December 31, 2
repaid approximately $6,744,000 and $12,565,000, respectively, of advances and accrued interest with proceeds from
Paradise Valley, refinancing proceeds and cash from operations. At December 31, 2012 and 2011, the total advances
AIMCO Properties, L.P. was approximately $166,000 and $6,344,000, respectively, and is included in due to affiliate
additional advances of funds from AIMCO Properties, L.P. although AIMCO Properties, L.P. is not obligated to prov
information on AIMCO Properties, L.P., including copies of its audited balance sheets, please see its reports filed wit
Commission.

The Partnership insures its properties up to certain limits through coverage provided by Aimco which is generally sel
and liabilities related to workers compensation, property casualty, general liability, and vehicle liability. The Partne
the Aimco limits through insurance policies obtained by Aimco from insurers unaffiliated with the Managing Genera
ended December 31, 2012 and 2011, the Partnership was charged by Aimco and its affiliates approximately $140,000
insurance coverage and fees associated with policy claims administration.

In addition to its indirect ownership of the general partner interest in the Partnership, Aimco and its affiliates owned 6
Partnership representing 68.04% of the outstanding Units at December 31, 2012. A number of these Units were acqui
made by Aimco or its affiliates. It is possible that Aimco or its affiliates will acquire additional Units in exchange for
and units in AIMCO Properties, L.P., the operating partnership of Aimco, either through private purchases or tender o
Partnership Agreement, Unit holders holding a majority of the Units are entitled to take action with respect to a varie
are not limited to, voting on certain amendments to the Partnership Agreement and voting to remove the Managing G
ownership of 68.04% of the outstanding Units, Aimco and its affiliates are in a position to influence all such voting d
Partnership. However, with respect to the 25,228.66 Units acquired on January 19, 1996, AIMCO IPLP, L.P. (IPLP
General Partner and of Aimco, agreed to vote such Units: (i) against any increase in compensation payable to the Ma
affiliates; and

Table of Contents

CENTURY PROPERTIES FUND XIX, LP

NOTES TO FINANCIAL STATEMENTS CONTINUED

Note D Transactions with Affiliated Parties (continued)

(ii) on all other matters submitted by it or its affiliates, in proportion to the vote cast by third party unitholders. Excep
limitations are imposed on IPLP s, Aimco s or any other affiliates right to vote each Unit held. Although the Gene
the limited partners of the Partnership, the Managing General Partner also owes fiduciary duties to both the General I
stockholder of the Managing General Partner. As a result, the duties of the Managing General Partner, as managing g
Partnership and its limited partners may come into conflict with the duties of the Managing General Partner to Aimco

Note E Investment Properties and Accumulated Depreciation

		Initial Cos Partners (in thousa
		B
Description	Encumbrances (in thousands)	Land
Lakeside at Vinings Mountain	$ 14,677	$ 1,206
The Peak at Vinings Mountain	15,506	1,632
	$ 30,183	$ 2,838

Description	Gross Amount At Which Carried At December 31, 2012 (in thousands) Land	Buildings and Related Personal Property	Total	Accumulated Depreciation (in thousands)	Year Constru
Lakeside at Vinings Mountain	$ 1,206	$ 25,354	$ 26,560	$ 20,257	198
The Peak at Vinings Mountain	1,632	29,345	30,977	22,807	198
	$ 2,838	$ 54,699	$ 57,537	$ 43,064	

Table of Contents

CENTURY PROPERTIES FUND XIX, LP

NOTES TO FINANCIAL STATEMENTS CONTINUED

Note E Investment Properties and Accumulated Depreciation (continued)

Reconciliation of Investment Properties and Accumulated Depreciation :

	Years I Decemb 2012
	(in thou
Investment Properties	
Balance at beginning of year	$ 92,900
Property improvements	1,145
Retirement of assets	(327)
Sale of investment property	(36,181)
Disposal of assets	
Balance at end of year	$ 57,537
Accumulated Depreciation	
Balance at beginning of year	$ 63,744
Additions charged to expense	5,810
Retirement of assets	(327)
Sale of investment property	(26,163)
Disposal of assets	
Balance at end of year	$ 43,064

During the years ended December 31, 2012 and 2011, the Partnership retired and wrote off personal property no long basis of approximately $327,000 and $6,137,000, respectively, and accumulated depreciation of approximately $327 respectively.

The aggregate cost of the investment properties for Federal income tax purposes at December 31, 2012 and 2011 is a $97,042,000, respectively. The accumulated depreciation for Federal income tax purposes at December 31, 2012 and $45,424,000 and $71,346,000, respectively.

Note F Sale of Investment Property

On March 29, 2012, the Partnership sold Greenspoint at Paradise Valley to a third party for a gross sale price of $29, realized by the Partnership were approximately $29,432,000 after payment of closing costs. The Partnership used app net proceeds to repay the mortgages encumbering the property. As a result of the sale, the Partnership recorded a gai which is included in gain from sale of discontinued operations. In addition, the Partnership recorded a loss on the ear approximately $4,000 due to the write off of unamortized loan costs, which is included in loss from discontinued ope

On September 28, 2012, the Partnership sold Tamarind Bay Apartments to a third party for a gross sale price of $12, realized by the Partnership were approximately $12,073,000 after payment of closing costs and a credit for approxim for capital improvements. The Partnership used approximately $6,670,000 of the net proceeds to repay the mortgages a result of the sale, the Partnership recorded a gain of approximately $9,106,000, which is included in gain from sale

addition, the Partnership recorded a loss on the early extinguishment of debt of

E-27

Table of Contents

CENTURY PROPERTIES FUND XIX, LP

NOTES TO FINANCIAL STATEMENTS CONTINUED

Note F Sale of Investment Property (continued)

approximately $2,697,000 due to the write off of unamortized loan costs of approximately $144,000 and the payment
approximately $2,553,000, which is included in loss from discontinued operations.

Note G Distributions

The Partnership distributed the following amounts during the years ended December 31, 2012 and 2011 (in thousand

	Year Ended December 31, 2012	Per Limited Partnership Unit	Year End December 31
Sale (1)	$ 10,252	$ 112.58	$

(1) Proceeds from the March 2012 sale of Greenspoint at Paradise Valley and the September 2012 sale of Tamarin

Note H Casualty Events

In April 2011, The Peak at Vinings Mountain sustained damages of approximately $61,000 and clean up costs of app
of a severe storm. During the year ended December 31, 2011, the Partnership received approximately $82,000 in insu
approximately $21,000 for clean up costs, which are included in operating expenses. The Partnership recognized a ca
$59,000 during the year ended December 31, 2011 as a result of the write off of undepreciated damaged assets of app

In April 2011, Lakeside at Vinings Mountain sustained damages of approximately $10,000 and clean up costs of app
of a severe storm. During the year ended December 31, 2011, the Partnership received approximately $24,000 in insu
approximately $14,000 for clean up costs, which are included in operating expenses. The Partnership recognized a ca
$10,000 during the year ended December 31, 2011 as the damaged assets were fully depreciated at the time of the cas

Note I Contingencies

The Partnership is unaware of any pending or outstanding litigation matters involving it or its investment properties t
arising in the ordinary course of business.

Various Federal, state and local laws subject property owners or operators to liability for management, and the costs o
certain potentially hazardous materials present on a property, including lead-based paint, asbestos, polychlorinated bi
and other miscellaneous materials. Such laws often impose liability without regard to whether the owner or operator k
the release or presence of such materials. The presence of, or the failure to manage or remedy properly, these materia
occupancy at affected apartment communities and the ability to sell or finance affected properties. In addition to the c
investigation and remediation actions brought by government agencies, and potential fines or penalties imposed by su
therewith, the

CENTURY PROPERTIES FUND XIX, LP

NOTES TO FINANCIAL STATEMENTS CONTINUED

Note I Contingencies (continued)

improper management of these materials on a property could result in claims by private plaintiffs for personal injury,
infirmities. Various laws also impose liability for the cost of removal, remediation or disposal of these materials thro
treatment facility. Anyone who arranges for the disposal or treatment of these materials is potentially liable under suc
impose liability whether or not the person arranging for the disposal ever owned or operated the disposal facility. In c
operation and management of its properties, the Partnership could potentially be responsible for environmental liabili
properties.

E-29

Table of Contents

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

(a) **Disclosure Controls and Procedures**

The Partnership s management, with the participation of the principal executive officer and principal financial office Partner, who are the equivalent of the Partnership s principal executive officer and principal financial officer, respec effectiveness of the Partnership s disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) u of 1934, as amended (the Exchange Act)) as of the end of the period covered by this report. Based on such evalua and principal financial officer of the Managing General Partner, who are the equivalent of the Partnership s principa financial officer, respectively, have concluded that, as of the end of such period, the Partnership s disclosure control

Management s Report on Internal Control Over Financial Reporting

The Partnership s management is responsible for establishing and maintaining adequate internal control over financi financial reporting is defined in Rule 13a-15(f) and 15d-15(f) under the Exchange Act as a process designed by, or u principal executive and principal financial officers of the Managing General Partner, who are the equivalent of the Pa officer and principal financial officer, respectively, and effected by the Partnership s management and other personn assurance regarding the reliability of financial reporting and the preparation of financial statements for external purp generally accepted accounting principles and includes those policies and procedures that:

pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the tra assets;

provide reasonable assurance that transactions are recorded as necessary to permit preparation of accordance with generally accepted accounting principles, and that receipts and expenditures are with authorizations of the Partnership s management; and

provide reasonable assurance regarding prevention or timely detection of unauthorized acquisitio that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. effectiveness to future periods are subject to the risks that controls may become inadequate because of changes in co compliance with the policies or procedures may deteriorate.

The Partnership s management assessed the effectiveness of the Partnership s internal control over financial reporti making this assessment, the Partnership s management used the criteria set forth by the Committee of Sponsoring O Commission (COSO) in *Internal Control-Integrated Framework.*

Based on their assessment, the Partnership s management concluded that, as of December 31, 2012, the Partnership reporting is effective.

This annual report does not include an attestation report of the Partnership s registered public accounting firm regar financial reporting. Management s report was not subject to attestation by the Partnership s registered public accou Securities and Exchange Commission that permit the Partnership to provide only management s report in this annua

E-30

Table of Contents

(b) Changes in Internal Control Over Financial Reporting.

There has been no change in the Partnership s internal control over financial reporting (as defined in Rules 13a-15(f
Exchange Act) during the fourth quarter of 2012 that has materially affected, or is reasonably likely to materially affe
control over financial reporting.

Item 9B. Other Information

None.

Table of Contents

PART III

Item 10. **Directors, Executive Officers and Corporate Governance**

Neither Century Properties Fund XIX, LP (the Partnership or the Registrant) nor Fox Partners II (Fox), the g
directors or officers. Fox Capital Management Corporation (FCMC or the Managing General Partner), the man
and controls substantially all of the Partnership s affairs and has general responsibility and ultimate authority in all m

The names and ages of, as well as the positions and offices held by, the present directors and officers of the Managin
below. There are no family relationships between or among any officers or directors.

Name	Age	Position
Steven D. Cordes	41	Director and Senior Vice President
John Bezzant	50	Director and Executive Vice President
Ernest M. Freedman	42	Executive Vice President and Chief Financial Officer
Lisa R. Cohn	44	Executive Vice President, General Counsel and Secretary
Paul Beldin	39	Senior Vice President and Chief Accounting Officer
Stephen B. Waters	51	Senior Director of Partnership Accounting

Steven D. Cordes was appointed as a Director of the Managing General Partner effective March 2, 2009. Mr. Cordes
President of the Managing General Partner and Aimco since May 2007. Mr. Cordes joined Aimco in 2001 as a Vice
with responsibility for Aimco s joint ventures and equity capital markets activity. Prior to joining Aimco, Mr. Corde
consulting practice of PricewaterhouseCoopers. Effective March 2009, Mr. Cordes was appointed to serve as the equ
officer of the Partnership. Mr. Cordes brings particular expertise to the Board in the areas of asset management as we

John Bezzant was appointed as a Director of the Managing General Partner effective December 16, 2009. Mr. Bezzar
President of the Managing General Partner and Aimco in January 2011 and prior to that time was a Senior Vice Presi
Partner and Aimco since joining Aimco in June 2006. Prior to joining Aimco, Mr. Bezzant spent over 20 years with
Development Corporation in a variety of executive positions, including those with responsibility for transactions, fun
management, leasing and operations. Mr. Bezzant brings particular expertise to the Board in the areas of real estate fi
sales and development.

Ernest M. Freedman was appointed Executive Vice President and Chief Financial Officer of the Managing General P
2009. Mr. Freedman joined Aimco in 2007 as Senior Vice President of Financial Planning and Analysis and has serv
Finance since February 2009, responsible for financial planning, tax, accounting and related areas. Prior to joining A
Mr. Freedman served as chief financial officer of HEI Hotels and Resorts.

Lisa R. Cohn was appointed Executive Vice President, General Counsel and Secretary of the Managing General Part
2007. From January 2004 to December 2007, Ms. Cohn served as Senior Vice President and Assistant General Coun
Aimco in July 2002 as Vice President and Assistant General Counsel. Prior to joining Aimco, Ms. Cohn was in priva
Hogan and Hartson LLP.

Paul Beldin joined Aimco in May 2008 and has served as Senior Vice President and Chief Accounting Officer of Ai
Partner since that time. Prior to joining Aimco, Mr. Beldin served as controller

Table of Contents

and then as chief financial officer of America First Apartment Investors, Inc., a publicly traded multifamily real estat
2005 to September 2007 when the company was acquired by Sentinel Real Estate Corporation. Prior to joining Amer
Inc., Mr. Beldin was a senior manager at Deloitte and Touche LLP, where he was employed from August 1996 to Ma
an audit manager in SEC services at Deloitte s national office.

Stephen B. Waters was appointed Senior Director of Partnership Accounting of Aimco and the Managing General Pa
has responsibility for partnership accounting with Aimco and serves as the equivalent of the chief financial officer of
joined Aimco as a Director of Real Estate Accounting in September 1999 and was appointed Vice President of the M
Aimco in April 2004. Prior to joining Aimco, Mr. Waters was a senior manager at Ernst & Young LLP.

The Registrant is not aware of the involvement in any legal proceedings with respect to the directors and executive o

One or more of the above persons are also directors and/or officers of a general partner (or general partner of a gener
partnerships which either have a class of securities registered pursuant to Section 12(g) of the Securities Exchange A
reporting requirements of Section 15(d) of such Act. Further, one or more of the above persons are also officers of A
Management Company and the general partner of AIMCO Properties, L.P., entities that have a class of securities reg
of the Securities Exchange Act of 1934, or are subject to the reporting requirements of Section 15 (d) of such Act.

The board of directors of the Managing General Partner does not have a separate audit committee. As such, the board
General Partner fulfills the functions of an audit committee. The board of directors has determined that Steven D. Co
an audit committee financial expert .

The directors and officers of the Managing General Partner with authority over the Partnership are all employees of s
has adopted a code of ethics that applies to such directors and officers that is posted on Aimco s website (www.Aim
incorporated by reference to this filing.

Item 11. **Executive Compensation**

Neither the directors nor any of the officers of the Managing General Partner received any remuneration from the Par
December 31, 2012.

Item 12. **Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Ma**

Except as noted below, no person or entity was known by the Partnership to be the beneficial owner of more than 5%
Partnership Interest of the Partnership as of December 31, 2012.

Entity	Number of Units	Pe
AIMCO IPLP, L.P. (an affiliate of Aimco)	25,228.66	
Fox Capital Management Corporation (an affiliate of Aimco)	100.00	
IPLP Acquisition I, LLC (an affiliate of Aimco)	4,892.00	
AIMCO Properties, L.P. (an affiliate of Aimco)	30,491.00	

Table of Contents

AIMCO IPLP, L.P. Fox Capital Management Corporation and IPLP Acquisition I, LLC are indirectly ultimately owr
address is 80 International Drive, Greenville, South Carolina 29601.

AIMCO Properties, L.P. is indirectly ultimately controlled by Aimco. Its business address is 4582 S. Ulster St. Parkw
Colorado 80237.

No director or officer of the Managing General Partner owns any Units.

Item 13. Certain Relationships and Related Transactions, and Director Independence

The Partnership has no employees and depends on the Managing General Partner and its affiliates for the managemer
Partnership activities. The Partnership Agreement provides for certain payments to affiliates for services and as reiml
incurred by affiliates on behalf of the Partnership.

Affiliates of the Managing General Partner receive 5% of gross receipts from all of the Partnership s properties as co
property management services. The Partnership paid to such affiliates approximately $413,000 and $528,000 for the
and 2011, respectively, which are included in operating expenses and loss from discontinued operations on the staten
Item 8. Financial Statements and Supplementary Data .

An affiliate of the Managing General Partner charged the Partnership for reimbursement of accountable administrativ
approximately $78,000 and $125,000 for the years ended December 31, 2012 and 2011, respectively, which is includ
expenses on the statements of operations included in Item 8. Financial Standards and Supplementary Data . At Dec
$371,000 of reimbursements were due to the Managing General Partner and are included in due to affiliates on the ba
Financial Statements and Supplementary Data . There were no such amounts owed at December 31, 2012.

Pursuant to the Partnership Agreement, for managing the affairs of the Partnership, the Managing General Partner is
management fee equal to 10% of the Partnership s adjusted cash from operations as distributed. During the years enc
no fee was earned as there were no distributions from operations.

AIMCO Properties, L.P., an affiliate of the Managing General Partner has made available to the Partnership a credit l
property owned by the Partnership. Prior to 2011, this credit limit was exceeded. During the year ended December 31
advanced the Partnership approximately $492,000 to fund real estate taxes at both of the Partnership s remaining inv
year ended December 31, 2011, AIMCO Properties, L.P. advanced the Partnership approximately $1,136,000 to func
mortgage refinancing commitment fees related to The Peak at Vinings Mountain and Lakeside at Vinings Mountain a
the Partnership s investment properties. AIMCO Properties, L.P. charges interest on advances under the terms permi
Agreement. The interest rates charged on the outstanding advances made to the Partnership range from the prime rate
based on the prime rate plus a market rate adjustment for similar type loans. Affiliates of the Managing General Partr
adjustment quarterly. The interest rate on the outstanding advances at December 31, 2012 was 5.25%. Interest expens
and $478,000 for the years ended December 31, 2012 and 2011, respectively. During the years ended December 31, 2
repaid approximately $6,744,000 and $12,565,000, respectively, of advances and accrued interest with proceeds from
Paradise Valley, refinancing proceeds and cash from operations. At December 31, 2012 and 2011, the total advances
AIMCO Properties, L.P. was approximately $166,000 and $6,344,000, respectively, and is included in due to affiliate
included in Item 8. Financial Statements and Supplementary Data . The Partnership may receive additional

Table of Contents

advances of funds from AIMCO Properties, L.P. although AIMCO Properties, L.P. is not obligated to provide such a
on AIMCO Properties, L.P., including copies of its audited balance sheets, please see its reports filed with the Securi

The Partnership insures its properties up to certain limits through coverage provided by Aimco which is generally sel
and liabilities related to workers compensation, property casualty, general liability, and vehicle liability. The Partne
the Aimco limits through insurance policies obtained by Aimco from insurers unaffiliated with the Managing Genera
ended December 31, 2012 and 2011, the Partnership was charged by Aimco and its affiliates approximately $140,00
insurance coverage and fees associated with policy claims administration.

In addition to its indirect ownership of the general partner interest in the Partnership, Aimco and its affiliates owned
Partnership representing 68.04% of the outstanding Units at December 31, 2012. A number of these Units were acqu
made by Aimco or its affiliates. It is possible that Aimco or its affiliates will acquire additional Units in exchange for
and units in AIMCO Properties, L.P., the operating partnership of Aimco, either through private purchases or tender
Partnership Agreement, Unit holders holding a majority of the Units are entitled to take action with respect to a varie
are not limited to, voting on certain amendments to the Partnership Agreement and voting to remove the Managing G
ownership of 68.04% of the outstanding Units, Aimco and its affiliates are in a position to influence all such voting d
Partnership. However, with respect to the 25,228.66 Units acquired on January 19, 1996, AIMCO IPLP, L.P. (IPLP
General Partner and of Aimco, agreed to vote such Units: (i) against any increase in compensation payable to the Ma
affiliates; and (ii) on all other matters submitted by it or its affiliates, in proportion to the vote cast by third party unit
foregoing, no other limitations are imposed on IPLP s, Aimco s or any other affiliates right to vote each Unit held
fiduciary duties to the limited partners of the Partnership, the Managing General Partner also owes fiduciary duties to
Aimco as the sole stockholder of the Managing General Partner. As a result, the duties of the Managing General Part
partner, to the Partnership and its limited partners may come into conflict with the duties of the Managing General Pa
stockholder.

Neither of the Managing General Partner s directors is independent under the independence standards established fo
listed companies as both directors are employed by the parent of the Managing General Partner.

Item 14. Principal Accounting Fees and Services

The Managing General Partner has reappointed Ernst & Young LLP as independent auditors to audit the financial sta
2013. The aggregate fees billed for services rendered by Ernst & Young LLP for 2012 and 2011 are described below

Audit Fees. Fees for audit services totaled approximately $64,000 and $57,000 for 2012 and 2011, respectively. Fees
fees for the reviews of the Partnership s Quarterly Reports on Form 10-Q.

Tax Fees. Fees for tax services totaled approximately $13,000 and $11,000 for 2012 and 2011, respectively.

Table of Contents

PART IV

Item 15. **Exhibits, Financial Statement Schedules**

(a) The following financial statements of the Registrant are included in Item 8:
Balance Sheets at December 31, 2012 and 2011.

Statements of Operations for the years ended December 31, 2012 and 2011.

Statements of Changes in Partners Deficit for the years ended December 31, 2012 and 2011.

Statements of Cash Flows for the years ended December 31, 2012 and 2011.

Notes to Financial Statements.

Schedules are omitted for the reason that they are inapplicable or equivalent information has been included elsewhere

(b) Exhibits:
See Exhibit Index.

The agreements included as exhibits to this Form 10-K contain representations and warranties by each of the parties t
These representations and warranties have been made solely for the benefit of the other parties to the applicable agre

should not in all instances be treated as categorical statements of fact, but rather as a way of allocating th
those statements prove to be inaccurate;

have been qualified by disclosures that were made to the other party in connection with the negotiation o
which disclosures are not necessarily reflected in the agreement;

may apply standards of materiality in a way that is different from what may be viewed as material to an i

were made only as of the date of the applicable agreement or such other date or dates as may be specified
subject to more recent developments.

Accordingly, these representations and warranties may not describe the actual state of affairs as of the date they were
Partnership acknowledges that, notwithstanding the inclusion of the foregoing cautionary statements, it is responsible
additional specific disclosures of material information regarding material contractual provisions are required to make
10-K not misleading. Additional information about the Partnership may be found elsewhere in this Form 10-K and th
filings, which are available without charge through the SEC s website at http://www.sec.gov.

Table of Contents

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly ca
its behalf by the undersigned, thereunto duly authorized.

CENTURY PROPERTIES

By: FOX PARTNERS II
General Partner

By: FOX CAPITAL MA
Managing General Pa

By: /s/ Steven D. Cordes
Steven D. Cordes
Senior Vice Presiden

By: /s/ Stephen B. Water
Stephen B. Waters
Senior Director of Pa

Date: February 27, 2013

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

/s/ John Bezzant John Bezzant	Director and Executive Vice President	Date:
/s/ Steven D. Cordes Steven D. Cordes	Director and Senior Vice President	Date:
/s/ Stephen B. Waters Stephen B. Waters	Senior Director of Partnership Accounting	Date:

E-37

Table of Contents

CENTURY PROPERTIES FUND XIX, LP

EXHIBIT INDEX

Exhibit	Description of Exhibit
2.1	NPI, Inc. Stock Purchase Agreement, dated as of August 7, 1995, incorporated by reference to the Regi Form 8-K dated August 7, 1995.
2.2	Partnership Units Purchase Agreement dated as of August 17, 1995, incorporated by reference to Exhib Current Report on Form 8-K filed by Insignia Financial Group, Inc. (Insignia) with the Securities an September 1, 1995.
2.3	Management Purchase Agreement dated as of August 17, 1995, incorporated by reference to Exhibit 2. Report on Form 8-K filed by Insignia with the Securities and Exchange Commission on September 1, 1
2.4	Agreement and Plan of Merger, dated as of October 1, 1998, by and between AIMCO and IPT (incorpo 2.4 of the Registrant s Current Report on Form 8-K dated October 1, 1998).
2.5	Agreement and Plan of Merger, dated as of August 29, 2008, by and between Century Properties Fund partnership, and Century Properties Fund XIX, LP, a Delaware limited partnership (incorporated by ref Quarterly Report on Form 10-Q dated June 30, 2009).
3.4	Agreement of Limited Partnership of Century Properties Fund XIX, incorporated by reference to Exhib Partnership dated September 20, 1983, as amended on June 13, 1989, and as thereafter supplemented co Registration Statement on Form S-11 (Reg. No. 2-79007).
3.5	Amendment to the Amended and Restated Limited Partnership Agreement of Century Properties Fund 2003, incorporated by reference to the Registrant s Current Report on Form 8-K dated September 29, 2
3.6	Second Amendment to the Amended and Restated Limited Partnership Agreement of Century Properti 4, 2006 (filed with Form 10-KSB of the Registrant dated December 31, 2006 and incorporated herein b
3.7	Second Amendment to the Amended and Restated Limited Partnership Agreement of Century Properti 29, 2008 (incorporated by reference to the Registrant s Quarterly Report on Form 10-Q dated Septemb
10.50	Multifamily Note-CME, dated May 2, 2011, between Lakeside at Vinings, LLC, a Delaware limited lia Real Estate Capital Markets, Inc., an Ohio corporation (incorporated by reference to the Registrant s C dated May 2, 2011).
10.51	Multifamily Note-CME, dated May 2, 2011, between Peak at Vinings, LLC, a Delaware limited liabilit Estate Capital Markets, Inc., an Ohio corporation (incorporated by reference to the Registrant s Curren May 2, 2011).
10.52	Purchase and Sale Contract between Century Properties Fund XIX, LP, a Delaware limited partnership Company, a California corporation (incorporated by reference to the Registrant s Current Report on Fo 2012).
10.53	Purchase and Sale Contract between Century Properties Fund XIX, LP, a Delaware limited partnership a Colorado limited liability company, dated June 14, 2012 (incorporated by reference to the Registrant dated June 14, 2012).

E-38

Table of Contents

CENTURY PROPERTIES FUND XIX, LP

EXHIBIT INDEX continued

Exhibit	Description of Exhibit
10.54	First Amendment to Purchase and Sale Contract between Century Properties Fund XIX, LP, a Delawar Augustus Partners, LLC, a Colorado limited liability company, dated August 15, 2012 (incorporated by Current Report for Form 8-K dated August 15, 2012).
10.55	Second Amendment to Purchase and Sale Contract between Century Properties Fund XIX, LP, a Delav Augustus Partners, LLC, a Colorado limited liability company, dated August 21, 2012 (incorporated by Current Report for Form 8-K dated August 21, 2012).
10.56	Third Amendment to Purchase and Sale Contract between Century Properties Fund XIX, LP, a Delawa Augustus Partners, LLC, a Colorado limited liability company, dated September 25, 2012 (incorporated Registrant s Current Report for Form 8-K dated September 25, 2012).
31.1	Certification of equivalent of Chief Executive Officer pursuant to Securities Exchange Act Rules 13a-1 Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of equivalent of Chief Financial Officer pursuant to Securities Exchange Act Rules 13a-1 Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of the equivalent of the Chief Executive Officer and Chief Financial Officer pursuant to 1 Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101	XBRL (Extensible Business Reporting Language). The following materials from Century Properties Fu on Form 10-K for the fiscal year ended December 31, 2012 formatted in XBRL: (i) balance sheets, (ii) statements of changes in partners deficit, (iv) statements of cash flows, and (v) notes to financial state

(1) As provided in Rule 406T of Regulation S-T, this information is furnished and not filed for purposes of Sectior Act of 1933 and Section 18 of the Securities Exchange Act of 1934.

Table of Contents

Exhibit 31.1

CERTIFICATION

I, Steven D. Cordes, certify that:

1. I have reviewed this annual report on Form 10-K of Century Properties Fund XIX, LP;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a r the statements made, in light of the circumstances under which such statements were made, not misleading wit by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presente

4. The registrant s other certifying officer(s) and I are responsible for establishing and maintaining disclosure co in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Ex 15d-15(f)), for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to b supervision, to ensure that material information relating to the registrant, including its consolidated subsi others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial rep supervision, to provide reasonable assurance regarding the reliability of financial reporting and the prepa external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant s disclosure controls and procedures and presented in this re effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report

   (d) Disclosed in this report any change in the registrant s internal control over financial reporting that occur recent fiscal quarter (the registrant s fourth fiscal quarter in the case of an annual report) that has materia likely to materially affect, the registrant s internal control over financial reporting; and

5. The registrant s other certifying officer(s) and I have disclosed, based on our most recent evaluation of interna to the registrant s auditors and the audit committee of the registrant s board of directors (or persons performin

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over fi reasonably likely to adversely affect the registrant s ability to record, process, summarize and report fina

   (b)

Any fraud, whether or not material, that involves management or other employees who have a significant
control over financial reporting.

Date: February 27, 2013

/s/ Steven D. Cordes
Steven D. Cordes
Senior Vice President of Fo
Corporation, equivalent of
Partnership

E-40

Table of Contents

Exhibit 31.2

CERTIFICATION

I, Stephen B. Waters, certify that:

1. I have reviewed this annual report on Form 10-K of Century Properties Fund XIX, LP;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a r the statements made, in light of the circumstances under which such statements were made, not misleading wit by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presente

4. The registrant s other certifying officer(s) and I are responsible for establishing and maintaining disclosure co in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Ex 15d-15(f)), for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to b supervision, to ensure that material information relating to the registrant, including its consolidated subsi others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial rep supervision, to provide reasonable assurance regarding the reliability of financial reporting and the prepa external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant s disclosure controls and procedures and presented in this re effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report

   (d) Disclosed in this report any change in the registrant s internal control over financial reporting that occur recent fiscal quarter (the registrant s fourth fiscal quarter in the case of an annual report) that has materia likely to materially affect, the registrant s internal control over financial reporting; and

5. The registrant s other certifying officer(s) and I have disclosed, based on our most recent evaluation of interna to the registrant s auditors and the audit committee of the registrant s board of directors (or persons performin

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over fi reasonably likely to adversely affect the registrant s ability to record, process, summarize and report fin

   (b)

Any fraud, whether or not material, that involves management or other employees who have a significant
control over financial reporting.

Date: February 27, 2013

/s/ Stephen B. Waters
Stephen B. Waters
Senior Director of Partnersl
Management Corporation, c
officer of the Partnership

E-41

Table of Contents

Exhibit 32.1

Certification of CEO and CFO

Pursuant to 18 U.S.C. Section 1350,

As Adopted Pursuant to

Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Annual Report on Form 10-K of Century Properties Fund XIX, LP (the Partnership), for th
2012 as filed with the Securities and Exchange Commission on the date hereof (the Report), Steven D. Cordes, as
Executive Officer of the Partnership, and Stephen B. Waters, as the equivalent of the Chief Financial Officer of the P
certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002,
knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Ac

(2) The information contained in the Report fairly presents, in all material respects, the financial condition ar
Partnership.

/s/ Steven D. Cord
Name: Steven D. Cordes
Date: February 27, 2013

/s/ Stephen B. Wa
Name: Stephen B. Waters
Date: February 27, 2013

This certification is furnished with this Report pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall r
Partnership for purposes of Section 18 of the Securities Exchange Act of 1934, as amended.

Table of Contents

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-K

(Mark One)

x **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE AC**
For the fiscal year ended December 31, 2012

OR

¨ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE**
For the transition period from to

Commission File Number 1-13232 (Apartment Investment and Management Company)

Commission File Number 0-24497 (AIMCO Properties, L.P.)

Apartment Investment and Management Comp

AIMCO Properties, L.P.

(Exact name of registrant as specified in its charter)

Maryland (Apartment Investment and Management Company)	**84-1259577**
Delaware (AIMCO Properties, L.P.)	**84-1275621**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
4582 South Ulster Street, Suite 1100	
Denver, Colorado	**80237**
(Address of principal executive offices)	**(Zip Code)**

(303) 757-8101

(Registrant s telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Each Exchange on
Class A Common Stock (Apartment Investment and Management Company)	New York Stock E
Class Z Cumulative Preferred Stock (Apartment Investment and Management Company)	New York Stock E

Securities registered pursuant to Section 12(b) of the Act:

None (Apartment Investment and Management Company)

Partnership Common Units (AIMCO Properties, L.P.)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined by Rule 405 of the Securities Act.

Apartment Investment and Management Company: Yes x No ¨ *AIMCO Pr*

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.

Apartment Investment and Management Company: Yes ¨ No x *AIMCO P*

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 Ex preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to suc days.

Apartment Investment and Management Company: Yes x No ¨ *AIMCO Pr*

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Intera submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the re post such files).

Apartment Investment and Management Company: Yes x No ¨ *AIMCO Pr*
Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will no
registrant s knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any

Apartment Investment and Management Company: Yes x No ¨ *AIMCO Pr*
Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller re
definitions of large accelerated filer, accelerated filer, non-accelerated filer and smaller reporting company in Rule 12b-

Apartment Investment and Management Company:

Large accelerated filer x
Non-accelerated filer ¨ (Do not check if a smaller reporting company)
AIMCO Properties, L.P.:

Large accelerated filer ¨
Non-accelerated filer ¨ (Do not check if a smaller reporting company)
Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Apartment Investment and Management Company: Yes ¨ No x *AIMCO P*
The aggregate market value of the voting and non-voting common stock of Apartment Investment and Management Company held
Investment and Management Company was approximately $3.9 billion as of June 30, 2012. As of February 22, 2013, there were 14
Common Stock outstanding.

Documents Incorporated by Reference

Portions of Apartment Investment and Management Company s definitive proxy statement to be issued in conjunction with Apartm
Company s annual meeting of stockholders to be held April 30, 2013, are incorporated by reference into Part III of this Annual Rep

F-1

Table of Contents

EXPLANATORY NOTE

This filing combines the Annual Reports on Form 10-K for the fiscal year ended December 31, 2012, of Apartment I
Company, or Aimco, and AIMCO Properties, L.P., or the Aimco Operating Partnership. Where it is important to dist
entities, we refer to them specifically. Otherwise, references to we, us or our mean collectively Aimco, the A
consolidated subsidiaries.

Aimco, a Maryland corporation, is a self-administered and self-managed real estate investment trust, or REIT. Aimco
subsidiaries, is the general and special limited partner of and, as of December 31, 2012, owned a 94.8% ownership in
partnership units of, the Aimco Operating Partnership. The remaining 5.2% interest is owned by limited partners. As
Aimco Operating Partnership, Aimco has exclusive control of the Aimco Operating Partnership s day-to-day manag

The Aimco Operating Partnership holds all of Aimco s assets and manages the daily operations of Aimco s busines
contribute all proceeds from offerings of its securities to the Aimco Operating Partnership. In addition, substantially a
owned through the Aimco Operating Partnership; therefore, Aimco is generally required to contribute all assets acqui
Partnership. In exchange for the contribution of offering proceeds or assets, Aimco receives additional interests in the
with similar terms (e.g., if Aimco contributes proceeds of a stock offering, Aimco receives partnership units with terr
stock issued by Aimco).

We believe combining the periodic reports of Aimco and Aimco Operating Partnership into this single report provide

- presents our business as a whole, in the same manner our management views and operates the business;
- eliminates duplicative disclosure and provides a more streamlined and readable presentation since a subst
apply to both Aimco and the Aimco Operating Partnership; and
- saves time and cost through the preparation of a single combined report rather than two separate reports.

We operate Aimco and the Aimco Operating Partnership as one enterprise and the management of Aimco directs the
the Aimco Operating Partnership.

We believe it is important to understand the few differences between Aimco and the Aimco Operating Partnership in
the Aimco Operating Partnership operate as a consolidated company. Aimco has no assets or liabilities other than its
Operating Partnership. Also, Aimco is a corporation that issues publicly traded equity from time to time, whereas the
a partnership that has no publicly traded equity. Except for the net proceeds from stock offerings by Aimco, which ar
Operating Partnership in exchange for additional limited partnership interests (of a similar type and in an amount equ
the offering), the Aimco Operating Partnership generates all remaining capital required by its business. These sources
Partnership s working capital, net cash provided by operating activities, borrowings under its revolving credit facilit
unsecured debt and equity securities, including additional partnership units, and proceeds received from the dispositi
investments in real estate.

Shareholders equity, partners capital and noncontrolling interests are the main areas of difference between the con
Aimco and those of the Aimco Operating Partnership. Interests in the Aimco Operating Partnership held by entities o
within partners capital in the Aimco Operating Partnership s financial statements and as noncontrolling interests in

F-2

Table of Contents

To help investors understand the differences between Aimco and the Aimco Operating Partnership, this report provid
financial statements for Aimco and the Aimco Operating Partnership; a single set of consolidated notes to such finan
separate discussions of Aimco s shareholders equity and the Aimco Operating Partnership s partners capital, as a
Management s Discussion and Analysis of Financial Condition and Results of Operations section that includes discr
entity.

This report also includes separate Part II, Item 9A. Controls and Procedures sections and separate Exhibit 31 and 32 c
Aimco Operating Partnership in order to establish that the requisite certifications have been made and that Aimco and
Partnership are both compliant with Rule 13a-15 or Rule 15d-15 of the Securities Exchange Act of 1934, as amended
U.S.C. §1350.

Table of Contents

APARTMENT INVESTMENT AND MANAGEMENT COMPANY

AIMCO PROPERTIES, L.P.

TABLE OF CONTENTS

ANNUAL REPORT ON FORM 10-K

For the Fiscal Year Ended December 31, 2012

Item

PART I

1. Business
1A. Risk Factors
1B. Unresolved Staff Comments
2. Properties
3. Legal Proceedings
4. Mine Safety Disclosures

PART II

5. Market for the Registrant s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Se
6. Selected Financial Data
7. Management s Discussion and Analysis of Financial Condition and Results of Operations
7A. Quantitative and Qualitative Disclosures About Market Risk
8. Financial Statements and Supplementary Data
9. Changes in and Disagreements With Accountants on Accounting and Financial Disclosure
9A. Controls and Procedures
9B. Other Information

PART III

10. Directors, Executive Officers and Corporate Governance
11. Executive Compensation
12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters
13. Certain Relationships and Related Transactions, and Director Independence
14. Principal Accounting Fees and Services

PART IV

15. Exhibits and Financial Statement Schedules

Table of Contents

FORWARD-LOOKING STATEMENTS

The Private Securities Litigation Reform Act of 1995 provides a safe harbor for forward-looking statements in cer information included in this Annual Report contains or may contain information that is forward-looking, within the m laws, including, without limitation, statements regarding our ability to maintain current or meet projected occupancy operating results, the effect of acquisitions, dispositions and redevelopments, and our ability to comply with debt cov coverage ratios. Actual results may differ materially from those described in these forward-looking statements and, i variety of risks and factors, some of which are beyond our control, including, without limitation: financing risks, incl of financing and the risk that our cash flows from operations may be insufficient to meet required payments of princi not be sufficient to maintain compliance with debt covenants; real estate risks, including fluctuations in real estate v climate in the markets in which we operate and competition for residents in such markets; national and local econom pace of job growth and the level of unemployment; the terms of governmental regulations that affect us and interpret competitive environment in which we operate; the timing of acquisitions, dispositions and redevelopments; insurance insurance; natural disasters and severe weather such as hurricanes; litigation, including costs associated with prose any adverse outcomes; energy costs; and possible environmental liabilities, including costs, fines or penalties that m remediation of contamination of properties presently owned or previously owned by us. In addition, our current and real estate investment trust involves the application of highly technical and complex provisions of the Internal Reven ability to meet the various requirements imposed by the Internal Revenue Code, through actual operating results, dis stock ownership. Readers should carefully review our financial statements and the notes thereto, as well as the sectio described in Item 1A of this Annual Report and the other documents we file from time to time with the Securities and

Table of Contents

PART I

Item 1. ***Business***
The Company

Apartment Investment and Management Company, or Aimco, is a Maryland corporation incorporated on January 10, self-administered and self-managed real estate investment trust, or REIT. AIMCO Properties, L.P., or the Aimco Op Delaware limited partnership formed on May 16, 1994, to conduct our business, which is focused on the ownership, of quality apartment communities located in the largest coastal and job growth markets of the United States.

Aimco, through its wholly-owned subsidiaries, AIMCO-GP, Inc. and AIMCO-LP Trust, owns a majority of the own Operating Partnership. Aimco conducts all of its business and owns all of its assets through the Aimco Operating Pa Operating Partnership that are held by limited partners other than Aimco are referred to as OP Units. OP Units inc high performance partnership units and partnership preferred units, which we refer to as common OP Units, HPUs a respectively. We also refer to HPUs as common partnership unit equivalents. At December 31, 2012, after eliminatio consolidated subsidiaries, the Aimco Operating Partnership had 153,569,090 common partnership units and equivale December 31, 2012, Aimco owned 145,563,903 of the common partnership units (94.8% of the outstanding common equivalents of the Aimco Operating Partnership) and Aimco had outstanding an equal number of shares of its Class refer to as Common Stock.

As of December 31, 2012, our portfolio of owned properties consists of 265 properties with 67,977 apartment units.

Business Overview

Our business activities are defined by a commitment to our core values of integrity, respect, collaboration, performa customers. These values and our corporate mission, to consistently provide quality apartment homes in a respectful e of people who care, continually shape our culture. In all our dealings with residents, team members, business partner be the best owner and operator of apartment communities and an outstanding corporate citizen.

Our principal financial objective is to provide predictable and attractive returns to our equity holders. Our business p to:

- operate our nationwide portfolio of desirable apartment homes with valued amenities and a high level of an efficient manner that realizes the benefits of our local management expertise;
- improve our geographically diversified portfolio of conventional apartment properties, which average B Portfolio Management heading below) by selling properties inconsistent with our portfolio strategy and i sales through redevelopment and acquisition of higher-quality properties; and
- provide financial leverage primarily by the use of non-recourse, long-dated, fixed-rate property debt and combination which helps to limit our refunding and re-pricing risk and provides a hedge against increase rates and inflation.

Our business is organized around two core activities: Property Operations and Portfolio Management. In the past few business, including winding down the portion of our business that generates transaction-based activity fees, reducing portfolio, selling our legacy asset management business, and reducing the personnel and related costs involved in tho along with our leverage strategy, are described in more detail below.

F-6

Table of Contents

Property Operations

Our real estate portfolio consists primarily of conventional real estate properties. Our conventional property operation apartments with rents paid by the residents and included 175 properties with 55,879 units in which we held an averag December 31, 2012. We also operate a portfolio of affordable properties, which we expect to sell during the next fou property operations consist of apartments with rents that are generally paid, in whole or part, by a government agenc with 12,098 units in which we held an average ownership of 76% as of December 31, 2012. Our conventional and af comprise our reportable segments and generated 90% and 10%, respectively, of our proportionate property net opera Item 7) during the year ended December 31, 2012.

Our property operations are organized into two geographic areas, the West and East (as described in Item 2). To man more efficiently and to increase the benefits from our local management expertise, we have given direct responsibilit area to an area operations leader with regular senior management reviews. To enable the area operations leaders to fo as to improve financial control and budgeting, we have dedicated an area financial officer to support each area operat the exception of routine maintenance, our specialized Construction Services group manages all on-site capital spendi the area operations leaders to spend time on oversight of construction projects.

We seek to improve our property operations by: employing service-oriented, well-trained employees; upgrading syst processes, operational measurements and internal reporting; and enhancing financial controls over field operations. W

Customer Service. Our operating culture is focused on our residents. Our goal is to provide our residents clean, safe and attractive communities. We have automated certain aspects of our on-site operations to en focus more of their time on customer service as well as allow our current and future residents to interact efficient and effective for them, such as placing self-service work orders, self-guided property tours and e We evaluate our performance through a customer satisfaction tracking system. In addition, we emphasize employees through recruiting, training and retention programs, which we believe contributes to improve increased occupancy rates and enhanced operational performance.

Resident Selection and Retention. In apartment properties, neighbors are a meaningful part of the product the property and the physical quality of the apartment units. Part of our property operations strategy is to and retention attracting and retaining credit-worthy residents who are good neighbors. We have structur our sales personnel, a tracking system for inquiries and a standardized renewal communication program. residential financial stability requirements and have policies and monitoring practices to maintain our res

Revenue Management and Ancillary Services. For our conventional properties, we have a centralized rev leverages people, processes and technology to work in partnership with our area operational managemen pricing. We seek to increase revenue and net operating income by optimizing the balance between rental taking into consideration the cost of preparing an apartment unit for a new tenant. We are also focused o on-site operations, as we believe that timely and accurate collection of property performance and residen maximize revenue through better property management and leasing decisions. We have standardized pol pricing with timely data and analyses by floor-plan, thereby enabling us to respond quickly to changing s product and maximize rental revenue. We also generate incremental revenue by providing services to ou television, telephone services, appliance rental, and carport, garage and storage space rental at certain pro

Table of Contents

Controlling Expenses. Cost controls are accomplished by local focus at the area level; taking advantage o
corporate level; and through electronic procurement.

Maintaining and Improving Property Quality. We believe that the physical condition and amenities of ou
important factors in our ability to maintain and increase rental rates. In 2012, for properties included in co
invested $64.1 million, or $955 per owned apartment unit, in Capital Replacements, which represent the s
deemed to replace the consumed portion of acquired capital assets. Additionally, for properties included i
invested $84.0 million, or $1,252 per owned apartment unit, in Capital Improvements, which are non-red
that are made to enhance the value, profitability or useful life of an asset from its original purchase condi
quality through the redevelopment of certain properties in superior locations. Refer to the Portfolio Mana
further discussion of our redevelopment program.

Portfolio Management

Portfolio management involves the ongoing allocation of investment capital to meet our geographic and product type
balance in our diversified portfolio in order to optimize risk-adjusted returns and to avoid the risk of undue concentra
We also seek to balance the portfolio by product type, with both high quality properties in excellent locations and als
support redevelopment activities.

Our portfolio strategy seeks predictable rent growth from a portfolio of A, B and C quality conventional apa
in quality and are diversified among the largest coastal and job growth markets in the United States, as measured by t
markets are primarily coastal markets, and also include several Sun Belt cities and Chicago. We measure conventiona
average rents of our units compared to local market average rents as reported by a third-party provider of commercial
analysis. Under this rating system, we classify as A-quality properties those earning rents greater than 125% of the lo
properties those earning rents 90% to 125% of the local market average and as C-quality properties those earning ren
market average. We classify as B/B+ those properties earning rents ranging from 100% to 125% of the local market a
companies and analysts within the multifamily real estate industry use property class ratings of A, B and C, some of w
rent averages, the metrics used to classify property quality as well as the timing for which local market rents are calcu
to company. Accordingly, our rating system for measuring property quality is neither broadly nor consistently used in
industry.

We upgrade the quality of our portfolio through the sale of properties with lower projected returns lower operating m
future rent growth. These properties are often located in markets we deem less desirable than our target markets. We
through the purchase of other properties or additional investment in properties already in our portfolio, including incr
redevelopment. Increasing our ownership in properties in our portfolio is attractive as we already operate these prope
these investments are especially accretive where we can eliminate overhead costs associated with the partnerships tha
believe redevelopment of certain properties in superior locations provides advantages over ground-up development, e
comparable to new properties with lower financial risk, in less time and with reduced delays associated with governm
authorizations. We believe redevelopment also provides superior risk adjusted returns with lower volatility compared
Redevelopment work may also include seeking entitlements from local governments, which enhance the value of our
density, that is, the right to add residential units to a site. We have historically undertaken a range of redevelopment p
there is significant renovation, such as exteriors, common areas or unit improvements, typically done upon lease expi
vacate units on any wholesale or substantial basis, to those in which a substantial number of all available units are va
to the property. We have a specialized Redevelopment and Construction Services group to oversee these projects.

Table of Contents

During the year ended December 31, 2012, we sold 75 consolidated properties, generating net proceeds to Aimco of
proceeds from these property sales, the assumption of property debt and proceeds from new property debt to fund $1
spending on our conventional properties; $50.7 million of acquisitions of the noncontrolling interests in 11 consolida
own 17 conventional properties with average revenues per unit of $1,066; and $127.8 million of conventional proper
Phoenix, Arizona; Manhattan, New York City, New York; and San Diego, California. We underwrite our acquisition
internal rate of return, and the weighted average free cash flow rate of return for these three properties is expected to
Revenues per effective unit at the Phoenix, Manhattan and San Diego properties averaged approximately $1,100, $4,
and the properties average rents per unit exceeded the local market averages by approximately 47%, 38% and 15%,

Leverage Strategy

Our leverage strategy seeks to balance our desire to increase financial returns with the inherent risks of leverage. At I
approximately 97% of our leverage consisted of property-level, non-recourse, long-dated debt and 3% consisted of p
combination which helps to limit our refunding and re-pricing risk. The weighted average maturity of our property-le
average of 5.3% of our unpaid principal balance maturing per year from 2013 through 2016. Approximately 97% of
fixed-rate, which provides a hedge against increases in interest rates, capitalization rates and inflation.

Although our primary sources of leverage are property-level, non-recourse, long-dated, fixed-rate, amortizing debt a
also have a $500.0 million Senior Secured Credit Agreement with a syndicate of financial institutions, which we refe
meet our short-term liquidity needs. At December 31, 2012, we had no outstanding borrowings under the Credit Agre
to borrow $454.6 million, net of $45.4 million for undrawn letters of credit backed by the Credit Agreement. The Cre
December 2014, and may be extended for two additional one-year periods, subject to certain conditions.

We have set leverage targets of Debt and Preferred Equity to EBITDA of less than 7.0x and EBITDA Coverage of In
of greater than 2.5x. Our annualized fourth quarter 2012 ratios were 7.7x and 2.4x, respectively. We also focus on De
Coverage of Interest ratios. Debt, as used in these ratios, represents our proportionate share of debt, net of our propor
restricted cash and our investment in the subordinate tranches of a securitization that holds certain of our property loa
represents Aimco s preferred stock and the Aimco Operating Partnership s preferred OP Units. EBITDA is calculat
our proportionate share of interest expense, taxes, depreciation and amortization related to non-real estate assets, non
compensation, and dividends and distributions on our preferred equity instruments. Interest, as used in these ratios, re
share of interest expense, excluding debt prepayment penalties and amortization of deferred financing costs, and redu
receive on our investment in the subordinate tranches of a securitization that holds certain of our property loans. Our
further in Item 7.

Competition

In attracting and retaining residents to occupy our properties we compete with numerous other housing alternatives.
with other rental apartments as well as condominiums and single-family homes that are available for rent or purchase
properties are located. Principal factors of competition include rent or price charged, attractiveness of the location an
breadth of services. The number of competitive properties relative to demand in a particular area has a material effect
apartment units at our properties and on the rents we charge. In certain markets there exists an oversupply of single f
and a reduction of households, both of which affect the pricing and occupancy of our rental apartments.

We also compete with other real estate investors, including other apartment REITs, pension and investment funds, pa
companies in acquiring, redeveloping, managing, obtaining financing for and disposing of apartment properties. This
to acquire properties we want to add to our portfolio and the price that we pay in such acquisitions; our ability to fina
our portfolio and the cost of such financing; and our ability to dispose of properties we no longer desire to retain in o
price for which we dispose of such properties.

Taxation

Aimco

Aimco has elected to be taxed as a REIT under the Internal Revenue Code of 1986, as amended, which we refer to as
our taxable year ended December 31, 1994, and intends to continue to operate in such a manner. Aimco s current an
REIT depends on its ability to meet the various requirements imposed by the Code, which relate to organizational str
diversity of stock ownership and certain restrictions with regard to owned assets and categories of income. If Aimco
Aimco will generally not be subject to United States Federal corporate income tax on our taxable income that is curre
This treatment substantially eliminates the double taxation (at the corporate and stockholder levels) that generally
corporation.

Even if Aimco qualifies as a REIT, Aimco may be subject to United States Federal income and excise taxes in variou
undistributed income. Aimco also will be required to pay a 100% tax on any net income on non-arm s length transac
(described below) and on any net income from sales of property that was property held for sale to customers in the o
Aimco could also be subject to the alternative minimum tax, or AMT, on our items of tax preference. State and local
United States Federal income tax treatment, and Aimco and its stockholders may be subject to state or local taxation
jurisdictions, including those in which Aimco transacts business or Aimco s stockholders reside. Any taxes imposed
cash flow and net income.

Certain of Aimco s operations or a portion thereof, including property management, asset management and risk man
taxable REIT subsidiaries, each of which we refer to as a TRS. A TRS is a C-corporation that has not elected REIT s
United States Federal corporate income tax. We use TRS entities to facilitate our ability to offer certain services and
investment partners that cannot be offered directly by a REIT. We also use TRS entities to hold investments in certai

The Aimco Operating Partnership

The Aimco Operating Partnership is treated as a pass-through entity for United States Federal income tax purpose
Federal income taxation. Each of its partners, however, is subject to tax on his or her allocable share of partnership ta
income, gains, losses, deductions and credits, or Partnership Tax Items, for each taxable year during which he or she
whether he or she receives any actual distributions of cash or other property from the Aimco Operating Partnership d
Generally, the characterization of any particular Partnership Tax Item is determined by us, rather than at the partner l
partner s allocable share of such item is governed by the terms of the Aimco Operating Partnership s Partnership A
our tax matters partner for United States Federal income tax purposes. The tax matters partner is authorized, but n
on behalf of the Aimco Operating Partnership with respect to tax matters. The Aimco Operating Partnership is subjec

Table of Contents

Regulation

General

Apartment properties and their owners are subject to various laws, ordinances and regulations, including those relate
and regulations relating to recreational facilities such as swimming pools, activity centers and other common areas. C
potential liability for environmental conditions existing on properties or increasing the restrictions on discharges or o
changes in laws affecting development, construction and safety requirements, may result in significant unanticipated
adversely affect our net income and cash flows from operating activities. In addition, future enactment of rent contro
as legislation that has been considered in New York, or other laws regulating multifamily housing may reduce rental
costs in particular markets.

Environmental

Various Federal, state and local laws subject property owners or operators to liability for management, and the costs
certain potentially hazardous materials present on a property. These materials may include lead-based paint, asbestos
petroleum-based fuels, among other miscellaneous materials. Such laws often impose liability without regard to whet
of, or was responsible for, the release or presence of such materials. In connection with the ownership, operation and
could potentially be liable for environmental liabilities or costs associated with our properties or properties we acqui
and other risks related to environmental matters are described in more detail in Item 1A, Risk Factors.

Insurance

Our primary lines of insurance coverage are property, general liability, and workers compensation. We believe that
adequately insure our properties against the risk of loss attributable to fire, earthquake, hurricane, tornado, flood, terr
adequately insure us against other risk. Our coverage includes deductibles, retentions and limits that are customary i
established loss prevention, loss mitigation, claims handling and litigation management procedures to manage our ex

Employees

At December 31, 2012, we had approximately 2,150 employees, of which approximately 1,550 were at the property
functions, with the balance managing corporate and area operations, including investment and debt transactions, lega
accounting, information systems, human resources and other support functions. As of December 31, 2012, unions re
our employees. We have never experienced a work stoppage and believe we maintain satisfactory relations with our

Available Information

Our combined Annual Report on Form 10-K, our combined Quarterly Reports on Form 10-Q, Current Reports on Fo
the Aimco Operating Partnership and any amendments to any of those reports that we file with the Securities and Ex
available free of charge as soon as reasonably practicable through Aimco s website at www.aimco.com. The informa
website is not incorporated into this Annual Report. Aimco s Common Stock is listed on the New York Stock Excha
2012, Aimco s chief executive officer submitted his annual corporate governance listing standards certification to th
which certification was unqualified.

Table of Contents

Item 1A. ***Risk Factors***

The risk factors noted in this section and other factors noted throughout this Annual Report, describe certain risks and
our actual results to differ materially from those contained in any forward-looking statement.

***Our existing and future debt financing could render us unable to operate, result in foreclosure on our properties,
distributions on our equity or otherwise adversely affect our liquidity.***

We are subject to the risk that our cash flow from operations will be insufficient to make required payments of princi
that existing indebtedness may not be refinanced or that the terms of any refinancing will not be as favorable as the te
we fail to make required payments of principal and interest on secured debt, our lenders could foreclose on the prope
securing such debt, which would result in loss of income and asset value to us. As of December 31, 2012, substantial
owned or controlled were encumbered by debt. Our organizational documents do not limit the amount of debt that we
significant amounts of debt outstanding. Payments of principal and interest may leave us with insufficient cash resou
pay distributions required to be paid in order to maintain Aimco s qualification as a REIT.

***Disruptions in the financial markets could affect our ability to obtain financing and the cost of available financin
our liquidity.***

Our ability to obtain financing and the cost of such financing depends on the overall condition of the United States cr
the United States credit markets experienced significant liquidity disruptions, which caused the spreads on debt finan
made obtaining financing, both non-recourse property debt and corporate borrowings, such as our Credit Agreement,
Federal Home Loan Mortgage Corporation, or Freddie Mac, and Federal National Mortgage Association, or Fannie M
significant capital in the secondary credit markets at a relatively low cost. Freddie Mac and Fannie Mae are currently
Housing Finance Agency, and their future role in the housing finance market is uncertain. Any significant reduction i
level of involvement in the secondary credit markets may adversely affect the pricing at which we may obtain non-re

If our ability to obtain financing is adversely affected, we may be unable to satisfy scheduled maturities on existing f
of liquidity, which could result in lender foreclosure on the properties securing such debt and loss of income and asse
adversely affect our liquidity.

Increases in interest rates would increase our interest expense and reduce our profitability.

As of December 31, 2012, on a consolidated basis, we had approximately $154.6 million of variable-rate indebtednes
of variable rate preferred securities outstanding. Of the total debt subject to variable interest rates, floating rate tax-ex
approximately $130.6 million. Floating rate tax-exempt bond financing is benchmarked against the Securities Industr
Association Municipal Swap Index, or SIFMA, rate, which since 1992 has averaged 75% of the 30-day LIBOR rate.
continues, we estimate that an increase in 30-day LIBOR of 100 basis points (75 basis points for tax-exempt interest
spreads would result in Aimco s net income and net income attributable to Aimco common stockholders being reduc
and net loss attributable to Aimco common stockholders being increased) by $1.2 million and $1.4 million, respectiv
estimate this same increase in interest rates would result in the Aimco Operating Partnership s net income and net in
Operating Partnership s common unitholders being reduced (or the amounts of net loss and net loss attributable to th
common unitholders being increased) by $1.2 million and $1.5 million, respectively, on an annual basis.

Table of Contents

At December 31, 2012, we had approximately $334.2 million in cash and cash equivalents, restricted cash and notes
bear interest at variable rates indexed to LIBOR-based rates, and which may mitigate the effect of an increase in vari
indebtedness and preferred stock discussed above.

***Failure to generate sufficient net operating income may adversely affect our liquidity, limit our ability to fund nec
adversely affect our ability to pay dividends or distributions.***

Our ability to fund necessary capital expenditures on our properties depends on, among other things, our ability to ge
excess of required debt payments. If we are unable to fund capital expenditures on our properties, we may not be able
competitiveness of our properties, which could adversely affect our net operating income.

Our ability to make payments to our investors depends on our ability to generate net operating income in excess of re
capital expenditure requirements. Our net operating income and liquidity may be adversely affected by events or con
including:

- the general economic climate;
- an inflationary environment in which the costs to operate and maintain our properties increase at a rate gr
rents, which we can only do upon renewal of existing leases or at the inception of new leases;
- competition from other apartment communities and other housing options;
- local conditions, such as loss of jobs, unemployment rates or an increase in the supply of apartments, that
apartment occupancy or rental rates;
- changes in governmental regulations and the related cost of compliance;
- changes in tax laws and housing laws, including the enactment of rent control laws or other laws regulati
- changes in interest rates and the availability of financing.

Covenant restrictions may limit our ability to make payments to our investors.

Some of our debt and other securities contain covenants that restrict our ability to make distributions or other paymen
certain financial tests or other criteria are satisfied. Our Credit Agreement provides, among other things, that we may
investors during any four consecutive fiscal quarters in an aggregate amount that does not exceed the greater of 95%
for such period, subject to certain non-cash adjustments, or such amount as may be necessary to maintain Aimco s R
classes of preferred stock or preferred units prohibit the payment of dividends on our Common Stock or common par
the dividends to which the holders of the preferred stock or preferred units are entitled.

Because real estate investments are relatively illiquid, we may not be able to sell properties when appropriate.

Real estate investments are relatively illiquid and cannot always be sold quickly. REIT tax rules also restrict our abili
may not be able to change our portfolio promptly in response to changes in economic or other market conditions. Ou
in the future will depend on prevailing economic and market conditions, including the cost and availability of financi
adverse effect on our financial condition or results of operations.

Competition could limit our ability to lease apartments or increase or maintain rents.

Our apartment properties compete for residents with other housing alternatives, including other rental apartments and degree, single-family homes that are available for rent, as well as

F-13

new and existing condominiums and single-family homes for sale. Competitive residential housing in a particular are
ability to lease apartments and to increase or maintain rental rates. Recent challenges in the credit and housing marke
inventory that competes to some extent with our apartment properties.

Our subsidiaries may be prohibited from making distributions and other payments to us.

All of Aimco s properties are owned, and all of Aimco s operations are conducted, by the Aimco Operating Partner
Operating Partnership s properties are owned by other subsidiaries. As a result, Aimco depends on distributions and
Operating Partnership, and the Aimco Operating Partnership depends on distributions and payments from its subsidia
collective financial obligations and make payments to our investors. The ability of the Aimco Operating Partnership
distributions and other payments depends on their earnings and cash flows and may be subject to statutory or contrac
investor in the Aimco Operating Partnership and these subsidiaries, our right to receive assets upon their liquidation
effectively subordinated to the claims of their creditors. To the extent that we are recognized as a creditor of such sub
be subordinate to any security interest in or other lien on their assets and to any of their debt or other obligations that

Redevelopment and construction risks could affect our profitability.

We are currently redeveloping, and we intend to continue to redevelop, certain of our properties. During 2013, we ex
$130.0 million to $160.0 million in redevelopment of our conventional properties. Redevelopment activities are subj

we may be unable to obtain, or experience delays in obtaining, necessary zoning, occupancy, or other req
party permits and authorizations, which could result in increased costs or the delay or abandonment of op

we may incur costs that exceed our original estimates due to increased material, labor or other costs, such

we may be unable to complete construction and lease up of a property on schedule, resulting in increased
costs and a decrease in expected rental revenues;

occupancy rates and rents at a property may fail to meet our expectations for a number of reasons, includ
economic conditions beyond our control and the development by competitors of competing communities

we may be unable to obtain financing with favorable terms, or at all, for the proposed development of a p
delay or abandon an opportunity;

we may abandon opportunities that we have already begun to explore for a number of reasons, including
conditions or increases in construction or financing costs, and, as a result, we may fail to recover expense
those opportunities;

we may incur liabilities to third parties during the redevelopment process;

unexpected events or circumstances may arise during the redevelopment process that affect the timing of
profitability of the project; and

loss of a key member of a project team could adversely affect our ability to deliver redevelopment projec
budget.

Although we are insured for certain risks, the cost of insurance, increased claims activity or losses resulting from operating results and financial condition.

We are insured for a portion of our consolidated properties exposure to casualty losses resulting from fire, earthqua other perils, which insurance is subject to deductibles and self-

Table of Contents

insurance retention. We recognize casualty losses or gains based on the net book value of the affected property and th
insurance proceeds. In many instances, the actual cost to repair or replace the property may exceed its net book value
We also insure certain unconsolidated properties for a portion of their exposure to such losses. With respect to our co
recognize the uninsured portion of losses as part of casualty losses in the periods in which they are incurred. In additi
portion of our exposure to third-party claims related to our employee health insurance plans, workers compensation
exposure. With respect to our insurance obligations to unconsolidated properties and our exposure to claims of third p
levels that reflect our known and estimated losses. The ultimate cost of losses and the impact of unforeseen events ma
recorded reserves, and variances may adversely affect our operating results and financial condition. We purchase insu
losses and limit our financial losses on large individual risks. The availability and cost of insurance are determined by
control. No assurance can be made that we will be able to obtain and maintain insurance at the same levels and on th
we are not able to obtain or maintain insurance in amounts we consider appropriate for our business, or if the cost of
increases materially, we may have to retain a larger portion of the potential loss associated with our exposures to risk

Natural disasters and severe weather may affect our operating results and financial condition.

Natural disasters and severe weather such as hurricanes may result in significant damage to our properties. The exten
in operating income in connection with such events is a function of the severity of the event and the total amount of e
When we have geographic concentration of exposures, a single catastrophe (such as an earthquake) or destructive we
affecting a region may have a significant negative effect on our financial condition and results of operations. We cann
disasters or severe weather, or the number and type of such events that will affect us. As a result, our operating and fi
significantly from one period to the next. Although we anticipate and plan for losses, there can be no assurance that o
adversely affected by our exposure to losses arising from natural disasters or severe weather in the future that exceed
assumptions.

We depend on our senior management.

Our success depends upon the retention of our senior management, including Terry Considine, our chief executive of
planning and talent development process that is designed to identify potential replacements and develop our team me
organization and a bench of talent on which to draw. However, there are no assurances that we would be able to find
individuals who make up our senior management if their services were no longer available. The loss of services of or
senior management team could have a material adverse effect on our business, financial condition and results of oper
maintain key-man life insurance for any of our employees.

If we are not successful in our acquisition of properties, our results of operations could be adversely affected.

The selective acquisition of properties is a component of our strategy. However, we may not be able to complete tran
future. Although we seek to acquire properties when such acquisitions increase our property net operating income, Fu
Funds From Operations or Net Asset Value, such transactions may fail to perform in accordance with our expectation
acquisition, the value and operational performance of a property may be diminished if obsolescence or neighborhood
able to redevelop or sell the property.

We may be subject to litigation associated with partnership transactions that could increase our expenses and prev transactions.

We have engaged in, and intend to continue to engage in, the selective acquisition of interests in partnerships control
properties. In some cases, we have acquired the general partner

F-15

of a partnership and then made an offer to acquire the limited partners interests in the partnership. In these transacti
litigation based on claims that we, as the general partner, have breached our fiduciary duty to our limited partners or
relevant partnership agreement or state law. Although we intend to comply with our fiduciary obligations and the rel
we may incur costs in connection with the defense or settlement of this type of litigation. In some cases, this type of
our desire to proceed with, or our ability to complete, a particular transaction. Any litigation of this type could also h
our financial condition or results of operations.

Government housing regulations may limit the opportunities at some of our properties and failure to comply with requirements may result in financial penalties and/or loss of benefits, such as rental revenues paid by government government may cease to operate or reduce funding for government housing programs which would result in a lo

We own consolidated and unconsolidated equity interests in entities that own certain properties that benefit from gov
provide housing to people with low or moderate incomes. These programs, which are usually administered by the U.
Urban Development, or HUD, or state housing finance agencies, typically provide one or more of the following: mor
financing terms; tax-exempt interest; tax-credit equity; or rental assistance payments to the property owners. As a co
assistance under these programs, the properties must comply with various requirements, which typically limit rents t
limit our choice of residents to those with incomes at or below certain levels. Failure to comply with these requireme
penalties or loss of benefits. We are usually required to obtain the approval of HUD in order to acquire or dispose of
manage a HUD-assisted property. We may not always receive such approval.

Additionally, there is no guarantee that the government will continue to operate these programs or that the programs
that generates benefits consistent with those received in the past. Any cessation of or change in the administration of
housing programs may result in our loss or reduction in the amount of the benefits we receive under these programs,
During 2012, 2011 and 2010, for continuing and discontinued operations, our rental revenues include $117.3 million
million, respectively, of subsidies from government agencies. Of the 2012 subsidy amounts, $97.9 million related to
continuing operations, approximately 4.8% of which related to properties benefitting from housing assistance contra
anticipate renewing, and the remainder related to properties benefitting from housing assistance contracts that expire
average term of 10.7 years. Any loss or reduction in the amount of these benefits may adversely affect our liquidity a

Laws benefiting disabled persons may result in our incurrence of unanticipated expenses.

Under the Americans with Disabilities Act of 1990, or ADA, all places intended to be used by the public are required
requirements related to access and use by disabled persons. The Fair Housing Amendments Act of 1988, or FHAA, r
first occupied after March 13, 1991, to comply with design and construction requirements for disabled access. For th
funds, the Rehabilitation Act of 1973 also has requirements regarding disabled access. These and other Federal, state
modifications to our properties, or affect renovations of the properties. Noncompliance with these laws could result i
award of damages to private litigants and also could result in an order to correct any non-complying feature, which c
expenditures. Although we believe that our properties are substantially in compliance with present requirements, we
expenses to comply with the ADA, the FHAA and the Rehabilitation Act of 1973 in connection with the ongoing ope
properties.

Potential liability or other expenditures associated with potential environmental contamination may be costly.

Various Federal, state and local laws subject property owners or operators to liability for management, and the costs
certain potentially hazardous materials present on a property, including

lead-based paint, asbestos, polychlorinated biphenyls, petroleum-based fuels, and other miscellaneous materials. Suc
without regard to whether the owner or operator knew of, or was responsible for, the release or presence of such mat
failure to manage or remedy properly, these materials may adversely affect occupancy at affected apartment commu
finance affected properties. In addition to the costs associated with investigation and remediation actions brought by
potential fines or penalties imposed by such agencies in connection therewith, the improper management of these ma
in claims by private plaintiffs for personal injury, disease, disability or other infirmities. Various laws also impose lia
remediation or disposal of certain materials through a licensed disposal or treatment facility. Anyone who arranges fo
these materials is potentially liable under such laws. These laws often impose liability whether or not the person arra
owned or operated the disposal facility. In connection with the ownership, operation and management of properties,
responsible for environmental liabilities or costs associated with our properties or properties we acquire or manage in

Moisture infiltration and resulting mold remediation may be costly.

Although we are proactively engaged in managing moisture intrusion and preventing the presence of mold at our pro
periodic moisture intrusion issues to cause mold in isolated locations within a property. We have implemented polici
include a detailed moisture intrusion and mold assessment during acquisition due diligence. We believe these measur
at our properties and will minimize the effects that mold may have on our residents. To date, we have not incurred an
relating to claims of mold exposure or to abate mold conditions. We have only limited insurance coverage for proper
the presence of mold and for personal injury claims related to mold exposure. Because the law regarding mold is uns
can make no assurance that liabilities resulting from the presence of or exposure to mold will not have a material adv
financial condition or results of operations.

Aimco may fail to qualify as a REIT.

If Aimco fails to qualify as a REIT, Aimco will not be allowed a deduction for dividends paid to its stockholders in c
and will be subject to United States Federal income tax at regular corporate rates, including any applicable AMT. Th
our funds available for distribution to our investors. Unless entitled to relief under certain provisions of the Code, Ai
from taxation as a REIT for the four taxable years following the year during which it ceased to qualify as a REIT. In
qualify as a REIT would place us in default under our primary credit facilities.

We believe that Aimco operates, and has always operated, in a manner that enables it to meet the requirements for qu
Federal income tax purposes. Aimco s continued qualification as a REIT will depend on its satisfaction of certain as
organizational, distribution, stockholder ownership and other requirements on a continuing basis. Aimco s ability to
upon our analysis of the fair market values of our assets, some of which are not susceptible to a precise determinatio
obtain independent appraisals. Aimco s compliance with the REIT income and quarterly asset requirements also dep
successfully the composition of our income and assets on an ongoing basis. Moreover, the proper classification of an
United States Federal income tax purposes may be uncertain in some circumstances, which could affect the applicati
requirements. Accordingly, there can be no assurance that the Internal Revenue Service, or the IRS, will not contend
or other issuers constitutes a violation of the REIT requirements. Moreover, future economic, market, legal, tax or ot
Aimco to fail to qualify as a REIT, or Aimco s Board of Directors may determine to revoke its REIT status.

REIT distribution requirements limit our available cash.

As a REIT, Aimco is subject to annual distribution requirements. As Aimco s operating partnership, the Aimco Ope
distributions intended to satisfy Aimco s distribution requirements. This

Table of Contents

limits the amount of cash we have available for other business purposes, including amounts to fund our growth. Aim
annually at least 90% of its REIT taxable income, determined without regard to the dividends paid deduction and exc
order for its distributed earnings not to be subject to United States Federal corporate income tax. We intend to make
stockholders to comply with the requirements of the Code. However, differences in timing between the recognition o
receipt of cash could require us to sell properties or borrow funds on a short-term or long-term basis to meet the 90%
Code.

Limits on ownership of shares in Aimco s charter may result in the loss of economic and voting rights by purchas

Aimco s charter limits ownership of Common Stock by any single stockholder (applying certain beneficial owners
securities laws) to 8.7% (or up to 12.0% upon a waiver from Aimco s Board of Directors) of outstanding shares of C
case of certain pension trusts, registered investment companies and Mr. Considine. Aimco s charter also limits owne
and preferred stock by any single stockholder to 8.7% of the value of the outstanding Common Stock and preferred s
certain pension trusts, registered investment companies and Mr. Considine. The charter also prohibits anyone from b
stock if the purchase would result in Aimco losing its REIT status. This could happen if a transaction results in fewer
Aimco s shares of capital stock or results in five or fewer persons (applying certain attribution rules of the Code) ow
all of Aimco s shares of capital stock. If anyone acquires shares in excess of the ownership limit or in violation of th
Code for REITs:

- the transfer will be considered null and void;
- we will not reflect the transaction on Aimco s books;
- we may institute legal action to enjoin the transaction;
- we may demand repayment of any dividends received by the affected person on those shares;
- we may redeem the shares;
- the affected person will not have any voting rights for those shares; and
- the shares (and all voting and dividend rights of the shares) will be held in trust for the benefit of one or r
designated by Aimco.

Aimco may purchase the shares of capital stock held in trust at a price equal to the lesser of the price paid by the tran
current market price. If the trust transfers any of the shares of capital stock, the affected person will receive the lesse
or the then current market price. An individual who acquires shares of capital stock that violate the above rules bears

- may lose control over the power to dispose of such shares;
- may not recognize profit from the sale of such shares if the market price of the shares increases;

may be required to recognize a loss from the sale of such shares if the market price decreases; and

may be required to repay to us any distributions received from us as a result of his or her ownership of th

Aimco s charter may limit the ability of a third party to acquire control of Aimco.

The 8.7% ownership limit discussed above may have the effect of delaying or precluding acquisition of control of Ai consent of Aimco s Board of Directors. Aimco s charter authorizes its Board of Directors to issue up to 510,587,50 December 31, 2012, 505,787,260 shares were classified as Common Stock, of which 145,563,903 were outstanding, classified as preferred stock, of which 1,274,317 were outstanding. Under Aimco s charter, its Board of Directors ha reclassify any of Aimco s unissued shares of capital stock into shares of capital stock with such preferences, convers restrictions, limitations as to dividends,

Table of Contents

qualifications or terms or conditions of redemptions as the Board of Directors may determine. The authorization and
capital stock could have the effect of delaying or preventing someone from taking control of Aimco, even if a change
stockholders best interests.

The Maryland General Corporation Law may limit the ability of a third party to acquire control of Aimco.

As a Maryland corporation, Aimco is subject to various Maryland laws that may have the effect of discouraging offe
increasing the difficulty of consummating any such offers, even if an acquisition would be in Aimco s stockholders
General Corporation Law, specifically the Maryland Business Combination Act, restricts mergers and other business
between Aimco and any person who acquires, directly or indirectly, beneficial ownership of shares of Aimco s stock
voting power without Aimco s Board of Directors prior approval. Any such business combination transaction coul
after the person acquired such voting power, and generally only with the approval of stockholders representing 80%
and 66 2/3% of the votes entitled to be cast, excluding the interested stockholder, or upon payment of a fair price. Th
Corporation Law, specifically the Maryland Control Share Acquisition Act, provides generally that a person who acq
stock representing 10% or more of the voting power in electing directors will have no voting rights unless approved
shares eligible to vote. Additionally, the Maryland General Corporation Law provides, among other things, that the b
discretion in adopting stockholders rights plans and has the sole power to fix the record date, time and place for spe
To date, Aimco has not adopted a stockholders rights plan. In addition, the Maryland General Corporation Law prov

has at least three directors who are not officers or employees of the entity or related to an acquiring perso

has a class of equity securities registered under the Securities Exchange Act of 1934, as amended,

may elect in its charter or bylaws or by resolution of the board of directors to be subject to all or part of a special sub

the corporation will have a staggered board of directors;

any director may be removed only for cause and by the vote of two-thirds of the votes entitled to be cast
directors generally, even if a lesser proportion is provided in the charter or bylaws;

the number of directors may only be set by the board of directors, even if the procedure is contrary to the

vacancies may only be filled by the remaining directors, even if the procedure is contrary to the charter o

the secretary of the corporation may call a special meeting of stockholders at the request of stockholders
the stockholders entitled to cast at least a majority of all the votes entitled to be cast at the meeting, even
the charter or bylaws.

To date, Aimco has not made any of the elections described above.

Item 1B. ***Unresolved Staff Comments***

None.

Table of Contents

Item 2. ***Properties***

Our portfolio includes garden style, mid-rise and high-rise properties located in 24 states, the District of Columbia an allocation strategy focuses on the largest coastal and job growth markets in the United States, which are grouped acc areas into which our property operations team is organized. The following table sets forth information on all of our p 2012:

	Number of Properties	Number of Units
Conventional:		
Los Angeles	13	4,248
Orange County	4	1,213
San Diego	11	2,370
East Bay	2	413
San Jose	1	224
San Francisco	7	1,208
Seattle	2	239
Houston	5	2,237
Denver	8	2,177
Phoenix	6	1,806
Chicago	11	3,393
West	70	19,528
Washington - Northern Virginia - Maryland	14	6,547
Boston	11	4,129
Philadelphia	7	3,888
Manhattan	21	959
Suburban New York - New Jersey	2	1,162
Miami	5	2,482
Palm Beach - Fort Lauderdale	2	776
Orlando	6	1,715
Jacksonville	4	1,643
Atlanta	5	1,295
East	77	24,596
Total target markets	147	44,124
Opportunistic and other markets	28	11,755
Total conventional owned and managed	175	55,879
Affordable	90	12,098
Total	265	67,977

At December 31, 2012, we owned an equity interest in and consolidated 243 properties containing 66,107 apartment properties contain, on average, 272 apartment units, with the largest property containing 2,113 apartment units. Thes range of amenities, including swimming pools, clubhouses, spas, fitness centers, dog parks and open spaces. Many o features such as vaulted ceilings, fireplaces, washer and dryer connections, cable television, balconies and patios. Ad consolidated properties is contained in Schedule III - Real Estate and Accumulated Depreciation in this Annual R December 31, 2012, we held an equity interest in and did not consolidate 22 properties containing 1,870 apartment u

Substantially all of our consolidated properties are encumbered by property debt. At December 31, 2012, our consoli encumbered by, in aggregate, $4,688.4 million of property debt with a weighted

Table of Contents

average interest rate of 5.44% and a weighted average maturity of 7.9 years, respectively. Each of the non-recourse p
comprising this total are collateralized by one of 242 properties, without cross-collateralization, with an aggregate gr
million. Refer to Note 7 to the consolidated financial statements in Item 8 for additional information regarding our pr

Item 3. ***Legal Proceedings***

None.

Item 4. ***Mine Safety Disclosures***

Not applicable.

Table of Contents

PART II

Item 5. ***Market for the Registrant s Common Equity, Related Stockholder Matters and Issuer Purchases of***
Aimco

Aimco s Common Stock has been listed and traded on the NYSE under the symbol AIV since July 22, 1994. The
quarterly high and low sales prices of our Common Stock, as reported on the NYSE, and the dividends declared in th

Quarter Ended	High
December 31, 2012	$ 27.13
September 30, 2012	28.30
June 30, 2012	27.98
March 31, 2012	26.44
December 31, 2011	$ 27.26
September 30, 2011	28.12
June 30, 2011	27.67
March 31, 2011	26.33

Aimco s Board of Directors determines and declares our dividends. In making a dividend determination, Aimco s E
variety of factors, including: REIT distribution requirements; current market conditions; liquidity needs and other use
deleveraging and accretive investment activities. In January 2013, Aimco s Board of Directors declared a cash divid
Common Stock for the quarter ended December 31, 2012. Aimco s Board of Directors anticipates similar per share c
remainder of 2013. However, the Board of Directors may adjust the dividend amount or the frequency with which the
prevailing facts and circumstances.

On February 22, 2013, the closing price of the Common Stock was $29.83 per share, as reported on the NYSE, and th
Common Stock outstanding, held by 2,231 stockholders of record. The number of holders does not include individua
own shares but whose shares are held of record by a broker or clearing agency, but does include each such broker or c
recordholder.

As a REIT, Aimco is required to distribute annually to holders of its Common Stock at least 90% of its real estate in
which, as defined by the Code and United States Department of Treasury regulations, is generally equivalent to net ta

From time to time, Aimco may issue shares of Common Stock in exchange for common and preferred OP Units tend
Partnership for redemption in accordance with the terms and provisions of the agreement of limited partnership of the
Such shares are issued based on an exchange ratio of one share for each common OP Unit or the applicable conversio
The shares are generally issued in exchange for OP Units in private transactions exempt from registration under the S
amended, pursuant to Section 4(2) thereof. During the year ended December 31, 2012, we did not issue any shares of
common OP Units or preferred OP Units.

Aimco s Board of Directors has, from time to time, authorized Aimco to repurchase shares of its outstanding capital
of Aimco shares during the year ended December 31, 2012. As of December 31, 2012, Aimco was authorized to repu
19.3 million shares. This authorization has no expiration date. These repurchases may be made from time to time in t
negotiated transactions.

Table of Contents

Performance Graph

The following graph compares cumulative total returns for Aimco s Common Stock, the MSCI US REIT Index and
Return Index (the S&P 500). The MSCI US REIT Index is published by Morgan Stanley Capital International Inc
indices are weighted for all companies that fit the definitional criteria of the particular index and are calculated to exc
acquired and add them to the index calculation as they become publicly traded companies. All companies of the defi
the point in time presented are included in the index calculations. The graph assumes the investment of $100 in Aimc
index on December 31, 2007, and that all dividends paid have been reinvested. The historical information set forth be
indicative of future performance.

	For the fiscal years ende			
Index	**2007**	**2008**	**2009**	**20**
Aimco	$ 100.00	$ 53.79	$ 76.83	$ 12
MSCI US REIT	100.00	62.03	79.78	10
S&P 500	100.00	63.00	79.68	9

Source: SNL Financial LC, Charlottesville, VA ©2013

The Performance Graph will not be deemed to be incorporated by reference into any filing by Aimco under the Secu
or the Securities Exchange Act of 1934, as amended, except to the extent that Aimco specifically incorporates the sa

The information required by Item 5 with respect to securities authorized for issuance under equity compensation pla
Part III, Item 12 of this Annual Report.

Table of Contents

The Aimco Operating Partnership

There is no public market for the Aimco Operating Partnership s common partnership units, including OP Units, anc
the common partnership units on any securities exchange. In addition, the Aimco Operating Partnership s Partnershi
transferability of common partnership units, including OP Units. The following table sets forth the distributions decla
unit in each quarterly period during the two years ended December 31, 2012 and 2011:

Quarter Ended	2012
December 31	$ 0.20
September 30	0.20
June 30	0.18
March 31	0.18

During the years ended December 31, 2012 and 2011, our distributions per common partnership unit were equal to th
share of its Common Stock, with the exception of an additional $0.15 per unit distribution we declared and paid durin
December 31, 2011, which is further discussed in Note 13 to the consolidated financial statements in Item 8. We inte
Unit distributions to be equal to Aimco s Common Stock dividends.

At February 22, 2013, there were 153,818,664 common partnership units and equivalents outstanding (145,820,892 c
that were held by 3,067 unitholders of record.

The Aimco Operating Partnership s Partnership Agreement generally provides that after holding common OP Units
other than Aimco have the right to redeem their common OP Units for cash, subject to our prior right to cause Aimco
common OP Units tendered for redemption in exchange for shares of Aimco Common Stock. Common OP Units red
Common Stock are exchanged on a one-for-one basis (subject to antidilution adjustments).

As discussed in Note 13 to the consolidated financial statements in Item 8, during 2012, the Aimco Operating Partner
in shares of Aimco Common Stock for Aimco s holdings of a corresponding number of common partnership units. N
OP Units held by Limited Partners were redeemed in exchange for shares of Aimco Common Stock in 2012.

The following table summarizes the Aimco Operating Partnership s repurchases of common OP Units for the three r
2012:

Fiscal period	Total Number of Units Purchased	Average Price Paid per Unit	Total Number Units Purchased a of Publicly Announced Plans or Programs (1
October 1 - October 31, 2012	12,733	$ 26.21	N
November 1 - November 30, 2012	3,175	26.29	N
December 1 - December 31, 2012	80,072	25.25	N
Total	95,980	$ 25.41	

(1) The terms of the Aimco Operating Partnership s Partnership Agreement do not provide for a maximum numbe
repurchased, and other than the express terms of the Aimco Operating Partnership s Partnership Agreement, th
has no publicly announced plans or programs of repurchase. However, whenever Aimco repurchases its Comm
Aimco will fund the repurchase with a concurrent repurchase by the Aimco Operating Partnership of common p
at a price per unit that is equal to the price per share paid for the Common Stock. Refer to the preceding discuss
equity repurchases.

Table of Contents

Dividend and Distribution Payments

Our Credit Agreement includes customary covenants, including a restriction on dividends and other restricted payme
distributions during any four consecutive fiscal quarters in an aggregate amount of up to 95% of Aimco s Funds Fro
subject to certain non-cash adjustments, or such amount as may be necessary to maintain Aimco s REIT status.

Item 6. ***Selected Financial Data***

The following selected financial data is based on audited historical financial statements of Aimco and the Aimco Ope
information should be read in conjunction with such financial statements, including the notes thereto, and Managem
Financial Condition and Results of Operations included herein or in previous filings with the Securities and Exchan

Aimco

	For The Years Ended Decem		
	2012	**2011 (1)**	**2010 (1)**
	(dollar amounts in thousands, except		
OPERATING DATA:			
Total revenues	$ 1,033,197	$ 981,919	$ 958,540
Total operating expenses (2)	(833,037)	(828,762)	(855,957)
Operating income (2)	200,160	153,157	102,583
Loss from continuing operations (2)	(14,906)	(135,603)	(160,777)
Income from discontinued operations, net (3)	210,267	77,439	71,153
Net income (loss)	195,361	(58,164)	(89,624)
Net (income) loss attributable to noncontrolling interests	(62,905)	1,077	17,896
Net income attributable to preferred stockholders	(49,888)	(45,852)	(53,590)
Net income (loss) attributable to Aimco common stockholders	82,146	(103,161)	(125,318)
Earnings (loss) per common share - basic and diluted:			
Loss from continuing operations attributable to Aimco common stockholders	$ (0.59)	$ (1.22)	$ (1.48)
Net income (loss) attributable to Aimco common stockholders	$ 0.61	$ (0.86)	$ (1.08)
BALANCE SHEET INFORMATION:			
Total real estate	$ 8,333,419	$ 8,152,903	$ 8,072,369
Total assets	6,401,380	6,871,862	7,378,566
Total indebtedness	4,688,447	4,772,774	4,776,481
Total equity	1,154,894	1,144,674	1,306,772
OTHER INFORMATION:			
Dividends declared per common share (4)	$ 0.76	$ 0.48	$ 0.30
Total consolidated properties (end of period)	243	331	399
Total consolidated apartment units (end of period)	66,107	79,093	89,875
Total unconsolidated properties (end of period)	22	39	48
Total unconsolidated apartment units (end of period)	1,870	4,353	5,637

F-25

Table of Contents

The Aimco Operating Partnership

	For The Years Ended Dec		
	2012	**2011 (1)**	**2010 (1)**
	(dollar amounts in thousands, exc		
OPERATING DATA:			
Total revenues	$ 1,033,197	$ 981,919	$ 958,540
Total operating expenses (2)	(833,037)	(828,762)	(855,957)
Operating income (2)	200,160	153,157	102,583
Loss from continuing operations (2)	(14,906)	(134,304)	(159,918)
Income from discontinued operations, net (3)	210,267	77,439	71,153
Net income (loss)	195,361	(56,865)	(88,765)
Net (income) loss attributable to noncontrolling interests	(51,218)	257	13,301
Net income attributable to preferred unitholders	(56,384)	(52,535)	(58,554)
Net income (loss) attributable to the Aimco Operating Partnership s common unitholders	87,337	(109,365)	(134,018)
Earnings (loss) per common unit - basic and diluted:			
Loss from continuing operations attributable to the Aimco Operating Partnership s common unitholders	$ (0.59)	$ (1.21)	$ (1.47)
Net income (loss) attributable to the Aimco Operating Partnership s common unitholders	$ 0.61	$ (0.86)	$ (1.07)
BALANCE SHEET INFORMATION:			
Total real estate	$ 8,333,419	$ 8,152,903	$ 8,072,369
Total assets	6,401,380	6,871,862	7,395,796
Total indebtedness	4,688,447	4,772,774	4,776,481
Total partners capital	1,154,894	1,144,674	1,324,002
OTHER INFORMATION:			
Distributions declared per common unit (5)	$ 0.76	$ 0.63	$ 0.30
Total consolidated properties (end of period)	243	331	399
Total consolidated apartment units (end of period)	66,107	79,093	89,875
Total unconsolidated properties (end of period)	22	39	48
Total unconsolidated apartment units (end of period)	1,870	4,353	5,637

(1) Certain reclassifications have been made to conform to the current financial statement presentation, including r additional properties sold during 2012 as discontinued operations (see Note 15 to the consolidated financial sta

(2) Total operating expenses, operating income and loss from continuing operations for the year ended December 3 million pre-tax provision for impairment losses on real estate development assets.

(3) Income from discontinued operations for the years ended December 31, 2012, 2011, 2010, 2009 and 2008 inclu million, $94.9 million, $221.8 million and $800.3 million in gains on disposition of real estate, respectively. In operations for 2012, 2011 and 2010 is discussed further in *Management s Discussion and Analysis of Financi Operations* in Item 7.

(4) Aimco s dividends declared per common share during the year ended December 31, 2008, included $5.08 of p through the issuance of shares of Aimco Common Stock.

(5) The Aimco Operating Partnership s distributions declared per common unit during the year ended December 3 unit special distribution discussed in Note 13 to the consolidated financial statements in Item 8. The Aimco Op distributions declared per common unit during the year ended December 31, 2008, included $5.08 of per share Aimco through the issuance of common partnership units.

Table of Contents

Item 7. ***Management s Discussion and Analysis of Financial Condition and Results of Operations***
Executive Overview

Aimco and the Aimco Operating Partnership are focused on the ownership, management and redevelopment of quali
located in the largest coastal and job growth markets in the United States. Our business activities are defined by a co
integrity, respect, collaboration, a focus on our customers and a performance culture. These values and our corporate
quality apartment homes in a respectful environment delivered by a team of people who care, continually shape our c
residents, team members, business partners and equity holders, we aim to be the best owner and operator of apartmen
outstanding corporate citizen.

Our principal financial objective is to provide predictable and attractive returns to our equity holders. Our business p
to:

operate our nationwide portfolio of desirable apartment homes with valued amenities and a high level of
an efficient manner that realizes the benefits of our local management expertise;

improve our geographically diversified portfolio of conventional apartment properties, which average B
selling properties inconsistent with our portfolio strategy and investing the proceeds from such sales thro
acquisition of higher-quality properties; and

provide financial leverage primarily by the use of non-recourse, long-dated, fixed-rate property debt and
combination which helps to limit our refunding and re-pricing risk and provides a hedge against increase
rates and inflation.

Our real estate portfolio consists primarily of conventional real estate properties. Our conventional property operatio
apartments with rents paid by the residents and included 175 properties with 55,879 units in which we held an averag
December 31, 2012. We also operate a portfolio of affordable properties. Our affordable property operations consist
generally paid, in whole or part, by a government agency and consisted of 90 properties with 12,098 units in which w
76% as of December 31, 2012. Our conventional and affordable property operations comprise our reportable segmen
respectively, of our proportionate property net operating income (defined below under Results of Operations Rea
ended December 31, 2012. Over the next four to five years, we expect to sell essentially all of our affordable properti
our conventional portfolio.

Our portfolio strategy seeks predictable rent growth from a portfolio of A, B and C quality conventional apa
in quality and are diversified among the largest coastal and job growth markets in the United States, as measured by
measure conventional property quality based on average rents of our units compared to local market average rents as
provider of commercial real estate performance and analysis. Under this rating system, we classify as A-quality prop
than 125% of the local market average, as B-quality properties those earning rents 90% to 125% of the local market
properties those earning rents less than 90% of the local market average. We classify as B/B+ those properties earnin
125% of the local market average. Although some companies and analysts within the multifamily real estate industry
B and C, some of which are tied to local market rent averages, the metrics used to classify property quality as well as
markets rents are calculated may vary from company to company. Accordingly, our rating system for measuring prop
nor consistently used in the multifamily real estate industry.

We upgrade the quality of our portfolio through the sale of properties with lower projected returns, lower operating m
future rent growth. These properties are often located in markets we deem less desirable than our target markets. We
through the purchase of other properties or

F-27

Table of Contents

additional investment in properties already in our portfolio, including increased ownership or redevelopment. Increas
in our portfolio is attractive as we already operate these properties and know them well, and these investments are esp
eliminate overhead costs associated with the partnerships that own these properties. We believe redevelopment of cer
locations provides advantages over ground-up development, enabling us to generate rents comparable to new propert
less time and with reduced delays associated with governmental permits and authorizations. We believe redevelopme
adjusted returns with lower volatility compared to ground-up development. Redevelopment work may also include se
governments, which enhance the value of our existing portfolio by increasing density, that is, the right to add residen
historically undertaken a range of redevelopment projects: from those in which there is significant renovation, such a
unit improvements, typically done upon lease expirations without the need to vacate units on any wholesale or substa
substantial number of all available units are vacated for significant renovations to the property. We have a specialized
Construction Services group to oversee these projects.

During the year ended December 31, 2012, we sold 75 consolidated properties, generating net proceeds to Aimco of
proceeds from these property sales, the assumption of property debt and proceeds from new property debt to fund $1
spending on our conventional properties; $50.7 million of acquisitions of the noncontrolling interests in 11 consolida
own 17 conventional properties with average revenues per unit of $1,066; and $127.8 million of conventional proper
Phoenix, Arizona; Manhattan, New York City, New York; and San Diego, California. We underwrite our acquisition
internal rate of return, and the weighted average free cash flow rate of return for these three properties is expected to
Revenues per effective unit at the Phoenix, Manhattan and San Diego properties averaged approximately $1,100, $4,
and the properties average rents per unit exceeded the local market averages by approximately 47%, 38% and 15%,

Our leverage strategy seeks to balance our desire to increase financial returns with the inherent risks of leverage and
Debt and Preferred Equity to EBITDA of less than 7.0x and EBITDA Coverage of Interest and Preferred Dividends o
focus on Debt to EBITDA and EBITDA Coverage of Interest ratios. Refer to the Leverage Strategy discussion in Iten
these items.

Our leverage ratios for the years and annualized three month periods ended December 31, 2012 and 2011, are presen

	Years ended December 31,	
	2012	2011
Debt to EBITDA	7.5x	8.2x
Debt and Preferred Equity to EBITDA	7.8x	9.5x
EBITDA Coverage of Interest	2.3x	2.1x
EBITDA Coverage of Interest and Preferred Dividends	2.2x	1.8x

The 2012 EBITDA Coverage of Interest and Preferred Dividends ratios presented above are on a pro forma basis to e
preferred stock we redeemed during the year ended December 31, 2012.

During the year ended December 31, 2012, we reduced our leverage substantially by using the proceeds from the issu
redeem $600.9 million of preferred stock. With these preferred stock redemptions, we made significant progress tow
and we now expect to achieve them by early 2014, almost two years earlier than we had anticipated at the beginning
leverage reduction from earnings growth generated by the current portfolio and by regularly scheduled property

debt amortization funded from retained earnings. We also expect to increase our financial flexibility in the future by c
unencumbered properties. At December 31, 2012, we had one unencumbered consolidated property with a fair value

At December 31, 2012, approximately 97% of our leverage consisted of property-level, non-recourse, long-dated deb
preferred equity, a combination which helps to limit our refunding and re-pricing risk. The weighted average maturity
7.9 years, with an average of 5.3% of our unpaid principal balance maturing per year from 2013 through 2016. Appro
property-level debt is fixed-rate, which provides a hedge against increases in interest rates and inflation.

Although our primary sources of leverage are property-level, non-recourse, long-dated, fixed-rate, amortizing debt an
also have our Credit Agreement, which provides for $500.0 million of revolving loan commitments, to meet our shor
December 31, 2012, we had no outstanding borrowings under our Credit Agreement and we had the capacity to borro
million for undrawn letters of credit backed by the Credit Agreement. The Credit Agreement matures in December 20
two additional one-year periods, subject to certain conditions.

Under our Credit Agreement, we have agreed to Debt Service and Fixed Charge Coverage covenants. For the year en
Debt Service and Fixed Charge Coverage ratios were 1.65x and 1.50x, respectively, compared to covenants of 1.50x
ratios of 1.61x and 1.37x, respectively, for the year ended December 31, 2011.

Key Financial Indicators

The key financial indicators that we use in managing our business and in evaluating our financial condition and opera
Value; Funds From Operations; Pro forma Funds From Operations; Adjusted Funds From Operations; property net o
and other property revenues less direct property operating expenses, including real estate taxes; proportionate propert
store property operating results; Free Cash Flow, which is net operating income less spending for Capital Replaceme
of return; financial coverage ratios; and leverage as shown on our balance sheet. Funds From Operations, Pro forma F
Adjusted Funds From Operations are defined and further described in Funds From Operations, and proportionate p
defined and further described in Results of Operations Real Estate Operations. The key macro-economic factors
affect our financial condition and operating performance are: household formations; rates of job growth; single-famil
starts; interest rates; and availability and cost of financing.

Results of Operations

Because our operating results depend primarily on income from our properties, the supply and demand for apartment
results. Additionally, the level of expenses required to operate and maintain our properties and the pace and price at w
dispose of our apartment properties affect our operating results.

The following discussion and analysis of the results of our operations and financial condition should be read in conju
consolidated financial statements in Item 8.

Overview

2012 Highlights

Highlights of our results of operations for the year ended December 31, 2012, are summarized below:

Conventional Same Store revenues and expenses for 2012, increased by 4.7% and 1.6%, respectively, res
operating income as compared to 2011, the highest rate of annual growth in six years;

Table of Contents

Average revenue per effective unit for our conventional portfolio increased by 7.9%, from $1,262 for the
December 31, 2011, to $1,362 for the three months ended December 31, 2012, as a result of year-over-ye
sale of conventional properties with average revenues per unit substantially lower than those of the retain
of three conventional properties with average revenues per unit of $1,405;

Average daily occupancy for our Conventional Same Store properties was 95.5% for the year ended Dec
95.7% for 2011; and

Total Same Store revenues and expenses for 2012, increased by 4.6% and 1.9%, respectively, resulting in
operating income as compared to 2011.

2012 compared to 2011

We reported net income attributable to Aimco of $132.5 million and net income attributable to Aimco common stock
year ended December 31, 2012, as compared to net loss attributable to Aimco of $57.1 million and net loss attributab
stockholders of $103.2 million for the year ended December 31, 2011, increases in income of $189.5 million and $18

We reported net income attributable to the Aimco Operating Partnership of $144.1 million and net income attributabl
Partnership s common unitholders of $87.3 million for the year ended December 31, 2012, as compared to net loss a
Operating Partnership of $56.6 million and net loss attributable to the Aimco Operating Partnership s common unith
year ended December 31, 2011, increases in income of $200.8 million and $196.7 million, respectively.

These increases in net income for Aimco and the Aimco Operating Partnership during the year ended December 31, 2
ended December 31, 2011, were principally due to increases in gain on dispositions of real estate in 2012 compared t
operating income of our properties included in continuing operations, reflecting improved operations, and decreases i
due to prepayment penalties incurred in connection with a series of financing transactions completed in 2011 that ext
the effective interest rate on a number of non-recourse property loans.

2011 compared to 2010

We reported net loss attributable to Aimco of $57.1 million and net loss attributable to Aimco common stockholders
ended December 31, 2011, as compared to net loss attributable to Aimco of $71.7 million and net loss attributable to
$125.3 million for the year ended December 31, 2010, decreases in losses of $14.6 million and $22.2 million, respect

We reported net loss attributable to the Aimco Operating Partnership of $56.6 million and net loss attributable to the
common unitholders of $109.4 million for the year ended December 31, 2011, as compared to net loss attributable to
Partnership of $75.5 million and net loss attributable to the Aimco Operating Partnership s common unitholders of $
December 31, 2010, decreases in losses of $18.9 million and $24.7 million, respectively.

These decreases in losses for Aimco and the Aimco Operating Partnership during the year ended December 31, 2011
December 31, 2010, were principally due to an increase in the operating income of our properties included in continu
improved operations, partially offset by an increase in interest expense, primarily due to prepayment penalties incurre
financing transactions completed in 2011.

The following paragraphs discuss these and other items affecting the results of operations of Aimco and the Aimco C
detail.

Table of Contents

Real Estate Operations

Our owned real estate portfolio consists primarily of conventional real estate properties. Our conventional property o
apartments with rents paid by the resident and included 175 properties with 55,879 units in which we held an average
December 31, 2012. We also operate a portfolio of affordable properties. Our affordable property operations consist
generally paid, in whole or part, by a government agency and consisted of 90 properties with 12,098 units in which w
76% as of December 31, 2012. Our conventional and affordable property operations comprise our reportable segmen
respectively, of our proportionate property net operating income (defined below) during the year ended December 31

In accordance with accounting principles generally accepted in the United States of America, or GAAP, we consolid
we hold an insignificant economic interest and in some cases we do not consolidate other properties in which we hav
interest. Due to the diversity of our economic ownership interests in our properties, our chief operating decision mak
measurement of segment profit or loss proportionate property net operating income, which represents our share of th
of our consolidated and unconsolidated properties. Accordingly, the results of operations of our conventional and aff
below are presented on a proportionate basis.

We do not include property management revenues, offsite costs associated with property management or casualty rel
of segment performance. Accordingly, these items are not allocated to our segment results discussed below.

The tables and discussions below reflect the proportionate results of our conventional and affordable segments and th
our real estate operations not allocated to segments for the years ended December 31, 2012, 2011 and 2010 (in thous
discussions below exclude the results of operations for properties included in discontinued operations as of Decembe
the consolidated financial statements in Item 8 for further discussion regarding our reporting segments, including a re
proportionate amounts to consolidated rental and other property revenues and property operating expenses.

Total Same Store Portfolio

Our conventional and affordable segments each include properties we classify as same store. Same store properties a
which our ownership exceeds 10% and that have reached and maintained a stabilized level of occupancy (greater tha
prior year-to-date comparable periods. We consider total same store results as a meaningful measure of the performa
of the properties we own and operate. For the year ended December 31, 2012, our total same store portfolio comprise
proportionate property net operating income.

For the year ended December 31, 2012, as compared to 2011, our total same store portfolio s proportionate property
by 4.6% and 1.9%, respectively, resulting in a 6.2% increase in net operating income, and our total same store operat
approximately 100 basis points, from 63.6% during the year ended December 31, 2011, to 64.6% during the year end

For the year ended December 31, 2011, as compared to 2010, our total same store portfolio s proportionate property
expenses decreased by 1.7%, resulting in a 5.9% increase in net operating income, and our total same store operating
approximately 180 basis points, from 61.8% during the year ended December 31, 2010, to 63.6% during the year end

The results of operations of our conventional and affordable same store properties are discussed further in the discuss

Table of Contents

Conventional Real Estate Operations

Our conventional segment consists of conventional properties we classify as same store, redevelopment and other co
store properties are defined above. Redevelopment properties are those in which a substantial number of available un
renovations or have not been stabilized in occupancy for at least one year as of the earliest period presented, or for w
renovations are underway or have been complete for less than one year. Other conventional properties may include c
significant rent control restrictions, casualty properties and acquisition properties. We also include the results of oper
fitness centers associated with our conventional properties in the other conventional portfolio when measuring perfor

As of December 31, 2012, our conventional same store portfolio and our other conventional portfolio consisted of 13
and 5,575 units, respectively. From December 31, 2011 to December 31, 2012, our conventional same store portfolio
with 5,333 units for properties that were sold through December 31, 2012 and for which the results have been reclass
operations, partially offset by a net increase of two properties with 441 units that were reclassified from our other co
conventional same store portfolio following stabilization after casualty losses incurred at the properties. Our conventi
years ended December 31, 2012 and 2011 presented below are based on the property populations as of December 31,

	Year Ended I	
	2012	**2011**
Rental and other property revenues:		
Conventional same store	$ 726,496	$ 693,837
Other Conventional	85,245	76,094
Total	811,741	769,931
Property operating expenses:		
Conventional same store	253,448	249,571
Other Conventional	41,267	35,078
Total	294,715	284,649
Property net operating income:		
Conventional same store	473,048	444,266
Other Conventional	43,978	41,016
Total	$ 517,026	$ 485,282

For the year ended December 31, 2012, as compared to 2011, our conventional segment s proportionate property ne
$31.7 million, or 6.5%.

For the year ended December 31, 2012, as compared to 2011, conventional same store proportionate property net op
$28.8 million, or 6.5%. This increase was primarily attributable to a $32.7 million, or 4.7%, increase in rental and oth
higher average revenues (approximately $61 per effective unit), comprised of increases in rental rates, fee income an
rates on new leases transacted during the year ended December 31, 2012, were 3.2% higher than expiring lease rates,
higher than expiring lease rates. These increases in revenue were partially offset by a 20 basis point decrease in avera
increase in conventional same store rental and other property revenues was partially offset by a $3.9 million, or 1.6%
expenses, primarily due to increases in real estate taxes and insurance, partially offset by a decrease in personnel and

Our other conventional proportionate property net operating income increased by $3.0 million, or 7.2%, during the y
as compared to 2011, primarily due to an increase in net operating income resulting from conventional properties we

Table of Contents

As of December 31, 2011, our conventional same store portfolio and our other conventional portfolio consisted of 13
and 6,026 units, respectively. Our conventional portfolio results for the years ended December 31, 2011 and 2010, as
the property populations as of December 31, 2011.

	Year Ended D	
	2011	2010
Rental and other property revenues:		
Conventional same store	$ 699,526	$ 680,311
Other Conventional	70,405	70,812
Total	769,931	751,123
Property operating expenses:		
Conventional same store	252,102	255,417
Other Conventional	32,547	32,344
Total	284,649	287,761
Property net operating income:		
Conventional same store	447,424	424,894
Other Conventional	37,858	38,468
Total	$ 485,282	$ 463,362

For the year ended December 31, 2011, as compared to 2010, our conventional segment s proportionate property ne
$21.9 million, or 4.7%.

For the year ended December 31, 2011, as compared to 2010, conventional same store proportionate property net ope
$22.5 million, or 5.3%. This increase was primarily attributable to a $19.2 million, or 2.8%, increase in rental and oth
higher average revenues (approximately $41 per effective unit), comprised of increases in rental rates, fee income an
partially offset by a 50 basis point decrease in average daily occupancy. Rental rates on new leases transacted during
2011, were 3.8% higher than expiring lease rates, and renewal rates were 4.6% higher than expiring lease rates. The i
store rental and other property revenues was in addition to a $3.3 million, or 1.3%, decrease in property operating ex
decreases in insurance, personnel and related costs and contract services, partially offset by increases in real estate ta

Our other conventional proportionate property net operating income decreased by $0.6 million, or 1.6%, during the y
as compared to 2010, primarily due to a decrease in revenue from a larger number of vacant units resulting from the
our properties in 2011 as compared to 2010.

Affordable Real Estate Operations

Our affordable segment consists of properties we classify as same store or other, which are defined in the preceding t
conventional discussions. At December 31, 2012, our affordable same store portfolio and other affordable portfolio c
with 9,994 and 2,104 units, respectively. From December 31, 2011 to December 31, 2012, our affordable same store
basis by 48 properties and 4,250 units. These changes consisted of:

- the removal of 50 properties with 4,968 units that were sold through December 31, 2012, and for which t
into discontinued operations; and

- the reclassification of five properties with 677 units from our affordable same store portfolio to our other
ceased meeting our same store definition, generally when we stopped managing the properties.

Table of Contents

These decreases were partially offset by the reclassification of seven properties with 1,395 units into our affordable s
other affordable portfolio when they met the criteria to be classified as same store following redevelopment projects.

Our affordable same store results for the years ended December 31, 2012 and 2011 presented below are based on the
December 31, 2012. We did not have a significant economic ownership in any of the properties classified as other aff
not manage the properties for the comparative years ended December 31, 2012 and 2011. Accordingly, using our bas
performance, this portfolio is excluded from the discussion of proportionate results for the periods shown below.

	Year Ended Decemb		
	2012	2011	$ C
Affordable same store:			
Rental and other property revenues	$ 101,524	$ 97,793	$
Property operating expenses	39,968	38,453	
Property net operating income	$ 61,556	$ 59,340	$

For the year ended December 31, 2012, as compared to 2011, the proportionate property net operating income of our
properties increased $2.2 million, or 3.7%. This increase in net operating income consisted of a $3.7 million, or 3.8%
offset by a $1.5 million, or 3.9%, increase in expense. Affordable same store revenue increased partially due to highe
effective unit) and higher average physical occupancy (100 basis points). Affordable same store expenses increased p
insurance and real estate taxes partially offset by personnel and related costs.

At December 31, 2011, our affordable same store portfolio and other affordable portfolio consisted of 60 and 30 prop
units, respectively.

	Year Ended Decemb		
	2011	2010	$ C
Rental and other property revenues:			
Affordable same store	$ 83,282	$ 79,759	$
Other Affordable	14,511	13,710	
Total	97,793	93,469	
Property operating expenses:			
Affordable same store	32,728	34,542	(
Other Affordable	5,725	5,509	
Total	38,453	40,051	(
Property net operating income:			
Affordable same store	50,554	45,217	
Other Affordable	8,786	8,201	
Total	$ 59,340	$ 53,418	$

For the year ended December 31, 2011, as compared to 2010, the proportionate property net operating income of our
$5.9 million, or 11.1%. This increase in net operating income consisted of a $4.3 million, or 4.6%, increase in revenu
or 4.0%, decrease in expense. Affordable same store property net operating income increased by $5.3 million, or 11.8
average revenues ($43 per effective unit) and higher average physical occupancy (20 basis points). Affordable same s
primarily due to decreases in insurance, real estate taxes, and personnel and related costs.

Table of Contents

Non-Segment Real Estate Operations

Real estate operations net operating income amounts not attributed to our conventional or affordable segments includ
revenues, offsite costs associated with property management, and casualty losses, reported in consolidated amounts,
conventional or affordable segments for purposes of evaluating segment performance (see Note 20 to the consolidate
Item 8).

For the years ended December 31, 2012, 2011 and 2010, property management expenses, which includes offsite cost
properties we own (both our share and the share that we allocate to the noncontrolling limited partners in our consoli
costs associated with properties we manage for third parties, totaled $35.9 million, $41.4 million and $48.2 million, r
property management expenses in 2012 as compared to 2011 was primarily due to a reduction in personnel and relate
in the number of properties we own and manage. The decrease in property management expenses in 2011 as compare
the termination in early 2011 of our role as asset manager and property manager for approximately 100 properties wi

For the years ended December 31, 2012 and 2011, casualty losses decreased by $9.5 million, from $11.4 million to $
ended December 31, 2011 and 2010, casualty losses increased by $4.5 million, from $6.9 million to $11.4 million. Th
during 2012 and the increase in casualty losses during 2011 were primarily due to losses in 2011 from severe snow st
damaged several properties along with a loss resulting from a severe wind storm in California during 2011 that dama

Tax Credit and Asset Management Revenues

We sponsor certain consolidated partnerships that acquire, develop and operate qualifying affordable housing propert
for the pass-through of tax credits and deductions to their partners. We recognize income associated with the delivery
these partnerships to their partners. We also perform activities and services for certain of our other consolidated and u
partnerships pursuant to legacy asset management and other agreements. These services include portfolio strategy, ca
transactional activities, and we typically recognized the fees upon completion of transactions that monetize these fees
activities are conducted in part by our taxable subsidiaries, and the related net operating income may be subject to inc
an effort to simplify our business, we have reduced our role in transactional activities and accordingly the amount of
transactional activities has decreased. We expect the amounts of annual transactional fees to diminish in the future.

For the year ended December 31, 2012, as compared to the year ended December 31, 2011, tax credit and asset mana
million. This increase is primarily attributable to an increase of $5.3 million of disposition and other fees we earn in c
activities. This increase was partially offset by a $1.0 million decrease of income recognized in 2011 upon the syndic
tax credit partnership, with no comparable activity during 2012, and a $1.4 million decrease in asset management fee
termination in early 2011 of our role as asset manager for approximately 100 properties. Pursuant to the termination,
payment on asset management and other fees owed to us, $1.3 million of which was not previously recognized based
collectability.

For the year ended December 31, 2011, as compared to the year ended December 31, 2010, tax credit and asset mana
million. This increase is primarily attributable to a $2.0 million increase in income related to the syndication of low-i
partnerships and a $1.3 million increase in asset management fees. The increase in asset management fees primarily r
2011 of previously unrecognized fees owed to us, as further discussed above.

Table of Contents

Investment Management Expenses

Investment management expenses consist primarily of the costs of personnel who perform tax credit and asset manag
ended December 31, 2012, compared to the year ended December 31, 2011, investment management expenses increa
was primarily due to fees paid to third parties for providing asset management services and our write off during 2012
tax credit projects we elected not to pursue, partially offset by a reduction in personnel and related costs.

For the year ended December 31, 2011, compared to the year ended December 31, 2010, investment management ex
This decrease is primarily due to a $1.6 million reduction in personnel and related costs and a $2.4 million decrease i
our write off during 2010 of previously deferred costs related to tax credit projects we abandoned.

Depreciation and Amortization

During the years ended December 31, 2012, 2011 and 2010, depreciation and amortization totaled $345.1 million, $3
million, respectively. The $20.4 million decrease from 2010 to 2011 was due to adjustments that reduced depreciatio
became fully depreciated in 2010.

Provision for Real Estate Impairment Losses

Based on periodic tests of recoverability of long-lived assets, during the years ended December 31, 2012, 2011 and 2
losses totaling $8.3 million, $0.9 million and $0.1 million, respectively, primarily related to real estate properties clas
impairment losses were recognized primarily due to reductions in the estimated period over which we expect to hold
reductions in the estimated fair values of the assets as compared with their carrying amounts.

General and Administrative Expenses

In recent years, we have worked toward simplifying our business, including winding down the portion of our busines
transaction-based activity fees and reducing the number of partnerships that own our conventional properties by acqu
interests in these partnerships, which allows us to reduce overhead and other costs associated with these activities. Th
activities, along with our scale reductions completed to date have allowed us to reduce our offsite costs, which consis
expenses as well as property management and investment management expenses, by $17.5 million, or 15.3%, since 2
administrative expense as a percentage of total revenues has decreased from 5.6% in 2010, to 5.2% in 2011 and 4.8%

For the year ended December 31, 2012, compared to the year ended December 31, 2011, general and administrative e
or 2.6%, primarily due to decreases in rent expense related to our corporate office space, consulting and professional
costs, partially offset by increases in information technology and related outsourcing costs.

For the year ended December 31, 2011, compared to the year ended December 31, 2010, general and administrative e
or 4.6%, primarily due to net reductions in personnel and related expenses.

Other Expenses, Net

Other expenses, net includes franchise taxes, risk management activities, partnership administration expenses and cer

Table of Contents

For the year ended December 31, 2012, compared to the year ended December 31, 2011, other expenses, net decrease
decrease was primarily attributable to the reduction in 2012 of costs associated with certain of our consolidated tax cr
of various litigation matters during 2011. This decrease was partially offset by the write off during 2012 of the residu
certain of our affordable properties following a change in the U.S. Department of Housing and Urban Development

For the year ended December 31, 2011, compared to the year ended December 31, 2010, other expenses, net increase
increase in other expense during 2011 as compared to 2010 was primarily attributable to the settlement of various liti
which resulted in a net gain in our operations.

Interest Income

Interest income consists primarily of interest on notes receivable (including those from unconsolidated real estate par
within other assets in our consolidated balance sheets), accretion of discounts on certain notes receivable, interest on
accounts and interest on investments in debt securities in a securitization of certain of our property loans, which inves
other assets in our consolidated balance sheets.

For the years ended December 31, 2012, 2011 and 2010, Aimco recognized interest income of $9.9 million, $9.7 mil
respectively. In addition to the interest income recognized by Aimco, the Aimco Operating Partnership recognized $1
interest income during the years ended December 31, 2011 and 2010, respectively, related to notes receivable from A
income was recognized in 2012 following repayment of the notes in late 2011. These notes receivable and related int
Aimco s consolidated financial statements prior to their repayment.

Recovery of (Provision for) Losses on Notes Receivable

During the years ended December 31, 2012 and 2011, we recognized net recoveries of previously recognized losses o
million and $0.5 million, respectively. During 2012, we recognized a $4.0 million net recovery of previously recogni
tax) related to our interest in Casden Properties LLC, an entity organized to acquire, re-entitle and develop land parce
recovery was partially offset by losses on other notes receivable recognized during 2012, primarily due to property sa
net proceeds available for repayment of partnership loans were less than the amounts previously anticipated. The reco
was primarily related to property sales during 2011 for which the net proceeds available for repayment of partnership
previously anticipated. During the year ended December 31, 2010, we recognized a net provision for losses on notes
primarily due to concerns regarding the collectability of the corresponding notes receivable.

Interest Expense

For the year ended December 31, 2012, compared to the year ended December 31, 2011, interest expense, which incl
deferred financing costs and prepayment penalties incurred on debt refinancings, decreased by $43.4 million, or 15.0
attributable to our recognition during 2011 of $20.7 million of prepayment penalties and the write off of $2.3 million
connection with the completion of a series of refinancing transactions completed in 2011 in which we reduced the we
extended to ten years the maturity on over $600.0 million of property loans, which is discussed further in Note 3 to th
statements in Item 8. The decrease was also due to $15.6 million of debt forgiveness gains recognized during 2012 up
interests by certain of our consolidated partnerships. These gains were primarily allocated to noncontrolling interests
the amounts of net income attributable to Aimco or the Aimco Operating Partnership during the year ended Decembe

Table of Contents

For the year ended December 31, 2011, compared to the year ended December 31, 2010, interest expense increased b
Property related interest expense increased by $15.3 million, primarily due to our recognition during 2011 of $20.7 m
and the write off of $2.3 million of deferred loan costs discussed above, partially offset by a decrease in interest on ou
lower interest rates resulting from our refinancing activities. Corporate level interest expense decreased by $1.7 millio
repayment of our term loan during 2010.

Equity in Earnings or Losses of Unconsolidated Real Estate Partnerships

Equity in earnings or losses of unconsolidated real estate partnerships includes our share of the net earnings or losses
estate partnerships, which may include impairment losses, gains or losses on the disposition of real estate properties o
generally exceeds the net operating income recognized by such unconsolidated partnerships.

During the periods presented, the majority of the investments in unconsolidated real estate partnerships included in o
were held by entities that we consolidated in our financial statements even though we held a nominal economic intere
Accordingly, the equity in earnings and losses recognized by these entities were allocated to noncontrolling interests
the amounts of net income or loss attributable to Aimco.

Gain on Dispositions of Interests in Unconsolidated Real Estate and Other

Gain on dispositions of interests in unconsolidated real estate and other includes gains on disposition of interests in u
partnerships, gains on dispositions of land and other non-depreciable assets and certain costs related to asset disposal
period to period.

During the years ended December 31, 2012, 2011 and 2010, we recognized $21.9 million, $2.4 million and $10.6 mi
on disposition of interests in unconsolidated real estate and other. Approximately $15.7 million of the gains recogniz
sale of our interests in two unconsolidated real estate partnerships. The majority of the remaining gains recognized du
of the gains recognized during 2011 and 2010 related to sales of investments held by consolidated partnerships in wh
economic interest. Based on our nominal economic interest in the consolidated partnerships that sold these investmen
gains were allocated to the noncontrolling interests in these partnerships and had no significant effect on the amounts
Aimco or the Aimco Operating Partnership during the periods.

Income Tax Benefit

Certain of our operations or a portion thereof, including property management, asset management and risk managem
taxable REIT subsidiaries, each of which we refer to as a TRS. A TRS is a C-corporation that has not elected REIT s
United States Federal corporate income tax. We use TRS entities to facilitate our ability to offer certain services and
investment partners that cannot be offered directly by a REIT. We also use TRS entities to hold investments in certai
related to the results of continuing operations of our TRS entities are included in income tax benefit in our consolidat

For the year ended December 31, 2012, compared to the year ended December 31, 2011, income tax benefit decrease
million to $0.9 million, primarily due to decreases in the losses of our TRS entities, including the recovery during 20
losses on our interest in Casden Properties, LLC.

For the year ended December 31, 2011, compared to the year ended December 31, 2010, income tax benefit decrease
million to $6.5 million. This decrease was primarily due to decreases in the losses of our TRS entities.

Table of Contents

Income from Discontinued Operations, Net

The results of operations for consolidated properties sold during the period or designated as held for sale at the end o
classified as discontinued operations for all periods presented. The components of net earnings that are classified as d
all property-related revenues and operating expenses, depreciation expense recognized prior to the classification as he
interest expense and debt extinguishment gains and losses to the extent there is secured debt on the property. In additi
assets held for sale and the net gain or loss on the eventual disposal of properties held for sale are reported in disconti

For the years ended December 31, 2012 and 2011, income from discontinued operations totaled $210.3 million and $
$132.8 million increase in income from discontinued operations was principally due to a $122.9 million increase in g
estate, net of income taxes, with the balance of the change resulting from an increase in operating income, net of inte
and composition of sales.

For the years ended December 31, 2011 and 2010, income from discontinued operations totaled $77.4 million and $7
$6.3 million increase in income from discontinued operations was principally due to a $14.7 million increase in gain
net of income taxes, primarily attributable to more properties sold in 2011 as compared to 2010, partially offset prima
income, net of interest expense, due to the timing of sales.

During the year ended December 31, 2012, we sold 75 consolidated properties for an aggregate sales price of $719.0
proceeds of $289.9 million to us and a net gain of approximately $223.8 million (which is net of $10.7 million of rela
year ended December 31, 2011, we sold 67 consolidated properties for an aggregate sales price of $473.5 million, res
million to us and a net gain of approximately $100.9 million (which is net of $7.3 million of related income taxes). D
December 31, 2010, we sold 51 consolidated properties for an aggregate sales price of $401.4 million, resulting in ne
us and a net gain of approximately $86.1 million (which is net of $8.8 million of related income taxes).

The weighted average net operating income capitalization rates for our conventional and affordable property sales, w
trailing twelve month net operating income prior to sale, less a 3.0% management fee, divided by gross proceeds, we
conventional and affordable property sales, respectively, during the year ended December 31, 2012, 7.0% and 9.0% f
property sales, respectively, during the year ended December 31, 2011, and 8.2% and 8.7% for conventional and affo
respectively, during the year ended December 31, 2010.

Noncontrolling Interests in Consolidated Real Estate Partnerships

Noncontrolling interests in consolidated real estate partnerships reflects the results of our consolidated real estate par
unaffiliated owners of interests in these partnerships (owners other than Aimco or the Aimco Operating Partnership).
consolidated operating results in our consolidated financial statements to determine the portion of our consolidated o
to our ownership interest in all of our consolidated subsidiaries. The amounts of income or loss of our consolidated re
allocate to the unaffiliated owners includes their share of property management fees, interest on notes and other amou
partnerships.

For the year ended December 31, 2012, we allocated net income of $51.2 million to noncontrolling interests in conso
compared to $0.3 million of net losses allocated to these noncontrolling interests during the year ended December 31
million. This change was primarily due to a $44.7 million increase in the noncontrolling interest partners share of in
primarily due to their share of decreases in interest expense (inclusive of debt forgiveness gains during

Table of Contents

2012) and gains on dispositions of unconsolidated properties in consolidated real estate partnerships. These increases
ownership changes during the periods resulting from our acquisitions of noncontrolling interests in certain of our con
change was also due to a $6.8 million decrease in their share of income from discontinued operations.

For the years ended December 31, 2011 and 2010, we allocated net losses of $0.3 million and $13.3 million, respecti
in consolidated real estate partnerships, a $13.0 million decrease in their share of net losses year over year. This decr
$10.7 million increase in their share of income from discontinued operations, which is primarily due to an increase in
estate from 2010 to 2011, and a $2.3 million decrease in their share of losses from continuing operations.

Noncontrolling Interests in Aimco Operating Partnership

In Aimco s consolidated financial statements, noncontrolling interests in Aimco Operating Partnership reflects the re
Partnership that are allocated to the holders of OP Units. Aimco allocates the Aimco Operating Partnership s income
partnership units and equivalents based on the weighted average number of these units (including those held by Aimc
period. The amount of the Aimco Operating Partnership s income allocated to holders of the preferred OP Units is e
distributions they receive.

For the year ended December 31, 2012, income allocated to noncontrolling interests in the Aimco Operating Partners
the years ended December 31, 2011 and 2010, losses allocated to the noncontrolling interests in the Aimco Operating
and $4.6 million, respectively.

Critical Accounting Policies and Estimates

We prepare our consolidated financial statements in accordance with GAAP, which requires us to make estimates an
the following critical accounting policies involve our more significant judgments and estimates used in the preparatio
statements.

Impairment of Long-Lived Assets

Real estate and other long-lived assets to be held and used are stated at cost, less accumulated depreciation and amort
amount of the asset is not recoverable. If events or circumstances indicate that the carrying amount of a property may
an assessment of its recoverability by comparing the carrying amount to our estimate of the undiscounted future cash
charges, of the property. If the carrying amount exceeds the estimated aggregate undiscounted future cash flows, we r
the extent the carrying amount exceeds the estimated fair value of the property.

From time to time, we have non-revenue producing properties that we hold for future redevelopment. We assess the r
amount of these redevelopment properties by comparing our estimate of undiscounted future cash flows based on the
the redevelopment property upon completion to the carrying amount. In certain instances, we use a probability-weigh
estimate of undiscounted future cash flows when alternative courses of action are under consideration.

Real estate investments are subject to varying degrees of risk. Several factors may adversely affect the economic perf
estate investments. These factors include:

- the general economic climate;
- competition from other apartment communities and other housing options;
- local conditions, such as loss of jobs or an increase in the supply of apartments, that might adversely affe
rental rates;

Table of Contents

changes in governmental regulations and the related cost of compliance;

increases in operating costs (including real estate taxes) due to inflation and other factors, which may not

changes in tax laws and housing laws, including the enactment of rent control laws or other laws regulati

changes in interest rates and the availability of financing.

Any adverse changes in these and other factors could cause an impairment of our long-lived assets, including real est unconsolidated real estate partnerships. As we execute our portfolio strategy over the next few years, we are evaluati our interest in a significant number of properties that do not align with our long-term investment strategy. While ther sell or reduce our investment in these properties during the desired timeframe, the size of our portfolio is likely to ch our portfolio management strategy. For any properties that are sold or meet the criteria to be classified as held for sal months, the reduction in the estimated holding period for these properties may result in additional impairment losses.

Based on periodic tests of recoverability of long-lived assets, for the years ended December 31, 2012, 2011 and 2010 of $8.3 million, $0.9 million and $0.1 million, respectively, primarily related to real estate properties classified as hel ended December 31, 2012, 2011 and 2010, we recognized impairment losses of $15.3 million, $19.3 million and $13 to real estate properties included in discontinued operations, primarily due to reductions in the estimated holding peri these periods.

Capitalized Costs

We capitalize costs, including certain indirect costs, incurred in connection with our capital additions activities, inclu construction projects, other tangible property improvements and replacements of existing property components. Inclu are payroll costs associated with time spent by site employees in connection with the planning, execution and control activities at the property level. We characterize as indirect costs an allocation of certain department costs, includin and corporate levels that clearly relate to capital additions activities. We also capitalize interest, property taxes and in redevelopment and construction projects are in progress. We commence capitalization of costs, including certain indi connection with our capital addition activities, at the point in time when activities necessary to get properties ready f progress. This includes when properties or units are undergoing physical construction, as well as when units are held construction, provided that other activities such as permitting, planning and design are in progress. We cease the capi assets are substantially complete and ready for their intended use, which is typically when construction has been com for occupancy. We charge to expense as incurred costs that do not relate to capital additions activities, including ordi resident turnover costs and general and administrative expenses.

For the years ended December 31, 2012, 2011 and 2010, for continuing and discontinued operations, we capitalized $ $11.6 million, of interest costs, respectively, and $33.7 million, $29.0 million and $30.0 million of site payroll and in

Funds From Operations

Funds From Operations, or FFO, is a non-GAAP financial measure that we believe, when considered with the financ accordance with GAAP, is helpful to investors in understanding our performance because it captures features particu recognizing that real estate

generally appreciates over time or maintains residual value to a much greater extent than do other depreciable assets
or other personal property. The National Association of Real Estate Investment Trusts, or NAREIT, defines FFO as
accordance with GAAP, excluding gains from sales of, and impairment losses recognized with respect to, depreciabl
amortization, and after adjustments for unconsolidated partnerships and joint ventures. Adjustments for unconsolidat
ventures are calculated on the same basis to determine FFO. We calculate FFO attributable to Aimco common stockh
if dilutive, redemption or repurchase related preferred stock issuance costs and dividends on preferred stock and addi
on dilutive preferred securities and premiums or discounts on preferred stock redemptions or repurchases.

In addition to FFO, we compute Pro forma FFO and Adjusted FFO, or AFFO, which are also non-GAAP financial m
to investors in understanding our performance. Pro forma FFO represents FFO attributable to Aimco common stockh
preferred equity redemption-related amounts (adjusted for noncontrolling interests). Preferred equity redemption-rela
are items that periodically affect our operating results and we exclude these items from our calculation of Pro forma
not representative of our operating performance. AFFO represents Pro forma FFO reduced by Capital Replacements
noncontrolling interests), which represents our estimation of the capital additions required to maintain the value of ou
ownership period. When we make capital additions at a property, we evaluate whether the additions enhance the valu
an asset as compared to its condition at the time we purchased the asset. We classify as Capital Improvements those
criteria and we classify as Capital Replacements those that do not.

FFO, Pro forma FFO and AFFO should not be considered alternatives to net income (loss) or net cash flows from op
in accordance with GAAP, as indications of our performance or as measures of liquidity. Although we use these non-
comparability in assessing our performance against other REITs, not all REITs compute these same measures. Additi
subject to definitions of capital spending, which are subjective. Accordingly, there can be no assurance that our basis
measures is comparable with that of other REITs. For the years ended December 31, 2012, 2011 and 2010, Aimco s
are calculated as follows (in thousands):

	2012
Net income (loss) attributable to Aimco common stockholders (1)	$ 82,146
Adjustments:	
Depreciation and amortization	345,077
Depreciation and amortization related to non-real estate assets	(13,176)
Depreciation of rental property related to noncontrolling interests in consolidated real estate partnerships and unconsolidated entities	(18,402)
Gain on dispositions of unconsolidated real estate and other, net of noncontrolling interests in consolidated real estate partnerships	(15,399)
Provision for impairment losses related to depreciable real estate assets , net of noncontrolling interests in consolidated real estate partnerships	9,382
Discontinued operations:	
Gain on dispositions of real estate, net of income taxes and noncontrolling interests in consolidated real estate partnerships	(185,112)
Provision for impairment losses related to depreciable real estate assets, net of income taxes and noncontrolling interests in consolidated real estate partnerships	12,403
Depreciation of rental property, net of noncontrolling interests in consolidated real estate partnerships	19,169
Common noncontrolling interests in Aimco Operating Partnership s share of above adjustments (2)	(9,127)
Amounts allocable to participating securities	(503)
FFO attributable to Aimco common stockholders diluted	$ 226,458
Preferred equity redemption related amounts	22,626
Common noncontrolling interests in Aimco Operating Partnership s share of above adjustments	(1,341)
Amounts allocable to participating securities	(87)
Pro Forma FFO attributable to Aimco common stockholders diluted	$ 247,656
Capital Replacements, net of common noncontrolling interests in Aimco Operating Partnership and participating securities	(66,722)
AFFO attributable to Aimco common stockholders diluted	$ 180,934
Weighed average common shares outstanding diluted (earnings per share)	134,479
Dilutive common share equivalents	264
Weighed average common shares outstanding diluted (3)	134,743

(1) Represents the numerator for calculating Aimco s earnings per common share in accordance with GAAP (see
financial statements in Item 8).

(2) During the years ended December 31, 2012, 2011 and 2010, the Aimco Operating Partnership had outstanding
8,377,645 common OP Units and equivalents.

(3) Represents the denominator for Aimco s earnings per common share diluted, calculated in accordance with
equivalents that are dilutive for FFO, Pro forma FFO and AFFO.

The Aimco Operating Partnership does not separately compute or report FFO, Pro forma FFO or AFFO. However, ba
allocation of amounts of FFO, Pro forma FFO and AFFO to noncontrolling interests in the Aimco Operating Partners
differences between Aimco s and the Aimco Operating Partnership s net loss amounts during the periods presented.
amounts on a per unit basis for the Aimco Operating Partnership would be expected to be substantially the same as th
amounts for Aimco.

Liquidity and Capital Resources

Liquidity is the ability to meet present and future financial obligations. Our primary source of liquidity is cash flow f
sources are proceeds from property sales, proceeds from refinancings of existing property loans, borrowings under ne
borrowings under our Credit Agreement.

Our principal uses for liquidity include normal operating activities, payments of principal and interest on outstanding
expenditures, dividends paid to stockholders and distributions paid to noncontrolling interest partners and acquisition
properties. We use our cash and cash equivalents and our cash provided by operating activities to meet short-term liq
our cash and cash equivalents and cash provided by operating activities are not sufficient to cover our short-term liqu
means, such as short-term borrowing availability and proceeds from property sales and refinancings. We may use our
corporate purposes and to fund investments on an interim basis. We expect to meet our long-term liquidity requireme
property acquisitions, through long-term borrowings, primarily secured, the issuance of equity securities (including C
and cash generated from operations.

The availability of credit and its related effect on the overall economy may affect our liquidity and future financing a
in interest rates and access to financing. Currently, interest rates are low compared to historical levels and many lend
However, any adverse changes in the lending environment could negatively affect our liquidity. We believe we have
by reducing our short and intermediate term maturity risk through refinancing such loans with long-dated, fixed-rate
property financing options become unavailable for our further debt needs, we may consider alternative sources of liqu
capital spending or proceeds from asset dispositions.

As further discussed in Item 7A. Quantitative and Qualitative Disclosures About Market Risk, we are subject to inter
certain variable rate liabilities and preferred stock. At December 31, 2012, we estimate that a 1.0% increase in 30-day
risk spreads would reduce the amounts of net income (or increase the amounts of net loss) attributable to Aimco com
Aimco Operating Partnership s common unitholders by approximately $1.4 million and $1.5 million, respectively, o
could be mitigated by increasing income earned on our variable rate assets.

We are subject to total rate of return swaps that require specified loan-to-value ratios that may require us to pay down
collateral, which may adversely affect our cash flows. At December 31, 2012, we had provided $20.0 million of cash
agreements to satisfy the loan-to-value requirements. See Note 8 to the consolidated financial statements in Item 8 fo
regarding these arrangements, including the maturity date of the swaps.

As of December 31, 2012, we had the capacity to borrow $454.6 million pursuant to our Credit Agreement, net of $4
of credit backed by the Credit Agreement.

At December 31, 2012, we had $84.4 million in cash and cash equivalents and $146.9 million of restricted cash, decr
million, respectively from December 31, 2011. Restricted cash

Table of Contents

primarily consists of reserves and escrows held by lenders for bond sinking funds, capital additions, property taxes ar
related to tenant security deposits. In addition, cash, cash equivalents and restricted cash are held by partnerships that
consolidated basis. The following discussion relates to changes in cash due to operating, investing and financing acti
our consolidated statements of cash flows in Item 8.

Operating Activities

For the year ended December 31, 2012, our net cash provided by operating activities of $316.8 million was primarily
from our consolidated properties, which is affected primarily by rental rates, occupancy levels and operating expense
properties, in excess payments of operating accounts payable and accrued liabilities. Cash provided by operating acti
December 31, 2012 increased by $58.0 million as compared to the year ended December 31, 2011, primarily due to a
income of our properties, resulting from improved operations, and a decrease in cash paid for interest payments, due
prepayment penalties incurred during 2011 in connection with a series of refinancing transactions, as well as lower a
interest rates from our refinancing activities.

Investing Activities

For the year ended December 31, 2012, our net cash provided by investing activities of $111.7 million consisted prin
disposition of real estate, partially offset by capital expenditures and purchases of real estate.

We sell properties when they do not meet our investment criteria or are located in areas that we believe do not justify
compared to alternative uses for our capital. During the year ended December 31, 2012, we sold 75 consolidated prop
price of $719.0 million, generating proceeds totaling $289.9 million after the amount of property debt repaid upon th
and after the payment of transaction costs, debt prepayment penalties and distributions to limited partners. Net cash p
were used primarily to fund redevelopment spending on our conventional properties and property investments, incluc
properties and acquisitions of the noncontrolling interests in certain of our consolidated properties.

Table of Contents

Capital expenditures totaled $270.2 million, $200.4 million, and $178.9 million during the years ended December 31
respectively. We generally fund capital additions with cash provided by operating activities, working capital and net
We categorize our capital spending broadly into four primary categories: Capital Replacements, Capital Improvemen
spending. We monitor our spending in these categories based on capital additions related to properties that we own a
include in these measures capital spending related to properties sold or classified as held for sale at the end of the per
multi-family such as commercial properties or fitness facilities, or properties we own but do not manage. A summary
these categories, along with a reconciliation of the total for these categories to the capital expenditures reported in the
statements of cash flow for the year ended December 31, 2012, 2011, and 2010, are presented below (dollars in thous

	2012
Capital Replacements	$ 64,076
Capital Improvements	83,980
Redevelopment additions	100,085
Casualty replacements	11,902
Total capital additions	260,043
Less: additions related to unconsolidated partnerships	(1,226)
Plus: additions related to sold or held for sale properties	12,142
Plus: additions related to consolidated properties not managed, commercial space, fitness facilities and other	1,144
Consolidated capital additions	272,103
Plus: net change in accrued capital spending	(1,893)
Capital expenditures per consolidated statements of cash flows	$ 270,210

Capital spending related to Redevelopment and Capital Improvements increased significantly during the year ended I
compared to the year ended December 31, 2011, due to redevelopment projects we commenced in early 2012. Capita
Improvements increased significantly in the year ended December 31, 2011, as compared to the year ended Decembe
for property upgrades, primarily the installation of vinyl wood plank flooring at certain of our properties. We expect
spending to increase during 2013, to range of approximately $130.0 million to $160.0 million.

For the years ended December 31, 2012, 2011 and 2010, capital spending included $16.6 million, $14.0 million and $
respectively, and $33.7 million, $29.0 million and $30.0 million of site payroll and indirect costs, respectively.

Financing Activities

For the year ended December 31, 2012, our net cash used in financing activities of $435.1 million was primarily attri
preferred equity securities, debt principal payments, dividends and distributions paid to common and preferred securi
and acquisitions of noncontrolling interests, partially offset by proceeds from our issuance of common equity securiti
option exercises.

Property Debt

At December 31, 2012 and 2011, we had $4.7 billion and $5.2 billion, respectively, of consolidated property debt out
December 31, 2011, included $412.6 million of property debt classified within liabilities related to assets held for sal
refinance property debt primarily as a means of extending current and near term maturities and to finance certain cap

Table of Contents

Credit Agreement

Our Credit Agreement consists of $500.0 million of revolving loan commitments. Borrowings under the Credit Agre
forth on a pricing grid which rate varies based on our leverage (initially either LIBOR plus 2.75% or, at our option, a
Agreement matures December 2014, and may be extended for two additional one-year periods, subject to certain con
25.0 basis point fee on the total revolving commitments.

As of December 31, 2012, we had no outstanding borrowings under the Credit Agreement, and we had the capacity t
$45.4 million for undrawn letters of credit backed by the Credit Agreement. The proceeds of revolving loans are gen
capital and for other corporate purposes.

Our Credit Agreement requires us to satisfy, among other customary financial covenants, ratios of EBITDA to debt s
charges of 1.50x and 1.30x, respectively. For the year ended December 31, 2012, as calculated based on the provisio
had a ratio of EBITDA to debt service of 1.65x and a ratio of EBITDA to fixed charges of 1.50x. We expect to rema
covenants during 2013.

Equity and Partners Capital Transactions

During the year ended December 31, 2012, Aimco completed two public offerings of its Common Stock, generating
net proceeds (inclusive of proceeds received upon the exercise of near-term expiring stock options in connection with
used these proceeds and other available cash to redeem $600.9 million of preferred stock.

In connection with Aimco s Common Stock issuances, Aimco contributed the proceeds to the Aimco Operating Part
of common partnership units equal to the number of shares issued. In connection with Aimco s preferred stock rede
Partnership redeemed from Aimco Partnership Preferred Units corresponding to the preferred stock redeemed by Ai

Also during the year ended December 31, 2012, Aimco issued 405,090 shares of its 7.00% Class Z Cumulative Prefe
stock at-the-market, or ATM, offering program, for net proceeds of $9.8 million. Aimco contributed the net proceeds
preferred stock to the Aimco Operating Partnership in exchange for an equal number of the Aimco Operating Partne
Preferred Partnership Units.

Pursuant to ATM offering programs active at December 31, 2012, Aimco has the capacity to issue up to 3.5 million a
Stock and an additional 3.5 million shares of its Class Z Cumulative Preferred Stock. In the event of any such issuan
net proceeds to the Aimco Operating Partnership in exchange for a number of common partnership units or Class Z P
the case may be, equal to the number of shares issued and sold. Additionally, the Aimco Operating Partnership and A
statement that provides for the issuance of debt securities by the Aimco Operating Partnership and equity securities b

During the year ended December 31, 2012, Aimco paid cash dividends totaling $37.0 million and $104.0 million to p
common stockholders, respectively, and the Aimco Operating Partnership paid cash distributions of $12.6 million to
interests in the Aimco Operating Partnership.

During the year ended December 31, 2012, the Aimco Operating Partnership paid cash distributions totaling $43.5 m
preferred unitholders and common unitholders, respectively, of which $37.0 million and $104.0 million, respectively
Aimco.

Table of Contents

During the year ended December 31, 2012, we paid cash distributions of $45.2 million to holders of noncontrolling i
estate partnerships, primarily related to property sales during 2012 and late 2011.

During the year ended December 31, 2012, we acquired the remaining noncontrolling limited partnership interests in
partnerships that own 17 properties and for which our affiliates serve as general partner, for a total cost of $50.7 milli
approximately 416,000 common OP Units for cash of $10.8 million.

Contractual Obligations

This table summarizes information contained elsewhere in this Annual Report regarding payments due under contrac
commitments as of December 31, 2012 (amounts in thousands):

	Total	Less than One Year	2-3 Years
Long-term debt (1)	$ 4,688,447	$ 268,599	$ 599,010
Interest related to long-term debt (2)	1,767,332	250,945	463,766
Leases for space	13,312	3,756	5,654
Other obligations (3)	234,518	169,720	64,798
Total	$ 6,703,609	$ 693,020	$ 1,133,228

(1) Includes scheduled principal amortization and maturity payments related to our long-term debt.
(2) Includes interest related to both fixed rate and variable rate debt. Interest related to variable rate debt is estimat
December 31, 2012. Refer to Note 7 in the consolidated financial statements in Item 8 for a description of aver
our debt.
(3) Includes a commitment to fund $2.3 million in second mortgage loans on certain properties in West Harlem, N
approximately $232.2 million of obligations pursuant to construction contracts related to our redevelopment an

In addition to the amounts presented in the table above, at December 31, 2012, we were obligated to make dividend p
(liquidation value) of perpetual preferred stock outstanding with a weighted average annual dividend yield of 4.1% a
$79.2 million (liquidation value) of redeemable preferred OP Units of the Aimco Operating Partnership outstanding
ranging from 1.8% to 8.8%, or equal to the dividends paid on Aimco s Common Stock.

As discussed in Note 6 to the consolidated financial statements in Item 8, we have notes receivable collateralized by
properties in West Harlem in New York City. The obligor under these notes has the ability to put these properties to
certain operating performance thresholds. Our acquisition of these properties pursuant to this put option would result
approximately $31.0 million at the lower performance threshold and $98.1 million at the higher performance thresho
approximately $118.2 million in property debt.

As discussed in Note 10 to the consolidated financial statements in Item 8, pursuant to financing arrangements on ce
redevelopment properties, we are contractually obligated to complete the planned projects. The majority of the capita
construction financing that will be converted to permanent non-recourse property loans upon completion of the proje
regarding the timing and the final amounts of the expenditures, we have excluded them from the contractual obligati

Additionally, we may enter into commitments to purchase goods and services in connection with the operations of ou
commitments generally have terms of one year or less and reflect expenditure levels comparable to our historical exp

F-48

Table of Contents

Future Capital Needs

In addition to the items set forth in Contractual Obligations above, we expect to fund any future acquisitions, rede
Improvements and Capital Replacements principally with proceeds from property sales (including tax-free exchange
borrowings, debt and equity financing and operating cash flows.

Off-Balance Sheet Arrangements

We own general and limited partner interests in unconsolidated real estate partnerships, in which our ownership inter
67%. There are no lines of credit, side agreements, or any other derivative financial instruments related to or betwee
partnerships and us and no material exposure to financial guarantees. Accordingly, our maximum risk of loss related
estate partnerships is limited to the aggregate carrying amount of our investment in the unconsolidated real estate par
notes or accounts receivable as reported in our consolidated financial statements (see Note 4 to the consolidated finar
further discussion of our involvement with variable interest entities and see Note 5 to the consolidated financial state
information about our involvement with and investments in unconsolidated real estate partnerships).

Item 7A. ***Quantitative and Qualitative Disclosures About Market Risk***

Our primary market risk exposure is to the availability of property debt or other cash sources to refund maturing prop
interest rates and credit risk spreads. Our liabilities are not subject to any other material market rate or price risks. W
fixed-rate non-recourse property debt in order to avoid the refunding and repricing risks of short-term borrowings. W
and working capital primarily to fund short-term uses and acquisitions and generally expect to refinance such borrow
activities, property sales proceeds, long-term debt or equity financings. We make limited use of other derivative finar
use them for trading or other speculative purposes.

As of December 31, 2012, on a consolidated basis, we had approximately $154.6 million of variable-rate indebtednes
of variable rate preferred stock outstanding. Of the total debt subject to variable interest rates, floating rate tax-exemp
approximately $130.6 million. Floating rate tax-exempt bond financing is benchmarked against the Securities Industr
Association Municipal Swap Index, or SIFMA, rate, which since 1992 has averaged 75% of the 30-day LIBOR rate.
continues, we estimate that an increase in 30-day LIBOR of 100 basis points (75 basis points for tax-exempt interest
spreads would result in Aimco s net income and net income attributable to Aimco common stockholders being reduc
and net loss attributable to Aimco common stockholders being increased) by $1.2 million and $1.4 million, respectiv
estimate this same increase in interest rates would result in the Aimco Operating Partnership s net income and net in
Operating Partnership s common unitholders being reduced (or the amounts of net loss and net loss attributable to th
common unitholders being increased) by $1.2 million and $1.5 million, respectively, on an annual basis.

At December 31, 2012, we had approximately $334.2 million in cash and cash equivalents, restricted cash and notes
bear interest at variable rates indexed to LIBOR-based rates, and which may mitigate the effect of an increase in vari
indebtedness and preferred stock discussed above.

We estimate the fair value for our debt instruments as described in Note 9 to the consolidated financial statements in
fair value of our consolidated debt was approximately $5.1 billion at December 31, 2012 ($4.9 billion on a proportio
of the property debt of

unconsolidated partnerships). The combined carrying value of our consolidated debt was approximately $4.7 billion a
billion on a proportionate basis). If market rates for our fixed-rate debt were higher by 100 basis points with constant
estimated fair value of our debt discussed above would have decreased from $5.1 billion to $4.9 billion (from $4.9 bi
proportionate basis). If market rates for our debt discussed above were lower by 100 basis points with constant credit
value of our fixed-rate debt would have increased from $5.1 billion to $5.4 billion (from $4.9 billion to $5.1 billion o

Item 8. ***Financial Statements and Supplementary Data***

The independent registered public accounting firm s reports, consolidated financial statements and schedule listed in
filed as part of this report and incorporated herein by this reference. See Index to Financial Statements on page F-

Table of Contents

Item 9. ***Changes in and Disagreements With Accountants on Accounting and Financial Disclosure***
None.

Item 9A. ***Controls and Procedures***
Aimco

Disclosure Controls and Procedures

Aimco s management, with the participation of Aimco s chief executive officer and chief financial officer, has eval
disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act o
Exchange Act)) as of the end of the period covered by this report. Based on such evaluation, Aimco s chief execu
officer have concluded that, as of the end of such period, Aimco s disclosure controls and procedures are effective.

Management s Report on Internal Control Over Financial Reporting

Aimco s management is responsible for establishing and maintaining adequate internal control over financial reporti
reporting is defined in Rule 13a-15(f) and 15d-15(f) under the Exchange Act as a process designed by, or under the s
executive and principal financial officers and effected by our Board of Directors, management and other personnel to
regarding the reliability of financial reporting and the preparation of financial statements for external purposes in acc
accounting principles and includes those policies and procedures that:

- pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactio

- provide reasonable assurance that transactions are recorded as necessary to permit preparation of financia generally accepted accounting principles, and that receipts and expenditures are being made only in accor our management and directors; and

- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements.
effectiveness to future periods are subject to the risks that controls may become inadequate because of changes in con
compliance with the policies or procedures may deteriorate.

Management assessed the effectiveness of our internal control over financial reporting as of December 31, 2012. In m
management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission
Control-Integrated Framework.

Based on their assessment, management concluded that, as of December 31, 2012, our internal control over financial

Our independent registered public accounting firm has issued an attestation report on our internal control over financ

Changes in Internal Control Over Financial Reporting

There has been no change in Aimco s internal control over financial reporting (as defined in Rules 13a-15(f) and 15d
during the fourth quarter of 2012 that has materially affected, or is reasonably likely to materially affect, Aimco s in
reporting.

Table of Contents

Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders of

Apartment Investment and Management Company

We have audited Apartment Investment and Management Company s (the Company) internal control over financ
2012, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring
Commission (the COSO criteria). The Company s management is responsible for maintaining effective internal cont
for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Mana
Control Over Financial Reporting. Our responsibility is to express an opinion on the Company s internal control ove
audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (Unite
require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control ov
maintained in all material respects. Our audit included obtaining an understanding of internal control over financial r
a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on
performing such other procedures as we considered necessary in the circumstances. We believe that our audit provid
opinion.

A company s internal control over financial reporting is a process designed to provide reasonable assurance regardin
reporting and the preparation of financial statements for external purposes in accordance with generally accepted acc
internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of
detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasona
are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accoun
and expenditures of the company are being made only in accordance with authorizations of management and director
(3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or dispos
could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements.
evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of c
degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as
on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United
balance sheets of the Company as of December 31, 2012 and 2011, and the related consolidated statements of operati
(loss), equity, and cash flows for each of the three years in the period ended December 31, 2012, and our report dated
an unqualified opinion thereon.

/s/ ERNST & YOUNG LLP

Denver, Colorado

February 25, 2013

Table of Contents

The Aimco Operating Partnership

Disclosure Controls and Procedures

The Aimco Operating Partnership s management, with the participation of the chief executive officer and chief finar the equivalent of the Aimco Operating Partnership s chief executive officer and chief financial officer, respectively, the Aimco Operating Partnership s disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) Act of 1934, as amended (the Exchange Act)) as of the end of the period covered by this report. Based on such ev and chief financial officer of Aimco have concluded that, as of the end of such period, the Aimco Operating Partners procedures are effective.

Management s Report on Internal Control Over Financial Reporting

Management of the Aimco Operating Partnership is responsible for establishing and maintaining adequate internal co Internal control over financial reporting is defined in Rule 13a-15(f) and 15d-15(f) under the Exchange Act as a proc supervision of, our principal executive and principal financial officers and effected by our Board of Directors, manag provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statemen accordance with generally accepted accounting principles and includes those policies and procedures that:

- pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactio
- provide reasonable assurance that transactions are recorded as necessary to permit preparation of financi generally accepted accounting principles, and that receipts and expenditures are being made only in acco our management and directors; and
- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use o have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. effectiveness to future periods are subject to the risks that controls may become inadequate because of changes in co compliance with the policies or procedures may deteriorate.

Management assessed the effectiveness of our internal control over financial reporting as of December 31, 2012. In m management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission *Control-Integrated Framework.*

Based on their assessment, management concluded that, as of December 31, 2012, our internal control over financial

The Aimco Operating Partnership s independent registered public accounting firm has issued an attestation report o financial reporting.

Changes in Internal Control Over Financial Reporting

There has been no change in the Aimco Operating Partnership s internal control over financial reporting (as defined under the Exchange Act) during the fourth quarter of 2012 that has materially affected, or is reasonably likely to mat Operating Partnership s internal control over financial reporting.

Table of Contents

Report of Independent Registered Public Accounting Firm

The Partners of

AIMCO Properties, L.P.

We have audited AIMCO Properties, L.P. s (the Partnership) internal control over financial reporting as of Decer
established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the T
COSO criteria). The Partnership s management is responsible for maintaining effective internal control over financi
assessment of the effectiveness of internal control over financial reporting included in the accompanying Manageme
Over Financial Reporting. Our responsibility is to express an opinion on the Partnership s internal control over finan

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (Unite
require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control ov
maintained in all material respects. Our audit included obtaining an understanding of internal control over financial r
a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on
performing such other procedures as we considered necessary in the circumstances. We believe that our audit provid
opinion.

A company s internal control over financial reporting is a process designed to provide reasonable assurance regardi
reporting and the preparation of financial statements for external purposes in accordance with generally accepted acc
internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of
detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasona
are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accoun
and expenditures of the company are being made only in accordance with authorizations of management and directo
(3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or dispos
could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements.
evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of c
degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Partnership maintained, in all material respects, effective internal control over financial reporting
on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United
balance sheets of the Partnership as of December 31, 2012 and 2011, and the related consolidated statements of oper
(loss), partners capital, and cash flows for each of the three years in the period ended December 31, 2012, and our r
expressed an unqualified opinion thereon.

/s/ ERNST & YOUNG LLP

Denver, Colorado

February 25, 2013

Table of Contents

Item 9B. ***Other Information***
None.

PART III

Item 10. ***Directors, Executive Officers and Corporate Governance***
Each member of the board of directors of Aimco also is a director of the general partner of the Aimco Operating Part are also the officers of the general partner of the Aimco Operating Partnership and hold the same titles. The informat both Aimco and the Aimco Operating Partnership is presented jointly under the captions Board of Directors and Ex Governance Matters Code of Ethics, Other Matters Section 16(a) Beneficial Ownership Reporting Compliance, Matters Nominating and Corporate Governance Committee, Corporate Governance Matters Audit Committee a Matters Audit Committee Financial Expert in the proxy statement for Aimco s 2013 annual meeting of stockholde reference.

Item 11. ***Executive Compensation***
The information required by this item is presented under the captions Compensation Discussion & Analysis, Co Committee Report to Stockholders, Summary Compensation Table, Grants of Plan-Based Awards in 2012, Year End 2012, Option Exercises and Stock Vested in 2012, Potential Payments Upon Termination or Change Matters - Director Compensation in the proxy statement for Aimco s 2013 annual meeting of stockholders and is i

Item 12. ***Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matte***
The information required by this item, for both Aimco and the Aimco Operating Partnership, is presented under the c Certain Beneficial Owners and Management and Securities Authorized for Issuance Under Equity Compensation Aimco s 2013 annual meeting of stockholders and is incorporated herein by reference. In addition, as of February 22 consolidated subsidiaries, held 94.8% of the Aimco Operating Partnership s common partnership units outstanding.

Item 13. ***Certain Relationships and Related Transactions, and Director Independence***
The information required by this item is presented under the caption Certain Relationships and Related Transaction Matters - Independence of Directors in the proxy statement for Aimco s 2013 annual meeting of stockholders and i

Item 14. ***Principal Accountant Fees and Services***
The information required by this item is presented under the caption Principal Accountant Fees and Services in th annual meeting of stockholders and is incorporated herein by reference.

Table of Contents

PART IV

Item 15. ***Exhibits and Financial Statement Schedules***

(a)(1) The financial statements listed in the Index to Financial Statements on Page F-1 of this report a
and incorporated herein by reference.

(a)(2) The financial statement schedule listed in the Index to Financial Statements on Page F-1 of thi
report and incorporated herein by reference.

(a)(3) The Exhibit Index is incorporated herein by reference.

INDEX TO EXHIBITS (1) (2)

EXHIBIT NO.	DESCRIPTION
3.1	Charter (Exhibit 3.1 to Aimco s Quarterly Report on Form 10-Q for the quarterly period ended Se herein by this reference)
3.2	Amended and Restated Bylaws (Exhibit 3.2 to Aimco s Current Report on Form 8-K dated Febru by this reference)
10.1	Fourth Amended and Restated Agreement of Limited Partnership of AIMCO Properties, L.P., date amended and restated as of February 28, 2007 (Exhibit 10.1 to Aimco s Annual Report on Form 1 31, 2006, is incorporated herein by this reference)
10.2	First Amendment to Fourth Amended and Restated Agreement of Limited Partnership of AIMCO December 31, 2007 (Exhibit 10.1 to Aimco s Current Report on Form 8-K, dated December 31, 2 reference)
10.3	Second Amendment to the Fourth Amended and Restated Agreement of Limited Partnership of AI of July 30, 2009 (Exhibit 10.1 to Aimco s Quarterly Report on Form 10-Q for the quarterly perio incorporated herein by this reference)
10.4	Third Amendment to the Fourth Amended and Restated Agreement of Limited Partnership of AIM September 2, 2010 (Exhibit 10.1 to Aimco s Current Report on Form 8-K, dated September 3, 20 reference)
10.5	Fourth Amendment to the Fourth Amended and Restated Agreement of Limited Partnership of AI of July 26, 2011 (Exhibit 10.1 to Aimco s Current Report on Form 8-K, dated July 26, 2011, is in reference)
10.6	Fifth Amendment to the Fourth Amended and Restated Agreement of Limited Partnership of AIM August 24, 2011 (Exhibit 10.1 to Aimco s Current Report on Form 8-K, dated August 24, 2011, is reference)
10.7	Sixth Amendment to the Fourth Amended and Restated Agreement of Limited Partnership of AIM December 31, 2011 (Exhibit 10.1 to Aimco s Current Report on Form 8-K, dated December 31, 2 reference)
10.8	Senior Secured Credit Agreement, dated as of December 13, 2011, among Apartment Investment a AIMCO Properties, L.P., AIMCO/Bethesda Holdings, Inc., the lenders from time to time party the Association, as administrative agent, swing line lender and a letter of credit issuer, Wells Fargo Ba and Bank of America, N.A. and Regions Bank, as co-documentation agents (Exhibit 10.1 to Aimc dated December 13, 2011, is incorporated herein by this reference)

Table of Contents

EXHIBIT NO.	DESCRIPTION
10.9	Master Indemnification Agreement, dated December 3, 2001, by and among Apartment Investmen AIMCO Properties, L.P., XYZ Holdings LLC, and the other parties signatory thereto (Exhibit 2.3 t Form 8-K, dated December 6, 2001, is incorporated herein by this reference)
10.10	Tax Indemnification and Contest Agreement, dated December 3, 2001, by and among Apartment I Company, National Partnership Investments, Corp., and XYZ Holdings LLC and the other parties Aimco s Current Report on Form 8-K, dated December 6, 2001, is incorporated herein by this refe
10.11	Employment Contract executed on December 29, 2008, by and between AIMCO Properties, L.P. a 10.1 to Aimco s Current Report on Form 8-K, dated December 29, 2008, is incorporated herein by
10.12	Apartment Investment and Management Company 1997 Stock Award and Incentive Plan (October Aimco s Annual Report on Form 10-K for the year ended December 31, 1999, is incorporated her
10.13	Form of Restricted Stock Agreement (1997 Stock Award and Incentive Plan) (Exhibit 10.11 to Ai 10-Q for the quarterly period ended September 30, 1997, is incorporated herein by this reference)*
10.14	Form of Incentive Stock Option Agreement (1997 Stock Award and Incentive Plan) (Exhibit 10.42 Form 10-K for the year ended December 31, 1998, is incorporated herein by this reference)*
10.15	2007 Stock Award and Incentive Plan (incorporated by reference to Appendix A to Aimco s Prox filed with the Securities and Exchange Commission on March 20, 2007)*
10.16	Form of Restricted Stock Agreement (Exhibit 10.2 to Aimco s Current Report on Form 8-K, date herein by this reference)*
10.17	Form of Non-Qualified Stock Option Agreement (Exhibit 10.3 to Aimco s Current Report on For incorporated herein by this reference)*
10.18	2007 Employee Stock Purchase Plan (incorporated by reference to Appendix B to Aimco s Proxy with the Securities and Exchange Commission on March 20, 2007)*
21.1	List of Subsidiaries
23.1	Consent of Independent Registered Public Accounting Firm Aimco
23.2	Consent of Independent Registered Public Accounting Firm Aimco Operating Partnership
31.1	Certification of Chief Executive Officer pursuant to Securities Exchange Act Rules 13a-14(a)/15d- Section 302 of the Sarbanes-Oxley Act of 2002 Aimco
31.2	Certification of Chief Financial Officer pursuant to Securities Exchange Act Rules 13a-14(a)/15d- Section 302 of the Sarbanes-Oxley Act of 2002 Aimco
31.3	Certification of Chief Executive Officer pursuant to Securities Exchange Act Rules 13a-14(a)/15d- Section 302 of the Sarbanes-Oxley Act of 2002 Aimco Operating Partnership
31.4	Certification of Chief Financial Officer pursuant to Securities Exchange Act Rules 13a-14(a)/15d- Section 302 of the Sarbanes-Oxley Act of 2002 Aimco Operating Partnership

Table of Contents

EXHIBIT NO.	DESCRIPTION
32.1	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarba
32.2	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarba
32.3	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarba Operating Partnership
32.4	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarba Operating Partnership
99.1	Agreement re: disclosure of long-term debt instruments Aimco
99.2	Agreement re: disclosure of long-term debt instruments Aimco Operating Partnership
101	XBRL (Extensible Business Reporting Language). The following materials from Aimco s and the combined Annual Report on Form 10-K for the year ended December 31, 2012, formatted in XBR sheets; (ii) consolidated statements of operations; (iii) consolidated statements of comprehensive lo of equity and consolidated statements of partners capital; (v) consolidated statements of cash flov financial statements; and (vii) financial statement schedule (3).

(1) Schedule and supplemental materials to the exhibits have been omitted but will be provided to the Securities ar request.

(2) The file reference number for all exhibits is 001-13232, and all such exhibits remain available pursuant to the F Securities and Exchange Commission.

(3) As provided in Rule 406T of Regulation S-T, this information is furnished and not filed for purposes of Sectio Act of 1933 and Section 18 of the Securities Exchange Act of 1934.

* Management contract or compensatory plan or arrangement

Table of Contents

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, each registrant has duly c
on its behalf by the undersigned, thereunto duly authorized.

APARTMENT INVESTM

MANAGEMENT COMP

By: /s/ TERRY CONSI
Terry Considine
Chairman of the Bo

Chief Executive Off

Date: February 25, 2013

AIMCO PROPERTIES, l

By: AIMCO-GP, Inc., it

By: /s/ TERRY CONSI
Terry Considine
Chairman of the Bo

Chief Executive Off

Date: February 25, 2013

F-59

Table of Contents

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

Signature	Title
APARTMENT INVESTMENT AND MANAGEMENT COMPANY	
AIMCO PROPERTIES, L.P. By:AIMCO-GP, Inc., its General Partner	
/s/ TERRY CONSIDINE	Chairman of the Board and
Terry Considine	Chief Executive Officer
	(principal executive officer)
/s/ ERNEST M. FREEDMAN	Executive Vice President and
Ernest M. Freedman	Chief Financial Officer
	(principal financial officer)
/s/ PAUL BELDIN	Senior Vice President and
Paul Beldin	Chief Accounting Officer
	(principal accounting officer)
/s/ JAMES N. BAILEY	Director
James N. Bailey	
/s/ THOMAS L. KELTNER	Director
Thomas L. Keltner	
/s/ J. LANDIS MARTIN	Director
J. Landis Martin	
/s/ ROBERT A. MILLER	Director
Robert A. Miller	
/s/ KATHLEEN M. NELSON	Director
Kathleen M. Nelson	
/s/ MICHAEL A. STEIN	Director

Michael A. Stein

Table of Contents

APARTMENT INVESTMENT AND MANAGEMENT COMPANY

AIMCO PROPERTIES, L.P.

INDEX TO FINANCIAL STATEMENTS

Financial Statements:
Apartment Investment and Management Company:
Report of Independent Registered Public Accounting Firm
Consolidated Balance Sheets as of December 31, 2012 and 2011
Consolidated Statements of Operations for the Years Ended December 31, 2012, 2011 and 2010
Consolidated Statements of Comprehensive Income (Loss) for the Years Ended December 31, 2012, 2011 and 2010
Consolidated Statements of Equity for the Years Ended December 31, 2012, 2011 and 2010
Consolidated Statements of Cash Flows for the Years Ended December 31, 2012, 2011 and 2010

AIMCO Properties, L.P.:
Report of Independent Registered Public Accounting Firm
Consolidated Balance Sheets as of December 31, 2012 and 2011
Consolidated Statements of Operations for the Years Ended December 31, 2012, 2011 and 2010
Consolidated Statements of Comprehensive Income (Loss) for the Years Ended December 31, 2012, 2011 and 2010
Consolidated Statements of Partners Capital for the Years Ended December 31, 2012, 2011 and 2010
Consolidated Statements of Cash Flows for the Years Ended December 31, 2012, 2011 and 2010

Notes to Consolidated Financial Statements of Apartment Investment and Management Company and AIMCO Prope

Financial Statement Schedule:
Schedule III Real Estate and Accumulated Depreciation

All other schedules are omitted because they are not applicable or the required information is shown in the financial s

F-61

Table of Contents

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Stockholders of

Apartment Investment and Management Company

We have audited the accompanying consolidated balance sheets of Apartment Investment and Management Compan
December 31, 2012 and 2011, and the related consolidated statements of operations, comprehensive income (loss), e
the three years in the period ended December 31, 2012. Our audits also included the financial statement schedule list
Financial Statements. These financial statements and schedule are the responsibility of the Company s management.
an opinion on these financial statements and schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (Uni
require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are
An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statem
assessing the accounting principles used and significant estimates made by management, as well as evaluating the ov
presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated fina
December 31, 2012 and 2011, and the consolidated results of its operations and its cash flows for each of the three y
December 31, 2012, in conformity with U.S. generally accepted accounting principles. Also, in our opinion, the rela
when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United
control over financial reporting as of December 31, 2012, based on criteria established in Internal Control - Integrat
Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 25, 2013 expre
thereon.

/s/ ERNST & YOUNG LLP

Denver, Colorado

February 25, 2013

Table of Contents

APARTMENT INVESTMENT AND MANAGEMENT COMPANY

CONSOLIDATED BALANCE SHEETS

As of December 31, 2012 and 2011

(In thousands, except share data)

ASSETS	
Buildings and improvements	$
Land	
Total real estate	
Less accumulated depreciation	
Net real estate ($599,302 and $773,233 related to VIEs)	
Cash and cash equivalents ($23,599 and $43,286 related to VIEs)	
Restricted cash ($38,576 and $41,724 related to VIEs)	
Accounts receivable, net ($1,961 and $8,434 related to VIEs)	
Notes receivable	
Other assets ($221,638 and $70,930 related to VIEs)	
Assets held for sale	
Total assets	$
LIABILITIES AND EQUITY	
Non-recourse property debt ($495,012 and $617,823 related to VIEs)	$
Accounts payable	
Accrued liabilities and other ($162,765 and $79,573 related to VIEs)	
Deferred income	
Liabilities related to assets held for sale	
Total liabilities	
Preferred noncontrolling interests in Aimco Operating Partnership	
Commitments and contingencies (Note 10)	
Equity:	
Perpetual Preferred Stock (Note 12)	
Common Stock, $0.01 par value, 505,787,260 and 480,887,260 shares authorized, 145,563,903 and 120,916,294 shares issued/outstanding at December31, 2012 and 2011, respectively	
Additional paid-in capital	
Accumulated other comprehensive loss	
Distributions in excess of earnings	
Total Aimco equity	
Noncontrolling interests in consolidated real estate partnerships	
Common noncontrolling interests in Aimco Operating Partnership	
Total equity	
Total liabilities and equity	$

See notes to consolidated financial statements.

Table of Contents

APARTMENT INVESTMENT AND MANAGEMENT COMPANY

CONSOLIDATED STATEMENTS OF OPERATIONS

For the Years Ended December 31, 2012, 2011 and 2010

(In thousands, except per share data)

	2012
REVENUES:	
Rental and other property revenues	$ 991,428
Tax credit and asset management revenues	41,769
Total revenues	1,033,197
OPERATING EXPENSES:	
Property operating expenses	402,225
Investment management expenses	12,008
Depreciation and amortization	345,077
Provision for real estate impairment losses	8,349
General and administrative expenses	49,602
Other expenses, net	15,776
Total operating expenses	833,037
Operating income	200,160
Interest income	9,913
Recovery of (provision for) losses on notes receivable, net	3,375
Interest expense	(246,761)
Equity in losses of unconsolidated real estate partnerships	(4,408)
Gain on dispositions of interests in unconsolidated real estate and other, net	21,886
Loss before income taxes and discontinued operations	(15,835)
Income tax benefit	929
Loss from continuing operations	(14,906)
Income from discontinued operations, net	210,267
Net income (loss)	195,361
Noncontrolling interests:	
Net (income) loss attributable to noncontrolling interests in consolidated real estate partnerships	(51,218)
Net income attributable to preferred noncontrolling interests in Aimco Operating Partnership	(6,496)
Net (income) loss attributable to common noncontrolling interests in Aimco Operating Partnership	(5,191)
Total noncontrolling interests	(62,905)
Net income (loss) attributable to Aimco	132,456
Net income attributable to Aimco preferred stockholders	(49,888)
Net income attributable to participating securities	(422)
Net income (loss) attributable to Aimco common stockholders	$ 82,146

Earnings (loss) attributable to Aimco per common share basic and diluted:		
Loss from continuing operations attributable to Aimco common stockholders	$	(0.59)
Income from discontinued operations attributable to Aimco common stockholders		1.20
Net income (loss) attributable to Aimco common stockholders	$	0.61
Weighted average common shares outstanding basic and diluted		134,479

See notes to consolidated financial statements.

Table of Contents

APARTMENT INVESTMENT AND MANAGEMENT COMPANY

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

For the Years Ended December 31, 2012, 2011 and 2010

(In thousands)

	2012
Net income (loss)	$ 195,3
Other comprehensive income (loss):	
Unrealized losses on interest rate swaps	(2,5
Losses on interest rate swaps reclassified into earnings from accumulated other comprehensive loss	1,6
Unrealized gains (losses) on debt securities classified as available-for-sale	4,3
Other comprehensive income (loss)	3,4
Comprehensive income (loss)	198,7
Comprehensive (income) loss attributable to noncontrolling interests	(63,0
Comprehensive income (loss) attributable to Aimco	$ 135,7

See notes to consolidated financial statements.

F-65

Table of Contents

APARTMENT INVESTMENT AND MANAGEMENT COMPANY

CONSOLIDATED STATEMENTS OF EQUITY

For the Years Ended December 31, 2012, 2011 and 2010

(In thousands)

	Preferred Stock		Common Stock			Accumulated		
	Shares Issued	Amount	Shares Issued	Amount	Additional Paid-in Capital	Other Comprehensive Loss	Distributions in Excess of Earnings	Tot Aim Equ
Balances at December 31, 2009	24,940	$ 660,500	116,480	$ 1,165	$ 3,071,273	$ (1,138)	$ (2,492,082)	$ 1,23
Issuance of Preferred Stock	4,000	98,101			(3,346)			9
Redemption of Preferred Stock	(4,040)	(101,000)			4,511		(1,511)	(9
Issuance of Common Stock			600	6	14,040			1
Aimco Operating Partnership units issued in exchange for noncontrolling interests in consolidated real estate partnerships								
Redemption of Aimco Operating Partnership units								
Officer and employee stock awards and related amounts, net			555	5	2,748			
Amortization of stock option and restricted stock compensation cost					8,182			
Contributions from noncontrolling interests								
Adjustment to noncontrolling interests from consolidation of entities								
Adjustment to noncontrolling interests related to revision of investment balances								
Effect of changes in ownership for consolidated entities					(27,391)			(2
Cumulative effect of a change in accounting principle							(27,724)	(2
Change in accumulated other comprehensive loss						(938)		
Other, net			8		279		(751)	
Net loss							(71,728)	(7
Distributions to noncontrolling interests								
Common Stock dividends							(35,080)	(3
Preferred Stock dividends							(52,079)	(5
Balances at December 31, 2010	24,900	657,601	117,643	1,176	3,070,296	(2,076)	(2,680,955)	1,04
Issuance of Preferred Stock	869	21,075			(1,085)			1
Repurchase of Preferred Stock	(863)	(21,562)			1,292		3,904	(1
Issuance of Common Stock			2,914	29	71,913			7

Redemption of Aimco Operating Partnership units								
Officer and employee stock awards and related amounts, net			317	3	2,094		10	
Amortization of stock option and restricted stock compensation cost			42	1	5,882			
Contributions from noncontrolling interests								
Effect of changes in ownership for consolidated entities					(52,059)			(5
Change in accumulated other comprehensive loss						(4,784)		(4
Other, net								
Net loss							(57,087)	(5
Distributions to noncontrolling interests								
Common Stock dividends							(57,583)	(5
Preferred Stock dividends							(49,756)	(4
Balances at December 31, 2011	24,906	657,114	120,916	1,209	3,098,333	(6,860)	(2,841,467)	90

F-66

Table of Contents

	Preferred Stock		Common Stock			Accumulated		
	Shares Issued	Amount	Shares Issued	Amount	Additional Paid-in Capital	Other Comprehensive Loss	Distributions in Excess of Earnings	To Aim Equ
Issuance of Preferred Stock	405	10,039			(221)			9
Redemption of Preferred Stock	(24,037)	(599,039)			20,727		(22,626)	(60
Issuance of Common Stock			22,144	221	594,158			59
Redemption of Aimco Operating Partnership units								
Amortization of stock option and restricted stock compensation cost			36		5,223			
Exercises of stock options			2,253	24	48,883			4
Contributions from noncontrolling interests								
Effect of changes in ownership for consolidated entities					(54,799)			(5
Change in accumulated other comprehensive loss						3,318		
Other, net			214	2	380		(380)	
Net income							132,456	13
Distributions to noncontrolling interests								
Common Stock dividends							(104,006)	(10
Preferred Stock dividends							(27,264)	(2
Balances at December 31, 2012	1,274	$ 68,114	145,564	$ 1,456	$ 3,712,684	$ (3,542)	$ (2,863,287)	$ 91

See notes to consolidated financial statements.

Table of Contents

APARTMENT INVESTMENT AND MANAGEMENT COMPANY

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2012, 2011 and 2010

(In thousands)

	2012
CASH FLOWS FROM OPERATING ACTIVITIES:	
Net income (loss)	$ 195,361
Adjustments to reconcile net income (loss) to net cash provided by operating activities:	
Depreciation and amortization	345,077
Provision for real estate impairment losses	8,349
Equity in losses of unconsolidated real estate partnerships	4,408
Gain on dispositions of interests in unconsolidated real estate and other	(21,886)
Income tax benefit	(929)
Stock-based compensation expense	4,871
Amortization of deferred loan costs and other	5,615
Discontinued operations:	
Depreciation and amortization	21,674
Gain on disposition of real estate	(234,533)
Other adjustments to income from discontinued operations	25,242
Changes in operating assets and operating liabilities:	
Accounts receivable	8,968
Other assets	21,748
Accounts payable, accrued liabilities and other	(67,138)
Total adjustments	121,466
Net cash provided by operating activities	316,827
CASH FLOWS FROM INVESTING ACTIVITIES:	
Purchases of real estate and investments in unconsolidated real estate partnerships	(89,716)
Capital expenditures	(270,210)
Proceeds from dispositions of real estate	484,904
Purchases of interests in unconsolidated real estate and corporate assets	(7,818)
Purchase of investment in debt securities	
Proceeds from sales of and distributions from unconsolidated real estate partnerships	31,192
Net increase in cash from consolidation and deconsolidation of entities	
Other investing activities	(36,685)
Net cash provided by investing activities	111,667
CASH FLOWS FROM FINANCING ACTIVITIES:	
Proceeds from non-recourse property debt	243,253
Principal repayments on non-recourse property debt	(447,792)
Payments on term loans	
Proceeds from issuance of Preferred Stock	9,818
Proceeds from issuance of Common Stock	594,379
Redemptions and repurchases of Preferred Stock	(600,938)
Proceeds from Common Stock option exercises	48,907
Payment of dividends to holders of Preferred Stock	(37,019)
Payment of dividends to holders of Common Stock	(104,006)

Payment of distributions to noncontrolling interests	(57,849)
Purchases of noncontrolling interests in consolidated real estate partnerships	(71,145)
Other financing activities	(12,755)
Net cash used in financing activities	(435,147)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(6,653)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	91,066
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$ 84,413

See notes to consolidated financial statements.

Table of Contents

APARTMENT INVESTMENT AND MANAGEMENT COMPANY

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2012, 2011 and 2010

(In thousands)

	20
SUPPLEMENTAL CASH FLOW INFORMATION:	
Interest Paid	$ 294
Cash paid for income taxes	1
Non-cash transactions associated with the acquisition or disposition of real estate:	
Secured debt assumed in connection with our acquisition of real estate	38
Secured debt assumed by buyer in connection with our disposition of real estate	208
Issuance of notes receivable in connection with the disposition of real estate	
Non-cash transactions associated with consolidation and deconsolidation of real estate partnerships:	
Real estate, net	
Investments in and notes receivable primarily from affiliated entities	
Restricted cash and other assets	
Non-recourse debt	
Noncontrolling interests in consolidated real estate partnerships	
Accounts payable, accrued and other liabilities	
Other non-cash transactions:	
Issuance of common OP Units for acquisition of noncontrolling interests in consolidated real estate partnerships	4

See notes to consolidated financial statements.

Table of Contents

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Partners of

AIMCO Properties, L.P.

We have audited the accompanying consolidated balance sheets of AIMCO Properties, L.P. (the Partnership) as of
the related consolidated statements of operations, comprehensive income (loss), partners capital and cash flows for
period ended December 31, 2012. Our audits also included the financial statement schedule listed in the accompanyi
Statements. These financial statements and schedule are the responsibility of the Partnership s management. Our res
opinion on these financial statements and schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (Unit
require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are f
An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statem
assessing the accounting principles used and significant estimates made by management, as well as evaluating the ov
presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated fina
at December 31, 2012 and 2011, and the consolidated results of its operations and its cash flows for each of the three
December 31, 2012, in conformity with U.S. generally accepted accounting principles. Also, in our opinion, the relat
when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects t

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United
internal control over financial reporting as of December 31, 2012, based on criteria established in Internal Control - I
the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 25, 2013 ex
thereon.

/s/ ERNST & YOUNG LLP

Denver, Colorado

February 25, 2013

Table of Contents

AIMCO PROPERTIES, L.P.

CONSOLIDATED BALANCE SHEETS

As of December 31, 2012 and 2011

(In thousands)

ASSETS	
Buildings and improvements	$
Land	
Total real estate	
Less accumulated depreciation	
Net real estate ($599,302 and $773,233 related to VIEs)	
Cash and cash equivalents ($23,599 and $43,286 related to VIEs)	
Restricted cash ($38,576 and $41,724 related to VIEs)	
Accounts receivable, net ($1,961 and $8,434 related to VIEs)	
Notes receivable	
Other assets ($221,638 and $70,930 related to VIEs)	
Assets held for sale	
Total assets	$
LIABILITIES AND PARTNERS CAPITAL	
Non-recourse property debt ($495,012 and $617,823 related to VIEs)	$
Accounts payable	
Accrued liabilities and other ($162,765 and $79,573 related to VIEs)	
Deferred income	
Liabilities related to assets held for sale	
Total liabilities	
Redeemable preferred units	
Commitments and contingencies (Note 10)	
Partners Capital:	
Preferred units	
General Partner and Special Limited Partner	
Limited Partners	
Partners capital attributable to the Aimco Operating Partnership	
Noncontrolling interests in consolidated real estate partnerships	
Total partners capital	
Total liabilities and partners capital	$

See notes to consolidated financial statements.

Table of Contents

AIMCO PROPERTIES, L.P.

CONSOLIDATED STATEMENTS OF OPERATIONS

As of December 31, 2012, 2011 and 2010

(In thousands, except per unit data)

	2012
REVENUES:	
Rental and other property revenues	$ 991,428
Tax credit and asset management revenues	41,769
Total revenues	1,033,197
OPERATING EXPENSES:	
Property operating expenses	402,225
Investment management expenses	12,008
Depreciation and amortization	345,077
Provision for real estate impairment losses	8,349
General and administrative expenses	49,602
Other expenses, net	15,776
Total operating expenses	833,037
Operating income	200,160
Interest income	9,913
Recovery of losses on notes receivable, net	3,375
Interest expense	(246,761)
Equity in losses of unconsolidated real estate partnerships	(4,408)
Gain on dispositions of interests in unconsolidated real estate and other, net	21,886
Loss before income taxes and discontinued operations	(15,835)
Income tax benefit	929
Loss from continuing operations	(14,906)
Income from discontinued operations, net	210,267
Net income (loss)	195,361
Net (income) loss attributable to noncontrolling interests in consolidated real estate partnerships	(51,218)
Net income (loss) attributable to the Aimco Operating Partnership	144,143
Net income attributable to the Aimco Operating Partnership s preferred unitholders	(56,384)
Net income attributable to participating securities	(422)
Net income (loss) attributable to the Aimco Operating Partnership s common unitholders	$ 87,337
Earnings (loss) attributable to the Aimco Operating Partnership per common unit basic and diluted:	
Loss from continuing operations attributable to the Aimco Operating Partnership s common unitholders	$ (0.59)
	1.20

Income from discontinued operations attributable to the Aimco Operating Partnership s common unitholders		
Net income (loss) attributable to the Aimco Operating Partnership s common unitholders	$	0.61
Weighted average common units outstanding basic and diluted		142,614

See notes to consolidated financial statements.

Table of Contents

AIMCO PROPERTIES, L.P.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

For the Years Ended December 31, 2012, 2011 and 2010

(In thousands)

	2012
Net income (loss)	$ 195,361
Other comprehensive income (loss):	
Unrealized losses on interest rate swaps	(2,581
Losses on interest rate swaps reclassified into earnings from accumulated other comprehensive loss	1,673
Unrealized gains (losses) on debt securities classified as available-for-sale	4,341
Other comprehensive income (loss)	3,433
Comprehensive income (loss)	198,794
Comprehensive (income) loss attributable to noncontrolling interests	(51,134
Comprehensive income (loss) attributable to the Aimco Operating Partnership	$ 147,660

See notes to consolidated financial statements.

F-73

Table of Contents

AIMCO PROPERTIES, L.P.

CONSOLIDATED STATEMENTS OF PARTNERS CAPITAL

For the Years Ended December 31, 2012, 2011 and 2010

(In thousands)

	Preferred Units	General Partner and Special Limited Partner	Limited Partners	Partners Capital Attributable to the Partnership
Balances at December 31, 2009	$ 660,500	$ 596,497	$ (22,100)	$ 1,234,897
Issuance of preferred units to Aimco	98,101	(3,346)		94,755
Redemption of preferred units held by Aimco	(101,000)	3,000		(98,000
Issuance of common partnership units to Aimco		14,046		14,046
Common units issued in exchange for noncontrolling interests in consolidated real estate partnerships			6,854	6,854
Redemption of partnership units held by non-Aimco partners			(3,571)	(3,571
Contribution from Aimco related to employee stock purchases and related amounts, net		2,753		2,753
Amortization of Aimco stock-based compensation		8,182		8,182
Contributions from noncontrolling interests				
Adjustment to noncontrolling interests from consolidation of entities				
Adjustment to noncontrolling interests related to revision of investment balances				
Effect of changes in ownership for consolidated entities		(27,391)		(27,391
Cumulative effect of a change in accounting principle		(27,724)	104	(27,620
Change in accumulated other comprehensive loss		(938)		(938
Other, net		(472)		(472
Net loss		(71,428)	(9,000)	(80,428
Distributions to noncontrolling interests				
Distributions to common unitholders		(35,080)	(3,364)	(38,444
Distributions to preferred unitholders		(52,079)		(52,079
Balances at December 31, 2010	657,601	406,020	(31,077)	1,032,544
Issuance of preferred units to Aimco	21,075	(1,085)		19,990
Redemption of preferred units held by Aimco	(21,562)	5,196		(16,366
Issuance of common partnership units to Aimco		71,942		71,942
Redemption of partnership units held by non-Aimco partners			(6,059)	(6,059
Contribution from Aimco related to employee stock purchases, net		2,107		2,107
Amortization of Aimco stock-based compensation		5,883		5,883
Contributions from noncontrolling interests				
Effect of changes in ownership for consolidated entities		(52,059)	15,799	(36,260
Change in accumulated other comprehensive loss		(4,784)	(503)	(5,287
Other, net			(63)	(63
Net loss		(56,137)	(7,154)	(63,291
Distributions to noncontrolling interests				

Distributions to common unitholders		(76,112)	(5,264)	(81,376
Distributions to preferred unitholders		(49,756)		(49,756
Balances at December 31, 2011	657,114	251,215	(34,321)	874,008

Table of Contents

	Preferred Units	General Partner and Special Limited Partner	Limited Partners	Partners Capital Attributable to the Partnership
Issuance of preferred units to Aimco	10,039	(221)		9,818
Redemption of preferred units held by Aimco	(599,039)	(1,899)		(600,938
Issuance of common partnership units to Aimco		594,379		594,379
Redemption of partnership units held by non-Aimco partners			(11,079)	(11,079
Amortization of Aimco stock-based compensation		5,223		5,223
Issuance of common partnership units to Aimco in connection with exercise of Aimco stock options		48,907		48,907
Contributions from noncontrolling interests				
Effect of changes in ownership for consolidated entities		(54,799)	10,022	(44,777
Change in accumulated other comprehensive loss		3,318	199	3,517
Other, net		2	4,545	4,547
Net income		132,456	5,191	137,647
Distributions to noncontrolling interests				
Distributions to common unitholders		(104,006)	(6,153)	(110,159
Distributions to preferred unitholders		(27,264)		(27,264
Balances at December 31, 2012	$ 68,114	$ 847,311	$ (31,596)	$ 883,829

See notes to consolidated financial statements.

F-75

Table of Contents

AIMCO PROPERTIES, L.P.

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2012, 2011 and 2010

(In thousands)

	2012
CASH FLOWS FROM OPERATING ACTIVITIES:	
Net income (loss)	$ 195,361
Adjustments to reconcile net income (loss) to net cash provided by operating activities:	
Depreciation and amortization	345,077
Provision for real estate impairment losses	8,349
Equity in losses of unconsolidated real estate partnerships	4,408
Gain on dispositions of interests in unconsolidated real estate and other	(21,886)
Income tax benefit	(929)
Stock-based compensation expense	4,871
Amortization of deferred loan costs and other	5,615
Discontinued operations:	
Depreciation and amortization	21,674
Gain on disposition of real estate	(234,533)
Other adjustments to income from discontinued operations	25,242
Changes in operating assets and operating liabilities:	
Accounts receivable	8,968
Other assets	21,748
Accounts payable, accrued liabilities and other	(67,138)
Total adjustments	121,466
Net cash provided by operating activities	316,827
CASH FLOWS FROM INVESTING ACTIVITIES:	
Purchases of real estate and investments in unconsolidated real estate partnerships	(89,716)
Capital expenditures	(270,210)
Proceeds from dispositions of real estate	484,904
Purchases of interests in unconsolidated real estate and corporate assets	(7,818)
Purchase of investment in debt securities	
Proceeds from sale of interests in and distributions from real estate partnerships	31,192
Net increase in cash from consolidation and deconsolidation of entities	
Dividends received from Aimco	
Repayment of notes receivable from Aimco	
Other investing activities	(36,685)
Net cash provided by investing activities	111,667
CASH FLOWS FROM FINANCING ACTIVITIES:	
Proceeds from non-recourse property debt	243,253
Principal repayments on non-recourse property debt	(447,792)
Payments on term loans	
Proceeds from issuance of preferred units to Aimco	9,818
Proceeds from issuance of common partnership units to Aimco	594,379
Redemption and repurchase of preferred units from Aimco	(600,938)
Proceeds from Aimco Common Stock option exercises	48,907

Payment of distributions to preferred units	(43,515)
Payment of distributions to General Partner and Special Limited Partner	(104,006)
Payment of distributions to Limited Partners	(4,375)
Payment of distributions to High Performance Units	(1,778)
Payment of distributions to noncontrolling interests	(45,200)
Purchases of noncontrolling interests in consolidated real estate partnerships	(71,145)
Other financing activities	(12,755)
Net cash used in financing activities	(435,147)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(6,653)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	91,066
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$ 84,413

See notes to consolidated financial statements.

Table of Contents

AIMCO PROPERTIES, L.P.

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2012, 2011 and 2010

(In thousands)

	2
SUPPLEMENTAL CASH FLOW INFORMATION:	
Interest Paid	29
Cash paid for income taxes	
Non-cash transactions associated with the acquisition or disposition of real estate:	
Secured debt assumed in connection with our acquisition of real estate	3
Secured debt assumed by buyer in connection with our disposition of real estate	20
Issuance of notes receivable in connection with the disposition of real estate	
Non-cash transactions associated with consolidation and deconsolidation of real estate partnerships:	
Real estate, net	
Investments in and notes receivable primarily from affiliated entities	
Restricted cash and other assets	
Non-recourse debt	
Noncontrolling interests in consolidated real estate partnerships	
Accounts payable, accrued and other liabilities	
Other non-cash transactions:	
Issuance of common OP Units for acquisition of noncontrolling interests in consolidated real estate partnerships	

See notes to consolidated financial statements.

F-77

Table of Contents

APARTMENT INVESTMENT AND MANAGEMENT COMPANY

AIMCO PROPERTIES, L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2012

NOTE 1 Organization

Apartment Investment and Management Company, or Aimco, is a Maryland corporation incorporated on January 10, self-administered and self-managed real estate investment trust, or REIT. AIMCO Properties, L.P., or the Aimco Ope Delaware limited partnership formed on May 16, 1994, to conduct our business, which is focused on the ownership, of quality apartment communities located in the largest coastal and job growth markets of the United States.

Aimco, through its wholly-owned subsidiaries, AIMCO-GP, Inc. and AIMCO-LP Trust, owns a majority of the own Operating Partnership. Aimco conducts all of its business and owns all of its assets through the Aimco Operating Par Operating Partnership that are held by limited partners other than Aimco are referred to as OP Units. OP Units inc high performance partnership units and partnership preferred units, which we refer to as common OP Units, HPUs ar respectively. We also refer to HPUs as common partnership unit equivalents. At December 31, 2012, after eliminatio consolidated subsidiaries, the Aimco Operating Partnership had 153,569,090 common partnership units and equivale December 31, 2012, Aimco owned 145,563,903 of the common partnership units (94.8% of the common partnership Aimco Operating Partnership) and Aimco had outstanding an equal number of shares of its Class A Common Stock, Stock.

Except as the context otherwise requires, we, our and us refer to Aimco, the Aimco Operating Partnership a collectively.

As of December 31, 2012, we owned an equity interest in 175 conventional real estate properties with 55,879 units a properties with 12,098 units. Of these properties, we consolidated 171 conventional properties with 55,737 units and 10,370 units. These conventional and affordable properties generated 90% and 10%, respectively, of our proportiona (as defined in Note 19) during the year ended December 31, 2012.

NOTE 2 Basis of Presentation and Summary of Significant Accounting Policies

Principles of Consolidation

Aimco s accompanying consolidated financial statements include the accounts of Aimco, the Aimco Operating Part subsidiaries. The Aimco Operating Partnership s consolidated financial statements include the accounts of the Aimc consolidated subsidiaries.

We consolidate all variable interest entities for which we are the primary beneficiary. Generally, we consolidate real entities that are not variable interest entities when we own, directly or indirectly, a majority voting interest in the enti control the entity. All significant intercompany balances and transactions have been eliminated in consolidation.

Interests in the Aimco Operating Partnership that are held by limited partners other than Aimco are reflected in Aimc sheets as noncontrolling interests in Aimco Operating Partnership. Interests in partnerships consolidated into the Aim are held by third parties are reflected in the accompanying balance sheets as noncontrolling interests in consolidated assets of consolidated real estate partnerships owned or controlled by the Aimco Operating Partnership generally are Aimco or the Aimco Operating Partnership.

F-78

Table of Contents

As used herein, and except where the context otherwise requires, partnership refers to a limited partnership or a lin
refers to a partner in a limited partnership or a member in a limited liability company.

Variable Interest Entities

We consolidate all variable interest entities for which we are the primary beneficiary. Generally, a variable interest en
which the equity investors do not have the characteristics of a controlling financial interest or the equity investors lac
entity to finance its activities without additional subordinated financial support. In determining whether we are the pr
consider qualitative and quantitative factors, including, but not limited to: which activities most significantly impact t
and which party controls such activities; the amount and characteristics of our investment; the obligation or likelihoo
provide financial support; and the similarity with and significance to the business activities of us and the other invest
related to these determinations include estimates about the current and future fair values and performance of real esta
general market conditions. Refer to Note 4 for further information regarding our involvement with VIEs.

Acquisition of Real Estate Assets and Related Depreciation and Amortization

We recognize at fair value the acquisition of properties or interests in partnerships that own properties if the transacti
we expense as incurred most related transaction costs. We allocate the cost of acquired properties to tangible assets a
based on their fair values. We determine the fair value of tangible assets, such as land, building, furniture, fixtures an
internal valuation techniques that consider comparable market transactions, discounted cash flow techniques, replace
information. We determine the fair value of identified intangible assets (or liabilities), which typically relate to in-pla
valuation techniques that consider the terms of the in-place leases, current market data for comparable leases, and our
properties. The intangible assets or liabilities related to in-place leases are comprised of:

1. The value of the above- and below-market leases in-place. An asset or liability is recognized based on the
contractual amounts to be paid pursuant to the in-place leases and (b) our estimate of fair market lease rat
in-place leases, measured over the period, including estimated lease renewals for below-market leases, th
remain in effect.

2. The estimated unamortized portion of avoided leasing commissions and other costs that ordinarily would
in-place leases.

3. The value associated with vacant units during the absorption period (estimates of lost rental revenue durin
based on current market demand and stabilized occupancy levels).

The values of the above- and below-market leases are amortized to rental revenue over the expected remaining terms
include reasonably assured renewal periods. Other intangible assets related to in-place leases are amortized to deprec
expected remaining terms of the associated leases.

We prospectively adjust the amortization period to reflect significant variances between actual lease termination activ
to determine the historical amortization periods.

Depreciation for all tangible real estate assets is calculated using the straight-line method over their estimated useful l
improvements are depreciated over a useful life based on the age, condition and other physical characteristics of the p
the weighted average depreciable life of our acquired buildings and improvements was approximately 30 years. As d

Table of Contents

Impairment of Long Lived Assets below, we may adjust depreciation of properties that are expected to be disposed of
of their useful lives. Furniture, fixtures and equipment associated with acquired properties are depreciated over five y

At December 31, 2012 and 2011, deferred income in our consolidated balance sheets includes below-market lease an
and $23.6 million, respectively, which are net of accumulated amortization of $32.5 million and $29.2 million, respe
December 31, 2012, 2011 and 2010, we included amortization of below-market leases of $3.3 million, $4.3 million a
rental and other property revenues in our consolidated statements of operations. At December 31, 2012, our below-m
average amortization period of 6.8 years and estimated aggregate amortization for each of the five succeeding years a

	2013	2014	2
Estimated amortization	$ 2,553	$ 2,312	$ 2

Capital Additions and Related Depreciation

We capitalize costs, including certain indirect costs, incurred in connection with our capital additions activities, inclu
construction projects, other tangible property improvements, and replacements of existing property components. Incl
are payroll costs associated with time spent by site employees in connection with the planning, execution and control
activities at the property level. We characterize as indirect costs an allocation of certain department costs, includin
and corporate levels that clearly relate to capital additions activities. We capitalize interest, property taxes and insura
redevelopment and construction projects are in progress. We charge to property operating expense as incurred costs t
expenditure activities, including ordinary repairs, maintenance and resident turnover costs.

We depreciate capitalized costs using the straight-line method over the estimated useful life of the related component
generally 5, 15 or 30 years. All capitalized site payroll and indirect costs are allocated proportionately, based on direc
and depreciated over the estimated useful lives of such projects.

Certain homogeneous items that are purchased in bulk on a recurring basis, such as carpeting and appliances, are dep
that reflect the average estimated useful life of the items in each group. Except in the case of property casualties, whe
property is written off in the determination of casualty gains or losses, we generally do not recognize any loss in conn
an existing property component because normal replacements are considered in determining the estimated useful live
composite and group depreciation methods.

For the years ended December 31, 2012, 2011 and 2010, for continuing and discontinued operations, we capitalized t
$16.6 million, $14.0 million and $11.6 million of interest costs, respectively, and $33.7 million, $29.0 million and $3
indirect costs, respectively.

Impairment of Long-Lived Assets

Real estate and other long-lived assets to be held and used are stated at cost, less accumulated depreciation and amort
amount of the asset is not recoverable. If events or circumstances indicate that the carrying amount of a property may
an assessment of its recoverability by comparing the carrying amount to our estimate of the undiscounted future cash
charges, of the property. If the carrying amount exceeds the aggregate undiscounted future cash flows, we recognize
the carrying amount exceeds the estimated fair value of the property.

Table of Contents

Based on periodic tests of recoverability of long-lived assets, for the years ended December 31, 2012, 2011 and 2010
real estate impairment losses of $8.3 million, $0.9 million and $0.1 million, respectively, related to properties classifi

Our tests of recoverability address real estate assets that do not currently meet all conditions to be classified as held f
disposed of prior to the end of their estimated useful lives. If an impairment loss is not required to be recorded, the re
adjusted prospectively, as necessary, to reduce the carrying amount of the real estate to its estimated disposition valu
the real estate is expected to be held and used. We also may adjust depreciation prospectively to reduce to zero the ca
we plan to demolish in connection with a redevelopment project. We recognized no significant amounts of such adju
presented.

Discontinued Operations

We classify certain properties and related assets and liabilities as held for sale when they meet certain criteria, as defi
results of such properties as well as those properties sold during the periods presented are included in discontinued op
and all comparable periods presented. Depreciation is not recorded on properties once they have been classified as he
depreciation expense recorded prior to classification as held for sale is included in discontinued operations. The net g
losses are presented in discontinued operations when recognized. See Note 15 for additional information regarding di

Cash Equivalents

We classify highly liquid investments with an original maturity of three months or less as cash equivalents.

Restricted Cash

Restricted cash includes capital replacement reserves, completion repair reserves, bond sinking fund amounts, tax an
held by lenders and tenant security deposits.

Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable are generally comprised of amounts receivable from residents and other miscellaneous receivabl
We evaluate collectability of accounts receivable from residents and establish an allowance, after the application of s
anticipated recoveries, for accounts greater than 30 days past due for current residents and all receivables due from fo
receivable from residents are stated net of allowances for doubtful accounts of approximately $1.2 million and $3.3 n
and 2011, respectively.

We evaluate collectability of accounts receivable from non-affiliated entities and establish an allowance for amounts
uncollectible. Accounts receivable relating to non-affiliated entities are stated net of allowances for doubtful account
and $2.1 million as of December 31, 2012 and 2011, respectively.

Accounts Receivable and Allowance for Doubtful Accounts from Affiliates

Accounts receivable from affiliates are generally comprised of receivables related to property management and other
unconsolidated real estate partnerships in which we have an ownership interest. We evaluate collectability of account
affiliates on a periodic basis, and establish an allowance for the amounts deemed to be uncollectible. Accounts receiv
classified within other assets in our consolidated balance sheets, totaled $4.4 million and $4.6 million, and were net c
accounts of approximately $0.8 million and $0.5 million as of December 31, 2012 and 2011, respectively.

Deferred Costs

We defer lender fees and other direct costs incurred in obtaining new financing and amortize the amounts over the te
agreements. Amortization of these costs is included in interest expense.

We defer leasing commissions and other direct costs incurred in connection with successful leasing efforts and amort
the related leases. Amortization of these costs is included in depreciation and amortization.

Notes Receivable and Related Interest Income and Provision for Losses

Our notes receivable generally have stated maturity dates and may require current payments of principal and interest.
subject to a number of variables, including the performance and value of the underlying real estate properties and the
lenders, which are generally senior to our claims. Our notes receivable consist of two classes: loans extended by us th
plus accrued interest, which we refer to as par value notes, and loans extended by us that were discounted at origin
discounted notes.

We recognize interest income on par value notes as earned in accordance with the terms of the related loan agreemen
income on discounted notes that we originated using the effective interest method.

We assess the collectability of notes receivable on a periodic basis, which assessment consists primarily of an evalua
of the borrower to determine whether estimated cash flows are sufficient to repay principal and interest in accordance
the note. We update our projections of the cash flow of such borrowers annually, and more frequently for certain loan
circumstances. We recognize impairments on notes receivable when it is probable that principal and interest will not
the contractual terms of the loan. Factors that affect this assessment include the fair value of the partnership s real es
refinance the partnership s senior obligations or sell the partnership s real estate, and market conditions (current and
asset. In certain instances where other sources of cash flow are available to repay the loan, the impairment is measure
cash flows at the loan s original effective interest rate. See Note 6 for further information regarding our notes receiva

In addition to the notes discussed above, we have notes receivable from our unconsolidated real estate partnerships, v
assets in our consolidated balance sheets. These notes are due from partnerships in which we are one of the general p
the partnership. These loans are typically due on demand, have no stated maturity date and may not require current pa
Notes receivable from unconsolidated real estate partnerships totaled $5.0 million and $6.7 million at December 31, 2
and were net of allowances for loan losses of $0.4 million and $0.4 million, respectively.

Investments in Unconsolidated Real Estate Partnerships

We own general and limited partner interests in partnerships that either directly, or through interests in other real esta
properties. We generally account for investments in real estate partnerships that we do not consolidate under the equi
method, our share of the earnings or losses of the entity for the periods being presented is included in equity in earnin
unconsolidated real estate partnerships, inclusive of our share of impairments and property disposition gains recogniz
entities. Certain investments in real estate partnerships that were acquired in business combinations were determined
the acquisition date and are accounted for under the cost method. Any distributions received from such partnerships a
received.

Table of Contents

The excess of the cost of the acquired partnership interests over the historical carrying amount of partners equity or
the fair values of land and buildings owned by the partnerships. We amortize the excess cost related to the buildings
of the buildings. Such amortization is recorded as a component of equity in earnings (losses) of unconsolidated real e

Investments in Available For Sale Securities

As discussed in Note 3, during 2011, we purchased an investment in the first loss and mezzanine positions in a securi
certain of our property loans. We designated these investments as available for sale securities and they are included i
consolidated balance sheets at December 31, 2012 and 2011. These investments were initially recognized at their pur
the face value is being accreted into interest income over the expected term of the securities. Based on their classifica
securities, we measure these investments at fair value with changes in their fair value, other than the changes attribut
above, recognized as an adjustment of accumulated other comprehensive income or loss within equity and partners

Intangible Assets

At December 31, 2012 and 2011, other assets included goodwill associated with our reportable segments of $54.5 mi
assets held for sale included $7.5 million of goodwill allocated to properties sold during 2012. We perform an annual
that compares the fair value of reporting units with their carrying amounts, including goodwill. We determined that o
2012, 2011 or 2010.

During the years ended December 31, 2012, 2011 and 2010, we allocated $7.5 million, $5.1 million and $4.7 million
related to our reportable segments (conventional and affordable real estate operations) to the carrying amounts of the
held for sale. The amounts of goodwill allocated to these properties were based on the relative fair values of the prop
for sale and the retained portions of the reporting units to which the goodwill as allocated.

Other assets also includes intangible assets for in-place leases as discussed under *Acquisition of Real Estate Assets ar
Amortization.*

Capitalized Software Costs

Purchased software and other costs related to software developed for internal use are capitalized during the applicatio
amortized using the straight-line method over the estimated useful life of the software, generally five years. For the y
2011 and 2010, we capitalized software purchase and development costs totaling $5.8 million, $12.6 million and $8.
December 31, 2012 and 2011, other assets included $27.5 million and $31.9 million of net capitalized software, respe
December 31, 2012, 2011 and 2010, we recognized amortization of capitalized software of $10.0 million, $8.7 millio
respectively, which is included in depreciation and amortization in our consolidated statements of operations.

Noncontrolling Interests in Consolidated Real Estate Partnerships

We report the unaffiliated partners interests in the net assets of our consolidated real estate partnerships as noncontr
real estate partnerships within consolidated equity. Noncontrolling interests in consolidated real estate partnerships c
interests held by limited partners in consolidated real estate partnerships that have finite lives. We generally attribute
share of income or loss of consolidated partnerships based on their proportionate interest in the results of operations
their share of losses even if such attribution results in a deficit noncontrolling interest balance within our equity acco

The terms of the related partnership agreements generally require the partnership to be liquidated following the sale c
As the general partner in these partnerships, we ordinarily control the execution of real estate sales and other events t
redemption or other settlement of noncontrolling interests. However, as discussed in Note 3, we consolidate certain p
legacy asset management business for which we do not control the execution of sales and other events leading to the
partnerships. The aggregate carrying amount of noncontrolling interests in consolidated real estate partnerships is app
December 31, 2012. The aggregate fair value of these interests varies based on the fair value of the real estate owned
the number of classes of finite-life noncontrolling interests, the number of properties in which there is direct or indire
complexities in determining the allocation of liquidation proceeds among partners and other factors, we believe it is i
total required payments to the noncontrolling interests in an assumed liquidation at December 31, 2012. As a result o
recognized in our financial statements and appreciation in the fair value of real estate that is not recognized in our fin
that the aggregate fair value of our noncontrolling interests exceeds their aggregate carrying amount. As a result of ou
sales and other events that require payment of noncontrolling interests and our expectation that proceeds from real es
liquidate related noncontrolling interests, we anticipate that the eventual liquidation of these noncontrolling interests
on our financial condition.

Changes in our ownership interest in consolidated real estate partnerships generally consist of our purchase of an add
our entire interest in a consolidated real estate partnership. The effect on our equity of our purchase of additional inte
partnerships during the years ended December 31, 2012, 2011 and 2010 is shown in our consolidated statements of e
Note 3. The effect on our equity of sales of our entire interest in consolidated real estate partnerships is reflected in o
statements as sales of real estate and accordingly the effect on our equity is reflected as gains on disposition of real es
Accounting Standards Codification, or ASC, Topic 810, upon our deconsolidation of a real estate partnership followi
interests or liquidation of the partnership following sale of the related real estate property, we write off the remaining
interest in our consolidated balance sheet related to such partnerships through noncontrolling interests within consoli
attributable to Aimco and net income (loss) attributable to the Aimco Operating Partnership.

Noncontrolling Interests in Aimco Operating Partnership

Noncontrolling interests in Aimco Operating Partnership consist of common OP Units, HPUs and preferred OP Units
financial statements, the Aimco Operating Partnership s income or loss is allocated to the holders of common partne
on the weighted average number of common partnership units (including those held by Aimco) and equivalents outst
During the years ended December 31, 2012, 2011 and 2010, the holders of common OP Units and equivalents had a
interest in the Aimco Operating Partnership of 5.7%, 6.6% and 6.7%, respectively. Holders of the preferred OP Units
Operating Partnership s income or loss only to the extent of their preferred distributions. See Note 13 for further info
comprising noncontrolling interests in the Aimco Operating Partnership.

Revenue Recognition

Our properties have operating leases with apartment residents with terms averaging 12 months. We recognize rental r
net of any concessions, on a straight-line basis over the term of the lease. We recognize revenues from property mana
syndication and other services when the related fees are earned and are realized or realizable.

Advertising Costs

We generally expense all advertising costs as incurred to property operating expense. For the years ended December
both continuing and discontinued operations, total advertising expense was $11.8 million, $11.7 million and $14.2 m

Insurance

We believe that our insurance coverages insure our properties adequately against the risk of loss attributable to fire, e
flood, and other perils. In addition, we have insurance coverage for substantial portions of our property, workers co
liability exposures. Losses are accrued based upon our estimates of the aggregate liability for uninsured losses incurr
assumptions followed in the insurance industry and based on our experience.

Share-Based Compensation

We recognize all share-based employee compensation, including grants of employee stock options, in the consolidate
the grant date fair value and recognize compensation cost, which is net of estimates for expected forfeitures, ratably o
period. See Note 14 for further discussion of our share-based compensation.

Tax Credit Arrangements

We sponsor certain partnerships that acquire, develop and operate qualifying affordable housing properties and are st
pass-through of tax credits and deductions to their partners. The tax credits are generally realized ratably over the firs
arrangement and are subject to the partnership s compliance with applicable laws and regulations for a period of 15 y
general partner with a legal ownership interest of one percent or less and unaffiliated institutional investors (which w
or investors) acquire the limited partnership interests (at least 99%). At inception, each investor agrees to fund capita
partnerships and we receive a syndication fee from the investors upon their admission to the partnership.

We have determined that the partnerships in these arrangements are variable interest entities and, where we are gener
primary beneficiary that is required to consolidate the partnerships. When the contractual arrangements obligate us to
investors, and entitle us through fee arrangements to receive substantially all available cash flow from the partnership
partnerships as wholly owned subsidiaries, recognizing the income or loss generated by the underlying real estate bas
the partnerships. Capital contributions received by the partnerships from tax credit investors represent, in substance, c
exchange for our obligation to deliver tax credits and other tax benefits to the investors, and the receipts are recogniz
consolidated financial statements when our obligation to the investors is relieved upon delivery of the expected tax be

Income Taxes

We have elected to be taxed as a REIT under the Code commencing with our taxable year ended December 31, 1994
operate in such a manner. Our current and continuing qualification as a REIT depends on our ability to meet the vario
Code, which are related to organizational structure, distribution levels, diversity of stock ownership and certain restri
assets and categories of income. If we qualify for taxation as a REIT, we will generally not be subject to United State
on our taxable income that is currently distributed to stockholders. This treatment substantially eliminates the doubl
stockholder levels) that generally results from an investment in a corporation.

Table of Contents

Even if we qualify as a REIT, we may be subject to United States Federal income and excise taxes in various situatio
income. We also will be required to pay a 100% tax on any net income on non-arm s length transactions between us
on any net income from sales of property that was property held for sale to customers in the ordinary course. In addit
the alternative minimum tax, or AMT, on our items of tax preference. The state and local tax laws may not conform t
income tax treatment, and we and our stockholders may be subject to state or local taxation in various state or local ju
which we transact business or our stockholders reside. Any taxes imposed on us reduce our operating cash flow and r

Certain of our operations or a portion thereof, including property management, asset management and risk managem
taxable REIT subsidiaries, which are subsidiaries of the Aimco Operating Partnership, and each of which we refer to
C-corporation that has not elected REIT status and as such is subject to United States Federal corporate income tax. V
our ability to offer certain services and activities to our residents and investment partners that cannot be offered direc
entities to hold investments in certain properties.

For our TRS entities, deferred income taxes result from temporary differences between the carrying amounts of asset
reporting purposes and the amounts used for Federal income tax purposes, and are measured using the enacted tax ra
be in effect when the differences reverse. We reduce deferred tax assets by recording a valuation allowance when we
evidence that it is more likely than not that the assets will not be realized. We recognize the tax consequences associa
between the REIT and TRS entities when the related assets are sold to third parties, impaired or otherwise disposed o
purposes.

Comprehensive Income or Loss

As discussed in the preceding Investments in Available for Sale Securities section, we have investments that are mea
unrealized gains or losses recognized as an adjustment of accumulated other comprehensive loss within equity. Addit
we recognize changes in the fair value of our cash flow hedges as changes in accumulated other comprehensive loss
capital. The amounts of consolidated comprehensive income or loss for the years ended December 31, 2012, 2011 an
corresponding amounts of such comprehensive income or loss attributable to Aimco, the Aimco Operating Partnersh
interests, is presented within the accompanying consolidated statements of comprehensive income or loss.

Earnings per Share and Unit

Aimco calculates earnings (loss) per share based on the weighted average number of shares of Common Stock, partic
stock equivalents and dilutive convertible securities outstanding during the period. The Aimco Operating Partnership
unit based on the weighted average number of common partnership units and equivalents, participating securities and
outstanding during the period. See Note 16 for further information regarding earnings per share and unit computation

Use of Estimates

The preparation of our consolidated financial statements in conformity with GAAP requires management to make est
affect the reported amounts included in the financial statements and accompanying notes thereto. Actual results coul

Reclassifications and Adjustments

Certain items included in the 2011 and 2010 financial statements have been reclassified to conform to the current pre
for discontinued operations.

Table of Contents

NOTE 3 Investments in Real Estate and Other Significant Transactions

Asset Management Business Disposition

On December 19, 2012, we closed the sale of the Napico portfolio, our legacy asset management business. The trans seller-financed, and the associated notes are scheduled to be repaid over the next six years. The notes will be repaid f liquidation of the Napico portfolio and are collateralized by the buyer s interests in the portfolio.

In accordance with the provisions of GAAP applicable to sales of real estate or interests therein, for accounting purpo sale and will account for the transaction under the profit sharing method. Under this method, until full payment has b seller-financed notes, we will continue to recognize the portfolio s assets and liabilities, each condensed into single l accrued liabilities and other, respectively, in our consolidated balance sheets for all dates following the transaction. S recognize the portfolio s results of operations, also condensed into a single line item within our consolidated stateme subsequent to the transaction. Any cash payments we receive under the sale and related financing will be reflected as consolidated balance sheets until full payment has been received for the seller-financed notes.

At December 31, 2012, the Napico portfolio consisted of 20 partnerships that held investments in 16 apartment prope 102 apartment properties that were accounted for under the equity or cost method of accounting. The portfolio s asse other assets and liabilities, and are summarized below (dollars in thousands):

	Dece
Real estate, net	$
Cash and cash equivalents and restricted cash	
Investment in unconsolidated real estate partnerships	
Other assets	
Total assets	$
Total indebtedness	$
Accrued and other liabilities	
Total liabilities	$

Based on our limited historical economic ownership in this portfolio, the majority of the assets and liabilities shown a noncontrolling interests and do not have a significant effect on consolidated equity attributable to Aimco and partners Aimco Operating Partnership. At December 31, 2012, noncontrolling interests in consolidated real estate partnership balance sheet includes $57.2 million related to the Napico portfolio. Income or loss attributable to these noncontrolli recognized commensurate with the recognition of the results of operations of the portfolio. If full payment is received requirements to recognize the sale for accounting purposes, we expect to recognize a gain attributable to Aimco and t Partnership.

Investments in Real Estate Properties

During the year ended December 31, 2012, we acquired conventional properties as set forth in the table below (dollar

	Year Ended December	
Property location	San Diego, CA	Manhattan,
Number of residential units	84	
Fair value of real estate acquired	$ 19,814	$ 38,
Non-recourse property debt assumed (outstanding principal balance)	$ 9,695	$

Non-recourse property debt assumed (fair value)	$	10,684	$

Table of Contents

During the year ended December 31, 2011, we acquired a vacant, 126-unit property located in Marin County, north o
are in the process of redeveloping this property with a total expected investment in this property of $85.0 million upo
in late 2013. During the year ended December 31, 2011, we also acquired noncontrolling interests (approximately 50
contiguous properties with 142 units located in La Jolla, California.

Acquisitions of Noncontrolling Interests in Consolidated Real Estate Partnerships

As set forth in the table below (dollars in thousands), during the years ended December 31, 2012, 2011 and 2010, we
noncontrolling limited partner interests in consolidated real estate partnerships in which our affiliates serve as the ge

	2012
Consolidated partnerships in which remaining limited partnership interests were acquired	
Number of properties owned by partnerships	
Cost of limited partnership interests acquired	$ 50,6
Excess of consideration paid over the carrying amount of noncontrolling interests acquired	$ 44,7

In connection with these acquisitions, the Aimco Operating Partnership recognized the excess of the consideration pa
the noncontrolling interests acquired as an adjustment of additional paid-in capital within partners capital (which is
ownership for consolidated entities in the Aimco Operating Partnership s consolidated statements of partners capit
between Aimco and noncontrolling interests in the Aimco Operating Partnership within Aimco s consolidated staten

Disposition of Interests in Unconsolidated Real Estate

During the years ended December 31, 2012, 2011 and 2010, we recognized $21.9 million, $2.4 million and $10.6 mi
on disposition of interests in unconsolidated real estate. The majority of the gains recognized in 2012 primarily relate
unconsolidated real estate partnerships. The remainder of the gains recognized in 2012, and substantially all of the ga
2010 related to sales of investments held by consolidated partnerships in which we generally held a nominal general
Accordingly, substantially all of these gains were allocated to the noncontrolling interests in the consolidated partner
in these unconsolidated partnerships.

Property Loan Securitization Transactions

During the years ended December 31, 2011 and 2010, we completed a series of related financing transactions that rep
that were scheduled to mature between the years 2012 and 2016 with proceeds from new long-term, fixed-rate, non-r
New Loans. The New Loans, which total $673.8 million, consisted of $218.6 million that closed during the year ende
$455.2 million that closed during the year ended December 31, 2011. At origination, all of the New Loans had terms
scheduled to amortize over 30 years. Subsequent to origination, the New Loans were sold to Federal Home Loan Mo
which then securitized the New Loans. The securitization trust holds only the New Loans referenced above and the tr
label FREMF 2011K-AIV. In connection with the refinancings, during the year ended December 31, 2011, we recog
extinguishment of $23.0 million in interest expense, consisting of $20.7 million in prepayment penalties and a $2.3 m
deferred loan costs.

Table of Contents

During the year ended December 31, 2011, as part of the securitization transaction, we purchased the first loss and m
securitization trust. These investments were initially recognized at their purchase price and the discount to the face va
interest income over the expected term of the securities. Refer to Note 9 for further information regarding the fair and
investments.

NOTE 4 Variable Interest Entities

As of December 31, 2012, we were the primary beneficiary of, and therefore consolidated, 70 VIEs, which owned 56
9,792 units. Real estate with a carrying value of $599.3 million collateralized $495.0 million of debt of those VIEs. A
and liabilities related to our consolidated VIEs are identified parenthetically on our accompanying consolidated balan
consolidated VIEs do not have recourse to our general credit.

As of December 31, 2012, we also held variable interests in 40 VIEs for which we were not the primary beneficiary.
partnerships that are engaged, directly or indirectly, in the ownership and management of 93 apartment properties wi
with those VIEs as an equity holder or lender. Our maximum risk of loss related to our investment in these VIEs is li
recorded investment in such entities, which is included in other assets within our consolidated balance sheets.

In addition to our investments in unconsolidated VIEs discussed above, at December 31, 2012, we had in aggregate $
from these unconsolidated VIEs (primarily notes receivable collateralized by second mortgages on real estate propert
6) and we had a contractual obligation to advance funds to certain unconsolidated VIEs totaling $2.3 million. Our ma
with our lending activities related to these unconsolidated VIEs is limited to these amounts. We may be subject to ad
any receivables relating to future provision of services to these entities or financial support that we voluntarily provid

In addition to the consolidated and unconsolidated VIEs discussed above, at December 31, 2012, our consolidated fin
certain consolidated and unconsolidated VIEs that were sold in connection with the sale of our legacy asset managem

NOTE 5 Investments in Unconsolidated Real Estate Partnerships

We owned general and limited partner interests in unconsolidated real estate partnerships that owned approximately 2
December 31, 2012, 2011 and 2010, respectively. We acquired these interests through various transactions, including
offers to individual limited partners. At December 31, 2012, our ownership interests in these unconsolidated real esta
to 67%.

The following table provides selected combined financial information for the unconsolidated real estate partnerships
accounted for under the equity method as of and for the years ended December 31, 2012, 2011 and 2010 (in thousand

	2012	
Real estate, net of accumulated depreciation	$ 107,419	$
Total assets	114,658	
Non-recourse property debt and other notes payable	122,019	
Total liabilities	132,767	
Partners (deficit) capital	(18,109)	
Rental and other property revenues	72,636	
Property operating expenses	(49,331)	
Depreciation expense	(18,388)	
Interest expense	(21,354)	
(Impairment losses)/Gain on sale, net	(4,140)	
Net (loss) income	(21,108)	

Table of Contents

The decrease in the number of unconsolidated properties from 2011 to 2012 is primarily attributed to the sale in Dece
management business, as further discussed in Note 3. Based on the timing of the sale, the results of operations of the
this portfolio are included in the table above. The decrease in the number of unconsolidated properties from 2010 to 2
the selected combined financial information presented is primarily attributed to the sale of our interests in the partner
the partnerships sale of the underlying properties followed by partnership liquidations during these periods. The dec
partially offset by our investment during 2011 in unconsolidated entities that own properties in La Jolla, California. A
selected combined financial information as of December 31, 2011 and 2010 and for the years ended December 31, 20
investments in other unconsolidated real estate partnerships in which we generally held a nominal general partnershi
substantially all of the assets and liabilities and results of operations related to these investment partnerships were att
interests in such entities.

At the time we acquired certain of our investments in unconsolidated real estate partnerships, the cost of our investm
historical carrying amounts of the partnerships net assets. Additionally, our unconsolidated investment balances at 2
partnerships (along with their investments in unconsolidated real estate partnerships) we consolidated at fair values th
carrying amounts of the underlying unconsolidated real estate partnerships net assets. At December 31, 2012 and 20
investment in unconsolidated partnerships of $18.7 million and $47.8 million, respectively, exceeded our share of the
deficit of the partnerships by approximately $6.9 million and $46.5 million, respectively.

NOTE 6 Notes Receivable

The following table summarizes our notes receivable as of December 31, 2012 and 2011 (in thousands):

	2012
Par value notes	$ 5,439
Discounted notes	97,458
Total notes receivable	$ 102,897
Face value of discounted notes	$ 104,013

Notes receivable have various annual interest rates ranging between 2.2% and 8.8% and averaging 4.0%. Included in
December 31, 2012 and 2011 are $101.3 million and $99.3 million, respectively, in notes that were secured by intere
real estate partnerships.

All of our discounted notes have stated maturity dates and none are past due. All of the notes receivable shown above
and have not been impaired for the periods presented.

Discounted notes at December 31, 2012 and 2011, include $93.1 million and $91.2 million, respectively, from certai
are wholly owned by a single individual. We originated these notes in November 2006 pursuant to a loan agreement
approximately $110.0 million, including $16.4 million for property improvements and an interest reserve, of which $
as of December 31, 2012. The notes mature in November 2016, bear interest at LIBOR plus 2.0%, are partially guara
borrowers, and are collateralized by second mortgages on 84 buildings containing 1,596 residential units and 43 com
New York City. In conjunction with the loan agreement, we entered into a purchase option and put agreement with th
may purchase some or all of the buildings and, subject to achieving specified increases in rental income, the borrowe
the buildings (see Note 10). We determined that the stated interest rate on the notes on the date the loan was originate
rate and recorded a $17.4 million

Table of Contents

discount to reflect the estimated fair value of the notes based on an estimated market interest rate of LIBOR plus 4.0%
to be attributable to our real estate purchase option, which we recorded separately in other assets. Accretion of this di
interest income in our consolidated statements of operations, totaled $1.1 million, $1.0 million and $0.9 million durin
2012, 2011 and 2010, respectively. The value of the purchase option asset will be included in the cost of properties a
otherwise be charged to expense. We determined that the borrowers are VIEs and, based on qualitative and quantitati
individual who owns the borrowers and partially guarantees the notes is the primary beneficiary.

We recognized interest income, including accretion, of $4.3 million, $4.8 million and $4.5 million for the years ende
2010, respectively, related to these notes receivable.

NOTE 7 Non-Recourse Property Debt and Credit Agreement

Non-Recourse Property Debt

We finance our properties primarily using long-dated, fixed-rate borrowings, each of which is collateralized by a sing
non-recourse to us. The following table summarizes our property loans payable related to properties classified as held
and 2011 (dollars in thousands):

	Weighted Average Interest Rate 2012	P Ou 2012
Fixed rate property loans payable	5.58%	$ 4,434,363
Variable rate property loans payable	2.93%	24,038
Total		$ 4,458,401

Fixed rate property loans payable mature at various dates through January 2055. Variable rate property loans payable
January 2019. Principal and interest are generally payable monthly or in monthly interest-only payments with balloon
December 31, 2012, our property loans payable related to properties classified as held for use were each secured by o
aggregate gross book value of $7,701.5 million.

The following table summarizes our property tax-exempt bond financings related to properties classified as held for u
2011 (dollars in thousands):

	Weighted Average Interest Rate 2012	C 2012
Fixed rate property tax-exempt bonds payable	4.92%	$ 99,447
Variable rate property tax-exempt bonds payable	1.51%	130,599
Total		$ 230,046

Fixed rate property tax-exempt bonds payable mature at various dates through February 2061. Variable rate property
mature at various dates through July 2033. Principal and interest on these bonds are generally payable in semi-annual
payments due at maturity. Certain of our property tax-exempt bonds at December 31, 2012, are remarketed periodica
maintain a variable yield. If the remarketing agent is unable to remarket the bonds, then the remarketing agent can pu
that the likelihood of this occurring is remote. At December 31, 2012, our property tax-exempt bond financings relate
held for use were each secured by one of 21 properties that had an aggregate gross book value of $511.3 million.

Table of Contents

At December 31, 2012, property tax-exempt bonds payable with a weighted average fixed rate of 5.9% have been co
variable rate of 2.1% using total rate of return swaps that mature during May 2014. These property tax-exempt bonds
variable rate debt at their carrying amounts, or fair value, of $71.4 million. See Note 8 for further discussion of our to
arrangements.

Our consolidated property debt instruments contain covenants common to the type of borrowing. At December 31, 2
with all covenants pertaining to our consolidated debt instruments.

As of December 31, 2012, the scheduled principal amortization and maturity payments for our property tax-exempt b
payable related to properties in continuing operations are as follows (in thousands):

	Amortization	Maturities
2013	$ 86,570	$ 182,029
2014	89,438	235,975
2015	90,486	183,111
2016	87,698	429,593
2017	81,529	446,900
Thereafter		

Credit Agreement

We have a Senior Secured Credit Agreement with a syndicate of financial institutions, which we refer to as the Credi
Agreement consists of $500.0 million of revolving loan commitments. Borrowings under the Credit Agreement bear
pricing grid which rate varies based on our leverage (initially either LIBOR plus 2.75% or, at our option, a base rate)
December 2014, and may be extended for two additional one-year periods, subject to certain conditions, including pa
on the total revolving commitments.

As of December 31, 2012 and 2011, we had no outstanding borrowings under the Credit Agreement. As of Decembe
to borrow $454.6 million, net of the outstanding borrowings and $45.4 million for undrawn letters of credit backed b
proceeds of revolving loans are generally used to fund working capital and for other corporate purposes.

NOTE 8 Derivative Financial Instruments

We have limited exposure to derivative financial instruments. For our variable rate debt, we are sometimes required b
exposure to interest rate fluctuations by entering into interest rate swap agreements, which moderate our exposure to
converting the interest on variable rate debt to a fixed rate. The fair values of the interest rate swaps are reflected as a
sheet, and periodic changes in fair value are included in interest expense or equity and partners capital, as appropria

As of December 31, 2012 and 2011, we had interest rate swaps with aggregate notional amounts of $51.0 million an
and recorded fair values of $8.0 million and $7.0 million, respectively, reflected in accrued liabilities and other in ou
December 31, 2012, these interest rate swaps had a weighted average term of 8.1 years. We have designated these in
hedges and recognize any changes in their fair value as an adjustment of accumulated other comprehensive loss withi
effectiveness. Changes in the fair value of these instruments and the related amounts of such changes that were refle
accumulated other comprehensive loss within equity and as an adjustment of earnings (ineffectiveness) are discussed

Table of Contents

If the forward rates at December 31, 2012 remain constant, we estimate that during the next 12 months, we would rec
approximately $1.7 million of the unrealized losses in accumulated other comprehensive loss. If market interest rates
weighted average fixed rate under these interest rate swaps we will benefit from net cash payments due to us from ou
rate swaps.

At December 31, 2012 and 2011, we had borrowings payable subject to total rate of return swaps with aggregate outs
$74.0 million and $75.0 million, respectively, that were collateralized by four properties. We use total rate of return s
property debt obligations to a variable rate to lower our cost of borrowing. In exchange for our receipt of a fixed rate
borrowing s interest rate, the total rate of return swaps require that we pay a variable rate plus a risk spread. The und
our option, with no prepayment penalty. We have designated the total rate of return swaps as hedges of the risk of ov
the underlying borrowings. At each reporting period, we estimate the fair value of these borrowings and the total rate
any changes therein as an adjustment of interest expense. During the periods presented, we determined these hedges
accordingly we made no adjustments to interest expense for ineffectiveness.

At December 31, 2012, the weighted average fixed receive rate under the total return swaps was 5.9% and the weight
was 2.1%, based on the applicable index rate effective as of that date. The debt subject to these total rate of return sw
the corresponding swaps mature in May 2014.

The total rate of return swaps require specified loan-to-value ratios which may require us to pay down the debt or pro
December 31, 2012 and 2011, we had provided $20.0 million of cash collateral pursuant to the swap agreements, wh
in our consolidated balance sheets.

NOTE 9 Fair Value Measurements

In accordance with GAAP, we are required to measure certain assets and liabilities in our consolidated financial state
assets, such as our investment in the first loss and mezzanine positions in a securitization trust that holds certain of ou
swaps (IR swaps), total rate of return swaps (TRR swaps), and the debt subject to TRR swaps (TRR debt) are require
on a quarterly basis. Other assets, such as real estate, are required to be measured at fair value when we determine tha
asset held for use is no longer recoverable, or are required to be measured at fair value less estimated costs to sell wh
carrying amount of an asset classified as held for sale is no longer recoverable.

We are required to classify these fair value measurements into one of three categories, based on the nature of the inpu
measurement. Level 1 of the hierarchy includes fair value measurements based on unadjusted quoted prices in active
liabilities we can access at the measurement date. Level 2 includes fair value measurements based on inputs other tha
Level 1 that are observable for the asset or liability, either directly or indirectly. Level 3 includes fair value measuren
inputs. The classification of fair value measurements is subjective and GAAP requires us to disclose more detailed in
value measurements classified within the lower levels of the hierarchy.

Table of Contents

Recurring Fair Value Measurements

The table below presents information regarding significant items measured in our consolidated financial statements a
consisting of investments in the securitization trust discussed above, which we classify as available for sale (AFS), IF
debt (in thousands):

	Level 2		Le
	AFS (1)	IR swaps (2)	TRR swaps (3)
Fair value at December 31, 2010	$	$ (2,746)	$ (19,542)
Purchases	51,534		
Investment accretion	1,668		
Unrealized (losses) gains included in earnings (5)		(48)	13,701
Realized gains (losses) included in earnings			
Unrealized gains (losses) included in equity and partners capital	(1,509)	(4,218)	
Fair value at December 31, 2011	$ 51,693	$ (7,012)	$ (5,841)
Investment accretion	3,111		
Unrealized (losses) gains included in earnings (5)		(48)	3,260
Realized gains (losses) included in earnings			
Unrealized gains (losses) included in equity and partners capital	4,341	(908)	
Fair value at December 31, 2012	$ 59,145	$ (7,968)	$ (2,581)

(1) Our investments classified as AFS are presented within other assets in the accompanying consolidated balance
value of these investments using an income and market approach with primarily observable inputs, including y
regarding similar types of investments, and adjusted for certain unobservable inputs specific to these investmen
discount to the $100.9 million face value of the investments into interest income using the effective interest me
expected term of the investments, which, as of December 31, 2012, was approximately 8.5 years. Our amortize
investments, which represents the original cost adjusted for interest accretion less interest payments received, w
million at December 31, 2012 and 2011, respectively.

(2) The fair value of IR swaps is estimated using an income approach with primarily observable inputs including in
variable cash flows and forward yield curves relating to the variable interest rates on which the hedged cash flo

(3) TRR swaps have contractually-defined termination values generally equal to the difference between the fair va
purchased value of the underlying borrowings. We calculate the termination value, which we believe is represe
rate of return swaps using a market approach by reference to estimates of the fair value of the underlying borro
below, and an evaluation of potential changes in the credit quality of the counterparties to these arrangements.

(4) This represents changes in fair value of debt subject to TRR swaps. We estimate the fair value of debt instrume
approach, including comparison of the contractual terms to observable and unobservable inputs such as market
contractual interest rates, remaining periods to maturity, collateral quality and loan-to-value ratios on similarly
portfolio. We handle a large volume of financing transactions annually and use pricing information obtained du
evaluate market pricing information for reasonableness.

(5) Unrealized gains (losses) for the TRR swaps and TRR debt relate to periodic revaluations of fair value and hav
settlement of a swap position as we have not historically incurred any termination payments upon settlement. T
are included in interest expense in the accompanying consolidated statements of operations.

Table of Contents

Due to their subjectivity, GAAP requires us to disclose additional quantitative and qualitative information about the u
to our Level 3 fair value measurements. The unobservable inputs significant to our estimation of the fair value of TR
includes information about the property debt, such as the payment schedule, contractual interest rate and loan-to-valu
impracticality of providing payment schedules for our nonrecourse property debt measured at fair value, we believe t
average maturity date is meaningful in the context of the related valuation input. Information regarding the weighted
TRR debt measured at fair value during the years ended December 31, 2012, 2011 and 2010 is as follows:

	2012
Number of properties encumbered by nonrecourse property debt measured at fair value during period	4
Weighted average interest rate	5.9%
Weighted average maturity in years	23.9 years
Weighted average loan-to-value ratio	77.7%

Of these unobservable inputs significant to the TRR debt fair value measurement, the loan-to-value ratio is the only i
measurement is sensitive to changes, as the property debt interest rates and maturities are not subject to adjustment. F
observable inputs which may also be significant to the fair value measurement, such as market interest rates for simil
increase in the loan-to-value ratios for the TRR debt would result in a decrease in the fair value of the TRR debt and
loan-to-value ratios would result in an increase in the fair value of the TRR debt. Based on the relationship of the fair
of the TRR swaps, we believe any increase or decrease in the fair value of the TRR debt would have an equal and off
the fair value of the TRR swaps, and therefore would have no effect on our financial position, results of operations or

Nonrecurring Fair Value Measurements

During the year ended December 31, 2012, we reduced the aggregate carrying amounts of nine assets classified as he
$81.8 million to their estimated fair values of $65.8 million, resulting in an impairment loss of $16.0 million. During
2011, we reduced the aggregate carrying amounts of 19 assets classified as held for sale from $108.2 million to their
million, resulting in an impairment loss of $15.9 million. During the year ended December 31, 2010, we reduced the
12 assets classified as held for sale from $74.2 million to their estimated fair values of $62.1 million, resulting in an i
million.

The fair values for the properties we impaired during these periods were based primarily on contract prices for pendi
of the properties. The contract prices were based in part on unobservable inputs classified within Level 3 of the fair v
based on observable inputs that can be validated to observable external sources, such as pricing information about wi
properties for sale.

The unobservable inputs significant to our estimation of the fair value of real estate impaired during the periods inclu
information such as the properties net operating income, or NOI, free cash flow, or FCF, which represents the prope
required to maintain the condition of the property, and assumptions about NOI and FCF growth rates and exit values.
which represents the rate of return generated by the FCF from the property and the proceeds from its eventual sale, is
the real estate industry for relative comparison of real estate valuations. The projected cash flows, including the expe
impairment losses were based translated to weighted average implied FCF internal rates of return of 7.39%, 7.87% ar
impaired during the years ended December 31, 2012, 2011 and 2010, respectively.

Table of Contents

Fair Value Disclosures

We believe that the aggregate fair value of our cash and cash equivalents, receivables and payables approximates the
December 31, 2012 and 2011, due to their relatively short-term nature and high probability of realization. The estima
notes receivable (including notes receivable from unconsolidated real estate partnerships, which we classify within o
balance sheets) was approximately $100.0 million and $107.9 million at December 31, 2012 and 2011, respectively,
amounts of $107.9 million and $117.9 million, respectively. The estimated aggregate fair value of our consolidated d
in liabilities related to assets held for sale) was approximately $5.1 billion and $5.4 billion at December 31, 2012 and
compared to aggregate carrying amounts of $4.7 billion and $5.2 billion, respectively. We classify within Level 3 of
values of our notes receivable and consolidated debt disclosed above, based on the significance of certain of the unob
their fair values. The fair value of our notes receivable and consolidated debt is estimated using a methodology consi
for the property debt we measure at fair value on a recurring and nonrecurring basis.

NOTE 10 Commitments and Contingencies

Commitments

In connection with our redevelopment and capital improvement activities, we have commitments of approximately $
construction projects, most of which we expect to incur during the next 24 months. Pursuant to financing arrangemen
Bay Vistas, The Preserve at Marin and Elm Creek conventional redevelopment properties, we are contractually oblig
projects. Additionally, we enter into certain commitments for future purchases of goods and services in connection w
properties. Those commitments generally have terms of one year or less and reflect expenditure levels comparable to

As discussed in Note 4 and Note 6, we have committed to fund an additional $2.3 million to increase loans secured b
Harlem in New York City. The obligor under these notes has the ability to put these properties to us upon the achieve
performance thresholds. Our acquisition of these properties pursuant to this put option would result in a cash paymen
million at the lower performance threshold and approximately $98.1 million at the higher performance threshold, and
approximately $118.2 million in property debt.

Tax Credit Arrangements

We are required to manage certain consolidated real estate partnerships in compliance with various laws, regulations
apply to our historic and low-income housing tax credit syndication arrangements. In some instances, noncompliance
could result in projected tax benefits not being realized and require a refund or reduction of investor capital contribut
deferred income in our consolidated balance sheet, until such time as our obligation to deliver tax benefits is relieved
periods for our tax credit syndication arrangements range from less than one year to 13 years. We do not anticipate th
reductions of investor capital contributions will be required in connection with these arrangements.

Legal Matters

In addition to the matters described below, we are a party to various legal actions and administrative proceedings aris
business, some of which are covered by our general liability insurance program, and none of which we expect to hav
our consolidated financial condition, results of operations or cash flows.

Table of Contents

Limited Partnerships

In connection with our acquisitions of interests in real estate partnerships, we are sometimes subject to legal actions,
activities may involve breaches of fiduciary duties to the partners of such real estate partnerships or violations of the
We may incur costs in connection with the defense or settlement of such litigation. We believe that we comply with o
relevant partnership agreements. Although the outcome of any litigation is uncertain, we do not expect any such lega
adverse effect on our consolidated financial condition, results of operations or cash flows.

During 2011, we mediated a dispute with respect to mergers completed early in 2011 in which we acquired the remai
six consolidated real estate partnerships. As a result of the mediation we agreed to pay the limited partners additional
for their partnership units, which we included in the total consideration paid for the noncontrolling interests we acqui
settlement were granted and we paid the additional consideration resulting from the settlement during the year ended

Environmental

Various Federal, state and local laws subject property owners or operators to liability for management, and the costs o
certain potentially hazardous materials present on a property, including lead-based paint, asbestos, polychlorinated bi
and other miscellaneous materials. Such laws often impose liability without regard to whether the owner or operator k
the release or presence of such materials. The presence of, or the failure to manage or remedy properly, these materia
occupancy at affected apartment communities and the ability to sell or finance affected properties. In addition to the c
investigation and remediation actions brought by government agencies, and potential fines or penalties imposed by su
therewith, the improper management of these materials on a property could result in claims by private plaintiffs for p
disability or other infirmities. Various laws also impose liability for the cost of removal, remediation or disposal of th
disposal or treatment facility. Anyone who arranges for the disposal or treatment of these materials is potentially liab
proper operation of the disposal facility. These laws often impose liability whether or not the person arranging for the
operated the disposal facility. In connection with the ownership, operation and management of properties, we could p
environmental liabilities or costs associated with our properties or properties we acquire or manage in the future.

We have determined that our legal obligations to remove or remediate certain potentially hazardous materials may be
obligations, as defined in GAAP. Except in limited circumstances where the asset retirement activities are expected to
with a planned construction project or property casualty, we believe that the fair value of our asset retirement obligati
estimated due to significant uncertainties in the timing and manner of settlement of those obligations. Asset retiremen
reasonably estimable as of December 31, 2012, are immaterial to our consolidated financial condition, results of oper

Table of Contents

Operating Leases

We are obligated under non-cancelable operating leases for office space and equipment. Approximate minimum annu
leases are as follows (in thousands):

	Operatin Obliga
2013	$
2014	
2015	
2016	
2017	
Thereafter	
Total	$

Substantially all of the office space subject to the operating leases in the table above is for the use of our corporate of
expense recognized totaled $4.6 million, $5.4 million and $6.6 million for the years ended December 31, 2012, 2011
Sublease receipts that offset rent expense totaled approximately $0.6 million, $0.8 million and $1.6 million for the ye
2011 and 2010, respectively.

NOTE 11 Income Taxes

Deferred income taxes reflect the net effects of temporary differences between the carrying amounts of assets and lia
subsidiaries for financial reporting purposes and the amounts used for income tax purposes. Significant components o
assets are as follows (in thousands):

	2012
Deferred tax liabilities:	
Partnership differences	$ 29,745
Deferred revenue	23,139
Capitalized interest	16,157
Total deferred tax liabilities	$ 69,041
Deferred tax assets:	
Net operating, capital and other loss carryforwards	$ 66,145
Provision for impairments on real estate assets	33,321
Depreciation	
Receivables	1,183
Accrued liabilities	8,500
Intangibles - management contracts	561
Tax credit carryforwards	7,724
Equity compensation	898
Other	68
Total deferred tax assets	118,400
Valuation allowance	(4,531)
Net deferred income tax assets	$ 44,828

Table of Contents

A reconciliation of the beginning and ending balance of our unrecognized tax benefits is presented below (in thousan

	2012
Balance at January 1	$ 3,917
Reductions as a result of a lapse of the applicable statutes	(684)
Additions (reductions) based on tax positions related to prior years	303
Balance at December 31	$ 3,536

Because the statute of limitations has not yet elapsed, our Federal income tax returns for the year ended December 31 and certain of our State income tax returns for the year ended December 31, 2006, and subsequent years are currently Internal Revenue Service or other taxing authorities. Approximately $3.0 million of unrecognized benefit, if recogniz rate.

On October 25, 2012, the Internal Revenue Service issued Final Partnership Administrative Adjustments with respec Partnership 2006 and 2007 tax years. On January 18, 2012, AIMCO-GP, Inc., in its capacity as tax matters partner of Partnership, filed a petition challenging those adjustments in the United States Tax Court in Washington, D.C. We do regarding the 2006 or 2007 proposed adjustments to have any material effect on our unrecognized tax benefits, financ operations.

Our policy is to include any interest and penalties related to income taxes within the income tax line item in our cons operations.

In accordance with the accounting requirements for stock-based compensation, we may recognize tax benefits in con stock options by employees of our taxable subsidiaries and the vesting of restricted stock awards. During the years en 2011, we had cumulatively $0.5 million and less than $0.1 million, respectively, in excess tax benefits from employe vested restricted stock awards. None of the excess tax benefits have yet been realized.

Significant components of the benefit for income taxes are as follows and are classified within income tax benefit in income from discontinued operations, net in our statements of operations for the years ended December 31, 2012, 20

	2012	2011
Current:		
Federal	$	$ (10
State	1,047	60
Total current	1,047	49
Deferred:		
Federal	7,116	(14
State	812	(90
Total deferred	7,928	(1,04
Total expense (benefit)	$ 8,975	$ (55
Classification:		
Continuing operations	$ (929)	$ (6,54
Discontinued operations	$ 9,904	$ 5,99

Table of Contents

Consolidated income and loss subject to tax consists of pretax income or loss of our taxable REIT subsidiaries and ga
sales that are subject to income tax under section 1374 of the Internal Revenue Code. For the years ended December
consolidated income subject to tax of $19.0 million and $5.0 million, respectively, and during the year ended Decemb
consolidated losses subject to tax of $50.3 million. The reconciliation of income tax attributable to continuing and dis
at the U.S. statutory rate to income tax expense (benefit) is shown below (dollars in thousands):

	2012		2011	
	Amount	Percent	Amount	Perc
Tax at U.S. statutory rates on consolidated income (loss) subject to tax	6,642	35.0%	1,756	3
State income tax, net of Federal tax benefit	1,859	9.8%	(299)	(6
Effect of permanent differences	(256)	(1.3)%	(565)	(11
Tax effect of intercompany transfers of assets between the REIT and taxable REIT subsidiaries (1)	730	3.8%	(1,965)	(39
Write-off of excess tax basis		%		
Increase in valuation allowance		%	522	1
	8,975	47.3%	(551)	(11

(1) Includes the effect of assets contributed by the Aimco Operating Partnership to taxable REIT subsidiaries, for v
benefit was recognized upon the sale or impairment of the asset by the taxable REIT subsidiary.

Income taxes paid totaled approximately $1.1 million, $1.2 million and $1.9 million, respectively, in the years ended
2010, respectively.

At December 31, 2012, we had net operating loss carryforwards, or NOLs, of approximately $160.0 million for incor
years 2027 to 2032. Subject to certain separate return limitations, we may use these NOLs to offset all or a portion of
our taxable REIT subsidiaries. We generated approximately $26.2 million of NOLs during the year ended December
from our taxable REIT subsidiaries. As of December 31, 2012, we had low-income housing and rehabilitation tax cre
approximately $8.2 million for income tax purposes that expire for the tax years 2012 to 2031. The deferred tax asset
approximately $6.5 million.

For income tax purposes, dividends paid to holders of Common Stock primarily consist of ordinary income, return of
dividends and unrecaptured Section 1250 gains, or a combination thereof. For the years ended December 31, 2012, 2
share held for the entire year were estimated to be taxable as follows:

	2012		2011	
	Amount	Percentage	Amount	Percentage
Ordinary income	$	%	$	
Capital gains	0.35	46.6%	0.12	24.0
Qualified dividends		%		
Unrecaptured Section 1250 gain	0.41	53.4%	0.36	76.0
	$ 0.76	100.0%	$ 0.48	100.0

We designated the per share amounts above as capital gain dividends in accordance with the requirements under the C
designated as capital gain dividends a like portion of preferred dividends.

Table of Contents

NOTE 12 Aimco Equity

Preferred Stock

At December 31, 2012 and 2011, Aimco had the following classes of perpetual preferred stock outstanding (dollars i

	Redemption Date (1)	Annual Dividend Rate Per Share (paid quarterly)
Classes of Cumulative Preferred Stock redeemed during 2012 (2)		
Class Z Cumulative Preferred Stock, 4,800,000 shares authorized, 1,274,243 and 869,153 shares issued/outstanding, respectively	7/29/2016	7.00%
Series A Community Reinvestment Act Preferred Stock, 240 shares authorized, 74 shares issued/outstanding	6/30/2011	(3)
Preferred stock per consolidated balance sheets		

(1) All classes of preferred stock were or are redeemable at our option on and after the dates specified.
(2) Refer to the table below for information regarding the classes of preferred stock redeemed during the year ende
(3) For the period from the date of original issuance through March 31, 2015, the dividend rate is a variable rate pe Three-Month LIBOR Rate (as defined in the articles supplementary designating the Series A Community Rein Preferred Stock, or CRA Preferred Stock) plus 1.25%, calculated as of the beginning of each quarterly dividenc December 31, 2012 and 2011 was 1.61% and 1.62%, respectively.

All classes of preferred stock have a $0.01 per share par value, are pari passu with each other and are senior to our Co each class of preferred stock are generally not entitled to vote on matters submitted to stockholders. Dividends on all subject to declaration by our Board of Directors. Our Class Z Preferred Stock and Series A Community Reinvestmen liquidation preferences per share of $25.00 and $500,000, respectively.

The following table summarizes our redemptions of preferred stock during the years ended December 31, 2012, 2011 share and per share amounts). Following the redemption of the remaining outstanding shares of these classes of prefe shares reserved for those classes back into the pool of shares available for issuance as common stock.

	Years Ended December 31, 2012			
Class of preferred stock redeemed	Class T	Class U	Class V	Class Y
Annual per share dividend rate	8.000%	7.750%	8.000%	7.875%
Number of shares of preferred stock redeemed	6,000,000	12,000,000	2,587,500	3,450,000
Redemption value of preferred stock redeemed	$ 150,000	$ 300,000	$ 64,688	$ 86,250
Previously deferred issuance costs recognized as an adjustment of net income attributable to Aimco preferred stockholders	$ 5,193	$ 10,137	$ 2,350	$ 2,987

Table of Contents

The following table summarizes our issuances of preferred stock during the years ended December 31, 2012, 2011 ar
except per share amounts):

	Years
	2012
Class of preferred stock issued	Class Z
Number of shares of preferred stock issued	405,090
Price to public per share	$ 24.78
Underwriting discounts, commissions and transaction costs per share	$ 0.54
Net proceeds per share	$ 24.24
Net proceeds to Aimco	$ 9,818
Issuance costs (primarily underwriting commissions) recognized as an adjustment of additional paid-in capital	$ 221

During and prior to 2011, Aimco had an agreement to repurchase from the holder portions of the outstanding CRA P
the liquidation preference. Based on the holder s ability to require Aimco to repurchase shares of the CRA Preferred
Aimco classified the liquidation value of the preferred stock subject to repurchase within temporary equity in its cons
following table summarizes Aimco s repurchases of its CRA Preferred Stock during the years ended December 31, 2
thousands). Following the repurchases during 2011, there were no remaining amounts of CRA Preferred Stock subje

	2011
Shares repurchased	40
Liquidation preference of preferred stock repurchased	$ 20,000
Repurchase price	$ 14,800
Discount to liquidation preference, net of previously deferred issuance costs, recognized as an adjustment of net income attributable to Aimco preferred stockholders	$ 4,700

Common Stock

During the year ended December 31, 2012, Aimco completed two public offerings resulting in the sale of an aggrega
Common Stock, generating net proceeds of $594.4 million, or net proceeds per share of $26.84. In addition, in conne
offerings, the holders of near-term expiring stock options exercised 2,041,934 stock options with a weighted average
share for proceeds to Aimco of $47.0 million. The shares received upon exercise of the options were then sold by the
offering.

During the years ended December 31, 2011 and 2010, Aimco sold 2,914,000 and 600,000 shares of its Common Stoc
At-The-Market, or ATM, offering program, generating $71.9 million and $14.0 million of net proceeds, respectively.

Aimco contributed the net proceeds from the sales and issuances of Common Stock to the Aimco Operating Partnersh
common partnership units equal to the number of shares sold and issued.

Registration Statements

Pursuant to ATM offering programs active at December 31, 2012, Aimco had the capacity to issue up to 3.5 million a
Stock and up to 3.5 million additional shares of its Class Z Preferred Stock. In the event of any such issuances by Ai
Partnership would issue to Aimco a corresponding number of common partnership units or Class Z Partnership Prefe
proceeds.

F-102

Table of Contents

Additionally, Aimco and the Aimco Operating Partnership have a shelf registration statement that provides for the iss
securities by Aimco and debt securities by the Aimco Operating Partnership.

NOTE 13 Partners Capital

Partnership Preferred Units Owned by Aimco

At December 31, 2012 and 2011, the Aimco Operating Partnership had outstanding Partnership Preferred Units in cla
Aimco s Preferred Stock discussed in Note 12. All of these classes of Partnership Preferred Units were owned by Ai

All classes of Partnership Preferred Units are pari passu with each other and are senior to the Aimco Operating Partn
units. None of the classes of Partnership Preferred Units have any voting rights, except the right to approve certain ch
Partnership s Partnership Agreement that would adversely affect holders of such class of units. Distributions on all P
subject to being declared by the General Partner. All classes of the Partnership Preferred Units are redeemable by the
only in connection with a concurrent redemption by Aimco of the corresponding classes of Aimco Preferred Stock he

As discussed in Note 12, during the years ended December 31, 2012, 2011 and 2010, Aimco completed various Prefe
redemptions. In connection with these issuances and redemptions, the Aimco Operating Partnership issued to Aimco
corresponding number of Partnership Preferred Units.

Redeemable Partnership Preferred Units

In addition to the Partnership Preferred Units owned by Aimco, the Aimco Operating Partnership has outstanding var
Partnership Preferred Units owned by third parties, which we refer to as Preferred OP Units. As of December 31, 201
classes of Preferred OP Units (stated at their redemption values, in thousands, except unit and per unit data):

	Distributions per Annum		Units Issued and Outstanding	
Class of Preferred Units	**Percent**	**Per Unit**	**2012**	**2011**
Class One	8.75%	$ 8.00	90,000	90,0
Class Two	1.84%	$ 0.46	18,589	19,2
Class Three	7.88%	$ 1.97	1,357,691	1,365,2
Class Four	8.00%	$ 2.00	644,954	755,9
Class Six	8.50%	$ 2.13	790,883	796,6
Class Seven	7.87%	$ 1.97	27,960	27,9
Class Eight	(1)	(1)		6,2
Total			2,930,077	3,061,4

(1) The Class Eight Partnership Preferred Units receive distributions equal to the per unit distribution on the comm
All of the remaining outstanding classes of Preferred OP Units at December 31, 2012, are redeemable at the holders
Partnership, at its sole discretion, may settle such redemption requests in cash or cause Aimco to issue shares of its C
to the redemption price. In the event the Aimco Operating Partnership requires Aimco to issue shares of Common St
request, the Aimco Operating Partnership would issue to Aimco a corresponding number of common partnership uni
Partnership has a redemption policy that requires cash settlement of redemption

Table of Contents

requests for the redeemable preferred OP Units, subject to limited exceptions. Accordingly, these redeemable units ar
equity in Aimco s consolidated balance sheets and within temporary capital in the Aimco Operating Partnership s c
on the expectation that the Aimco Operating Partnership will use cash to settle any redemption of these units. Subject
Four and Class Six preferred OP Units are convertible into common OP Units.

During the years ended December 31, 2012, 2011 and 2010, approximately 131,400, 1,600 and 83,500 preferred OP
tendered for redemption in exchange for cash or other consideration, and no preferred OP Units were tendered for re
of Aimco Common Stock.

The following table presents a reconciliation of the Aimco Operating Partnership s redeemable Partnership Preferre
temporary equity in Aimco s consolidated balance sheets and temporary capital within the Aimco Operating Partner
during the years ended December 31, 2012, 2011 and 2010 (dollars in thousands). The redeemable Partnership Prefe
reconciliation include the redeemable Preferred OP Units as well as the CRA Preferred Units held by Aimco, which,
were subject to a repurchase agreement prior to the final redemption that satisfied such agreement during 2011.

	2012	2011
Balance at January 1	$ 83,384	$ 103,42
Preferred distributions	(6,496)	(6,68
Redemption of preferred units	(3,338)	(20,04
Net income	6,496	6,68
Balance at December 31	$ 80,046	$ 83,38

Common Partnership Units

In the Aimco Operating Partnership s consolidated balance sheets, the common partnership units held by Aimco are
as General Partner and Special Limited Partner capital and the common OP Units are classified within Limited Partn
consolidated balance sheets, the common OP Units are classified within permanent equity as common noncontrolling
Operating Partnership.

Common partnership units held by Aimco are not redeemable. Common partnership units held by limited partners ot
to as common OP Units, are redeemable at the holders option, subject to certain restrictions, on the basis of one co
share of Common Stock or cash equal to the fair value of a share of Common Stock at the time of redemption. Aimc
of Common Stock in exchange for all or any portion of the common OP Units tendered for redemption. When a limit
OP Unit for Common Stock, Limited Partners Capital is reduced and the General Partner and Special Limited Partn
holders of the common OP Units receive distributions, prorated from the date of issuance, in an amount equivalent to
Common Stock.

During the years ended December 31, 2012, 2011 and 2010, the Aimco Operating Partnership acquired the noncontr
interests in certain consolidated real estate partnerships in exchange for cash and the Aimco Operating Partnership s
184,000, 6,900 and 276,000 common OP Units, respectively.

During the years ended December 31, 2012, 2011 and 2010, approximately 416,000, 237,000 and 168,300 common
redeemed in exchange for cash, andno common OP Units were redeemed in exchange for shares of Common Stock.

Table of Contents

HPUs

At December 31, 2012 and 2011, the Aimco Operating Partnership had outstanding 2,339,950 HPUs. The holders of
commencing after December 31, 2016, on the basis of one HPU for either one share of Common Stock or cash equal
Common Stock at the time of redemption, at Aimco s option. The holders of HPUs receive the same amount of distr
of an equivalent number of common OP Units. The HPUs are classified within permanent capital as part of Limited I
Operating Partnership s consolidated balance sheets, and within permanent equity as part of common noncontrolling
Partnership within Aimco s consolidated balance sheets.

Investment in and Notes Receivable from Aimco

From 1998 through 2001, the Aimco Operating Partnership completed various transactions with Aimco that resulted
Partnership s acquisition of 384,740 shares of Common Stock. In connection with Aimco s special dividends paid i
portion of these dividends to the Aimco Operating Partnership through the issuance of 175,141 shares of Aimco Com
investment in Aimco to 559,881 shares at December 31, 2009. During December 2011, the Aimco Operating partners
with Aimco whereby the Aimco Operating Partnership assigned its interest in these shares of Common Stock to Aim
interest in a corresponding number of outstanding common OP Units. Prior to the exchange, the Aimco Operating Pa
Common Stock was presented in the Aimco Operating Partnership s accompanying financial statements as a reducti
exchange is reflected within partners capital in the Aimco Operating Partnership s consolidated financial statement
capital accounts during the year ended December 31, 2011.

As of December 31, 2010, the Aimco Operating Partnership had notes receivable from Aimco that it received in exch
estate properties to Aimco in December 2000. The notes bore interest at 5.7% per annum and had original principal a
During the year ended December 31, 2011, Aimco repaid the then outstanding $18.5 million of outstanding principal
using its share of proceeds from a $19.7 million, or $0.15 per unit, special distribution the Aimco Operating Partnersh
of common partnership units and HPUs on that date.

NOTE 14 Share-Based Compensation and Employee Benefit Plans

Stock Award and Incentive Plan

We have a stock award and incentive plan to attract and retain officers, key employees and independent directors. Ou
maximum of 4.4 million shares, which may be in the form of incentive stock options, non-qualified stock options and
of awards as authorized under our plan. At December 31, 2012, there were approximately 1.3 million shares availabl
Our plan is administered by the Compensation and Human Resources Committee of the Board of Directors. In the ca
price of the options granted may not be less than the fair market value of Common Stock at the date of grant. The ter
years from the date of grant. The options typically vest over a period of one to four years or five years from the date o
shares upon exercise of options. Restricted stock awards typically vest over a period of three years to five years.

Table of Contents

The following table summarizes activity for our outstanding stock options for the years ended December 31, 2012, 20
options in thousands):

	2012		2011	
	Number of Options	Weighted Average Exercise Price	Number of Options	Wei Ave Exe Pr
Outstanding at beginning of year	6,809	$ 26.47	7,733	$
Granted				
Exercised	(2,253)	21.75	(203)	
Forfeited	(1,511)	29.66	(721)	
Outstanding at end of year	3,045	$ 28.39	6,809	$
Exercisable at end of year	2,841	$ 29.79	6,146	$

The intrinsic value of a stock option represents the amount by which the current price of the underlying stock exceed
option. Options outstanding at December 31, 2012, had an aggregate intrinsic value of $4.6 million and a weighted a
term of 4.0 years. Options exercisable at December 31, 2012, had an aggregate intrinsic value of $0.9 million and a w
contractual term of 3.8 years. The intrinsic value of stock options exercised during the years ended December 31, 20
million, $3.0 million and $2.9 million respectively.

The following table summarizes activity for restricted stock awards for the years ended December 31, 2012, 2011 an
thousands):

	2012		2011	
	Number of Shares	Weighted Average Grant-Date Fair Value	Number of Shares	Weighted Average Grant-Da Fair Valu
Unvested at beginning of year	463	$ 21.53	544	$ 19.3
Granted	241	24.31	290	25.5
Vested	(178)	21.86	(243)	24.3
Forfeited			(128)	16.1
Unvested at end of year	526	$ 22.69	463	$ 21.5

The aggregate fair value of shares that vested during the years ended December 31, 2012, 2011 and 2010 was $4.4 m
million, respectively.

Total compensation cost recognized for restricted stock and stock option awards was $5.3 million, $5.9 million and $
December 31, 2012, 2011 and 2010, respectively. Of these amounts, $0.4 million, $0.5 million and $0.8 million, resp
December 31, 2012, total unvested compensation cost not yet recognized was $8.0 million. We expect to recognize th
weighted average period of approximately 1.7 years.

NOTE 15 Assets Held for Sale and Discontinued Operations

We report as discontinued operations real estate properties that meet the definition of a component of an entity and h
criteria to be classified as held for sale. We include all results of these discontinued operations, less applicable incom
of income on the consolidated statements of operations under the heading income from discontinued operations, ne
retrospective adjustment of the 2011 and 2010 statements of operations and the 2011 balance sheets.

Table of Contents

We are currently marketing for sale certain real estate properties that are inconsistent with our long-term investment s
reporting period, we evaluate whether such properties meet the criteria to be classified as held for sale, including whe
expected to be sold within 12 months. Additionally, certain properties that do not meet all of the criteria to be classifi
balance sheet date may nevertheless be sold and included in discontinued operations in the subsequent 12 months; thu
may be sold during the subsequent 12 months could exceed the number classified as held for sale. At December 31, 2
classified as held for sale. At December 31, 2011, after adjustments to classify as held for sale properties that were so
December 31, 2012, we had 75 properties with an aggregate of 11,232 units classified as held for sale. Amounts class
accompanying consolidated balance sheets as of December 31, 2011 are as follows (in thousands):

	Decem 20
Real estate, net	$ 4
Other assets	
Assets held for sale	$ 4
Property debt	$ 4
Other liabilities	
Liabilities related to assets held for sale	$ 4

During the years ended December 31, 2012, 2011 and 2010 we sold 75, 67 and 51 consolidated properties with an ag
8,189 units, respectively. For the years ended December 31, 2012, 2011 and 2010, discontinued operations includes t
periods prior to the date of disposition for all properties sold as of December 31, 2012.

The following is a summary of the components of income from discontinued operations and the related amounts of in
operations attributable to Aimco, the Aimco Operating Partnership and noncontrolling interests for the years ended D
2010 (in thousands):

	2012
Rental and other property revenues	$ 65,947
Property operating expenses	(31,257)
Depreciation and amortization	(21,674)
Provision for real estate impairment losses	(15,338)
Operating (loss) income	(2,322)
Interest income	545
Interest expense	(12,585)
Loss before gain on dispositions of real estate and income tax	(14,362)
Gain on dispositions of real estate	234,533
Income tax expense	(9,904)
Income from discontinued operations, net	$ 210,267
Income from discontinued operations attributable to noncontrolling interests in consolidated real estate partnerships	(39,019)
Income from discontinued operations attributable to the Aimco Operating Partnership	$ 171,248
	(10,153)

Income from discontinued operations attributable to noncontrolling interests in Aimco Operating Partnership	
Income from discontinued operations attributable to Aimco	$ 161,095

Gain on dispositions of real estate is reported net of incremental direct costs incurred in connection with the transacti
penalties incurred upon repayment of property loans collateralized by the properties being sold. Such prepayment pe
$14.9 million and $4.5 million for the years ended December 31, 2012, 2011 and 2010, respectively. We classify inte
debt within discontinued operations when the related real estate asset is sold or classified as held for sale.

In connection with properties sold or classified as held for sale during the years ended December 31, 2012, 2011 and
million, $5.1 million and $4.7 million, respectively, of goodwill related to our conventional and affordable segments
properties sold or classified as held for sale. The amounts of goodwill allocated to these properties were based on the
properties sold or classified as held for sale and the retained portions of the reporting units to which the goodwill wa

NOTE 16 Earnings (Loss) per Share/Unit

Aimco

Aimco calculates earnings (loss) per share based on the weighted average number of shares of Common Stock, partic
stock equivalents and dilutive convertible securities outstanding during the period. The following table illustrates Ai
diluted earnings (loss) per share for the years ended December 31, 2012, 2011 and 2010 (in thousands, except per sh

	2012
Numerator:	
Loss from continuing operations	$ (14,906)
(Income) loss from continuing operations attributable to noncontrolling interests	(13,733)
Income attributable to preferred stockholders	(49,888)
Income attributable to participating securities	(422)
Loss from continuing operations attributable to Aimco common stockholders	$ (78,949)
Income from discontinued operations	$ 210,267
Income from discontinued operations attributable to noncontrolling interests	(49,172)
Income from discontinued operations attributable to Aimco common stockholders	$ 161,095
Net income (loss)	$ 195,361
Net (income) loss attributable to noncontrolling interests	(62,905)
Income attributable to preferred stockholders	(49,888)
Income attributable to participating securities	(422)
Net income (loss) attributable to Aimco common stockholders	$ 82,146
Denominator:	
Denominator for basic earnings per share weighted average number of shares of Common Stock outstanding	134,479
Effect of dilutive securities:	
Dilutive potential common shares	
Denominator for diluted earnings per share	134,479
Earnings (loss) per common share basic and diluted:	
Loss from continuing operations attributable to Aimco common stockholders	$ (0.59)
Income from discontinued operations attributable to Aimco common stockholders	1.20
Net income (loss) attributable to Aimco common stockholders	$ 0.61

Dividends declared per common share	$	0.76

Table of Contents

The Aimco Operating Partnership

The Aimco Operating Partnership calculates earnings (loss) per unit based on the weighted average number of comm equivalents, participating securities and dilutive convertible securities outstanding during the period. The Aimco Ope both common partnership units and HPUs, which have identical rights to distributions and undistributed earnings, to of the earnings per unit data presented below. The following table illustrates the Aimco Operating Partnership s calc earnings (loss) per unit for the years ended December 31, 2012, 2011 and 2010 (in thousands, except per unit data):

	2012
Numerator:	
Loss from continuing operations	$ (14,906)
(Income) loss from continuing operations attributable to noncontrolling interests	(12,199)
Income attributable to the Partnership s preferred unitholders	(56,384)
Income attributable to participating securities	(422)
Loss from continuing operations attributable to the Partnership s common unitholders	$ (83,911)
Income from discontinued operations	$ 210,267
Income from discontinued operations attributable to noncontrolling interests	(39,019)
Income from discontinued operations attributable to the Partnership s common unitholders	$ 171,248
Net income (loss)	$ 195,361
(Income) loss attributable to noncontrolling interests	(51,218)
Income attributable to the Partnership s preferred unitholders	(56,384)
Income attributable to participating securities	(422)
Net income (loss) attributable to the Partnership s common unitholders	$ 87,337
Denominator:	
Denominator for basic earnings per unit weighted average number of common units outstanding	142,614
Effect of dilutive securities:	
Dilutive potential common units	
Denominator for diluted earnings per unit	142,614
Earnings (loss) per common unit basic and diluted:	
Loss from continuing operations attributable to the Partnership s common unitholders	$ (0.59)
Income from discontinued operations attributable to the Partnership s common unitholders	1.20
Net income (loss) attributable to the Partnership s common unitholders	$ 0.61
Distributions declared per unit	$ 0.76

Distributions declared per unit during the year ended December 31, 2011, includes a special distribution of $0.15 per in Note 13.

Aimco and the Aimco Operating Partnership

As of December 31, 2012, the common share or unit equivalents that could potentially dilute basic earnings per share
3.0 million. These securities represent options to purchase shares of Common Stock, which, if exercised, would resul
additional shares and the Aimco Operating Partnership s issuance to Aimco of additional common partnership units
purchased under the options. These securities have been excluded from the earnings (loss) per share or unit computat
December 31, 2012, 2011 and 2010, because their effect would have been anti-dilutive. Participating securities, cons
restricted shares of Common Stock, receive dividends similar to shares of Common Stock and common partnership u
0.5 million and 0.6 million at December 31, 2012, 2011 and 2010, respectively. The effect of participating securities
earnings (loss) per share and unit computations for the periods presented above using the two-class method of allocat
undistributed earnings.

As discussed in Note 13, the Aimco Operating Partnership has various classes of preferred OP Units, which may be r
The Aimco Operating Partnership may redeem these units for cash or at its option, shares of Common Stock. During
common share equivalents related to these preferred OP Units have been included in earnings per share computations
antidilutive.

NOTE 17 Unaudited Summarized Consolidated Quarterly Information

Aimco

Aimco s summarized unaudited consolidated quarterly information for 2012 and 2011 is provided below (in thousan

		Quar
2012	**First**	**Second**
Total revenues	$ 252,610	$ 253,908
Total operating expenses	(212,415)	(205,544)
Operating income	40,195	48,364
(Loss) income from continuing operations	(22,532)	(7,377)
Income from discontinued operations, net	33,179	41,508
Net income	10,647	34,131
(Loss) income attributable to Aimco common stockholders	(10,609)	523
Earnings (loss) per common share basic and diluted:		
Loss from continuing operations attributable to Aimco common stockholders	$ (0.30)	$ (0.27)
Net (loss) income attributable to Aimco common stockholders	$ (0.09)	$
Weighted average common shares outstanding basic and diluted	120,526	127,395

		Quar
2011	**First**	**Second**
Total revenues	$ 242,761	$ 242,868
Total operating expenses	(210,126)	(199,930)
Operating income	32,635	42,938
Loss from continuing operations	(31,215)	(43,859)
Income from discontinued operations, net	3,938	16,888
Net (loss) income	(27,277)	(26,971)
Loss attributable to Aimco common stockholders	(31,773)	(33,177)
Loss per common share basic and diluted:		
Loss from continuing operations attributable to Aimco common stockholders	$ (0.32)	$ (0.36)
Net loss attributable to Aimco common stockholders	$ (0.27)	$ (0.28)
Weighted average common shares outstanding basic and diluted	117,320	119,156

Table of Contents

The Aimco Operating Partnership

The Aimco Operating Partnership s summarized unaudited consolidated quarterly information for 2012 and 2011 is
except per share amounts).

	Quarte	
2012	**First**	**Second**
Total revenues	$ 252,610	$ 253,908
Total operating expenses	(212,415)	(205,544)
Operating income	40,195	48,364
(Loss) income from continuing operations	(22,532)	(7,377)
Income from discontinued operations, net	33,179	41,508
Net income	10,647	34,131
(Loss) income attributable to the Partnership s common unitholders	(11,346)	578
Loss per common unit - basic and diluted:		
Loss from continuing operations attributable to the Partnership s common unitholders	$ (0.30)	$ (0.27)
Net loss attributable to the Partnership s common unitholders	$ (0.09)	$
Weighted average common units outstanding - basic and diluted	128,729	135,622

	Quarte	
2011	**First**	**Second**
Total revenues	$ 242,761	$ 242,868
Total operating expenses	(210,126)	(199,930)
Operating income	32,635	42,938
Loss from continuing operations	(31,003)	(43,635)
Income from discontinued operations, net	3,938	16,888
Net (loss) income	(27,065)	(26,747)
Loss attributable to the Partnership s common unitholders	(33,944)	(35,373)
Loss per common unit - basic and diluted:		
Loss from continuing operations attributable to the Partnership s common unitholders	$ (0.32)	$ (0.37)
Net loss attributable to the Partnership s common unitholders	$ (0.27)	$ (0.28)
Weighted average common units outstanding - basic and diluted	125,773	127,577

(1) Certain reclassifications have been made to 2012 and 2011 quarterly amounts to conform to the full year 2012
treatment of discontinued operations.

NOTE 18 Transactions with Affiliates

We earn revenue from affiliated real estate partnerships. These revenues include fees for property management servic
management services, risk management services and transactional services such as refinancing, construction supervis
we are reimbursed for our costs in connection with the management of unconsolidated real estate partnerships. These
the years ended December 31, 2012, 2011 and 2010 totaled $12.6 million, $9.8 million and $10.6 million, respectivel

Table of Contents

NOTE 19 Business Segments

We have two reportable segments: conventional real estate operations and affordable real estate operations. Our conv
consist of market-rate apartments with rents paid by the residents and included 175 properties with 55,879 units at De
affordable real estate operations consisted of 90 properties with 12,098 units at December 31, 2012, with rents that ar
part, by a government agency.

Our chief executive officer, who is our chief operating decision maker, uses various generally accepted industry finar
performance and financial condition of the business, including: Net Asset Value, which is the estimated fair value of
preferred equity; Funds From Operations, which represents net income or loss computed in accordance with GAAP, e
and impairment losses recognized with respect to, depreciable property, plus depreciation and amortization, and after
partnerships and joint ventures; Pro forma Funds From Operations, which is Funds From Operations excluding prefe
amounts; Adjusted Funds From Operations, which is Pro forma Funds From Operations less spending for capital repl
estimation of the capital additions required to maintain the value of our portfolio during our ownership period; proper
is rental and other property revenues less direct property operating expenses, including real estate taxes; proportionat
which reflects our share of property net operating income of our consolidated and unconsolidated properties that we r
operating results; Free Cash Flow, which is net operating income less spending for Capital Replacements; Free Cash
financial coverage ratios; and leverage as shown on our balance sheet. Our chief operating decision maker emphasize
operating income as a key measurement of segment profit or loss.

The following tables present the revenues, net operating income (loss) and income (loss) from continuing operations
affordable real estate operations segments on a proportionate basis for the years ended December 31, 2012, 2011 and

	Conventional Real Estate Operations	Affordable Real Estate Operations	Proportionate Adjustments (1)	C A A
Year Ended December 31, 2012:				
Rental and other property revenues (2)	$ 811,741	$ 101,524	$ 77,683	$
Tax credit and asset management revenues				
Total revenues	811,741	101,524	77,683	
Property operating expenses (2)	294,715	39,968	29,695	
Investment management expenses				
Depreciation and amortization (2)				
Provision for real estate impairment losses (2)				
General and administrative expenses				
Other expenses, net				
Total operating expenses	294,715	39,968	29,695	
Operating income (loss)	517,026	61,556	47,988	
Other items included in continuing operations				
Income (loss) from continuing operations	$ 517,026	$ 61,556	$ 47,988	$

F-112

Table of Contents

	Conventional Real Estate Operations	Affordable Real Estate Operations	Proportionate Adjustments (1)
Year Ended December 31, 2011:			
Rental and other property revenues (2)	$ 769,931	$ 97,793	$ 74,340
Tax credit and asset management revenues			
Total revenues	769,931	97,793	74,340
Property operating expenses (2)	284,649	38,453	29,917
Investment management expenses			
Depreciation and amortization (2)			
Provision for real estate impairment losses (2)			
General and administrative expenses			
Other expenses, net			
Total operating expenses	284,649	38,453	29,917
Operating income (loss)	485,282	59,340	44,423
Other items included in continuing operations (3)			
Income (loss) from continuing operations	$ 485,282	$ 59,340	$ 44,423

	Conventional Real Estate Operations	Affordable Real Estate Operations	Proportionate Adjustments (1)
Year Ended December 31, 2010:			
Rental and other property revenues (2)	$ 751,123	$ 93,469	$ 75,543
Tax credit and asset management revenues			
Total revenues	751,123	93,469	75,543
Property operating expenses (2)	287,761	40,051	32,627
Investment management expenses			
Depreciation and amortization (2)			
Provision for real estate impairment losses (2)			
General and administrative expenses			
Other expenses, net			
Total operating expenses	287,761	40,051	32,627
Operating income (loss)	463,362	53,418	42,916
Other items included in continuing operations (3)			
Income (loss) from continuing operations	$ 463,362	$ 53,418	$ 42,916

(1) Represents adjustments for the noncontrolling interests in consolidated real estate partnerships share of the re
properties and the results of consolidated properties that we do not manage, which are excluded from our meas
performance but included in the related consolidated amounts, and our share of the results of operations of our
partnerships that we manage, which are included in our measurement of segment performance but excluded fro

amounts.

(2) Proportionate property net operating income, our key measurement of segment profit or loss, excludes property are included in rental and other property revenues), property management expenses and casualty gains and loss property operating expenses), depreciation and amortization and provision for real estate impairment losses. Ac these amounts to our segments.

Table of Contents

(3) In addition to the other items included in continuing operations presented in the table for the years ending Dece
Aimco Operating Partnership recognized $1.3 million and $0.9 million, respectively, of interest income on its r
These notes were repaid by Aimco during the three months ended December 31, 2011.

During the years ended December 31, 2012, 2011 and 2010, for continuing operations, our rental revenues include $9
$85.4 million, respectively, of subsidies from government agencies, which exceeded 10% of the combined revenues o
affordable segments for each of the years presented.

The assets of our reportable segments on a proportionate basis, together with the proportionate adjustments to reconc
consolidated assets of our segments, and the consolidated assets not allocated to our segments are as follows (in thou

	2012
Conventional	$ 4,837,236
Affordable	466,678
Proportionate adjustments (1)	634,858
Corporate and other assets	462,608
Total consolidated assets	$ 6,401,380

(1) Represents adjustments for the noncontrolling interests in consolidated real estate partnerships share of the as
properties, which are excluded from our measurement of segment financial condition, and our share of the asse
estate partnerships, which are included in our measure of segment financial condition.

For the years ended December 31, 2012, 2011 and 2010 capital additions related to our conventional segment totaled
and $140.1 million, respectively, and capital additions related to our affordable segment totaled $19.8 million, $15.6
respectively.

F-114

Table of Contents

APARTMENT INVESTMENT AND MANAGEMENT COMPANY

AIMCO PROPERTIES, L.P.

SCHEDULE III: REAL ESTATE AND ACCUMULATED DEPRECIATION

December 31, 2012

(In Thousands Except Unit Data)

Property Name	Property Type	(1) Date Consolidated	Location	Year Built	Number of Units	(2) Initial Cost Land	(2) Initial Cost Buildings and Improvements	(3) Cost Capitalized Subsequent to Consolidation	Land	Buildings and Improve-ments
Conventional Properties:										
100 Forest Place	High Rise	Dec-97	Oak Park, IL	1987	234	$ 2,664	$ 18,815	$ 6,026	$ 2,664	$ 24,841
118-122 West 23rd Street	High Rise	Jun-12	New York, NY	1987	42	14,985	23,459	43	14,985	23,502
1582 First Avenue	High Rise	Mar-05	New York, NY	1900	17	4,281	752	264	4,281	1,016
173 E. 90th Street	High Rise	May-04	New York, NY	1910	72	12,066	4,535	2,229	12,067	6,763
182-188 Columbus Avenue	Mid Rise	Feb-07	New York, NY	1910	32	19,123	3,300	2,560	19,123	5,860
204-206 West 133rd Street	Mid Rise	Jun-07	New York, NY	1910	44	4,352	1,450	1,483	4,352	2,933
2232-2240 Seventh Avenue	Mid Rise	Jun-07	New York, NY	1910	24	3,366	3,785	1,256	3,366	5,041
2247-2253 Seventh Avenue	Mid Rise	Jun-07	New York, NY	1910	35	7,356	3,335	1,595	7,356	4,930
2252-2258 Seventh Avenue	Mid Rise	Jun-07	New York, NY	1910	35	4,318	4,504	1,677	4,318	6,181
2300-2310 Seventh Avenue	Mid Rise	Jun-07	New York, NY	1910	63	10,417	6,964	4,280	10,417	11,244
236-238 East 88th Street	High Rise	Jan-04	New York, NY	1900	43	8,820	2,914	1,980	8,820	4,894
237-239 Ninth Avenue	High Rise	Mar-05	New York, NY	1900	36	8,495	1,866	1,108	8,494	2,975
240 West 73rd Street, LLC	High Rise	Sep-04	New York, NY	1900	200	68,109	12,140	6,166	68,109	18,306
2484 Seventh Avenue	Mid Rise	Jun-07	New York, NY	1921	23	2,601	1,726	655	2,601	2,381
2900 on First Apartments	Mid Rise	Oct-08	Seattle, WA	1989	135	19,070	17,518	9,631	19,071	27,148
306 East 89th Street	High Rise	Jul-04	New York, NY	1930	20	2,680	1,006	423	2,681	1,428
311 & 313 East 73rd Street	Mid Rise	Mar-03	New York, NY	1904	34	5,678	1,609	615	5,678	2,224
322-324 East 61st Street	High Rise	Mar-05	New York, NY	1900	40	6,372	2,224	1,034	6,372	3,258
3400 Avenue of the Arts	Mid Rise	Mar-02	Costa Mesa, CA	1987	770	57,241	65,506	71,647	57,240	137,154
452 East 78th Street	High Rise	Jan-04	New York, NY	1900	12	1,982	608	389	1,982	997
	Mid Rise	Feb-07	New York, NY	1910	72	25,553	7,101	4,045	25,552	11,147

464-466 Amsterdam & 200-210 W. 83rd Street										
510 East 88th Street	High Rise	Jan-04	New York, NY	1900	20	3,163	1,002	366	3,163	1,368
514-516 East 88th Street	High Rise	Mar-05	New York, NY	1900	36	6,282	2,168	658	6,282	2,826
707 Leahy	Garden	Apr-07	Redwood City, CA	1973	110	15,444	7,909	4,692	15,444	12,601
865 Bellevue	Garden	Jul-00	Nashville, TN	1972	326	3,562	12,037	27,519	3,562	39,556
Arbours Of Hermitage, The	Garden	Jul-00	Hermitage, TN	1972	350	3,217	12,023	8,394	3,217	20,417
Auburn Glen (5)	Garden	Dec-06	Jacksonville, FL	1974	251	7,670	8,191	3,762	7,670	6,248
Bank Lofts	High Rise	Apr-01	Denver, CO	1920	117	3,525	9,045	2,072	3,525	11,117
Bay Parc Plaza	High Rise	Sep-04	Miami, FL	2000	471	22,680	41,847	6,345	22,680	48,192
Bay Ridge at Nashua	Garden	Jan-03	Nashua, NH	1984	412	3,262	40,713	5,784	3,262	46,497
Bayberry Hill Estates	Garden	Aug-02	Framingham, MA	1971	424	18,916	35,945	12,878	18,916	48,823
Bluffs at Pacifica, The	Garden	Oct-06	Pacifica, CA	1963	64	8,108	4,132	13,384	8,108	17,516
Boston Lofts	High Rise	Apr-01	Denver, CO	1/1/1890	158	3,446	20,589	6,068	3,447	26,656
Boulder Creek	Garden	Jul-94	Boulder, CO	1973	221	754	7,730	17,581	755	25,310
Broadcast Center	Garden	Mar-02	Los Angeles, CA	1990	279	29,407	41,244	26,890	29,407	68,134
Broadway Lofts	High Rise	Sep-12	San Diego, CA	1909	84	5,367	14,442	32	5,367	14,474
Buena Vista	Mid Rise	Jan-06	Pasadena, CA	1973	92	9,693	6,818	1,342	9,693	8,160
Burke Shire Commons	Garden	Mar-01	Burke, VA	1986	360	4,867	23,617	4,442	4,867	28,059
Calhoun Beach Club	High Rise	Dec-98	Minneapolis, MN	1928	332	11,708	73,334	49,155	11,708	122,489
Canterbury Green	Garden	Dec-99	Fort Wayne, IN	1970	1,988	13,659	73,115	23,576	13,659	96,691
Canyon Terrace	Garden	Mar-02	Saugus, CA	1984	130	7,508	6,601	6,036	7,508	12,637
Casa del Mar at Baymeadows	Garden	Oct-06	Jacksonville, FL	1984	144	5,039	10,562	2,022	5,039	12,584
Cedar Rim	Garden	Apr-00	Newcastle, WA	1980	104	761	5,218	17,057	761	22,275
Center Square	High Rise	Oct-99	Doylestown, PA	1975	350	582	4,190	3,003	582	7,193

Property Name	Property Type	(1) Date Consolidated	Location	Year Built	Number of Units	(2) Initial Cost Land	(2) Initial Cost Buildings and Improvements	(3) Cost Capitalized Subsequent to Consolidation	Land	Building and Improv ments
Chestnut Hall	High Rise	Oct-06	Philadelphia, PA	1923	315	12,338	14,299	6,444	12,338	20,74
Chestnut Hill Village	Garden	Apr-00	Philadelphia, PA	1963	821	6,469	49,316	48,573	6,469	97,88
Chimneys of Cradle Rock	Garden	Jun-04	Columbia, MD	1979	198	2,040	8,108	1,253	2,040	9,36
Colony at Kenilworth	Garden	Oct-99	Towson, MD	1966	383	2,403	18,799	15,490	2,403	34,28
Columbus Avenue	Mid Rise	Sep-03	New York, NY	1/1/1880	59	35,527	9,450	4,365	35,527	13,81
Creekside	Garden	Jan-00	Denver, CO	1974	328	3,189	12,698	5,216	3,189	17,91
Crescent at West Hollywood, The	Mid Rise	Mar-02	West Hollywood, CA	1985	130	15,765	10,215	14,324	15,765	24,53
Douglaston Villas and Townhomes	Garden	Aug-99	Altamonte Springs, FL	1979	234	1,666	9,353	8,099	1,666	17,45
Elm Creek	Mid Rise	Dec-97	Elmhurst, IL	1987	372	5,910	30,830	21,865	5,910	52,69
Evanston Place	High Rise	Dec-97	Evanston, IL	1990	189	3,232	25,546	5,888	3,232	31,43
Farmingdale	Mid Rise	Oct-00	Darien, IL	1975	240	11,763	15,174	9,289	11,763	24,46
Fishermans Wharf	Garden	Nov-96	Clute, TX	1981	360	1,257	7,585	5,442	1,257	13,02
Flamingo Towers	High Rise	Sep-97	Miami Beach, FL	1960	1,138	32,239	39,410	231,964	32,239	271,37
Forestlake Apartments (5)	Garden	Mar-07	Daytona Beach, FL	1982	120	3,860	4,320	652	3,860	2,85
Four Quarters Habitat	Garden	Jan-06	Miami, FL	1976	336	2,379	17,199	17,155	2,379	34,35
Foxchase	Garden	Dec-97	Alexandria, VA	1940	2,113	15,496	96,062	30,896	15,496	126,95
Georgetown	Garden	Aug-02	Framingham, MA	1964	207	12,351	13,168	1,834	12,351	15,00
Glen at Forestlake, The (5)	Garden	Mar-07	Daytona Beach, FL	1982	26	933	862	201	933	14
Granada	Mid Rise	Aug-02	Framingham, MA	1958	72	4,577	4,057	811	4,577	4,86
Grand Pointe	Garden	Dec-99	Columbia, MD	1972	325	2,714	16,771	5,244	2,715	22,01
Greens	Garden	Jul-94	Chandler, AZ	2000	324	2,303	713	27,923	2,303	28,63
Heritage Park Escondido	Garden	Oct-00	Escondido, CA	1986	196	1,055	7,565	1,459	1,055	9,02
Heritage Park Livermore	Garden	Oct-00	Livermore, CA	1988	167	1,039	9,170	1,408	1,039	10,57
Heritage Village Anaheim	Garden	Oct-00	Anaheim, CA	1986	196	1,832	8,541	1,508	1,832	10,04
Hidden Cove	Garden	Jul-98	Escondido, CA	1983	334	3,043	17,616	7,203	3,043	24,81
Hidden Cove II	Garden	Jul-07	Escondido, CA	1986	118	12,849	6,530	6,050	12,849	12,58
Highcrest Townhomes	Town Home	Jan-03	Woodridge, IL	1968	176	3,051	13,452	1,127	3,052	14,57
Hillcreste	Garden	Mar-02	Century City, CA	1989	315	35,862	47,216	24,045	35,862	71,26
Hillmeade	Garden	Nov-94	Nashville, TN	1986	288	2,872	16,070	9,186	2,872	25,25
Horizons West Apartments	Mid Rise	Dec-06	Pacifica, CA	1970	78	8,887	6,377	1,743	8,887	8,12
Hunt Club	Garden	Sep-00	Gaithersburg, MD	1986	336	17,859	13,149	8,053	17,859	21,20
Hunter s Chase	Garden	Jan-01	Midlothian, VA	1985	320	7,935	7,915	2,963	7,935	10,87
Hunters Glen	Garden	Oct-99	Plainsboro, NJ	1976	896	8,778	47,259	42,228	8,779	89,48
Hyde Park Tower	High Rise	Oct-04	Chicago, IL	1990	155	4,731	14,927	3,136	4,731	18,06
Independence Green	Garden	Jan-06	Farmington Hills, MI	1960	981	10,191	24,586	23,263	10,191	47,84
Indian Oaks	Garden	Mar-02	Simi Valley, CA	1986	254	24,523	15,801	4,877	24,523	20,67
Island Club	Garden	Oct-00	Oceanside, CA	1986	592	18,027	28,654	12,955	18,027	41,60
Key Towers	High Rise	Apr-01	Alexandria, VA	1964	140	1,526	7,050	5,888	1,526	12,93

Lakeside	Garden	Oct-99	Lisle, IL	1972	568	5,840	27,937	30,641	5,840	58,57
Lakeside at Vinings Mountain	Garden	Jan-00	Atlanta, GA	1983	220	2,111	11,862	15,498	2,111	27,36
Lakeside Place	Garden	Oct-99	Houston, TX	1976	734	6,172	34,151	16,484	6,173	50,63
Latrobe	High Rise	Jan-03	Washington, DC	1980	175	3,459	9,103	15,905	3,459	25,00
Lazy Hollow	Garden	Apr-05	Columbia, MD	1979	178	2,429	12,181	469	2,430	12,64
Lincoln Place (5)	Garden	Oct-04	Venice, CA	1951	696	128,332	10,439	143,954	44,197	153,09
Lodge at Chattahoochee, The	Garden	Oct-99	Sandy Springs, GA	1970	312	2,335	16,370	23,245	2,335	39,61
Los Arboles	Garden	Sep-97	Chandler, AZ	1986	232	1,662	9,504	2,929	1,662	12,43
Preserve at Marin	Mid Rise	Aug-11	Corte Madera, CA	1964	126	13,537	30,132	12,449	13,516	42,60
Malibu Canyon	Garden	Mar-02	Calabasas, CA	1986	698	69,834	53,438	31,581	69,834	85,01
Maple Bay	Garden	Dec-99	Virginia Beach, VA	1971	414	2,597	16,141	29,353	2,598	45,49
Mariners Cove	Garden	Mar-02	San Diego, CA	1984	500		66,861	6,618		73,47
Meadow Creek	Garden	Jul-94	Boulder, CO	1968	332	1,435	24,533	5,598	1,435	30,13
Merrill House	High Rise	Jan-00	Falls Church, VA	1964	159	1,836	10,831	6,692	1,836	17,52
Monterey Grove	Garden	Jun-08	San Jose, CA	1999	224	34,325	21,939	2,967	34,325	24,90
Oak Park Village	Garden	Oct-00	Lansing, MI	1972	618	10,048	16,771	6,169	10,048	22,94
Pacific Bay Vistas (5)	Garden	Mar-01	San Bruno, CA	1987	308	28,694	62,460	50,238	22,994	112,69
Pacifica Park	Garden	Jul-06	Pacifica, CA	1977	104	12,970	6,579	3,291	12,970	9,87

Table of Contents

Property Name	Property Type	(1) Date Consolidated	Location	Year Built	Number of Units	(2) Initial Cost Land	(2) Initial Cost Buildings and Improvements	(3) Cost Capitalized Subsequent to Consolidation	Land	Buildin and Improv ments
Palazzo at Park La Brea, The	Mid Rise	Feb-04	Los Angeles, CA	2002	521	48,362	125,464	17,434	48,362	142,89
Palazzo East at Park La Brea, The	Mid Rise	Mar-05	Los Angeles, CA	2005	611	72,578	136,503	12,632	72,578	149,13
Paradise Palms	Garden	Jul-94	Phoenix, AZ	1985	130	647	3,516	6,539	647	10,05
Park Towne Place	High Rise	Apr-00	Philadelphia, PA	1959	959	10,472	47,301	61,039	10,472	108,34
Parktown Townhouses	Garden	Oct-99	Deer Park, TX	1968	309	2,572	12,051	13,281	2,572	25,33
Parkway	Garden	Mar-00	Willamsburg, VA	1971	148	386	2,834	2,982	386	5,81
Pathfinder Village	Garden	Jan-06	Fremont, CA	1973	246	19,595	14,838	9,460	19,595	24,29
Peachtree Park	Garden	Jan-96	Atlanta, GA	1969	303	4,684	11,713	11,360	4,683	23,07
Peak at Vinings Mountain, The	Garden	Jan-00	Atlanta, GA	1980	280	2,651	13,660	17,963	2,651	31,62
Peakview Place	Garden	Jan-00	Englewood, CO	1975	296	3,442	18,734	5,424	3,443	24,15
Peppertree	Garden	Mar-02	Cypress, CA	1971	136	8,030	5,225	2,303	8,030	7,52
Pine Lake Terrace	Garden	Mar-02	Garden Grove, CA	1971	111	4,124	6,035	1,993	4,125	8,02
Plantation Gardens	Garden	Oct-99	Plantation ,FL	1971	372	3,773	19,443	17,636	3,773	37,07
Post Ridge	Garden	Jul-00	Nashville, TN	1972	150	1,883	6,712	4,398	1,883	11,11
Ramblewood	Garden	Dec-99	Wyoming, MI	1973	1,707	8,661	61,082	6,781	8,661	67,86
Ravensworth Towers	High Rise	Jun-04	Annandale, VA	1974	219	3,455	17,157	2,192	3,455	19,34
Reflections	Garden	Sep-00	Virginia Beach, VA	1987	480	15,988	13,684	4,859	15,988	18,54
Regency Oaks	Garden	Oct-99	Fern Park, FL	1961	343	1,832	9,905	10,281	1,832	20,18
Remington at Ponte Vedra Lakes	Garden	Dec-06	Ponte Vedra Beach, FL	1986	344	18,795	18,650	4,033	18,795	22,68
River Club,The	Garden	Apr-05	Edgewater, NJ	1998	266	30,579	30,638	2,491	30,579	33,12
River Reach	Garden	Sep-00	Naples, FL	1986	556	17,728	18,337	7,439	17,728	25,77
Riverloft	High Rise	Oct-99	Philadelphia, PA	1910	184	2,120	11,287	27,400	2,120	38,68
Riverside	High Rise	Apr-00	Alexandria ,VA	1973	1,222	10,493	65,474	84,296	10,492	149,77
Rosewood	Garden	Mar-02	Camarillo, CA	1976	152	12,430	8,060	3,712	12,430	11,77
Royal Crest Estates	Garden	Aug-02	Warwick, RI	1972	492	22,433	24,095	4,888	22,433	28,98
Royal Crest Estates	Garden	Aug-02	Fall River, MA	1974	216	5,833	12,044	970	5,832	13,01
Royal Crest Estates	Garden	Aug-02	Nashua, NH	1970	902	68,230	45,562	9,099	68,231	54,66
Royal Crest Estates	Garden	Aug-02	Marlborough, MA	1970	473	25,178	28,786	4,276	25,178	33,06
Royal Crest Estates	Garden	Aug-02	North Andover, MA	1970	588	51,292	36,807	13,047	51,292	49,85
Runaway Bay	Garden	Oct-00	Lantana, FL	1987	404	5,935	16,052	7,960	5,934	24,01
San Melia	Garden	Mar-12	Phoenix, AZ	1998	488	16,631	55,679	1,872	16,631	57,55
Savannah Trace	Garden	Mar-01	Shaumburg, IL	1986	368	13,960	20,732	3,660	13,960	24,39
Scotchollow	Garden	Jan-06	San Mateo, CA	1971	418	49,475	17,756	10,477	49,474	28,23
Shenandoah Crossing	Garden	Sep-00	Fairfax, VA	1984	640	18,200	57,198	15,504	18,200	72,70
Signal Pointe	Garden	Oct-99	Winter Park, FL	1969	368	2,392	11,358	26,088	2,392	37,44
Signature Point	Garden	Nov-96	League City, TX	1994	304	2,810	17,579	2,713	2,810	20,29
Springwoods at Lake Ridge	Garden	Jul-02	Woodbridge, VA	1984	180	5,587	7,284	2,848	5,587	10,13
Spyglass at Cedar Cove	Garden	Sep-00	Lexington Park, MD	1985	152	3,241	5,094	2,840	3,241	7,93

Stafford	High Rise	Oct-02	Baltimore, MD	1/1/1889	96	562	4,033	3,964	562	7,99
Steeplechase	Garden	Jul-02	Plano, TX	1985	368	7,056	10,510	6,788	7,056	17,29
Steeplechase	Garden	Sep-00	Largo, MD	1986	240	3,675	16,111	3,808	3,675	19,91
Sterling Apartment Homes, The	Garden	Oct-99	Philadelphia, PA	1961	537	8,871	55,365	24,749	8,871	80,11
Stone Creek Club	Garden	Sep-00	Germantown, MD	1984	240	13,593	9,347	5,876	13,593	15,22
Tamarac Village	Garden	Apr-00	Denver, CO	1979	564	4,224	23,491	8,931	4,223	32,42
Towers Of Westchester Park, The	High Rise	Jan-06	College Park, MD	1972	303	15,198	22,029	7,977	15,198	30,00
Township At Highlands	Town Home	Nov-96	Centennial, CO	1985	161	1,536	9,773	6,333	1,536	16,10
Twin Lake Towers	High Rise	Oct-99	Westmont, IL	1969	399	3,268	18,763	36,907	3,268	55,67
Twin Lakes	Garden	Apr-00	Palm Harbor, FL	1986	262	2,063	12,850	5,671	2,063	18,52
Vantage Pointe	Mid Rise	Aug-02	Swampscott, MA	1987	96	4,748	10,089	730	4,749	10,81
Verandahs at Hunt Club	Garden	Jul-02	Apopka, FL	1985	210	2,286	7,724	2,794	2,286	10,51
Views at Vinings Mountain, The	Garden	Jan-06	Atlanta, GA	1983	180	610	5,026	12,028	610	17,05
Villa Del Sol	Garden	Mar-02	Norwalk, CA	1972	120	7,476	4,861	2,299	7,476	7,16
Village in the Woods	Garden	Jan-00	Cypress, TX	1983	530	3,463	15,787	10,447	3,463	26,23
Village of Pennbrook	Garden	Oct-98	Levittown, PA	1969	722	10,240	38,222	13,052	10,240	51,27
Villages of Baymeadows	Garden	Oct-99	Jacksonville, FL	1972	904	4,860	33,956	54,483	4,860	88,43
Villas at Park La Brea, The	Garden	Mar-02	Los Angeles, CA	2002	250	8,630	48,871	4,669	8,630	53,54

Property Name	Property Type	(1) Date Consolidated	Location	Year Built	Number of Units	(2) Initial Cost Land	Buildings and Improve- ments	(3) Cost Capitalized Subsequent to Consolidation	Land	Buil an Imp me
Vista Del Lagos	Garden	Dec-97	Chandler, AZ	1986	200	804	4,951	3,389	804	
Waterford Village	Garden	Aug-02	Bridgewater, MA	1971	588	29,110	28,101	2,798	29,110	3
Waterways Village	Garden	Jun-97	Aventura, FL	1994	180	4,504	11,064	3,935	4,504	1
Waverly Apartments	Garden	Aug-08	Brighton, MA	1970	103	7,920	11,347	1,374	7,920	1
West Winds	Garden	Oct-02	Orlando, FL	1985	272	2,332	11,481	3,071	2,332	1
Wexford Village	Garden	Aug-02	Worcester, MA	1974	264	6,339	17,939	1,185	6,339	1
Willow Bend	Garden	May-98	Rolling Meadows, IL	1969	328	2,717	15,437	25,425	2,717	4
Windrift	Garden	Mar-01	Oceanside, CA	1987	404	24,960	17,590	19,358	24,960	3
Windrift	Garden	Oct-00	Orlando, FL	1987	288	3,696	10,029	5,372	3,696	1
Windsor Crossing	Garden	Mar-00	Newport News, VA	1978	156	131	2,110	2,599	131	
Windsor Park	Garden	Mar-01	Woodbridge, VA	1987	220	4,279	15,970	3,943	4,279	1
Woodcreek	Garden	Oct-02	Mesa, AZ	1985	432	2,431	15,885	4,427	2,431	2
Woods Of Williamsburg	Garden	Jan-06	Williamsburg, VA	1976	125	798	3,657	1,274	798	
Yacht Club at Brickell	High Rise	Dec-03	Miami, FL	1998	357	31,362	32,214	7,464	31,363	3
Yorktown Apartments	High Rise	Dec-99	Lombard, IL	1971	364	3,055	18,162	32,468	3,055	5
Total Conventional Properties					55,737	1,971,510	3,381,708	2,160,023	1,881,661	5,53
Affordable Properties:										
All Hallows	Garden	Jan-06	San Francisco, CA	1976	157	1,338	29,770	20,750	1,338	5
Antioch Towers	High Rise	Jan-10	Cleveland, OH	1976	171	720	8,802	357	720	
Arvada House	High Rise	Nov-04	Arvada, CO	1977	88	405	3,314	2,251	405	
Bayview	Garden	Jun-05	San Francisco, CA	1976	146	582	15,265	17,295	582	3
Beacon Hill	High Rise	Mar-02	Hillsdale, MI	1980	198	1,094	7,044	6,609	1,093	1
Biltmore Towers	High Rise	Mar-02	Dayton, OH	1980	230	1,814	6,411	13,557	1,813	1
Blakewood	Garden	Oct-05	Statesboro, GA	1973	42	58	882	421	58	
Bolton North	High Rise	Jan-06	Baltimore, MD	1977	209	1,429	6,569	598	1,429	
Butternut Creek	Mid Rise	Jan-06	Charlotte, MI	1980	100	505	3,617	3,810	505	
Carriage House	Mid Rise	Dec-06	Petersburg, VA	1885-01-01	118	716	2,886	3,727	716	
City Line	Garden	Mar-02	Newport News, VA	1976	200	500	2,014	7,531	500	
Copperwood I Apartments	Garden	Apr-06	The Woodlands, TX	1980	150	364	8,373	4,948	363	1
Copperwood II Apartments	Garden	Oct-05	The Woodlands, TX	1981	150	459	5,553	3,450	459	
Country Club Heights	Garden	Mar-04	Quincy, IL	1976	200	676	5,715	4,937	675	1
Crevenna Oaks	Town Home	Jan-06	Burke, VA	1979	50	355	4,848	351	355	
Darby Townhouses	Town Home	Jan-10	Sharon Hill, PA	1970	172	1,297	11,115	398	1,298	1
Denny Place	Garden	Mar-02	North Hollywood, CA	1984	17	394	1,579	150	394	
Fairwood	Garden	Jan-06	Carmichael, CA	1979	86	177	5,264	265	176	
Fountain Place	Mid Rise	Jan-06	Connersville, IN	1980	102	378	2,091	3,009	378	
Friendset Apartments	High Rise	Jan-06	Brooklyn, NY	1979	259	550	16,304	372	550	1
Hamlin Estates	Garden	Mar-02	North Hollywood, CA	1983	30	1,009	1,691	200	1,010	
Hanover Square	High Rise	Jan-06	Baltimore, MD	1980	199	1,656	9,575	728	1,656	1
Hatillo Housing	Mid Rise	Jan-06	Hatillo, PR	1982	64	202	2,876	479	202	
Hopkins Village	Mid Rise	Sep-03	Baltimore, MD	1979	165	549	5,973	3,588	549	
Hudson Gardens	Garden	Mar-02	Pasadena, CA	1983	41	914	1,548	1,240	914	

Ingram Square	Garden	Jan-06	San Antonio, TX	1980	120	800	3,136	5,725	800	
Kirkwood House	High Rise	Sep-04	Baltimore, MD	1979	261	1,337	9,358	8,346	1,338	1
La Salle	Garden	Oct-00	San Francisco, CA	1976	145	1,866	19,567	17,667	1,866	3
La Vista	Garden	Jan-06	Concord, CA	1981	75	581	4,449	4,256	581	
Loring Towers	High Rise	Oct-02	Minneapolis, MN	1975	230	886	7,445	8,170	886	1
Loring Towers Apartments	High Rise	Sep-03	Salem, MA	1973	250	187	14,050	7,090	187	2
Montblanc Gardens	Town Home	Dec-03	Yauco, PR	1982	128	390	3,859	654	391	
New Baltimore	Mid Rise	Mar-02	New Baltimore, MI	1980	101	896	2,360	5,182	896	
Newberry Park	Garden	Dec-97	Chicago, IL	1995	84	1,380	7,632	387	1,380	
Northpoint	Garden	Jan-00	Chicago, IL	1921	304	2,510	14,334	16,645	2,510	3
O Neil	High Rise	Jan-06	Troy, NY	1978	115	88	4,067	1,377	88	
Panorama Park	Garden	Mar-02	Bakersfield, CA	1982	66	521	5,520	1,071	521	
Parc Chateau I	Garden	Jan-06	Lithonia, GA	1973	86	592	1,442	320	592	

F-118

Table of Contents

Property Name	Property Type	(1) Date Consolidated	Location	Year Built	Number of Units	(2) Initial Cost: Land	(2) Initial Cost: Buildings and Improve-ments	(3) Cost Capitalized Subsequent to Consolidation	Land	Buildin and Improv ments
Parc Chateau II	Garden	Jan-06	Lithonia, GA	1974	88	596	2,965	289	596	3,2
Park Place	Mid Rise	Jun-05	St Louis, MO	1977	242	705	6,327	10,096	705	16,4
Parkways, The	Garden	Jun-04	Chicago, IL	1925	446	3,426	23,257	19,236	3,427	42,4
Pavilion	High Rise	Mar-04	Philadelphia, PA	1976	296		15,415	1,710		17,1
Pleasant Hills	Garden	Apr-05	Austin, TX	1982	100	1,229	2,631	3,558	1,229	6,1
Plummer Village	Mid Rise	Mar-02	North Hills, CA	1983	75	666	2,647	1,643	667	4,2
Portner Place	Town Home	Jan-06	Washington, DC	1980	48	698	3,753	923	697	4,6
River s Edge	Town Home	Jan-06	Greenville, MI	1983	49	310	2,097	381	311	2,4
Riverwoods	High Rise	Jan-06	Kankakee, IL	1983	125	598	4,931	3,509	598	8,4
Round Barn Manor	Garden	Mar-02	Champaign, IL	1979	156	810	5,134	5,929	810	11,0
San Jose Apartments	Garden	Sep-05	San Antonio, TX	1970	220	234	5,770	11,774	234	17,5
San Juan Del Centro	Mid Rise	Sep-05	Boulder, CO	1971	150	439	7,110	12,638	440	19,7
Shoreview	Garden	Oct-99	San Francisco, CA	1976	156	1,476	19,071	19,110	1,476	38,1
South Bay Villa	Garden	Mar-02	Los Angeles, CA	1981	80	1,352	2,770	3,775	1,352	6,5
St. George Villas	Garden	Jan-06	St. George, SC	1984	40	86	1,025	120	86	1,1
Stonegate Apts	Mid Rise	Jul-09	Indianapolis, IN	1920	52	122	2,923	464	122	3,3
Summit Oaks	Town Home	Jan-06	Burke, VA	1980	50	381	4,930	381	382	5,3
Tamarac Pines Apartments I	Garden	Nov-04	Woodlands, TX	1980	144	363	2,775	3,761	363	6,5
Tamarac Pines Apartments II	Garden	Nov-04	Woodlands, TX	1980	156	266	3,195	4,196	266	7,3
Terry Manor	Mid Rise	Oct-05	Los Angeles, CA	1977	170	1,997	5,848	6,590	1,997	12,4
Tompkins Terrace	Garden	Oct-02	Beacon, NY	1974	193	872	6,827	13,594	872	20,4
University Square	High Rise	Mar-05	Philadelphia, PA	1978	442	702	12,201	11,473	702	23,6
Van Nuys Apartments	High Rise	Mar-02	Los Angeles, CA	1981	299	3,576	21,226	21,481	3,576	42,7
Verdes Del Oriente	Garden	Jan-10	San Pedro, CA	1976	113	1,139	7,044	582	1,139	7,6
Villa de Guadalupe	Garden	Jan-10	San Jose, CA	1982	101	1,781	7,197	344	1,781	7,5
Village Oaks	Mid Rise	Jan-06	Catonsville, MD	1980	181	2,127	5,188	1,883	2,127	7,0
Villas of Mount Dora (5)	Garden	Jan-10	Mt. Dora, FL	1979	70	322	1,828	239	323	1,5
Wah Luck House	High Rise	Jan-06	Washington, DC	1982	153		7,772	722		8,4
Walnut Hills	High Rise	Jan-06	Cincinnati, OH	1983	198	826	5,608	5,405	826	11,0
Washington Square West	Mid Rise	Sep-04	Philadelphia, PA	1982	132	582	11,169	6,710	582	17,8
Whitefield Place	Garden	Apr-05	San Antonio, TX	1980	80	219	3,151	2,681	219	5,8
Willow Wood	Garden	Mar-02	North Hollywood, CA	1984	19	1,051	840	237	1,051	1,0
Winter Gardens	High Rise	Mar-04	St Louis, MO	1920	112	300	3,072	4,596	300	7,6
Woodland Hills	Garden	Oct-05	Jackson, MI	1980	125	320	3,875	4,538	321	8,4
Total Affordable Properties					10,370	59,746	487,870	362,479	59,751	849,8
Other (6)						1,756	2,442	6,288	1,754	8,7
Total					66,107	$ 2,033,012	$ 3,872,020	$ 2,528,790	$ 1,943,166	$ 6,390,2

(1) Date we acquired the property or first consolidated the partnership which owns the property.

(2) For 2008 and prior periods, costs to acquire the noncontrolling interest s share of our consolidated real estate partnerships wer

(3) Costs capitalized subsequent to consolidation includes costs capitalized since acquisition or first consolidation of the partnersh

(4) The aggregate cost of land and depreciable property for federal income tax purposes was approximately $3.6 billion at Decemb

(5) The current carrying value of the property reflects an impairment loss recognized during the current period or prior periods.

(6) Other includes land parcels, commercial properties and other related costs. We exclude such properties from our residential un

Table of Contents

APARTMENT INVESTMENT AND MANAGEMENT COMPANY

AIMCO PROPERTIES, L.P.

SCHEDULE III: REAL ESTATE AND ACCUMULATED DEPRECIATION

For the Years Ended December 31, 2012, 2011 and 2010

(In Thousands)

	2012
Real Estate	
Balance at beginning of year	8,917,137
Additions during the year:	
Newly consolidated assets	
Acquisitions	131,374
Capital additions	272,103
Deductions during the year:	
Casualty and other write-offs (1)	(62,589)
Reclassification of real estate included in sale of asset management business (Note 3)	(160,420)
Sales	(764,186)
Balance at end of year	8,333,419
Accumulated Depreciation	
Balance at beginning of year	2,872,190
Additions during the year:	
Depreciation	353,414
Newly consolidated assets	(7,439)
Deductions during the year:	
Casualty and other write-offs (1)	(39,430)
Reclassification of real estate included in sale of asset management business (Note 3)	(33,394)
Sales	(324,576)
Balance at end of year	2,820,765

(1) Includes the write-off of fully depreciated assets totaling $38.7 million and $165.9 million during the years end 2011, respectively.

F-120