

APARTMENT INVESTMENT & MANAGEMENT CO  
Form 424B2  
September 27, 2004

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*PROSPECTUS SUPPLEMENT*  
(To Prospectus dated March 26, 2004)

## **3,000,000 Shares**

### **8% CLASS V CUMULATIVE PREFERRED STOCK**

*A brief description of the Class V Cumulative Preferred Stock can be found under "Summary" in this prospectus supplement.*

*We intend to apply to list the Class V Cumulative Preferred Stock on the New York Stock Exchange. We expect that the Class V Cumulative Preferred Stock will begin trading on the New York Stock Exchange within 30 days after it is first issued.*

*You are urged to carefully read the "Risk Factors" section beginning on page S-8, where specific risks associated with the Class V Cumulative Preferred Stock are described, along with the other information in this prospectus supplement before you make your investment decision.*

#### **PRICE \$25 PER SHARE**

	<b>Price to Public</b>	<b>Underwriting Discount and Commissions</b>	<b>Proceeds to Aimco</b>
<i>Per share</i>	\$25	\$.7875	\$24.2125
<i>Total</i>	\$75,000,000	\$2,362,500	\$72,637,500

*Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or prospectus is truthful or complete. Any representation to the contrary is a criminal offense.*

*We have given the underwriters an option to purchase 450,000 additional shares of Class V Cumulative Preferred Stock.*

*Morgan Stanley & Co. Incorporated expects that the Class V Cumulative Preferred Stock will be ready for delivery in book-entry form only through The Depository Trust Company on or about September 29, 2004.*

### **MORGAN STANLEY**

**RAYMOND JAMES**  
September 24, 2004

**RBC CAPITAL MARKETS**



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This document is in two parts. The first part is this prospectus supplement, which describes the terms of the offering of Class V Preferred Stock and also adds to and updates information contained in the accompanying prospectus and the documents incorporated by reference into the prospectus. The second part is the accompanying prospectus, which gives more general information, some of which may not apply to the Class V Preferred Stock. To the extent there is a conflict between the information contained in this prospectus supplement, on the one hand, and the information contained in the accompanying prospectus or any document incorporated by reference, on the other hand, the information in this prospectus supplement shall control.

**You should rely only on the information contained in or incorporated by reference in this prospectus supplement and the accompanying prospectus. We have not authorized anyone to provide you with information that is different from that contained or incorporated by reference in this prospectus supplement or the accompanying prospectus. We are offering to sell the Class V Preferred Stock only where offers and sales are permitted. The information contained in or incorporated by reference in this prospectus supplement and the accompanying prospectus is accurate only as of the date of this prospectus supplement, regardless of the time of delivery of this prospectus supplement or of any sale of the Class V Preferred Stock.**

## SUMMARY

*This summary highlights information from this prospectus supplement. It may not contain all of the information that is important to you in deciding whether to invest in the Class V Preferred Stock. To understand this offering fully, you should read the entire prospectus carefully, including the risk factors and financial statements, as well as the documents we have filed with the Securities and Exchange Commission that are incorporated by reference. Unless otherwise indicated, all information in this prospectus supplement assumes that the underwriters' over-allotment option is not exercised.*

### The Company

Apartment Investment and Management Company, or Aimco, is a Maryland corporation incorporated on January 10, 1994. We are a self-administered and self-managed real estate investment trust, or REIT, engaged in the acquisition, ownership, management and redevelopment of apartment properties. As of June 30, 2004, we owned or managed a portfolio of 1,578 apartment properties (individually a "property" and collectively the "properties") containing 278,011 apartment units located in 47 states, the District of Columbia and Puerto Rico. Based on apartment unit data compiled by the National Multi Housing Council, as of December 31, 2003, we were the largest REIT owner and operator of multifamily apartment properties in the United States. Our portfolio includes garden style, mid-rise and high-rise properties and we serve approximately one million residents per year.

We own an equity interest in and consolidate the majority of the properties in our owned real estate portfolio. These properties represent the consolidated real estate holdings in our financial statements, or consolidated properties. In addition, we have an equity interest in but do not consolidate certain properties that are accounted for under the equity method. These properties represent the investment in unconsolidated real estate partnerships in our financial statements, or unconsolidated properties. Additionally, we manage (both property and asset) but do not own an equity interest in other properties, although in certain cases we may indirectly own generally less than one percent of the operations of such properties through a partnership syndication or other fund. The equity holdings and managed properties are as follows as of June 30, 2004:

	<b>Total Portfolio</b>	
	<b>Properties</b>	<b>Units</b>
Consolidated properties	698	174,760
Unconsolidated properties	382	54,245
Property managed for third parties	82	9,534
Asset managed for third parties	416	39,472
<b>Total</b>	<b>1,578</b>	<b>278,011</b>

We own a majority of the ownership interests in AIMCO Properties, L.P., which we refer to as the Aimco Operating Partnership. Through our wholly owned subsidiaries, AIMCO-GP, Inc. and AIMCO-LP, Inc., we held approximately a 90% interest in the common partnership units and equivalents of the Aimco Operating Partnership as of June 30, 2004. We conduct substantially all of our business and own substantially all of our assets through the Aimco Operating Partnership. Except as the context otherwise requires, "we," "our," "us" and the "Company" refer to Aimco, the Aimco Operating Partnership and Aimco's consolidated corporate subsidiaries and consolidated real estate partnerships, collectively.

Since our initial public offering in July 1994, we have completed numerous acquisition transactions, expanding our portfolio of owned or managed properties from 132 properties with 29,343 apartment units to 1,578 properties with 278,011 apartment units as of June 30, 2004. These acquisitions have included purchases of properties and interests in entities that own or manage properties, as well as corporate mergers.

Our principal executive offices are located at 4582 South Ulster Street Parkway, Suite 1100, Denver, Colorado 80237 and our telephone number is (303) 757-8101. Our website is located at [www.aimco.com](http://www.aimco.com); the information available on our website is not incorporated into this prospectus supplement.

### The Offering

Issuer	Apartment Investment and Management Company
Securities Offered	3,000,000 shares of Class V Cumulative Preferred Stock ("Class V Preferred Stock") (3,450,000 shares if the underwriters' option to purchase an additional 450,000 shares within 30 days of completion of this offering is exercised in full).
Dividends	Dividends are cumulative from the date of original issue and are payable quarterly on or about the 15 <sup>th</sup> day of January, April, July and October of each year, when and as declared, beginning on January 15, 2005. We will pay cumulative dividends on the Class V Preferred Stock in an amount per share equal to \$2.00 per year, equivalent to 8% of the \$25 liquidation preference.
Liquidation Preference	\$25 per share of Class V Preferred Stock, plus an amount equal to accumulated, accrued and unpaid dividends, whether or not earned or declared.
Optional Redemption	The Class V Preferred Stock is not redeemable prior to September 29, 2009, except in limited circumstances relating to the ownership limitation necessary to preserve our qualification as a REIT. On and after September 29, 2009, the Class V Preferred Stock will be redeemable for cash, in whole or from time to time in part, at a price per share equal to the liquidation preference, plus accumulated, accrued and unpaid dividends, if any, to the redemption date. The redemption price for the Class V Preferred Stock, other than any portion thereof consisting of accumulated, accrued and unpaid dividends, will be payable solely with the proceeds from the sale of equity securities by us or our subsidiaries.
Ranking	The Class V Preferred Stock will rank prior to our common stock, and on the same level as our remaining outstanding shares of preferred stock, with respect to the payment of dividends and the distribution of amounts upon liquidation, dissolution or winding up.
Voting Rights	You will generally not have any voting rights. If, however, we have not paid dividends on the Class V Preferred Stock for six or more quarterly periods, whether or not consecutive, you, together with holders of other classes of preferred stock, will be entitled to elect two additional directors to our Board of Directors until all unpaid dividends on the Class V Preferred Stock have been paid or declared and set apart for payment. In addition, certain material adverse changes to the terms of the stock cannot be made without the affirmative vote of holders of at least 66 <sup>2</sup> / <sub>3</sub> % of the outstanding shares of Class V Preferred Stock. Any vote with respect to the Class V Preferred Stock, including for the election of additional directors, will be together with the holders of shares of any class or series of stock ranking on a parity with the Class V Preferred Stock that are entitled to similar voting rights, voting as a single class.

**Ownership Limit**                      You may not acquire more than 8.7% of the aggregate value of all outstanding shares of our common and preferred stock. In addition, you may not own more than 8.7% of our outstanding common stock.

**Listing**                                      We intend to apply to list the shares of Class V Preferred Stock on the New York Stock Exchange, or NYSE, under the symbol "AIVPrV." If approved for listing, trading on the NYSE is expected to begin within 30 days after the closing of this offering.

**Form**    The Class V Preferred Stock will be issued and maintained in book-entry form registered in the name of the nominee of The Depository Trust Company except under limited circumstances.

**Use of Proceeds**                      We intend to use the net proceeds to redeem \$22.4 million of Class D Cumulative Preferred Stock and \$50 million of Class N Convertible Cumulative Preferred Stock. This redemption will be funded by the Aimco Operating Partnership's concurrent redemption of \$22.4 million of Class D Partnership Preferred Units and \$50 million of Class N Partnership Preferred Units that we hold, as described under "Use of Proceeds."

For additional information regarding the terms of the Class V Preferred Stock, see "Description of Class V Cumulative Preferred Stock" beginning on page S-25.

Your investment in the Class V Preferred Stock involves certain risks. For a discussion of some of these risks, please see "Risk Factors," beginning on page S-8, and the other information included in or incorporated by reference in this prospectus supplement and the accompanying prospectus, before deciding whether an investment in the Class V Preferred Stock is suitable for you.

### Summary Historical Financial Information

The following table sets forth our summary historical financial information. The summary historical financial information for the three years ended December 31, 2003 is based on our audited financial statements incorporated by reference in this prospectus supplement and the accompanying prospectus. The summary historical financial information for the six months ended June 30, 2004 and 2003 is based on our unaudited financial statements incorporated by reference in this prospectus supplement and the accompanying prospectus. In the opinion of our management, the operating data for the six months ended June 30, 2004 and 2003 include all adjustments, consisting only of normal recurring adjustments, necessary to present fairly the information set forth in the data. The results for the six months ended June 30, 2004 are not necessarily indicative of our results for the year ending December 31, 2004. The following information should be read in conjunction with our historical financial statements and notes to the financial statements incorporated by reference in this prospectus supplement and the accompanying prospectus. Certain reclassifications have been made to 2003, 2002 and 2001 amounts to conform to the 2004 presentation. These reclassifications primarily represent presentation changes related to discontinued operations in accordance with Statement of Financial Accounting Standards No. 144.

	Six Months Ended June 30,		Year Ended December 31,		
	2004	2003	2003	2002	2001
			(unaudited)		
	(In thousands, except per share data)				
<b>Operating Data:</b>					
Total revenues	\$ 750,781	\$ 727,386	\$ 1,471,541	\$ 1,339,923	\$ 1,223,272
Total expenses	560,195	489,946	1,022,168	851,832	830,359
Operating income	190,586	237,440	449,373	488,090	392,913
Income from continuing operations	10,990	47,797	69,951	158,761	95,522
Income from discontinued operations, net	20,981	33,256	88,906	10,285	11,830
Net income	28,014	81,053	158,857	169,046	107,352
<b>Per Share Data:</b>					
Earnings (loss) per common share basic:					
Income (loss) from continuing operations (net of preferred dividends)	\$ (0.33)	\$ 0.01	\$ (0.25)	\$ 0.76	\$ 0.07
Net income (loss) attributable to common stockholders	(0.15)	0.37	0.70	0.88	0.23
Earnings (loss) per common share diluted:					
Income (loss) from continuing operations (net of preferred dividends)	(0.33)	0.01	(0.25)	0.75	0.07
Net income (loss) attributable to common stockholders	(0.15)	0.37	0.70	0.87	0.23
Dividends declared per common share	1.20	1.64	2.84	3.28	3.16
<b>Balance Sheet Data (End of period):</b>					
Real estate, net of accumulated depreciation	\$ 8,947,544	\$ 8,507,015	\$ 8,605,776	\$ 8,466,392	\$ 6,297,594
Total assets	10,359,191	10,234,788	10,113,362	10,316,601	8,300,672
Total indebtedness	6,414,088	5,925,181	6,079,470	5,903,998	4,397,904
Stockholders' equity	2,842,784	2,992,971	2,860,657	3,163,387	2,710,615
<b>Cash Flow Data:</b>					
Cash provided by operating activities	\$ 165,984	\$ 287,915	\$ 430,258	\$ 497,289	\$ 494,457
Cash provided by (used in) investing activities	(178,163)	113,318	311,904	(786,377)	(132,010)

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	Six Months Ended June 30,		Year Ended December 31,		
Cash provided by (used in) financing activities	(8,800)	(394,871)	(727,283)	308,641	(439,562)

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**Other Data:**

Funds from operations available to common stockholders diluted <sup>(1)</sup>	\$	122,203	\$	167,508	\$	312,440	\$	437,910	\$	470,731
Weighted average number of common shares, common share equivalents and dilutive preferred securities outstanding		94,349		97,721		96,607		96,361		90,438

(1)

Funds From Operations, or FFO, is a financial measure not calculated in accordance with generally accepted accounting principles, or GAAP, that we believe, when considered with the financial data determined in accordance with GAAP, is helpful to investors in understanding our performance because it captures features particular to real estate performance by recognizing that real estate generally appreciates over time or maintains residual value to a much greater extent than do other depreciable assets such as machinery, computers or other personal property. The Board of Governors of the National Association of Real Estate Investment Trusts, or NAREIT, defines FFO as net income (loss), computed in accordance with GAAP, excluding gains and losses from extraordinary items, cumulative effect of change in accounting principles, gains on dispositions of depreciable real estate related to unconsolidated entities and other, gains on dispositions of real estate from discontinued operations, net of related income taxes, plus real estate related depreciation and amortization (excluding amortization of financing costs), including depreciation for unconsolidated real estate partnerships, joint ventures and discontinued operations. We calculate FFO based on the NAREIT definition, as further adjusted for amortization of management contracts and deficit distributions to minority partners. We calculate FFO (diluted) by subtracting redemption related preferred stock issuance costs and dividends on preferred stock, adding back dividends/distributions on dilutive preferred securities and adding back the interest expense on dilutive mandatorily redeemable convertible preferred securities. FFO should not be considered an alternative to net income or net cash flows from operating activities, as calculated in accordance with GAAP, as an indication of our performance or as a measure of liquidity. FFO is not necessarily indicative of cash available to fund future cash needs. In addition, although FFO is a measure used for comparability in assessing the performance of real estate investment trusts, there can be no assurance that our basis for computing FFO is comparable with that of other real estate investment trusts.

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For

the six months ended June 30, 2004 and 2003, and the years ended December 31, 2003, 2002 and 2001, our FFO is calculated as follows:

	Six Months Ended June 30,		Year Ended December 31,		
	2004	2003	2003	2002	2001
			(unaudited)		
			(In thousands)		
<b>Net income (loss) attributable to common stockholders<sup>(A)</sup></b>	\$ (13,626)	\$ 33,951	\$ 65,292	\$ 75,488	\$ 17,021
Adjustments:					
Depreciation and amortization	182,900	171,878	348,834	283,239	333,133
Depreciation and amortization related to non-real estate assets	(9,207)	(10,757)	(20,370)	(20,107)	(15,197)
Depreciation of rental property related to minority partners' interest <sup>(B)</sup>	(22,963)	(15,243)	(30,128)	(25,077)	(7,477)
Depreciation of rental property related to unconsolidated entities	11,644	13,042	25,817	33,549	57,506
(Gain) loss on dispositions of real estate related to unconsolidated entities and other	(2,080)	(756)	(3,178)	22,362	(17,394)
Deficit distributions to minority partners	7,088	9,101	22,672	26,979	46,359
Cumulative effect of change in accounting principle	3,957				
Income tax arising from disposals					3,202
Gain on disposition of land	875				3,843
Discontinued operations:					
Depreciation of rental property, net of minority partners' interest <sup>(B)</sup>	2,380	14,506	21,527	36,876	41,319
(Gain) loss on dispositions of real estate, net of minority partners' interest <sup>(B)</sup>	(21,585)	(44,542)	(101,849)	6,021	
Deficit distributions to minority partners	(3,318)	(500)	(10,718)	1,321	1,342
Income tax arising from disposals	789	4,306	12,134	2,507	
Minority interest in Aimco Operating Partnership's share of above adjustments	(16,339)	(16,128)	(29,910)	(44,500)	(58,883)
Preferred stock dividends	41,552	44,947	85,920	93,558	90,331
Redemption related preferred stock issuance costs	88	2,155	7,645		
<b>Funds From Operations</b>	\$ 162,155	\$ 205,960	\$ 393,688	\$ 492,216	\$ 495,105
Preferred stock dividends	(41,552)	(44,947)	(85,920)	(93,558)	(90,331)
Redemption related preferred stock issuance costs	(88)	(2,155)	(7,645)		
Dividends/distributions on dilutive preferred securities	1,688	8,156	11,330	38,091	64,389
Interest expense on mandatorily redeemable convertible preferred securities		494	987	1,161	1,568
<b>Funds From Operations attributable to common stockholders diluted</b>	\$ 122,203	\$ 167,508	\$ 312,440	\$ 437,910	\$ 470,731

**Weighted average number of common shares, common share equivalents and dilutive preferred securities outstanding:**

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	Six Months Ended June 30,		Year Ended December 31,		
Common shares and equivalents <sup>(C)</sup>	92,968	92,809	92,968	86,773	73,648
Dilutive preferred securities	1,381	4,912	3,639	9,588	16,790
<b>Total</b>	<b>94,349</b>	<b>97,721</b>	<b>96,607</b>	<b>96,361</b>	<b>90,438</b>

- (A) Represents our numerator for earnings per common share calculated in accordance with GAAP.
- (B) "Minority partners' interest," as referenced on this line item and others in this presentation means minority interest in Aimco's consolidated real estate partnerships.
- (C) Represents our denominator for earnings per common share diluted, calculated in accordance with GAAP.

## Ratio of Earnings to Fixed Charges

	Historical					Pro Forma <sup>(3)</sup>	
	For the Six Months Ended June 30,		For the Years Ended December 31,			For the Six Months Ended June 30, 2004	For the Year Ended December 31, 2003
	2004	2003	2003	2002	2001		
	(unaudited)					(unaudited)	(unaudited)
Ratio of earnings to fixed charges <sup>(1)</sup>	1.23	1.47	1.34	1.67	1.67	1.23	1.34
Ratio of earnings to combined fixed charges and preferred stock dividends <sup>(2)</sup>	1.01	1.18	1.08	1.32	1.29	1.01	1.08

- (1) The ratio of earnings to fixed charges is computed by dividing earnings by fixed charges. For this purpose, "earnings" consists of income from continuing operations before taxes, minority interests (which includes equity in earnings of unconsolidated partnerships only to the extent of dividends or distributions from operations received) plus fixed charges (other than any interest that has been capitalized and distributions paid on preferred units of the Aimco Operating Partnership) and amortization of previously capitalized interest; and "fixed charges" consists of interest expense (including amortization of loan costs), interest that has been capitalized and distributions paid on preferred units of the Aimco Operating Partnership.
- (2) The ratio of earnings to combined fixed charges and preferred stock dividends is computed by dividing earnings by the total of fixed charges and preferred stock dividends. For this purpose, "earnings" consists of income before taxes, minority interests (which includes equity in earnings of unconsolidated partnerships only to the extent of dividends or distributions from operations received) plus fixed charges (other than any interest that has been capitalized and distributions paid on preferred units of the Aimco Operating Partnership) and amortization of previously capitalized interest; "fixed charges" consists of interest expense (including amortization of loan costs), interest which has been capitalized and distributions paid on preferred units of the Aimco Operating Partnership; and "preferred stock dividends" consists of the amount of pre-tax earnings that would be required to cover preferred stock dividend requirements.
- (3) The pro forma basis reflects the issuance of the Class V Preferred Stock and the application of the net proceeds therefrom to redeem \$22.4 million of the Class D Cumulative Preferred Stock and \$50 million of Class N Convertible Cumulative Preferred Stock as if such transactions had occurred on the first day of each of the periods presented.

## RISK FACTORS

*Before you invest in the Class V Preferred Stock, you should be aware that there are various risks, including those described below. You should consider carefully these risk factors together with all of the other information included or incorporated by reference in this prospectus supplement and the accompanying prospectus before you decide to purchase our securities.*

*Some of the information in this prospectus supplement and the accompanying prospectus may contain forward-looking statements. These statements can be identified by the use of forward-looking words such as "may," "will," "expect," "anticipate," "estimate," "continue" or other similar words. These statements discuss future expectations, contain projections of results of operations or financial condition or state other "forward-looking" information. When considering forward-looking statements, you should keep in mind the risk factors and other cautionary statements included or incorporated by reference in this prospectus supplement and the accompanying prospectus. The risk factors noted in this section and other factors noted throughout this prospectus supplement and the accompanying prospectus and in the documents incorporated by reference in this prospectus supplement and the accompanying prospectus, including certain risks and uncertainties, could cause our actual results to differ materially from those contained in any forward-looking statement.*

### ***Changes in the real estate market may limit our ability to generate Funds From Operations.***

Our ability to make payments to our investors, including holders of Class V Preferred Stock, depends on our ability to generate Funds From Operations in excess of required debt payments and capital expenditure requirements. Funds From Operations and the value of our properties may be adversely affected by events or conditions beyond our control, including:

the general economic climate;

competition from other apartment communities and other housing options;

local conditions, such as an increase in unemployment or an increase in the supply of apartments, that might adversely affect apartment occupancy or rental rates;

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 necessarily be offset by increased rents;

changes in tax laws and housing laws, including the enactment of rent control laws or other laws regulating multifamily housing;

changes in interest rates and the availability of financing; and

the relative illiquidity of real estate investments.

***If we are not able successfully to acquire, operate, redevelop and expand properties, our growth and results of operations will be adversely affected.***

The selective acquisition, redevelopment and expansion of properties are one component of our growth strategy. However, we may not be able to complete successfully transactions in the future. Although we seek to acquire, operate, redevelop and expand properties only when such activities increase our net income on a per share basis, such transactions may fail to perform in accordance with our expectations. When we redevelop or expand properties, we are subject to the risks that:

costs may exceed original estimates;

occupancy and rental rates at the property may be below our projections;

financing may not be available on favorable terms or at all;

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redevelopment and leasing of the properties may not be completed on schedule; and

we may experience difficulty or delays in obtaining necessary zoning, land-use, building, occupancy and other governmental permits and authorizations.

***We may have difficulty integrating any acquired businesses or properties.***

We have grown rapidly. Since our initial public offering in July 1994, we have completed numerous acquisition transactions, expanding our portfolio of owned or managed properties from 132 properties with 29,343 apartment units to 1,578 properties with 278,011 apartment units as of June 30, 2004. These acquisitions have included purchases of properties and interests in entities that own or manage properties, as well as corporate mergers. Our ability to successfully integrate acquired businesses and properties depends, among other things, on our ability to:

attract and retain qualified personnel;

integrate the personnel and operations of the acquired businesses;

maintain standards, controls, procedures and policies; and

maintain adequate accounting and information systems.

We can provide no assurance that we will be able to accomplish these goals and successfully integrate any acquired businesses or properties. If we fail to integrate successfully such businesses, our results of operations could be adversely affected.

***We may be subject to litigation associated with partnership acquisitions that could increase our expenses and prevent completion of beneficial transactions.***

We have engaged in, and intend to continue to engage in, the selective acquisition of interests in partnerships that own apartment properties. In some cases, we have acquired the general partner of a partnership and then made an offer to acquire the limited partners' interests in the partnership. In these transactions, we may be subject to litigation based on claims that we, as the general partner, have breached our fiduciary duty to our limited partners or that the transaction violates the relevant partnership agreement or state law. Although we intend to comply with our fiduciary obligations and the relevant partnership agreements, we may incur additional costs in connection with the defense or settlement of this type of litigation. In some cases, this type of litigation may adversely affect our desire to proceed with, or our ability to complete, a particular transaction. Any litigation of this type could also have a material adverse effect on our financial condition or results of operations.

***Our existing and future debt financing could render us unable to operate, result in foreclosure on our properties or prevent us from making distributions on our equity.***

Our strategy is generally to incur debt to increase the return on our equity while maintaining acceptable interest coverage ratios. We seek to maintain a ratio of free cash flow to combined interest expense and preferred stock dividends of greater than 2:1 and to match debt maturities to the character of the assets financed. For the year ended December 31, 2003 and the six months ended June 30, 2004, however, we had a ratio of free cash flow to combined interest expense and preferred stock dividends of 1.5:1, and this ratio in prior periods has also deviated from our goal. In addition, our Board of Directors could change this strategy at any time and increase our leverage. Our organizational documents do not limit the amount of debt that we may incur, and we have significant amounts of debt outstanding. Payments of principal and interest may leave us with insufficient cash resources to operate our properties or pay distributions required to be paid in order to maintain our qualification as a REIT or otherwise make dividend payments on our preferred stock, including the Class V Preferred Stock. We are also subject to the risk that our cash flow from operations will be insufficient to make required payments of principal and

interest, and the risk that existing indebtedness may not be refinanced or that the terms of any refinancing will not be as favorable as the terms of existing indebtedness. If we fail to make required payments of principal and interest on any debt, our lenders could foreclose on the properties securing such debt, which would result in loss of income and asset value to us. As of June 30, 2004, substantially all of the properties that we owned or controlled were encumbered by debt.

***Increases in interest rates would increase our interest expense.***

As of June 30, 2004, we had approximately \$1,814.5 million of variable-rate indebtedness outstanding. Based on this level of debt, an increase in interest rates of 1% would result in our income and cash flows being reduced by \$18.1 million on an annual basis and could reduce our ability to service our indebtedness and make dividends or other distributions. Of the total debt subject to variable interest rates, floating rate tax-exempt bond financing was \$855.7 million. Floating rate tax-exempt bond financing is benchmarked against the Bond Market Association Municipal Swap Index, or the BMA Index, which since 1981 has averaged 52.4% of the 10-year Treasury Yield. If this relationship continues, an increase in interest rates of 1% (0.52% in tax-exempt interest rates) would result in our income before minority interests and cash flows being reduced by \$14.1 million on an annual basis.

***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 payments to our investors unless certain financial tests or other criteria are satisfied. Our revolving credit facility and term loans provide that we may make distributions to our investors during any 12-month period in an aggregate amount that does not exceed the greater of 90% of our Funds From Operations for such period or such amount as may be necessary to maintain our REIT status. Pursuant to the amendments of our credit facilities, effective September 2003, the credit facilities prohibit all distributions (as defined in the credit facilities) if certain financial covenants are not satisfied.

Our outstanding classes of preferred stock prohibit the payment of dividends on our common stock if we fail to pay the dividends to which the holders of the preferred stock are entitled. In addition, our 6<sup>1/2</sup>% convertible debentures prohibit the payment of dividends on our capital stock if we elect to defer payments of interest on these convertible debentures, which we may have the right to do for up to 60 months. If we are unable to pay dividends on our common stock, we may fail to qualify as a REIT. This would subject us to corporate taxation and reduce our ability to make distributions to our investors.

***We depend on distributions and other payments from our subsidiaries that they may be prohibited from making to us.***

All of our properties are owned, and all of our operations are conducted, by the Aimco Operating Partnership and our other subsidiaries. As a result, we depend on distributions and other payments from our subsidiaries in order to satisfy our financial obligations and make payments to our investors. The ability of our subsidiaries to make such distributions and other payments depends on their earnings and may be subject to statutory or contractual limitations. As an equity investor in our subsidiaries, our right to receive assets upon their liquidation or reorganization will be effectively subordinated to the claims of their creditors. To the extent that we are recognized as a creditor of such subsidiaries, our claims may still be subordinate to any security interest in or other lien on their assets and to any of their debt or other obligations that are senior to our claims.

***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 to meet certain Federal requirements related to access and use by disabled persons. Likewise, the Fair Housing Amendments Act of 1988, or FHAA, requires apartment properties first



occupied after March 13, 1990 to be accessible to the handicapped. These and other Federal, state and local laws may require modifications to our properties, or restrict renovations of the properties. Noncompliance with these laws could result in the imposition of fines or an award of damages to private litigants and also could result in an order to correct any non-complying feature, which could result in substantial capital expenditures. Although we believe that our properties are substantially in compliance with present requirements, we may incur unanticipated expenses to comply with the ADA and the FHAA.

***Affordable housing regulations may limit rent increases at some of our properties, reducing our revenue and, in some cases, causing us to sell properties that we might otherwise continue to own.***

As of June 30, 2004, we owned an equity interest in 464 properties and managed for third parties and affiliates 404 properties that benefit from governmental programs intended to provide housing to people with low or moderate incomes. These programs, which are usually administered by the U.S. Department of Housing and Urban Development, or HUD, or state housing finance agencies, typically provide mortgage insurance, favorable financing terms or rental assistance payments to the property owners. As a condition of the receipt of assistance under these programs, the properties must comply with various requirements, which typically limit rents to pre-approved amounts. If permitted rents on a property are insufficient to cover costs, a sale of the property may become necessary, which could result in a loss of management fee revenue. We usually need to obtain the approval of HUD in order to manage, or acquire a significant interest in, a HUD-assisted property. We may not always receive such approval.

***We depend on our senior management.***

Our success depends upon the retention of our senior management, including Terry Considine, our chief executive officer and president. We cannot assure you that we would be able to find qualified replacements for the individuals who make up our senior management if their services were no longer available. The loss of services of one or more members of our senior management team could have a material adverse effect on our business, financial condition and results of operations. We do not currently maintain key-man life insurance for any of our employees. The loss of any member of senior management could adversely affect our ability to pursue effectively our business strategy.

***We may fail to qualify as a REIT.***

We believe that we operate, and have always operated, in a manner that enables us to meet the requirements for qualification as a REIT for Federal income tax purposes. Our continued qualification as a REIT will depend on our satisfaction of certain asset, income, investment, organizational, distribution, stockholder ownership and other requirements on a continuing basis. Our ability to satisfy the asset tests depends upon our analysis of the fair market values of our assets, some of which are not susceptible to a precise determination, and for which we will not obtain independent appraisals. Our compliance with the REIT income and quarterly asset requirements also depends upon our ability to manage successfully the composition of our income and assets on an ongoing basis. Moreover, the proper classification of an instrument as debt or equity for Federal income tax purposes may be uncertain in some circumstances, which could affect the application of the REIT qualification requirements. Accordingly, there can be no assurance that the Internal Revenue Service, or the IRS, will not contend that our interests in subsidiaries or other issuers constitutes a violation of the REIT requirements. Moreover, future economic, market, legal, tax or other considerations may cause us to fail to qualify as a REIT, or our Board of Directors may determine to revoke our REIT status. If we fail to qualify as a REIT, we will not be allowed a deduction for dividends paid to our stockholders in computing our taxable income, and we will be subject to Federal income tax at regular corporate rates, including any applicable alternative minimum tax. This would substantially reduce our funds available for payment to our investors. Unless entitled to relief under certain provisions of the Code, we also would be disqualified from taxation as a REIT for the four taxable years following the year during which we ceased to qualify as a REIT.

In addition, our failure to qualify as a REIT would trigger the following consequences:

we would be obligated to repurchase a material amount of our preferred stock, plus accrued and unpaid dividends to the date of repurchase; and

we would be in default under our primary credit facilities and certain other loan agreements.

***REIT distribution requirements limit our available cash.***

As a REIT, we are subject to annual distribution requirements, which limit the amount of cash we retain for other business purposes, including amounts to fund our growth. We generally must distribute annually at least 90% of our net REIT taxable income, excluding any net capital gain, in order for corporate income tax not to apply to earnings that we distribute. We intend to make distributions to our stockholders to comply with the requirements of the Code. However, differences in timing between the recognition of taxable income and the actual receipt of cash could require us to sell assets or borrow funds on a short-term or long-term basis to meet the 90% distribution requirement of the Code.

***Legislative or other actions affecting REITs could have a negative effect on us.***

The rules dealing with Federal income taxation are constantly under review by persons involved in the legislative process and by the IRS and the United States Treasury Department. Changes to the tax laws, which may have retroactive application, could adversely affect our investors or us. We cannot predict how changes in the tax laws might affect our investors or us. For example, under legislation effective January 1, 2001, if any of our taxable REIT subsidiaries were deemed to operate or manage a health care or lodging facility, we would fail to qualify as a REIT. Although we believe that, since January 1, 2001, none of our taxable REIT subsidiaries have operated or managed any health care or lodging facilities, the statute provides little guidance as to the definition of a health care or lodging facility. Accordingly, we cannot assure that the IRS will not contend that any of our taxable REIT subsidiaries operate or manage a health care or lodging facility, resulting in our disqualification as a REIT.

***A reduction, in 2003, in the maximum tax rate applicable to dividends may make REIT investments less attractive.***

Tax legislation enacted in 2003 reduced the maximum tax rate for dividends payable to individuals from 38.6% to 15% (for 2003 through 2008). Dividends payable by REITs, including the dividends paid with respect to the Class V Preferred Stock, are generally not eligible for the reduced rates. Although this legislation does not adversely affect the taxation of REITs or dividends paid by REITs, the more favorable rates applicable to regular corporate dividends could cause investors who are individuals to perceive investments in REITs to be relatively less attractive than investments in the stocks of non-REIT corporations that pay dividends, which could adversely affect the value of the stock of REITs, including our common stock. In addition, the relative attractiveness of real estate in general may be adversely affected by the newly favorable tax treatment given to corporate dividends, which could negatively affect the value of our real estate assets.

***We may be subject to other tax liabilities.***

Even if we qualify as a REIT, we and our subsidiaries may be subject to certain federal, state and local taxes on our income and property. Any such taxes would reduce our operating cash flow.

***The FBI has issued alerts regarding potential terrorist threats involving apartment buildings a risk for which we are only partially insured.***

From time to time, the Federal Bureau of Investigation, or FBI, and the United States Department of Homeland Security issue alerts regarding potential terrorist threats involving apartment buildings. Threats

of future terrorist attacks, such as those announced by the FBI and the Department of Homeland Security, could have a negative effect on rent and occupancy levels at our properties. The effect that future terrorist activities or threats of such activities could have on our business is uncertain and unpredictable. If we incur a loss at a property as a result of an act of terrorism, we could lose all or a portion of the capital we have invested in the property, as well as the future revenue from the property. Since September 2001, our lenders have increased their scrutiny regarding terrorism exposure, and we have sometimes been required to purchase terrorism insurance. In all cases, we have purchased insurance that exceeds the minimum requirements of our lenders. Currently, these costs have not had a negative effect on our consolidated financial condition or results of operations taken as a whole.

*The market place for insurance coverage is uncertain and in some cases insurance is becoming more expensive and more difficult to obtain.*

The current insurance market is characterized by volatility with respect to premiums, deductibles and coverage. For certain types of coverage, such as property coverage, we are currently experiencing declining premiums. For other types of coverage, however, such as liability and executive coverage, we continue to experience rising premiums, higher deductibles, and more restrictive coverage language. Although we make use of many alternative methods of risk financing that enable us to insulate ourselves to some degree from variations in coverage language and cost, sustained deterioration in insurance marketplace conditions may have a negative effect on our operating results.

*Limits on ownership of shares in our charter may result in the loss of economic and voting rights by purchasers that violate those limits.*

Our charter limits ownership of our common stock by any single stockholder to 8.7% of our outstanding shares of common stock, or 15% in the case of certain pension trusts, registered investment companies and Mr. Considine. Our charter also limits ownership of our common stock and preferred stock by any single stockholder to 8.7% of the value of the outstanding common stock and preferred stock, or 15% in the case of certain pension trusts, registered investment companies and Mr. Considine. The charter also prohibits anyone from buying shares of our capital stock if the purchase would result in us losing our REIT status. This could happen if a transaction results in fewer than 100 persons owning all of our shares of capital stock or results in five or fewer persons, applying certain attribution rules of the Code, owning 50% or more of the value of all of our shares of capital stock. If anyone acquires shares in excess of the ownership limit or in violation of the ownership requirements of the Code for REITs:

the transfer will be considered null and void;

we will not reflect the transaction on our 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 more charitable organizations designated by us.

We may purchase the shares of capital stock held in trust at a price equal to the lesser of the price paid by the transferee of the shares or the then current market price. If the trust transfers any of the shares of capital stock, the affected person will receive the lesser of the price paid for the shares or the then current

market price. An individual who acquires shares of capital stock that violate the above rules bears the risk that the individual:

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 the shares.

***Our charter may limit the ability of a third party to acquire control of us.***

The 8.7% ownership limit discussed above may have the effect of precluding acquisition of control of us by a third party without the consent of our Board of Directors. Our charter authorizes our Board of Directors to issue up to 510,587,500 shares of capital stock. As of June 30, 2004, 436,962,738 shares were classified as common stock and 73,624,762 shares were classified as preferred stock. Under our charter, our Board of Directors has the authority to classify and reclassify any of our unissued shares of capital stock into shares of capital stock with such preferences, rights, powers and restrictions as our Board of Directors may determine. The authorization and issuance of a new class of capital stock could have the effect of delaying or preventing someone from taking control of us, even if a change in control were in our stockholders' best interests.

***Maryland business statutes may limit the ability of a third party to acquire control of us.***

As a Maryland corporation, we are subject to various Maryland laws that may have the effect of discouraging offers to acquire us and increasing the difficulty of consummating any such offers, even if our acquisition would be in our stockholders' best interests. The Maryland General Corporation Law restricts mergers and other business combination transactions between us and any person who acquires beneficial ownership of shares of our stock representing 10% or more of the voting power without our Board of Directors' prior approval. Any such business combination transaction could not be completed until five years after the person acquired such voting power, and generally only with the approval of stockholders representing 80% of all votes entitled to be cast and 66<sup>2</sup>/<sub>3</sub>% of the votes entitled to be cast, excluding the interested stockholder, or upon payment of a fair price. Maryland law also provides generally that a person who acquires shares of our capital stock that represent 10% or more of the voting power in electing directors will have no voting rights unless approved by a vote of two-thirds of the shares eligible to vote. Additionally, Maryland law provides, among other things, that the board of directors has broad discretion in adopting stockholders' rights plans and has the sole power to fix the record date, time and place for special meetings of the stockholders. In addition, Maryland law provides that corporations that:

have at least three directors who are not employees of the entity or related to an acquiring person; and

are subject to the reporting requirements of the Securities Exchange Act of 1934,

may elect in their charter or bylaws or by resolution of the board of directors to be subject to all or part of a special subtitle that provides that:

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 in the election of 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 charter or bylaws;



vacancies may only be filled by the remaining directors, even if the procedure is contrary to the charter or bylaws; and

the secretary of the corporation may call a special meeting of stockholders at the request of stockholders only on the written request of the stockholders entitled to cast at least a majority of all the votes entitled to be cast at the meeting, even if the procedure is contrary to the charter or bylaws.

To date, we have not made any of the elections described above.

***Lack of Public Market for the Class V Preferred Stock.***

There is no established trading market for the Class V Preferred Stock. Although we intend to apply to list the Class V Preferred Stock on the NYSE, we cannot assure you either that we will make that application, or that it will be accepted. Moreover, while the underwriters have informed us that they intend to make a market in the Class V Preferred Stock, they are not obligated to do so and may discontinue market making activities at any time without notice. Accordingly, we cannot assure you that a trading market for the Class V Preferred Stock will develop. Moreover, if a market for the Class V Preferred Stock does develop, the Class V Preferred Stock could trade below the initial public offering price. The initial public offering price will be determined by agreement between us and the underwriters and may not be indicative of the market price for Class V Preferred Stock after the offering. If a market for the Class V Preferred Stock does not develop, you may be unable to resell the Class V Preferred Stock for an extended period of time, if at all. Future trading prices of the Class V Preferred Stock will depend upon many factors, including among other things, our operating results.

**USE OF PROCEEDS**

We intend to contribute the net proceeds from the sale of the Class V Preferred Stock, estimated to be approximately \$72.4 million after deducting the underwriting discount and estimated offering expenses of approximately \$2.6 million, to the Aimco Operating Partnership in exchange for a preferred interest in the Aimco Operating Partnership. The terms of the preferred interest in the Aimco Operating Partnership will be substantially equivalent to the terms of the Class V Preferred Stock. We intend to use the net proceeds to redeem \$22.4 million of Class D Cumulative Preferred Stock and \$50 million of Class N Convertible Cumulative Preferred Stock. This redemption will be funded by the Aimco Operating Partnership's concurrent redemption of \$22.4 million of Class D Partnership Preferred Units and \$50 million of Class N Partnership Preferred Units that we hold.

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## CAPITALIZATION

The following table sets forth our capitalization at June 30, 2004 on a historical basis and on a pro forma basis to reflect the offering of the Class V Preferred Stock. The information set forth in the following table should be read in connection with, and is qualified in its entirety by reference to, the financial statements and notes thereto incorporated by reference in the accompanying prospectus. The following pro forma data assumes that the foregoing transactions occurred on June 30, 2004, and does not purport to be indicative of the capitalization of Aimco that would have resulted had such transactions in fact occurred on such date.

At June 30, 2004		
Historical	Pro Forma <sup>(1)</sup>	
(unaudited)		
(In thousands)		
<b>Debt:</b>		
Secured notes payable	\$ 4,541,102	\$ 4,541,102
Secured tax-exempt bond financing	1,229,367	1,229,367
Secured short term financing	628,600	628,600
Mandatorily redeemable preferred securities	15,019	15,019
<b>Minority Interest:</b>		
Minority interest in consolidated real estate partnerships	210,285	210,285
Minority interest in the Aimco Operating Partnership	269,719	269,719
<b>Stockholders' Equity:</b>		
Class D Cumulative Preferred Stock, \$.01 par value ("Class D Preferred Stock"), 4,200,000 shares authorized, 2,700,002 shares issued and outstanding on a historical basis and 1,802,501 shares issued and outstanding on a pro forma basis	67,500	45,100
Class G Cumulative Preferred Stock, \$.01 par value ("Class G Preferred Stock"), 4,050,000 shares authorized, 4,050,000 shares issued and outstanding on a historical and on a pro forma basis	101,000	101,000
Class N Convertible Cumulative Preferred Stock, \$.01 par value ("Class N Preferred Stock"), 4,000,000 shares authorized, 4,000,000 shares issued and outstanding on a historical basis and 2,000,000 shares issued and outstanding on a pro forma basis <sup>(2)</sup>	100,000	50,000
Class O Cumulative Convertible Preferred Stock, \$.01 par value ("Class O Preferred Stock"), 1,904,762 shares authorized,	100,000	100,000



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At June 30, 2004

1,904,762 shares issued and outstanding on a historical and on a pro forma basis <sup>(3)</sup>		
Class Q Cumulative Preferred Stock, \$.01 par value ("Class Q Preferred Stock"), 2,530,000 shares authorized, 2,530,000 shares issued and outstanding on a historical and on a pro forma basis	63,250	63,250
Class R Cumulative Preferred Stock, \$.01 par value ("Class R Preferred Stock"), 6,940,000 shares authorized, 6,940,000 shares issued and outstanding on a historical and on a pro forma basis	173,500	173,500
Class T Cumulative Preferred Stock, \$.01 par value ("Class T Preferred Stock"), 6,000,000 shares authorized, 6,000,000 shares issued and outstanding on a historical and on a pro forma basis	150,000	150,000
Class U Cumulative Preferred Stock, \$.01 par value ("Class U Preferred Stock"), 8,000,000 shares authorized, 8,000,000 shares issued and outstanding on a historical and on a pro forma basis	200,000	200,000

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Class V Cumulative Preferred Stock, 0 shares authorized and issued on a historical basis and 3,450,000 shares authorized and 3,000,000 issued on a pro forma basis		75,000	
Class A Common Stock, 436,962,738 shares authorized and 94,631,105 shares issued on a historical basis and 433,512,738 shares authorized and 94,631,105 shares issued on a pro forma basis	946		946
Additional paid-in capital	3,069,095		3,066,495
Unvested restricted stock	(21,018)		(21,018)
Notes due on common stock purchases	(39,647)		(39,647)
Distributions in excess of earnings	(1,121,842)		(1,121,842)
Total stockholders' equity	2,842,784		2,842,784
Total capitalization	\$ 9,736,876	\$	9,736,876

- (1) The pro forma basis reflects the issuance of the Class V Preferred Stock and the application of the net proceeds therefrom to redeem \$22.4 million of the Class D Cumulative Preferred Stock and \$50 million of Class N Convertible Cumulative Preferred Stock, as if such transactions had occurred on June 30, 2004.
- (2) Each share is convertible into approximately 0.4762 shares of Class A common stock
- (3) Each share is convertible into approximately one share of Class A common stock.

**THE COMPANY**

Apartment Investment and Management Company, or Aimco, is a Maryland corporation incorporated on January 10, 1994. We are a self-administered and self-managed real estate investment trust, or REIT, engaged in the acquisition, ownership, management and redevelopment of apartment properties. As of June 30, 2004, we owned or managed a real estate portfolio of 1,578 apartment properties containing 278,011 apartment units located in 47 states, the District of Columbia and Puerto Rico. Based on apartment unit data compiled by the National Multi Housing Council, as of December 31, 2003, we were the largest REIT owner and operator of multifamily apartment properties in the United States. Our portfolio includes garden style, mid-rise and high-rise properties and we serve approximately one million residents per year.

We own an equity interest in and consolidate the majority of the properties in our owned real estate portfolio. These properties represent the consolidated real estate holdings in our financial statements, or consolidated properties. In addition, we have an equity interest in but do not consolidate certain properties that are accounted for under the equity method. These properties represent the investment in unconsolidated real estate partnerships in our financial statements, or unconsolidated properties. Additionally, we manage (both property and asset) but do not own an equity interest in other properties, although in certain cases we may indirectly own generally less than one percent of the operations of such properties through a partnership syndication or other fund. The equity holdings and managed properties are as follows as of June 30, 2004:

	<b>Total Portfolio</b>	
	<b>Properties</b>	<b>Units</b>
Consolidated properties	698	174,760
Unconsolidated properties	382	54,245
Property managed for third parties	82	9,534
Asset managed for third parties	416	39,472
<b>Total</b>	<b>1,578</b>	<b>278,011</b>

We own a majority of the ownership interests in AIMCO Properties, L.P., which we refer to as the Aimco Operating Partnership. Through our wholly owned subsidiaries, AIMCO-GP, Inc. and AIMCO-LP, Inc, we held approximately a 90% interest in the common partnership units and equivalents of the Aimco Operating Partnership as of June 30, 2004. We conduct substantially all of our business and own substantially all of our assets through the Aimco Operating Partnership.

Since our initial public offering in July 1994, we have completed numerous acquisition transactions, expanding our portfolio of owned or managed properties from 132 properties with 29,343 apartment units to 1,578 properties with 278,011 apartment units as of June 30, 2004. These acquisitions have included purchases of properties and interests in entities that own or manage properties, as well as corporate mergers.

Our principal executive offices are located at 4582 South Ulster Street Parkway, Suite 1100, Denver, Colorado 80237 and our telephone number is (303) 757-8101. Our website is located at [www.aimco.com](http://www.aimco.com); the information available on our website is not incorporated into this prospectus supplement.

**Business Overview**

Our principal objective is to increase long-term stockholder value, which we believe results from increasing asset values, increasing operating cash flows and long-term, predictable Funds From Operations, or FFO (as defined by the National Association of Real Estate Investment Trusts), per share of common stock, less capital spending for capital replacements.

We strive to meet our objectives by focusing on property operations, portfolio management, reinvestment in properties, and by using leverage that is largely long-term, non-recourse and property specific.

*Property Operations: Conventional and Aimco Capital*

Our property operations are divided into two business components: conventional and affordable. Our conventional operations, which typically are market-rate apartments with rents paid by the resident, include 616 properties and 172,635 units. Our affordable operations, which typically are apartments with rents set by a government agency and frequently subsidized or paid by a government agency, include 464 properties with 56,370 units organized under Aimco Capital.

Our property operations are characterized by diversification of product, location and price point. We operate a broad range of property types, from suburban garden-style to urban high-rise properties in 47 states, the District of Columbia and Puerto Rico at a broad range of average monthly rental rates, with most between \$500 and \$1,200 per month, and reaching as much as \$2,900 per month at some of our premier properties. This geographic diversification insulates us, to some degree, from inevitable downturns in any one market.

**Conventional**

Our conventional operations are organized into 17 regional operating centers, or ROCs, each of which is supervised by a Regional Vice President, or RVP. The ROCs are generally smaller business units with specialized operational, financial and human resource leadership. We seek to improve the operating results from our property operations by, among other methods, combining centralized financial control and uniform operating procedures with localized property management decision-making and market knowledge. In 2003, we renewed our focus on the ROCs overseeing our conventional operations. To manage our nationwide portfolio more efficiently and to increase the benefits from our local management expertise, we increased the level of accountability at the regional operating center level by giving direct responsibility for operations to the RVP with oversight from extensive regular reviews with senior management. To enable the RVPs to focus on sales and service, we narrowed the ROC mission and provided the ROCs with more resources, better systems, greater focus, and in many cases new leadership. In particular, we hired a dedicated regional financial officer to support each RVP, by improving financial control and budgeting. We also developed an expanded construction services group to handle all site work beyond routine maintenance, thus eliminating the need for RVPs to spend time on oversight of construction projects. We improved our corporate-level oversight of conventional property operations by developing better systems, standardizing business goals, operational measurements and internal reporting, and enhancing financial controls over field operations. We believe that these changes will enable our regional and community managers to benefit from more organizational clarity, more and better information, and more tools to help them make quicker, better decisions closer to the property and to the customer, including the areas discussed below.

*Resident Selection and Retention.* In apartment properties, neighbors are a part of the product together with the location of the property and the physical quality of the apartment units. Part of our conventional operations strategy focuses on resident acquisition and retention – attracting and retaining residents who are good neighbors and are credit worthy. We standardized residential financial stability requirements and raised the standard across our portfolio to reduce turnover costs and improve retention. We believe that the costs exceed the benefits when higher occupancy results from financially riskier residents or lowering financial stability standards.

*Revenue Increases.* We increase rents where feasible and seek to improve occupancy rates. We are also focused on the automation of on-site operations, as we believe that timely and accurate collection of property performance and resident profile data will enable us to maximize revenue through better property management and leasing decisions. We implemented standardized policies for new and renewal pricing with timely data and analyses by floor-plan, thereby enabling us to maximize our ability to modify pricing, even in challenging sub-markets. In addition, we intend to continue our emphasis on the quality of our on-site employees through recruiting, training and retention programs, which we believe lead to increased occupancy rates through improved customer service and enhanced performance.

*Controlling Expenses.* Cost controls are accomplished by local focus at the ROC level and by taking advantage of economies of scale at the corporate level. As a result of the size of our portfolio and our creation of regional concentrations of properties, we have the ability to spread over a large property base fixed costs for general and administrative expenditures and certain operating functions, such as purchasing, insurance and information technology. We are automating our supply chain to provide better control over purchasing decisions and to take advantage of volume discounts.

*Ancillary Services.* We believe that our ownership and management of properties provide us with unique access to a customer base that allows us to provide additional services and thereby increase occupancy and rents, while also generating incremental revenue. We currently provide cable television, telephone services, appliance rental, and carport, garage and storage space rental at certain properties.

### **Aimco Capital**

Aimco is among the largest owners and operators of affordable properties in the United States. We formed Aimco Capital in 2002 to focus on our affordable housing properties, the operations of which are most often subsidized by HUD, state housing agencies or tax credit financing. Aimco Capital has organized its property operations and asset management under a management team dedicated to this sector. Aimco Capital operates through four ROCs. Aimco Capital also generates income from asset management (compliance oversight for its owned and operated affordable portfolio as well as two other large portfolios that are asset managed only) and transactional activity related to its affordable holdings such as dispositions, tax credit redevelopment and refinancings.

### *Portfolio Management*

Starting in 2003, we began to view our conventional property portfolio in terms of "core" and "non-core" properties. Core properties are those properties that are located in selected markets, many where population and employment growth are expected to exceed national trends and where we believe that we can become a regionally significant owner. We categorize core properties among: "preferred markets" which are typically coastal, with high barriers to entry and home prices and median incomes above the national average; "growth markets" which are typically in sunbelt regions with expectations of above average job growth; and "stable markets" which are located in Midwest areas with limited new construction but also limited job growth. We intend to hold and improve core properties over the long-term and seek an allocation of properties among the above three categories in order to reduce volatility of our overall property operations. At June 30, 2004, we had 376 conventional core properties in 46 selected markets. Within our core portfolio, for the three months ended June 30, 2004, the largest single market (Washington, D.C.) contributed approximately 11%, and the five largest markets (Washington, D.C., greater Los Angeles, New England, Philadelphia and Chicago) together contributed approximately 37%, to income before depreciation and interest expense. Non-core properties are those properties located in other markets or in less favored locations within the 46 selected markets, which we generally intend to hold for investment for the intermediate term. At June 30, 2004, we had 240 conventional non-core properties.

Portfolio management includes expanding our core portfolio through acquisitions of properties located in selected markets throughout the United States. We specifically seek investments in a variety of asset qualities and types in the selected markets at a purchase price below replacement cost. Currently, we acquire properties and property interests primarily in two ways:

the direct acquisition of a property or portfolio of properties through a purchase from, or a merger or business combination with, an entity that owns or controls the property or portfolio being acquired; and

the purchase from third parties, subject to our fiduciary duties, of additional interests in partnerships where we own a general partnership interest. These are typically executed for cash or

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partnership common units in the Aimco Operating Partnership ("OP Units"). Since 1996, we have completed over 2,700 tender offers with respect to various partnerships resulting in over 160,000 transactions totaling approximately \$873 million in cash paid and OP Units issued to purchase additional interests in such partnerships.

Portfolio management also includes dispositions of properties located in other markets, properties located in less desirable sub-markets or properties that do not meet our long-term investment criteria. The sales of non-core properties partially fund our acquisitions. In 2003, we sold 77 non-core properties, generating net cash proceeds to us, after repayment of existing debt, payment of transaction costs and distributions to limited partners, of \$281 million. During the six months ended June 30, 2004, we sold 21 non-core properties, and we expect to sell an additional 30 to 35 non-core properties during the six months ending December 31, 2004. By December 31, 2004, we expect to have exited entirely 25 markets, including Alabama, Mississippi, Oklahoma, Iowa, West Virginia, Louisville, Kentucky, Midland and Odessa, Texas and Texarkana, Texas.

### *Reinvestment in Properties*

We believe that the physical condition and amenities of our apartment properties are important factors in our ability to maintain and increase rental rates. In 2003, we spent \$563 per owned apartment unit for capital replacements, which are expenditures required to maintain the related asset, and \$17 per owned apartment unit for capital enhancements, which are expenditures that add a new feature or revenue source.

In addition to upkeep and maintenance of our properties, we focus on the redevelopment of certain properties each year. We believe redevelopment of certain properties in superior locations provides advantages over ground-up development, enabling us to generate rents comparable to new properties with relatively lower financial risk, in less time and with reduced delays associated with governmental permits and authorizations. During 2003, we completed several redevelopment projects including major projects in Cincinnati, Ohio; Atlanta, Georgia; and Indianapolis, Indiana. Total spending on the completed projects, from project inception through completion, was approximately \$73 million. As of June 30, 2004, we had 21 conventional properties with 9,735 units and 10 affordable properties with 1,970 units under redevelopment. Redevelopment expenditures for these 21 conventional properties with ongoing redevelopment activities will require an estimated total spending of \$463.3 million, of which approximately \$83.2 million remains to be spent. Our share of the estimated total spending on those properties is \$345.8 million of which approximately \$57.7 million remains to be spent. In 2003, our specialized redevelopment team was expanded to include a Construction Service Group to oversee both major capital replacement and redevelopment projects. These experts include engineers, architects and construction managers which provide us the infrastructure to complete as many as 40 moderate-sized redevelopments (i.e., in the range of approximately \$2 to \$10 million) per year.

### **Our Taxation**

We have elected to be taxed as a REIT under the Code, commencing with our taxable year ended December 31, 1994, and intend to continue to operate in such a manner. Our current and continuing qualification as a REIT depends on our ability to meet the various requirements imposed by the Code, through actual operating results, distribution levels and diversity of stock ownership. If we qualify for taxation as a REIT, we will generally not be subject to United States Federal corporate income tax on our net income that is currently distributed to stockholders. This treatment substantially eliminates the "double taxation" (at the corporate and stockholder levels) that generally results from investment in a corporation.

Even if we qualify as a REIT, we may be subject to United States Federal income and excise taxes in various situations, such as on our undistributed income. We also will be required to pay 100% tax on non-arms length transactions between us and a taxable REIT subsidiary, or TRS (as described below), and on any net income from sales of property that the IRS successfully asserts was property held for sale to

customers in the ordinary course. We and our stockholders may be subject to state or local taxation in various state or local jurisdictions, including those in which we or they transact business or reside. Any taxes imposed on us would reduce our operating cash flow. The state and local tax treatment that we and our stockholders receive may not conform to the United States Federal income tax treatment.

Certain of our operations (property management, asset management, risk, etc.) are conducted through our taxable REIT subsidiaries. A TRS is a C-corporation that has not elected REIT status and as such is subject to United States Federal corporate income tax. We use the TRS format to facilitate our ability to offer certain services and activities to our residents that are not generally considered as qualifying REIT activities. If we fail to properly structure and provide such nonqualifying services through our taxable REIT subsidiaries, our ability to satisfy the REIT income requirement and, also, our REIT status may be jeopardized. Several provisions of the Code regarding arrangements between a REIT and a TRS ensure that a TRS will be subject to an appropriate level of federal income taxation. For example, a TRS is limited in its ability to deduct interest payments made to its REIT owner. We would be obligated to pay a 100% penalty tax on some payments that we receive from, or on certain expenses deducted by, our taxable REIT subsidiaries, if the IRS were to assert successfully that the economic arrangement between us and our taxable REIT subsidiaries are not comparable to similar arrangements among unrelated parties.

### **Competition**

In attracting and retaining residents to occupy our properties we compete with numerous other housing alternatives. Our properties compete directly with other rental apartments, as well as with condominiums and single-family homes that are available for rent or purchase in the markets in which our properties are located. Principal factors of competition include rent charged, attractiveness of the location and property and quality and breadth of services. The number of competitive properties in a particular area has a material effect on our ability to lease apartment units at our properties and on the rents we charge. Additionally, we compete with other real estate investors, including other apartment REITs, pension and investment funds, partnerships and investment companies in acquiring, redeveloping and managing apartment properties. This affects our ability to acquire properties we want to add to our portfolios and the price that we pay in such acquisitions.

### **Regulation**

#### *General*

Apartment properties are subject to various laws, ordinances and regulations, including regulations relating to recreational facilities such as swimming pools, activity centers and other common areas. Changes in laws increasing the potential liability for environmental conditions existing on properties or increasing the restrictions on discharges or other conditions, as well as changes in laws affecting development, construction and safety requirements, may result in significant unanticipated expenditures, which would adversely affect our cash flows from operating activities. In addition, future enactment of rent control or rent stabilization laws or other laws regulating multifamily housing may reduce rental revenue or increase operating costs in particular markets.

#### *SEC Investigation*

As previously disclosed, the Central Regional Office of the United States Securities and Exchange Commission (the "SEC") is conducting a formal investigation relating to certain matters. Although the staff of the SEC is not limited in the areas that it may investigate, we believe the areas of investigation include our miscalculated monthly net rental income figures in third quarter 2003, forecasted guidance, accounts payable, rent concessions, vendor rebates, capitalization of expenses and payroll, and tax credit transactions. We are cooperating fully. We are not able to predict when the matter will be resolved. We do not believe that the ultimate outcome will have a material adverse effect on our consolidated financial condition or results of operations taken as a whole.

*Environmental*

Various Federal, state and local laws subject property owners or operators to liability for management, and the costs of removal or remediation, of certain hazardous substances present on a property. Such laws often impose liability without regard to whether the owner or operator knew of, or was responsible for, the release or presence of the hazardous substances. The presence of, or the failure to manage or remedy properly, hazardous substances may adversely affect occupancy at affected apartment communities and the ability to sell or finance affected properties. In addition to the costs associated with investigation and remediation actions brought by government agencies, the presence of hazardous substances on a property could result in claims by private plaintiffs for personal injury, disease, disability or other infirmities. Various laws also impose liability for the cost of removal, remediation or disposal of hazardous substances through a licensed disposal or treatment facility. Anyone who arranges for the disposal or treatment of hazardous substances is potentially liable under such laws. These laws often impose liability whether or not the person arranging for the disposal ever owned or operated the disposal facility. In connection with the ownership, operation and management of properties, we could potentially be liable for environmental liabilities or costs associated with our properties or properties we acquire or manage in the future.

We are aware of lawsuits against owners and managers of multifamily properties asserting claims of personal and bodily injury and property damage caused by the presence of mold, some of which have resulted in substantial monetary judgments or settlements. We have been named as a defendant in lawsuits that have alleged personal and bodily injury as a result of the presence of mold. Prior to March 1, 2002, we generally were insured against claims arising from the presence of mold due to water intrusion. However, since March 1, 2002, our insurance coverage for property damage loss claims arising from the presence of mold has become more limited and generally includes only limited coverage for catastrophic property damage due to mold. In addition, since December 31, 2002, our liability insurance coverage for personal and bodily injury claims related to mold exposure has also become more limited, and our liability insurance covers only third party property damage.

We have implemented a national policy and procedures to prevent or eliminate mold from our properties. Our policy and procedures are based on guidelines established by various Federal, state and local bodies. We believe that our measures will eliminate, or at least minimize, the effects that mold could have on our residents. To date, we have not incurred any material costs or liabilities relating to claims of mold exposure or to abate mold conditions. Because the law regarding mold is unsettled and subject to change we can make no assurance that liabilities resulting from the presence of or exposure to mold will not have a material adverse effect on our consolidated financial condition or results of operations taken as a whole.

**Insurance**

We believe that our insurance coverages adequately insure our properties against the risk of loss attributable to fire, earthquake, hurricane, tornado, flood and other perils. Beginning in March 2004, for property insurance at our conventional properties, we have a retention of \$250,000. Third party insurance covers losses in excess of our \$250,000 retention up to a limit of \$500 million. Also, if a specific covered loss in our conventional portfolio exceeds \$2.75 million, we have an annual aggregate retention of \$2 million, and third party insurance covers losses in excess of that \$2 million retention, again up to a limit of \$500 million. With respect to property insurance at our affordable properties, each property has a deductible of \$25,000 per loss. Third party insurance covers losses in excess of that deductible, subject to the same annual aggregate retention of \$2 million as described above, but for losses above \$2.5 million, and up to a limit of \$500 million. In addition, beginning in 2004, we have self-insured retentions for workers' compensation and general liability coverage of \$500,000 each per incident. Third party insurance covers losses in excess of our \$500,000 retention. We have established loss prevention, loss mitigation, claim handling, litigation management, and loss reserving procedures to manage our exposure.

**Employees**

We currently have approximately 7,450 employees, of which approximately 6,300 are at the property level, performing various on-site functions, with the balance managing corporate and regional operations, including investment and debt transactions, legal, financial reporting, accounting, information systems, human resources and other support functions. Unions represent approximately 210 of our employees. We have never experienced a work stoppage and believe we maintain satisfactory relations with our employees.



**DESCRIPTION OF CLASS V CUMULATIVE PREFERRED STOCK**

The following summary of the material terms and provisions of the Class V Preferred Stock does not purport to be complete and is qualified in its entirety by reference to the pertinent sections of our charter and the articles supplementary to our charter establishing the Class V Preferred Stock, each of which is available from us. This description of the particular terms of the Class V Preferred Stock supplements, and to the extent inconsistent therewith, replaces, the description of the general terms and provisions of our preferred stock set forth in the accompanying prospectus. For purposes of this section, when we refer to "we," "us" or "the Company," we are referring only to Apartment Investment and Management Company.

**General**

Under our charter, we are authorized to issue up to 510,587,500 shares of our capital stock, including common stock and preferred stock. As of September 20, 2004, 436,962,738 shares were classified as Class A common stock and 73,624,762 shares were classified as preferred stock.

We are authorized to issue shares of preferred stock in one or more classes or subclasses, with such designations, preferences, conversion and other rights, voting powers, restrictions, limitations as to dividends, qualifications and terms and conditions of redemption, in each case, if any as are permitted by Maryland law and as our Board of Directors may determine by resolution. See "Description of Preferred Stock" in the accompanying prospectus. The Class V Preferred Stock will be a class of Aimco's preferred stock. A total of 3,450,000 shares of Class V Preferred Stock will be authorized and the authorized shares of Class A common stock will be reduced accordingly. Our other authorized and outstanding classes and series of preferred stock are as follows as of September 20, 2004:

Class	Shares Authorized	Shares Outstanding
Class B Preferred Stock	750,000	
Class C Preferred Stock	2,400,000	
Class D Preferred Stock	4,200,000	2,700,002
Class G Preferred Stock	4,050,000	4,050,000
Class H Preferred Stock	2,000,000	
Class I Preferred Stock	10,000,000	
Class J Preferred Stock	1,250,000	
Class K Preferred Stock	5,000,000	
Class L Preferred Stock	5,000,000	
Class M Preferred Stock	1,600,000	
Class N Preferred Stock	4,000,000	4,000,000
Class O Preferred Stock	1,904,762	1,904,762
Class P Preferred Stock	4,000,000	
Class Q Preferred Stock	2,530,000	2,530,000
Class R Preferred Stock	6,940,000	6,940,000
Class S Preferred Stock	4,000,000	
Class T Preferred Stock	6,000,000	6,000,000
Class U Preferred Stock	8,000,000	8,000,000

**Ranking**

The Class V Preferred Stock, with respect to dividend rights and rights upon liquidation, dissolution or winding up of Aimco, will rank (a) prior or senior to the common stock and any other class or series of our capital stock if the holders of Class V Preferred Stock are entitled to receive dividends or amounts distributable upon liquidation, dissolution or winding up in preference or priority to the holders of shares of such class or series ("Junior Stock"); (b) on a parity with the Class B Preferred Stock, the Class C

Preferred Stock, the Class D Preferred Stock, the Class G Preferred Stock, the Class H Preferred Stock, the Class I Preferred Stock, the Class J Preferred Stock, the Class K Preferred Stock, the Class L Preferred Stock, the Class M Preferred Stock, the Class N Preferred Stock, the Class O Preferred Stock, the Class P Preferred Stock, the Class Q Preferred Stock, the Class R Preferred Stock, the Class S Preferred Stock, the Class T Preferred Stock, the Class U Preferred Stock and any other class or series of our capital stock if the holders of such class or series of stock and the Class V Preferred Stock shall be entitled to receive dividends and amounts distributable upon liquidation, dissolution or winding up in proportion to their respective amounts of accrued and unpaid dividends per share or liquidation preferences, without preference or priority of one over the other ("Parity Stock"); and (c) junior to any class or series of our capital stock if the holders of such class or series shall be entitled to receive dividends and amounts distributable upon liquidation, dissolution or winding up in preference or priority to the holders of the Class V Preferred Stock ("Senior Stock").

#### **Dividends**

Holders of Class V Preferred Stock shall be entitled to receive, when and as declared by our Board of Directors, out of funds legally available for payment, quarterly cash dividends on the Class V Preferred Stock in an amount per share equal to \$.50 per share. The dividends shall be cumulative from September 29, 2004, the date of original issue, whether or not in any dividend period or periods we declare any dividends or have funds legally available for the payment of such dividend. We shall pay dividends quarterly on January 15, April 15, July 15 and October 15 of each year or, if not a business day, the next succeeding business day (each a "Dividend Payment Date"), beginning January 15, 2005. Any dividend payable on the Class V Preferred Stock for any partial dividend period will be computed ratably on the basis of twelve 30-day months and a 360-day year. The initial dividend payable on the Class V Preferred Stock will be \$.58889 per share. Dividends will be payable in arrears to holders of record as they appear on our stock records at the close of business on the January 1, April 1, July 1 or October 1, as the case may be, before the applicable Dividend Payment Date. Holders of Class V Preferred Stock shall not be entitled to receive any dividends in excess of cumulative dividends on the Class V Preferred Stock. No interest, or sum of money in lieu of interest, shall be payable in respect of any dividend payment or payments on the Class V Preferred Stock that may be in arrears.

When dividends are not paid in full upon the Class V Preferred Stock or any other class or series of Parity Stock, or a sum sufficient for such payment is not set apart, all dividends declared upon the Class V Preferred Stock and any shares of Parity Stock shall be declared ratably in proportion to the respective amounts of dividends accumulated, accrued and unpaid on the Class V Preferred Stock and accumulated, accrued and unpaid on such Parity Stock. Except as set forth in the preceding sentence, unless dividends on the Class V Preferred Stock equal to the full amount of accumulated, accrued and unpaid dividends have been or contemporaneously are declared and paid or declared and a sum sufficient for the payment thereof has been or contemporaneously is set apart for such payment, for all past dividend periods, no dividends shall be declared or paid or set apart for payment by us and no other distribution of cash or other property may be declared or made, directly or indirectly, by us with respect to any shares of Parity Stock. Unless dividends equal to the full amount of all accumulated, accrued and unpaid dividends on the Class V Preferred Stock have been declared and paid, or declared and a sum sufficient for the payment thereof has been set apart for such payment, for all past dividend periods, no dividends (other than dividends or distributions paid in shares of Junior Stock or options, warrants or rights to subscribe for or purchase shares of Junior Stock) may be declared or paid or set apart for payment by us and no other distribution of cash or other property may be declared or made, directly or indirectly, by us with respect to any shares of Junior Stock, nor shall any shares of Junior Stock be redeemed, purchased or otherwise acquired (other than a redemption, purchase or other acquisition of common stock made for purposes of an employee incentive or benefit plan of ours or any subsidiary) for any consideration (or any monies be paid to or made available for a sinking fund for the redemption of any shares of any such stock), directly or indirectly, by us (except by conversion into or exchange for shares of Junior Stock, or options, warrants or

rights to subscribe for or purchase shares of Junior Stock), nor shall any other cash or other property be paid or distributed to or for the benefit of holders of shares of Junior Stock. Notwithstanding the foregoing provisions of this paragraph, we are not prohibited from (1) declaring or paying or setting apart for payment any dividend or distribution on any shares of Parity Stock or (2) redeeming, purchasing or otherwise acquiring any Parity Stock, in each case, if such declaration, payment, redemption, purchase or other acquisition is necessary to maintain our qualification as a REIT.

### **Liquidation Preference**

Upon our voluntary or involuntary liquidation, dissolution or winding up, before we make or set apart any payment or distribution for the holders of any shares of Junior Stock, the holders of shares of Class V Preferred Stock shall be entitled to receive a liquidation preference of \$25 per share (the "Class V Liquidation Preference"), plus an amount equal to all accumulated, accrued and unpaid dividends (whether or not earned or declared) to the date of final distribution to such holders. Holders of Class V Preferred Stock shall not be entitled to any further payment. Until the holders of the Class V Preferred Stock have been paid the Class V Liquidation Preference in full, plus an amount equal to all accumulated, accrued and unpaid dividends (whether or not earned or declared) to the date of final distribution to such holders, no payment shall be made to any holder of Junior Stock upon the liquidation, dissolution or winding up. If upon our liquidation, dissolution or winding up, our assets, or proceeds thereof, distributable among the holders of Class V Preferred Stock shall be insufficient to pay in full the above described preferential amount and liquidating payments on any other shares of any class or series of Parity Stock, then such assets, or the proceeds thereof, shall be distributed among the holders of Class V Preferred Stock and any such other Parity Stock ratably in the same proportion as the respective amounts that would be payable on such Class V Preferred Stock and any such other Parity Stock if all amounts payable thereon were paid in full. Our voluntary or involuntary liquidation, dissolution or winding up shall not include our consolidation or merger with one or more corporations, a sale or transfer of all or substantially all of our assets, or a statutory share exchange. Upon our liquidation, dissolution or winding up, after payment shall have been made in full to the holders of Class V Preferred Stock and any Parity Stock, any other series or class or classes of Junior Stock shall be entitled to receive any and all assets remaining to be paid or distributed, and the holders of the Class V Preferred Stock and any Parity Stock shall not be entitled to share therein.

### **Redemption**

We may not redeem the shares of Class V Preferred Stock prior to September 29, 2009, except in certain limited circumstances relating to maintaining our ability to qualify as a REIT as described in "Restrictions on Ownership and Transfer." On and after September 29, 2009, we may, at our option, redeem shares of Class V Preferred Stock, in whole or from time to time in part, at a cash redemption price equal to 100% of the Class V Liquidation Preference, plus all accumulated, accrued and unpaid dividends (whether or not earned or declared), if any, to the date fixed for redemption (the "Redemption Date"). The redemption price for the Class V Preferred Stock (other than any portion thereof consisting of accumulated, accrued and unpaid dividends) is payable solely with the proceeds from the sale of equity securities by us or the Aimco Operating Partnership (whether or not such sale occurs concurrently with such redemption). For purposes of the preceding sentence, "equity securities" means any common stock, preferred stock, depository shares, partnership or other interests, participations or other ownership interests (however designated) and any rights (other than debt securities convertible into or exchangeable at the option of the holder for equity securities (unless and to the extent such debt securities are subsequently converted into capital shares)) or options to purchase any of the foregoing securities issued by us or the Aimco Operating Partnership.

If we redeem any shares of Class V Preferred Stock and if the Redemption Date occurs after a dividend record date and on or prior to the related Dividend Payment Date, the dividend payable on such

Dividend Payment Date with respect to such shares called for redemption shall be payable on such Dividend Payment Date to the holders of record at the close of business on such dividend record date, and shall not be payable as part of the redemption price for such shares. We shall select the Redemption Date which shall not be less than 30 days nor more than 60 days after the date on which we send the notice of redemption. If full cumulative dividends on all outstanding shares of Class V Preferred Stock have not been paid or declared and set apart for payment, no shares of Class V Preferred Stock may be redeemed unless all outstanding shares of Class V Preferred Stock are simultaneously redeemed and neither we nor any of our affiliates may purchase or acquire shares of Class V Preferred Stock otherwise than pursuant to a purchase or exchange offer made on the same terms to all holders of Class V Preferred Stock.

If fewer than all the outstanding shares of Class V Preferred Stock are to be redeemed, we will select those shares to be redeemed pro rata or by lot or in such other manner as the Board of Directors may determine.

We shall mail notice of redemption of the Class V Preferred Stock to each holder of record of the shares to be redeemed by first class mail, postage prepaid at such holder's address as the same appears on our stock records. Any notice that was mailed as described above shall be conclusively presumed to have been duly given on the date mailed whether or not the holder receives the notice. Each notice shall state:

the Redemption Date;

the number of shares of Class V Preferred Stock to be redeemed;

the place or places where certificates for the shares of Class V Preferred Stock are to be surrendered; and

the redemption price payable on the Redemption Date, including, without limitation, a statement as to whether or not accumulated, accrued and unpaid dividends will be payable as part of the redemption price, or payable on the next Dividend Payment Date to the record holder at the close of business on the relevant record date as described above.

From and after the Redemption Date (unless we default in the payment of our redemption obligation), dividends on the shares of Class V Preferred Stock to be redeemed will cease to accumulate or accrue, the shares shall no longer be deemed to be outstanding and all rights of the holders thereof shall cease, except the right to receive the cash payable upon such redemption without interest thereon. If the Redemption Date occurs after a dividend record date and on or prior to the related Dividend Payment Date, record holders at the close of business on the record date will have the right to receive the dividend payable on the Dividend Payment Date.

The Class V Preferred Stock has no stated maturity and is not subject to any sinking fund or mandatory redemption provisions except as provided under " Restrictions on Ownership and Transfer."

Subject to applicable law and the limitation on purchases when dividends on the Class V Preferred Stock are in arrears, we may, at any time and from time to time, purchase any shares of Class V Preferred Stock in the open market, by tender or by private agreement.

#### **Voting Rights**

Holders of shares of Class V Preferred Stock do not have any voting rights, except as set forth below and except as otherwise required by applicable law.

If and whenever dividends on any shares of Class V Preferred Stock or any series or class of Parity Stock shall be in arrears for six or more quarterly periods, whether or not consecutive, the number of directors then constituting the Aimco Board of Directors shall be increased by two, if not already increased by reason of similar types of provisions with respect to shares of Parity Stock of any other class or series which is entitled to similar voting rights (the "Voting Preferred Stock"), and the holders of shares of

Class V Preferred Stock, together with the holders of shares of all other Voting Preferred Stock then entitled to exercise similar voting rights, voting as a single class regardless of series, will be entitled to vote for the election of the two additional directors of Aimco at any annual meeting of stockholders or at a special meeting of the holders of the Class V Preferred Stock and of the Voting Preferred Stock called for that purpose. We must call such special meeting upon the request of any holder of shares of Class V Preferred Stock. Whenever dividends in arrears on outstanding shares of the Class V Preferred Stock and the Voting Preferred Stock shall have been paid and dividends thereon for the current quarterly dividend period shall have been paid or declared and set apart for payment, then the right of the holders of the Class V Preferred Stock and of the Voting Preferred Stock to elect the additional two directors shall cease and the terms of office of the directors shall terminate and the number of directors constituting our Board of Directors shall be reduced accordingly.

The affirmative vote or consent of at least 66<sup>2</sup>/<sub>3</sub>% of the votes entitled to be cast by the holders of the outstanding shares of Class V Preferred Stock and the holders of all other classes or series of Parity Stock entitled to vote on such matters, voting as a single class, will be required to (1) authorize, create, increase the authorized amount of, or issue any shares of any class of Senior Stock or any security convertible into shares of any class of Senior Stock, or (2) amend, alter or repeal any provision of, or add any provision to, our charter or by-laws, if such action would materially adversely affect the voting powers, rights or preferences of the holders of the Class V Preferred Stock; provided, however, that no such vote of the holders of Class V Preferred Stock shall be required if, at or prior to the time such amendment, alteration or repeal is to take effect or the issuance of any such Senior Stock or convertible security is to be made, as the case may be, provisions are made for the redemption of all outstanding shares of Class V Preferred Stock. The amendment of or supplement to our charter to authorize, create, increase or decrease the authorized amount of or to issue Junior Stock, Class V Preferred Stock or any shares of any class of Parity Stock shall not be deemed to materially adversely affect the voting powers, rights or preferences of the holders of Class V Preferred Stock.

With respect to the exercise of the above-described voting rights, each share of Class V Preferred Stock shall have one (1) vote per share, except that when any other class or series of preferred stock shall have the right to vote with the Class V Preferred Stock as a single class, then the Class V Preferred Stock and such other class or series shall have one quarter of one (0.25) vote per \$25 of stated Class V Liquidation Preference.

#### **Transfer Agent**

The registrar and transfer agent for the Class V Preferred Stock will be EquiServe Trust Company, N.A.

#### **Restrictions on Ownership and Transfer**

Ownership of shares of Class V Preferred Stock by any person will be limited such that the sum of the aggregate value of all capital stock (including all shares of Class V Preferred Stock) owned directly or constructively by such person may not exceed 8.7% (or 15% in the case of certain pension trusts, registered investment companies and Mr. Considine) of the aggregate value of all outstanding shares of capital stock (the "Ownership Limit"). Our Board of Directors may, upon appropriate evidence, waive the Ownership Limit. Further, certain transfers which may have the effect of causing us to lose our status as a REIT are void ab initio.

Any person who acquires or attempts to acquire beneficial or constructive ownership of Class V Preferred Stock that will or may violate the Ownership Limit, or any person who would have owned Class V Preferred Stock except for the transfer of shares to the Trust as described below, is required to give notice immediately to us and provide us with such other information as we may request in order to determine the effect of such transfer on our status as a REIT.

If any transfer of Class V Preferred Stock occurs which, if effective, would result in any person beneficially or constructively owning Class V Preferred Stock in excess or in violation of the Ownership Limit (a "Prohibited Transferee"), such shares of Class V Preferred Stock in excess of the Ownership Limit shall be automatically transferred to a trustee in his capacity as trustee of a trust for the exclusive benefit of one or more charitable beneficiaries designated by us, and the Prohibited Transferee shall generally have no rights in such shares, except upon sale of the shares by the trustee. Such automatic transfer shall be deemed to be effective as of the close of business on the business day prior to the date of such violative transfer. Shares of Class V Preferred Stock held in the trust shall be issued and outstanding shares of Aimco. The Prohibited Transferee shall not benefit economically from ownership of any shares of Class V Preferred Stock held in the trust, shall have no rights to dividends and shall not possess any rights to vote or other rights attributable to the shares of Class V Preferred Stock held in the trust. The trustee shall have all voting rights and rights to dividends with respect to shares of Class V Preferred Stock held in the trust, which rights shall be exercised for the benefit of the charitable beneficiaries. Any dividend or other distribution paid prior to our discovery that shares of Class V Preferred Stock have been transferred to the trustee shall be repaid to us upon demand, and any dividend or other distribution declared but unpaid with respect to such shares shall be rescinded as void. Any dividend or distribution so disgorged or rescinded shall be paid to the trustee and held in trust for the charitable beneficiaries.

The trustee may sell the Class V Preferred Stock held in the trust to a person, designated by the trustee, whose ownership of the Class V Preferred Stock will not violate the Ownership Limit. Upon such sale, the interest of the charitable beneficiaries in the shares sold shall terminate and the trustee shall distribute the net proceeds of the sale to the Prohibited Transferee and to the charitable beneficiary as described below. The Prohibited Transferee shall receive the lesser of (i) the price paid by the Prohibited Transferee for the shares or if the Prohibited Transferee did not give value for the shares in connection with the event causing the shares to be held in the trust (*e.g.*, a gift, devise or other such transaction), the market price of such shares on the day of the event causing the shares to be held in the trust and (ii) the price per share received by the trustee from the sale or other disposition of the shares held in the trust. Any proceeds in excess of the amount payable to the Prohibited Transferee shall be payable to the charitable beneficiaries.

In addition, shares of Class V Preferred Stock held in the trust shall be deemed to have been offered for sale to us, or our designee, at a price per share equal to the lesser of (i) the price per share in the transaction that resulted in such transfer to the trust (or, in the case of a devise or gift, the market price at the time of such devise or gift) and (ii) the market price on the date we or our designee accepts such offer.

If our Board of Directors or a committee thereof determines that a transfer or proposed transfer of shares of Class V Preferred Stock violates or will violate the Ownership Limit or certain other provisions of our charter prohibiting transfers that may have the effect of causing us to lose our REIT status, our Board of Directors or a committee thereof is empowered to take any action it deems advisable to refuse to give effect to or to prevent such transfer, including causing us to redeem such shares at the then current market price and on such other terms and conditions as our Board of Directors may determine (including by means of the issuance of long-term indebtedness for the purpose of such redemption) and demanding the repayment of any dividends received in respect of such shares. In addition, our Board of Directors may take such action as it determines to be advisable to maintain our status as a REIT, including reducing the Ownership Limit in the event of a change in law.

All certificates representing Class V Preferred Stock will bear a legend referring to the restrictions described above.

Every owner of more than 5% (or such lesser percentage prescribed in regulations under the Internal Revenue Code) of the outstanding shares of Class V Preferred Stock, within 30 days after January 1 of each year, will be required to give written notice to us stating the name and address of such owner, the number of shares of Class V Preferred Stock that the owner beneficially owns and a description of the manner in which such shares are held. Each such owner shall provide to us such additional information as we may request in order to determine the effect, if any, of such ownership on our status as a REIT and to ensure compliance with the Ownership Limit. In addition, each stockholder shall provide to us such information as we may request, in its sole discretion, in order to determine our status as a REIT and to comply with the requirements of any taxing authority or governmental agency to determine any such compliance or to ensure compliance with the Ownership Limit.

### CERTAIN FEDERAL INCOME TAX CONSEQUENCES

The following summary of certain Federal income tax considerations regarding an investment in Class V Preferred Stock is based on current law, is for general information only and is not tax advice. This summary supplements the discussion set forth in the accompanying prospectus under the heading "Certain Federal Income Taxation Considerations." This discussion does not purport to deal with all aspects of taxation that may be relevant to particular investors in light of their personal investment or tax circumstances.

**EACH PROSPECTIVE PURCHASER IS ADVISED TO CONSULT HIS OR HER TAX ADVISOR REGARDING THE SPECIFIC TAX CONSEQUENCES TO HIM OR HER OF THE PURCHASE, OWNERSHIP AND SALE OF CLASS V PREFERRED STOCK AND OF THE COMPANY'S ELECTION TO BE TAXED AS A REAL ESTATE INVESTMENT TRUST, INCLUDING THE FEDERAL, STATE, LOCAL, FOREIGN INCOME AND OTHER TAX CONSEQUENCES OF SUCH PURCHASE, OWNERSHIP, SALE AND ELECTION, AND OF POTENTIAL CHANGES IN APPLICABLE TAX LAWS.**

#### Distributions on Class V Preferred Stock

For a discussion of the treatment of dividends and other distributions with respect to the shares of the Class V Preferred Stock, see "Certain Federal Income Taxation Considerations Taxation of Stockholders Taxable Domestic Stockholders," "Certain Federal Income Taxation Considerations Taxation of Tax-Exempt Stockholders," "Certain Federal Income Taxation Considerations Taxation of Stockholders Taxation of Foreign Stockholders" in the accompanying prospectus. In determining the extent to which a distribution with respect to the Class V Preferred Stock constitutes a dividend for tax purposes, the earnings and profits of Aimco will be allocated, on a pro rata basis, first to distributions with respect to any class of preferred stock, and then to Aimco common stock. Dividends with respect to the Class V Preferred Stock will not be eligible for the 15% maximum tax rate on "qualified dividends" received by individuals.

#### Redemption of Class V Preferred Stock

A redemption of the Class V Preferred Stock will be treated under Section 302 of the Internal Revenue Code as a dividend taxable at ordinary income tax rates (to the extent of Aimco's current or accumulated earnings and profits), unless the redemption satisfies certain tests set forth in Section 302(b) of the Code enabling the redemption to be treated as a sale or exchange of the Class V Preferred Stock. The redemption will satisfy such test if it (i) is "substantially disproportionate" with respect to the holder, (ii) results in a "complete termination" of the holder's stock interest in Aimco, or (iii) is "not essentially equivalent to a dividend" with respect to the holder, all within the meaning of Section 302(b) of the Code. In determining whether any of these tests have been met, shares considered to be owned by the holder by reason of certain constructive ownership rules set forth in the Code, as well as shares actually owned, must generally be taken into account. Because the determination as to whether any of the alternative tests of Section 302(b) of the Code is satisfied with respect to any particular holder of the Class V Preferred Stock will depend upon the facts and circumstances as of the time the determination is made, prospective investors are advised to consult their tax advisors to determine such tax treatment.

If a redemption of the Class V Preferred Stock is treated as a distribution that is taxable as a dividend, the amount of the distribution would be measured by the amount of cash and the fair market value of any property received by the stockholders. The stockholder's adjusted tax basis in such redeemed Class V Preferred Stock would be transferred to the holder's remaining stockholdings in Aimco. If, however, the stockholder has no remaining stockholdings in Aimco, such basis may, under certain circumstances, be transferred to a related person or it may be lost entirely.

### **Legislative or Other Actions Affecting REITS**

The rules dealing with Federal income taxation are constantly under review by persons involved in the legislative process and by the IRS and the U.S. Treasury Department. Changes to the Federal laws and interpretations thereof could adversely affect an investment in Aimco. The Jobs and Growth Tax Relief Reconciliation Act of 2003 (the "Act") reduced the maximum tax rates at which individuals are taxed on capital gains from 20% to 15% (from May 6, 2003 through 2008) and for dividends payable by taxable C corporations to individuals generally from 38.6% to 15% (from January 1, 2003 through 2008). While gains from the sale of the stock of REITs are eligible for the reduced 15% tax rates, dividends payable by REITs, including with respect to the Class V Preferred Stock are not eligible for the reduced tax rates except in limited circumstances. As a result, dividends received from REITs generally will continue to be taxed at ordinary income rates (now at a maximum of 35% through 2010). The more favorable tax rates applicable to regular corporate dividends could cause investors who are individuals to perceive investments in REITs to be relatively less attractive than investments in the stocks of non-REIT corporations that pay dividends, which could adversely affect the value of the stock of REITs, including our Class V Preferred Stock.

As stated in the accompanying prospectus under the heading "Certain Federal Income Taxation Considerations Information Reporting Requirements and Backup Withholding," holders of the Class V Preferred Stock may be subject to backup withholding on payments made with respect to, or cash proceeds of a sale or exchange of, the Class V Preferred Stock. Pursuant to the Act, the backup withholding rate on such payments is reduced from 30% to 28% through 2010, following which the rate increases to 31%.

In addition, recent revenue proposals, if enacted, would amend Section 163(j) of the Code to, among other things, further limit the ability of a taxable REIT subsidiary to deduct interest payments to a REIT.

### **Recently Adopted Treasury Regulations**

If a holder of the Class V Preferred Stock recognizes a loss upon a subsequent disposition of the Class V Preferred Stock in an amount that exceeds a prescribed threshold, it is possible that the provisions of recently adopted Treasury regulations involving "tax shelters" could apply to require a disclosure filing with the IRS concerning the loss generating transaction. While these regulations are directed towards tax shelters, they are quite broad, and apply to transactions that would not typically be considered tax shelters. In addition, legislative proposals have been introduced in Congress that, if enacted, would impose significant penalties for failure to comply with these requirements. You should consult your tax advisers concerning any possible disclosure obligation with respect to the receipt or disposition of the Class V Preferred Stock, or transactions that might be undertaken directly or indirectly by us. Moreover, you should be aware that we and other participants in the transactions involving us (including their advisors) might be subject to disclosure or other requirements pursuant to these regulations.

For a discussion of certain Federal income tax consequences relating to the acquisition, holding and disposition of the Class V Preferred Stock, please see the description in the accompanying prospectus under the heading "Certain Federal Income Taxation Considerations."



**UNDERWRITERS**

Under the terms and subject to the conditions in an underwriting agreement, dated September 24, 2004, the underwriters named below, for whom Morgan Stanley & Co. Incorporated, Raymond James & Associates, Inc. and RBC Dain Rauscher Inc. are acting as representatives, have severally agreed to purchase, and we have agreed to sell to them, the number of shares of Class V Preferred Stock set forth opposite their names below:

Name	Number of Shares
Morgan Stanley & Co. Incorporated	2,400,000
Raymond James & Associates, Inc.	300,000
RBC Dain Rauscher Inc.	300,000
Total	3,000,000

The underwriting agreement provides that the obligations of the several underwriters to pay for and accept delivery of the shares of Class V Preferred Stock offered by this prospectus supplement are subject to the approval of certain legal matters by their counsel and to certain other conditions. The underwriters are obligated to take and pay for all of the shares of Class V Preferred Stock offered in this offering if any are taken. However, the underwriters are not required to take or pay for the shares covered by the underwriters' over-allotment option described below.

The underwriters initially propose to offer some of the shares of Class V Preferred Stock directly to the public at the public offering price set forth on the cover page of this prospectus supplement and some of the shares of Class V Preferred Stock to certain dealers at a concession not in excess of \$.50 per share. The underwriters may allow, and such dealers may reallow, a concession not in excess of \$.45 per share on the sales to certain other dealers. If all of the shares are not sold at the initial offering price, the representatives may change the public offering price and other selling terms.

We have granted to the underwriters an option, exercisable for 30 days from the date of this prospectus supplement, to purchase up to an aggregate of 450,000 additional shares of Class V Preferred Stock at the public offering price set forth on the cover page of this prospectus supplement, less underwriting discounts and commissions. The underwriters may exercise such option solely for the purpose of covering over-allotments, if any, made in connection with the offering of the shares of the Class V Preferred Stock offered by this prospectus supplement. To the extent this option is exercised, each underwriter will become obligated, subject to certain conditions, to purchase approximately the same percentage of additional shares of Class V Preferred Stock as the number listed next to the underwriter's name in the preceding table bears to the total number of shares of Class V Preferred Stock listed next to the names of all underwriters in the preceding table. If the underwriters' option is exercised in full, the total price to the public would be \$86,250,000, the total underwriters' discounts and commissions would be \$2,716,875, and the total proceeds to us would be \$83,533,125.

During the period from the date of the Underwriting Agreement and continuing to and including the date that is thirty days after the closing for the issuance and sale of the Class V Preferred Stock, we will not, without the prior written consent of Morgan Stanley & Co. Incorporated on behalf of the underwriters, directly or indirectly, offer, sell, offer to sell, or otherwise dispose of any shares of Class V Preferred Stock or any other preferred shares or any other securities which are substantially similar to the Class V Preferred Stock (except for the shares of Class V Preferred Stock offered by this prospectus supplement and the accompanying prospectus).

Prior to this offering, there has been no public market for the Class V Preferred Stock. We intend to apply to list the Class V Preferred Stock on the NYSE under the symbol "AIVPrV." If this application is approved, trading of the Class V Preferred Stock on the NYSE is expected to begin within 30 days

following initial delivery of the Class V Preferred Stock. The underwriters have advised us that they intend to make a market in the Class V Preferred Stock prior to commencement of trading on the NYSE. The underwriters will have no obligation to make a market in the Class V Preferred Stock, however, and may cease market making activities, if commenced, at any time. No assurance can be given as to the liquidity of the trading market for the Class V Preferred Stock.

In order to meet one of the requirements for listing the Class V Preferred Stock on the NYSE, the underwriters will undertake to sell the Class V Preferred Stock to a minimum of 400 or more beneficial holders.

We estimate that our expenses in connection with this offering, excluding underwriting discounts and commissions, will be \$200,000.

In order to facilitate the offering of the Class V Preferred Stock, the underwriters may engage in transactions that stabilize, maintain or otherwise affect the price of the Class V Preferred Stock. Specifically, the underwriters may over-allot in connection with this offering, creating short positions in the Class V Preferred Stock for their own account. In addition, to cover over-allotments or to stabilize the price of the Class V Preferred Stock, the underwriters may bid for, and purchase, Class V Preferred Stock in the open market. Finally, the underwriters may reclaim selling concessions allowed to an underwriter or dealer for distributing Class V Preferred Stock in this offering, if the underwriters maintain the market price of the Class V Preferred Stock above independent market levels. The underwriters are not required to engage in these activities and may end any of these activities at any time.

We have agreed to indemnify the underwriters against certain liabilities, including liabilities under the Securities Act of 1933, or to contribute to payments the underwriters may be required to make in respect of any of these liabilities.

In the ordinary course of the underwriters' respective business, the underwriters and their affiliates have engaged and may engage in commercial and investment banking transactions with us and our affiliates. The underwriters and their affiliates also provide or have provided advisory and other financial services. They have received customary fees and expenses for these commercial and investment banking transactions and for these advisory and other financial services.

#### **EXPERTS**

Ernst & Young LLP, independent registered public accounting firm, has audited our consolidated financial statements and schedule included in our Annual Report on Form 10-K for the year ended December 31, 2003, as set forth in their report, which is incorporated by reference in this prospectus and elsewhere in the registration statement. Our financial statements and schedule are incorporated by reference in reliance on Ernst & Young LLP's report, given on their authority as experts in accounting and auditing.

#### **LEGAL MATTERS**

Certain legal matters will be passed upon for us by Skadden, Arps, Slate, Meagher & Flom LLP, Los Angeles, California. Mayer, Brown, Rowe & Maw LLP, Chicago, Illinois will act as counsel for the underwriters. The legality of the shares of Class V Preferred Stock offered hereby will be passed upon for us by Piper Rudnick LLP, Baltimore, Maryland. Skadden, Arps, Slate, Meagher & Flom LLP and Mayer, Brown, Rowe & Maw LLP will rely on Piper Rudnick LLP as to certain matters of Maryland law.

**INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE**

We file annual, quarterly and special reports, proxy statements and other information with the SEC. You may read and copy any document we file at the SEC's public reference room at 450 Fifth Street, N.W., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the public reference room. Our SEC filings are also available to the public at the SEC's web site at <http://www.sec.gov> and on our website at [www.aimco.com](http://www.aimco.com). Our Securities Exchange Act of 1934 filing number is 1-13232.

The SEC allows us to "incorporate by reference" the information we file with them, which means that we can disclose important information to you by referring you to those documents. The information incorporated by reference is considered to be part of this prospectus supplement, and later information filed with the SEC will update and supersede this information. We incorporate by reference the documents listed below, any of such documents filed since the date this registration statement was filed and any future filings with the SEC under Section 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934 until the offering is completed:

Proxy Statement for the 2004 Annual Meeting of Stockholders of Aimco;

Aimco's Annual Report on Form 10-K for the year ended December 31, 2003;

Aimco's Quarterly Reports on Form 10-Q for the quarterly periods ended March 31, 2004 and June 30, 2004; and

Aimco's Current Reports on Form 8-K, dated December 30, 2003 (filed January 5, 2004), dated December 30, 2003 (filed January 6, 2004), dated February 24, 2004 (filed February 25, 2004), dated March 17, 2004 (filed March 19, 2004), dated March 29, 2004 (filed March 30, 2004), dated September 1, 2004 (filed September 2, 2004) and dated September 10, 2004 (filed September 13, 2004).

You may request a copy of these filings, at no cost, by writing or calling us at the following address and telephone number:

Corporate Secretary  
Apartment Investment and Management Company  
4582 South Ulster Street Parkway  
Suite 1100  
Denver, Colorado 80237  
(303) 757-8101

You should rely only on the information included or incorporated by reference in this memorandum. No person is authorized to provide you with different information.

PROSPECTUS

## **Apartment Investment and Management Company**

**\$1,049,096,085**

**Debt Securities**

**Preferred Stock**

**Equity Stock**

**Class A Common Stock**

**Warrants**

**Guarantees**

## **AIMCO Properties, L.P.**

**\$500,000,000**

**Debt Securities**

By this prospectus, we may offer debt securities of Apartment Investment and Management Company and AIMCO Properties, L.P., and preferred stock, equity stock, Class A common stock, warrants and guarantees of Apartment Investment and Management Company. We will provide the specific terms of these securities in supplements to this prospectus.

**You should carefully consider the matters discussed under "Risk Factors" set forth in the applicable prospectus supplement.**

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Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

This prospectus may not be used to sell securities unless accompanied by a prospectus supplement.

March 26, 2004

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You should rely only on the information contained in or incorporated by reference in this prospectus or any prospectus supplement. We have not authorized anyone to provide you with different information. We are not making an offer of these securities in any state where the offer is not permitted. You should not assume that the information contained in or incorporated by reference in this prospectus or any prospectus supplement is accurate as of any date other than the date on the front of those documents.

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