APARTMENT INVESTMENT & MANAGEMENT CO
Form DEF 14A
March 04, 2013
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the

Securities Exchange Act of 1934

(Amendment No.)

Filed by the Registrant x

Filed by a Party other than the Registrant ¨

Check the appropriate box:

¨ Preliminary Proxy Statement
¨ **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
x Definitive Proxy Statement
¨ Definitive Additional Materials
¨ Soliciting Material under Rule 14a-12

Apartment Investment and Management Company

(Name of registrant as specified in its charter)

(Name of person(s) filing proxy statement, if other than the registrant)

Payment of Filing Fee (Check the appropriate box):
x No fee required.

¨ Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.
(1) Title of each class of securities to which transaction applies:

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

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

(4) Proposed maximum aggregate value of transaction:

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¨ Fee paid previously with preliminary materials.

¨ Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

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

(3) Filing Party:

(4) Date Filed:

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4582 SOUTH ULSTER STREET, SUITE 1100

DENVER, COLORADO 80237

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

To Be Held On April 30, 2013

You are cordially invited to attend the 2013 Annual Meeting of Stockholders (the Meeting) of APARTMENT INVESTMENT AND MANAGEMENT COMPANY (Aimco or the Company) to be held on Tuesday, April 30, 2013, at 8:30 a.m. at Aimco s corporate headquarters, 4582 S. Ulster Street, Suite 1100, Denver, CO 80237, for the following purposes:

1. To elect seven directors, for a term of one year each, until the next Annual Meeting of Stockholders and until their successors are elected and qualify;

2. To ratify the selection of Ernst & Young LLP, to serve as independent registered public accounting firm for the Company for the fiscal year ending December 31, 2013;

3. To conduct an advisory vote on executive compensation; and

4. To transact such other business as may properly come before the Meeting or any adjournment(s) thereof.

Only stockholders of record at the close of business on February 22, 2013, will be entitled to notice of, and to vote at, the Meeting or any adjournment(s) thereof.

We are again pleased to take advantage of Securities and Exchange Commission (SEC) rules that allow issuers to furnish proxy materials to their stockholders on the Internet. We believe these rules allow us to provide our stockholders with the information they need, while lowering the costs of delivery and reducing the environmental impact of our Meeting.

On or about March 8, 2013, we intend to mail our stockholders a notice containing instructions on how to access our 2013 proxy statement (the Proxy Statement), Annual Report on Form 10-K for the year ended December 31, 2012, and 2012 Corporate Citizenship Report and vote online. The notice also provides instructions on how you can request a paper copy of these documents if you desire, and how you can enroll in e-delivery. If you received your annual materials via email, the email contains voting instructions and links to these documents on the Internet.

WHETHER OR NOT YOU EXPECT TO BE AT THE MEETING, PLEASE VOTE AS SOON AS POSSIBLE TO ENSURE THAT YOUR SHARES ARE REPRESENTED.

BY ORDER OF THE BOARD OF DIRECTORS

Lisa R. Cohn
Secretary

March 4, 2013

Important Notice Regarding the Availability of Proxy Materials for

Aimco s Annual Meeting of Stockholders to be held on April 30, 2013.

This Proxy Statement, Aimco s Annual Report on Form 10-K for the fiscal year ended December 31, 2012, and 2012 Corporate Citizenship Report are available free of charge at the following website: www.edocumentview.com/aiv.

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APARTMENT INVESTMENT AND MANAGEMENT COMPANY

4582 SOUTH ULSTER STREET, SUITE 1100

DENVER, COLORADO 80237

PROXY STATEMENT

FOR ANNUAL MEETING OF STOCKHOLDERS

TO BE HELD ON APRIL 30, 2013

The Board of Directors (the Board) of Apartment Investment and Management Company (Aimco or the Company) has made these proxy materials available to you on the Internet, or, upon your request, has delivered printed versions of these materials to you by mail. We are furnishing this Proxy Statement in connection with the solicitation by our Board of proxies to be voted at our 2013 Annual Meeting (the Meeting). The Meeting will be held on Tuesday, April 30, 2013, at 8:30 a.m. at Aimco s corporate headquarters located at 4582 South Ulster Street, Suite 1100, Denver, Colorado 80237, and at any and all adjournments or postponements thereof.

Pursuant to rules adopted by the SEC, we are providing access to our proxy materials over the Internet. Accordingly, we are sending a Notice of Internet Availability of Proxy Materials (the Notice) to each stockholder entitled to vote at the Meeting. The mailing of such Notice is scheduled to begin on or about March 8, 2013. All stockholders will have the ability to access the proxy materials over the Internet and request to receive a printed copy of the proxy materials by mail. Instructions on how to access the proxy materials over the Internet or to request a printed copy may be found in the Notice. In addition, the Notice includes instructions on how stockholders may request proxy materials in printed form by mail or electronically by email on an ongoing basis.

This solicitation is made by mail on behalf of Aimco s Board. Costs of the solicitation will be borne by Aimco. Further solicitation of proxies may be made by telephone, fax or personal interview by the directors, officers and employees of the Company and its affiliates, who will not receive additional compensation for the solicitation. The Company has retained the services of Eagle Rock Proxy Advisors, for an estimated fee of $3,500, plus out-of-pocket expenses, to assist in the solicitation of proxies from brokerage houses, banks, and other custodians or nominees holding stock in their names for others. The Company will reimburse banks, brokerage firms and other custodians, nominees and fiduciaries for reasonable expenses incurred by them in sending proxy material to stockholders.

Holders of record of the Class A Common Stock of the Company (Common Stock) as of the close of business on the record date, February 22, 2013 (the Record Date), are entitled to receive notice of, and to vote at, the Meeting. Each share of Common Stock entitles the holder to one vote. At the close of business on the Record Date, there were 145,858,179 shares of Common Stock issued and outstanding.

Whether you are a stockholder of record or hold your shares through a broker or nominee (*i.e.*, in street name) you may direct your vote without attending the Meeting in person.

If you are a stockholder of record, you may vote via the Internet by following the instructions in the Notice. If you request printed copies of the proxy materials by mail, you may also vote by signing and submitting your proxy card and returning by mail or by submitting your vote by telephone. You should sign your name exactly as it appears on the proxy card. If you are signing in a representative capacity (for example, as guardian, executor, trustee, custodian, attorney or officer of a corporation), you should indicate your name and title or capacity.

If you are the beneficial owner of shares held in street name, you may be eligible to vote your shares electronically over the Internet or by telephone by following the instructions in the Notice. If you request printed copies of the proxy materials by mail, you may also vote by signing the voter instruction card provided by your bank or broker and returning it by mail. If you provide specific voting instructions by mail, telephone or the Internet, your shares will be voted by your broker or nominee as you have directed.

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The persons named as proxies are officers of Aimco. All proxies properly submitted in time to be counted at the Meeting will be voted in accordance with the instructions contained therein. If you submit your proxy without voting instructions, your shares will be voted in accordance with the recommendations of the Board. Proxies may be revoked at any time before voting by filing a notice of revocation with the Corporate Secretary of the Company, by filing a later dated proxy with the Corporate Secretary of the Company or by voting in person at the Meeting.

You are entitled to attend the Meeting only if you were an Aimco stockholder or joint holder as of the Record Date or you hold a valid proxy for the Meeting. If you are not a stockholder of record but hold shares in street name, you should provide proof of beneficial ownership as of the Record Date, such as your most recent account statement prior to February 22, 2013, a copy of the voting instruction card provided by your broker, trustee or nominee, or other similar evidence of ownership.

The principal executive offices of the Company are located at 4582 South Ulster Street, Suite 1100, Denver, Colorado 80237.

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PROPOSAL 1:

ELECTION OF DIRECTORS

Pursuant to Aimco s Articles of Restatement (the Charter) and Amended and Restated Bylaws (the Bylaws), directors are elected at each annual meeting of stockholders and hold office for one year, and until their successors are duly elected and qualify. Aimco s Bylaws currently authorize a Board consisting of not fewer than three nor more than nine persons. The Board currently consists of seven directors.

The nominees for election to the Board selected by the Nominating and Corporate Governance Committee of the Board and proposed by the Board to be voted upon at the Meeting are:

James N. Bailey	Robert A. Miller
Terry Considine	Kathleen M. Nelson
Thomas L. Keltner	Michael A. Stein
J. Landis Martin	

Messrs. Bailey, Considine, Keltner, Martin, Miller, and Stein and Ms. Nelson were elected to the Board at the last Annual Meeting of Stockholders. Messrs. Bailey, Keltner, Martin, Miller, and Stein and Ms. Nelson are not employed by, or affiliated with, Aimco, other than by virtue of serving as directors of Aimco. Unless authority to vote for the election of directors has been specifically withheld, the persons named in the accompanying proxy intend to vote for the election of Messrs. Bailey, Considine, Keltner, Martin, Miller, and Stein and Ms. Nelson to hold office as directors for a term of one year until their successors are elected and qualify at the next Annual Meeting of Stockholders. All nominees have advised the Board that they are able and willing to serve as directors.

If any nominee becomes unavailable for any reason (which is not anticipated), the shares represented by the proxies may be voted for such other person or persons as may be determined by the holders of the proxies (unless a proxy contains instructions to the contrary). In no event will the proxy be voted for more than seven nominees.

In an uncontested election at the meeting of stockholders, any nominee to serve as a director of the Company will be elected if the director receives a vote of the majority of votes cast, which means that the number of shares voted for a director exceeds the number of votes against that director. With respect to a contested election, a plurality of all the votes cast at the meeting of stockholders will be sufficient to elect a director. If a nominee who currently is serving as a director receives a greater number of against votes for his or her election than votes for such election (a Majority Against Vote) in an uncontested election, Maryland law provides that the director would continue to serve on the Board as a holdover director. However, under Aimco s Bylaws, any nominee for election as a director in an uncontested election who receives a Majority Against Vote is obligated to tender his or her resignation to the Nominating and Corporate Governance Committee of the Board for consideration. The Nominating and Corporate Governance Committee will consider any resignation and recommend to the Board whether to accept it. The Board is required to take action with respect to the Nominating and Corporate Governance Committee s recommendation.

Brokers holding shares of record for customers generally are not entitled to vote on certain matters unless they receive voting instructions from their customers. If you are a beneficial owner of shares and do not provide your broker, as stockholder of record, with voting instructions, your broker has the authority under applicable stock market rules to vote those shares for or against routine matters at its discretion. Where a matter is not considered routine, including the election of the board of directors, shares held by your broker will not be voted (a broker non-vote) absent specific instruction from you, which means your shares may go unvoted and not affect the outcome if you do not specify a vote.

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For purposes of the election of directors, abstentions or broker non-votes as to the election of directors will not be counted as votes cast and will have no effect on the result of the vote. Unless instructed to the contrary in the proxy, the shares represented by the proxies will be voted FOR the election of the seven nominees named above as directors.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR

EACH OF THE SEVEN NOMINEES.

PROPOSAL 2:

RATIFICATION OF SELECTION OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The firm of Ernst & Young LLP, the Company s independent registered public accounting firm for the year ended December 31, 2012, was selected by the Audit Committee to act in the same capacity for the fiscal year ending December 31, 2013, subject to ratification by Aimco s stockholders. The aggregate fees billed for services rendered by Ernst & Young LLP during the years ended December 31, 2012 and 2011, are described below under the heading Principal Accountant Fees and Services.

Representatives of Ernst & Young LLP will be present at the Meeting and will be given the opportunity to make a statement if they so desire and to respond to appropriate questions.

The affirmative vote of a majority of the votes cast regarding the proposal is required to ratify the selection of Ernst & Young LLP. Abstentions or broker non-votes will not be counted as votes cast and will have no effect on the result of the vote on the proposal. Unless instructed to the contrary in the proxy, the shares represented by the proxies will be voted FOR the proposal to ratify the selection of Ernst & Young LLP to serve as the Company s independent registered public accounting firm for the fiscal year ending December 31, 2013.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR THE RATIFICATION OF

THE SELECTION OF ERNST & YOUNG LLP.

PROPOSAL 3:

ADVISORY VOTE ON EXECUTIVE COMPENSATION

Pursuant to Section 14A of the Securities Exchange Act of 1934, as amended, we provide our stockholders with the opportunity to vote to approve, on a nonbinding, advisory basis, the compensation of our named executive officers as disclosed in this proxy statement in accordance with the compensation disclosure rules of the SEC. Aimco s proxy statement for the 2011 annual meeting of stockholders contained a proposal for stockholders to indicate whether they would prefer that we conduct advisory votes on executive compensation once every one, two, or three years. The Board recommended that stockholders vote for an annual advisory vote on executive compensation, as it would allow our stockholders to provide timely, direct input on the Company s executive compensation philosophy, policies and practices as disclosed in the proxy statement each year. A majority of stockholders voted for an annual advisory vote on executive compensation. Accordingly, the Board decided it will include an advisory vote on executive compensation at each annual meeting of stockholders until the next required advisory vote on frequency of stockholder votes on executive compensation, which will occur no later than the 2017 annual meeting of stockholders.

As described in detail under the heading Compensation Discussion & Analysis, we seek to closely align the interests of our named executive officers with the interests of our stockholders. Our compensation programs are designed to reward our named executive officers for the achievement of short-term and long-term strategic and operational goals and the achievement of increased total stockholder return, while at the same time avoiding the encouragement of unnecessary or excessive risk-taking.

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Highlights of the program include the following:

Members of the Compensation and Human Resources Committee are independent directors. The Committee has established a thorough process for the review and approval of Aimco s executive compensation program, including amounts awarded to executive officers. The Committee engaged and received advice from an independent, third-party compensation consultant. The Committee selected a peer group of companies for the purpose of comparing Aimco s compensation for executive officers.

Aimco sets target total cash compensation and target total compensation near the median of corresponding targets among the peer group. Consistent with Aimco s pay for performance philosophy, actual compensation is based on Aimco s results and individual performance. For example, for performance year 2009 (for which incentive compensation was awarded in 2010), the named executives total compensation was less than target and less than the peer median due to Aimco s results.

Aimco had a strong year of performance in 2012, and as a result, executive officers were awarded annual cash incentive compensation and long-term compensation amounts that were above target amounts. Aimco s 2012 performance highlights include the following:

Aimco s conventional same-store net operating income (NOI) was up 6.5% in 2012. Although Aimco trailed the apartment REIT median for NOI growth of 7.6%, Aimco s conventional same-store NOI margin improved in 2012 by 130 basis points to more than 65%, with the margin being an Aimco record.

In 2012, pro forma FFO per share was up 12%, and AFFO per share was up by 31%.

Aimco continued to improve its portfolio in 2012. Average monthly revenues per unit of $1,362 in Aimco s conventional portfolio in fourth quarter 2012 were 7.9% above those of fourth quarter 2011. During 2012, Aimco sold 24 conventional properties with average monthly revenues per unit of $912, and 47 affordable properties with average monthly revenues per unit of $759, and continued to increase the percentage of its overall portfolio in conventional properties. Aimco expects to continue to sell properties inconsistent with its portfolio strategy and to invest the proceeds from such sales in redevelopment and acquisitions of higher quality properties. Through this disciplined approach to capital recycling, from 2007 through 2012, Aimco increased its year-end conventional portfolio average monthly revenue per unit at a compound annual growth rate of 6.1%, about three times that of market rent growth during the same period. Aimco s outsized growth reflects the impact of portfolio improvements through property sales, redevelopment and acquisitions.

Aimco continued to simplify its business in 2012, lowering costs. Aimco closed on the sale of its legacy asset management business during the fourth quarter of 2012. In addition, in early 2012, Aimco committed to exiting the affordable property business over time. In order to effectuate the exit, Aimco has focused first on selling affordable properties not developed with low income housing tax credits. Over the next four to five years, Aimco expects to sell all remaining affordable properties and reinvest the net proceeds in its conventional portfolio. At year end, Aimco s affordable portfolio was less than 8% of Aimco s investment total.

In 2012, Aimco s gross off-site costs were 3% lower than 2011, and 55% lower than 2008. These lower costs are primarily due to Aimco s strategy of simplifying its business and resulting adjustments in scale, as Aimco focuses on maintaining a geographically diversified portfolio of conventional properties that average B/B+ in quality. For example, at December 31, 2012, Aimco s real estate portfolio consisted of 265 owned properties (175 conventional and 90 affordable) in which Aimco had an average ownership of 93%. At December 31, 2011, Aimco s owned real estate portfolio consisted of 370 properties (198 conventional and 172 affordable) in which Aimco had an average ownership of 85%, and Aimco s fee-managed portfolio consisted of 148 properties, for a total portfolio of 518 properties. At December 31, 2008, Aimco s owned real estate portfolio consisted of 599 properties (310 conventional and 289 affordable) in which Aimco had an average ownership of 80%, and Aimco s fee-managed portfolio consisted of 393 properties, for a total portfolio of 992 properties.

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Aimco s on-site costs increased by 1.6% in 2012. By comparison, on-site costs for other apartment REITs increased by approximately 2.2% on average, and the CPI increased by 2.1%. Over the past five years, Aimco s on-site costs have decreased by 1%. By comparison, over the same period, on-site costs for other apartment REITs have increased by 7% on average, and the CPI increased by 11%.

Aimco continued to improve its balance sheet in 2012. Aimco used the proceeds from the sale of common equity to redeem approximately $600 million of higher cost preferred equity. The activity was accretive to FFO and AFFO on an annual run-rate of $0.04 and $0.12, respectively. Aimco reduced leverage by $965 million ($809 million net of acquisitions and limited partner transactions), and improved its fourth quarter 2012 annualized ratio of debt and preferred stock to EBITDA from 9.6:1 to 7.7:1. Aimco s recourse debt at December 31, 2012, was limited to its revolving credit facility, which Aimco uses for working capital purposes and to secure letters of credit. At year end, Aimco had no outstanding borrowings on the revolving credit facility, and available capacity was $454.6 million, net of $45.4 million of letters of credit backed by the facility. During 2012, Aimco closed on a $190.7 million, forty-two year loan to finance the redevelopment of its Lincoln Place community with an interest rate of 2.73%.

Aimco s Board of Directors declared a cash dividend of $0.24 per share on its Class A Common Stock for the quarter ended December 31, 2012, which, on an annualized basis, is a 26% increase compared to the dividends paid during 2012. Aimco expects to pay quarterly dividends at the increased rate, which is double the 2011 rate, during 2013.

Aimco s one-year and three-year total stockholder returns both outperformed the MSCI US REIT Index and the S&P 500 Total Return Index. Aimco s one-year TSR was also the highest among apartment REITs in 2012.

Mr. Considine s total compensation is highly variable from year to year, determined by Aimco s results. Mr. Considine s total compensation has fluctuated in the last ten years from a low of $1.75 million to a high of $5.14 million, with an average of $3.82 million, and in some years was comprised of little or no cash compensation.

Aimco s compensation programs, which, among other things, include caps on cash compensation, shared performance metrics across the organization, multiple performance metrics, the use of long-term incentive compensation that is based in part on total stockholder return, and stock ownership guidelines with required holding periods after vesting, are aligned with the long-term interests of the Company.

Aimco does not provide any perquisites or change in control benefits to the named executive officers that are not available to other non-executive employees.

Aimco does not maintain or contribute to any defined benefit pension, supplemental pension plan or nonqualified deferred compensation plan for its executive officers.

Aimco does not maintain any employment or severance agreements with its executive officers (other than for Mr. Considine).

The vote on this resolution is not intended to address any specific element of compensation; rather, the vote relates to the overall compensation of our named executive officers, as described in this proxy statement in accordance with the compensation disclosure rules of the SEC.

The vote is advisory, which means that the vote is not binding on the Company, our Board or the Compensation and Human Resources Committee of the Board. However, we take the views of our stockholders seriously, and to the extent there is any significant vote against our named executive officer compensation as disclosed in this proxy statement, the Compensation and Human Resources Committee will evaluate whether any actions are necessary to address the concerns of stockholders.

In order to be approved at the Meeting, Proposal 3 must receive the affirmative vote of a majority of the total votes cast at the Annual Meeting. Abstentions and broker non-votes are not considered votes cast and will have no effect on the outcome of the vote.

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We are asking the Company s stockholders to approve, on an advisory basis, the following resolution: RESOLVED, that the compensation of the named executive officers, as disclosed in the Company s Proxy Statement for the 2013 Annual Meeting of Stockholders pursuant to Item 402 of SEC Regulation S-K, including the Compensation Discussion & Analysis, the 2012 Summary Compensation Table and the other related tables and disclosure, is hereby APPROVED.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR THE APPROVAL OF

THE COMPENSATION OF OUR NAMED EXECUTIVE OFFICERS,

AS DISCLOSED IN THIS PROXY STATEMENT.

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BOARD OF DIRECTORS AND EXECUTIVE OFFICERS

The executive officers of the Company and the nominees for election as directors of the Company, their ages, dates they were first elected an executive officer or director, and their positions with the Company or on the Board are set forth below.

Name	Age	First Elected	Position
Terry Considine	65	July 1994	Chairman of the Board and Chief Executive Officer
John E. Bezzant	50	January 2011	Executive Vice President, Transactions
Lisa R. Cohn	44	December 2007	Executive Vice President, General Counsel and Secretary
Miles Cortez	69	August 2001	Executive Vice President and Chief Administrative Officer
Patti K. Fielding	49	February 2003	Executive Vice President & Treasurer
Ernest M. Freedman	42	November 2009	Executive Vice President and Chief Financial Officer
Keith M. Kimmel	41	January 2011	Executive Vice President, Property Operations
Daniel S. Matula	47	January 2011	Executive Vice President, Redevelopment and Construction Services
James N. Bailey	66	June 2000	Director, Chairman of the Nominating and Corporate Governance Committee
Thomas L. Keltner	66	April 2007	Director, Chairman of the Compensation and Human Resources Committee
J. Landis Martin	67	July 1994	Director, Lead Independent Director
Robert A. Miller	67	April 2007	Director, Chairman of the Redevelopment and Construction Committee
Kathleen M. Nelson	67	April 2010	Director
Michael A. Stein	63	October 2004	Director, Chairman of the Audit Committee

The following is a biographical summary of the current directors and executive officers of the Company.

Terry Considine. Mr. Considine has been Chairman of the Board and Chief Executive Officer since July 1994. Mr. Considine also serves on the board of directors of Intrepid Potash, Inc., a publicly held producer of potash, and, until its acquisition in early 2009, Mr. Considine served as Chairman of the Board and Chief Executive Officer of American Land Lease, Inc. Mr. Considine has over 40 years of experience in the real estate and other industries. Among other real estate ventures, in 1975, Mr. Considine founded and managed the predecessor companies that became Aimco at its initial public offering in 1994.

John E. Bezzant. Mr. Bezzant was appointed Executive Vice President, Transactions in January 2011. He joined Aimco as Senior Vice President-Development in June 2006. Mr. Bezzant chairs Aimco s investment committee, oversees capital investments, and is responsible for portfolio management, and disposition and

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acquisition activities. Prior to joining the Company, Mr. Bezzant spent over 20 years with Prologis, Inc. and Catellus Development Corporation in a variety of executive positions, including those with responsibility for transactions, fund management, asset management, leasing, and operations.

Lisa R. Cohn. Ms. Cohn was appointed Executive Vice President, General Counsel and Secretary in December 2007. In addition to serving as general counsel, Ms. Cohn has responsibility for insurance and risk management, human resources, compliance and property standards. From January 2004 to December 2007, Ms. Cohn served as Senior Vice President and Assistant General Counsel. She joined Aimco in July 2002 as Vice President and Assistant General Counsel. Prior to joining the Company, Ms. Cohn was in private practice with the law firm of Hogan & Hartson LLP with a focus on public and private mergers and acquisitions, venture capital financing, securities and corporate governance.

Miles Cortez. Mr. Cortez was appointed Executive Vice President and Chief Administrative Officer in December 2007. He is responsible for administration, government relations, communications and special projects. Mr. Cortez joined Aimco in August 2001 as Executive Vice President, General Counsel and Secretary. Prior to joining the Company, Mr. Cortez was the senior partner of Cortez Macaulay Bernhardt & Schuetze LLC, a Denver, Colorado law firm, from December 1997 through September 2001. He served as president of the Colorado Bar Association from 1996 to 1997 and the Denver Bar Association from 1982 to 1983.

Patti K. Fielding. Ms. Fielding was appointed Executive Vice President Securities and Debt in February 2003 and Treasurer in January 2005. She is responsible for debt financing and the treasury department. From January 2000 to February 2003, Ms. Fielding served as Senior Vice President Securities and Debt. Ms. Fielding joined the Company as a Vice President in February 1997. Prior to joining the Company, Ms. Fielding was with Hanover Capital from 1996 to1997, and from 1993 to 1995 she was Vice Chairman, Senior Vice President and Co-Founder of CapSource Funding Corp. She was also a Group Vice President with Duff & Phelps Rating Company from 1987 to 1993 and a commercial real estate appraiser with American Appraisal for three years.

Ernest M. Freedman. Mr. Freedman was appointed Executive Vice President and Chief Financial Officer in November 2009. Mr. Freedman joined Aimco in 2007 as Senior Vice President of Financial Planning and Analysis and served as Senior Vice President of Finance from February 2009 to November 2009, responsible for financial planning, tax, accounting and related areas. From 2004 to 2007, Mr. Freedman served as Chief Financial Officer of HEI Hotels and Resorts. From 2000 to 2004, Mr. Freedman was at GE Real Estate in a number of capacities, including operations controller and finance manager for investments and acquisitions. From 1993 to 2000, Mr. Freedman was with Ernst & Young, LLP, including one year as a senior manager in the real estate practice. Mr. Freedman is a certified public accountant.

Keith M. Kimmel. Mr. Kimmel was appointed Executive Vice President of Property Operations in January 2011. From September 2008 to January 2011, Mr. Kimmel served as the Area Vice President of property operations for the western region. Prior to that, from March 2006 to September 2008, he served as the Regional Vice President of property operations for California. He joined Aimco in March of 2002 as a Regional Property Manager. Prior to joining Aimco, Mr. Kimmel was with Casden Properties from 1998 through 2002, and was responsible for the operation of the new construction and high-end product line. Mr. Kimmel began his career in the multi-family real estate business in 1992 as a leasing consultant and on-site manager.

Daniel S. Matula. Mr. Matula was appointed Executive Vice President of Redevelopment and Construction in January 2011. He joined Aimco as Senior Vice President of Redevelopment in January 2006. Mr. Matula oversees redevelopment and construction services. Prior to joining Aimco, from 2005 to 2006, Mr. Matula served as Senior Vice President of Development for Triad Partners, a private medical office development company headquartered in Irvine, CA. From 2000 to 2005, Mr. Matula served as Senior Vice President of Construction Services for Catellus Development Corporation.

James N. Bailey. Mr. Bailey was first elected as a Director of the Company in June 2000 and is currently Chairman of the Nominating and Corporate Governance Committee. He is also a member of the Audit, Compensation and Human Resources, and Redevelopment and Construction Committees. Mr. Bailey co-founded Cambridge Associates, LLC, an investment consulting firm, in 1973 and currently serves as its Senior Managing Director and Treasurer. He is also a co-founder, director and treasurer of The Plymouth Rock Company, and a director of SRB Corporation, Inc. and Homeowners Direct Company, all three of which are insurance companies and insurance company affiliates. Mr. Bailey also serves as Chairman of the Board and Manager of Knights Bridge Vineyards LLC and Chairman of the Board of Knights Bridge Winery LLC. Mr. Bailey is a member of the Massachusetts Bar and the American Bar Associations. Mr. Bailey, a long-time entrepreneur, brings particular expertise to the Board in the areas of investment and financial planning, capital markets, evaluation of institutional real estate markets and managers of all property types.

Thomas L. Keltner. Mr. Keltner was first elected as a Director of the Company in April 2007 and is currently chairman of the Compensation and Human Resources Committee. He is also a member of the Audit, Nominating and Corporate Governance, and Redevelopment and Construction Committees. Mr. Keltner served as Executive Vice President and Chief Executive Officer Americas and Global Brands for Hilton Hotels Corporation from March 2007 through March 2008, which concluded the transition period following Hilton s acquisition by The Blackstone Group. Mr. Keltner joined Hilton Hotels Corporation in 1999 and served in various roles. Mr. Keltner has more than 20 years of experience in the areas of hotel development, acquisition, disposition, franchising and management. Prior to joining Hilton Hotels Corporation, from 1993 to 1999, Mr. Keltner served in several positions with Promus Hotel Corporation, including President, Brand Performance and Development. Before joining Promus Hotel Corporation, he served in various capacities with Holiday Inn Worldwide, Holiday Inns International and Holiday Inns, Inc. In addition, Mr. Keltner was President of Saudi Marriott Company, a division of Marriott Corporation, and was a management consultant with Cresap, McCormick and Paget, Inc. Mr. Keltner brings particular expertise to the Board in the areas of property operations, marketing, branding, development and customer service.

J. Landis Martin. Mr. Martin was first elected as a Director of the Company in July 1994 and serves as the Lead Independent Director. Mr. Martin is also a member of the Audit, Compensation and Human Resources, and Nominating and Corporate Governance, and Redevelopment and Construction Committees. He is a former chairman of the Compensation and Human Resources Committee. Mr. Martin is the Founder and Managing Director of Platte River Equity LLC, a private equity firm. In November 2005, Mr. Martin retired as Chairman and CEO of Titanium Metals Corporation, a publicly held integrated producer of titanium metals, where he served since January 1994. Mr. Martin served as President and CEO of NL Industries, Inc., a publicly held manufacturer of titanium dioxide chemicals, from 1987 to 2003. Mr. Martin is also the non-executive chairman and a director of Crown Castle International Corporation, a publicly held wireless communications company. He is lead director of Halliburton Company, a publicly held provider of products and services to the energy industry, and Intrepid Potash, Inc., a publicly held producer of potash. As a former chief executive of four NYSE-listed companies, Mr. Martin brings particular expertise to the Board in the areas of operations, finance and governance.

Robert A. Miller. Mr. Miller was first elected as a Director of the Company in April 2007 and is currently Chairman of the Redevelopment and Construction Committee. Mr. Miller is also a member of the Audit, Compensation and Human Resources, and Nominating and Corporate Governance Committees. Mr. Miller served as Executive Vice President and Chief Operating Officer, International of Marriott Vacations Worldwide Corporation (MVWC) from 2011 to 2012 when he retired from this position and serves as President of RAMCO Advisors LLC, an investment advisory and business consulting firm. Mr. Miller served as the President of Marriott Leisure from 1997 to November 2011 when Marriott International elected to spin-off its subsidiary entity, Marriott Ownership Resorts, Inc. by forming a new parent entity, MVWC, as a new publicly held company. Prior to his role as President of Marriott Leisure, from 1984 to 1988, Mr. Miller served as Executive Vice President & General Manager of Marriott Vacation Club International and then as its President from 1988 to 1997. In 1984, Mr. Miller and a partner sold their company, American Resorts, Inc., to Marriott. Mr. Miller co-founded American Resorts, Inc. in 1978, and it was the first business model to encompass all aspects of timeshare resort development, sales, management and operations. Prior to founding American Resorts, Inc., from 1972 to 1978, Mr. Miller was Chief Financial Officer of Fleetwing Corporation, a regional retail and wholesale petroleum company. Prior to joining Fleetwing, Mr. Miller served for five years as a staff accountant for Arthur Young & Company. Mr. Miller is past Chairman and currently a director of the American Resort Development Association (ARDA) and currently serves as Chairman and director of the ARDA International Foundation. As a successful real estate entrepreneur and corporate executive, Mr. Miller brings particular expertise to the Board in the areas of operations, management, marketing, sales, and development, as well as finance and accounting.

Kathleen M. Nelson. Ms. Nelson was first elected as a Director of the Company in April 2010 and is currently a member of the Audit, Compensation and Human Resources, Nominating and Corporate Governance, and Redevelopment and Construction Committees. Ms. Nelson has an extensive background in commercial real estate and financial services with over 40 years of experience including 36 years at TIAA-CREF. She held the position of Managing Director/Group Leader and Chief Administrative Officer for TIAA-CREF s mortgage and real estate division. Ms. Nelson developed and staffed TIAA s real estate research department. She retired from this position in December 2004 and founded and serves as president of KMN Associates LLC, a commercial real estate investment advisory and consulting firm. In 2009, Ms. Nelson co-founded and serves as Managing Principal of Bay Hollow Associates, LLC, a commercial real estate consulting firm, which provides counsel to institutional investors. Ms. Nelson served as the International Council of Shopping Centers chairman for the 2003-04 term and has been an ICSC Trustee since 1991. She also is the chairman of the ICSC Audit Committee and is a member of various other committees. Ms. Nelson serves on the Board of Directors of CBL & Associates Properties, Inc., which is a publicly held REIT that develops and manages retail shopping properties. Ms. Nelson is also on the Board of Directors and a member of the Risk Committee of Dime Community Bankshares, Inc., a publicly traded bank holding company, based in Brooklyn, New York. She is a member of Castagna Realty Company Advisory Board and has served as an advisor to the Rand Institute Center for Terrorism Risk Management Policy and on the board of the Greater Jamaica Development Corporation. Ms. Nelson serves on the Advisory Board of the Beverly Willis Architectural Foundation and is a member of the Anglo American Real Property Institute. Ms. Nelson brings to the Board particular expertise in the areas of real estate finance and investment.

Michael A. Stein. Mr. Stein was first elected as a Director of the Company in October 2004 and is currently the Chairman of the Audit Committee. Mr. Stein is also a member of the Compensation and Human Resources, Nominating and Corporate Governance, and Redevelopment and Construction Committees. From January 2001 until its acquisition by Eli Lilly in January 2007, Mr. Stein served as Senior Vice President and Chief Financial Officer of ICOS Corporation, a biotechnology company based in Bothell, Washington. From October 1998 to September 2000, Mr. Stein was Executive Vice President and Chief Financial Officer of Nordstrom, Inc. From 1989 to September 1998, Mr. Stein served in various capacities with Marriott International, Inc., including Executive Vice President and Chief Financial Officer from 1993 to 1998. Mr. Stein previously served on the Boards of Directors of Nautilus, Inc. and Getty Images, Inc. He presently serves on the Board of Directors of Providence Health & Services, a not-for-profit health system operating hospitals and other health care facilities across Alaska, Washington, Montana, Oregon and California. As the former audit committee chairman or audit committee member of two NYSE-listed companies, the former chief financial officer of two NYSE-listed companies and a former partner at Arthur Andersen, Mr. Stein brings particular expertise to the Board in the areas of corporate and real estate finance, and accounting and auditing for large and complex business operations.

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CORPORATE GOVERNANCE MATTERS

Independence of Directors

The Board has determined that to be considered independent, an outside director may not have a direct or indirect material relationship with Aimco or its subsidiaries (either directly or as a partner, stockholder or officer of an organization that has a relationship with the Company). A material relationship is one that impairs or inhibits or has the potential to impair or inhibit a director s exercise of critical and disinterested judgment on behalf of Aimco and its stockholders. In determining whether a material relationship exists, the Board considers all relevant facts and circumstances, including whether the director or a family member is a current or former employee of the Company, family member relationships, compensation, business relationships and payments, and charitable contributions between Aimco and an entity with which a director is affiliated (as an executive officer, partner or substantial stockholder). In addition to the factors mentioned, the Board previously evaluated a potential investment relationship between a Considine family partnership and a fund managed by Mr. Martin, which investment later was made on the same terms as those offered to other investors. The Board consults with the Company s counsel to ensure that such determinations are consistent with all relevant securities and other laws and regulations regarding the definition of independent director, including but not limited to those categorical standards set forth in Section 303A.02 of the listing standards of the New York Stock Exchange as in effect from time to time.

Consistent with these considerations, the Board affirmatively has determined that Messrs. Bailey, Keltner, Martin, Miller, and Stein and Ms. Nelson are independent directors (collectively the Independent Directors).

Meetings and Committees

The Board held four meetings during the year ended December 31, 2012. During 2012, there were three committees: Audit; Compensation and Human Resources; and Nominating and Corporate Governance. In January 2013, the Board established a Redevelopment and Construction Committee. During 2012, no director attended fewer than 75% of the total number of meetings of the Board, and, in fact, each director was present at all such meetings.

The Corporate Governance Guidelines, as described below, provide that the Company generally expects that the Chairman of the Board will attend all annual and special meetings of the stockholders. Other members of the Board are not required to attend such meetings. All of the members of the Board attended the Company s 2012 Annual Meeting of Stockholders, and the Company anticipates that all of the members of the Board will attend the Meeting this year.

Below is a table illustrating the current standing committee memberships and chairmen. Additional detail on each committee follows the table.

Director	Audit Committee	Compensation and Human Resources Committee	Nominating and Corporate Governance Committee	Redevelopment and Construction Committee
James N. Bailey	X	X		X
Terry Considine				
Thomas L. Keltner	X	[1]	X	X
J. Landis Martin*	X	X[1]	X	X
Robert A. Miller	X	X	X	
Kathleen M. Nelson	X	X	X	X
Michael A. Stein		X	X	X

X indicates a member of the committee

indicates the committee chairman

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* indicates lead independent director

[1] Mr. Martin served as the chairman of the Compensation and Human Resources Committee during 2012; Mr. Keltner was named the chairman of that committee in January 2013.

Audit Committee

The Audit Committee currently consists of the six Independent Directors, and the Audit Committee Chairman is Mr. Stein. The Audit Committee makes determinations concerning the engagement of the independent registered public accounting firm, reviews with the independent registered public accounting firm the plans and results of the audit engagement (including the audit of the Company s financial statements and the Company s internal control over financial reporting), reviews the independence of the independent registered public accounting firm and considers the range of audit and non-audit fees. The Audit Committee also provides oversight for the Company s financial reporting process, internal control over financial reporting, the Company s internal audit function and, in conjunction with the Board, the Company s enterprise risk management processes. Areas involving risk that are reported on by management and considered by the Audit Committee, the other Board committees, or the Board, include: operations, liquidity, leverage, finance, financial statements, the financial reporting process, accounting, legal matters, regulatory compliance, and human resources.

The Audit Committee held five meetings during the year ended December 31, 2012. The Audit Committee has a written charter that is posted on Aimco s website (www.aimco.com) and is also available in print to stockholders, upon written request to Aimco s Corporate Secretary. As set forth in the Audit Committee s charter, no director may serve as a member of the Audit Committee if such director serves on the audit committee of more than two other public companies, unless the Board determines that such simultaneous service would not impair the ability of such director to effectively serve on the Audit Committee. No member of the Audit Committee serves on the audit committee of more than two other public companies.

Audit Committee Financial Expert

Aimco s Board has designated Mr. Stein as an audit committee financial expert. In addition, several other members of the audit committee qualify as audit committee financial experts. Each member of the Audit Committee is independent, as that term is defined by Section 303A of the listing standards of the New York Stock Exchange relating to audit committees.

Compensation and Human Resources Committee

The Compensation and Human Resources Committee currently consists of the six Independent Directors. Through January 2013, Mr. Martin served as the Compensation and Human Resources Committee Chairman. In January 2013, Mr. Keltner assumed the role of Chairman of the Compensation and Human Resources Committee. The Compensation and Human Resources Committee s purposes are to: oversee the Company s compensation and employee benefit plans and practices, including its executive compensation plans and its incentive-compensation and equity-based plans; review and discuss with management the Compensation Discussion & Analysis; and direct the preparation of, and approve, a report on executive compensation to be included in the Company s proxy statement for its annual meeting of stockholders or Annual Report on Form 10-K filed with the SEC. The Compensation and Human Resources Committee held five meetings during the year ended December 31, 2012. The Compensation and Human Resources Committee has a written charter that is posted on Aimco s website (www.aimco.com) and is also available in print to stockholders, upon written request to Aimco s Corporate Secretary.

Nominating and Corporate Governance Committee

The Nominating and Corporate Governance Committee currently consists of the six Independent Directors, and the Nominating and Corporate Governance Committee Chairman is Mr. Bailey. The Nominating and

Corporate Governance Committee s purposes are to: identify and recommend to the Board individuals qualified to serve on the Board; advise the Board with respect to Board composition, procedures and committees; develop and recommend to the Board a set of corporate governance principles applicable to Aimco and its management; and oversee evaluation of the Board and management (in conjunction with the Compensation and Human Resources Committee). The Nominating and Corporate Governance Committee held four meetings during the year ended December 31, 2012. The Nominating and Corporate Governance Committee has a written charter that is posted on Aimco s website (www.aimco.com) and is also available in print to stockholders, upon written request to Aimco s Corporate Secretary.

The Nominating and Corporate Governance Committee selects nominees for director on the basis of, among other things, breadth and depth of experience, knowledge, skills, expertise, integrity, ability to make independent analytical inquiries, understanding of Aimco s business environment and willingness to devote adequate time and effort to Board responsibilities. In considering nominees for director, the Nominating and Corporate Governance Committee seeks to have a diverse range of experience and expertise relevant to Aimco s business. The Nominating and Corporate Governance Committee assesses the appropriate balance of criteria required of directors and makes recommendations to the Board.

When formulating its Board membership recommendations, the Nominating and Corporate Governance Committee also considers advice and recommendations from others, including stockholders, as it deems appropriate. Such recommendations are evaluated on the basis of the same criteria noted above. The Nominating and Corporate Governance Committee will consider as nominees to the Board for election at next year s annual meeting of stockholders persons who are recommended by stockholders in writing, marked to the attention of Aimco s Corporate Secretary, no later than July 1, 2013. During 2012, no Aimco stockholder (other than the existing directors) expressed interest in serving on the Board, or recommended anyone to serve on the Board.

The Board is responsible for nominating members for election to the Board and for filling vacancies on the Board that may occur between annual meetings of stockholders. Based on recommendations from the Nominating and Corporate Governance Committee, the Board determined to nominate Messrs. Bailey, Considine, Keltner, Martin, Miller, and Stein and Ms. Nelson for re-election.

Redevelopment and Construction Committee

The Redevelopment and Construction Committee currently consists of the six Independent Directors, and the Redevelopment and Construction Committee Chairman is Mr. Miller. The Redevelopment and Construction Committee s purposes are to provide oversight and guidance to the Corporation s management regarding redevelopment and construction projects by reviewing work process, policies and standards, recommending modifications thereto and directing related analytical and progress reporting.

Board Leadership Structure

At this time, Aimco s Board believes that combining the Chairman and CEO role is most effective for the Company s leadership and governance. Having one person as Chairman and CEO provides unified leadership and direction to the Company and strengthens the ability of the CEO to develop and implement strategic initiatives and respond efficiently in various situations. The Board also believes the combination of Chairman and CEO positions is appropriate in light of the independent oversight provided by the Board. Aimco has a Lead Independent Director, currently Mr. Martin, who: presides over executive sessions of independent directors; serves as a liaison between the chairman and independent directors; reviews information sent to directors; approves meeting agendas and schedules; may call meetings of independent directors; and, if asked by major stockholders, is available for direct communication if appropriate. In addition to the Lead Independent Director, the Board has a majority of independent directors. Six out of the seven director nominees are independent. All four standing committees (Audit; Compensation and Human Resources; Nominating and Corporate Governance; and Redevelopment and Construction) are composed solely of independent directors.

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Separate Sessions of Non-Management Directors and Lead Independent Director

Aimco s Corporate Governance Guidelines (described below) provide that the non-management directors shall meet in executive session without management on a regularly scheduled basis, but no less than four times per year. The non-management directors, which group currently is made up of the six Independent Directors, met in executive session without management four times during the year ended December 31, 2012. Mr. Martin was the Lead Independent Director who presided at such executive sessions in 2012, and he has been designated as the Lead Independent Director who will preside at such executive sessions in 2013.

The following table sets forth the number of meetings held by the Board and each committee during the year ended December 31, 2012.

	Board	Non-Management Directors	Audit Committee	Compensation and Human Resources Committee	Nominating and Corporate Governance Committee
Number of Meetings	4	4	5	5	4

Majority Voting for the Election of Directors

In an uncontested election at the meeting of stockholders, any nominee to serve as a director of the Company will be elected if the director receives a majority of votes cast, which means that the number of shares voted for a director exceeds the number of shares voted against that director. With respect to a contested election, a plurality of all the votes cast at the meeting of stockholders will be sufficient to elect a director. If a nominee who currently is serving as a director receives a greater number of against votes for his or her election than votes for such election (a Majority Against Vote) in an uncontested election, Maryland law provides that the director would continue to serve on the Board as a holdover director. However, under Aimco s Bylaws, any nominee for election as a director in an uncontested election who receives a Majority Against Vote is obligated to tender his or her resignation to the Nominating and Corporate Governance Committee for consideration. The Nominating and Corporate Governance Committee will consider any resignation and recommend to the Board whether to accept it. The Board is required to take action with respect to the Nominating and Corporate Governance Committee s recommendation. Additional details are set out in Article II, Section 2.03 (Election and Tenure of Directors; Resignations) of Aimco s Bylaws.

Director Compensation

2012

In formulating its recommendation for director compensation, the Nominating and Corporate Governance Committee reviews director compensation for independent directors of companies in the real estate industry and companies of comparable market capitalization, revenue and assets and considers compensation trends for other NYSE-listed companies and S&P 500 companies. For the year ended December 31, 2012, Aimco paid the directors serving on the Board as follows:

Name	Fees Earned or Paid in Cash ($)(1)	Stock Awards ($)(2)	Option Awards ($)	Non-Equity Incentive Plan Compensation ($)	Change in Pension Value and Nonqualified Deferred Compensation Earnings	All Other Compensation ($)	Total ($)
James N. Bailey	18,000	147,360					165,360
Terry Considine(3)							
Thomas L. Keltner(4)	18,000	147,360					165,360

J. Landis Martin	18,000	147,360	165,360
Robert A. Miller(5)	18,000	147,360	165,360
Kathleen M. Nelson(6)	18,000	147,360	165,360
Michael A. Stein(7)	18,000	147,360	165,360

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(1) The Independent Directors each receive a cash fee of $1,000 for attendance in person or telephonically at each meeting of the Board, and a cash fee of $1,000 for attendance at each meeting of any Board committee. Joint meetings are sometimes considered as a single meeting for purposes of director compensation.

(2) For 2012, Messrs. Bailey, Keltner, Martin, Miller and Stein and Ms. Nelson were each awarded 6,000 shares of Common Stock, which shares were awarded on January 31, 2012. The dollar value shown above represents the aggregate grant date fair value computed in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 718 and is calculated based on the closing price of Aimco s Common Stock on the New York Stock Exchange on January 31, 2012, of $24.56.

(3) Mr. Considine, who is not an Independent Director, does not receive any additional compensation for serving on the Board.

(4) Mr. Keltner holds an option to acquire 4,429 shares, which is fully vested and exercisable.

(5) Mr. Miller holds an option to acquire 4,429 shares, which is fully vested and exercisable.

(6) Ms. Nelson holds an option to acquire 3,000 shares, which is fully vested and exercisable.

(7) Mr. Stein holds an option to acquire 4,429 shares, which is fully vested and exercisable.

2013

Compensation for each of the Independent Directors in 2013 is an annual fee of 5,500 shares of Common Stock, which shares were awarded on January 29, 2013. The closing price of Aimco s Common Stock on the New York Stock Exchange on January 29, 2013, was $28.03. The Independent Directors will also receive a fee of $1,000 for attendance in person or telephonically at each meeting of the Board, and a fee of $1,000 for attendance at each meeting of any Board committee.

Code of Ethics

The Board has adopted a code of ethics entitled Code of Business Conduct and Ethics that applies to the members of the Board, all of Aimco s executive officers and all employees of Aimco or its subsidiaries, including Aimco s principal executive officer, principal financial officer and principal accounting officer. The Code of Business Conduct and Ethics is posted on Aimco s website (www.aimco.com) and is also available in print to stockholders, upon written request to Aimco s Corporate Secretary. If, in the future, Aimco amends, modifies or waives a provision in the Code of Business Conduct and Ethics, rather than filing a Current Report on Form 8-K, Aimco intends to satisfy any applicable disclosure requirement under Item 5.05 of Form 8-K by posting such information on Aimco s website (www.aimco.com), as necessary.

Corporate Governance Guidelines

The Board has adopted and approved Corporate Governance Guidelines. These guidelines are available on Aimco s website (www.aimco.com) and are also available in print to stockholders, upon written request to Aimco s Corporate Secretary. In general, the Corporate Governance Guidelines address director qualification standards, director responsibilities, the lead independent director, director access to management and independent advisors, director compensation, director orientation and continuing education, management succession, stock ownership guidelines and retention requirements, and an annual performance evaluation of the Board.

Communicating with the Board of Directors

Any interested parties desiring to communicate with Aimco s Board, the Lead Independent Director, any of the Independent Directors, Aimco s Chairman of the Board, any committee chairman, or any committee member

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may directly contact such persons by directing such communications in care of Aimco s Corporate Secretary. All communications received as set forth in the preceding sentence will be opened by the office of Aimco s General Counsel for the sole purpose of determining whether the contents represent a message to Aimco s directors. Any contents that are not in the nature of advertising, promotions of a product or service, or patently offensive material will be forwarded promptly to the addressee. In the case of communications to the Board or any group or committee of directors, the General Counsel s office will make sufficient copies of the contents to send to each director who is a member of the group or committee to which the envelope or e-mail is addressed.

To contact Aimco s Corporate Secretary, correspondence should be addressed as follows:

Corporate Secretary

Office of the General Counsel

Apartment Investment and Management Company

4582 South Ulster Street, Suite 1100

Denver, Colorado 80237

AUDIT COMMITTEE REPORT TO STOCKHOLDERS

The Audit Committee oversees Aimco s financial reporting process on behalf of the Board. Management has the primary responsibility for the financial statements and the reporting process, including internal control over financial reporting and disclosure controls and procedures. A written charter approved by the Audit Committee and ratified by the Board governs the Audit Committee. In fulfilling its oversight responsibilities, the Audit Committee reviewed the audited financial statements in the Annual Report on Form 10-K with management, including a discussion of the quality, not just the acceptability, of the accounting principles, the reasonableness of significant judgments, and the clarity of disclosures in the financial statements.

The Audit Committee reviewed with the independent registered public accounting firm, which is responsible for expressing an opinion on the conformity of those audited financial statements with accounting principles generally accepted in the United States, its judgment as to the quality, not just the acceptability, of the Company s accounting principles. The Audit Committee also has discussed with the independent registered public accounting firm the matters required to be discussed by Statement on Auditing Standards No. 61, as amended, as adopted by the Public Company Accounting Oversight Board in Rule 3200T. In addition, the Audit Committee has received from the independent registered public accounting firm the written disclosures and letter required by Public Company Accounting Oversight Board Ethics and Independence Rule 3526, has discussed with the independent registered public accounting firm its independence from the Company and its management, and has considered whether the independent registered public accounting firm s provision of non-audit services to the Company is compatible with maintaining such firm s independence.

The Audit Committee discussed with the Company s independent registered public accounting firm the overall scope and plans for its audit. The Audit Committee meets with the independent registered public accounting firm, with and without management present, to discuss the results of its examination, its evaluation of the Company s internal control over financial reporting, and the overall quality of the Company s financial reporting. The Audit Committee held five meetings during 2012.

None of the Audit Committee members have a relationship with the Company that might interfere with the exercise of the member s independence from the Company and its management.

In reliance on the reviews and discussions referred to above, the Audit Committee recommended to the Board, and the Board has approved, that the audited financial statements and management s report on internal control over financial reporting be included in the Annual Report on Form 10-K for the year ended December 31, 2012, for filing with the SEC. The Audit Committee has also determined that provision by Ernst & Young LLP of other non-audit services is compatible with maintaining Ernst & Young LLP s independence. The Audit Committee and the Board have also recommended, subject to stockholder ratification, the selection of Ernst & Young LLP as the Company s independent registered public accounting firm for the year ending December 31, 2013.

Date: February 21, 2013

MICHAEL A. STEIN (CHAIRMAN)

JAMES N. BAILEY

THOMAS L. KELTNER

J. LANDIS MARTIN

ROBERT A. MILLER

KATHLEEN M. NELSON

The above report will not be deemed to be incorporated by reference into any filing by the Company under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, except to the extent that the Company specifically incorporates the same by reference.

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PRINCIPAL ACCOUNTANT FEES AND SERVICES

Principal Accountant Fees

The aggregate fees billed for services rendered by Ernst & Young LLP during the years ended December 31, 2012 and 2011 were approximately $4.22 million and $5.64 million, respectively, and are described below.

Audit Fees

Fees for audit services totaled approximately $2.20 million in 2012 and approximately $3.50 million in 2011. These amounts include fees associated with the annual audit of the financial statements of Aimco, its internal control over financial reporting and the financial statements of certain of its consolidated subsidiaries and unconsolidated investees. Fees for audit services also include fees for the reviews of interim financial statements in Aimco s Quarterly Reports on Form 10-Q, registration statements filed with the SEC, other SEC filings, equity or debt offerings, comfort letters and consents.

Audit-Related Fees

Fees for audit-related services totaled approximately $0.03 million in 2012 and approximately $0.17 million in 2011. Audit-related services principally include various audit and attest work not required by statute or regulation, benefit plan audits, and accounting consultations.

Tax Fees

Fees billed for tax services totaled approximately $1.99 million in 2012 and approximately $1.98 million in 2011. Such amounts included fees for tax compliance services for the Company and approximately 172 subsidiaries or affiliates of approximately $1.88 million in 2012 and approximately $1.87 million in 2011. The portion of the total representing fees for tax planning services amounted to approximately $0.12 million in 2012 and approximately $0.11 million in 2011.

All Other Fees

Fees for all other services not included above were zero in both 2012 and 2011. There were no fees billed or incurred in 2012 or 2011 related to financial information systems design and implementation.

Included in the fees above are audit and tax compliance fees of $1.50 million and $2.36 million for 2012 and 2011, respectively, for services provided to consolidated and unconsolidated partnerships for which an Aimco subsidiary is the general partner. Audit services were provided to approximately 16 such partnerships, and tax compliance services were provided to approximately 172 such partnerships during 2012.

Audit Committee Pre-Approval Policies

The Audit Committee has adopted the Audit and Non-Audit Services Pre-Approval Policy (the Pre-approval Policy). The Pre-approval Policy describes the Audit, Audit-related, Tax and Other Permitted services that have the general pre-approval of the Audit Committee, typically subject to a dollar limit of $50,000. The term of any general pre-approval is generally 12 months from the date of pre-approval, unless the Audit Committee considers a different period and states otherwise. At least annually, the Audit Committee will review and pre-approve the services that may be provided by the independent registered public accounting firm without obtaining specific pre-approval from the Audit Committee. In accordance with this review, the Audit Committee may add to or subtract from the list of general pre-approved services or modify the permissible dollar limit associated with pre-approvals. As set forth in the Pre-approval Policy, unless a type of service has received

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general pre-approval and is anticipated to be within the dollar limit associated with the general pre-approval, it will require specific pre-approval by the Audit Committee if it is to be provided by the independent registered public accounting firm. For both types of pre-approval, the Audit Committee will consider whether such services are consistent with the rules on independent registered public accounting firm independence. The Audit Committee will also consider whether the independent registered public accounting firm is best positioned to provide the most effective and efficient service, for reasons such as its familiarity with Aimco s business, people, culture, accounting systems, risk profile and other factors, and whether the service might enhance Aimco s ability to manage or control risk or improve audit quality. All such factors will be considered as a whole, and no one factor will necessarily be determinative. All of the services described above were approved pursuant to the annual engagement letter or in accordance with the Pre-approval Policy; none were approved pursuant to Rule 2-01(c)(7)(i)(C) of SEC Regulation S-X.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth certain information available to the Company, as of February 28, 2013, with respect to Aimco s equity securities beneficially owned by (i) each director, the chief executive officer, the chief financial officer and the three other most highly compensated executive officers who were serving as executive officers at the end of the last completed fiscal year, and (ii) all directors and executive officers as a group. The table also sets forth certain information available to the Company, as of February 28, 2013, with respect to shares of Common Stock held by each person known to the Company to be the beneficial owner of more than 5% of such shares. This table reflects options that are exercisable within 60 days. Unless otherwise indicated, each person has sole voting and investment power with respect to the securities beneficially owned by that person. The business address of each of the following directors and executive officers is 4582 South Ulster Street, Suite 1100, Denver, Colorado 80237, unless otherwise specified.

Name and Address of Beneficial Owner	Number of shares of Common Stock(1)	Percentage of Common Stock Outstanding(2)	Number of Partnership Units(3)	Percentage Ownership of the Company(4)
Directors, Director Nominees & Executive Officers:				
Terry Considine	3,558,531(5)	2.39%	2,439,557(6)	3.83%
Ernest M. Freedman	122,469(7)	*		*
Lisa R. Cohn	130,237(8)	*		*
Miles Cortez	226,697(9)	*		*
John E. Bezzant	43,057(10)	*		*
James N. Bailey	74,587	*		*
Thomas L. Keltner	46,737(11)	*		*
J. Landis Martin	35,713(12)	*	34,646(13)	*
Robert A. Miller	61,532(11)	*		*
Kathleen M. Nelson	27,250(14)	*		*
Michael A. Stein	57,013(11)	*		*
All directors and executive officers as a group (14 persons)	4,454,427(15)	2.99%	2,478,972(16)	4.42%
5% or Greater Holders:				
The Vanguard Group, Inc. 100 Vanguard Blvd. Malvern, Pennsylvania 19355	20,150,628(17)	13.82%		13.10%
Cohen & Steers, Inc. 280 Park Avenue New York, New York 10017	16,129,927(18)	11.06%		10.48%
FMR LLC Devonshire Street Boston, Massachusetts 02109	14,500,538(19)	9.94%		9.42%
Blackrock, Inc. 40 East 52nd Street New York, NY 10022	9,411,803(20)	6.45%		6.12%
State Street Corporation State Street Financial Center	7,428,967(21)	5.09%		4.83%

One Lincoln Street

Boston, MA 02111

* Less than 1.0%

(1) Excludes shares of Common Stock issuable upon redemption of common OP Units or Class I High Performance Units (Class I Units).

(2) Represents the number of shares of Common Stock beneficially owned by each person divided by the total number of shares of Common Stock outstanding. Any shares of Common Stock that may be acquired by a person within 60 days upon the exercise of options, warrants, rights or conversion privileges or pursuant to the power to revoke, or the automatic termination of, a trust, discretionary account or similar arrangement are deemed to be beneficially owned by that person and are deemed outstanding for the purpose of computing the percentage of outstanding shares of Common Stock owned by that person, but not any other person.

(3) Through wholly-owned subsidiaries, Aimco acts as general partner of AIMCO Properties, L.P., the operating partnership in Aimco s structure. As of February 28, 2013, Aimco held approximately 94.8% of the common partnership interests in AIMCO Properties, L.P. Interests in AIMCO Properties, L.P. that are held by limited partners other than Aimco are referred to as OP Units. Generally after a holding period of 12 months, common OP Units may be tendered for redemption and, upon tender, may be acquired by Aimco for shares of Common Stock at an exchange ratio of one share of Common Stock for each common OP Unit (subject to adjustment). If Aimco acquired all common OP Units and Class I Units for Common Stock (without regard to the ownership limit set forth in Aimco s Charter), these shares of Common Stock would constitute approximately 5.2% of the then outstanding shares of Common Stock. OP Units are subject to certain restrictions on transfer. Until 2017 and thereafter, Class I Units are generally not redeemable for, or convertible into, Common Stock; however, in the event of a change of control of the Company, holders of the Class I Units will have redemption rights similar to those of holders of common OP Units.

(4) Represents the number of shares of Common Stock beneficially owned, divided by the total number of shares of Common Stock outstanding, assuming, in both cases, that all 5,656,878 OP Units and 2,339,950 Class I Units outstanding as of February 28, 2013, are redeemed in exchange for shares of Common Stock (notwithstanding any holding period requirements, Aimco s ownership limit and, in the case of Class I Units, the absence of a change of control). See note (3) above. Excludes partnership preferred units issued by AIMCO Properties, L.P. and Aimco preferred securities.

(5) Includes 451,306 shares held directly by Mr. Considine and 2,904,479 shares subject to options that are exercisable within 60 days. Also includes the following shares of which Mr. Considine disclaims beneficial ownership: 33,695 shares held by Mr. Considine s spouse; and 169,051 shares held by a non-profit foundation in which Mr. Considine has shared voting and investment power.

(6) Includes 850,185 common OP Units and 1,589,372 Class I Units that represent 15.03% of common OP Units outstanding and 67.92% of Class I Units outstanding, respectively. The 850,185 common OP Units include 510,452 common OP Units held directly by Mr. Considine, 179,735 common OP Units held by an entity in which Mr. Considine has sole voting and investment power, 2,300 common OP Units held by Titahotwo Limited Partnership RLLLP (Titahotwo), a registered limited liability limited partnership for which Mr. Considine serves as the general partner and holds a 0.5% ownership interest, and 157,698 common OP Units held by Mr. Considine s spouse, for which Mr. Considine disclaims beneficial ownership. All Class I Units are held by Titahotwo.

(7) Includes 2,269 shares subject to options that are exercisable within 60 days.

(8) Includes 9,090 shares subject to options that are exercisable within 60 days.

(9) Includes 38,831 shares subject to options that are exercisable within 60 days.

(10) Includes 4,180 shares subject to options that are exercisable within 60 days.

(11) Includes 4,429 shares subject to options that are exercisable within 60 days.

(12) Includes 6,323 shares held directly by Mr. Martin and 29,390 shares held by Martin Enterprises LLC. Mr. Martin is the sole manager, and Mr. Martin and trusts (of which Mr. Martin is the sole trustee) formed solely for the benefit of his children are the sole members, of Martin Enterprises LLC.

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(13) Includes 280.5 common OP Units, which represent less than 1% of the class outstanding. Also includes 34,365 Class I Units held by Martin Enterprises LLC. These Class I Units represent 1.47% of the class outstanding.

(14) Includes 3,000 shares subject to options that are exercisable within 60 days.

(15) Includes 2,975,136 shares subject to options that are exercisable within 60 days.

(16) Includes 850,466 common OP Units and 1,628,506 Class I Units, which represent 15.03% of common OP Units outstanding and 69.60% of Class I Units outstanding, respectively.

(17) Beneficial ownership information is based on information contained in an Amendment No. 10 to Schedule 13G filed with the SEC on February 21, 2013, by The Vanguard Group, Inc. According to the schedule, The Vanguard Group, Inc. has sole voting power with respect to 432,192 shares and sole dispositive power with respect to 19,795,497 of the shares and shared dispositive power with respect to 355,131 of the shares.

(18) Beneficial ownership information is based on information contained in an Amendment No. 10 to Schedule 13G filed with the SEC on February 14, 2013, by Cohen & Steers, Inc. on behalf of itself and affiliated entities. According to the schedule, included in the securities listed above as beneficially owned by Cohen & Steers, Inc. are 11,718,532 shares and 11,549,212 shares over which Cohen & Steers, Inc. and Cohen & Steers Capital Management, Inc. (which is held 100% by Cohen & Steers, Inc.), respectively, have sole voting power and 16,129,927 shares and 15,764,446 shares, respectively, over which such entities have sole dispositive power. Also included in the securities listed above are 169,320 shares over which Cohen & Steers Europe S.A. has sole voting power and 365,481 shares over which Cohen & Steers Europe S.A. has sole dispositive power. Cohen & Steers Europe S.A. is held 100% by Cohen & Steers, Inc. and Cohen & Steers Capital Management, Inc.

(19) Beneficial ownership information is based on information contained in an Amendment No. 5 to Schedule 13G filed with the SEC on February 14, 2013, by FMR LLC on behalf of itself and affiliated persons and entities. The schedule contains the following information regarding beneficial ownership of the shares: (a) Fidelity Management & Research Company, a wholly owned subsidiary of FMR LLC, is the beneficial owner of 6,986,458 shares; (b) Pyramis Global Advisors, LLC, an indirect wholly owned subsidiary of FMR LLC, is the beneficial owner of 132,166 shares; (c) Fidelity Management Trust Company, a wholly-owned subsidiary of FMR LLC, is the beneficial owner of 45,467 shares; (d) Pyramis Global Advisors Trust Company, an indirect wholly owned subsidiary of FMR LLC, is the beneficial owner of 423,534 shares; (e) FIL Limited is the beneficial owner of 6,894,523 shares; (f) Strategic Advisers, Inc., a wholly-owned subsidiary of FMR LLC is the beneficial owner of 18,390 shares; and (g) each of Edward C. Johnson 3d and FMR LLC has sole dispositive power with respect to 6,986,458 shares.

(20) Beneficial ownership information is based on information contained in an Amendment No. 3 to Schedule 13G filed with the SEC on February 6, 2013, by Blackrock, Inc.

(21) Beneficial ownership information is based on information contained in Schedule 13G filed with the SEC on February 11, 2013, by State Street Corporation. According to the schedule, State Street Corporation has shared voting and shared dispositive power with respect to all shares reported.

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EXECUTIVE COMPENSATION

COMPENSATION DISCUSSION & ANALYSIS (CD&A)

This CD&A addresses the following:

- Overview of Aimco s Pay for Performance Philosophy and 2012 Performance Results;
- Components of Executive Compensation;
- Total Compensation for 2012;
- Other Compensation;
- Post-Employment Compensation and Severance Arrangements;
- Other Benefits; Perquisite Philosophy;
- Stock Ownership Guidelines and Required Holding Periods After Vesting;
- Role of Outside Consultants and Executive Officers;
- Base Salary, Incentive Compensation, and Equity Grant Practices; and
- 2013 Compensation Targets.

Overview of Aimco s Pay for Performance Philosophy and 2012 Performance Results

At Aimco s 2012 Annual Meeting of Stockholders, over 94% of the votes cast in the advisory vote on executive compensation that were present and entitled to vote on the matter were in favor of the compensation of Aimco s named executive officers as disclosed in Aimco s 2012 proxy statement. In addition, at Aimco s 2011 Annual Meeting of Stockholders, the Board recommended that our stockholders be provided with the opportunity to submit an advisory vote on the compensation of our named executive officers every year, which our stockholders also strongly supported. Aimco believes that the outcome of these proposals evidences the commitment of our Compensation and Human Resources Committee (the Committee) to open dialogue with our stockholders regarding our executive compensation program, and the Committee has and will continue to consider these voting results and stockholder sentiments generally as it formulates and implements an executive compensation program designed to align the long-term interests of our executive officers with our stockholders.

Aimco is a pay for performance organization. Aimco starts by setting target total compensation near the median of target total compensation for Aimco s peers as identified below, both as a measure of fairness and also to provide an economic incentive to remain with Aimco. In some cases, target total compensation may be lower or higher than the peer median because of the tenure of the executive officer in his or her position. Actual compensation is determined based on Aimco s results and individual performance. Every officer s annual cash incentive compensation, or STI, is based in part on Aimco s performance against its annual corporate goals. The more senior level the officer, the greater the percentage of his or her annual cash incentive compensation that is based on Aimco s performance against its corporate goals, all the way up through

Mr. Considine, whose entire annual cash incentive compensation is based on Aimco s performance against its corporate goals. Aimco s long-term incentive compensation, or LTI, follows a similar tiered structure. Every officer s LTI is based in part on Aimco s one-year and three-year total stockholder return (TSR) as compared to the MSCI US REIT Index (the REIT Index), with executive officers having a gre