

APARTMENT INVESTMENT & MANAGEMENT CO

Form S-4/A

November 22, 2010

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As filed with the Securities and Exchange Commission on November 19, 2010

Registration No. 333-169869

**SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

Amendment No. 2 to

**Form S-4
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933**

APARTMENT INVESTMENT AND MANAGEMENT COMPANY

(Exact name of registrant as specified in its charter)

Maryland

*(State of other jurisdiction of
incorporation or organization)*

6798

*(Primary standard industrial
classification code number)*

84-1259577

*(IRS Employer
Identification Number)*

AIMCO PROPERTIES, L.P.

(Exact name of registrant as specified in its charter)

Delaware

*(State of other jurisdiction of
incorporation or organization)*

6513

*(Primary standard industrial
classification code number)*

84-1275621

*(IRS Employer
Identification Number)*

4582 South Ulster Street Parkway, Suite 1100

Denver, Colorado 80237

(303) 757-8101

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

John Bezzant

Senior Vice President

Apartment Investment and Management Company

4582 South Ulster Street Parkway, Suite 1100

Denver, Colorado 80237

(303) 757-8101

(Name, address, including zip code and telephone number, including area code of agent for service)

Copies to:

**Gregory M. Chait
Paul J. Nozick
Alston & Bird LLP
One Atlantic Center
1201 West Peachtree Street
Atlanta, GA 30309
(404) 881-7000**

Approximate date of commencement of proposed sale to the public: As soon as practicable after this Registration Statement is declared effective and all other conditions to the merger as described in the enclosed information statement/prospectus are satisfied or waived.

If the securities being registered on this Form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box:

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act of 1933, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering:

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act of 1933, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering:

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

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company
(Do not check if a smaller reporting company)

If applicable, place an X in the box to designate the appropriate rule provision relied upon in conducting this transaction:

Exchange Act Rule 13e-4(i) (Cross-Border Issuer Tender Offer)

Exchange Act Rule 14d-1(d) (Cross-Border Third-Party Tender Offer)

The Registrants hereby amend this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrants will file a further amendment which specifically states that this Registration Statement will thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until the Registration Statement will become effective on such date as the Securities and

Exchange Commission, acting pursuant to said Section 8(a), may determine.

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The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED NOVEMBER 19, 2010

INFORMATION STATEMENT/PROSPECTUS

FOX STRATEGIC HOUSING INCOME PARTNERS

Fox Strategic Housing Income Partners, or Fox, has entered into an agreement and plan of merger with AIMCO Fox Merger Sub LLC, or the Aimco Subsidiary, a wholly owned subsidiary of Aimco Properties, L.P., or Aimco OP. Under the merger agreement, the Aimco Subsidiary, will be merged with and into Fox, with Fox as the surviving entity. The Aimco Subsidiary was formed for the purpose of effecting this transaction and does not have any assets or operations. In the merger, each limited partnership unit of Fox, or Limited Partnership Units, will be converted into the right to receive, at the election of the holder of such unit, either:

\$4.84 in cash, or

\$4.84 of equivalent value in partnership common units of Aimco OP, or OP Units.

The number of OP Units offered for each Limited Partnership Unit will be calculated by dividing \$4.84 by the average closing price of common stock of Apartment Investment and Management Company, or Aimco, as reported on the New York Stock Exchange, over the ten consecutive trading days ending on the second trading day immediately prior to the consummation of the merger. For example, as of November 12, 2010, the average closing price of Aimco common stock over the preceding ten consecutive trading days was \$22.15, which would have resulted in 0.22 OP Units offered for each Limited Partnership Unit. However, if Aimco OP determines that the law of the state or other jurisdiction in which a limited partner resides would prohibit the issuance of OP Units in that state or other jurisdiction (or that registration or qualification in that state or jurisdiction would be prohibitively costly), then such limited partner will not be entitled to elect OP Units, and will receive cash.

In the merger, Aimco OP's interest in the Aimco Subsidiary will be converted into Fox limited partnership units. As a result, after the merger, Aimco OP will be the sole limited partner of Fox and will own all of the outstanding Fox limited partnership units. Within ten days after the effective time of the merger, Aimco OP will prepare and mail to the former limited partners of Fox an election form with which they can elect to receive cash or OP Units. Fox limited partners may elect their form of consideration by completing and returning the election form in accordance with its instructions. If the information agent does not receive a properly completed election form from a holder before 5:00 p.m., New York time on the 30th day after the merger, the limited partner will be deemed to have elected to receive cash. Former limited partners may also use the election form to elect to receive, in lieu of the merger consideration, the appraised value of their Limited Partnership Units, determined through an arbitration proceeding.

In addition, limited partners who are not affiliated with Aimco OP may elect to receive an additional cash payment of \$4.03 per Limited Partnership Unit in exchange for executing a waiver and release of certain claims. In order to receive this additional payment, limited partners must complete the relevant section of the election form, execute the waiver and release that is attached to the election form and return both the election form and the executed waiver and release to the information agent as described above.

Under California law, the merger must be approved by Fox's general partner and a majority in interest of the Limited Partnership Units. The general partner has determined that the merger is advisable and in the best interests of Fox and its limited partners and has approved the merger and the merger agreement. As of November 12, 2010, there were issued and outstanding 26,111 Limited Partnership Units, and Aimco OP and its affiliates owned 13,719 of those units, or approximately 52.54% of the total Limited Partnership Units outstanding. Aimco OP and its affiliates have indicated that they intend to take action by written consent, as permitted under the partnership agreement, to approve the merger on or about [], 2010. **As a result, approval of the merger is assured, and your consent to the merger is not required.**

**WE ARE NOT ASKING YOU FOR A PROXY AND
YOU ARE REQUESTED NOT TO SEND US A PROXY**

This information statement/prospectus contains information about the merger and the securities offered hereby, and the reasons that the Fox general partner has decided that the merger is in the best interests of Fox and its limited partners. Fox's general partner has conflicts of interest with respect to the merger that are described in greater detail herein. Please read this information statement/prospectus carefully, including the section entitled Risk Factors beginning on page 11. It provides you with detailed information about the merger and the securities offered hereby. The merger agreement is attached to this information statement/prospectus as Annex A.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the securities to be issued in connection with the merger or determined if this information statement/prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

This information statement/prospectus is dated, [], 2010, and is first being mailed to limited partners on or about [], 2010.

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WE ARE CURRENTLY SEEKING QUALIFICATION TO ALLOW ALL HOLDERS OF LIMITED PARTNERSHIP UNITS OF FOX THE ABILITY TO ELECT TO RECEIVE OP UNITS IN CONNECTION WITH THE MERGER. HOWEVER, AT THE PRESENT TIME, IF YOU ARE A RESIDENT OF ONE OF THE FOLLOWING STATES, YOU ARE NOT PERMITTED TO ELECT TO RECEIVE OP UNITS IN CONNECTION WITH THE MERGER:

**CALIFORNIA
MASSACHUSETTS
NEW YORK**

THE ATTORNEY GENERAL OF THE STATE OF NEW YORK HAS NOT PASSED ON OR ENDORSED THE MERITS OF THIS OFFERING. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL.

ADDITIONAL INFORMATION

This information statement/prospectus incorporates important business and financial information about Aimco from documents that it has filed with the Securities and Exchange Commission but that have not been included in or delivered with this information statement/prospectus. For a listing of documents incorporated by reference into this information statement/prospectus, please see *Where You Can Find Additional Information* beginning on page 86 of this information statement/prospectus.

Aimco will provide you with copies of such documents relating to Aimco (excluding all exhibits unless Aimco has specifically incorporated by reference an exhibit in this information statement/prospectus), without charge, upon written or oral request to:

ISTC Corporation
P.O. Box 2347
Greenville, South Carolina 29602
(864) 239-1029

If you have any questions or require any assistance, please contact our information agent, Eagle Rock Proxy Advisors, LLC, by mail at 12 Commerce Drive, Cranford, New Jersey 07016; by fax at (908) 497-2349; or by telephone at (800) 217-9608.

ABOUT THIS INFORMATION STATEMENT/PROSPECTUS

This information statement/prospectus, which forms a part of a registration statement on Form S-4 filed with the Securities and Exchange Commission by Aimco and Aimco OP, constitutes a prospectus of Aimco OP under Section 5 of the Securities Act of 1933, as amended, or the Securities Act, with respect to the OP Units that may be issued to holders of Fox Limited Partnership Units in connection with the merger, and a prospectus of Aimco under Section 5 of the Securities Act with respect to shares of Aimco common stock that may be issued in exchange for such OP Units tendered for redemption. This document also constitutes an information statement under Section 14(c) of the Securities Exchange Act of 1934, as amended, or the Exchange Act, with respect to the action to be taken by written consent to approve the merger.

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SUMMARY TERM SHEET

This summary term sheet highlights the material information with respect to the merger agreement, the merger and the other matters described herein. It may not contain all of the information that is important to you. You are urged to carefully read the entire information statement/prospectus and the other documents referred to in this information statement/prospectus, including the merger agreement. Aimco, Aimco OP, Fox GP, FCMC and Aimco's subsidiaries that may be deemed to directly or indirectly beneficially own limited partnership units of Fox are referred to herein, collectively, as the Aimco Entities.

The Merger: Fox has entered into an agreement and plan of merger with the Aimco Subsidiary and Aimco OP. Under the merger agreement, at the effective time of the merger, the Aimco Subsidiary will be merged with and into Fox, with Fox as the surviving entity. A copy of the merger agreement is attached as Annex A to this information statement/prospectus. You are encouraged to read the merger agreement carefully in its entirety, because it is the legal agreement that governs the merger.

Merger Consideration: In the merger, each Limited Partnership Unit will be converted into the right to receive, at the election of the holder of such Limited Partnership Unit, either \$4.84 in cash or equivalent value in OP Units. The number of OP Units issuable with respect to each Limited Partnership Unit will be calculated by dividing the \$4.84 per unit cash merger consideration by the average closing price of Aimco common stock, as reported on the NYSE over the ten consecutive trading days ending on the second trading day immediately prior to the consummation of the merger. For a full description of the determination of the merger consideration, see *The Merger Determination of Merger Consideration* beginning on page 29.

Effects of the Merger: After the merger, Aimco OP will be the sole limited partner in Fox, and will own all of the outstanding Limited Partnership Units. As a result, after the merger, you will cease to have any rights in Fox as a limited partner. See *Special Factors Effects of the Merger*, beginning on page 5.

Appraisal Rights: Although the limited partners of Fox are not entitled to dissenters' appraisal rights generally applicable to limited partnerships under California law, because Fox was formed prior to the date on which such appraisal rights apply, the merger agreement provides them with contractual dissenters' appraisal rights that are similar to the dissenters' appraisal rights that are available to limited partners in a California limited partnership formed after such date. These contractual dissenters' appraisal rights will enable a limited partner to obtain an appraisal of the value of the limited partner's Limited Partnership Units in connection with the merger. See *The Merger Appraisal Rights*, beginning on page 32. A description of the appraisal rights being provided, and the procedures that a limited partner must follow to seek such rights, is attached to this information statement/prospectus as Annex B.

Additional Payment for Waiver and Release: In addition to the merger consideration, each limited partner unaffiliated with Aimco OP or its affiliates may elect to receive an additional cash payment of \$4.03 per Limited Partnership Unit in exchange for executing a waiver and release of potential claims such unaffiliated limited partner may have had in the past, may now have or may have in the future (through and including the date of the consummation of the merger) against Fox, Fox GP, Aimco OP or its affiliates and certain other persons and entities, including but not limited to claims related to the merger agreement and the transactions contemplated thereby, but excluding claims limited partners may have under federal securities laws. See *The Merger Waiver and Release and Additional Consideration*, beginning on page 31.

Parties Involved:

Fox Strategic Housing Income Partners, or Fox, is a California limited partnership formed on June 29, 1984. Its general partner is Fox Partners VIII, or Fox GP, a California general partnership. Fox GP's managing general partner is Fox Capital Management Corporation, or FCMC, a California corporation and an indirect subsidiary of Aimco. Fox's primary business and only industry segment is real estate related operations. Fox presently owns one investment property, The Views at Vinings Mountain Apartments, a 180 unit apartment project located in Atlanta, Georgia. See Information about Fox beginning on page 24. Fox's principal address is 55 Beattie Place, P.O. Box 1089, Greenville, South Carolina 29602 and its telephone number is (864) 239-1000.

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Apartment Investment and Management Company, or Aimco, is a Maryland corporation that is a self-administered and self-managed real estate investment trust, or REIT, focused on the ownership and management of quality apartment communities located in the 20 largest markets in the United States. Aimco is one of the largest owners and operators of apartment properties in the United States. Aimco's common stock is listed and traded on the NYSE under the symbol AIV. See Information about the Aimco Entities, beginning on page 22.

AIMCO Properties, L.P., or Aimco OP, is a Delaware limited partnership which, through its operating divisions and subsidiaries, holds substantially all of Aimco's assets and manages the daily operations of Aimco's business and assets. See Information about the Aimco Entities, beginning on page 22.

AIMCO Fox Merger Sub LLC, or the Aimco Subsidiary, is a California limited liability company formed for the purpose of consummating the merger with Fox. The Aimco Subsidiary is a direct wholly-owned subsidiary of Aimco OP. See Information about the Aimco Entities, beginning on page 22.

Reasons for the Merger: The Aimco Entities decided to proceed with the merger at this time for the following reasons:

In the absence of a transaction, Fox limited partners have only limited options to liquidate their investment in Fox. The Limited Partnership Units are not traded on an exchange or other reporting system, and transactions in the securities are limited and sporadic.

The value of the single property owned by Fox is not sufficient to justify its continued operation as a public company. As a public company with a significant number of unaffiliated limited partners, Fox incurs costs associated with preparing audited annual financial statements, unaudited quarterly financial statements, tax returns for partners on schedule K-1 and periodic SEC reports and other costs associated with having multiple limited partners. The Aimco Entities estimate these costs to be approximately \$47,000 per year.

Fox has been operating at a loss for the past several years. From January 1, 2007 through September 30, 2010, Aimco OP made loans of approximately \$10,951,000 to Fox to help fund the redevelopment of the property and operating expenses, but it is not likely to continue to make advances to Fox. Fox has made some payments on the loans, most significantly \$8,620,000 from refinancing proceeds during 2008. The Aimco Entities believe that it is unlikely that Fox can obtain financing from an independent third party. If the Aimco Entities acquire 100% ownership of Fox, they will have greater flexibility in financing and operating its property.

See Special Factors Purposes, Alternatives and Reasons for the Merger beginning on page 4.

Fairness of the Merger: Although the Aimco Entities have interests that may conflict with those of Fox's unaffiliated limited partners, each of the Aimco Entities believe that the merger is fair to the unaffiliated limited partners of Fox. See Special Factors Fairness of the Transaction beginning on page 6.

Conflicts of Interest: Fox's general partner, Fox GP, is a general partnership, the managing general partner of which is wholly-owned and controlled by Aimco. Therefore, Fox GP has a conflict of interest with respect to the merger. Fox GP, or the beneficial owners of its managing general partner, has fiduciary duties to Aimco, on the one hand, and Fox GP has fiduciary duties to the limited partners of Fox, on the other hand. The duties of Fox GP to the limited partners of Fox conflict with the duties of Fox GP to its general partners, which could result in Fox GP approving a transaction that is more favorable to Aimco than might be the case absent such

conflict of interest. As the general partner of Fox, Fox GP seeks the best possible terms for Fox's limited partners. This conflicts with Aimco's interest in obtaining the best possible terms for Aimco OP. See, "The Merger - Conflicts of Interest," beginning on page 30.

Risk Factors: In evaluating the merger agreement and the merger, Fox limited partners should carefully read this information statement/prospectus and especially consider the factors discussed in the section

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entitled Risk Factors beginning on page 11. Some of the risk factors associated with the merger are summarized below:

Aimco owns Fox GP, the general partner of Fox. As a result, Fox GP has a conflict of interest in the merger. A transaction with a third party in the absence of this conflict could result in better terms or greater consideration to Fox limited partners.

Fox limited partners who receive cash may recognize taxable gain in the merger and that gain could exceed the merger consideration.

There are a number of significant differences between Fox Limited Partnership Units and Aimco OP Units relating to, among other things, the nature of the investment, voting rights, distributions and liquidity and transferability/redemption. For more information regarding those differences, see Comparison of Fox Limited Partnership Units and Aimco OP Units, beginning on page 53.

Fox limited partners may elect to receive OP Units as merger consideration, and there are risks related to an investment in OP Units, including the fact that there are restrictions on transferability of OP Units; there is no public market for OP Units; and there is no assurance as to the value that might be realized upon a future redemption of OP Units.

Material United States Federal Income Tax Consequences of the Merger: The merger will generally be treated as a partnership merger for Federal income tax purposes. In general, any payment of cash for Limited Partnership Units will be treated as a sale of such Limited Partnership Units by such holder, and any exchange of Limited Partnership Units for OP Units under the terms of the merger agreement will be treated, in accordance with Sections 721 and 731 of the Internal Revenue Code of 1986, as amended, or the Code, as a tax free transaction, except to the extent described in Material United States Federal Income Tax Matters United States Federal Income Tax Consequences Relating to the Merger, beginning on page 58.

The foregoing is a general discussion of the United States federal income tax consequences of the merger. This summary does not discuss all aspects of federal income taxation that may be relevant to you in light of your specific circumstances or if you are subject to special treatment under the federal income tax laws. The particular tax consequences of the merger to you will depend on a number of factors related to your tax situation. You should review Material United States Federal Income Tax Matters, herein and consult your tax advisors for a full understanding of the tax consequences to you of the merger.

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SPECIAL FACTORS

Purposes, Alternatives and Reasons for the Merger

Aimco and Aimco OP are in the business of acquiring, owning and managing apartment properties such as the one owned by Fox, and have decided to proceed with the merger as a means of acquiring the property currently owned by Fox in a manner they and the other Aimco Entities believe (i) provides fair value to limited partners, (ii) offers limited partners an opportunity to receive immediate liquidity, or defer recognition of taxable gain (except where the law of the state or other jurisdiction in which a limited partner resides would prohibit the issuance of OP Units in that state or other jurisdiction, or where registration or qualification would be prohibitively costly), and (iii) relieves Fox of the expenses associated with a sale of the property, including marketing and other transaction costs.

The Aimco Entities decided to proceed with the merger at this time for the following reasons:

In the absence of a transaction, Fox limited partners have only limited options to liquidate their investment in Fox. The Limited Partnership Units are not traded on an exchange or other reporting system, and transactions in the securities are limited and sporadic.

The value of the single property owned by Fox is not sufficient to justify its continued operation as a public company. As a public company with a significant number of unaffiliated limited partners, Fox incurs costs associated with preparing audited annual financial statements, unaudited quarterly financial statements, tax returns for partners on schedule K-1 and periodic SEC reports and other costs associated with having multiple limited partners. The Aimco Entities estimate these costs to be approximately \$47,000 per year.

Fox has been operating at a loss for the past several years. From January 1, 2007 through September 30, 2010, Aimco OP made loans of approximately \$10,951,000 to Fox to help fund the redevelopment of the property and operating expenses, but it is not likely to continue to make advances to Fox. Fox has made some payments on the loans, most significantly \$8,620,000 from refinancing proceeds during 2008. The Aimco Entities believe that it is unlikely that Fox can obtain financing from an independent third party. If the Aimco Entities acquire 100% ownership of Fox, they will have greater flexibility in financing and operating its property.

Before deciding to proceed with the merger, Fox GP and the other Aimco Entities considered the alternatives described below:

Liquidation of Fox. Fox GP and the other Aimco Entities considered selling Fox's property to a third party for cash and distributing the net cash proceeds to Fox's limited partners. The primary advantage of such transactions would be that the sale prices would reflect arm's-length negotiations and might therefore be higher than the appraised value which has been used to determine the merger consideration. Fox GP and the other Aimco Entities rejected this alternative because of: (i) the risk that a third party might not be found at a satisfactory price or at all; (ii) the costs imposed on Fox in connection with marketing and selling the property; and (iii) the fact that limited partners would recognize taxable gain on the sales without the option of deferring that gain. Further, Fox GP and the other Aimco Entities recently evaluated a sale of the property to a third party but determined that a third party buyer would be unwilling to buy the property at a price that would repay Fox's outstanding indebtedness and the penalty associated with prepayment of the loan secured by the property.

Contribution of the property to Aimco. Fox GP and the other Aimco Entities considered a contribution of Fox's property to Aimco OP in exchange for OP Units. The primary advantage of such a transaction would be that Fox limited partners would not recognize taxable gain. Fox GP and the other Aimco Entities rejected this alternative because it would not offer an opportunity for immediate liquidity to the limited partners that desire such an alternative.

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Effects of the Merger

The Aimco Entities believe that the merger will have the following benefits and detriments to unaffiliated limited partners, Fox and the Aimco Entities:

Benefits to Unaffiliated Limited Partners. The merger is expected to have the following principal benefits to unaffiliated limited partners:

Liquidity. Limited partners are given a choice of merger consideration, and may elect to receive either cash or OP Units in the merger, except in those jurisdictions where the law prohibits the offer of OP Units (or registration would be prohibitively costly). Accordingly, limited partners may elect to receive the merger consideration they deem most beneficial to them. Limited partners who elect to receive cash consideration will receive immediate liquidity with respect to their investment.

Option to Defer Taxable Gain. Limited partners who elect to receive OP Units in the merger may defer recognition of taxable gain.

Diversification. Limited partners who receive OP Units in the merger will have the opportunity to participate in Aimco OP, which has a more diversified property portfolio than Fox.

Benefits to Fox. The merger is expected to have the following principal benefits to Fox:

Elimination of Costs Associated with SEC Reporting Requirements and Multiple Limited Partners. After the merger, the Aimco Entities will own all of the interests in Fox, and Fox will terminate its registration and cease filing periodic reports with the SEC. In addition, Aimco OP will be the sole limited partner Fox. As a result, Fox will no longer incur costs associated with preparing audited annual financial statements, unaudited quarterly financial statements, tax returns for partners on schedule K-1 and periodic SEC reports or other expenses associated with having multiple limited partners. The Aimco Entities estimate these expenses to be approximately \$47,000 per year.

Benefits to the Aimco Entities. The merger is expected to have the following principal benefits to the Aimco Entities:

Increased Interest in Fox. Upon completion of the merger, Aimco OP will be the sole limited partner of Fox. As a result, the Aimco Entities will receive all of the benefit from any future appreciation in value of the property after the merger, and any future property income.

Detriments to Unaffiliated Limited Partners. The merger is expected to have the following principal detriments to unaffiliated limited partners:

Taxable Gain. Limited partners who elect to receive cash consideration may recognize taxable gain in the merger and that gain could exceed the merger consideration. In addition, limited partners who receive OP Units in the merger could recognize taxable gain if Aimco subsequently sells the property.

Risks Related to OP Units. Limited partners who elect to receive OP Units in the merger will be subject to the risks related to an investment in OP Units, as described in greater detail under the heading Risk Factors Risks Related to an Investment in OP Units.

Conflicts of Interest; No Separate Representation of Limited Partners. Fox's general partner, Fox GP, is a general partnership, the managing general partner of which is wholly-owned and controlled by Aimco. Therefore, Fox GP has a conflict of interest with respect to the merger. Fox GP, or the beneficial owners of its managing general partner, has

fiduciary duties to Aimco, on the one hand, and Fox GP has fiduciary duties to the limited partners of Fox, on the other hand. The duties of Fox GP to the limited partners of Fox conflict with the duties of Fox GP to its general partners, which could result in Fox GP approving a transaction that is more favorable to Aimco than might be the case absent such conflict of interest. As the general partner of Fox, Fox GP seeks the best possible terms for Fox's limited partners. This conflicts with Aimco's interest in obtaining the best possible terms for Aimco OP. In negotiating the merger agreement, no one separately represented the interests of the limited partners. If an independent advisor had been engaged, it is possible that such advisor could have negotiated better terms for Fox's limited partners.

Detriments to Fox. The merger is not expected to have any detriments to Fox.

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Detriments to the Aimco Entities. The merger is expected to have the following principal detriments to the Aimco Entities:

Increased Interest in Deficit Net Book Value and Net Losses. Upon completion of the merger, the Aimco Entities interest in the net book value of Fox will increase from 51.5% to 100%, or from a deficit of \$1,106,000 to a deficit of \$2,148,000 as of December 31, 2009, and their interest in the net losses of Fox will increase from 34.2% to 100%, or from a loss of \$1,685,000 to a loss of \$4,928,000 for the period ended December 31, 2009.

As a result, Aimco OP will bear the burden of all future operating or other losses, as well as any decline in the value of the property.

Burden of Capital Expenditures. Upon completion of the merger, the Aimco Entities will have sole responsibility for providing any funds necessary to pay for capital expenditures at the property.

Material United States Federal Income Tax Consequences of the Merger

For a discussion of the material United States federal income tax consequences of the merger, see **Material United States Federal Income Tax Matters** United States Federal Income Tax Consequences Relating to the Merger, beginning on page 58.

Fairness of the Transaction

Factors in Favor of Fairness Determination. The Aimco Entities (including Fox GP as general partner of Fox) believe that the merger is fair and in the best interests of Fox and its unaffiliated limited partners. In support of such determination, the Aimco Entities considered the following factors:

The merger consideration of \$4.84 per Limited Partnership Unit was based on an independent third party appraisal of the property by KTR, an independent valuation firm.

The merger consideration exceeds the Aimco Entities estimate of liquidation value (\$0 per Limited Partnership Unit at September 30, 2010), calculated as the aggregate appraised value of the property, plus the amount of any other assets, less the amount of Fox's liabilities, including mortgage debt (taking into account prepayment penalties thereon, currently estimated to be \$1,832,770).

The merger consideration exceeds the Aimco Entities estimate of going concern value (\$0 per Limited Partnership Unit at September 30, 2010), calculated as the appraised value of the property, plus the amount of any other assets of Fox, less the amount of Fox's liabilities, including mortgage debt (but without taking into account prepayment penalties thereon).

The merger consideration exceeds the net book value per unit (a deficit of \$179.04 per Limited Partnership Unit at September 30, 2010).

Limited partners may defer recognition of taxable gain by electing to receive OP Units in the merger, except in those jurisdictions where the law prohibits the offer of OP Units (or registration would be prohibitively costly).

The number of OP Units issuable to limited partners in the merger was determined based on the average closing price of Aimco common stock, as reported on the NYSE, over the ten consecutive trading days ending on the second trading day immediately prior to the consummation of the merger.

Limited partners who receive cash consideration will achieve immediate liquidity with respect to their investment.

Limited partners who elect to receive OP Units in the merger will have the opportunity to participate in Aimco OP, which has a more diversified property portfolio than Fox.

Although the limited partners of Fox are not entitled to dissenters appraisal rights generally applicable to limited partnerships under California law, because Fox was formed prior to the date on which such appraisal rights apply, the merger agreement provides them with contractual dissenters appraisal rights that are

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similar to the dissenters' appraisal rights that are available to limited partners in a California limited partnership formed after such date.

Although the merger agreement may be terminated by either side at any time, Aimco OP and the Aimco Subsidiary are very likely to complete the merger on a timely basis.

Unlike a typical property sale agreement, the merger agreement contains no indemnification provisions, so there is no risk of subsequent reduction of the proceeds.

In contrast to a sale of the property to a third party, which would involve marketing and other transaction costs, Aimco OP has agreed to pay all expenses associated with the merger.

Factors Not in Favor of Fairness Determination. In addition to the foregoing factors, the Aimco Entities also considered the following countervailing factors:

Fox's general partner, Fox GP, is a general partnership, the managing general partner of which is wholly-owned and controlled by Aimco. Therefore, Fox GP has substantial conflicts of interest with respect to the merger as a result of (i) the fiduciary duties it owes to unaffiliated limited partners, who have an interest in receiving the highest possible consideration, and (ii), and the fiduciary duties that the beneficial owners of its managing general partner have to Aimco, which has an interest in Aimco OP obtaining the property for the lowest possible consideration.

The terms of the merger were not approved by any independent directors.

An unaffiliated representative was not retained to act solely on behalf of the unaffiliated limited partners for purposes of negotiating the merger agreement on an independent, arm's-length basis, which might have resulted in better terms for the unaffiliated limited partners.

The merger agreement does not require the approval of any unaffiliated limited partners.

No opinion has been obtained from an independent financial advisor that the merger is fair to the unaffiliated limited partners.

The merger consideration is less than the prices (\$100.00 to \$102.00 per Limited Partnership Unit) at which Limited Partnership Units have recently sold in the secondary market (from January 1, 2010 through November 12, 2010).

The merger consideration is less than the prices (\$100.00 to \$190.00 per Limited Partnership Unit) at which Limited Partnership Units have historically sold in the secondary market (from January 1, 2008 through December 31, 2009).

Limited partners who receive cash consideration in the merger may recognize taxable gain and that gain could exceed the merger consideration.

Limited partners who receive OP Units in the merger could recognize taxable gain if Aimco subsequently sells the property.

Limited partners who elect to receive OP Units in the merger will be subject to the risks related to an investment in OP Units, as described in greater detail under the heading "Risk Factors - Risks Related to an

Investment in OP Units.

KTR, the valuation firm that appraised the property, has performed work for Aimco OP and its affiliates in the past and this pre-existing relationship could negatively impact KTR's independence.

The Aimco Entities did not assign relative weights to the above factors in making their conclusion that the merger is fair to Fox and its unaffiliated limited partners. They relied primarily on their estimate of value calculated based on the appraised value of the property and other assets of Fox and deducting the amount of mortgage debt and all other liabilities of Fox.

The Aimco Entities were aware of, but did not place much emphasis on, information regarding prices at which Limited Partnership Units may have sold in the secondary markets, because they do not view that information as a

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reliable measure of value. The Limited Partnership Units are not traded on an exchange or other reporting system, and transactions in the securities are very limited and sporadic.

Procedural Fairness. The Aimco Entities determined that the merger is fair from a procedural standpoint despite the absence of any customary procedural safeguards, such as the engagement of an unaffiliated representative, the approval of independent directors or approval by a majority of unaffiliated limited partners. In making this determination, the Aimco Entities relied primarily on the dissenters' appraisal rights provided to unaffiliated limited partners under the merger agreement.

The Appraisal

Selection and Qualifications of Independent Appraiser. Fox GP, in its capacity as the general partner of Fox, retained the services of KTR to appraise the market value of Fox's property. KTR is an experienced independent valuation consulting firm that has performed appraisal services for Aimco OP and its affiliates in the past. Aimco OP believes that its relationship with KTR had no negative impact on its independence in conducting the appraisal related to the merger.

Factors Considered. KTR performed a complete appraisal of the property. KTR has represented that its report was prepared in conformity with the Uniform Standards of Professional Appraisal Practice, as promulgated by the Appraisal Standards Board of the Appraisal Foundation, the Code of Professional Ethics and the Standards of Professional Appraisal Practice of the Appraisal Institute. Fox furnished KTR with all of the necessary information requested by KTR in connection with the appraisal. The appraisal was not prepared in conjunction with a request for a specific value or a value within a given range. In preparing its valuation of the property, KTR, among other things:

Inspected the property and its environs;

Reviewed demographic and other socioeconomic trends pertaining to the city and region where the property is located;

Examined regional apartment market conditions, with special emphasis on the property's apartment submarket;

Investigated lease and sale transactions involving comparable properties in the influencing market;

Reviewed the existing rent roll and discussed the leasing status with the building manager and leasing agent. In addition, KTR reviewed the property's recent operating history and those of competing properties;

Utilized appropriate appraisal methodology to derive estimates of value; and

Reconciled the estimates of value into a single value conclusion.

Summary of Approaches and Methodologies Employed. The following summary describes the approaches and analyses employed by KTR in preparing the appraisal. KTR principally relied on two approaches to valuation: (i) the income capitalization approach and (ii) the sales comparison approach.

The income capitalization approach is based on the premise that value is derived by converting anticipated benefits into property value. Anticipated benefits include the present value of the net income and the present value of the net proceeds resulting from the re-sale of the property. KTR reported that the property has an adequate operations history to determine its income-producing capability over the near future. In addition, performance levels of competitive properties served as an adequate check as to the reasonableness of the property's actual performance. As such, the

income capitalization approach was utilized in the appraisal of the property. As part of the income capitalization approach, KTR used the direct capitalization method to estimate a value for property.

According to KTR's report, the basic steps in the direct capitalization analysis are as follows: (i) calculate potential gross income from all sources that a competent owner could legally generate; (ii) estimate and deduct an appropriate vacancy and collection loss factor to arrive at effective gross income; (iii) estimate and deduct operating expenses that would be expected during a stabilized year to arrive at a probable net operating income; (iv) develop an appropriate overall capitalization rate to apply to the net operating income; and (v) estimate value by dividing the net operating income by the overall capitalization rate. In addition, any adjustments to account for differences between the current conditions and stabilized conditions are also considered.

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The sales comparison approach is an estimate of value based upon a process of comparing recent sales of similar properties in the surrounding or competing areas to the subject property. This comparative process involves judgment as to the similarity of the subject property and the comparable sales with respect to many value factors such as location, contract rent levels, quality of construction, reputation and prestige, age and condition, and the interest transferred, among others. The value estimated through this approach represents the probable price at which the subject property would be sold by a willing seller to a willing and knowledgeable buyer as of the date of value. The reliability of this technique is dependent upon the availability of comparable sales data, the verification of the sales data, the degree of comparability and extent of adjustment necessary for differences, and the absence of atypical conditions affecting the individual sales prices. KTR reported that, although the volume of sales activity is down as a result of market conditions, its research revealed adequate sales activity to form a reasonable estimation of the subject property's market value pursuant to the sales comparison approach. According to KTR's report, the basic steps in processing the sales comparison approach are outlined as follows: (i) research the market for recent sales transactions, listings, and offers to purchase or sell of properties similar to the subject property; (ii) select a relevant unit of comparison and develop a comparative analysis; (iii) compare comparable sale properties with the subject property using the elements of comparison and adjust the price of each comparable to the subject property; and (iv) reconcile the various value indications produced by the analysis of the comparables.

The final step in the appraisal process is the reconciliation of the value indicators into a single value estimate. KTR reviewed each approach in order to determine its appropriateness relative to the property. The accuracy of the data available and the quantity of evidence were weighted in each approach. For the appraisal of the property, KTR relied principally on the income capitalization approach to valuation and secondarily on the sales comparison approach, and reported that the value conclusion derived pursuant to the sales comparison approach is supportive of the conclusion derived pursuant to the income capitalization approach.

Summary of Independent Appraisal of the Property. KTR performed a complete appraisal of the property. The appraisal was performed as of May 21, 2010 and delivered to Fox GP in June 2010. The summary set forth below describes the material conclusions reached by KTR based on the values determined under the valuation approaches and subject to the assumptions and limitations described below. KTR estimated the market value of the property was, as of the time of the appraisal, \$15,300,000.

Valuation Under Income Capitalization Approach. Using the income capitalization approach, KTR performed a direct capitalization analysis to derive a value of \$15,300,000 for the property, based on the following underlying determinations:

A potential gross income from apartment unit rentals of \$175,720 per month or \$2,108,640 for the appraised year;

A loss to lease allowance of 5.0% of gross potential rent;

A rent concession of 4.0% of the gross rent potential;

A stabilized vacancy and credit loss of 5.0% of the gross rent potential;

Other income of \$940 per unit;

Total expenses of \$909,941, or \$5,055 per unit; and

A capitalization rate of 7.0%.

Using a direct capitalization analysis, KTR calculated the value of the property by dividing the stabilized net operating income by the concluded capitalization rate of 7.0%.

Valuation Under Sales Comparison Approach. KTR estimated the value of the property under the sales comparison approach by analyzing sales from the influencing market that were most similar to the property in terms of age, size, tenant profile and location. KTR reported that the local market has been active in terms of investment sales of similar properties, and that adequate sales existed to formulate a defensible value for the property under the sales comparison approach. The sales comparison approach resulted in a valuation conclusion for the property of approximately \$15,300,000 as of May 21, 2010.

In reaching a valuation conclusion for the property, KTR examined and analyzed comparable sales of four properties in the influencing market. The sales reflected per unit unadjusted sales prices ranging from \$89,492 to \$113,636. After adjustment for factors such as changes in market conditions from the time of the comparable sales

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and differences in location, building size, quality of construction, building materials, age, condition, functional utility, appearance and average unit size, the comparable sales illustrated a range from \$83,675 to \$92,244. KTR reported that the two sales which required the least adjustment were accorded the most significance. The adjusted indicators exhibited by those sales provided a range of \$83,675 to \$88,259 per unit. KTR estimated a value of \$85,000 per unit for the property, which, when multiplied by the property's 180 units, resulted in a total value estimate for the property of approximately \$15,300,000 (as of May 21 2010).

Reconciliation of Values and Conclusion of Appraisal. KTR relied principally on the income capitalization approach to valuation and secondarily on the sales comparison approach. The income capitalization approach resulted in a value of \$15,300,000 (as of May 2010). KTR concluded that the market value of the property as of May 21, 2010 was \$15,300,000.

Assumptions, Limitations and Qualifications of KTR's Valuation. KTR's appraisal report was subject to the following assumptions and limiting conditions: no responsibility was assumed for the legal description or for matters including legal or title considerations, and title to the property was assumed to be good and marketable unless otherwise stated; the property was appraised free and clear of any or all liens or encumbrances unless otherwise stated; responsible ownership and competent property management were assumed; the information furnished by others was believed to be reliable, and no warranty was given by KTR for the accuracy of such information; all engineering was assumed to be correct; there were no hidden or unapparent conditions of the property, subsoil, or structures that render it more or less valuable, and no responsibility was assumed for such conditions or for arranging for engineering studies that may be required to discover them; there was full compliance with all applicable federal, state, and local environmental regulations and laws unless noncompliance was stated, defined, and considered in the appraisal report; all applicable zoning and use regulations and restrictions have been complied with, unless nonconformity had been stated, defined, and considered in the appraisal report; all required licenses, certificates of occupancy, consents, or other legislative or administrative authority from any local, state, or national government or private entity or organization have been or can be obtained or renewed for any use on which the value estimate contained in the appraisal report was based; the utilization of the land and improvements is within the boundaries or property lines of the property described and there is no encroachment or trespass unless noted in the appraisal report; the distribution, if any, of the total valuation in the appraisal report between land and improvements applies only under the stated program of utilization; unless otherwise stated in the appraisal report, the existence of hazardous substances, including without limitation, asbestos, polychlorinated biphenyls, petroleum leakage, or agricultural chemicals, which may or may not be present on the property, or other environmental conditions, were not called to the attention of nor did the appraiser become aware of such during the appraiser's inspection, and the appraiser had no knowledge of the existence of such materials on or in the property unless otherwise stated; the appraiser has not made a specific compliance survey and analysis of the property to determine whether or not it is in conformity with the various detailed requirements of the Americans with Disabilities Act; and former personal property items such as kitchen and bathroom appliances were, at the time of the appraisal report, either permanently affixed to the real estate or were implicitly part of the real estate in that tenants expected the use of such items in exchange for rent and never gained any of the rights of ownership, and the intention of the owners was not to remove the articles which are required under the implied or express warranty of habitability.

Compensation of Appraiser. KTR's fee for the appraisal was approximately \$7,000. Aimco OP paid for the costs of the appraisal. KTR's fee for the appraisal was not contingent on the approval or completion of the merger. In addition to the appraisal performed in connection with the merger, during the prior two years, KTR has been paid approximately \$34,550 for appraisal services by Aimco OP and its affiliates. Except as set forth above, during the prior two years, no material relationship has existed between KTR and Fox or Aimco OP or any of their affiliates. Aimco OP believes that its relationship with KTR had no negative impact on its independence in conducting the appraisal.

Availability of Appraisal Report. You may obtain a full copy of KTR's appraisal upon request, without charge, by contacting Eagle Rock Proxy Advisors, LLC, by mail at 12 Commerce Drive, Cranford, New Jersey 07016; by fax at (908) 497-2349; or by telephone at (800) 217-9608. In addition, the appraisal report has been filed with the SEC. For more information about how to obtain a copy of the appraisal report see [Where You Can Find Additional Information](#).

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RISK FACTORS

Risks Related to the Merger

Conflicts of Interest. Fox's general partner, Fox GP, is a general partnership, the managing general partner of which is wholly-owned and controlled by Aimco. Therefore, Fox GP has a conflict of interest with respect to the merger. Fox GP, or the beneficial owners of its managing general partner, has fiduciary duties to Aimco, on the one hand, and Fox GP has fiduciary duties to the limited partners of Fox, on the other hand. The duties of Fox GP to the limited partners of Fox conflict with the duties of Fox GP to its general partners, which could result in Fox GP approving a transaction that is more favorable to Aimco than might be the case absent such conflict of interest. As the general partner of Fox, Fox GP seeks the best possible terms for Fox's limited partners. This conflicts with Aimco's interest in obtaining the best possible terms for Aimco OP.

No independent representative was engaged to represent the unaffiliated limited partners in negotiating the terms of the merger. If an independent advisor had been engaged, it is possible that such advisor could have negotiated better terms for Fox's limited partners.

The terms of the merger have not been determined in arm's-length negotiations. The terms of the merger, including the merger consideration, were determined through discussions between officers and directors of the managing general partner of Fox GP, on one hand, and officers of Aimco, on the other. All of the officers and directors of the managing general partner of Fox GP are also officers of Aimco. Thus, none of the directors of the managing general partner of Fox GP are independent. If the terms of the merger had been determined through arm's-length negotiations, the terms might be more favorable to Fox and its limited partners.

The merger agreement does not require approval of the merger by a majority of the limited partners unaffiliated with Fox GP or Aimco OP. Under the provisions of the Fox partnership agreement and applicable California law, the merger must be approved by a majority in interest of the Limited Partnership Units. As of November 12, 2010, Aimco OP and its affiliates owned approximately 52.54% of the outstanding Fox Limited Partnership Units, enabling them to approve the merger without the consent or approval of any unaffiliated limited partners.

Alternative valuations of Fox's property might exceed the appraised value relied on to determine the merger consideration. Aimco determined the merger consideration in reliance on the appraised value of Fox's property. See, Special Factors The Appraisal, beginning on page 8, for more information about the appraisal. Although an independent appraiser was engaged to perform a complete appraisal of the property, valuation is not an exact science. There are a number of other methods available to value real estate, each of which may result in different valuations of a property. Also, others using the same valuation methodology could make different assumptions and judgments, and obtain different results.

The actual sales price of Fox's property could exceed the appraised value that Aimco relied on to determine the merger consideration. No recent attempt has been made to market the property to unaffiliated third parties. Accordingly, there can be no assurance that the property could not be sold for a value higher than the appraised value used to determine the merger consideration if it was marketed to third-party buyers interested in a property of this type.

The merger consideration may not represent the price unaffiliated limited partners could obtain for their Limited Partnership Units in an open market. There is no established or regular trading market for Limited Partnership Units, nor is there another reliable standard for determining the fair market value of the Limited Partnership Units. The

merger consideration does not necessarily reflect the price that Fox limited partners would receive in an open market for their Limited Partnership Units. Such price could be higher than the value of the merger consideration.

No opinion has been obtained from an independent financial advisor that the merger is fair to unaffiliated limited partners. While Fox GP and each of the other Aimco Entities believe that the terms of the merger are fair to Fox limited partners unaffiliated with Fox GP or Aimco for the reasons discussed in Special Factors Fairness of the Transaction, beginning on page 6, no opinion has been obtained as to whether the merger is fair to the limited partners of Fox unaffiliated with Fox GP or Aimco from a financial point of view.

Fox limited partners may recognize taxable gain in the merger and that gain could exceed the merger consideration. Limited partners who elect to receive cash in the merger will recognize gain or loss equal to the

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difference between their amount realized and their adjusted tax basis in the Limited Partnership Units sold. The resulting tax liability could exceed the value of the cash received in the merger.

Limited partners in certain jurisdictions will not be able to elect OP Units. In those states where the offering of the OP Units hereby is not permitted (or the registration or qualification of OP Units in that state or would be prohibitively costly), residents of those states will receive only the cash consideration in the merger.

Risks Related to an Investment in Aimco or Aimco OP

For a description of risks related to an investment in Aimco and Aimco OP, please see the information set forth under Part I Item 1A. Risk Factors in the Annual Reports on Form 10-K for the year ended December 31, 2009 of each of Aimco, which is incorporated herein by reference, and Aimco OP, which is included as Annex F to this information statement/prospectus, each of which is available electronically through the SEC's website, www.sec.gov, or by request to Aimco.

Risks Related to an Investment in OP Units

There are restrictions on the ability to transfer OP Units, and there is no public market for Aimco OP Units. The Aimco OP partnership agreement restricts the transferability of OP Units. Until the expiration of a one-year holding period, subject to certain exceptions, investors may not transfer OP Units without the consent of Aimco OP's general partner. Thereafter, investors may transfer such OP Units subject to the satisfaction of certain conditions, including the general partner's right of first refusal. There is no public market for the OP Units. Aimco OP has no plans to list any OP Units on a securities exchange. It is unlikely that any person will make a market in the OP Units, or that an active market for the OP Units will develop. If a market for the OP Units develops and the OP Units are considered readily tradable on a secondary market (or the substantial equivalent thereof), Aimco OP would be classified as a publicly traded partnership for United States Federal income tax purposes, which could have a material adverse effect on Aimco OP.

Cash distributions by Aimco OP are not guaranteed and may fluctuate with partnership performance. Aimco OP makes quarterly distributions to holders of OP Units (on a per unit basis) that generally are equal to dividends paid on the Aimco common stock (on a per share basis). However, such distributions will not necessarily continue to be equal to such dividends. Although Aimco OP makes quarterly distributions on its OP Units, there can be no assurance regarding the amounts of available cash that Aimco OP will generate or the portion that its general partner will choose to distribute. The actual amounts of available cash will depend upon numerous factors, including profitability of operations, required principal and interest payments on our debt, the cost of acquisitions (including related debt service payments), its issuance of debt and equity securities, fluctuations in working capital, capital expenditures, adjustments in reserves, prevailing economic conditions and financial, business and other factors, some of which may be beyond Aimco OP's control. Cash distributions depend primarily on cash flow, including from reserves, and not on profitability, which is affected by non-cash items. Therefore, cash distributions may be made during periods when Aimco OP records losses and may not be made during periods when it records profits. The Aimco OP partnership agreement gives the general partner discretion in establishing reserves for the proper conduct of the partnership's business that will affect the amount of available cash. Aimco is required to make reserves for the future payment of principal and interest under its credit facilities and other indebtedness. In addition, Aimco OP's credit facility limits its ability to distribute cash to holders of OP Units. As a result of these and other factors, there can be no assurance regarding actual levels of cash distributions on OP Units, and Aimco OP's ability to distribute cash may be limited during the existence of any events of default under any of its debt instruments.

Holders of OP Units are limited in their ability to effect a change of control. The limited partners of Aimco OP are unable to remove the general partner of Aimco OP or to vote in the election of Aimco's directors unless they own

shares of Aimco. In order to comply with specific REIT tax requirements, Aimco's charter has restrictions on the ownership of its equity securities. As a result, Aimco OP limited partners and Aimco stockholders are limited in their ability to effect a change of control of Aimco OP and Aimco, respectively.

Holders of OP Units have limited voting rights. Aimco OP is managed and operated by its general partner. Unlike the holders of common stock in a corporation, holders of OP Units have only limited voting rights on matters affecting Aimco OP's business. Such matters relate to certain amendments of the partnership agreement and certain

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transactions such as the institution of bankruptcy proceedings, an assignment for the benefit of creditors and certain transfers by the general partner of its interest in Aimco OP or the admission of a successor general partner. Holders of OP Units have no right to elect the general partner on an annual or other continuing basis, or to remove the general partner. As a result, holders of OP Units have limited influence on matters affecting the operation of Aimco OP, and third parties may find it difficult to attempt to gain control over, or influence the activities of, Aimco OP.

Holders of OP Units are subject to dilution. Aimco OP may issue an unlimited number of additional OP Units or other securities for such consideration and on such terms as it may establish, without the approval of the holders of OP Units. Such securities could have priority over the OP Units as to cash flow, distributions and liquidation proceeds. The effect of any such issuance may be to dilute the interests of holders of OP Units.

Holders of OP Units may not have limited liability in specific circumstances. The limitations on the liability of limited partners for the obligations of a limited partnership have not been clearly established in some states. If it were determined that Aimco OP had been conducting business in any state without compliance with the applicable limited partnership statute, or that the right or the exercise of the right by the OP Unitholders as a group to make specific amendments to the agreement of limited partnership or to take other action under the agreement of limited partnership constituted participation in the control of Aimco OP's business, then a holder of OP Units could be held liable under specific circumstances for Aimco OP's obligations to the same extent as the general partner.

Aimco may have conflicts of interest with holders of OP Units. Conflicts of interest have arisen and could arise in the future as a result of the relationships between the general partner of Aimco OP and its affiliates (including Aimco), on the one hand, and Aimco OP or any partner thereof, on the other. The directors and officers of the general partner have fiduciary duties to manage the general partner in a manner beneficial to Aimco, as the sole stockholder of the general partner. At the same time, as the general partner of Aimco OP, it has fiduciary duties to manage Aimco OP in a manner beneficial to Aimco OP and its limited partners. The duties of the general partner of Aimco OP to Aimco OP and its partners may therefore come into conflict with the duties of the directors and officers of the general partner to its sole stockholder, Aimco. Such conflicts of interest might arise in the following situations, among others:

Decisions of the general partner with respect to the amount and timing of cash expenditures, borrowings, issuances of additional interests and reserves in any quarter will affect whether or the extent to which there is available cash to make distributions in a given quarter.

Under the terms of the Aimco OP partnership agreement, Aimco OP will reimburse the general partner and its affiliates for costs incurred in managing and operating Aimco OP, including compensation of officers and employees.

Whenever possible, the general partner seeks to limit Aimco OP's liability under contractual arrangements to all or particular assets of Aimco OP, with the other party thereto having no recourse against the general partner or its assets.

Any agreements between Aimco OP and the general partner and its affiliates will not grant to the OP Unitholders, separate and apart from Aimco OP, the right to enforce the obligations of the general partner and such affiliates in favor of Aimco OP. Therefore, the general partner, in its capacity as the general partner of Aimco OP, will be primarily responsible for enforcing such obligations.

Under the terms of the Aimco OP partnership agreement, the general partner is not restricted from causing Aimco OP to pay the general partner or its affiliates for any services rendered on terms that are fair and reasonable to Aimco OP or entering into additional contractual arrangements with any of such entities on behalf of Aimco OP. Neither the Aimco OP partnership agreement nor any of the other agreements, contracts

and arrangements between Aimco OP, on the one hand, and the general partner of Aimco OP and its affiliates, on the other, are or will be the result of arm's-length negotiations.

Provisions in the Aimco OP partnership agreement may limit the ability of a holder of OP Units to challenge actions taken by the general partner. Delaware law provides that, except as provided in a partnership agreement, a general partner owes the fiduciary duties of loyalty and care to the partnership and its limited partners. The Aimco OP partnership agreement expressly authorizes the general partner to enter into, on behalf of Aimco OP, a right of

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first opportunity arrangement and other conflict avoidance agreements with various affiliates of Aimco OP and the general partner, on such terms as the general partner, in its sole and absolute discretion, believes are advisable. The latitude given in the Aimco OP partnership agreement to the general partner in resolving conflicts of interest may significantly limit the ability of a holder of OP Units to challenge what might otherwise be a breach of fiduciary duty. The general partner believes, however, that such latitude is necessary and appropriate to enable it to serve as the general partner of Aimco OP without undue risk of liability.

The Aimco OP partnership agreement limits the liability of the general partner for actions taken in good faith. Aimco OP's partnership agreement expressly limits the liability of the general partner by providing that the general partner, and its officers and directors, will not be liable or accountable in damages to Aimco OP, the limited partners or assignees for errors in judgment or mistakes of fact or law or of any act or omission if the general partner or such director or officer acted in good faith. In addition, Aimco OP is required to indemnify the general partner, its affiliates and their respective officers, directors, employees and agents to the fullest extent permitted by applicable law, against any and all losses, claims, damages, liabilities, joint or several, expenses, judgments, fines and other actions incurred by the general partner or such other persons, provided that Aimco OP will not indemnify for (i) willful misconduct or a knowing violation of the law or (ii) for any transaction for which such person received an improper personal benefit in violation or breach of any provision of the partnership agreement. The provisions of Delaware law that allow the common law fiduciary duties of a general partner to be modified by a partnership agreement have not been resolved in a court of law, and the general partner has not obtained an opinion of counsel covering the provisions set forth in the Aimco OP partnership agreement that purport to waive or restrict the fiduciary duties of the general partner that would be in effect under common law were it not for the partnership agreement.

Material United States Tax Risks Associated with an Investment in the OP Units

The following are among the United States Federal income tax considerations to be taken into account in connection with an investment in OP Units. For a general discussion of material United States Federal income tax consequences resulting from acquiring, holding, exchanging, and otherwise disposing of OP Units, see *Material United States Federal Income Tax Matters – Taxation of Aimco OP and OP Unitholders*.

Aimco OP may be treated as a publicly traded partnership taxable as a corporation. If Aimco OP were treated as a publicly traded partnership taxed as a corporation for United States Federal income tax purposes, material adverse consequences to the partners and their owners would result. In addition, Aimco would not qualify as a REIT for United States Federal income tax purposes, which would have a material adverse impact on Aimco and its shareholders. Aimco believes and intends to take the position that Aimco OP should not be treated as a publicly traded partnership or taxable as a corporation. No assurances can be given that the Internal Revenue Service, or the IRS, would not assert, or that a court would not sustain a contrary position. Accordingly, each prospective investor is urged to consult his tax advisor regarding the classification and treatment of Aimco OP as a partnership for United States Federal income tax purposes.

The limited partners may recognize gain on the transaction. If a Fox limited partner receives or is deemed to receive cash or consideration other than OP Units in connection with the merger, the receipt of such cash or other consideration would be taxable to the limited partner either as boot or under the disguised sale rules. Subject to certain exceptions, including exceptions applicable to periodic distributions of operating cash flow, any transfer or deemed transfer of cash by Aimco OP to the limited partner (or its owners), including cash paid at closing, within two years before or after a contribution of property that has an adjusted tax basis in excess of its fair market value, will generally be treated as part of a disguised sale. The application of the disguised sale rules is complex and depends, in part, upon the facts and circumstances applicable to the limited partner (and its owners), which Aimco has not undertaken to review. Accordingly, limited partners and their owners are particularly urged to consult with their tax advisors concerning the extent to which the disguised sale rules would apply.

A contribution of appreciated or depreciated property may result in special allocations to the contributing partner. If property is contributed to Aimco OP and the adjusted tax basis of the property differs from its fair market value, then Aimco OP tax items must be specially allocated, for United States Federal income tax purposes, in a manner chosen by Aimco OP such that the contributing partner is charged with and must recognize the

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unrealized gain, or benefits from the unrealized loss, associated with the property at the time of the contribution. As a result of such special allocations, the amount of net taxable income allocated to a contributing partner is likely to exceed the amount of cash distributions, if any, to which such contributing partner is entitled.

The Aimco OP general partner could take actions that would impose tax liability on a contributing partner. There are a variety of transactions that Aimco OP may in its sole discretion undertake following a property contribution that could cause the transferor (or its partners) to incur a tax liability without a corresponding receipt of cash. Such transactions include, but are not limited to, the sale or distribution of a particular property and a reduction in nonrecourse debt, or certain tax elections made by Aimco OP. In addition, future economic, market, legal, tax or other considerations may cause Aimco OP to dispose of the contributed property or to reduce its debt. As permitted by the Aimco OP partnership agreement, the general partner intends to make decisions in its capacity as general partner of Aimco OP so as to maximize the profitability of Aimco OP as a whole, independent of the tax effects on individual holders of OP Units.

An investor's tax liability from OP Units could exceed the cash distributions received on such OP Units. A holder of OP Units will be required to pay United States Federal income tax on such holder's allocable share of Aimco OP's income, even if such holder receives no cash distributions from Aimco OP. No assurance can be given that a holder of OP Units will receive cash distributions equal to such holder's allocable share of taxable income from Aimco OP or equal to the tax liability to such holder resulting from that income. Further, upon the sale, exchange or redemption of any OP Units, a reduction in nonrecourse debt, or upon the special allocation at the liquidation of Aimco OP, an investor may incur a tax liability in excess of the amount of cash received.

Table of Contents**SELECTED SUMMARY HISTORICAL FINANCIAL DATA OF
APARTMENT INVESTMENT AND MANAGEMENT COMPANY**

The following tables set forth Aimco's selected summary historical financial data as of the dates and for the periods indicated. Aimco's historical consolidated statements of income data set forth below for each of the five fiscal years in the period ended December 31, 2009 and the historical consolidated balance sheet data for each of the five fiscal year-ends in the period ended December 31, 2009, are derived from information included in Aimco's Current Report on Form 8-K filed with the SEC on November 19, 2010. Aimco's historical consolidated statements of income data set forth below for each of the nine months ended September 30, 2010 and 2009, and the historical consolidated balance sheet data as of September 30, 2010, are derived from Aimco's unaudited interim Quarterly Report on Form 10-Q for the quarter ended September 30, 2010.

You should read this information together with Management's Discussion and Analysis of Financial Condition and Results of Operations and with the consolidated financial statements and notes to the consolidated financial statements included in Aimco's Current Report on Form 8-K filed with the SEC on November 19, 2010 and Quarterly Report on Form 10-Q for the quarter ended September 30, 2010, filed with the SEC on November 1, 2010, which are incorporated by reference in this information statement/prospectus. See Where You Can Find Additional Information in this information statement/prospectus.

	For the Nine Months Ended September 30,		For The Years Ended December 31,				
	2010	2009(1)	2009(1)	2008(1)	2007(1)	2006(1)	2005(1)
	(unaudited)						
	(dollar amounts in thousands, except per unit data)						
Consolidated							
Statements of							
Operations:							
Total revenues	\$ 869,180	\$ 859,848	\$ 1,151,736	\$ 1,199,423	\$ 1,132,109	\$ 1,043,683	\$ 866,992
Total operating expenses(2)	(770,635)	(783,101)	(1,051,394)	(1,151,459)	(958,070)	(879,107)	(731,102)
Operating income(2)	98,545	76,747	100,342	47,964	174,039	164,576	135,890
Loss from continuing operations(2)	(123,944)	(136,045)	(198,703)	(119,163)	(50,097)	(44,798)	(36,366)
Income from discontinued operations, net(3)	68,532	86,289	153,903	746,165	175,603	331,820	161,718
Net (loss) income	(55,412)	(49,756)	(44,800)	627,002	125,506	287,022	125,352
Net loss (income) attributable to noncontrolling interests	5,147	(20,725)	(19,474)	(214,995)	(95,595)	(110,234)	(54,370)
Net income attributable to preferred stockholders	(36,626)	(37,631)	(50,566)	(53,708)	(66,016)	(81,132)	(87,948)

Net (loss) income									
attributable to Aimco									
Common									
Stockholders	(86,891)	(108,112)	(114,840)	351,314	(40,586)	93,710	(21,223)		
Earnings (loss) per									
Common share - basic									
and diluted:									
Loss from continuing									
operations									
attributable to Aimco									
Common									
Stockholders	\$ (1.12)	\$ (1.18)	\$ (1.75)	\$ (2.11)	\$ (1.42)	\$ (1.48)	\$ (1.33)		
Net (loss) income									
attributable to Aimco									
Common									
Stockholders	\$ (0.75)	\$ (0.95)	\$ (1.00)	\$ 3.96	\$ (0.43)	\$ 0.98	\$ (0.23)		
Consolidated									
Balance Sheets:									
Real estate, net of									
accumulated									
depreciation	\$ 6,685,389		\$ 6,795,391	\$ 6,956,631	\$ 6,729,914	\$ 6,265,294	\$ 5,573,491		
Total assets	7,617,072		7,906,468	9,441,870	10,617,681	10,292,587	10,019,160		
Total indebtedness	5,542,562		5,541,148	5,919,771	5,534,154	4,852,928	4,192,292		
Total equity	1,462,808		1,534,703	1,646,749	2,048,546	2,650,182	3,060,969		
Other Information:									
Dividends declared									
per common share	\$ 0.20	\$ 0.20	\$ 0.40	\$ 7.48	\$ 4.31	\$ 2.40	\$ 3.00		
Total consolidated									
properties (end of									
period)	419	458	426	514	657	703	619		
Total consolidated									
apartment units (end									
of period)	93,008	104,301	95,202	117,719	153,758	162,432	158,548		
Total unconsolidated									
properties (end of									
period)	59	79	77	85	94	102	264		
Total unconsolidated									
apartment units (end									
of period)	6,933	8,657	8,478	9,613	10,878	11,791	35,269		
units managed (end									
of period)(4)	27,357	33,623	31,974	35,475	38,404	42,190	46,667		

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- (1) Certain reclassifications have been made to conform to the September 30, 2010 financial statement presentation, including retroactive adjustments to reflect additional properties sold or classified as held for sale as of September 30, 2010, as discontinued operations (see Note 3 to the condensed consolidated financial statements in Item 1 Financial Statements in Aimco's Quarterly Report on Form 10-Q for the quarter ended September 30, 2010, and Note 13 to the consolidated financial statements in Item 8 Financial Statements and Supplementary Data in Aimco's Current Report on Form 8-K, filed with the SEC on November 19, 2010, which are incorporated by reference in this information statement/prospectus.).
- (2) Total operating expenses, operating income and loss from continuing operations for the year ended December 31, 2008, include a \$91.1 million pre-tax provision for impairment losses on real estate development assets, which is discussed further in Item 7 Management's Discussion and Analysis of Financial Condition and Results of Operations in Aimco's Current Report on Form 8-K filed with the SEC on November 19, 2010, which is incorporated by reference in this information statement/prospectus.
- (3) Income from discontinued operations for the years ended December 31, 2009, 2008, 2007, 2006 and 2005 includes \$221.8 million, \$800.3 million, \$117.6 million, \$337.1 million and \$162.7 million in gains on disposition of real estate, respectively. Income from discontinued operations for 2009, 2008 and 2007 is discussed further in Item 7 Management's Discussion and Analysis of Financ