

APARTMENT INVESTMENT & MANAGEMENT CO

Form 424B2

December 17, 2004

Table of Contents

Filed Pursuant to Rule 424(b)(2)
Commission File No. 333-113977

Prospectus Supplement

(To Prospectus dated March 26, 2004)

3,000,000 Shares
7.875% Class Y Cumulative Preferred Stock

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

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

You are urged to carefully read the **Risk Factors section beginning on page S-10, where specific risks associated with the Class Y Cumulative Preferred Stock are described, along with the other information in this prospectus supplement before you make your investment decision.**

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

Price \$25 Per Share			
	Price to Public	Underwriting Discount and Commissions	Proceeds to Aimco
Per share	\$25	\$0.7875	\$24.2125
Total	\$75,000,000	\$2,362,500	\$72,637,500

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

The underwriters expect that the Class Y Cumulative Preferred Stock will be ready for delivery in book-entry form only through The Depository Trust Company on or about December 21, 2004.

Deutsche Bank Securities
Raymond James
December 16, 2004

UBS Investment Bank
RBC Capital Markets

TABLE OF CONTENTS

Page

Prospectus Supplement	
<u>Summary</u>	S-1
<u>Risk Factors</u>	S-10
<u>Use of Proceeds</u>	S-17
<u>Capitalization</u>	S-18
<u>The Company</u>	S-20
<u>Description of Class Y Cumulative Preferred Stock</u>	S-26
<u>Certain Federal Income Tax Consequences</u>	S-33
<u>Underwriters</u>	S-37
<u>Experts</u>	S-39
<u>Legal Matters</u>	S-39
<u>Incorporation of Certain Documents by Reference</u>	S-39
Prospectus	
AIMCO and the AIMCO Operating Partnership	1
Use of Proceeds	1
Ratio of Earnings to Fixed Charges	2
Description of AIMCO Debt Securities	2
Description of AIMCO Operating Partnership Debt Securities	9
Description of Preferred Stock	16
Description of Equity Stock	20
Description of Class A Common Stock	24
Provisions of Maryland Law Applicable to Preferred Stock, Equity Stock and Class A Common Stock	25
Description of Outstanding Classes of Preferred Stock	27
Description of Warrants	34
Plan of Distribution	35
Certain Federal Income Taxation Considerations	37
Where You Can Find More Information	52
Legal Matters	53
Experts	53

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

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

Table of Contents**SUMMARY**

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

The Company

Apartment Investment and Management Company, or Aimco, is a Maryland corporation incorporated on January 10, 1994. We are a self-administered and self-managed real estate investment trust, or REIT, engaged in the acquisition, ownership, management and redevelopment of apartment properties. As of September 30, 2004, we owned or managed a portfolio of 1,546 apartment properties (individually a property and collectively the properties) containing 271,859 apartment units located in 47 states, the District of Columbia and Puerto Rico. Based on apartment unit data compiled by the National Multi Housing Council, as of December 31, 2003, we were the largest REIT owner and operator of multifamily apartment properties in the United States. Our portfolio includes garden style, mid-rise and high-rise properties and we serve approximately one million residents per year.

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

	Total Portfolio	
	Properties	Units
Consolidated properties	693	172,900
Unconsolidated properties	371	51,474
Property managed for third parties	73	8,191
Asset managed for third parties	409	39,294
Total	1,546	271,859

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

Since our initial public offering in July 1994, we have completed numerous acquisition transactions, expanding our portfolio of owned or managed properties from 132 properties with 29,343 apartment units to 1,546 properties with 271,859 apartment units as of September 30,

Table of Contents

2004. These acquisitions have included purchases of properties and interests in entities that own or manage properties, as well as corporate mergers.

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

S-2

Table of Contents

The Offering

Issuer	Apartment Investment and Management Company
Securities Offered	3,000,000 shares of Class Y Cumulative Preferred Stock (Class Y Preferred Stock) (3,450,000 shares if the underwriters' option to purchase an additional 450,000 shares within 30 days of completion of this offering is exercised in full).
Dividends	Dividends are cumulative from the date of original issue and are payable quarterly on or about the 15th day of January, April, July and October of each year, when and as declared, beginning on April 15, 2005. We will pay cumulative dividends on the Class Y Preferred Stock in an amount per share equal to \$1.96875 per year, equivalent to 7.875% of the \$25 liquidation preference.
Liquidation Preference	\$25 per share of Class Y Preferred Stock, plus an amount equal to accumulated, accrued and unpaid dividends, whether or not earned or declared.
Optional Redemption	The Class Y Preferred Stock is not redeemable prior to December 21, 2009, except in limited circumstances relating to the ownership limitation necessary to preserve our qualification as a REIT. On and after December 21, 2009, the Class Y Preferred Stock will be redeemable for cash, in whole or from time to time in part, at a price per share equal to the liquidation preference, plus accumulated, accrued and unpaid dividends, if any, to the redemption date.
Ranking	The Class Y Preferred Stock will rank prior to our common stock, and on the same level as our remaining outstanding shares of preferred stock, with respect to the payment of dividends and the distribution of amounts upon liquidation, dissolution or winding up.
Voting Rights	You will generally not have any voting rights. If, however, we have not paid dividends on the Class Y Preferred Stock for six or more quarterly periods, whether or not consecutive, you, together with holders of other classes of preferred stock, will be entitled to elect two additional directors to our Board of Directors until all unpaid dividends on the Class Y Preferred Stock have been paid or declared and set apart for payment. In addition, certain material adverse changes to the terms of the stock cannot be made without the affirmative vote of holders of at least 66 2/3% of the outstanding shares of Class Y Preferred Stock. Any vote with respect to the Class Y Preferred Stock, including for the election of additional directors, will be together with the holders of shares of any class or series of stock ranking on a parity with the Class Y Preferred Stock that are entitled to similar voting rights, voting as a single class.

Table of Contents

Ownership Limit	You may not acquire more than 8.7% of the aggregate value of all outstanding shares of our common and preferred stock. In addition, you may not own more than 8.7% of our outstanding common stock.
Listing	We intend to apply to list the shares of Class Y Preferred Stock on the New York Stock Exchange, or NYSE, under the symbol AIVPrY. If approved for listing, trading on the NYSE is expected to begin within 30 days after the closing of this offering.
Form	The Class Y Preferred Stock will be issued and maintained in book-entry form registered in the name of the nominee of The Depository Trust Company except under limited circumstances.
Use of Proceeds	We intend to use the net proceeds to redeem \$31.25 million of Class D Cumulative Preferred Stock, to redeem \$15.02 million of 6 1/2% Convertible Subordinated Debentures and the remainder to repay certain short-term indebtedness and for other corporate purposes. The redemption of the Class D Cumulative Preferred Stock will be funded by the Aimco Operating Partnership's concurrent redemption of \$31.25 million of Class D Partnership Preferred Units that we hold, as described under Use of Proceeds. The proceeds from the redemption of the 6 1/2% Convertible Subordinated Debentures will be applied by Insignia Financing I, as the holder of such debentures, to redeem concurrently all of its outstanding 6 1/2% Trust Convertible Preferred Securities, as described under Use of Proceeds.

For additional information regarding the terms of the Class Y Preferred Stock, see Description of Class Y Cumulative Preferred Stock beginning on page S-26.

Your investment in the Class Y Preferred Stock involves certain risks. For a discussion of some of these risks, please see Risk Factors, beginning on page S-10, and the other information included in or incorporated by reference in this prospectus supplement and the accompanying prospectus, before deciding whether an investment in the Class Y Preferred Stock is suitable for you.

Table of Contents**Summary Historical Financial Information**

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

	Nine Months Ended September 30,		Year Ended December 31,		
	2004	2003	2003	2002	2001
(unaudited) (in thousands, except per share data)					
Operating Data:					
Total revenues	\$ 1,087,794	\$ 1,044,191	\$ 1,395,797	\$ 1,267,366	\$ 1,150,544
Total expenses	827,616	715,790	976,258	809,581	785,594
Operating income	260,178	328,401	419,539	457,785	364,950
Income from continuing operations	32,976	56,526	64,069	148,913	86,523
Income from discontinued operations, net	162,203	65,162	94,788	20,133	20,829
Net income	191,222	121,688	158,857	169,046	107,352
Per Share Data:					
Earnings (loss) per common share basic:					
Income (loss) from continuing operations (net of preferred dividends)	\$ (0.36)	\$ (0.19)	\$ (0.32)	\$ 0.65	\$ (0.05)
Net income attributable to common stockholders	1.34	0.51	0.70	0.88	0.23
Earnings (loss) per common share diluted:					
Income (loss) from continuing operations (net of preferred dividends)	(0.36)	(0.19)	(0.32)	0.64	(0.05)
Net income attributable to common stockholders	1.34	0.51	0.70	0.87	0.23
Dividends declared per common share	1.80	2.24	2.84	3.28	3.16

Table of Contents

	Nine Months Ended September 30,		Year Ended December 31,		
	2004	2003	2003	2002	2001
(unaudited) (in thousands, except per share data)					
Balance Sheet Data (End of period):					
Real estate, net of accumulated depreciation	\$ 8,651,356	\$ 8,131,448	\$ 8,155,411	\$ 8,007,333	\$ 5,842,693
Total assets	10,184,975	10,171,064	10,098,376	10,309,101	8,300,672
Total indebtedness	6,003,100	5,767,173	5,739,336	5,570,487	4,100,907
Stockholders' equity	2,958,541	2,906,795	2,860,657	3,163,387	2,710,615
Cash Flow Data:					
Cash provided by operating activities	\$ 302,638	\$ 404,055	\$ 430,258	\$ 497,289	\$ 494,457
Cash provided by (used in) investing activities	148,871	156,693	311,904	(786,377)	(132,010)
Cash provided by (used in) financing activities	(443,371)	(530,218)	(727,283)	308,641	(439,562)
Other Data:					
Funds from operations available to common stockholders - diluted (1)	\$ 195,958	\$ 244,555	\$ 312,440	\$ 437,910	\$ 470,731
Weighted average number of common shares, common share equivalents and dilutive preferred securities outstanding	94,560	97,162	96,607	96,361	90,438

- (1) Funds From Operations, or FFO, is a non-GAAP financial measure that we believe, when considered with the financial data determined in accordance with GAAP, is helpful to investors in understanding our performance because it captures features particular to real estate performance by recognizing that real estate generally appreciates over time or maintains residual value to a much greater extent than do other depreciable assets such as machinery, computers or other personal property. The Board of Governors of the National Association of Real Estate Investment Trusts, or NAREIT, defines FFO as net income, computed in accordance with GAAP, excluding gains (or losses) from sales of depreciable property, plus depreciation and amortization, and after adjustments for unconsolidated partnerships and joint ventures. Adjustments for unconsolidated partnerships and joint ventures will be calculated to reflect FFO on the same basis. We compute FFO for all periods presented in accordance with the guidance set forth by NAREIT's April 1, 2002 White Paper, which we refer to as the White Paper. We calculate FFO (diluted) by subtracting redemption related preferred stock issuance costs and dividends on preferred stock, adding back dividends/distributions on dilutive preferred securities and adding back the interest expense on dilutive mandatorily redeemable convertible preferred securities. FFO should not be considered an alternative to net income or net cash flows from operating activities, as calculated in accordance with GAAP, as an indication of our performance or as a measure of liquidity. FFO is not necessarily indicative of cash available to fund future cash needs. In addition, although FFO is a measure used for comparability in assessing the performance of real estate investment trusts, there can be no assurance that our basis for computing FFO is comparable with that of other real estate investment trusts.

Edgar Filing: APARTMENT INVESTMENT & MANAGEMENT CO - Form 424B2

Table of Contents

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

	Nine Months Ended September 30,		Year Ended December 31,		
	2004	2003	2003	2002	2001
			(unaudited) (in thousands)		
Net income attributable to common stockholders (A)	\$ 124,915	\$ 47,656	\$ 65,292	\$ 75,488	\$ 17,021
Adjustments:					
Depreciation and amortization (B)	265,981	245,305	331,352	267,914	315,880
Depreciation and amortization related to non-real estate assets	(13,481)	(15,639)	(20,370)	(20,107)	(15,197)
Depreciation of rental property related to minority partners' interest (C)	(32,132)	(21,206)	(30,128)	(22,663)	(4,833)
Depreciation of rental property related to unconsolidated entities	17,116	19,331	25,817	33,549	57,506
(Gain) loss on dispositions of real estate related to unconsolidated entities and other	(41,218)	(2,209)	(3,178)	22,362	(17,394)
Deficit distributions to minority partners (D)	14,907	20,928	22,672	26,979	46,359
Cumulative effect of change in accounting principle	3,957				
Income tax arising from disposals					3,202
Gain on disposition of land	35,455				3,843
Discontinued operations:					
Depreciation of rental property, net of minority partners' interest (C)	12,075	29,702	39,009	49,787	55,928
(Gain) loss on dispositions of real estate, net of minority partners' interest (C)	(196,066)	(67,459)	(101,849)	6,021	
Deficit distributions to minority partners (D)	(3,308)	(4,079)	(10,718)	1,321	1,342
Income tax arising from disposals	13,235	5,112	12,134	2,507	
Minority interest in Aimco Operating Partnership's share of above adjustments	(8,235)	(23,881)	(29,910)	(44,500)	(58,883)
Preferred stock dividends	64,121	66,387	85,920	93,558	90,331
Redemption related preferred stock issuance costs	2,186	7,645	7,645		
Funds From Operations	\$ 259,508	\$ 307,593	\$ 393,688	\$ 492,216	\$ 495,105
Preferred stock dividends	(64,121)	(66,387)	(85,920)	(93,558)	(90,331)
Redemption related preferred stock issuance costs	(2,186)	(7,645)	(7,645)		
Dividends/ distributions on dilutive preferred securities	2,757	10,253	11,330	38,091	64,389
Interest expense on mandatorily redeemable convertible preferred securities		741	987	1,161	1,568
Funds From Operations attributable to common stockholders - diluted	\$ 195,958	\$ 244,555	\$ 312,440	\$ 437,910	\$ 470,731

S-7

Table of Contents

Nine Months Ended September 30,		Year Ended December 31,		
2004	2003	2003	2002	2001