

APARTMENT INVESTMENT & MANAGEMENT CO

Form S-4

October 12, 2010

**Table of Contents**

As filed with the Securities and Exchange Commission on October 12, 2010  
Registration No. 333-

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

**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)*

<b>Maryland</b> <i>(State of other jurisdiction of incorporation or organization)</i>	<b>6798</b> <i>(Primary standard industrial classification code number)</i>	<b>84-1259577</b> <i>(IRS Employer Identification Number)</i>
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**AIMCO PROPERTIES, L.P.**  
*(Exact name of registrant as specified in its charter)*

<b>Delaware</b> <i>(State of other jurisdiction of incorporation or organization)</i>	<b>6513</b> <i>(Primary standard industrial classification code number)</i>	<b>84-1275621</b> <i>(IRS Employer Identification Number)</i>
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**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)*

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**New York, NY 10036**  
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**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)

**CALCULATION OF REGISTRATION FEE**

<b>Title of Each Class of Securities to be Registered</b>	<b>Amount to be Registered(1)</b>	<b>Proposed Maximum Offering Price per Unit(1)</b>	<b>Proposed Maximum Aggregate Offering Price(2)</b>	<b>Amount of Registration Fee</b>
Partnership Common Units of Aimco Properties, L.P. Common Stock of Apartment Investment and Management Company(2)			\$1,974,629.16	\$140.79

- (1) Omitted in reliance on Rule 457(o) under the Securities Act of 1933.
- (2) Represents shares of Common Stock issuable upon redemption of Partnership Common Units issued hereunder.

**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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**Table of Contents**

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 October 12, 2010**

**INFORMATION STATEMENT/PROSPECTUS**

**SHELTER PROPERTIES II**

Shelter Properties II, or SP II, plans to enter into an agreement and plan of merger with a wholly owned subsidiary of Aimco Properties, L.P., or Aimco OP. Under the proposed merger agreement, the Aimco Subsidiary, AIMCO SP II Merger Sub LLC, will be merged with and into SP II, with SP II 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 Unit of Limited Partnership Interest of SP II, or SP Unit, will be converted into the right to receive, at the election of the holder of such SP Unit, either:

\$350.64 in cash, or

\$350.64 in partnership common units of Aimco OP, or OP Units.

The number of OP Units offered for each SP Unit will be calculated by dividing \$350.64 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 October 6, 2010, the average closing price of Aimco common stock over the preceding ten consecutive trading days was \$21.65, which would have resulted in 16.20 OP Units offered for each SP 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 SP Units. As a result, after the merger, Aimco OP will be the sole limited partner of SP II and will own all of the outstanding SP Units.

Within ten days after the effective time of the merger, Aimco OP will prepare and mail to you an election form pursuant to which you can elect to receive cash or OP Units. You may elect your 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 you before 5:00 p.m., New York time, on the 30th day after the merger, you will be deemed to have elected to receive cash. You may also use the election form to elect to receive, in lieu of the merger consideration, the appraised value of your SP Units, determined through an arbitration proceeding.

In addition and separate from the merger consideration, you may elect to receive an additional cash payment of \$17.76 in exchange for executing a waiver and release of certain claims. In order to receive such additional payment, you 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.

Prior to entering into the proposed merger agreement, the certificate and agreement of limited partnership of SP II will be amended to provide that a majority in interest of the SP Units may approve business combination transactions involving SP II, including the merger contemplated by the proposed merger agreement.

Under South Carolina law, the amendment of SP II's certificate and agreement of limited partnership must be approved by SP II's general partners and by holders of a majority of the outstanding SP Units. Once amended, SP II's certificate and agreement of limited partnership will provide that the merger may be approved by SP II's general partners and by a majority of the outstanding SP Units. SP II's general partners have determined that the amendment and the proposed merger are advisable and in the best interests of SP II and its limited partners and have approved the amendment of SP II's certificate and agreement of limited partnership, the proposed merger agreement and the transactions contemplated thereby. As of October 7, 2010, there were issued and outstanding 27,500 SP Units, and Aimco OP and its affiliates owned 21,868.5 of those units, or approximately 79.52% of the number of 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 amendment, the proposed merger agreement and the transactions contemplated thereby on or about \_\_\_\_\_, 2010. **As a result, approval of the transactions is assured, and your consent 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 proposed amendment of SP II's certificate and agreement of limited partnership, the proposed merger agreement, the transactions contemplated thereby, and the securities offered hereby, and the reasons that SP II's corporate general partner, Shelter Realty II Corporation, or the Corporate General Partner, has decided that the transactions are in the best interests of SP II and its limited partners. The Corporate General Partner has conflicts of interest with respect to the transactions that are described in greater detail herein. Please read this information statement/prospectus carefully, including the section entitled "Risk Factors" beginning on page 7. It provides you with detailed information about the proposed amendment of SP II's certificate and agreement of limited partnership, the proposed merger agreement, the transactions contemplated thereby, and the securities offered hereby. The proposed merger agreement is attached to this information statement/prospectus as Annex A. The proposed amendment of SP II's certificate and agreement of limited partnership is attached to this information statement/prospectus as Annex E.

**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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**Table of Contents**

**WE ARE CURRENTLY SEEKING QUALIFICATION TO ALLOW ALL HOLDERS OF SP UNITS 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 and Aimco OP from documents that they have 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 89 of this information statement/prospectus.

Aimco will provide you with copies of such documents relating to Aimco and Aimco OP (excluding all exhibits unless Aimco or Aimco OP 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 SP 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 by the holder thereof. 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 amendment of SP II's certificate and agreement of limited partnership, the proposed merger agreement, the transactions contemplated thereby.

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**Table of Contents**

**TABLE OF CONTENTS**

	<b>Page</b>
<b><u>SUMMARY</u></b>	1
<u>Information about Aimco, Aimco OP and the Aimco Subsidiary (page 18)</u>	1
<u>Information About Shelter Properties II (page 19)</u>	2
<u>Comparison of SP Units and Aimco OP Units (page 55)</u>	2
<u>Background and Reasons for the Transactions (page 25)</u>	2
<u>The Transactions (page 25)</u>	3
<u>Determination of Merger Consideration (page 28)</u>	3
<u>Risk Factors (page 7)</u>	4
<u>Fairness of the Transactions (page 26)</u>	4
<u>Conflicts of Interest (page 29)</u>	5
<u>Waiver and Release and Additional Consideration (page 29)</u>	5
<u>Regulatory Matters (page 35)</u>	5
<u>Appraisal Rights (page 35)</u>	5
<u>Termination of the Merger Agreement (page 37)</u>	5
<u>Summary of Material United States Federal Income Tax Consequences of the Merger (page 61)</u>	6
<u>Accounting Treatment of the Merger (page 35)</u>	6
 <b><u>RISK FACTORS</u></b>	 7
<u>Risks Related to the Merger</u>	7
<u>Risks Related to an Investment in Aimco or Aimco OP</u>	8
<u>Risks Related to an Investment in OP Units</u>	8
<u>Certain United States Tax Risks Associated with an Investment in the OP Units</u>	10
 <b><u>SELECTED SUMMARY HISTORICAL FINANCIAL DATA OF APARTMENT INVESTMENT AND MANAGEMENT COMPANY</u></b>	 12
 <b><u>SELECTED SUMMARY HISTORICAL FINANCIAL DATA OF AIMCO PROPERTIES, L.P.</u></b>	 14
 <b><u>SELECTED SUMMARY HISTORICAL FINANCIAL DATA OF SHELTER PROPERTIES II</u></b>	 16
 <b><u>COMPARATIVE PER SHARE DATA</u></b>	 17
 <b><u>INFORMATION ABOUT AIMCO, AIMCO OP AND THE AIMCO SUBSIDIARY</u></b>	 18
 <b><u>INFORMATION ABOUT SHELTER PROPERTIES II</u></b>	 19
<u>Distributions to Limited Partners</u>	20
<u>Certain Relationships and Related Transactions</u>	20
<u>Directors, Executive Officers and Corporate Governance</u>	22
<u>Security Ownership of Certain Beneficial Owners and Management</u>	23
<u>Additional Information</u>	24
 <b><u>THE TRANSACTIONS</u></b>	 25
<u>Background and Reasons for the Transactions</u>	25



<u>Alternatives Considered</u>	26
<u>Amendment of Certificate and Agreement of Limited Partnership</u>	26
<u>Reasons for the Transactions; Fairness of the Transactions</u>	26
<u>Determination of Merger Consideration</u>	28
<u>Conflicts of Interest</u>	29

---

**Table of Contents**

	<b>Page</b>
<u>Waiver and Release and Additional Consideration</u>	29
<u>The Appraisals</u>	30
<u>Future Plans for the Properties</u>	35
<u>Material United States Federal Income Tax Consequences of the Merger</u>	35
<u>Regulatory Matters</u>	35
<u>Accounting Treatment of the Merger</u>	35
<u>Appraisal Rights</u>	35
<u>Expenses and Fees and Source of Funds</u>	35
<u>Approvals Required</u>	36
<u>THE MERGER AGREEMENT</u>	37
<u>The Merger</u>	37
<u>Conditions to Obligations to Complete the Merger</u>	37
<u>Termination of the Merger Agreement</u>	37
<u>Amendment</u>	37
<u>Governing Law</u>	37
<u>Appraisal Rights</u>	37
<u>Election Forms</u>	38
<u>DESCRIPTION OF AIMCO OP UNITS; SUMMARY OF AIMCO OP PARTNERSHIP AGREEMENT</u>	39
<u>General</u>	39
<u>Purpose And Business</u>	39
<u>Management By The General Partner</u>	39
<u>Outstanding Classes Of Units</u>	40
<u>Distributions</u>	41
<u>Allocations Of Net Income And Net Loss</u>	42
<u>Withholding</u>	43
<u>Return Of Capital</u>	43
<u>Redemption Rights Of Qualifying Parties</u>	43
<u>Partnership Right To Call Limited Partner Interests</u>	43
<u>Transfers And Withdrawals</u>	44
<u>Amendment of the Partnership Agreement</u>	45
<u>Procedures for Actions and Consents of Partners</u>	45
<u>Records and Accounting; Fiscal Year</u>	45
<u>Reports</u>	46
<u>Tax Matters Partner</u>	46
<u>Dissolution and Winding Up</u>	46
<u>DESCRIPTION OF AIMCO COMMON STOCK</u>	47
<u>General</u>	47
<u>Outstanding Classes Of Preferred Stock</u>	48
<u>COMPARISON OF AIMCO OP UNITS AND AIMCO COMMON STOCK</u>	53
<u>COMPARISON OF SP UNITS AND AIMCO OP UNITS</u>	55
<u>Compensation and Distributions</u>	59



**Table of Contents**

	<b>Page</b>
<b><u>CERTAIN UNITED STATES FEDERAL INCOME TAX MATTERS</u></b>	61
<u>United States Federal Income Tax Consequences Relating to the Merger</u>	61
<u>Taxation of Aimco OP and OP Unitholders</u>	63
<u>Taxation of Aimco and Aimco Stockholders</u>	69
<u>Other Tax Consequences</u>	84
<b><u>FEES AND EXPENSES</u></b>	86
<b><u>LEGAL MATTERS</u></b>	87
<b><u>EXPERTS</u></b>	88
<b><u>WHERE YOU CAN FIND ADDITIONAL INFORMATION</u></b>	89
<b><u>Annexes</u></b>	
<u>Annex A Agreement and Plan of Merger</u>	A-1
<u>Annex B Appraisal Rights of Limited Partners</u>	B-1
<u>Annex C Officers and Directors</u>	C-1
<u>Annex D SP II s Annual Report on Form 10-K for the year ended December 31, 2009</u>	D-1
<u>Annex E SP II s Quarterly Report on Form 10-Q for the quarter ended June 30, 2010</u>	E-1
<u>Annex F Second Amendment to SP II s Second Amended and Restated Certificate and Agreement of Limited Partnership</u>	F-1
<u>EX-5.1</u>	
<u>EX-5.2</u>	
<u>EX-8.1</u>	
<u>EX-23.1</u>	
<u>EX-23.2</u>	
<u>EX-23.3</u>	
<u>EX-23.7</u>	
<u>EX-99.1</u>	
<u>EX-99.2</u>	

**Table of Contents**

**SUMMARY**

*This summary highlights selected information from this information statement/prospectus. 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, because the information in this section does not provide all the information that might be important to you with respect to the merger agreement, the merger and the other matters described herein. For more information about Aimco, Aimco OP and SP II, see *Where You Can Find Additional Information* beginning on page 89. Each item in this summary refers to the pages of this information statement/prospectus on which that subject is discussed in more detail.*

**Information about Aimco, Aimco OP and the Aimco Subsidiary (page 18)**

***Apartment Investment and Management Company***

4582 South Ulster Street Parkway, Suite 1100  
Denver, Colorado 80237  
(303) 757-8101

Apartment Investment and Management Company, or Aimco, is a Maryland corporation incorporated on January 10, 1994. Aimco 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 (as measured by total market capitalization, which is the total market value of institutional-grade apartment properties in a particular market). Aimco upgrades the quality of its portfolio through the sale of communities with rents below average market rents and the reinvestment of capital within these 20 target markets through redevelopment and acquisitions. Aimco's apartment properties are generally financed with property-level, non-recourse, long-dated, fixed-rate, amortizing debt. Aimco's common stock is listed and traded on the New York Stock Exchange, or NYSE, under the symbol AIV. Aimco is one of the largest owners and operators of apartment properties in the United States. As of June 30, 2010, Aimco owned or managed 817 apartment properties containing 129,350 units located in 43 states, the District of Columbia and Puerto Rico. Additional information about Aimco and its subsidiaries is included in documents incorporated by reference into this information statement/prospectus. See *Where You Can Find Additional Information* beginning on page 89.

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

4582 South Ulster Street Parkway, Suite 1100  
Denver, Colorado 80237  
(303) 757-8101

AIMCO Properties, L.P., or Aimco OP, is a Delaware limited partnership formed on May 16, 1994, to act as Aimco's operating partnership. Aimco OP, through its operating divisions and subsidiaries, holds substantially all of Aimco's assets and manages the daily operations of Aimco's business and assets. Under the Aimco OP partnership agreement, Aimco is required to contribute all proceeds from offerings of its securities to Aimco OP. In addition, substantially all of Aimco's assets must be owned through Aimco OP. Therefore, Aimco generally is required to contribute all assets acquired to Aimco OP. Through its wholly owned subsidiaries, AIMCO-GP, Inc., the general partner of Aimco OP, or AIMCO-GP, and AIMCO-LP Trust, Aimco owns a majority of the ownership interests in, Aimco OP. As of June 30, 2010, Aimco held approximately 93% of the outstanding partnership common units of Aimco OP, or OP Units, and equivalents. Additional information about Aimco OP and its subsidiaries is included in documents incorporated by reference into this information statement/prospectus. See *Where You Can Find Additional Information* beginning on page 89.

***AIMCO SP II Merger Sub LLC***

4582 South Ulster Street Parkway, Suite 1100

Denver, Colorado 80237

(303) 757-8101

AIMCO SP II Merger Sub LLC, or the Aimco Subsidiary, is a Delaware limited liability company formed on September 29, 2010, for the purpose of consummating the merger with SP II. The Aimco Subsidiary has not carried

**Table of Contents**

on any activities to date, except for activities incidental to its formation and activities undertaken in connection with the transactions contemplated by the merger agreement. The Aimco Subsidiary is a direct wholly owned subsidiary of Aimco OP.

**Information About Shelter Properties II (page 19)**

***Shelter Properties II***

55 Beattie Place, P.O. Box 1089  
Greenville, South Carolina 29602  
(864) 239-1000

Shelter Properties II, or SP II, was organized as a limited partnership under the laws of the State of South Carolina on October 10, 1980. SP II is engaged in the business of operating and holding real estate property for investment. SP II presently owns and operates two investment properties: Parktown Townhouses, a 309 unit apartment project located in Deer Park, Texas, and Signal Pointe Apartments, a 368 unit apartment project located in Winter Park, Florida. Additional information about SP II is included in documents included in this information statement/prospectus. See *Where You Can Find Additional Information* beginning on page 89.

**Comparison of SP Units and Aimco OP Units (page 55)**

There are a number of significant differences between SP II SP Units and Aimco OP Units relating to, among other things, the nature of the investment, voting rights, distributions and liquidity and transferability/redemption. Aimco OP has a more diversified property portfolio than SP II, which currently owns only two properties. In addition, limited partners of SP II have certain voting rights that are not afforded to Aimco OP limited partners. SP II limited partners holding a majority of the outstanding units of limited partnership interests may remove the Corporate General Partner, although Aimco OP and its affiliates owned approximately 79.52% of the number of units outstanding as of October 7, 2010. Holders of Aimco OP Units cannot remove the general partner of Aimco OP. Moreover, the process for making distributions to limited partners is different for each partnership. See *Comparison of SP II SP Units and Aimco OP Units* beginning on page 89 for more information.

**Background and Reasons for the Transactions (page 25)**

In early 2010, the Corporate General Partner began to consider strategic alternatives for SP II and the two properties currently owned by SP II. The Corporate General Partner considered the costs of operating SP II, including audit, tax and SEC reporting costs. The Corporate General Partner looked at these costs, among other things, in light of Aimco's ownership percentage and property sales since the time SP II was formed. The Corporate General Partner also considered past loans that had been made by Aimco OP to SP II, including an aggregate of \$17,267,000 during 2008 and 2009, mainly consisting of advances for redevelopment of Signal Pointe Apartments and operating expenses at both properties. During 2009, SP II repaid approximately \$1,660,000 of advances and accrued interest, primarily with insurance proceeds. Thus far during 2010, SP II repaid approximately \$5,891,000 of advances and accrued interest, primarily with proceeds from a refinancing of Parktown Townhouses. Aimco OP has indicated an unwillingness to make additional advances to SP II.

In March 10, 2010, officers of Aimco and the Corporate General Partner met to discuss strategic alternatives for all of the properties currently owned by SP II, and agreed to explore the possibility of Aimco OP acquiring one or both of SP II's properties through a transaction that would provide the unaffiliated limited partners with the opportunity to defer tax gain through an exchange of SP Units for OP Units. Because Aimco OP's interest related primarily to Parktown Townhouses, the Corporate General Partner decided to obtain an appraisal to determine the value of Parktown Townhouses and to evaluate the proceeds and tax consequences to limited partners in such a transaction. In

April, 2010, the Corporate General Partner engaged Cogent Realty Advisors, LLC, or CRA, an independent real estate appraisal firm, to appraise Parktown Townhouses. In July 2010, officers of Aimco and the Corporate General Partner discussed the possibility of Aimco OP acquiring Signal Pointe Apartments from SP II as well, and the Corporate General Partner contacted CRA to appraise Signal Pointe Apartments. In October , 2010, after receiving appraisals of both Parktown Townhouses and Signal Pointe Apartments, the Corporate General Partner s board of directors held a meeting and decided to approve and effect a transaction with Aimco OP that



## **Table of Contents**

would give Aimco OP ownership of SP II and, indirectly, both of its properties. The Corporate General Partner considered a number of possible alternatives to the proposed merger with the Aimco Subsidiary, as described in greater detail below. However, the Corporate General Partner ultimately determined that the proposed merger with the Aimco Subsidiary is in the best interests of SP II and its limited partners.

### **The Transactions (page 25)**

*Amendment of SP II's Certificate and Agreement of Limited Partnership.* Prior to entering into the proposed merger agreement, SP II's certificate and agreement of limited partnership will be amended to provide that a majority in interest of the SP Units may approve business combination transactions involving SP II, including the merger contemplated by the proposed merger agreement.

*Merger of Aimco Subsidiary with and into SP II.* Following the amendment of SP II's certificate and agreement of limited partnership, SP II plans to enter into a merger agreement with the Aimco Subsidiary and Aimco OP. Under the proposed merger agreement, at the effective time of the merger, the Aimco Subsidiary will be merged with and into SP II, with SP II as the surviving entity. In the merger, each SP Unit outstanding immediately prior to consummation of the merger will be converted into the right to receive, at the election of the holder of such SP Unit, either \$350.64 in cash or equivalent value in OP Units, except in those jurisdictions where the law prohibits the offer of OP Units (or registration would be prohibitively costly).

In the merger, Aimco OP's interests in the Aimco Subsidiary will be converted into SP Units. After the merger, Aimco OP will be the sole limited partner in SP II, and will own all of the outstanding SP Units. The Corporate General Partner and SP II's certificate and agreement of limited partnership in effect immediately prior to the merger will remain unchanged after the merger.

A copy of the proposed merger agreement is attached as [Annex A](#) to this information statement/prospectus. You are encouraged to read the proposed merger agreement carefully in its entirety because it is the legal agreement that governs the merger.

### **Determination of Merger Consideration (page 28)**

In the merger, each SP Unit will be converted into the right to receive, at the election of the holder of such SP Unit, either \$350.64 in cash or equivalent value in OP Units. Because Aimco owns the Corporate General Partner, the merger consideration has not been determined in an arm's-length negotiation. In order to arrive at a fair consideration, CRA, an independent real estate appraisal firm, was engaged to perform appraisals of Parktown Townhouses and Signal Pointe Apartments. The per unit cash merger consideration payable to each holder of SP Units is greater than the Corporate General Partner's estimate of the proceeds that would be available for distribution to limited partners (following the repayment of debt and other liabilities) if the properties were sold at prices equal to their respective appraised values, given that the Corporate General Partner did not deduct certain amounts that would be payable upon an immediate sale of SP II's properties, such as prepayment penalties on the mortgage debt of such properties.

The number of OP Units issuable with respect to each SP Unit will be calculated by dividing the \$350.64 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. Although there is no public market for OP Units, after a one year holding period, each OP Unit is generally redeemable at the option of the holder for cash in an amount equal to the value of a share of Aimco common stock at the time, subject to Aimco's right to acquire the OP Unit in exchange for one share of Aimco common stock (subject to antidilution adjustments). Therefore, the trading price of Aimco common stock is considered a reasonable estimate of the fair market value of an OP Unit. As of October 6, 2010, the average closing price of Aimco common stock over

the preceding ten consecutive trading days was \$21.65, which would have resulted in OP Unit consideration of 16.20 OP Units per SP Unit.

For a full description of the determination of the merger consideration, see The Transactions Determination of Merger Consideration beginning on page 28.

**Table of Contents**

**Risk Factors (page 7)**

In evaluating the proposed amendment of SP II's certificate and agreement of limited partnership, the proposed merger agreement and the transactions contemplated thereby, SP II limited partners should carefully read this information statement/prospectus and especially consider the factors discussed in the section entitled "Risk Factors" beginning on page 7. Some of the risk factors associated with the merger are summarized below:

There are a number of significant differences between SP 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 SP Units and Aimco OP Units," beginning on page 55.

Aimco owns the Corporate General Partner. As a result, the Corporate General Partner 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 the limited partners.

SP II 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 by a holder of OP Units.

**Fairness of the Transaction (page 26)**

The Corporate General Partner believes the merger is fair to all of the limited partners of SP II in view of a number of factors, including, but not limited to:

The cash merger consideration is greater than the Corporate General Partner's estimate of the proceeds that would be available for distribution to limited partners (following the repayment of debt and other liabilities) if the properties were sold at prices equal to their respective appraised values, given that the Corporate General Partner did not deduct certain amounts that would be payable upon an immediate sale of SP II's properties, such as prepayment penalties on the mortgage debt of such properties, currently estimated to be \$9,079,343.

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 the merger consideration they deem most beneficial to them.

Limited partners who elect to receive cash consideration will receive \$350.64 per SP Unit, which will provide immediate liquidity with respect to their investment.

Limited partners who elect to receive cash consideration and who recognize taxable gain in the merger will be taxed at current capital gains rates. The maximum long term federal capital gains rate, currently at 15%, is scheduled to increase to 20% in 2011.

Limited partners may defer recognition of taxable gain by electing to receive OP Units in the merger.

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 SP II.

Although limited partners are not entitled to dissenters' appraisal rights under applicable law, the merger agreement provides them with contractual dissenters' appraisal rights that are similar to the dissenters' appraisal rights that are available to stockholders in a corporate merger under Delaware law.

The cash consideration payable to limited partners in the merger was determined based on independent third party appraisals of the two properties that SP II presently owns and operates.

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.

## **Table of Contents**

Although the merger agreement may be terminated by either side at any time, the Corporate General Partner determined that Aimco OP and the Aimco Subsidiary are 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 reduction of the proceeds to limited partners.

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

### **Conflicts of Interest (page 29)**

The Corporate General Partner is indirectly wholly owned by Aimco. Therefore, it has a conflict of interest with respect to the merger. The Corporate General Partner has fiduciary duties to its sole stockholder, which is wholly owned by Aimco, on the one hand, and to SP II and its limited partners, on the other hand. The duties of the Corporate General Partner to SP II and its limited partners conflict with its duties to its sole stockholder, which could result in the Corporate General Partner approving a transaction that is more favorable to Aimco than might be the case absent such conflict of interest. The Corporate General Partner's desire to seek the best possible terms for SP II's limited partners conflicts with Aimco's interest in obtaining the best possible terms for Aimco OP.

### **Waiver and Release and Additional Consideration (page 29)**

In addition to and separate from the merger consideration, each limited partner unaffiliated with Aimco OP or its affiliates may elect to receive an additional cash payment of \$17.76 per SP 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 SP II, the Corporate General Partners, 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.

### **Regulatory Matters (page 35)**

No material federal or state regulatory requirements must be satisfied or approvals obtained in connection with the merger, except (1) filing a registration statement that includes this information statement/prospectus with the SEC and obtaining the SEC's declaration that the registration statement is effective under the Securities Act, (2) registration or qualification of the issuance of OP Units under state securities laws, and (3) filing articles of merger with the Secretary of State of the State of South Carolina.

### **Appraisal Rights (page 35)**

Limited partners are not entitled to dissenters' appraisal rights under applicable law or SP II's certificate and agreement of limited partnership in connection with the merger. However, pursuant to the terms of the merger agreement, Aimco OP will provide each limited partner with contractual diss