# Section 1: 10-Q (10-Q)

Table of Contents

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

# Form 10-Q

**(Mark One)**

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
**For the quarterly period ended March 31, 2018**
**OR**

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the transition period from to**

**Commission File Number 1-13232 (Apartment Investment and Management Company)**
**Commission File Number 0-24497 (AIMCO Properties, L.P.)**

## Apartment Investment and Management Company

## AIMCO Properties, L.P.

(Exact name of registrant as specified in its charter)

| | |
|---|---|
| **Maryland (Apartment Investment and Management Company)** | **84-1259577** |
| **Delaware (AIMCO Properties, L.P.)** | **84-1275621** |
| (State or other jurisdiction of incorporation or organization) | (I.R.S. Employer Identification No.) |
| **4582 South Ulster Street, Suite 1100** | |
| **Denver, Colorado** | **80237** |
| (Address of principal executive offices) | (Zip Code) |

**(303) 757-8101**
(Registrant's telephone number, including area code)

**Not Applicable**
(Former name, former address, and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

*Apartment Investment and Management Company*: Yes ☒ No ☐ *AIMCO Properties, L.P.*: Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

*Apartment Investment and Management Company*: Yes ☒ No ☐ *AIMCO Properties, L.P.*: Yes ☒ No ☐

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

*Apartment Investment and Management Company*:

| | | | |
|---|---|---|---|
| Large accelerated filer | ☒ | Accelerated filer | ☐ |
| Non-accelerated filer | ☐ (Do not check if a smaller reporting company) | Smaller reporting company | ☐ |
| | | Emerging growth company | ☐ |

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the exchange act. ☐

*AIMCO Properties, L.P.*:

| | | | |
|---|---|---|---|
| Large accelerated filer | ☐ | Accelerated filer | ☒ |
| Non-accelerated filer | ☐ (Do not check if a smaller reporting company) | Smaller reporting company | ☐ |
| | | Emerging growth company | ☐ |

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the exchange act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

*Apartment Investment and Management Company*: Yes ☐ No ☒ *AIMCO Properties, L.P.*: Yes ☐ No ☒

The number of shares of Apartment Investment and Management Company
Class A Common Stock outstanding as of May 7, 2018: 157,350,160
The number of AIMCO Properties, L.P. Partnership Common Units outstanding as of May 7, 2018: 166,414,325

**EXPLANATORY NOTE**

This filing combines the reports on Form 10-Q for the quarterly period ended March 31, 2018, of Apartment Investment and Management Company, or Aimco, and AIMCO Properties, L.P., or the Aimco Operating Partnership. Where it is important to distinguish between the two entities, we refer to them specifically. Otherwise, references to "we," "us" or "our" mean, collectively, Aimco, the Aimco Operating Partnership and their consolidated entities.

Aimco, a Maryland corporation, is a self-administered and self-managed real estate investment trust, or REIT. Aimco, through wholly-owned subsidiaries, is the general and special limited partner of, and as of March 31, 2018, owned a 95.4% ownership interest in the common partnership units of, the Aimco Operating Partnership. The remaining 4.6% interest is owned by limited partners. As the sole general partner of the Aimco Operating Partnership, Aimco has exclusive control of the Aimco Operating Partnership's day-to-day management.

The Aimco Operating Partnership holds all of Aimco's assets and manages the daily operations of Aimco's business. Pursuant to the Aimco Operating Partnership agreement, Aimco is required to contribute to the Aimco Operating Partnership any assets, which it may acquire including all proceeds from the offerings of its securities. In exchange for the contribution of these assets, Aimco receives additional interests in the Aimco Operating Partnership with similar terms (e.g., if Aimco contributes proceeds of a stock offering, Aimco receives partnership units with terms substantially similar to the stock issued by Aimco).

We believe combining the periodic reports of Aimco and the Aimco Operating Partnership into this single report provides the following benefits:

- We present our business as a whole, in the same manner our management views and operates the business;
- We eliminate duplicative disclosure and provide a more streamlined and readable presentation because a substantial portion of the disclosures apply to both Aimco and the Aimco Operating Partnership; and
- We save time and cost through the preparation of a single combined report rather than two separate reports.

We operate Aimco and the Aimco Operating Partnership as one enterprise, the management of Aimco directs the management and operations of the Aimco Operating Partnership, and the members of the Board of Directors of Aimco are identical to those of the Aimco Operating Partnership.

We believe it is important to understand the few differences between Aimco and the Aimco Operating Partnership in the context of how Aimco and the Aimco Operating Partnership operate as a consolidated company. Aimco has no assets or liabilities other than its investment in the Aimco Operating Partnership. Also, Aimco is a corporation that issues publicly traded equity from time to time, whereas the Aimco Operating Partnership is a partnership that has no publicly traded equity. Except for the net proceeds from stock offerings by Aimco, which are contributed to the Aimco Operating Partnership in exchange for additional limited partnership interests (of a similar type and in an amount equal to the shares of stock sold in the offering), the Aimco Operating Partnership generates all remaining capital required by its business. These sources include the Aimco Operating Partnership's working capital, net cash provided by operating activities, borrowings under its revolving credit facility, the issuance of debt and equity securities, including additional partnership units, and proceeds received from the sale of apartment communities.

Equity, partners' capital and noncontrolling interests are the main areas of difference between the condensed consolidated financial statements of Aimco and those of the Aimco Operating Partnership. Interests in the Aimco Operating Partnership held by entities other than Aimco, which we refer to as OP Units, are classified within partners' capital in the Aimco Operating Partnership's financial statements and as noncontrolling interests in Aimco's financial statements.

To help investors understand the differences between Aimco and the Aimco Operating Partnership, this report provides: separate condensed consolidated financial statements for Aimco and the Aimco Operating Partnership; a single set of condensed consolidated notes to such financial statements that includes separate discussions of each entity's stockholders' equity or partners' capital, as applicable; and a combined Management's Discussion and Analysis of Financial Condition and Results of Operations section that includes discrete information related to each entity, where appropriate.

This report also includes separate Part I, Item 4. Controls and Procedures sections and separate Exhibits 31 and 32 certifications for Aimco and the Aimco Operating Partnership in order to establish that the requisite certifications have been made and that Aimco and the Aimco Operating Partnership are both compliant with Rule 13a-15 or Rule 15d-15 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and 18 U.S.C. §1350.

**APARTMENT INVESTMENT AND MANAGEMENT COMPANY**
**AIMCO PROPERTIES, L.P.**

**TABLE OF CONTENTS**

**FORM 10-Q**


| | | *Page* |
|---|---|---|
| | **PART I. FINANCIAL INFORMATION** | |
| **ITEM 1.** | ***Financial Statements*** | |
| | Apartment Investment and Management Company: | |
| | Condensed Consolidated Balance Sheets (Unaudited) | 3 |
| | Condensed Consolidated Statements of Operations (Unaudited) | 4 |
| | Condensed Consolidated Statements of Comprehensive Income (Unaudited) | 5 |
| | Condensed Consolidated Statements of Cash Flows (Unaudited) | 6 |
| | AIMCO Properties, L.P.: | |
| | Condensed Consolidated Balance Sheets (Unaudited) | 7 |
| | Condensed Consolidated Statements of Operations (Unaudited) | 8 |
| | Condensed Consolidated Statements of Comprehensive Income (Unaudited) | 9 |
| | Condensed Consolidated Statements of Cash Flows (Unaudited) | 10 |
| | Notes to the Condensed Consolidated Financial Statements of Apartment Investment and Management Company and AIMCO Properties, L.P. (Unaudited) | 11 |
| **ITEM 2.** | ***Management's Discussion and Analysis of Financial Condition and Results of Operations*** | 21 |
| **ITEM 3.** | ***Quantitative and Qualitative Disclosures About Market Risk*** | 40 |
| **ITEM 4.** | ***Controls and Procedures*** | 40 |
| | **PART II. OTHER INFORMATION** | |
| **ITEM 1A.** | ***Risk Factors*** | 41 |
| **ITEM 2.** | ***Unregistered Sales of Equity Securities and Use of Proceeds*** | 41 |
| **ITEM 6.** | ***Exhibits*** | 42 |
| **Signatures** | | 44 |

## PART I. FINANCIAL INFORMATION

**ITEM 1. Financial Statements**

**APARTMENT INVESTMENT AND MANAGEMENT COMPANY**
**CONDENSED CONSOLIDATED BALANCE SHEETS**
**(In thousands, except share data)**
**(Unaudited)**

| | March 31, 2018 | December 31, 2017 |
|---|---|---|
| **ASSETS** | | |
| Buildings and improvements | $ 6,349,549 | $ 6,174,149 |
| Land | 1,761,238 | 1,753,604 |
| Total real estate | 8,110,787 | 7,927,753 |
| Accumulated depreciation | (2,596,457) | (2,522,358) |
| Net real estate | 5,514,330 | 5,405,395 |
| Cash and cash equivalents | 51,894 | 60,498 |
| Restricted cash | 38,999 | 34,827 |
| Other assets | 371,152 | 272,739 |
| Assets held for sale | — | 17,959 |
| Assets of partnerships served by Asset Management business: | | |
| Real estate, net | 220,408 | 224,873 |
| Cash and cash equivalents | 18,374 | 16,288 |
| Restricted cash | 29,764 | 30,928 |
| Other assets | 10,369 | 15,533 |
| Total assets | $ 6,255,290 | $ 6,079,040 |
| | | |
| **LIABILITIES AND EQUITY** | | |
| Non-recourse property debt secured by Real Estate communities, net | $ 3,700,979 | $ 3,545,109 |
| Term loan, net | 249,729 | 249,501 |
| Revolving credit facility borrowings | 78,635 | 67,160 |
| Total indebtedness associated with Real Estate portfolio | 4,029,343 | 3,861,770 |
| Accrued liabilities and other | 207,202 | 200,540 |
| Liabilities of partnerships served by Asset Management business: | | |
| Non-recourse property debt, net | 225,502 | 227,141 |
| Accrued liabilities and other | 17,404 | 19,812 |
| Deferred income | 11,814 | 12,487 |
| Total liabilities | 4,491,265 | 4,321,750 |
| Preferred noncontrolling interests in Aimco Operating Partnership | 101,378 | 101,537 |
| Commitments and contingencies (Note 4) | | |
| Equity: | | |
| Perpetual Preferred Stock | 125,000 | 125,000 |
| Common Stock, $0.01 par value, 500,787,260 shares authorized, 157,326,117 and 157,189,447 shares issued/outstanding at March 31, 2018 and December 31, 2017, respectively | 1,573 | 1,572 |
| Additional paid-in capital | 3,885,279 | 3,900,042 |
| Accumulated other comprehensive income | 3,544 | 3,603 |
| Distributions in excess of earnings | (2,345,206) | (2,367,073) |
| Total Aimco equity | 1,670,190 | 1,663,144 |
| Noncontrolling interests in consolidated real estate partnerships | (2,755) | (1,716) |
| Common noncontrolling interests in Aimco Operating Partnership | (4,788) | (5,675) |
| Total equity | 1,662,647 | 1,655,753 |
| Total liabilities and equity | $ 6,255,290 | $ 6,079,040 |

See notes to condensed consolidated financial statements.

**APARTMENT INVESTMENT AND MANAGEMENT COMPANY**
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**
**(In thousands, except per share data)**
**(Unaudited)**

| | Three Months Ended March 31, | |
|---|---|---|
| | **2018** | **2017** |
| **REVENUES** | | |
| Rental and other property revenues attributable to Real Estate | $ 225,393 | $ 225,228 |
| Rental and other property revenues of partnerships served by Asset Management business | 18,808 | 18,562 |
| Tax credit and transaction revenues | 3,519 | 2,691 |
| Total revenues | 247,720 | 246,481 |
| **OPERATING EXPENSES** | | |
| Property operating expenses attributable to Real Estate | 78,287 | 79,626 |
| Property operating expenses of partnerships served by Asset Management business | 9,195 | 9,198 |
| Depreciation and amortization | 92,548 | 87,168 |
| General and administrative expenses | 11,355 | 10,962 |
| Other expenses, net | 2,958 | 1,738 |
| Total operating expenses | 194,343 | 188,692 |
| Operating income | 53,377 | 57,789 |
| Interest income | 2,172 | 2,192 |
| Interest expense | (47,795) | (47,882) |
| Other, net | 224 | 465 |
| Income before income taxes and gain on dispositions | 7,978 | 12,564 |
| Income tax benefit | 37,388 | 4,985 |
| Income before gain on dispositions | 45,366 | 17,549 |
| Gain (loss) on dispositions of real estate, inclusive of related income tax | 50,324 | (394) |
| Net income | 95,690 | 17,155 |
| Noncontrolling interests: | | |
| Net income attributable to noncontrolling interests in consolidated real estate partnerships | (6,206) | (951) |
| Net income attributable to preferred noncontrolling interests in Aimco Operating Partnership | (1,937) | (1,949) |
| Net income attributable to common noncontrolling interests in Aimco Operating Partnership | (3,755) | (557) |
| Net income attributable to noncontrolling interests | (11,898) | (3,457) |
| Net income attributable to Aimco | 83,792 | 13,698 |
| Net income attributable to Aimco preferred stockholders | (2,148) | (2,148) |
| Net income attributable to participating securities | (119) | (59) |
| Net income attributable to Aimco common stockholders | $ 81,525 | $ 11,491 |
| Net income attributable to Aimco per common share – basic and diluted | $ 0.52 | $ 0.07 |
| Dividends declared per common share | $ 0.38 | $ 0.36 |
| Weighted average common shares outstanding – basic | 156,609 | 156,259 |
| Weighted average common shares outstanding – diluted | 156,740 | 156,754 |

See notes to condensed consolidated financial statements.

**APARTMENT INVESTMENT AND MANAGEMENT COMPANY**
**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**
**(In thousands)**
**(Unaudited)**

| | Three Months Ended March 31, | |
|---|---|---|
| | **2018** | **2017** |
| Net income | $ 95,690 | $ 17,155 |
| Other comprehensive loss: | | |
| Unrealized gains (losses) on interest rate swaps | 419 | (10) |
| Losses on interest rate swaps reclassified into interest expense from accumulated other comprehensive loss | 119 | 386 |
| Unrealized losses on debt securities classified as available-for-sale | (600) | (1,501) |
| Other comprehensive loss | (62) | (1,125) |
| Comprehensive income | 95,628 | 16,030 |
| Comprehensive income attributable to noncontrolling interests | (11,895) | (3,460) |
| Comprehensive income attributable to Aimco | $ 83,733 | $ 12,570 |

See notes to condensed consolidated financial statements.

**APARTMENT INVESTMENT AND MANAGEMENT COMPANY**
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**
**(In thousands)**
**(Unaudited)**

| | Three Months Ended March 31, | |
|---|---|---|
| | **2018** | **2017** |
| **CASH FLOWS FROM OPERATING ACTIVITIES:** | | |
| Net income | $ 95,690 | $ 17,155 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Depreciation and amortization | 92,548 | 87,168 |
| (Gain) loss on dispositions of real estate, inclusive of related income tax | (50,324) | 394 |
| Income tax benefit | (37,388) | (4,985) |
| Other adjustments | 284 | 1,196 |
| Net changes in operating assets and operating liabilities | (19,487) | (27,324) |
| Net cash provided by operating activities | 81,323 | 73,604 |
| **CASH FLOWS FROM INVESTING ACTIVITIES:** | | |
| Purchases of real estate and deposits related to purchases of real estate | (164,650) | (4,995) |
| Capital expenditures | (75,601) | (82,151) |
| Proceeds from dispositions of real estate | 69,788 | 2,179 |
| Purchases of corporate assets | (947) | (2,810) |
| Other investing activities | (218) | 94 |
| Net cash used in investing activities | (171,628) | (87,683) |
| **CASH FLOWS FROM FINANCING ACTIVITIES:** | | |
| Proceeds from non-recourse property debt | 360,613 | 68,535 |
| Principal repayments on non-recourse property debt | (206,262) | (32,026) |
| Net borrowings on revolving credit facility | 11,475 | 51,770 |
| Payment of dividends to holders of Preferred Stock | (2,148) | (2,148) |
| Payment of dividends to holders of Common Stock | (59,652) | (56,328) |
| Payment of distributions to noncontrolling interests | (11,902) | (5,790) |
| Purchases and redemptions of noncontrolling interests | (8,341) | (4,628) |
| Other financing activities | 3,012 | 2,167 |
| Net cash provided by financing activities | 86,795 | 21,552 |
| NET (DECREASE) INCREASE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH | (3,510) | 7,473 |
| CASH, CASH EQUIVALENTS, AND RESTRICTED CASH AT BEGINNING OF PERIOD | 142,541 | 131,150 |
| CASH, CASH EQUIVALENTS, AND RESTRICTED CASH AT END OF PERIOD | $ 139,031 | $ 138,623 |

See notes to condensed consolidated financial statements.

**AIMCO PROPERTIES, L.P.**
**CONDENSED CONSOLIDATED BALANCE SHEETS**
**(In thousands)**
**(Unaudited)**

| | March 31, 2018 | December 31, 2017 |
|---|---|---|
| **ASSETS** | | |
| Buildings and improvements | $ 6,349,549 | $ 6,174,149 |
| Land | 1,761,238 | 1,753,604 |
| Total real estate | 8,110,787 | 7,927,753 |
| Accumulated depreciation | (2,596,457) | (2,522,358) |
| Net real estate | 5,514,330 | 5,405,395 |
| Cash and cash equivalents | 51,894 | 60,498 |
| Restricted cash | 38,999 | 34,827 |
| Other assets | 371,152 | 272,739 |
| Assets held for sale | — | 17,959 |
| Assets of partnerships served by Asset Management business: | | |
| Real estate, net | 220,408 | 224,873 |
| Cash and cash equivalents | 18,374 | 16,288 |
| Restricted cash | 29,764 | 30,928 |
| Other assets | 10,369 | 15,533 |
| Total assets | $ 6,255,290 | $ 6,079,040 |
| | | |
| **LIABILITIES AND EQUITY** | | |
| Non-recourse property debt secured by Real Estate communities, net | $ 3,700,979 | $ 3,545,109 |
| Term loan, net | 249,729 | 249,501 |
| Revolving credit facility borrowings | 78,635 | 67,160 |
| Total indebtedness associated with Real Estate portfolio | 4,029,343 | 3,861,770 |
| Accrued liabilities and other | 207,202 | 200,540 |
| Liabilities of partnerships served by Asset Management business: | | |
| Non-recourse property debt, net | 225,502 | 227,141 |
| Accrued liabilities and other | 17,404 | 19,812 |
| Deferred income | 11,814 | 12,487 |
| Total liabilities | 4,491,265 | 4,321,750 |
| Redeemable preferred units | 101,378 | 101,537 |
| Commitments and contingencies (Note 4) | | |
| Partners' capital: | | |
| Preferred units | 125,000 | 125,000 |
| General Partner and Special Limited Partner | 1,545,190 | 1,538,144 |
| Limited Partners | (4,788) | (5,675) |
| Partners' capital attributable to the Aimco Operating Partnership | 1,665,402 | 1,657,469 |
| Noncontrolling interests in consolidated real estate partnerships | (2,755) | (1,716) |
| Total partners' capital | 1,662,647 | 1,655,753 |
| Total liabilities and partners' capital | $ 6,255,290 | $ 6,079,040 |

See notes to condensed consolidated financial statements.

**AIMCO PROPERTIES, L.P.**

**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**

**(In thousands, except per unit data)**

**(Unaudited)**

| | Three Months Ended March 31, | |
|---|---|---|
| | **2018** | **2017** |
| **REVENUES** | | |
| Rental and other property revenues attributable to Real Estate | $ 225,393 | $ 225,228 |
| Rental and other property revenues of partnerships served by Asset Management business | 18,808 | 18,562 |
| Tax credit and transaction revenues | 3,519 | 2,691 |
| Total revenues | 247,720 | 246,481 |
| | | |
| **OPERATING EXPENSES** | | |
| Property operating expenses attributable to Real Estate | 78,287 | 79,626 |
| Property operating expenses of partnerships served by Asset Management business | 9,195 | 9,198 |
| Depreciation and amortization | 92,548 | 87,168 |
| General and administrative expenses | 11,355 | 10,962 |
| Other expenses, net | 2,958 | 1,738 |
| Total operating expenses | 194,343 | 188,692 |
| Operating income | 53,377 | 57,789 |
| Interest income | 2,172 | 2,192 |
| Interest expense | (47,795) | (47,882) |
| Other, net | 224 | 465 |
| Income before income taxes and gain on dispositions | 7,978 | 12,564 |
| Income tax benefit | 37,388 | 4,985 |
| Income before gain on dispositions | 45,366 | 17,549 |
| Gain (loss) on dispositions of real estate, inclusive of related income tax | 50,324 | (394) |
| Net income | 95,690 | 17,155 |
| Net income attributable to noncontrolling interests in consolidated real estate partnerships | (6,206) | (951) |
| Net income attributable to the Aimco Operating Partnership | 89,484 | 16,204 |
| Net income attributable to the Aimco Operating Partnership's preferred unitholders | (4,085) | (4,097) |
| Net income attributable to participating securities | (125) | (60) |
| Net income attributable to the Aimco Operating Partnership's common unitholders | $ 85,274 | $ 12,047 |
| | | |
| Net income attributable to the Aimco Operating Partnership per common unit – basic and diluted | $ 0.52 | $ 0.07 |
| Distributions declared per common unit | $ 0.38 | $ 0.36 |
| | | |
| Weighted average common units outstanding – basic | 163,825 | 163,814 |
| Weighted average common units outstanding – diluted | 163,959 | 164,310 |

See notes to condensed consolidated financial statements.

**AIMCO PROPERTIES, L.P.**

**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

**(In thousands)**

**(Unaudited)**

| | Three Months Ended March 31, | |
|---|---|---|
| | **2018** | **2017** |
| Net income | $ 95,690 | $ 17,155 |
| Other comprehensive loss: | | |
| Unrealized gains (losses) on interest rate swaps | 419 | (10) |
| Losses on interest rate swaps reclassified into interest expense from accumulated other comprehensive loss | 119 | 386 |
| Unrealized losses on debt securities classified as available-for-sale | (600) | (1,501) |
| Other comprehensive loss | (62) | (1,125) |
| Comprehensive income | 95,628 | 16,030 |
| Comprehensive income attributable to noncontrolling interests | (6,206) | (1,009) |
| Comprehensive income attributable to the Aimco Operating Partnership | $ 89,422 | $ 15,021 |

See notes to condensed consolidated financial statements.

**AIMCO PROPERTIES, L.P.**

**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**

**(In thousands)**

**(Unaudited)**

| | Three Months Ended March 31, | |
|---|---|---|
| | **2018** | **2017** |
| **CASH FLOWS FROM OPERATING ACTIVITIES:** | | |
| Net income | $ 95,690 | $ 17,155 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Depreciation and amortization | 92,548 | 87,168 |
| (Gain) loss on dispositions of real estate, inclusive of related income tax | (50,324) | 394 |
| Income tax benefit | (37,388) | (4,985) |
| Other adjustments | 284 | 1,196 |
| Net changes in operating assets and operating liabilities | (19,487) | (27,324) |
| Net cash provided by operating activities | 81,323 | 73,604 |
| **CASH FLOWS FROM INVESTING ACTIVITIES:** | | |
| Purchases of real estate and deposits related to purchases of real estate | (164,650) | (4,995) |
| Capital expenditures | (75,601) | (82,151) |
| Proceeds from dispositions of real estate | 69,788 | 2,179 |
| Purchases of corporate assets | (947) | (2,810) |
| Other investing activities | (218) | 94 |
| Net cash used in investing activities | (171,628) | (87,683) |
| **CASH FLOWS FROM FINANCING ACTIVITIES:** | | |
| Proceeds from non-recourse property debt | 360,613 | 68,535 |
| Principal repayments on non-recourse property debt | (206,262) | (32,026) |
| Net borrowings on revolving credit facility | 11,475 | 51,770 |
| Payment of distributions to holders of Preferred Units | (4,085) | (4,097) |
| Payment of distributions to General Partner and Special Limited Partner | (59,652) | (56,328) |
| Payment of distributions to Limited Partners | (2,737) | (2,718) |
| Payment of distributions to noncontrolling interests | (7,228) | (1,123) |
| Purchases of noncontrolling interests in consolidated real estate partnerships | (1,221) | — |
| Other financing activities | (4,108) | (2,461) |
| Net cash provided by financing activities | 86,795 | 21,552 |
| NET (DECREASE) INCREASE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH | (3,510) | 7,473 |
| CASH, CASH EQUIVALENTS, AND RESTRICTED CASH AT BEGINNING OF PERIOD | 142,541 | 131,150 |
| CASH, CASH EQUIVALENTS, AND RESTRICTED CASH AT END OF PERIOD | $ 139,031 | $ 138,623 |

See notes to condensed consolidated financial statements.

**APARTMENT INVESTMENT AND MANAGEMENT COMPANY**
**AIMCO PROPERTIES, L.P.**

**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**
**March 31, 2018**
**(Unaudited)**

**Note 1 — Organization**

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. AIMCO Properties, L.P., or the Aimco Operating Partnership, is a Delaware limited partnership formed on May 16, 1994, to conduct our business, which is focused on the ownership, management, redevelopment and limited development of quality apartment communities located in some of the largest markets in the United States.

Aimco, through its wholly-owned subsidiaries, AIMCO-GP, Inc. and AIMCO-LP Trust, owns a majority of the ownership interests in the Aimco Operating Partnership. Aimco conducts all of its business and owns all of its assets through the Aimco Operating Partnership. Interests in the Aimco Operating Partnership that are held by limited partners other than Aimco are referred to as OP Units. OP Units include common partnership units, which we refer to as common OP Units, as well as partnership preferred units, which we refer to as preferred OP Units. As of March 31, 2018, after eliminations for units held by consolidated subsidiaries, the Aimco Operating Partnership had 164,881,653 common partnership units outstanding. As of March 31, 2018, Aimco owned 157,326,117 of the common partnership units (95.4% of the common partnership units) of the Aimco Operating Partnership and Aimco had outstanding an equal number of shares of its Class A Common Stock, which we refer to as Common Stock.

Except as the context otherwise requires, “we,” “our” and “us” refer to Aimco, the Aimco Operating Partnership and their consolidated subsidiaries, collectively.

As of March 31, 2018, we owned an equity interest in 134 apartment communities with 37,228 apartment homes in our Real Estate portfolio. Our Real Estate portfolio is diversified by both price point and geography and consists primarily of market rate apartment communities in which we own a substantial interest. We consolidated 130 of these apartment communities with 37,086 apartment homes and these communities comprise our reportable segment.

As of March 31, 2018, we also held nominal ownership positions in partnerships that own 46 low-income housing tax credit apartment communities with 6,898 apartment homes. We provide services to these partnerships and receive fees and other payments in return. Our relationship with these partnerships is different than real estate ownership and is better described as an asset management business, or Asset Management. In accordance with accounting principles generally accepted in the United States of America, or GAAP, we are required to consolidate partnerships owning an aggregate of 39 apartment communities with 6,211 apartment homes.

In April 2018, we announced the planned sale of our Asset Management business, as well as the sale of four affordable communities included in our Real Estate portfolio.

**Note 2 — Basis of Presentation and Summary of Significant Accounting Policies**

***Basis of Presentation***

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with the instructions to Form 10-Q and Article 10 of Regulation S-X. Certain information and footnote disclosures normally included in financial statements prepared in accordance with GAAP have been condensed or omitted in accordance with such rules and regulations, although management believes the disclosures are adequate to prevent the information presented from being misleading. In the opinion of management, all adjustments (consisting of normal recurring items) considered necessary for a fair presentation have been included. Operating results for the three months ended March 31, 2018, are not necessarily indicative of the results that may be expected for the year ending December 31, 2018.

The balance sheets of Aimco and the Aimco Operating Partnership at December 31, 2017, have been derived from their respective audited financial statements at that date, but do not include all of the information and disclosures required by GAAP for complete financial statements. For further information, refer to the financial statements and notes thereto included in Aimco’s and the Aimco Operating Partnership’s combined Annual Report on Form 10-K for the year ended December 31, 2017. Except where indicated, the footnotes refer to both Aimco and the Aimco Operating Partnership.

***Principles of Consolidation***

Aimco's accompanying condensed consolidated financial statements include the accounts of Aimco, the Aimco Operating Partnership, and their consolidated subsidiaries. The Aimco Operating Partnership's condensed consolidated financial statements include the accounts of the Aimco Operating Partnership and its consolidated subsidiaries, including partnerships served by our Asset Management business (see Note 8). All significant intercompany balances and transactions have been eliminated in consolidation.

Interests in the Aimco Operating Partnership that are held by limited partners other than Aimco are reflected in Aimco's accompanying condensed consolidated balance sheets as noncontrolling interests in the Aimco Operating Partnership. Interests in partnerships consolidated by the Aimco Operating Partnership that are held by third parties are reflected in our accompanying condensed consolidated balance sheets as noncontrolling interests in consolidated real estate partnerships.

***Temporary Equity and Partners' Capital***

The following table presents a reconciliation of the Aimco Operating Partnership's preferred OP Units from December 31, 2017 to March 31, 2018. The preferred OP Units may be redeemed at the holders' option (as further discussed in Note 5), and are therefore presented within temporary equity in Aimco's condensed consolidated balance sheets and within temporary capital in the Aimco Operating Partnership's condensed consolidated balance sheets (in thousands).

| | | |
|---|---|---|
| Balance, December 31, 2017 | $ | 101,537 |
| Distributions to holders of preferred OP Units | | (1,937) |
| Redemption of preferred OP Units and other | | (159) |
| Net income attributable to preferred OP Units | | 1,937 |
| Balance, March 31, 2018 | $ | 101,378 |

***Aimco Equity (including Noncontrolling Interests)***

The following table presents a reconciliation of Aimco's consolidated permanent equity accounts from December 31, 2017 to March 31, 2018 (in thousands):

| | Aimco Equity | Noncontrolling interests in consolidated real estate partnerships | Common noncontrolling interests in Aimco Operating Partnership | Total Equity |
|---|---|---|---|---|
| Balance, December 31, 2017 | $ 1,663,144 | $ (1,716) | $ (5,675) | $ 1,655,753 |
| Contributions | — | (20) | — | (20) |
| Dividends on Preferred Stock | (2,148) | — | — | (2,148) |
| Dividends and distributions on Common Stock and common OP Units | (59,777) | (7,225) | (2,838) | (69,840) |
| Redemptions of common OP Units | — | — | (6,963) | (6,963) |
| Amortization of stock-based compensation cost | 2,631 | — | 357 | 2,988 |
| Effect of changes in ownership for consolidated entities | (17,486) | — | 6,579 | (10,907) |
| Change in accumulated other comprehensive loss | (59) | — | (3) | (62) |
| Other | 93 | — | — | 93 |
| Net income | 83,792 | 6,206 | 3,755 | 93,753 |
| Balance, March 31, 2018 | $ 1,670,190 | $ (2,755) | $ (4,788) | $ 1,662,647 |

***Partners' Capital attributable to the Aimco Operating Partnership***

The following table presents a reconciliation of the consolidated partners' capital balances in permanent capital that are attributable to the Aimco Operating Partnership from December 31, 2017 to March 31, 2018 (in thousands):

| | Partners' capital attributable to the Aimco Operating Partnership |
|---|---|
| Balance, December 31, 2017 | $ 1,657,469 |
| Distributions to preferred units held by Aimco | (2,148) |
| Distributions to common units held by Aimco | (59,777) |
| Distributions to common units held by Limited Partners | (2,838) |
| Redemption of common OP Units | (6,963) |
| Amortization of Aimco stock-based compensation cost | 2,988 |
| Effect of changes in ownership for consolidated entities | (10,907) |
| Change in accumulated other comprehensive loss | (62) |
| Other | 93 |
| Net income | 87,547 |
| Balance, March 31, 2018 | $ 1,665,402 |

A separate reconciliation of noncontrolling interests in consolidated real estate partnerships and total partners' capital for the Aimco Operating Partnership is not presented as these amounts are identical to the corresponding noncontrolling interests in consolidated real estate partnerships and total equity for Aimco, which are presented above.

***Use of Estimates***

The preparation of our condensed consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts included in the financial statements and accompanying notes thereto. Actual results could differ from those estimates.

***Income Taxes***

As discussed in Note 9 to the consolidated financial statements in Item 8 of our Form 10-K for the year ended December 31, 2017, we have not completed our accounting for the tax effects of the enactment of the Tax Cuts and Jobs Act in late December 2017. During the three months ended March 31, 2018, we recognized a measurement period adjustment to reduce by $11.3 million an estimated valuation allowance recognized as of December 31, 2017. During the three months ended March 31, 2018, we also recognized an offsetting valuation allowance resulting from an intercompany transfer of assets related to the Asset Management business. These adjustments had no net effect on our results of operations or effective tax rate.

***Accounting Pronouncements Adopted in the Current Year***

Effective January 1, 2018, we adopted a new standard issued by the Financial Accounting Standards Board, or FASB, that affects accounting for revenue. Under this new standard, revenue is generally recognized when an entity has transferred control of goods or services to a customer for an amount reflecting the consideration to which the entity expects to be entitled for such exchange. In evaluating the contracts we enter into in the ordinary course of business, substantially all of our revenue is generated by lease agreements, which will continue to be subject to existing GAAP until 2019, when we will adopt the new lease accounting standard.

The new revenue standard also introduced new guidance for accounting for other income, including how we measure gains or losses on the sale of real estate. We adopted the new standard using the modified retrospective transition method effective January 1, 2018, with no effect on our results of operations or financial position.

Effective January 1, 2018, we also adopted new standards issued by the FASB that affect the presentation and disclosure of the statements of cash flows. We are now required to present combined inflows and outflows of cash, cash equivalents, and restricted cash in the consolidated statement of cash flows. Previously our consolidated statements of cash flows presented transfers between restricted and unrestricted cash accounts as operating, financing, and investing cash activities depending upon the required or intended purpose for the restricted funds. The new guidance also requires debt prepayment and other extinguishment related payments to be classified as financing activities. We previously classified such payments as operating activities. We have revised our condensed consolidated statements of cash flows for the three months ended March 31, 2017 to conform to this

presentation, and the effect of the revisions to net cash flows from operating and investing activities as previously reported for three months ended March 31, 2017 are summarized in the following table (in thousands):

| | As Previously Reported | Adjustments | As Revised |
|---|---|---|---|
| Net cash flows from operating activities | $ 68,516 | $ 5,088 | $ 73,604 |
| Net cash flows from investing activities | (86,238) | (1,445) | (87,683) |

**Note 3 — Significant Transactions, Dispositions of Apartment Communities and Assets Held for Sale**

***Acquisition of Apartment Communities***

During the three months ended March 31, 2018, we purchased for $160.0 million Bent Tree Apartments, a 748-apartment home community in Fairfax County, Virginia. The purchase price, plus $1.0 million of capitalized transaction costs, was allocated as follows: $47.0 million to land; $113.0 million to buildings and improvements; and $1.0 million to other items.

Subsequent to March 31, 2018, we entered into a transaction to acquire six apartment communities in the Philadelphia area for a stated purchase price of $445.0 million. The portfolio includes 1,006 existing apartment homes, 110 apartment homes under construction, and 185,000 square feet of office and retail space. The acquisition will be funded initially through taking title subject to $290.0 million of non-recourse property debt, issuance of $90.0 million in common OP Units valued in the transaction at their estimated net asset value per unit (approximately 1.7 million common OP Units), and payment of $65.0 million in cash. In accordance with GAAP, the portion of the purchase price attributed to the common OP Units issued will be valued at the closing price of Aimco's common stock on the dates of issuance.

On May 1, 2018, we completed the acquisition of four of the six apartment communities including 665 apartment homes and 153,000 square feet of office and retail space. We anticipate the acquisition of the fifth apartment community during the summer of 2018 and the acquisition of the final apartment community upon completion of construction, expected in the first half of 2019.

***Dispositions of Apartment Communities and Assets Held for Sale***

During the three months ended March 31, 2018, we sold three apartment communities with 513 apartment homes for a gain on disposition of $50.6 million, net of income tax, and gross proceeds of $71.9 million resulting in $64.6 million in net proceeds to us. Two of these communities are located in southern Virginia and one is located in suburban Maryland.

During the three months ended March 31, 2018, we sold our interests in the entities owning the La Jolla Cove property in settlement of legal actions filed in 2014 by a group of disappointed buyers who had hoped to acquire the property. We provided seller financing with a stated value of $48.6 million and received net cash proceeds of approximately $5.0 million in the sale.

In addition to the apartment communities we sold during the periods presented, from time to time we may be marketing for sale certain apartment communities that are inconsistent with our long-term investment strategy. At the end of each reporting period, we evaluate whether such communities meet the criteria to be classified as held for sale. As of March 31, 2018, no apartment communities were classified as held for sale.

In April 2018, we entered into a binding agreement to sell for $590.0 million our Asset Management business and four affordable communities included in our Real Estate portfolio. We expect to close this transaction during the third quarter of 2018. After payment of closing costs and repayment of property level debt encumbering the Hunters Point apartment communities, net proceeds are expected to be approximately $512.0 million.

**Note 4 — Commitments and Contingencies**

***Commitments***

In connection with our redevelopment, development and capital improvement activities, we have entered into various construction-related contracts and we have made commitments to complete redevelopment of certain apartment communities, pursuant to financing or other arrangements. As of March 31, 2018, our commitments related to these capital activities totaled approximately $160.0 million, most of which we expect to incur during the next 12 months.

We enter into certain commitments for future purchases of goods and services in connection with the operations of our apartment communities. Those commitments generally have terms of one year or less and reflect expenditure levels comparable to our historical expenditures.

***Tax Credit Arrangements***

For various consolidated partnerships served by our Asset Management business, we are required to manage the partnerships and related apartment communities in compliance with various laws, regulations and contractual provisions that apply to historic and low-income housing tax credit syndication arrangements. In some instances, noncompliance with applicable requirements could result in projected tax benefits not being realized by the limited partners in these partnerships and would require a refund or reduction of investor capital contributions, which are reported as deferred income in our condensed consolidated balance sheets, until such time as our obligation to deliver tax benefits is relieved. In connection with the expected third quarter sale of our Asset Management business, this obligation will be assumed by the purchaser.

***Income Taxes***

In 2014, the Internal Revenue Service initiated an audit of the Aimco Operating Partnership's 2011 and 2012 tax years. We do not believe the audit will have any material effect on our unrecognized tax benefits, financial condition or results of operations.

***Legal Matters***

In addition to the matters described below, we are a party to various legal actions and administrative proceedings arising in the ordinary course of business, some of which are covered by our general liability insurance program, and none of which we expect to have a material adverse effect on our consolidated financial condition, results of operations or cash flows.

**Environmental**

Various federal, state and local laws subject apartment community owners or operators to liability for management, and the costs of removal or remediation, of certain potentially hazardous materials that may be present in the land or buildings of an apartment community. Such laws often impose liability without regard to fault or whether the owner or operator knew of, or was responsible for, the presence of such materials. The presence of, or the failure to manage or remediate properly, these materials may adversely affect occupancy at such apartment communities as well as the ability to sell or finance such apartment communities. In addition, governmental agencies may bring claims for costs associated with investigation and remediation actions. Moreover, private plaintiffs may potentially make claims for investigation and remediation costs they incur or for personal injury, disease, disability or other infirmities related to the alleged presence of hazardous materials. In addition to potential environmental liabilities or costs associated with our current apartment communities, we may also be responsible for such liabilities or costs associated with communities we acquire or manage in the future, or apartment communities we no longer own or operate.

We are engaged in discussions with the Environmental Protection Agency, or EPA, and the Indiana Department of Environmental Management, or IDEM, regarding contaminated groundwater in a residential area in the vicinity of an Indiana apartment community that has not been owned by us since 2008. The contamination allegedly derives from a dry cleaner that operated on our former property, prior to our ownership. We have undertaken a voluntary remediation of the dry cleaner contamination under IDEM's oversight, and in previous years accrued our share of the then-estimated cleanup and abatement costs. In 2016, EPA listed our former community and a number of residential communities in the vicinity on the National Priorities List, or NPL (i.e. as a Superfund site), and IDEM has formally sought to terminate us from the voluntary remediation program. We continue discussions with both agencies on potential long-term solutions. We have filed a formal appeal of the EPA listing and the IDEM termination of us from the voluntary remediation program. Although the outcome of these processes are uncertain, we do not expect their resolution to have a material adverse effect on our consolidated financial condition, results of operations or cash flows.

We also have been contacted by regulators and the current owner of a property in Lake Tahoe, California, regarding environmental issues allegedly stemming from the historic operation of a dry cleaner. An entity owned by us was the former general partner of a now-dissolved partnership that previously owned a site that was used for dry cleaning. That entity and the current property owner have been remediating the dry cleaner site since 2009, under the oversight of the Lahontan Regional Water Quality Control Board, or Lahontan. In May 2017, Lahontan issued a final cleanup and abatement order that names four potentially-responsible parties, acknowledges that there may be additional responsible parties, and requires the named parties to perform additional groundwater investigation and corrective actions with respect to onsite and offsite contamination. We are appealing the final order while simultaneously complying with it. Although the outcome of this process is uncertain, we do not expect its resolution to have a material adverse effect on our consolidated financial condition, results of operations or cash flows.

We have determined that our legal obligations to remove or remediate certain potentially hazardous materials may be conditional asset retirement obligations, as defined in GAAP. Except in limited circumstances where the asset retirement activities are expected to be performed in connection with a planned construction project or apartment community casualty, we believe that the fair value of our asset retirement obligations cannot be reasonably estimated due to significant uncertainties in the timing and manner of settlement of those obligations. Asset retirement obligations that are reasonably estimable as of March 31, 2018, are immaterial to our consolidated financial condition, results of operations and cash flows.

**Note 5 — Earnings per Share and Unit**

Aimco and the Aimco Operating Partnership calculate basic earnings per common share and basic earnings per common unit based on the weighted average number of shares of Common Stock and common partnership units and participating securities outstanding, and calculate diluted earnings per share and diluted earnings per unit taking into consideration dilutive common stock and common partnership unit equivalents and dilutive convertible securities outstanding during the period.

Our common stock and common partnership unit equivalents include options to purchase shares of Common Stock, which, if exercised, would result in Aimco's issuance of additional shares and the Aimco Operating Partnership's issuance to Aimco of additional common partnership units equal to the number of shares purchased under the options. These equivalents also include unvested total stockholder return, or TSR, restricted stock awards that do not meet the definition of participating securities, which would result in an increase in the number of common shares and common partnership units outstanding equal to the number of shares that vest. The effect of 0.1 million and 0.5 million of these securities was dilutive for the three months ended March 31, 2018 and 2017, respectively, and is included in the denominator for calculating diluted earnings per share and unit during these periods. For the three months ended March 31, 2018, 0.2 million potential shares and 0.3 million potential units were not dilutive and have been excluded from the denominator for calculating dilutive earnings per share and per unit, respectively, for the period.

Our time-based restricted stock awards receive dividends similar to shares of Common Stock and common partnership units prior to vesting and our TSR long-term incentive partnership units receive a percentage of the distributions paid to common partnership units prior to vesting. These dividends and distributions are not forfeited if the awards fail to vest. Therefore, the unvested shares and units related to these awards are participating securities. The effect of participating securities is included in basic and diluted earnings per share and unit computations using the two-class method of allocating distributed and undistributed earnings when the two-class method is more dilutive than the treasury method. There were 0.3 million and 0.2 million unvested participating securities at March 31, 2018 and 2017, respectively.

The Aimco Operating Partnership has various classes of preferred OP Units, which may be redeemed at the holders' option. The Aimco Operating Partnership may redeem these units for cash, or at its option, shares of Common Stock. As of March 31, 2018, these preferred OP Units were potentially redeemable for approximately 2.5 million shares of Common Stock (based on the period end market price), or cash. The Aimco Operating Partnership has a redemption policy that requires cash settlement of redemption requests for the preferred OP Units, subject to limited exceptions. Accordingly, we have excluded these securities from earnings per share and unit computations and we expect to exclude them in future periods.

**Note 6 — Fair Value Measurements**

***Recurring Fair Value Measurements***

We measure at fair value on a recurring basis our investments in the securitization trust that holds certain of our property debt, which we classify as available for sale (or AFS) debt securities, and our interest rate swaps, both of which are classified within Level 2 of the GAAP fair value hierarchy.

Our investments in debt securities classified as AFS are presented within other assets in the accompanying condensed consolidated balance sheets. We hold several positions in the securitization trust that pay interest currently and we also hold the first loss position in the securitization trust, which accrues interest over the term of the investment. We are accreting the discount to the $100.9 million face value of the investments into interest income using the effective interest method over the remaining term of the investments, which, as of March 31, 2018, was approximately 3.2 years. Our amortized cost basis for these investments, which represents the original cost adjusted for interest accretion less interest payments received, was $79.1 million and $77.7 million at March 31, 2018 and December 31, 2017, respectively. We estimated the fair value of these investments to be $83.6 million and $82.8 million at March 31, 2018 and December 31, 2017, respectively.

We estimate the fair value of these investments using an income and market approach with primarily observable inputs, including yields and other information regarding similar types of investments, and adjusted for certain unobservable inputs specific to these investments. The fair value of the positions that pay interest currently typically moves in an inverse relationship with movements in interest rates. The fair value of the first loss position is primarily correlated to collateral quality and demand for similar subordinate commercial mortgage-backed securities.

Certain consolidated partnerships served by our Asset Management business have entered into interest rate swap agreements, which limit exposure to interest rate risk on the partnerships' debt by effectively converting the interest from a variable rate to a fixed rate. We estimate the fair value of interest rate swaps using an income approach with primarily observable inputs, including information regarding the hedged variable cash flows and forward yield curves relating to the variable interest rates on which the hedged cash flows are based.

The following table sets forth a summary of the changes in fair value of these interest rate swaps (in thousands):

| | Three Months Ended March 31, | |
|---|---|---|
| | 2018 | 2017 |
| Beginning balance | $ (1,795) | $ (3,175) |
| Unrealized losses included in interest expense | — | (12) |
| Losses on interest rate swaps reclassified into interest expense from accumulated other comprehensive loss | 119 | 386 |
| Unrealized gains (losses) included in equity and partners' capital | 419 | (10) |
| Ending balance | $ (1,257) | $ (2,811) |

As of March 31, 2018 and December 31, 2017, the interest rate swaps had aggregate notional amounts of $21.8 million and $22.0 million, respectively. As of March 31, 2018, these swaps had a weighted average remaining term of 5.7 years. We have designated these interest rate swaps as cash flow hedges. The fair value of these swaps is presented within accrued liabilities and other (Asset Management) in our condensed consolidated balance sheets, and we recognize any changes in the fair value as an adjustment of accumulated other comprehensive loss within equity and partners' capital to the extent of their effectiveness.

If the forward rates at March 31, 2018, remain constant, we estimate that during the next 12 months, we would reclassify into earnings approximately $0.4 million of the unrealized losses in accumulated other comprehensive loss. If market interest rates increase above the 3.26% weighted average fixed rate under these interest rate swaps, the consolidated partnerships will benefit from net cash payments due from the counterparty to the interest rate swaps.

In connection with the anticipated third quarter sale of the Asset Management business, these obligations will be assumed by the purchaser.

***Fair Value Disclosures***

We believe that the carrying values of the consolidated amounts of cash and cash equivalents, receivables and payables approximate their fair values at March 31, 2018, and December 31, 2017, due to their relatively short-term nature and high probability of realization. The carrying value of the total indebtedness associated with our Real Estate portfolio approximated its estimated fair value at March 31, 2018 and December 31, 2017. We estimate the fair value of our consolidated debt using an income and market approach, including comparison of the contractual terms to observable and unobservable inputs such as market interest rate risk spreads, contractual interest rates, remaining periods to maturity, collateral quality and loan to value ratios on similarly encumbered apartment communities within our portfolio. We classify the fair value of debt within Level 3 of the GAAP valuation hierarchy based on the significance of certain of the unobservable inputs used to estimate its fair value.

**Note 7 — Business Segments**

Our chief executive officer, who is our chief operating decision maker, uses proportionate property net operating income to assess the operating performance of our apartment communities. Proportionate property net operating income is defined as our share of rental and other property revenue less our share of property operating expenses, including real estate taxes, for consolidated apartment communities we own and manage. Beginning in 2018, we exclude from rental and other property revenues the amount of utilities cost reimbursed by residents and reflect such amount as a reduction of the related utility expense within property operating expenses in our evaluation of segment results. In our condensed consolidated statements of operations, utility reimbursements are included in rental and other property revenues, in accordance with GAAP. The tables below have been revised to conform to this presentation.

Apartment communities are classified as either part of our Real Estate portfolio or those owned through partnerships served by our Asset Management business. As of March 31, 2018, for segment performance evaluation, our Real Estate segment included 130 consolidated apartment communities with 37,086 apartment homes and excluded four apartment communities with 142 apartment homes that we neither manage nor consolidate.

As of March 31, 2018, through our Asset Management business we also held nominal ownership positions in consolidated partnerships that own 46 low-income housing tax credit apartment communities with 6,898 apartment homes. Neither the results of operations nor the assets of these partnerships and apartment communities are quantitatively material; therefore, we have one reportable segment, Real Estate.

The following tables present the revenues, net operating income and income before gain on dispositions of our Real Estate segment on a proportionate basis (excluding amounts related to apartment communities sold as of March 31, 2018) for the three months ended March 31, 2018 and 2017 (in thousands):

| | Real Estate | Proportionate and Other Adjustments (1) | Corporate and Amounts Not Allocated to Reportable Segment (2) | Consolidated |
|---|---|---|---|---|
| Three Months Ended March 31, 2018: | | | | |
| Rental and other property revenues attributable to Real Estate | $ 214,387 | $ 9,149 | $ 1,857 | $ 225,393 |
| Rental and other property revenues of partnerships served by Asset Management business | — | — | 18,808 | 18,808 |
| Tax credit and transaction revenues | — | — | 3,519 | 3,519 |
| Total revenues | 214,387 | 9,149 | 24,184 | 247,720 |
| Property operating expenses attributable to Real Estate | 61,903 | 8,631 | 7,753 | 78,287 |
| Property operating expenses of partnerships served by Asset Management business | — | — | 9,195 | 9,195 |
| Other operating expenses not allocated to reportable segment (3) | — | — | 106,861 | 106,861 |
| Total operating expenses | 61,903 | 8,631 | 123,809 | 194,343 |
| Operating income | 152,484 | 518 | (99,625) | 53,377 |
| Other items included in income before gain on dispositions (4) | — | — | (8,011) | (8,011) |
| Income before gain on dispositions | $ 152,484 | $ 518 | $ (107,636) | $ 45,366 |

| | Real Estate | Proportionate and Other Adjustments (1) | Corporate and Amounts Not Allocated to Reportable Segment (2) | Consolidated |
|---|---|---|---|---|
| Three Months Ended March 31, 2017: | | | | |
| Rental and other property revenues attributable to Real Estate | $ 199,400 | $ 14,174 | $ 11,654 | $ 225,228 |
| Rental and other property revenues of partnerships served by Asset Management business | — | — | 18,562 | 18,562 |
| Tax credit and transaction revenues | — | — | 2,691 | 2,691 |
| Total revenues | 199,400 | 14,174 | 32,907 | 246,481 |
| Property operating expenses attributable to Real Estate | 58,528 | 9,402 | 11,696 | 79,626 |
| Property operating expenses of partnerships served by Asset Management business | — | — | 9,198 | 9,198 |
| Other operating expenses not allocated to reportable segment (3) | — | — | 99,868 | 99,868 |
| Total operating expenses | 58,528 | 9,402 | 120,762 | 188,692 |
| Operating income | 140,872 | 4,772 | (87,855) | 57,789 |
| Other items included in income before gain on dispositions (4) | — | — | (40,240) | (40,240) |
| Income before gain on dispositions | $ 140,872 | $ 4,772 | $ (128,095) | $ 17,549 |

(1) Represents adjustments for the noncontrolling interests in consolidated real estate partnerships' share of the results of consolidated apartment communities in our Real Estate segment, which are included in the related consolidated amounts, but excluded from proportionate property net operating income for our segment evaluation. Also includes the reclassification of utility reimbursements from revenues to property operating expenses for the purpose of evaluating segment results. Utility reimbursements are included in rental and other property revenues in our condensed consolidated statements of operations prepared in accordance with GAAP.

(2) Includes the operating results of apartment communities sold during the periods shown or held for sale at the end of the period, if any, and the operating results of apartment communities owned by consolidated partnerships served by our Asset Management business. Corporate and Amounts Not Allocated to Reportable Segment also includes property management expenses and

casualty gains and losses (which are included in consolidated property operating expenses), which are not part of our segment performance measure.

(3) Other operating expenses not allocated to reportable segment consists of depreciation and amortization, general and administrative expenses and other operating expenses, which are not included in our measure of segment performance.

(4) Other items included in income before gain on dispositions primarily consists of interest expense and income tax benefit.

The assets of our reportable segment and the consolidated assets not allocated to our segment are as follows (in thousands):

| | March 31, 2018 | December 31, 2017 |
|---|---|---|
| Real Estate | $ 5,652,016 | $ 5,495,069 |
| Corporate and other assets (1) | 603,274 | 583,971 |
| Total consolidated assets | $ 6,255,290 | $ 6,079,040 |

(1) Includes the assets of consolidated partnerships served by the Asset Management business and apartment communities sold as of March 31, 2018.

For the three months ended March 31, 2018 and 2017, capital additions related to our Real Estate segment totaled $76.7 million and $70.1 million, respectively.

**Note 8 — Variable Interest Entities**

Generally, a variable interest entity, or VIE, is a legal entity in which the equity investors do not have the characteristics of a controlling financial interest or the equity investors lack sufficient equity at risk for the entity to finance its activities without additional subordinated financial support. A limited partnership is considered a VIE when the majority of the limited partners unrelated to the general partner possess neither the right to remove the general partner without cause, nor certain rights to participate in the decisions that most significantly affect the financial results of the partnership. In determining whether we are the primary beneficiary of a VIE, we consider qualitative and quantitative factors, including, but not limited to: which activities most significantly impact the VIE's economic performance and which party controls such activities; the amount and characteristics of our investment; the obligation or likelihood for us or other investors to provide financial support; and the similarity with and significance to our business activities and the business activities of the other investors. Significant judgments related to these determinations include estimates about the current and future fair values and performance of real estate held by these VIEs and general market conditions.

Aimco consolidates the Aimco Operating Partnership, which is a VIE for which Aimco is the primary beneficiary. Aimco, through the Aimco Operating Partnership, consolidates all VIEs for which the Aimco Operating Partnership is the primary beneficiary.

All of the VIEs we consolidate own interests in one or more apartment communities. VIEs that own apartment communities we classify as part of our Real Estate segment are typically structured to generate a return for their partners through the operation and ultimate sale of the communities. We are the primary beneficiary in the limited partnerships in which we are the sole decision maker and have a substantial economic interest.

Certain partnerships served by our Asset Management business own interests in low-income housing tax credit apartment communities that are structured to provide for the pass-through of tax credits and tax deductions to their partners and are VIEs. We hold a nominal ownership position in these partnerships, generally one percent or less. As general partner in these partnerships, we are the sole decision maker and we receive fees and other payments in return for the asset management and other services we provide and thus share in the economics of the partnerships, and as such, we are the primary beneficiary of these partnerships. The table below summarizes information regarding VIEs consolidated by the Aimco Operating Partnership:

| | March 31, 2018 | December 31, 2017 |
|---|---|---|
| Real Estate portfolio: | | |
| VIEs with interests in apartment communities | 13 | 14 |
| Apartment communities owned by VIEs | 13 | 14 |
| Apartment homes in communities owned by VIEs | 4,196 | 4,321 |
| Consolidated partnerships served by the Asset Management business: | | |
| VIEs with interests in apartment communities | 41 | 49 |
| Apartment communities owned by VIEs | 31 | 37 |
| Apartment homes in communities owned by VIEs | 4,879 | 5,893 |

Assets of the Aimco Operating Partnership's consolidated VIEs must first be used to settle the liabilities of such consolidated VIEs. These consolidated VIEs' creditors do not have recourse to the general credit of the Aimco Operating Partnership. Assets and liabilities of consolidated VIEs are summarized in the table below (in thousands):

| | March 31, 2018 | December 31, 2017 |
|---|---|---|
| Real Estate portfolio: | | |
| Assets | | |
| Net real estate | $ 530,382 | $ 529,898 |
| Cash and cash equivalents | 17,567 | 16,111 |
| Restricted cash | 7,050 | 4,798 |
| Liabilities | | |
| Non-recourse property debt secured by Real Estate communities, net | 410,600 | 412,205 |
| Accrued liabilities and other | 13,427 | 10,623 |
| Consolidated partnerships served by the Asset Management business: | | |
| Assets | | |
| Real estate, net | 173,949 | 215,580 |
| Cash and cash equivalents | 15,479 | 15,931 |
| Restricted cash | 22,232 | 30,107 |
| Liabilities | | |
| Non-recourse property debt | 184,316 | 220,356 |
| Accrued liabilities and other | 13,586 | 20,241 |

## ITEM 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

### Forward Looking Statements

*The Private Securities Litigation Reform Act of 1995 provides a "safe harbor" for forward-looking statements in certain circumstances. Certain information included in this Quarterly Report contains or may contain information that is forward-looking, within the meaning of the federal securities laws, including, without limitation, statements regarding: our ability to maintain current or meet projected occupancy, rental rate and property operating results; the effect of acquisitions, dispositions, redevelopments and developments; our ability to meet budgeted costs and timelines, and achieve budgeted rental rates related to our redevelopment and development investments; expectations regarding sales of our apartment communities and the use of proceeds thereof; and our ability to comply with debt covenants, including financial coverage ratios.*

*Actual results may differ materially from those described in these forward-looking statements and, in addition, will be affected by a variety of risks and factors, some of which are beyond our control, including, without limitation:*

- *Real estate and operating risks, including fluctuations in real estate values and the general economic climate in the markets in which we operate and competition for residents in such markets; national and local economic conditions, including the pace of job growth and the level of unemployment; the amount, location and quality of competitive new housing supply; the timing of acquisitions, dispositions, redevelopments and developments; and changes in operating costs, including energy costs;*
- *Financing risks, including the availability and cost of capital markets' financing; the risk that our cash flows from operations may be insufficient to meet required payments of principal and interest; and the risk that our earnings may not be sufficient to maintain compliance with debt covenants;*
- *Insurance risks, including the cost of insurance, natural disasters and severe weather such as hurricanes; and*
- *Legal and regulatory risks, including costs associated with prosecuting or defending claims and any adverse outcomes; the terms of governmental regulations that affect us and interpretations of those regulations; and possible environmental liabilities, including costs, fines or penalties that may be incurred due to necessary remediation of contamination of apartment communities presently or previously owned by us.*

*In addition, our current and continuing qualification as a real estate investment trust involves the application of highly technical and complex provisions of the Internal Revenue Code and depends on our ability to meet the various requirements imposed by the Internal Revenue Code, through actual operating results, distribution levels and diversity of stock ownership.*

*Readers should carefully review our financial statements and the notes thereto, as well as the section entitled "Risk Factors" described in Item 1A of Apartment Investment and Management Company's and AIMCO Properties, L.P.'s combined Annual Report on Form 10-K for the year ended December 31, 2017, and the other documents we file from time to time with the Securities and Exchange Commission.*

*As used herein and except as the context otherwise requires, "we," "our" and "us" refer to Apartment Investment and Management Company (which we refer to as Aimco), AIMCO Properties, L.P. (which we refer to as the Aimco Operating Partnership) and their consolidated entities, collectively.*

*Certain financial and operating measures found herein and used by management are not defined under accounting principles generally accepted in the United States, or GAAP. These measures are defined and reconciled to the most comparable GAAP measures under the Non-GAAP Measures heading and include: Funds From Operations, Pro forma Funds From Operations, Adjusted Funds From Operations, Free Cash Flow, Economic Income, and the measures used to compute our leverage ratios.*

### Executive Overview

We are focused on the ownership, management, redevelopment and limited development of quality apartment communities located in some of the largest markets in the United States.

Our principal financial objective is to provide predictable and attractive returns to our equity holders. We measure our current return using Adjusted Funds From Operations, or AFFO, and our long-term total return using Economic Income. We also use Pro forma Funds From Operations, or Pro forma FFO, as a measure of operational performance. Our business plan to achieve this principal financial objective is to:

- operate our portfolio of desirable apartment homes with a high level of focus on customer selection and customer satisfaction and in an efficient manner that produces predictable and growing Free Cash Flow;

- improve our portfolio of apartment communities, which is diversified both by geography and price point by selling apartment communities with lower projected Free Cash Flow internal rates of return and investing the proceeds from such sales through capital enhancements, redevelopment, development, and acquisitions with greater land value, higher expected rent growth, and projected Free Cash Flow internal rates of return in excess of those expected from communities sold;
- use low levels of financial leverage, primarily in the form of non-recourse, long-dated, fixed-rate property debt and perpetual preferred equity, a combination which reduces our refunding and re-pricing risk and which provides a hedge against increases in interest rates; and
- focus intentionally on a collaborative and productive culture based on respect for others and personal responsibility.

Our business is organized around five areas of strategic focus: operational excellence; redevelopment; portfolio management; balance sheet; and team and culture.

The results from the execution of our business plan during the three months ended March 31, 2018, are further described below.

Net income attributable to common stockholders per common share increased by $0.45 in the three months ended March 31, 2018, as compared to the same period in 2017, due to higher gains on sale of apartment communities and a higher tax benefit resulting from an intercompany transfer of assets related to the Asset Management business.

Pro forma FFO per share increased $0.02, or 3.4%, for the three months ended March 31, 2018, as compared to the same period in 2017. This increase consisted of:

- $0.02 from Same Store property net operating income growth of 2.7%, driven by a 2.6% increase in revenue offset by a 2.1% increase in expenses; and
- $0.01 from leasing activity related to renovated homes at Redevelopment communities, the second quarter 2017 reacquisition of a 47% interest in the Palazzo communities, and the first quarter 2018 acquisition of Bent Tree Apartments (discussed below), offset in part by lower property net operating income from apartment communities sold in 2018 and 2017.

As compared to 2017, higher legal costs and other factors reduced Pro forma FFO by $0.01.

The $0.02 increase year-over-year in Pro forma FFO per share plus $0.01 in lower capital replacement spending due to fewer apartment homes increased AFFO per share by $0.03, or 5.9%.

***Operational Excellence***

We own and operate a portfolio of market rate apartment communities, diversified by both geography and price point, which we refer to as our Real Estate portfolio. At March 31, 2018, our Real Estate portfolio included 134 apartment communities with 37,228 apartment homes in which we held an average ownership of approximately 99%. This portfolio was divided about two thirds by value to our “Same Store” portfolio of stabilized apartment communities and about one third by value to “Other Real Estate,” which includes recently acquired communities and communities under redevelopment or development whose long-term financial contribution is not yet stabilized.

Our property operations team delivered solid results for our Real Estate portfolio for the three months ended March 31, 2018. Highlights include:

- Same Store net operating income growth of 2.7% for the three months ended March 31, 2018 compared to 2017;
- Same Store rent increases on renewals and new leases averaged 4.9% and 0.4%, respectively, for a weighted average increase of 2.7%; and
- Average daily occupancy of 96.3%, 30 basis points higher than the same period in 2017.

***Redevelopment***

Our second line of business is the redevelopment of apartment communities, where we expect to create value equal to 25% to 35% of our incremental investment by repositioning communities within our portfolio. We measure the rate and quality of financial returns by net asset value creation, an important component of Economic Income, our primary measure of long-term financial performance. We also undertake ground-up development when warranted by risk-adjusted investment returns, either directly in connection with the redevelopment of an existing apartment community or, on a more limited basis, at a new location. When

warranted, we rely on the expertise and credit of a third-party developer familiar with the local market to limit our exposure to construction risk.

We invest to earn risk-adjusted returns in excess of those expected from the apartment communities sold in paired trades to fund the redevelopment or development. Of these two activities, we favor redevelopment because it permits adjustment of the scope and timing of spending to align with changing market conditions and customer preferences.

During the three months ended March 31, 2018, we invested $46.8 million in redevelopment and development. In Center City, Philadelphia, we continued construction on the fourth and final tower of Park Towne Place. Initial move-ins have occurred and at the end of April, 31% of the tower was pre-leased.

Construction is underway, on plan and on budget at Parc Mosaic, our $117.0 million, 226 apartment home community being developed on the site of our former Eastpointe community in Boulder, Colorado. We expect Parc Mosaic will be available for occupancy in the summer of 2019.

Our total estimated net investment in our current redevelopments and developments is $432.8 million with a projected weighted average net operating income yield on these investments of 6.1%, assuming untrended rents. Of this total, $279.0 million has been funded. 2018 funding needs for our remaining redevelopment and development investment will be satisfied with proceeds from our planned sale of the Asset Management business and Hunters Point communities, discussed below.

During the three months ended March 31, 2018, we leased 59 apartment homes at our redevelopment communities. As of March 31, 2018, our exposure to lease-up at active redevelopment and development projects was approximately 527 apartment homes, of which 201 were in the fourth tower of Park Towne Place and 215 were being constructed at Parc Mosaic.

Please see below under the Liquidity and Capital Resources – Redevelopment and Development heading for additional information regarding our redevelopment and development investment during the three months ended March 31, 2018

***Portfolio Management***

Our portfolio of apartment communities is diversified across “A,” “B,” and “C+” price points, averaging “B/B+” in quality, and is diversified across some of the largest markets in the U.S. We measure the quality of apartment communities in our Real Estate portfolio based on average rents of our apartment homes compared to local market average rents as reported by a third-party provider of commercial real estate performance and analysis. Under this rating system, we classify as “A” quality apartment communities those earning rents greater than 125% of the local market average; as “B” quality apartment communities those earning rents between 90% and 125% of the local market average; as “C+” quality apartment communities those earning rents greater than $1,100 per month, but lower than 90% of the local market average; and as “C” quality apartment communities those earning rents less than $1,100 per month and lower than 90% of the local market average. We classify as “B/B+” quality a portfolio that on average earns rents between 100% and 125% of the local market average rents where the portfolio is located. Although some companies and analysts within the multifamily real estate industry use apartment community quality ratings of “A,” “B” and “C,” some of which are tied to the local market rent averages, the metrics used to classify apartment community quality as well as the period for which the local market rents are calculated may vary from company to company. Accordingly, our rating system for measuring apartment community quality is neither broadly nor consistently used in the multifamily real estate industry.

As part of our portfolio strategy, we seek to sell up to 10% of our portfolio annually and to reinvest the proceeds from such sales in accretive uses such as capital enhancements, redevelopments, occasional development, and selective acquisitions with projected Free Cash Flow internal rates of return higher than expected from the communities being sold. Through this disciplined approach to capital recycling, we have significantly increased the quality and expected growth rate of our portfolio.

| | Three Months Ended March 31, | |
|---|---|---|
| | **2018** | **2017** |
| Average revenue per Aimco apartment home (1) | $ 2,052 | $ 1,922 |
| Portfolio average rents as a percentage of local market average rents | 113% | 112% |
| Percentage A (1Q 2018 average revenue per Aimco apartment home $2,736) | 49% | 51% |
| Percentage B (1Q 2018 average revenue per Aimco apartment home $1,797) | 35% | 35% |
| Percentage C+ (1Q 2018 average revenue per Aimco apartment home $1,660) | 16% | 14% |

(1) Represents average monthly rental and other property revenues (excluding resident reimbursement of utility cost) divided by the number of occupied apartment homes multiplied by our ownership interest in the apartment community as of the end of the current period.

Our average revenue per apartment home was $2,052 for first quarter 2018, a 7% increase compared to first quarter 2017. This increase is due to year-over-year growth in Same Store revenue as well as our second quarter 2017 reacquisition of the 47% interest in the Palazzo communities, lease-up of redevelopment and acquisition properties, and the sale of apartment communities with average monthly revenues per apartment home lower than those of the retained portfolio.

As we execute our portfolio strategy, we expect to increase average revenue per Aimco apartment home at a rate greater than market rent growth; increase Free Cash Flow margins; and maintain sufficient geographic and price point diversification to limit volatility and concentration risk.

**Apartment Community Acquisitions**

We evaluate potential acquisitions with an eye for unique and opportunistic investments and fund acquisitions pursuant to our strict paired trade discipline.

During the three months ended March 31, 2018, we purchased for $160.0 million Bent Tree Apartments, a 748-apartment home community in Fairfax County, Virginia. Bent Tree is a "B" quality community located in a market we know well from our ownership of two nearby communities built by the same developer. Further, we believe the same business plan used at these communities will produce greater than market rate net operating income growth for Bent Tree. The community is expected to achieve a 5.6% year one net operating income capitalization rate. Before consideration of capital enhancement opportunities, new lease rents are 4% higher than expiring leases, as compared to new lease rents that have decreased elsewhere in northern Virginia. We funded the acquisition with bank borrowings pending the expected third quarter sale of our Asset Management business, described below.

Subsequent to March 31, 2018, we entered into a transaction to acquire six apartment communities in the Philadelphia area for a stated purchase price of $445.0 million. The portfolio includes 1,006 existing apartment homes, 110 apartment homes under construction, and 185,000 square feet of office and retail space. This "A" quality portfolio is located primarily in the Center City and University City submarkets of Philadelphia. We anticipate that our operation of the five operating communities will generate a year one net operating income yield of 5.3%, and for all six communities, average revenue per apartment home of $2,200 and a ten-year expected free cash flow internal rate of return of about 8%.

The $445.0 million acquisition will be funded initially through taking title subject to $290.0 million of non-recourse property debt, issuance of $90.0 million in common OP Units valued in the transaction at their estimated net asset value per unit (approximately 1.7 million common OP Units), and payment of $65.0 million in cash funded from bank borrowings. The ultimate paired trade funding includes the sale of Chestnut Hill Village, located in north Philadelphia, and the sale of the Asset Management business, described below.

On May 1, 2018, we completed the acquisition of four of the six apartments communities including 665 apartment homes and 153,000 square feet of office and retail space. We anticipate the acquisition of the fifth apartment community during the summer of 2018 and the acquisition of the final apartment community upon completion of construction, expected in the first half of 2019.

**Apartment Community Dispositions**

During the three months ended March 31, 2018, we sold three apartment communities with 513 apartment homes for a gain of $50.6 million, net of income tax, and gross proceeds of $71.9 million resulting in $64.6 million in net proceeds to us. Two of these communities are located in southern Virginia and one is located in suburban Maryland. Proceeds from these sales were used to repay outstanding borrowings on our revolving credit facility, effectively funding the equity portion of the Palazzo reacquisition as well as our 2017 redevelopment and development activities.

During the three months ended March 31, 2018, we sold our interests in the entities owning the La Jolla Cove property in settlement of legal actions filed in 2014 by a group of disappointed buyers who had hoped to acquire the property. We provided seller financing with a stated value of $48.6 million and received net cash proceeds of approximately $5.0 million in the sale.

In April 2018, we entered into a binding agreement to sell for $590.0 million our Asset Management business and the four Hunters Point affordable communities. We expect to close this transaction during the third quarter of 2018. After payment of closing costs and repayment of property level debt encumbering the Hunters Point apartment communities, net proceeds are expected to be approximately $512.0 million, which we plan to use to: repay the borrowings on our credit facility used to fund our acquisition of Bent Tree Apartments and the acquisition of the apartment communities in the Philadelphia portfolio; reduce our overall leverage; fund 2018 redevelopment; and redeem Aimco's Class A Cumulative Preferred Stock, which is callable in second quarter 2019. Taken together, these transactions are expected to reduce our AFFO by $0.03 per share and $0.04 per share in 2018 and 2019, respectively, before becoming accretive in 2021.

***Balance Sheet***

Our leverage includes our share of long-term, non-recourse property debt encumbering apartment communities in our Real Estate portfolio, our term loan, outstanding borrowings under our revolving credit facility, and outstanding preferred equity. In our calculation of leverage, we exclude non-recourse property debt obligations of consolidated partnerships served by our Asset Management business, as these are not our obligations and they have limited effect on the amount of fees and other amounts we expect to receive in our role as asset manager for these partnerships.

Our leverage strategy seeks to increase financial returns while using leverage with appropriate caution. We limit risk through balance sheet structure, employing low leverage, primarily non-recourse and long-dated property debt; build financial flexibility by maintaining ample unused and available credit as well as holding properties with substantial value unencumbered by property debt; and use partners' capital when it enhances financial returns or reduces investment risk.

We target the ratio of Proportionate Debt and Preferred Equity to Adjusted EBITDA to be below 7.0x and we target the ratio of Adjusted EBITDA to Adjusted Interest Expense and Preferred Dividends to be greater than 2.5x. Our leverage ratios for the three months ended March 31, 2018, are presented below:

| | |
|---|---|
| Proportionate Debt to Adjusted EBITDA | 6.8x |
| Proportionate Debt and Preferred Equity to Adjusted EBITDA | 7.2x |
| Adjusted EBITDA to Adjusted Interest Expense | 3.6x |
| Adjusted EBITDA to Adjusted Interest Expense and Preferred Dividends | 3.2x |

We calculate Adjusted EBITDA and Adjusted Interest Expense used in our leverage ratios based on the most recent three month amounts, annualized. Our leverage ratios have been calculated on a pro forma basis to reflect the acquisition of Bent Tree Apartments and the disposition of three apartment communities during the period as if the transactions had closed on January 1, 2018. As used in the ratios above, Preferred Equity represents Aimco's preferred stock and the Aimco Operating Partnership's preferred OP Units.

Future improvement in leverage metrics is expected from the repayment of bank borrowings and property level debt with the proceeds from our expected third quarter sale of the Asset Management business and the Hunters Point communities. We also expect to use the proceeds from this sale to redeem Aimco's Class A Cumulative Preferred Stock, which is callable in second quarter 2019. We expect our Proportionate Debt to Adjusted EBITDA and Proportionate Debt and Preferred Equity to Adjusted EBITDA ratios to decrease by the end of 2018 to 6.3x and 6.7x, respectively.

During the three months ended March 31, 2018, we closed two non-recourse, fixed-rate property loans totaling $242.0 million. These loans have 10-year terms and a weighted average interest rate of 3.48%, 126 basis points above the corresponding treasury rates at the time of pricing. The net effect of 2018 fixed-rate property debt refinancing activities has been to lower our weighted average fixed interest rate by nearly 10 basis points since December 31, 2017, to 4.55%, reducing prospective interest expense by more than $3.0 million.

We also closed two non-recourse, variable-rate property loans totaling $118.6 million. These loans each have a five-year term and bear interest at 30-day LIBOR plus 1.25%. The five-year terms fill a hole in our laddered maturities and, taken together with the planned repayment of the variable term loan, reduce our exposure to increasing short-term interest rates to less than 7% of our leverage.

Our liquidity consists of cash balances and available capacity on our revolving line of credit. As of March 31, 2018, we had on hand $600.0 million in cash and restricted cash plus available capacity on our revolving line of credit.

We also manage our financial flexibility by maintaining an investment grade rating and holding apartment communities that are unencumbered by property debt. At March 31, 2018, we held unencumbered apartment communities with an estimated fair value of approximately $2.0 billion.

Two credit rating agencies rate our creditworthiness using different methodologies and ratios for assessing our credit, and both have rated our credit and outlook as BBB- (stable), an investment grade rating. Although some of the ratios they use are similar to those we use to measure our leverage, there are differences in our methods of calculation and therefore our leverage ratios disclosed above may not be indicative of the ratios that may be calculated by these agencies.

For additional information regarding our leverage, please see the discussion under the Liquidity and Capital Resources heading.

***Team and Culture***

Our team and culture are keys to our success. Our intentional focus on a collaborative and productive culture based on respect for others and personal responsibility is reinforced by a preference for promotion from within. We focus on succession planning and talent development to produce a strong, stable team that is the enduring foundation of our success. In 2018, we were recognized by the Denver Post as a Top Work Place for the sixth consecutive year, an accomplishment shared with only seven other companies in Colorado.

**Key Financial Indicators**

The key financial indicators we use in managing our business and in evaluating our operating performance are Economic Income, our measure of long-term total return, and Adjusted Funds From Operations, our measure of current return. In addition to these indicators, we evaluate our operating performance and financial condition using: Pro forma FFO; Free Cash Flow, or FCF; same store property net operating income; proportionate property net operating income; average revenue per effective apartment home; leverage ratios; and net leverage.

**Results of Operations**

Because our operating results depend primarily on income from our apartment communities, the supply of and demand for apartments influences our operating results. Additionally, the level of expenses required to operate and maintain our apartment communities and the pace and price at which we redevelop, acquire and dispose of our apartment communities affect our operating results.

The following discussion and analysis of the results of our operations and financial condition should be read in conjunction with the accompanying condensed consolidated financial statements in Item 1.

***Three Months Ended March 31, 2018 compared to March 31, 2017***

Net income attributable to Aimco increased by $70.1 million during the three months ended March 31, 2018 as compared to 2017. Net income attributable to the Aimco Operating Partnership increased by $73.3 million during the three months ended March 31, 2018 as compared to 2017. The increase in income for Aimco and the Aimco Operating Partnership was due primarily to a $50.3 million gain on the disposition of real estate and a $32.4 million increase in tax benefit resulting from an intercompany transfer of assets related to the Asset Management business.

The following paragraphs discuss these and other items affecting the results of operations of Aimco and the Aimco Operating Partnership in more detail.

**Property Operations**

As described under the preceding Executive Overview heading, our Real Estate segment consists primarily of market rate apartment communities in which we hold a substantial equity ownership interest.

We use proportionate property net operating income to assess the operating performance of our Real Estate Portfolio. Proportionate property net operating income reflects our share of rental and other property revenues less direct property operating expenses, including real estate taxes, for consolidated apartment communities we manage. Accordingly, the results of operations of our Real Estate segment discussed below are presented on a proportionate basis and exclude the results of four apartment communities with 142 apartment homes that we neither manage nor consolidate.

Additionally, we evaluate the revenue and expense performance of our segment as adjusted for utility reimbursements. Nearly two-thirds of our utility costs are reimbursed by residents. These reimbursements are included in rental and other property revenues in our condensed consolidated statements of operations prepared in accordance with GAAP, but beginning in 2018, our segment results below reflect utility reimbursements as a reduction of the corresponding expense.

We do not include offsite costs associated with property management or casualty-related amounts in our assessment of segment performance. Accordingly, these items are not allocated to our segment results discussed below.

Refer to Note 7 in the condensed consolidated financial statements in Item 1 for further discussion regarding our reportable segments, including a reconciliation of these proportionate amounts to the corresponding amounts in our condensed consolidated statements of operations.

*Real Estate Proportionate Property Net Operating Income*

We classify apartment communities within our Real Estate segment as Same Store and Other Real Estate. Same Store communities are those that have reached a stabilized level of operations as of the beginning of a two-year comparable period and maintained it throughout the current and comparable prior periods, and are not expected to be sold within 12 months. Other Real Estate includes apartment communities that do not meet the Same Store definition, including, but not limited to: redevelopment and development apartment communities, which are those currently under construction that have not achieved a stabilized level of operations and those that have been completed in recent years that have not achieved and maintained stabilized operations for both the current and comparable prior year; acquisition apartment communities, which are those we have acquired since the beginning of a two-year comparable period; and communities that we expect to sell within 12 months but do not yet meet the criteria to be classified as held for sale.

As of March 31, 2018, our Real Estate segment consisted of 95 Same Store apartment communities with 26,367 apartment homes and 35 Other Real Estate communities with 10,719 apartment homes.

From December 31, 2017 to March 31, 2018, on a net basis, our Same Store portfolio increased by three apartment communities and decreased by 19 apartment homes. These changes consisted of:

- the addition of one developed apartment community with 91 apartment homes and one redeveloped apartment community with 104 apartment homes that were classified as Same Store upon maintaining stabilized operations for the entirety of the periods presented;
- the addition of one acquired apartment community with 115 apartment homes that was classified as Same Store because we have now owned it for the entirety of both periods presented;
- the addition of one apartment community with 492 apartments homes that we no longer expect to sell within 12 months; and
- the reduction of one apartment community with 821 apartment homes, which is expected to be sold within 12 months, but does not yet meet the criteria to be classified as held for sale.

As of March 31, 2018, our Other Real Estate communities included:

- 13 apartment communities with 6,280 apartment homes in redevelopment or development;
- 2 apartment communities with 1,211 apartment homes recently acquired; and
- 20 apartment communities 3,228 apartment homes that do not meet the definition of Same Store because they are either subject to agreements that limit the amount by which we may increase rents, receive forms of government rental assistance, or have not reached or maintained a stabilized level of occupancy as of the beginning of a two-year comparable period, often due to a casualty event.

Our Real Estate segment results for the three months ended March 31, 2018 and 2017, as presented below, are based on the apartment community populations as of March 31, 2018.

| | Three Months Ended March 31, | | | |
|---|---|---|---|---|
| **(in thousands)** | **2018** | **2017** | **$ Change** | **% Change** |
| Rental and other property revenues before utility reimbursements: | | | | |
| Same Store communities | $ 144,854 | $ 141,220 | $ 3,634 | 2.6% |
| Other Real Estate Communities | 69,533 | 58,180 | 11,353 | 19.5% |
| Total | 214,387 | 199,400 | 14,987 | 7.5% |
| Property operating expenses, net of utility reimbursements: | | | | |
| Same Store communities | 38,923 | 38,110 | 813 | 2.1% |
| Other Real Estate Communities | 22,980 | 20,418 | 2,562 | 12.5% |
| Total | 61,903 | 58,528 | 3,375 | 5.8% |
| Proportionate property net operating income: | | | | |
| Same Store communities | 105,931 | 103,110 | 2,821 | 2.7% |
| Other Real Estate Communities | 46,553 | 37,762 | 8,791 | 23.3% |
| Total | $ 152,484 | $ 140,872 | $ 11,612 | 8.2% |

For the three months ended March 31, 2018 compared to 2017, our Real Estate segment's proportionate property net operating income increased $11.6 million, or 8.2%.

Same Store proportionate property net operating income increased by $2.8 million, or 2.7%. This increase was primarily attributable to a $3.6 million, or 2.6%, increase in rental and other property revenues due to higher average revenues ($42 per Aimco apartment home), comprised primarily of increases in rental rates. Renewal rents (the rent paid by an existing resident who renewed her lease compared to the rent she previously paid) were up 4.9% for the three months ended March 31, 2018, and new lease rents (the rent paid by a new resident compared to the rent paid by the previous resident of the same apartment home) were up 0.4%, resulting in a weighted average increase of 2.7%. The increase in Same Store rental and other property revenues was partially offset by a $0.8 million, or 2.1%, increase in property operating expenses primarily due to an increase in real estate taxes. During the three months ended March 31, 2018 compared to 2017, controllable operating expenses, which exclude utility costs, real estate taxes and insurance, increased by $0.3 million, or 1.4%.

The proportionate property net operating income of Other Real Estate communities increased by $8.8 million, or 23.3%, for the three months ended March 31, 2018, compared to the same period in 2017 due to:

- a $2.5 million increase in property net operating income due to the lease-up of Indigo and the 2018 acquisition of Bent Tree Apartments;
- a $1.9 million increase in property net operating income due to leasing activities at redevelopment and development communities, partially offset by decreases due to apartment homes taken out of service for development; and
- higher property net operating income of $4.4 million from other communities, including the effect of our increased ownership interest in the Palazzo communities from our June 2017 reacquisition of the 47% limited partner interest in the related joint venture.

*Non-Segment Real Estate Operations*

Operating income amounts not attributed to our Real Estate segment include offsite costs associated with property management, casualty losses, and the results of apartment communities sold, reported in consolidated amounts, which we do not allocate to our Real Estate segment for purposes of evaluating segment performance (see Note 7 to the condensed consolidated financial statements in Item 1).

For the three months ended March 31, 2018, casualty losses totaled $1.1 million and included several large claims primarily related to water and winter storm damage, partially offset by recovery from insurance carriers for insured losses in excess of policy limits. For the three months ended March 31, 2017, casualty losses totaled $1.9 million and included several large claims primarily related to fire damage and water damage resulting from heavy rains in California.

Net operating income decreased for the three months ended March 31, 2018 compared to 2017, by $6.5 million due to apartment communities previously in our Real Estate portfolio that were sold as of March 31, 2018.

***Depreciation and Amortization***

For the three months ended March 31, 2018 compared to 2017, depreciation and amortization increased $5.4 million, or 6.2%, primarily due to renovated apartment homes placed in service after their completion, partially offset by decreases associated with apartment communities sold.

***Interest Expense***

For the three months ended March 31, 2018 compared to 2017, interest expense, which includes the amortization of debt issuance costs, decreased by $0.1 million, or 0.2%. The decrease was primarily due to lower average outstanding balances on non-recourse property debt resulting from principal amortization, principal repayments and refinancing property loans at lower rates, largely offset by higher amounts outstanding on corporate borrowings used to fund the 2018 acquisition of Bent Tree Apartments.

***Income Tax Benefit***

Certain of our operations, including property management and risk management, are conducted through TRS entities. Additionally, some of our apartment communities are owned through TRS entities.

Our income tax benefit calculated in accordance with GAAP includes: (a) income taxes associated with the income or loss of our TRS entities, for which the taxes consequences have been realized or will be realized in future periods; (b) low income housing tax credits that offset REIT taxable income, primarily from retained capital gains; and (c) historic tax credits that offset income tax obligations of our TRS entities. Income taxes related to these items (before gains on dispositions) are included in income tax benefit in our condensed consolidated statements of operations.

For the three months ended March 31, 2018 compared to 2017, income tax benefit increased by $32.4 million, primarily due to a tax benefit recognized in connection with an intercompany transfer of assets related to the Asset Management business. This tax benefit is offset slightly by lower historic tax credits generated through the redevelopment of certain apartment communities.

***Gain on Dispositions of Real Estate, Inclusive of Related Income Tax***

*Real Estate*

During the three months ended March 31, 2018, we sold three apartment communities with 513 apartment homes for a gain of $50.6 million, net of income tax, and gross proceeds of $71.9 million, resulting in $64.6 million in net proceeds to us. We did not sell any apartment communities from our Real Estate portfolio during the three months ended March 31, 2017.

*Asset Management*

Consolidated partnerships served by our Asset Management business did not sell any apartment communities during the three months ended March 31, 2018. During the three months ended March 31, 2017, a consolidated partnership served by our Asset Management business sold an apartment community with 52 apartment homes for a gain of $0.6 million and gross proceeds of $2.4 million, resulting in $0.4 million in net proceeds.

***Noncontrolling Interests in Consolidated Real Estate Partnerships***

Noncontrolling interests in consolidated real estate partnerships reflects the results of our consolidated real estate partnerships allocated to the owners who are not affiliated with Aimco. The amounts of income or loss of our consolidated real estate partnerships that we allocate to owners not affiliated with Aimco include their share of property management fees, interest on notes and other amounts that we charge to these partnerships.

For the three months ended March 31, 2018 and 2017, we allocated net income of $6.2 million and $1.0 million, respectively, to noncontrolling interests in consolidated real estate partnerships. The amount of net income allocated to noncontrolling interests was driven by two primary factors: the operations of the consolidated apartment communities and gains on the sale of apartment communities with noncontrolling interest holders, as further discussed below.

- The amount of net income allocated to noncontrolling interests resulting from operations of the consolidated apartment communities was $0.1 million and $1.0 million for the three months ended March 31, 2018 and 2017, respectively. The decrease is primarily due to the 2017 reacquisition of our limited partner's interests in the Palazzo joint venture.

- Gains on the sale of apartment communities allocated to noncontrolling interests totaled $6.1 million for the three months ended March 31, 2018, and there was no such allocation for the three months ended March 31, 2017.

**Critical Accounting Policies and Estimates**

We prepare our condensed consolidated financial statements in accordance with GAAP, which requires us to make estimates and assumptions. We believe that the critical accounting policies that involve our more significant judgments and estimates used in the preparation of our condensed consolidated financial statements relate to the impairment of long-lived assets and capitalized costs.

Our critical accounting policies are described in more detail in Item 7, *Management's Discussion and Analysis of Financial Condition and Results of Operations*, of Aimco's and the Aimco Operating Partnership's combined Annual Report on Form 10-K for the year ended December 31, 2017. There have been no significant changes in our critical accounting policies from those reported in our Form 10-K and we believe that the related judgments and assessments have been consistently applied and produce financial information that fairly depicts the results of operations for all periods presented.

**Non-GAAP Measures**

Various of the key financial indicators we use in managing our business and in evaluating our financial condition and operating performance are non-GAAP measures. Key non-GAAP measures we use are defined and described below, and for those non-GAAP measures used or disclosed within this quarterly report, reconciliations of the non-GAAP measures to the most comparable financial measure computed in accordance with GAAP are provided.

Funds From Operations, or FFO, Pro forma FFO and AFFO are non-GAAP financial measures, which are defined and further described below under the Funds From Operations, Pro Forma Funds From Operations and Adjusted Funds From Operations heading.

Free Cash Flow, as calculated for our retained portfolio, represents an apartment community's property net operating income, or NOI, less spending for capital replacements, which represents our estimation of the capital additions made to replace capital assets consumed during our ownership period (further discussed under the Funds From Operations, Pro Forma Funds From Operations and Adjusted Funds From Operations heading and the Liquidity and Capital Resources heading). Free Cash Flow margin represents an apartment community's NOI less $1,200 per apartment home of assumed annual capital replacement spending, as a percentage of the apartment community's rental and other property revenues. Capital replacement spending represents a measure of the cost of capital asset usage during the period; therefore, we believe that Free Cash Flow is useful to investors as a supplemental measure of apartment community performance because it takes into consideration costs incurred during the period to replace capital assets that have been consumed during our ownership.

Economic Income represents stockholder value creation as measured by the change in estimated net asset value per share plus cash dividends per share. We believe Economic Income is important to investors as it represents a measure of the total return we have earned for our stockholders. We report and reconcile Economic Income annually. Readers should refer to the section entitled Management's Discussion and Analysis of Financial Condition and Results of Operations described in Item 7 of our Annual Report on Form 10-K for the year ended December 31, 2017, for more information about Economic Income.

***Funds From Operations, Pro Forma Funds From Operations and Adjusted Funds From Operations***

FFO is a non-GAAP financial measure that we believe, when considered with the financial statements 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 National Association of Real Estate Investment Trusts, or NAREIT, defines FFO as net income or loss computed in accordance with GAAP, excluding gains from sales of, and impairment losses recognized with respect to, depreciable property, plus depreciation and amortization, and after adjustments for unconsolidated partnerships and joint ventures. Adjustments for unconsolidated partnerships and joint ventures are calculated on the same basis to determine FFO. We calculate FFO attributable to Aimco common stockholders (diluted) by subtracting, if dilutive, redemption or repurchase related preferred stock issuance costs and dividends on preferred stock.

In addition to FFO, we compute Pro forma FFO and AFFO, which are also non-GAAP financial measures that we believe are helpful to investors in understanding our performance. Pro forma FFO represents FFO attributable to Aimco common stockholders (diluted), excluding preferred equity redemption-related amounts and certain litigation costs. Preferred equity redemption-related amounts (gains or losses) are items that periodically affect our operating results and we exclude these items from our calculation of Pro forma FFO because such amounts are not representative of our operating performance. We are engaged in litigation with Airbnb to protect our property right to select our residents and their neighbors. Due to the unpredictable nature of these cases and associated legal costs, we exclude such costs from Pro forma FFO.

AFFO represents Pro forma FFO reduced by Capital Replacements, which represents our estimation of the capital additions made to replace capital assets consumed during our ownership period. When we make capital additions at an apartment community, we evaluate whether the additions extend the useful life of an asset as compared to its condition at the time we purchased the apartment community. We classify as Capital Improvements those capital additions that meet these criteria and we classify as Capital Replacements those that do not. AFFO is a key financial indicator that we use to evaluate our operational performance and is one of the factors that we use to determine the amounts of our dividend payments.

FFO, Pro forma FFO and AFFO should not be considered alternatives to net income, as determined in accordance with GAAP, as indications of our performance. Although we use these non-GAAP measures for comparability in assessing our performance compared to other REITs, not all REITs compute these same measures, and those who do may not compute them in the same manner. Additionally, our computation of AFFO is subject to our definition of Capital Replacement spending. Accordingly, there can be no assurance that our basis for computing these non-GAAP measures is comparable with that of other REITs.

For the three months ended March 31, 2018 and 2017, Aimco's FFO, Pro forma FFO and AFFO are calculated as follows (in thousands):

| | Three Months Ended March 31, | |
|---|---|---|
| | **2018** | **2017** |
| **Net income attributable to Aimco common stockholders (1)** | $ 81,525 | $ 11,491 |
| Adjustments: | | |
| Real estate depreciation and amortization, net of noncontrolling partners' interest | 90,394 | 82,881 |
| Gain on dispositions and other, net noncontrolling partners' interest | (47,023) | (439) |
| Income tax adjustments related to gain on dispositions and other items (2) | (30,720) | 1,032 |
| Common noncontrolling interests in Aimco Operating Partnership's share of above adjustments | (557) | (3,850) |
| Amounts allocable to participating securities | (15) | (38) |
| **FFO attributable to Aimco common stockholders – diluted** | $ 93,604 | $ 91,077 |
| Litigation costs, net of common noncontrolling interests in Aimco Operating Partnership and participating securities (3) | 349 | — |
| **Pro forma FFO attributable to Aimco common stockholders – diluted** | $ 93,953 | $ 91,077 |
| Capital Replacements, net of common noncontrolling interests in Aimco Operating Partnership and participating securities | (9,767) | (10,946) |
| **AFFO attributable to Aimco common stockholders – diluted** | $ 84,186 | $ 80,131 |
| | | |
| Weighted average common shares outstanding – diluted (FFO, Pro forma FFO and AFFO) (4) | 156,740 | 156,754 |
| | | |
| Net income attributable to Aimco per common share – diluted | $ 0.52 | $ 0.07 |
| FFO / Pro forma FFO per share – diluted | $ 0.60 | $ 0.58 |
| AFFO per share – diluted | $ 0.54 | $ 0.51 |

(1) Represents the numerator for calculating Aimco's earnings per common share in accordance with GAAP.

(2) Income tax adjustments related to gain on dispositions and other items for the three months ended March 31, 2018 includes a $33.6 million tax benefit related to an intercompany transfer of assets related to the Asset Management business. We announced in April 2018, the planned sale of this business. Upon completion of the anticipated sale, the related taxes will be reflected within our statement of operations within gain on dispositions of real estate, inclusive of related income tax. Accordingly, we have excluded the benefit related to the reorganization from FFO.

(3) We are engaged in litigation with Airbnb to protect our property right to select our residents and their neighbors. Due to the unpredictable nature of these cases and associated legal costs, we exclude such costs from Pro forma FFO and AFFO.

(4) Represents the denominator for Aimco's earnings per common share – diluted, calculated in accordance with GAAP.

Refer to the Executive Overview for discussion of our Pro forma FFO and AFFO results for 2018, as compared to the same period in 2017.

Refer to the Liquidity and Capital Resources section for further information regarding our capital investing activities, including Capital Replacements.

The Aimco Operating Partnership does not separately compute or report FFO, Pro forma FFO or AFFO. However, based on Aimco's method for allocation of such amounts to noncontrolling interests in the Aimco Operating Partnership, as well as limited differences between the amounts of net income attributable to Aimco's common stockholders and the Aimco Operating Partnership's unit holders during the periods presented, FFO, Pro forma FFO and AFFO amounts on a per unit basis for the Aimco Operating Partnership would be expected to be substantially the same as the corresponding per share amounts for Aimco.

***Leverage Ratios***

We target the ratio of Proportionate Debt and Preferred Equity to Adjusted EBITDA to be below 7.0x and we target the ratio of Adjusted EBITDA to Adjusted Interest Expense and Preferred Dividends to be greater than 2.5x. We believe these ratios are important measures as they are commonly used by investors and analysts to assess the relative financial risk associated with balance sheets of companies within the same industry, and they are believed to be similar to measures used by rating agencies to assess entity credit quality.

We calculate our leverage ratios based on the most recent three month amounts, annualized.

Proportionate Debt, as used in our leverage ratios, is a non-GAAP measure and includes our share of the long-term, non-recourse property debt secured by apartment communities in the Real Estate portfolio, our term loan, and outstanding borrowings under our revolving credit facility, reduced by our share of the cash and restricted cash of our consolidated and unconsolidated partnerships owning communities in our Real Estate portfolio, and also by our investment in the subordinate tranches of a securitization trust that holds certain of our property debt (essentially, an investment in our own non-recourse property loans).

In our Proportionate Debt computation, we increase our recorded debt by unamortized debt issue costs because these amounts represent cash expended in earlier periods and do not reduce our contractual obligations, and we reduce our recorded debt by the amounts of cash and restricted cash on-hand (such restricted cash amounts being primarily restricted under the terms of our property debt agreements) assuming these amounts would be used to reduce our outstanding leverage. We further reduce our recorded debt by the value of our investment in a securitization trust that holds certain of our property debt, as our payments of principal and interest associated with such property debt will ultimately repay our investments in the trust.

We exclude from our leverage the non-recourse property debt obligations of consolidated partnerships served by our Asset Management business. The non-recourse property debt obligations of these partnerships are not our obligations and have limited effect on the amount of fees and other payments we expect to receive. Additionally, in April 2018, we announced the planned third quarter 2018 sale of the Asset Management business.

We believe Proportionate Debt is useful to investors as it is a measure of our net exposure to debt obligations. Proportionate Debt, as used in our leverage ratios, is calculated as set forth in the table below.

Preferred Equity, as used in our leverage ratios, represents the redemption amounts for Aimco's preferred stock and the Aimco Operating Partnership's preferred OP Units. Preferred Equity, although perpetual in nature, is another component of our overall leverage.

Adjusted EBITDA is a non-GAAP measure. We believe Adjusted EBITDA provides investors relevant and useful information because it allows investors to view income from our operations on an unleveraged basis, before the effects of taxes, depreciation and amortization, gains or losses on sales of and impairment losses related to real estate, and various other items described below. Adjusted EBITDA represents Aimco's share of the consolidated amount of our net income, adjusted to exclude the effect of the following items for the reasons set forth below:

- Adjusted Interest Expense, defined below, to allow investors to compare a measure of our earnings before the effects of our indebtedness with that of other companies in the real estate industry;
- preferred dividends, to allow investors to compare a measure of our performance before the effects of our capital structure (including indebtedness) with that of other companies in the real estate industry;
- income taxes, to allow investors to measure our performance independent of income taxes, which may vary significantly from other companies within our industry due to leverage and tax planning strategies, among other factors;
- depreciation and amortization, gains or losses on dispositions and impairment losses related to real estate, for similar reasons to those set forth in our discussion of FFO, Pro forma FFO and AFFO in the preceding section; and
- other items, including gains on dispositions of non-depreciable assets, as these are items that periodically affect our operations but that are not necessarily representative of our ability to service our debt obligations.

While Adjusted EBITDA is a relevant measure of performance and is commonly used in leverage ratios, it does not represent net income as defined by GAAP, and should not be considered as an alternative to net income in evaluating our performance. Further, our definition and computation of Adjusted EBITDA may not be comparable to similar measures reported by other companies.

Adjusted Interest Expense, as calculated in our leverage ratios, is a non-GAAP measure that we believe is meaningful for investors and analysts as it presents our share of current recurring interest requirements associated with leverage. Adjusted Interest Expense represents our proportionate share of interest expense on non-recourse property debt encumbering apartment communities in the Real Estate portfolio and interest expense on our term loan and revolving credit facility borrowings. We exclude from our calculation of Adjusted Interest Expense:

- debt prepayment penalties, which are items that, from time to time, affect our operating results but are not representative of our scheduled interest obligations;
- the amortization of debt issue costs, as these amounts have been expended in previous periods and are not representative of our current or prospective debt service requirements; and

- the income we receive on our investment in the securitization trust that holds certain of our property debt, as this income is being generated indirectly from interest we pay with respect to property debt held by the trust.

Preferred Dividends represents the preferred dividends paid on Aimco's preferred stock and the preferred distributions paid on the Aimco Operating Partnership's preferred OP Units, exclusive of preferred equity redemption related amounts. We add Preferred Dividends to Adjusted Interest Expense for a more complete picture of the interest and dividend requirements of our leverage, inclusive of perpetual preferred equity.

Reconciliations of the most closely related GAAP measures to our calculations of Proportionate Debt, Preferred Equity, Adjusted EBITDA, Adjusted Interest Expense and Preferred Dividends, as used in our leverage ratios, are as follows (in thousands):

| | | **March 31, 2018** |
|---|---|---|
| Total indebtedness associated with Real Estate portfolio | $ | 4,029,343 |
| Adjustments: | | |
| Debt issue costs related to non-recourse property debt | | 18,119 |
| Debt issue costs related to term loan | | 271 |
| Proportionate share adjustments related to debt obligations of consolidated and unconsolidated partnerships | | (9,556) |
| Cash and restricted cash | | (90,893) |
| Proportionate share adjustments related to cash and restricted cash held by consolidated and unconsolidated partnerships | | 1,182 |
| Securitization trust investment and other | | (83,587) |
| Proportionate Debt | $ | 3,864,879 |
| | | |
| Preferred stock | $ | 125,000 |
| Preferred OP Units | | 101,378 |
| Preferred Equity | | 226,378 |
| Proportionate Debt and Preferred Equity | $ | 4,091,257 |

| | | **Three Months Ended March 31, 2018** |
|---|---|---|
| Net income attributable to Aimco Common Stockholders | $ | 81,525 |
| Adjustments: | | |
| Adjusted Interest Expense | | 39,639 |
| Income tax benefit | | (37,388) |
| Depreciation and amortization, net of noncontrolling interest | | 92,630 |
| Gain on disposition and other, inclusive of related income taxes and net of noncontrolling partners' interests | | (44,152) |
| Preferred stock dividends | | 2,148 |
| Net income attributable to noncontrolling interests in Aimco Operating Partnership | | 5,811 |
| Pro forma adjustment (1) | | 1,231 |
| Adjusted EBITDA | $ | 141,444 |
| | | |
| Annualized Adjusted EBITDA | $ | 565,776 |

(1) Leverage ratios for the three months ended March 31, 2018, have been calculated on a pro forma basis to reflect the acquisition of Bent Tree Apartments and the disposition of three apartment communities during the period as if the transactions had closed on January 1, 2018.

| | Three Months Ended March 31, 2018 |
|---|---|
| Interest expense | $ 47,795 |
| Interest expense related to non-recourse property debt obligations of consolidated partnerships served by our Asset Management business | (3,286) |
| Interest expense attributable to Real Estate portfolio | 44,509 |
| Adjustments: | |
| Proportionate share adjustments related to interest of consolidated and unconsolidated partnerships | (94) |
| Debt prepayment penalties and other non-interest items | (1,482) |
| Amortization of debt issue costs | (1,445) |
| Interest income earned on securitization trust investment | (1,849) |
| Adjusted Interest Expense | $ 39,639 |
| | |
| Preferred stock dividends | 2,148 |
| Preferred OP Unit distributions | 1,937 |
| Preferred Dividends | 4,085 |
| Adjusted Interest Expense and Preferred Dividends | $ 43,724 |
| | |
| Annualized Adjusted Interest Expense | $ 158,556 |
| Annualized Adjusted Interest Expense and Preferred Dividends | $ 174,896 |

**Liquidity and Capital Resources**

***Liquidity***

Liquidity is the ability to meet present and future financial obligations. Our primary source of liquidity is cash flow from our operations. Additional sources are proceeds from sales of apartment communities, proceeds from refinancings of existing property debt, borrowings under new property debt, borrowings under our Credit Agreement, as defined below, including our revolving credit facility and proceeds from equity offerings.

Our principal uses for liquidity include normal operating activities, payments of principal and interest on outstanding property debt, capital expenditures, dividends paid to stockholders, distributions paid to noncontrolling interest partners and acquisitions of apartment communities. We use our cash and cash equivalents and our cash provided by operating activities to meet short-term liquidity needs. In the event that our cash and cash equivalents and cash provided by operating activities are not sufficient to cover our short-term liquidity needs, we have additional means, such as short-term borrowing availability and proceeds from apartment community sales and refinancings. We may use our revolving credit facility for working capital and other short-term purposes, such as funding investments on an interim basis. We expect to meet our long-term liquidity requirements, such as debt maturities, redevelopment spending and apartment community acquisitions, through long-term borrowings (primarily non-recourse), the issuance of equity securities (including OP Units), the sale of apartment communities and cash generated from operations.

As of March 31, 2018, our primary sources of liquidity were as follows:

- $51.9 million in cash and cash equivalents;
- $39.0 million of restricted cash, which consists primarily of escrows related to resident security deposits and reserves and escrows held by lenders for capital additions, property taxes and insurance; and
- $509.1 million of available capacity to borrow under our revolving credit facility (which is more fully described below), after consideration of outstanding borrowings of $78.6 million and $12.3 million of letters of credit backed by the facility.

At March 31, 2018, we also held unencumbered apartment communities with an estimated fair market value of approximately $2.0 billion. Each of the amounts presented above exclude amounts attributable to partnerships served by our Asset Management business.

***Leverage and Capital Resources***

The availability of credit and its related effect on the overall economy may affect our liquidity and future financing activities, both through changes in interest rates and access to financing. Currently, interest rates are low compared to historical levels and many lenders are active in the market. However, any adverse changes in the lending environment could negatively affect our liquidity. We believe we have mitigated much of this exposure by reducing our short and intermediate term maturity risk through refinancing such loans with long-dated, fixed-rate property debt. However, if property financing options become unavailable for our further debt needs, we may consider alternative sources of liquidity, such as reductions in capital spending or proceeds from apartment community dispositions.

Two credit rating agencies rate our creditworthiness and both have rated our credit and outlook as BBB- (stable), an investment grade rating. Our investment grade rating would be useful in accessing capital through the sale of bonds in private or public transactions. However, our intention and historical practice has been to raise debt capital in the form of property-level, non-recourse, long-dated, fixed-rate, amortizing debt, the cost of which is generally less than that of recourse debt and the terms of which also provide for greater balance sheet safety.

As of March 31, 2018, approximately 87.0% of our leverage consisted of property-level, non-recourse, long-dated, amortizing debt. Approximately 94.6% of this property-level debt is fixed-rate, which provides a hedge against increases in interest rates, capitalization rates and inflation. The weighted average maturity of our property-level debt was 7.4 years.

For property-level debt encumbering the communities in our Real Estate portfolio, $35.5 million of our unpaid principal balances mature during the remainder of 2018, and on average, 12.6% of our unpaid principal balance will mature each year from 2019 through 2021.

While our primary source of leverage is property-level, non-recourse, long-dated, fixed-rate, amortizing debt, we have a Senior Secured Credit Agreement with a syndicate of financial institutions, which we refer to as our Credit Agreement. Our Credit Agreement provides for $600.0 million of revolving loan commitments. As of March 31, 2018, we had $78.6 million of outstanding borrowings under our revolving loan commitments, representing 1.8% of our total leverage. The Credit Agreement provides us with an option to expand the aggregate loan commitments, subject to customary conditions, by up to $200.0 million.

The Credit Agreement also provides for a $250.0 million term loan. The term loan represents 5.9% of our total leverage as of March 31, 2018, matures on June 30, 2018, has a one-year extension option and bears interest at 30-day LIBOR plus 135 basis points.

As of March 31, 2018, our outstanding perpetual preferred equity represented approximately 5.3% of our total leverage. Our preferred securities are perpetual in nature; however, for illustrative purposes, we compute the weighted average maturity of our total leverage assuming a 40-year maturity for our preferred securities.

The combination of non-recourse property-level debt, borrowings under our Credit Agreement and perpetual preferred equity that comprises our total leverage, reduces our refunding and re-pricing risk. The weighted average maturity for our total leverage described above was 8.7 years as of March 31, 2018.

Under the Credit Agreement, we have agreed to maintain a Fixed Charge Coverage ratio of 1.40x, as well as comply with other covenants customary for similar revolving credit arrangements. For the trailing twelve month period ended March 31, 2018, our Fixed Charge Coverage ratio was 2.02x, compared to a ratio of 1.96x for the trailing twelve month period ended March 31, 2017. We expect to remain in compliance with this covenant during the next 12 months.

***Changes in Cash, Cash Equivalents and Restricted Cash***

The following discussion relates to changes in consolidated cash, cash equivalents and restricted cash due to operating, investing and financing activities, which are presented in our condensed consolidated statements of cash flows included in Item 1 of this report.

**Operating Activities**

For the three months ended March 31, 2018, net cash provided by operating activities was $81.3 million. Our operating cash flow is affected primarily by rental rates, occupancy levels and operating expenses related to our portfolio of apartment communities. Cash provided by operating activities for the three months ended March 31, 2018, increased by $7.7 million compared to 2017, due to improved operating results of our Same Store communities and increased contribution from our redevelopment and lease-up communities, partially offset by lower net operating income associated with apartment communities sold in 2017.

**Investing Activities**

For the three months ended March 31, 2018, net cash used in investing activities of $171.6 million consisted primarily of the Bent Tree Apartments acquisition and capital expenditures, partially offset by proceeds from the disposition of apartment communities. Capital expenditures totaled $75.6 million and $82.2 million during the three months ended March 31, 2018 and 2017, respectively. We generally fund capital expenditures with cash provided by operating activities and cash proceeds from apartment community sales.

Further information about the Bent Tree Apartments acquisition and three apartment community sales completed during the three months ended March 31, 2018 is included in Note 3 to the condensed consolidated financial statements in Item 1.

Capital additions for our Real Estate segment totaled $76.7 million and $70.1 million during the three months ended March 31, 2018 and 2017, respectively. We generally fund capital additions with cash provided by operating activities and cash proceeds from sales of apartment communities.

We categorize capital spending for communities in our Real Estate portfolio broadly into six primary categories:

- capital replacements, which represent capital additions made to replace the portion of acquired apartment communities consumed during our period of ownership;
- capital improvements, which represent capital additions made to replace the portion of acquired apartment communities consumed prior to our period of ownership;
- capital enhancements, which may include kitchen and bath remodeling, energy conservation projects and investments in longer-lived materials designed to reduce turnover costs and maintenance, all of which are generally lesser in scope than redevelopment additions and do not significantly disrupt property operations;
- redevelopment additions, which represent capital additions intended to enhance the value of the apartment community through the ability to generate higher average rental rates, and may include costs related to entitlement, which enhance the value of a community through increased density, and costs related to renovation of exteriors, common areas or apartment homes;
- development additions, which represent construction and related capitalized costs associated with development of apartment communities; and
- casualty capital additions, which represent construction and related capitalized costs incurred in connection with the restoration of an apartment community after a casualty event such as a severe snow storm, hurricane, tornado, flood or fire.

We exclude from these measures the amounts of capital spending related to apartment communities sold or classified as held for sale at the end of the period, as well as amounts expended by consolidated partnerships served by our Asset Management business as such amounts generally do not affect the amount of cash flow we expect to receive from the operation and ultimate disposition of these communities. We have also excluded from these measures indirect capitalized costs which are allocated later in the year to apartment communities with capital additions, and their related capital spending categories.

A summary of the capital spending for these categories, along with a reconciliation of the total for these categories to the capital expenditures reported in the accompanying condensed consolidated statements of cash flows for the three months ended March 31, 2018 and 2017, are presented below (in thousands):

| | Three Months Ended March 31, | |
|---|---|---|
| | 2018 | 2017 |
| Real Estate | | |
| Capital replacements | $ 6,727 | $ 8,455 |
| Capital improvements | 1,824 | 2,918 |
| Capital enhancements | 19,146 | 17,068 |
| Redevelopment additions | 41,049 | 38,981 |
| Development additions | 5,720 | 1,390 |
| Casualty capital additions | 2,253 | 1,303 |
| Real Estate capital additions | 76,719 | 70,115 |
| Plus: additions related to apartment communities sold or held for sale and unallocated indirect capitalized costs | 1,488 | 3,331 |
| Plus: additions related to consolidated asset managed communities | 1,693 | 814 |
| Consolidated capital additions | 79,900 | 74,260 |
| Plus: net change in accrued capital spending | (4,299) | 7,891 |
| Capital expenditures per condensed consolidated statement of cash flows | $ 75,601 | $ 82,151 |

For the three months ended March 31, 2018 and 2017, we capitalized $2.0 million and $1.6 million of interest costs, respectively, and $8.9 million and $8.5 million of other direct and indirect costs, respectively.

We invested $19.1 million in capital enhancements during the three months ended March 31, 2018, and we anticipate a full year investment ranging from $80 million to $100 million.

*Redevelopment and Development*

We execute redevelopments using a range of approaches. We prefer to limit risk by executing redevelopments using a phased approach, in which we renovate an apartment community in stages. Smaller phases provide us the flexibility to maintain current earnings while aligning the timing of the completed apartment homes with market demand. The following table summarizes value-creating investments related to redevelopments of this nature at March 31, 2018 (dollars in millions):

| | Location | Apartment Homes Approved for Redevelopment | Estimated/Potential Net Investment | Inception-to-Date Net Investment |
|---|---|---|---|---|
| Bay Parc | Miami, FL | 15 | $ 20.0 | $ 19.4 |
| Calhoun Beach Club | Minneapolis, MN | 275 | 28.7 | 10.3 |
| Flamingo South Beach | Miami, FL | — | 9.7 | 8.0 |
| Palazzo West at The Grove | Los Angeles, CA | 389 | 24.5 | 17.0 |
| Saybrook Pointe | San Jose, CA | 324 | 18.3 | 15.6 |
| Yorktown | Lombard, IL | 292 | 25.7 | 18.8 |
| Other | Various | 92 | 12.9 | 4.4 |
| Total | | 1,387 | $ 139.8 | $ 93.5 |

We also undertake ground-up development when warranted by risk-adjusted investment returns, either directly or in connection with the redevelopment of an existing apartment community or, on a more limited basis, at a new location. When smaller redevelopment phases are not possible, we may engage in redevelopment activities where an entire building or community is vacated. The following table summarizes our value-creating investments related to these developments and redevelopments at March 31, 2018 (dollars in millions):

| | Location | Apartment Homes Approved for Redevelopment or Development | Estimated/Potential Net Investment | Inception-to-Date Net Investment | Stabilized Occupancy | NOI Stabilization |
|---|---|---|---|---|---|---|
| Parc Mosaic | Boulder, CO | 226 | $ 117.0 | $ 30.0 | 4Q 2020 | 1Q 2022 |
| Park Towne Place | Philadelphia, PA | 942 | 176.0 | 155.5 | 1Q 2019 | 2Q 2020 |
| Total | | 1,168 | $ 293.0 | $ 185.5 | | |

Net investment represents the total actual or estimated investment, net of tax and other credits earned as a direct result of our redevelopment or development of the community. For phased redevelopments, potential net investment relates to the current phase of the redevelopment.

Stabilized Occupancy represents the period in which we expect to achieve stabilized occupancy generally greater than 90%.

NOI Stabilization represents the period in which we expect the communities to achieve stabilized rents and operating costs, generally five quarters after occupancy stabilization.

During the three months ended March 31, 2018, we invested $46.8 million in redevelopment and development. In Center City, Philadelphia, we continued construction on the fourth and final tower of Park Towne Place. Initial move-ins have occurred and at the end of April, 31% of the tower was pre-leased.

Construction is underway, on plan and on budget at Parc Mosaic, our $117.0 million, 226 apartment home community being developed on the site of our former Eastpointe community in Boulder, Colorado. We expect Parc Mosaic will be available for occupancy in the summer of 2019.

Our total estimated net investment in redevelopment and development is $432.8 million with a projected weighted average net operating income yield on these investments of 6.1%, assuming untrended rents. Of this total, $279.0 million has been funded. We expect to fund the remaining redevelopment and development investment with proceeds from our planned sale of the Asset Management business and Hunters Point communities.

During the three months ended March 31, 2018, we leased 59 apartment homes at our redevelopment communities. As of March 31, 2018, our exposure to lease-up at active redevelopment and development projects was approximately 527 apartment homes, of which 201 were in the fourth tower of Park Towne Place and 215 were being constructed at Parc Mosaic.

We expect our total development and redevelopment spending to range from $120 million to $200 million for the year ending December 31, 2018.

**Financing Activities**

For the three months ended March 31, 2018, net cash provided by financing activities of $86.8 million was primarily attributed to proceeds from non-recourse property debt and net borrowings on our revolving credit facility, partially offset by dividends paid to common security holders, distributions paid to noncontrolling interests and principal payments on property loans.

Net borrowings on our revolving credit facility primarily relate to the timing of apartment community acquisitions and dispositions and of property debt financing activities.

Proceeds from non-recourse property debt borrowings during the period consisted of the closing of two fixed-rate, amortizing, non-recourse property loans totaling $242.0 million. These loans have 10-year terms and a weighted average interest rate of 3.48%, 126 basis points more than the corresponding Treasury rate at the time of pricing. The net effect of 2018 fixed-rate property debt refinancing activities has been to lower our weighted average fixed interest rate by nearly 10 basis points since December 31, 2017, to 4.55%, reducing prospective interest expense by more than $3.0 million.

Proceeds from non-recourse property debt borrowing during the period also included the closing of two non-recourse, variable-rate property loans totaling $118.6 million. These loans each have a five-year term and bear interest at 30-day LIBOR plus 1.25%.

The five-year terms fill a hole in our laddered maturities and, taken together with the planned repayment of the variable term loan, reduce our exposure to increasing short-term interest rates to less than 7% of our leverage.

We like the discipline of financing our investments in real estate through the use of fixed-rate, amortizing, non-recourse property debt, as the amortization gradually reduces our leverage and reduces our refunding risk, and the fixed-rate provides a hedge against increases in interest rates, and the non-recourse feature avoids entity risk.

Principal payments on property loans during the period totaled $206.3 million, consisting of scheduled principal amortization of $20.4 million and repayments of $185.9 million.

Net cash used in financing activities also includes $73.7 million of payments to equity holders, as further detailed in the table below.

*Equity and Partners' Capital Transactions*

The following table presents the Aimco Operating Partnership's distribution activity (including distributions paid to Aimco) during the three months ended March 31, 2018 (in thousands):

| | | |
|---|---|---|
| Cash distributions paid by the Aimco Operating Partnership to holders of noncontrolling interests in consolidated real estate partnerships | $ | 7,228 |
| Cash distributions paid by the Aimco Operating Partnership to preferred unitholders (1) | | 4,085 |
| Cash distributions paid by the Aimco Operating Partnership to common unitholders (2) | | 62,389 |
| Total cash distributions paid by the Aimco Operating Partnership | $ | 73,702 |

(1) $2.2 million represented distributions to Aimco, and $1.9 million represented distributions paid to holders of OP Units.
(2) $59.7 million represented distributions to Aimco, and $2.7 million represented distributions paid to holders of OP Units.

The following table presents Aimco's dividend activity during the three months ended March 31, 2018 (in thousands):

| | | |
|---|---|---|
| Cash distributions paid by Aimco to holders of noncontrolling interests in consolidated real estate partnerships | $ | 7,228 |
| Cash distributions paid by Aimco to holders of OP Units | | 4,674 |
| Cash dividends paid by Aimco to preferred stockholders | | 2,148 |
| Cash dividends paid by Aimco to common stockholders | | 59,652 |
| Total cash dividends and distributions paid by Aimco | $ | 73,702 |

**Future Capital Needs**

We expect to fund any future acquisitions, redevelopment, development, and other capital spending principally with proceeds from apartment community sales, short-term borrowings, debt and equity financing and operating cash flows. Our near term business plan does not contemplate the issuance of equity.

**ITEM 3. Quantitative and Qualitative Disclosures About Market Risk**

As of March 31, 2018, on a consolidated basis, we had approximately $201.3 million of variable-rate property debt outstanding, and $328.6 million of variable-rate borrowings under our Credit Agreement, including a $250.0 million term loan that matures on June 30, 2018 and has a one-year extension option. We estimate that a change in 30-day LIBOR of 100 basis points with constant credit risk spreads would reduce or increase net income attributable to Aimco common stockholders and the Aimco Operating Partnership's common unitholders by approximately $5.1 million on an annual basis.

At March 31, 2018, our Real Estate segment had approximately $90.9 million in cash and cash equivalents and restricted cash, a portion of which bears interest at variable rates, which may offset somewhat a change in rates on our variable-rate debt discussed above.

We estimate the fair value for debt instruments as described in Note 6 to the condensed consolidated financial statements in Item 1. The estimated fair value of total indebtedness associated with the Real Estate portfolio approximated its carrying value at March 31, 2018.

If market rates for consolidated fixed-rate debt in our Real Estate segment were higher by 100 basis points with constant credit risk spreads, the estimated fair value of consolidated debt discussed above would decrease from $4.0 billion in the aggregate to $3.9 billion. If market rates for consolidated debt discussed above were lower by 100 basis points with constant credit risk spreads, the estimated fair value of consolidated fixed-rate debt would increase from $4.0 billion in the aggregate to $4.1 billion.

**ITEM 4. Controls and Procedures**

***Aimco***

**Disclosure Controls and Procedures**

Aimco's management, with the participation of Aimco's chief executive officer and chief financial officer, has evaluated the effectiveness of Aimco's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of the end of the period covered by this report. Based on such evaluation, Aimco's chief executive officer and chief financial officer have concluded that, as of the end of such period, Aimco's disclosure controls and procedures are effective.

**Changes in Internal Control Over Financial Reporting**

There has been no change in Aimco's internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the first quarter of 2018 that has materially affected, or is reasonably likely to materially affect, Aimco's internal control over financial reporting.

***The Aimco Operating Partnership***

**Disclosure Controls and Procedures**

The Aimco Operating Partnership's management, with the participation of the chief executive officer and chief financial officer of both Aimco and AIMCO-GP, Inc., the Aimco Operating Partnership's general partner, has evaluated the effectiveness of the Aimco Operating Partnership's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange) as of the end of the period covered by this report. Based on such evaluation, the chief executive officer and chief financial officer of AIMCO-GP, Inc. have concluded that, as of the end of such period, the Aimco Operating Partnership's disclosure controls and procedures are effective.

**Changes in Internal Control Over Financial Reporting**

There has been no change in the Aimco Operating Partnership's internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the first quarter of 2018 that has materially affected, or is reasonably likely to materially affect, the Aimco Operating Partnership's internal control over financial reporting.

## PART II. OTHER INFORMATION

### ITEM 1A. Risk Factors

As of the date of this report, there have been no material changes from the risk factors in Aimco's and the Aimco Operating Partnership's combined Annual Report on Form 10-K for the year ended December 31, 2017.

### ITEM 2. Unregistered Sales of Equity Securities and Use of Proceeds

***Aimco***

(a) *Unregistered Sales of Equity Securities.* Aimco did not issue any unregistered shares of Common Stock during the three months ended March 31, 2018.

(c) *Repurchases of Equity Securities.* There were no repurchases by Aimco of its common equity securities during the three months ended March 31, 2018. Aimco's Board of Directors has, from time to time, authorized Aimco to repurchase shares of its outstanding capital stock. As of March 31, 2018, Aimco was authorized to repurchase approximately 19.3 million additional shares. This authorization has no expiration date. These repurchases may be made from time to time in the open market or in privately negotiated transactions.

***The Aimco Operating Partnership***

(a) *Unregistered Sales of Equity Securities.* The Aimco Operating Partnership did not issue any unregistered OP Units during the three months ended March 31, 2018.

(c) *Repurchases of Equity Securities.* The Aimco Operating Partnership's Partnership Agreement generally provides that after holding the common OP Units for one year, limited partners have the right to redeem their common OP Units for cash, subject to the Aimco Operating Partnership's prior right to cause Aimco to acquire some or all of the common OP Units tendered for redemption in exchange for shares of Common Stock. Common OP Units redeemed for Common Stock are exchanged on a one-for-one basis (subject to antidilution adjustments). During the three months ended March 31, 2018, no common OP Units were redeemed in exchange for shares of Common Stock. The following table summarizes repurchases (redemptions in exchange for cash) of the Aimco Operating Partnership's equity securities for the three months ended March 31, 2018.

| Period | Total Number of Units Purchased | Average Price Paid per Unit | Total Number of Units Purchased as Part of Publicly Announced Plans or Programs (1) | Maximum Number of Units that May Yet Be Purchased Under the Plans or Programs (1) |
|---|---|---|---|---|
| January 1 - January 31, 2018 | 145,596 | $ 43.38 | N/A | N/A |
| February 1 - February 28, 2018 | 378 | 41.26 | N/A | N/A |
| March 1 - March 31, 2018 | 16,111 | 39.22 | N/A | N/A |
| Total | 162,085 | $ 42.96 | | |

(1) The terms of the Aimco Operating Partnership's Partnership Agreement do not provide for a maximum number of units that may be repurchased, and other than the express terms of its Partnership Agreement, the Aimco Operating Partnership has no publicly announced plans or programs of repurchase. However, for Aimco to repurchase shares of its Common Stock, the Aimco Operating Partnership must make a concurrent repurchase of its common partnership units held by Aimco at a price per unit that is equal to the price per share Aimco pays for its Common Stock.

***Aimco and the Aimco Operating Partnership***

*Dividend and Distribution Payments.* Our Credit Agreement includes customary covenants, including a restriction on dividends and distributions and other restricted payments, but permits dividends and distributions during any 12-month period in an aggregate amount of up to 95% of Aimco's Funds From Operations, subject to certain non-cash adjustments, for such period or such amount as may be necessary for Aimco to maintain its REIT status.

**ITEM 6. Exhibits**

The following exhibits are filed with this report:

| EXHIBIT NO. (1) | DESCRIPTION |
|---|---|
| 3.1 | Charter |
| 3.2 | Amended and Restated Bylaws (Exhibit 3.1 to Aimco's Current Report on Form 8-K dated January 26, 2016, is incorporated herein by this reference) |
| 10.1 | Fourth Amended and Restated Agreement of Limited Partnership of the Aimco Operating Partnership, dated as of July 29, 1994, as amended and restated as of February 28, 2007 (Exhibit 10.1 to Aimco's Annual Report on Form 10-K for the year ended December 31, 2006, is incorporated herein by this reference) |
| 10.2 | First Amendment to Fourth Amended and Restated Agreement of Limited Partnership of the Aimco Operating Partnership, dated as of December 31, 2007 (Exhibit 10.1 to Aimco's Current Report on Form 8-K, dated December 31, 2007, is incorporated herein by this reference) |
| 10.3 | Second Amendment to the Fourth Amended and Restated Agreement of Limited Partnership of the Aimco Operating Partnership, dated as of July 30, 2009 (Exhibit 10.1 to Aimco's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2009, is incorporated herein by this reference) |
| 10.4 | Third Amendment to the Fourth Amended and Restated Agreement of Limited Partnership of the Aimco Operating Partnership, dated as of September 2, 2010 (Exhibit 10.1 to Aimco's Current Report on Form 8-K, dated September 3, 2010, is incorporated herein by this reference) |
| 10.5 | Fourth Amendment to the Fourth Amended and Restated Agreement of Limited Partnership of the Aimco Operating Partnership, dated as of July 26, 2011 (Exhibit 10.1 to Aimco's Current Report on Form 8-K, dated July 26, 2011, is incorporated herein by this reference) |
| 10.6 | Fifth Amendment to the Fourth Amended and Restated Agreement of Limited Partnership of the Aimco Operating Partnership, dated as of August 24, 2011 (Exhibit 10.1 to Aimco's Current Report on Form 8-K, dated August 24, 2011, is incorporated herein by this reference) |
| 10.7 | Sixth Amendment to the Fourth Amended and Restated Agreement of Limited Partnership of the Aimco Operating Partnership, dated as of December 31, 2011 (Exhibit 10.1 to Aimco's Current Report on Form 8-K, dated December 31, 2011, is incorporated herein by this reference) |
| 10.8 | Seventh Amendment to the Fourth Amended and Restated Agreement of Limited Partnership of the Aimco Operating Partnership, dated as of May 13, 2014 (Exhibit 10.1 to Aimco's Current Report on Form 8-K, dated May 13, 2014, is incorporated herein by this reference) |
| 10.9 | Eighth Amendment to the Fourth Amended and Restated Agreement of Limited Partnership of the Aimco Operating Partnership, dated as of October 31, 2014 (Exhibit 10.1 to Aimco's Current Report on Form 8-K, dated November 4, 2014, is incorporated herein by this reference) |
| 10.10 | Ninth Amendment to the Fourth Amended and Restated Agreement of Limited Partnership of the Aimco Operating Partnership, dated as of August 16, 2016 (Exhibit 10.1 to Aimco's Current Report on Form 8-K, dated August 16, 2016, is incorporated herein by this reference) |
| 10.11 | Tenth Amendment to the Fourth Amended and Restated Agreement of Limited Partnership of the Aimco Operating Partnership, dated as of January 31, 2017 (Exhibit 10.1 to Aimco's Current Report on Form 8-K, dated January 31, 2017, is incorporated herein by this reference) |
| 10.12 | Second Amended and Restated Senior Secured Credit Agreement, dated as of June 30, 2017, among Aimco, the Aimco Operating Partnership, AIMCO/Bethesda Holdings, Inc., the lenders party thereto and KeyBank N. A., as administrative agent, swing line lender and letter of credit issuer. (Exhibit 10.1 to Aimco's Current Report on Form 8-K, dated June 30, 2017, is incorporated herein by this reference) |
| 10.13 | Aimco Executive Severance Policy (Exhibit 10.1 to Aimco's Current Report on Form 8-K dated February 22, 2018, is incorporated herein by this reference)* |
| 10.14 | Aimco Second Amended and Restated 2015 Stock Award and Incentive Plan (as amended and restated effective February 22, 2018) (Exhibit A to Aimco's Proxy Statement on Schedule 14A filed with the Securities and Exchange Commission on March 8, 2018 is incorporated herein by this reference)* |
| 10.15 | Form of Performance Vesting LTIP II Unit Agreement (2015 Stock Award and Incentive Plan)* |
| 31.1 | Certification of Chief Executive Officer pursuant to Securities Exchange Act Rules 13a-14(a)/15d-14(a), as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 – Aimco |
| 31.2 | Certification of Chief Financial Officer pursuant to Securities Exchange Act Rules 13a-14(a)/15d-14(a), as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 – Aimco |
| 31.3 | Certification of Chief Executive Officer pursuant to Securities Exchange Act Rules 13a-14(a)/15d-14(a), as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 – the Aimco Operating Partnership |
| 31.4 | Certification of Chief Financial Officer pursuant to Securities Exchange Act Rules 13a-14(a)/15d-14(a), as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 – the Aimco Operating Partnership |

| EXHIBIT NO. (1) | DESCRIPTION |
|---|---|
| 32.1 | Certifications of Chief Executive Officer and Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 – Aimco |
| 32.2 | Certifications of Chief Executive Officer and Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 – the Aimco Operating Partnership |
| 99.1 | Agreement Regarding Disclosure of Long-Term Debt Instruments – Aimco |
| 99.2 | Agreement Regarding Disclosure of Long-Term Debt Instruments – the Aimco Operating Partnership |
| 101 | XBRL (Extensible Business Reporting Language). The following materials from Aimco's and the Aimco Operating Partnership's combined Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2018, tagged in XBRL: (i) condensed consolidated balance sheets; (ii) condensed consolidated statements of operations; (iii) condensed consolidated statements of comprehensive income; (iv) condensed consolidated statements of cash flows; and (v) notes to condensed consolidated financial statements. |

(1) Schedules and supplemental materials to the exhibits have been omitted but will be provided to the Securities and Exchange Commission upon request.

* Management contract or compensatory plan or arrangement

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

APARTMENT INVESTMENT AND MANAGEMENT COMPANY

By: /s/ PAUL BELDIN
Paul Beldin
*Executive Vice President and Chief Financial Officer*
*(duly authorized officer and principal financial officer)*

By: /s/ ANDREW HIGDON
Andrew Higdon
*Senior Vice President and Chief Accounting Officer*

AIMCO PROPERTIES, L.P.

By: AIMCO-GP, Inc., its general partner

By: /s/ PAUL BELDIN
Paul Beldin
*Executive Vice President and Chief Financial Officer*
*(duly authorized officer and principal financial officer)*

By: /s/ ANDREW HIGDON
Andrew Higdon
*Senior Vice President and Chief Accounting Officer*

Date: May 8, 2018



(Back To Top)

# Section 2: EX-3.1 (EXHIBIT 3.1)

## APARTMENT INVESTMENT AND MANAGEMENT COMPANY

## ARTICLES OF RESTATEMENT

APARTMENT INVESTMENT AND MANAGEMENT COMPANY, a Maryland corporation, having its principal office in Baltimore City, Maryland (hereinafter referred to as the ***"Corporation"*** or ***"AIMCO"***), hereby certifies to the State Department of Assessments and Taxation of Maryland that:

**FIRST:** The Corporation desires to and does hereby restate its Charter as currently in effect.

**SECOND:** The Charter of the Corporation as restated in its entirety is as follows:

* * * * * *

### ARTICLE I
### NAME

The name of the corporation (the ***"Corporation"***) is Apartment Investment and Management Company.

### ARTICLE II
### PURPOSE

The purpose for which the Corporation is formed is to engage in any lawful act or activity for which corporations may be organized under the general laws of the State of Maryland authorizing the formation of corporations as now or hereafter in force.

## ARTICLE III
## PRINCIPAL OFFICE IN STATE AND RESIDENT AGENT

The post office address of the principal office of the Corporation in the State of Maryland is c/o CSC-Lawyers Incorporating Service Company, 7 St. Paul Street, Suite 1660, Baltimore, Maryland 21202. The name and address of the resident agent of the Corporation in the State of Maryland is CSC-Lawyers Incorporating Service Company, 7 St. Paul Street, Suite 1660, Baltimore, Maryland 21202. The resident agent is a Maryland corporation located in the State of Maryland.

## ARTICLE IV
## STOCK

**Section 1. Authorized Shares**

**1.1 Class and Number of Shares.** The total number of shares of stock that the Corporation from time to time shall have authority to issue is 510,587,500 shares of capital stock having a par value of $.01 per share, amounting to an aggregate par value of $5,105,875, consisting of 505,787,260 shares currently classified as Class A Common Stock, par value $.01 per share (the ***"Class A Common Stock"***) (the Class A

Common Stock and all other classes or series of common stock hereafter classified being referred to collectively herein as the ***"Common Stock"***), 4,800,000 shares currently classified as Class Z Cumulative Preferred Stock, par value $.01 per share (the ***"Class Z Preferred Stock"***), and 240 shares currently classified as Series A Community Reinvestment Act Preferred Stock, par value $.01 per share (the ***"CRA Preferred Stock"***) (the Class Z Preferred Stock, the CRA Preferred Stock, and all other classes or series of preferred stock hereafter classified being referred to collectively herein as the ***"Preferred Stock"***).

**1.2 Changes in Classification and Preferences.** The Board of Directors by resolution or resolutions from time to time may classify and reclassify any unissued shares of capital stock by setting or changing in any one or more respects the preferences, conversion or other rights, voting powers, restrictions, limitations as to dividends, qualifications or terms or conditions of redemption of such shares of capital stock, including, but not limited to, ownership restrictions consistent with the Ownership Restrictions with respect to each such class or subclass of capital stock, and the number of shares constituting each such class or subclass, and to increase or decrease the number of shares of any such class or subclass.

**Section 2. No Preemptive Rights.** No holder of shares of stock of the Corporation shall, as such holder, have any preemptive right to purchase or subscribe for any additional shares of the stock of the Corporation or any other security of the Corporation that it may issue or sell.

**Section 3. Common Stock.**

**3.1 Dividend Rights.** The holders of shares of Common Stock shall be entitled to receive such dividends as may be declared by the Board of Directors of the Corporation out of funds legally available therefor.

**3.2 Rights Upon Liquidation.** Subject to the preferential rights of Preferred Stock, if any, as may be determined by the Board of Directors pursuant to Section 1 of this Article IV, in the event of any voluntary or involuntary liquidation, dissolution or winding up of, or any distribution of the assets of the Corporation, each holder of shares of Common Stock shall be entitled to receive, ratably with each other holder of Common Stock, that portion of the assets of the Corporation available for distribution to its shareholders as the number of shares of the Common Stock held by such holder bears to the total number of shares of Common Stock then outstanding.

**3.3 Voting Rights.** The holders of shares of Common Stock shall be entitled to vote on all matters (on which a holder of shares of Common Stock shall be entitled to vote) at the meetings of the shareholders of the Corporation, and shall be entitled to one vote for each share of Common Stock entitled to vote at such meeting.

**3.4 Restriction on Ownership and Transfers.** The Beneficial Ownership and Transfer of Common Stock shall be subject to the restrictions set forth in this Section 3.4 of this Article IV.

**3.4.1 Restrictions.**

**(A) Limitation on Beneficial Ownership.** Except as provided in Section 3.4.8 of this Article IV, from and after the date of the Initial Public Offering, no Person (other than the Initial Holder or a Look-Through Entity) shall Beneficially Own shares of Common Stock in excess of the Ownership Limit, the Initial Holder shall not Beneficially Own shares of Common Stock in excess of the Initial Holder Limit and no Look-Through Entity shall Beneficially Own shares of Common Stock in excess of the Look-Through Ownership Limit.

**(B) Transfers in Excess of Ownership Limit.** Except as provided in Section 3.4.8 of this Article IV, from and after the date of the Initial Public Offering (and subject to Section 3.4.12 of this Article IV), any Transfer (whether or not such Transfer is the result of transactions entered into through the facilities of the NYSE or other securities exchange or an automated inter-dealer quotation system) that, if effective, would result in any Person (other than the Initial Holder or a Look-Through Entity) Beneficially Owning shares of Common Stock in excess of the Ownership Limit shall be void *ab initio* as to the Transfer of such shares of Common Stock that would be otherwise Beneficially Owned by such Person in excess of the Ownership Limit, and the intended transferee shall acquire no rights in such shares of Common Stock.

**(C) Transfers in Excess of Initial Holder Limit.** Except as provided in Section 3.4.8 of this Article IV, from and after the date of the Initial Public Offering (and subject to Section 3.4.12 of this Article IV), any Transfer (whether or not such Transfer is the result of transactions entered into through the facilities of the NYSE or other securities exchange or an automated inter-dealer quotation system) that, if effective, would result in the Initial Holder Beneficially Owning shares of Common Stock in excess of the Initial Holder Limit shall be void *ab initio* as to the Transfer of such shares of Common Stock that would be otherwise Beneficially Owned by the Initial Holder in excess of the Initial Holder Limit, and the Initial Holder shall acquire no rights in such shares of Common Stock.

**(D) Transfers in Excess of Look-Through Ownership Limit.** Except as provided in Section 3.4.8 of this Article IV, from and after the date of the Initial Public Offering (and subject to Section 3.4.12 of this Article IV), any Transfer (whether or not such Transfer is the result of transactions entered into through the facilities of the NYSE or other securities exchange or an automated inter-dealer quotation system) that, if effective, would result in any Look-Through Entity Beneficially Owning shares of Common Stock in excess of the Look-Through Ownership Limit shall be void *ab initio* as to the Transfer of such shares of Common Stock that would be otherwise Beneficially Owned by such Look-Through Entity in excess of the Look-Through Ownership Limit, and such Look-Through Entity shall acquire no rights in such shares of Common Stock.

**(E) Transfers Resulting in Ownership by Fewer than 100 Persons.** Except as provided in Section 3.4.8 of this Article IV, from and after the date of the Initial Public Offering (and subject to Section 3.4.12 of this Article IV), any Transfer (whether or not such Transfer is the result of transactions entered into through the facilities of the NYSE or other securities exchange or an automated inter-dealer quotation system) that, if effective, would result in the Common Stock being Beneficially Owned by less than 100 Persons (determined without reference to any rules of attribution) shall be void *ab initio* as to the Transfer of such shares of Common Stock that would be otherwise Beneficially Owned by the transferee, and the intended transferee shall acquire no rights in such shares of Common Stock.

**(F) Transfers Resulting in "Closely Held" Status.** From and after the date of the Initial Public Offering, any Transfer that, if effective, would result in the Corporation being "closely held" within the meaning of Section 856(h) of the Code, or would otherwise result in the Corporation failing to qualify as a REIT (including, without limitation, a Transfer or other event that would result in the Corporation owning (directly or constructively) an interest in a tenant that is described in Section 856(d)(2)(B) of the Code if the income derived by the Corporation from such tenant would cause the Corporation to fail to satisfy any of the gross income requirements of Section 856(c) of the Code) shall be void *ab initio* as to the Transfer of shares of Common Stock that would cause the Corporation (i) to be "closely held" within the meaning of Section 856(h) of the Code or (ii) otherwise fail to qualify as a REIT, as the case may be, and the intended transferee shall acquire no rights in such shares of Common Stock.

**(G) Severability on Void Transactions.** A Transfer of a share of Common Stock that is null and void under Sections 3.4.1(B), (C), (D), (E) or (F) of this Article IV because it would, if effective, result in (i) the ownership of Common Stock in excess of the Initial Holder Limit, the Ownership Limit, or the Look-Through Ownership Limit, (ii) the Common Stock being Beneficially Owned by less than 100 Persons (determined without reference to any rules of attribution), (iii) the Corporation being "closely held" within the meaning of Section 856(h) of the Code or (iv) the Corporation otherwise failing to qualify as a REIT, shall not adversely affect the validity of the Transfer of any other share of Common Stock in the same or any other related transaction.

**3.4.2 Remedies for Breach.** If the Board of Directors or a committee thereof shall at any time determine in good faith that a Transfer or other event has taken place in violation of Section 3.4.1 of this Article IV or that a Person intends to acquire or has attempted to acquire Beneficial Ownership of any shares of Common Stock in violation of Section 3.4.1 of this Article IV (whether or not such violation is intended), the Board of Directors or a committee thereof shall be empowered to take any action as it deems advisable to refuse to give effect to or to prevent such Transfer or other event, including, but not limited to, refusing to give effect to such Transfer or other event on the books of the Corporation, causing the Corporation to redeem such shares at the then current Market Price and upon such terms and conditions as may be specified by the Board of Directors in its sole discretion (including, but not limited to, by means of the issuance of long-term indebtedness for the purpose of such redemption), demanding the repayment of any distributions received in respect of shares of Common Stock acquired in violation of Section 3.4.1 of this Article IV or instituting proceedings to enjoin such Transfer or to rescind such Transfer or attempted Transfer; *provided, however*, that any Transfers or attempted Transfers (or in the case of events other than a Transfer, Beneficial Ownership) in violation of Section 3.4.1 of this Article IV, regardless of any action (or non-action) by the Board of Directors or such committee, (a) shall be void *ab initio* or (b) shall automatically result in the transfer described in Section 3.4.3 of this Article IV; *provided, further*, that the provisions of this Section 3.4.2 shall be subject to the provisions of Section 3.4.12 of this Article IV; *provided, further*, that neither the Board of Directors nor any committee thereof may exercise such authority in a manner that interferes with any ownership or transfer of Common Stock that is expressly authorized pursuant to Section 3.4.8(D) of this Article IV.

**3.4.3. Transfer in Trust.**

**(A) Establishment of Trust.** If, notwithstanding the other provisions contained in this Article IV, at any time after the date of the Initial Public Offering there is a purported Transfer (an ***"Excess Transfer"***) (whether or not such Transfer is the result of transactions entered into through the facilities of the NYSE or other securities exchange or an automated inter-dealer quotation system) or other change in the capital structure of the Corporation (including, but not limited to, any redemption of Preferred Stock) or other event such that (a) any Person (other than the Initial Holder or a Look-Through Entity) would Beneficially Own shares of Common Stock in excess of the Ownership Limit, or (b) the Initial Holder would Beneficially Own shares of Common Stock in excess of the Initial Holder Limit, or (c) any Person that is a Look-Through Entity would Beneficially Own shares of Common Stock in excess of the Look-Through Ownership Limit (in any such event, the Person, Initial Holder or Look-Through Entity that would Beneficially Own shares of Common Stock in excess of the Ownership Limit, the Initial Holder Limit or the Look-Through Entity Limit is referred to as a ***"Prohibited Transferee"***), then, except as otherwise provided in Section 3.4.8 of this Article IV, such shares of Common Stock in excess of the Ownership Limit, the Initial Holder Limit or the Look-Through Ownership Limit, as the case may be, (rounded up to the nearest whole share) shall be automatically transferred to a Trustee in his capacity as trustee of a Trust for the exclusive benefit of one or more Charitable Beneficiaries. Such transfer to the Trustee shall be deemed to be effective as of the close of business on the business day prior to the date of the Excess Transfer, change in capital

structure or another event giving rise to a potential violation of the Ownership Limit, the Initial Holder Limit or the Look Through Entity Ownership Limit.

**(B) Appointment of Trustee.** The Trustee shall be appointed by the Corporation and shall be a Person unaffiliated with either the Corporation or any Prohibited Transferee. The Trustee may be an individual or a bank or trust company duly licensed to conduct a trust business.

**(C) Status of Shares Held by the Trustee.** Shares of Common Stock held by the Trustee shall be issued and outstanding shares of capital stock of the Corporation. Except to the event provided in Section 3.4.3(E), the Prohibited Transferee shall have no rights in the Common Stock held by the Trustee, and the Prohibited Transferee shall not benefit economically from ownership of any shares held in trust by the Trustee, shall have no rights to dividends and shall not possess any rights to vote or other rights attributable to the shares held in the Trust.

**(D) Dividend and Voting Rights.** The Trustee shall have all voting rights and rights to dividends with respect to shares of Common Stock held in the Trust, which rights shall be exercised for the benefit of the Charitable Beneficiary. Any dividend or distribution paid prior to the discovery by the Corporation that the shares of Common Stock have been transferred to the Trustee shall be repaid to the Corporation upon demand, and any dividend or distribution declared but unpaid shall be rescinded as void *ab initio* with respect to such shares of Common Stock. Any dividends or distributions so disgorged or rescinded shall be paid over to the Trustee and held in trust for the Charitable Beneficiary. Any vote cast by a Prohibited Transferee prior to the discovery by the Corporation that the shares of Common Stock have been transferred to the Trustee will be rescinded as void *ab initio* and shall be recast in accordance with the desires of the Trustee acting for the benefit of the Charitable Beneficiary. The owner of the shares at the time of the Excess Transfer, change in capital structure or other event giving rise to a potential violation of the Ownership Limit, Initial Holder Limit or Look-Through Entity Ownership Limit shall be deemed to have given an irrevocable proxy to the Trustee to vote the shares of Common Stock for the benefit of the Charitable Beneficiary.

**(E) Restrictions on Transfer.** The Trustee of the Trust may transfer the shares held in the Trust to a person, designated by the Trustee, whose ownership of the shares will not violate the Ownership Restrictions. If such a transfer is made, the interest of the Charitable Beneficiary shall terminate and proceeds of the sale shall be payable to the Prohibited Transferee and to the Charitable Beneficiary as provided in this Section 3.4.3(E). The Prohibited Transferee shall receive the lesser of (1) the price paid by the Prohibited Transferee for the shares or, if the Prohibited Transferee did not give value for the shares (through a gift, devise or other transaction), the Market Price of the shares on the day of the event causing the shares to be held in the Trust and (2) the price per share received by the Trustee from the sale or other disposition of the shares held in the Trust. Any proceeds in excess of the amount payable to the Prohibited Transferee shall be payable to the Charitable Beneficiary. If any of the transfer restrictions set forth in this Section 3.4.3(E) or any application thereof is determined in a final judgment to be void, invalid or unenforceable by any court having jurisdiction over the issue, the Prohibited Transferee may be deemed, at the option of the Corporation, to have acted as the agent of the Corporation in acquiring the Common Stock as to which such restrictions would, by their terms, apply, and to hold such Common Stock on behalf of the Corporation.

**(F) Purchase Right in Stock transferred to the Trustee.** Shares of Common Stock transferred to the Trustee shall be deemed to have been offered for sale to the Corporation, or its designee, at a price per share equal to the lesser of (i) the price per share in the transaction that resulted in such transfer to the Trust (or, in the case of a devise or gift, the Market Price at the time of such devise or gift) and (ii) the Market Price on the date the Corporation, or its designee, accepts such offer. The Corporation

shall have the right to accept such offer for a period of 90 days after the later of (i) the date of the Excess Transfer or other event resulting in a transfer to the Trust and (ii) the date that the Board of Directors determines in good faith that an Excess Transfer or other event occurred.

**(G) Designation of Charitable Beneficiaries.** By written notice to the Trustee, the Corporation shall designate one or more nonprofit organizations to be the Charitable Beneficiary of the interest in the Trust relating to such Prohibited Transferee if (i) the shares of Common Stock held in the Trust would not violate the Ownership Restrictions in the hands of such Charitable Beneficiary and (ii) each Charitable Beneficiary is an organization described in Sections 170(b)(1)(A), 170 (c)(2) and 501(c)(3) of the Code.

**3.4.4 Notice of Restricted Transfer.** Any Person that acquires or attempts to acquire shares of Common Stock in violation of Section 3.4.1 of this Article IV, or any Person that is a Prohibited Transferee such that stock is transferred to the Trustee under Section 3.4.3 of this Article IV, shall immediately give written notice to the Corporation of such event and shall provide to the Corporation such other information as the Corporation may request in order to determine the effect, if any, of such Transfer or attempted Transfer or other event on the Corporation's status as a REIT. Failure to give such notice shall not limit the rights and remedies of the Board of Directors provided herein in any way.

**3.4.5 Owners Required to Provide Information.** From and after the date of the Initial Public Offering certain record and Beneficial Owners and transferees of shares of Common Stock will be required to provide certain information as set out below.

**(A) Annual Disclosure.** Every record and Beneficial Owner of more than 5% (or such other percentage between 0.5% and 5%, as provided in the applicable regulations adopted under the Code) of the number of Outstanding shares of Common Stock shall, within 30 days after January 1 of each year, give written notice to the Corporation stating the name and address of such record or Beneficial Owner, the number of shares of Common Stock Beneficially Owned, and a full description of how such shares are held. Each such record or Beneficial Owner of Common Stock shall, upon demand by the Corporation, disclose to the Corporation in writing such additional information with respect to the Beneficial Ownership of the Common Stock as the Board of Directors, in its sole discretion, deems appropriate or necessary to (i) comply with the provisions of the Code regarding the qualification of the Corporation as a REIT under the Code and (ii) ensure compliance with the Ownership Limit, the Initial Holder Limit or the Look-Through Ownership Limit, as applicable. Each shareholder of record, including without limitation any Person that holds shares of Common Stock on behalf of a Beneficial Owner, shall take all reasonable steps to obtain the written notice described in this Section 3.4.5 from the Beneficial Owner.

**(B) Disclosure at the Request of the Corporation.** Any Person that is a Beneficial Owner of shares of Common Stock and any Person (including the shareholder of record) that is holding shares of Common Stock for a Beneficial Owner, and any proposed transferee of shares, shall provide such information as the Corporation, in its sole discretion, may request in order to determine the Corporation's status as a REIT, to comply with the requirements of any taxing authority or other governmental agency, to determine any such compliance or to ensure compliance with the Ownership Limit, the Initial Holder Limit and the Look-Through Ownership Limit, and shall provide a statement or affidavit to the Corporation setting forth the number of shares of Common Stock already Beneficially Owned by such shareholder or proposed transferee and any related persons specified, which statement or affidavit shall be in the form prescribed by the Corporation for that purpose.

**3.4.6 Remedies Not Limited.** Nothing contained in this Article IV shall limit the authority of the Board of Directors to take such other action as it deems necessary or advisable (subject to the provisions of Section 3.4.12 of this Article IV) (i) to protect the Corporation and the interests of its shareholders in the preservation of the Corporation's status as a REIT and (ii) to insure compliance with the Ownership Limit, the Initial Holder Limit and the Look-Through Ownership Limit.

**3.4.7 Ambiguity.** In the case of an ambiguity in the application of any of the provisions of Section 3.4 of this Article IV, or in the case of an ambiguity in any definition contained in Section 4 of this Article IV, the Board of Directors shall have the power to determine the application of the provisions of this Article IV with respect to any situation based on its reasonable belief, understanding or knowledge of the circumstances.

**3.4.8 Exceptions.** The following exceptions shall apply or may be established with respect to the limitations of Section 3.4.1 of this Article IV.

**(A) Waiver of Ownership Limit.** The Board of Directors, upon receipt of a ruling from the Internal Revenue Service or an opinion of tax counsel or other evidence or undertaking acceptable to it, may waive the application, in whole or in part, of the Ownership Limit to a Person subject to the Ownership Limit, if such person is not an individual for purpose of Section 542(a) of the Code and is a corporation, partnership, estate or trust; *provided, however*, that in no event may any such exception cause such Person's ownership, direct or indirect (without taking into account such Person's ownership of interests in any partnership of which the Corporation is a partner), to exceed 12% of the number of Outstanding shares of Common Stock. In connection with any such exemption, the Board of Directors may require such representations and undertakings from such Person and may impose such other conditions as the Board deems necessary, in its sole discretion, to determine the effect, if any, of the proposed Transfer on the Corporation's status as a REIT.

**(B) Pledge by Initial Holder.** Notwithstanding any other provision of this Article IV, the pledge by the Initial Holder of all or any portion of the Common Stock directly owned at any time or from time to time shall not constitute a violation of Section 3.4.1 of this Article IV and the pledgee shall not be subject to the Ownership Limit with respect to the Common Stock so pledged to it either as a result of the pledge or upon foreclosure.

**(C) Underwriters.** For a period of 270 days following the purchase of Common Stock by an underwriter that (i) is a corporation or a partnership and (ii) participates in an offering of the Common Stock, such underwriter shall not be subject to the Ownership Limit with respect to the Common Stock purchased by it as a part of or in connection with such offering and with respect to any Common Stock purchased in connection with market making activities.

**(D) Ownership and Transfers by the CMO Trustee.** The Ownership Limit shall not apply to the initial holding of Common Stock by the ***"CMO Trustee"*** (as that term is defined in the "Glossary" to the Prospectus) for the benefit of ***"HF Funding Trust"*** (as that term is defined in the "Glossary" to the Prospectus), to any subsequent acquisition of Common Stock by the CMO Trustee in connection with any conversion of Preferred Stock or to any transfer or assignment of all or any part of the legal or beneficial interest in the Common Stock to the CMO Trustee, ***"FSA"*** (as that term is defined in the "Glossary" to the Prospectus), any entity controlled by FSA, or any direct or indirect creditor of HF Funding Trust (including without limitation any reinsurer of any obligation of HF Funding Trust) or any acquisition of Common Stock by any such person in connection with any conversion of Preferred Stock.

**3.4.9 Legend.** Each certificate for Common Stock shall bear the following legend:

"*The shares of Class A Common Stock represented by this certificate are subject to restrictions on transfer. No person may Beneficially Own shares of Class A Common Stock in excess of the Ownership Restrictions, as applicable, with certain further restrictions and exceptions set forth in the Charter. Any Person that attempts to Beneficially Own shares of Class A Common Stock in excess of the applicable limitation must immediately notify the Corporation. All capitalized terms in this legend have the meanings ascribed to such terms in the Charter, as the same may be amended from time to time, a copy of which, including the restrictions on transfer, will be sent without charge to each stockholder that so requests. If the restrictions on transfer are violated, (i) the transfer of shares of Class A Common Stock represented hereby will be void in accordance with the Charter or (ii) the shares of Class A Common Stock represented hereby automatically be will transferred to a Trustee of a Trust for the benefit of one or more Charitable Beneficiaries.*"

**3.4.10 Severability.** If any provision of this Article IV or any application of any such provision is determined in a final and unappealable judgment to be void, invalid or unenforceable by any Federal or state court having jurisdiction over the issues, the validity and enforceability of the remaining provisions shall not be affected and other applications of such provision shall be affected only to the extent necessary to comply with the determination of such court.

**3.4.11 Board of Directors Discretion.** Anything in this Article IV to the contrary notwithstanding, the Board of Directors shall be entitled to take or omit to take such actions as it in its discretion shall determine to be advisable in order that the Corporation maintain its status as and continue to qualify as a REIT, including, but not limited to, reducing the Ownership Limit, the Initial Holder Limit and the Look-Through Ownership Limit in the event of a change in law.

**3.4.12 Settlement.** Nothing in this Section 3.4 of this Article IV shall be interpreted to preclude the settlement of any transaction entered into through the facilities of the NYSE or other securities exchange or an automated inter-dealer quotation system.

**Section 4. Definitions.** The terms set forth below shall have the meanings specified below when used in this Article IV or in Article V of the Charter.

**4.1 Beneficial Ownership.** The term ***"Beneficial Ownership"*** shall mean, with respect to any Person, ownership of shares of Common Stock equal to the sum of (i) the shares of Common Stock directly owned by such Person, (ii) the number of shares of Common Stock indirectly owned by such Person (if such Person is an "individual" as defined in Section 542(a)(2) of the Code) taking into account the constructive ownership rules of Section 544 of the Code, as modified by Section 856(h)(1)(B) of the Code, and (iii) the number of shares of Common Stock that such Person is deemed to beneficially own pursuant to Rule 13d-3 under the Exchange Act or that is attributed to such Person pursuant to Section 318 of the Code, as modified by Section 856(d)(5) of the Code, *provided* that when applying this definition of Beneficial Ownership to the Initial Holder, clause (iii) of this definition, and clause (b) of the definition of "Person" shall be disregarded. The terms ***"Beneficial Owner," "Beneficially Owns"*** and ***"Beneficially Owned"*** shall have the correlative meanings.

**4.2 Charitable Beneficiary.** The term ***"Charitable Beneficiary"*** shall mean one or more beneficiaries of the Trust as determined pursuant to Section 3.4.3 of this Article IV, each of which shall be an organization described in Section 170(b)(1)(A), 170(c)(2) and 501(c)(3) of the Code.

**4.3 Code.** The term ***"Code"*** shall mean the Internal Revenue Code of 1986, as amended from time to time, or any successor statute thereto. Reference to any provision of the Code shall mean such provision as in effect from time to time, as the same may be amended, and any successor thereto, as interpreted by any applicable regulations or other administrative pronouncements as in effect from time to time.

**4.4 Common Stock.** The term ***"Common Stock"*** shall mean all shares now or hereafter authorized of any class of Common Stock of the Corporation and any other capital stock of the Corporation, however designated, authorized after the Issue Date, that has the right (subject always to prior rights of any class of Preferred Stock) to participate in the distribution of the assets and earnings of the Corporation without limit as to per share amount.

**4.5 Excess Transfer.** The term ***"Excess Transfer"*** has the meaning set forth in Section 3.4.3(A) of this Article IV.

**4.6 Exchange Act.** The term ***"Exchange Act"*** shall mean the Securities Exchange Act of 1934, as amended.

**4.7 Initial Holder.** The term ***"Initial Holder"*** shall mean Terry Considine.

**4.8 Initial Holder Limit.** The term ***"Initial Holder Limit"*** shall mean 15% of the number of Outstanding shares of Common Stock applied, in the aggregate, to the Initial Holder. From the date of the Initial Public Offering, the secretary of the Corporation, or such other person as shall be designated by the Board of Directors, shall upon request make available to the representative(s) of the Initial Holder and the Board of Directors, a schedule that sets forth the then-current Initial Holder Limit applicable to the Initial Holder.

**4.9 Initial Public Offering.** The term ***"Initial Public Offering"*** shall mean the first underwritten public offering of Class A Common Stock registered under the Securities Act of 1933, as amended, on a registration statement on Form S-11 filed with the Securities and Exchange Commission.

**4.10 Look-Through Entity.** The term ***"Look-Through Entity"*** shall mean a Person that is either (i) described in Section 401(a) of the Code as provided under Section 856(h)(3) of the Code or (ii) registered under the Investment Company Act of 1940.

**4.11 Look-Through Ownership Limit.** The term ***"Look-Through Ownership Limit"*** shall mean 15% of the number of Outstanding shares of Common Stock.

**4.12 Market Price.** The term ***"Market Price"*** on any date shall mean the Closing Price on the Trading Day immediately preceding such date. The term ***"Closing Price"*** on any date shall mean the last sale price, regular way, or, in case no such sale takes place on such day, the average of the closing bid and asked prices, regular way, in either case as reported in the principal consolidated transaction reporting system with respect to securities listed or admitted to trading on the NYSE or, if the Common Stock is not listed or admitted to trading on the NYSE, as reported in the principal consolidated transaction reporting system with respect to securities listed on the principal national securities exchange on which the Common Stock is listed or admitted to trading or, if the Common Stock is not listed or admitted to trading on any national securities exchange, the last quoted price, or if not so quoted, the average of the high bid and low asked prices in the over-the-counter market, as reported by the National Association of Securities Dealers, Inc. Automated Quotation System or, if such system is no longer in use, the principal other automated quotations system that may then be in use or, if the Common Stock is not quoted by any such organization, the average of the closing bid and asked prices as furnished by a professional market maker making a market

in the Common Stock selected by the Board of Directors of the Company. The term ***"Trading Day"*** shall mean a day on which the principal national securities exchange on which the Common Stock is listed or admitted to trading is open for the transaction of business or, if the Common Stock is not listed or admitted to trading on any national securities exchange, shall mean any day other than a Saturday, a Sunday or a day on which banking institutions in the State of New York are authorized or obligated by law or executive order to close.

**4.13 NYSE.** The term ***"NYSE"*** shall mean the New York Stock Exchange, Inc.

**4.14 Outstanding.** The term ***"Outstanding"*** shall mean issued and outstanding shares of Common Stock of the Corporation, *provided* that for purposes of the application of the Ownership Limit, the Look-Through Ownership Limit or the Initial Holder Limit to any Person, the term ***"Outstanding"*** shall be deemed to include the number of shares of Common Stock that such Person alone, at that time, could acquire pursuant to any options or convertible securities.

**4.15 Ownership Limit.** The term ***"Ownership Limit"*** shall mean, for any Person other than the Initial Holder or a Look-Through Entity, 8.7% of the number of the Outstanding shares of Common Stock of the Corporation.

**4.16 Ownership Restrictions.** The term ***"Ownership Restrictions"*** shall mean collectively the Ownership Limit as applied to Persons other than the Initial Holder or Look-Through Entities, the Initial Holder Limit as applied to the Initial Holder and the Look-Through Ownership Limit as applied to Look-Through Entities.

**4.17 Person.** The term ***"Person"*** shall mean (A) an individual, corporation, partnership, estate, trust (including a trust qualifying under Section 401(a) or 501(c) of the Code), association, private foundation within the meaning of Section 509(a) of the Code, joint stock company or other entity, and (B) also includes a group as that term is used for purposes of Section 13(d)(3) of the Exchange Act.

**4.18 Prohibited Transferee.** The term ***"Prohibited Transferee"*** has the meaning set forth in Section 3.4.3(A) of this Article IV.

**4.19 REIT.** The term ***"REIT"*** shall mean a "real estate investment trust" as defined in Section 856 of the Code.

**4.20 Transfer.** The term ***"Transfer"*** shall mean any sale, transfer, gift, assignment, devise or other disposition of a share of Common Stock (including (i) the granting of an option or any series of such options or entering into any agreement for the sale, transfer or other disposition of Common Stock or (ii) the sale, transfer, assignment or other disposition of any securities or rights convertible into or exchangeable for Common Stock), whether voluntary or involuntary, whether of record or Beneficial Ownership, and whether by operation of law or otherwise (including, but not limited to, any transfer of an interest in other entities that results in a change in the Beneficial Ownership of shares of Common Stock). The term ***"Transfers"*** and ***"Transferred"*** shall have correlative meanings.

**4.21 Trust.** The term ***"Trust"*** shall mean the trust created pursuant to Section 3.4.3 of this Article IV.

**4.22 Trustee.** The term ***"Trustee"*** shall mean the Person unaffiliated with either the Corporation or the Prohibited Transferee that is appointed by the Corporation to serve as trustee of the Trust.

**4.23 Prospectus.** The term ***"Prospectus"*** shall mean the prospectus that forms a part of the registration statement filed with the Securities and Exchange Commission in connection with the Initial Public Offering, in the form included in the registration statement at the time the registration statement becomes effective; *provided, however*, that, if such prospectus is subsequently supplemented or amended for use in connection with the Initial Public Offering, ***"Prospectus"*** shall refer to such prospectus as so supplemented or amended.

## ARTICLE V
## GENERAL REIT PROVISIONS

**Section 1. Termination of REIT Status.** The Board of Directors shall take no action to terminate the Corporation's status as a REIT until such time as (i) the Board of Directors adopts a resolution recommending that the Corporation terminate its status as a REIT, (ii) the Board of Directors presents the resolution at an annual or special meeting of the shareholders and (iii) such resolution is approved by the vote of a majority of the shares entitled to be cast on the resolution.

**Section 2. Exchange or Market Transactions.** Nothing in Article IV or this Article V shall preclude the settlement of any transaction entered into through the facilities of the NYSE or other national securities exchange or an automated inter-dealer quotation system. The fact that the settlement of any transaction is permitted shall not negate the effect of any other provision of this Article V or any provision of Article IV, and the transferee, including but not limited to any Prohibited Transferee, in such a transaction shall remain subject to all the provisions and limitations of Article IV and this Article V.

**Section 3. Severability.** If any provision of Article IV or this Article V or any application of any such provision is determined to be invalid by any federal or state court having jurisdiction over the issues, the validity of the remaining provisions shall not be affected and other applications of such provision shall be affected only to the extent necessary to comply with the determination of such court.

**Section 4. Waiver.** The Corporation shall have authority at any time to waive the requirement that the Corporation redeem shares of Preferred Stock if, in the sole discretion of the Board of Directors, any such redemption would jeopardize the status of the Corporation as a REIT for federal income tax purposes.

## ARTICLE VI
## BOARD OF DIRECTORS

**Section 1. Management.** The business and the affairs of the Corporation shall managed under the direction of its Board of Directors.

**Section 2. Number.** The number of directors that will constitute the entire Board of Directors shall be fixed by, or in the manner provided in, the Bylaws but shall in no event be less than three. Any increases or decreases in the size of the board shall be apportioned equally among the classes of directors to prevent stacking in any one class of directors. There are currently seven directors in office whose names are as follows: Terry Considine, James N. Bailey, Thomas L. Keltner, J. Landis Martin, Robert A. Miller, Kathleen M. Nelson and Michael A. Stein.

**Section 3.** Intentionally deleted.

**Section 4. Vacancies.** Except as otherwise provided in the Charter, newly created directorships resulting from any increase in the number of directors may be filled by the majority vote of the Board of Directors, and any vacancies on the Board of Directors resulting from death, resignation, removal or other cause shall be filled by the affirmative vote of a majority of the remaining directors then in office, even if

less than a quorum of the Board of Directors, or, if applicable, by a sole remaining director. Any director elected in accordance with the preceding sentence shall hold office until the next annual meeting of the Corporation at which time a successor shall be elected to fill the remaining term of the position filled by such director.

**Section 5. Removal.** Except as otherwise provided in the Charter, any director may be removed from office only for cause and only by the affirmative vote of two-thirds of the aggregate number of votes then entitled to be cast generally in the election of directors. For purposes of this Section 5, ***"cause"*** shall mean the willful and continuous failure of a director to substantially perform the duties to the Corporation of such director (other than any such failure resulting from temporary incapacity due to physical or mental illness) or the willful engaging by a director in gross misconduct materially and demonstrably injurious to the Corporation.

**Section 6. Bylaws.** The Board of Directors shall have power to adopt, amend, alter, change and repeal any Bylaws of the Corporation by vote of the majority of the Board of Directors then in office. Any adoption, amendment, alteration, change or repeal of any Bylaws by the shareholders of the Corporation shall require the affirmative vote of a majority of the aggregate number of votes then entitled to be cast generally in the election of directors. Notwithstanding anything in this Section 6 to the contrary, no amendment, alteration, change or repeal of any provision of the Bylaws relating to the removal of directors or repeal of the Bylaws shall be effected without the vote of two-thirds of the aggregate number of votes entitled be cast generally in the election of Directors.

**Section 7. Powers.** The enumeration and definition of particular powers of the Board of Directors included elsewhere in the Charter shall in no way be limited or restricted by reference to or inference from the terms of any other clause of this or any other Article of the Charter, or construed as excluding or limiting, or deemed by inference or otherwise in any manner to exclude or limit, the powers conferred upon the Board of Directors under the Maryland General Corporation Law (***"MGCL"***) as now or hereafter in force.

## ARTICLE VII
## LIMITATION OF LIABILITY

No director or officer of the Corporation shall be liable to the Corporation or its shareholders for money damages to the maximum extent that Maryland law in effect from time to time permits limitation of the liability of directors and officers. Neither the amendment nor repeal of this Article VII, nor the adoption or amendment of any other provision of the charter or Bylaws of the Corporation inconsistent with this Article VII, shall apply to or affect in any respect the applicability of the preceding sentence with respect to any act or failure to act that occurred prior to such amendment, repeal or adoption.

## ARTICLE VIII
## INDEMNIFICATION

The Corporation shall indemnify, to the fullest extent permitted by Maryland law, as applicable from time to time, all persons who at any time were or are directors or officers of the Corporation for any threatened, pending or completed action, suit or proceeding (whether civil, criminal, administrative or investigative) relating to any action alleged to have been taken or omitted in such capacity as a director or an officer. The Corporation shall pay or reimburse all reasonable expenses incurred by a present or former director or officer of the Corporation in connection with any threatened, pending or completed action, suit or proceeding (whether civil, criminal, administrative or investigative) in which the present or former director or officer is a party, in advance of the final disposition of the proceeding, to the fullest extent permitted by, and in accordance with the applicable requirements of, Maryland law, as applicable from time to time. The

Corporation may indemnify any other persons permitted but not required to be indemnified by Maryland law, as applicable from time to time, if and to extent indemnification is authorized and determined to be appropriate, in each case in accordance with applicable law, by the Board of Directors, the majority of the shareholders of the Corporation entitled to vote thereon or special legal counsel appointed by the Board of Directors. No amendment of the Charter of the Corporation or repeal of any of its provisions shall limit or eliminate any of the benefits provided to directors and officers under this Article VIII in respect of any act or omission that occurred prior to such amendment or repeal.

**ARTICLE IX**
**WRITTEN CONSENT OF SHAREHOLDERS**

Any corporate action upon which a vote of shareholders is required or permitted may be taken without a meeting or vote of shareholders with the unanimous written consent of shareholders entitled to vote thereon.

**ARTICLE X**
**AMENDMENT**

The Corporation reserves the right to amend, alter or repeal any provision contained in this charter upon (i) adoption by the Board of Directors of a resolution recommending such amendment, alteration, or repeal, (ii) presentation by the Board of Directors to the shareholders of a resolution at an annual or special meeting of the shareholders and (iii) approval of such resolution by the affirmative vote of the holders of a majority (or, as applicable, a two-thirds vote) of the aggregate number of votes entitled to be case generally in the election of directors. All rights conferred upon shareholders herein are subject to this reservation.

**ARTICLE XI**
**EXISTENCE**

The Corporation is to have a perpetual existence.

**ARTICLE XII**
**CLASS Z PREFERRED STOCK**

The terms of the Class Z Preferred Stock (including the preferences, conversion or other rights, voting powers, restrictions, limitations as to dividends and other distributions, qualifications, or terms or conditions of redemption) as set by the Board of Directors are as set forth in Exhibit Z hereto.

**ARTICLE XIII**
**CRA PREFERRED STOCK**

The terms of the CRA Preferred Stock (including the preferences, conversion or other rights, voting powers, restrictions, limitations as to dividends and other distributions, qualifications, or terms or conditions of redemption) as set by the Board of Directors are as set forth in Exhibit CRA hereto.

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**THIRD:** The Board of Directors of the Corporation at a meeting or by a unanimous consent in writing in lieu of a meeting under § 2-408 of the Maryland General Corporation Law adopted a resolution that set forth and approved the foregoing restatement of the Charter.

**FOURTH:** The Charter of the Corporation is not amended by these Articles of Restatement; *provided, however*, that consistent with § 2-608(b)(7) of the Maryland General Corporation Law, the current number and names of directors are provided in the last sentence of Section 2 of Article VI of the restated Charter of the Corporation.

**FIFTH:** The current address of the principal office of the Corporation is 4582 South Ulster Street, Suite 1100, Denver, Colorado 80237. The current address of the principal office of the Corporation in the State of Maryland is c/o CSC-Lawyers Incorporating Service Company, 7 St. Paul Street, Suite 1660, Baltimore, Maryland 21202.

**SIXTH:** The name and address of the Corporation's resident agent in the State of Maryland is CSC-Lawyers Incorporating Service Company, 7 St. Paul Street, Suite 1660, Baltimore, Maryland 21202.

IN WITNESS WHEREOF, APARTMENT INVESTMENT AND MANAGEMENT COMPANY has caused these presents to be signed in its name and on its behalf by its Executive Vice President and Chief Financial Officer and witnessed by its Executive Vice President, General Counsel and Secretary on November 1, 2012.

WITNESS:

Lisa R. Cohn

Lisa R. Cohn
Executive Vice President,
General Counsel and Secretary

APARTMENT INVESTMENT AND MANAGEMENT COMPANY

By: /s/ Ernest M. Freedman

Ernest M. Freedman
Executive Vice President and
Chief Financial Officer

THE UNDERSIGNED, Executive Vice President and Chief Financial Officer of APARTMENT INVESTMENT AND MANAGEMENT COMPANY, who executed on behalf of the Corporation the foregoing Articles of Restatement of which this certificate is made a part, hereby acknowledges in the name and on behalf of said Corporation the foregoing Articles of Restatement to be the corporate act of said Corporation and hereby certifies that to the best of his knowledge, information, and belief the matters and facts set forth therein with respect to the authorization and approval thereof are true in all material respects under the penalties of perjury.

/s/ Ernest M. Freedman
Ernest M. Freedman
Executive Vice President and
Chief Financial Officer

**Exhibit Z**

**ARTICLE XII**

**Class Z Cumulative Preferred Stock**
**Par Value $.01 Per Share**

The terms of the Class Z Cumulative Preferred Stock (including the preferences, conversion or other rights, voting powers, restrictions, limitations as to dividends and other distributions, qualifications, or terms or conditions of redemption) as set by the Board of Directors are as follows:

**1.** ***Number of Shares and Designation.***

This class of Preferred Stock shall be designated as Class Z Cumulative Preferred Stock (the "*Class Z Preferred Stock*") and Four Million Eight Hundred Thousand (4,800,000) shall be the authorized number of shares of such Class Z Preferred Stock constituting such class.

**2.** ***Definitions.***

For purposes of the Class Z Preferred Stock, the following terms shall have the meanings indicated:

*"Act"* shall mean the Securities Act of 1933, as amended.

*"affiliate"* of a Person means a Person that directly, or indirectly through one or more intermediaries, controls or is controlled by, or is under common control with, the Person specified.

*"Aggregate Value"* shall mean, with respect to any block of Equity Stock, the product of (i) the number of shares of Equity Stock within such block and (ii) the corresponding Market Price of one share of Equity Stock of such class.

*"Beneficial Ownership"* shall mean, with respect to any Person, ownership of shares of Equity Stock equal to the sum of (without duplication) (i) the number of shares of Equity Stock directly owned by such Person, (ii) the number of shares of Equity Stock indirectly owned by such Person (if such Person is an "individual" as defined in Section 542(a)(2) of the Code) taking into account the constructive ownership rules of Section 544 of the Code, as modified by Section 856(h)(1)(B) of the Code, and (iii) the number of shares of Equity Stock that such Person is deemed to beneficially own pursuant to Rule 13d-3 under the Exchange Act, or that is attributed to such Person pursuant to Section 318 of the Code, as modified by Section 856(d)(5) of the Code, *provided* that when applying this definition of Beneficial Ownership to the Initial Holder, clause (iii) of this definition, and clause (ii) of the definition of "Person" shall be disregarded. The terms *"Beneficial Owner," "Beneficially Owns"* and *"Beneficially Owned"* shall have the correlative meanings.

*"Board of Directors"* shall mean the Board of Directors of the Corporation or any committee authorized by such Board of Directors to perform any of its responsibilities with respect to the Class Z Preferred Stock; provided that, for purposes of paragraph (a) of Section 8 of this Article, the term *"Board of Directors"* shall not include any such committee.

*"Business Day"* shall mean any day other than a Saturday, Sunday or a day on which state or federally chartered banking institutions in New York, New York are not required to be open.

*"Charitable Beneficiary"* shall mean one or more beneficiaries of the Trust as determined pursuant to Section 10.3(G) of this Article, each of which shall be an organization described in Section 170(b)(1)(A), 170(c)(2) and 501(c)(3) of the Code.

*"Class A Common Stock"* shall mean the Class A Common Stock, par value $.01 per share, of the Corporation, and such other shares of the Corporation's capital stock into which outstanding shares of such Class A Common Stock shall be reclassified.

*"Class Z Preferred Stock"* shall have the meaning set forth in Section 1 of this Article.

*"Closing Price"* shall mean, when used with respect to a share of any Equity Stock and for any date, the last sale price, regular way, or, in case no such sale takes place on such day, the average of the closing bid and asked prices, regular way, in either case, as reported in the principal consolidated transaction reporting system with respect to securities listed or admitted to trading on the NYSE or, if the Equity Stock is not listed or admitted to trading on the NYSE, as reported in the principal consolidated transaction reporting system with respect to securities listed on the principal national securities exchange on which the Equity Stock is listed or admitted to trading or, if the Equity Stock is not listed or admitted to trading on any national securities exchange, the last quoted price, or if not so quoted, the average of the high bid and low asked prices in the over-the-counter market, as reported by the National Association of Securities Dealers, Inc. Automated Quotation System or, if such system is no longer in use, the principal other automated quotation system that may then be in use or, if the Equity Stock is not quoted by any such organization, the average of the closing bid and asked prices as furnished by a professional market maker making a market in the Equity Stock selected by the Board of Directors of the Corporation or, if the Equity Stock is not publicly traded, the fair value of a share of such Equity Stock as reasonably determined in good faith by the Board of Directors.

*"Code"* shall mean the Internal Revenue Code of 1986, as amended from time to time, or any successor statute thereto. Reference to any provision of the Code shall mean such provision as in effect from time to time, as the same may be amended, and any successor thereto, as interpreted by any applicable regulations or other administrative pronouncements as in effect from time to time.

*"Dividend Payment Date"* shall mean January 15, April 15, July 15, and October 15 of each year; provided, that if any Dividend Payment Date falls on any day other than a Business Day, the dividend payment payable on such Dividend Payment Date shall be paid on the Business Day immediately following such Dividend Payment Date and no interest shall accrue on such dividend from such date to such Dividend Payment Date.

*"Dividend Periods"* shall mean the Initial Dividend Period and each subsequent quarterly dividend period commencing on and including January 15, April 15, July 15, and October 15 of each year and ending on and including the day preceding the first day of the next succeeding Dividend Period, other than the Dividend Period during which any Class Z Preferred Stock shall be redeemed pursuant to Section 5 hereof, which shall end on and include the Redemption Date with respect to the Class Z Preferred Stock being redeemed.

*"Equity Stock"* shall mean one or more shares of any class of capital stock of the Corporation.

*"Excess Transfer"* has the meaning set forth in Section 10.3(A) of this Article.

*"Exchange Act"* shall mean the Securities Exchange Act of 1934, as amended.

"*Initial Dividend Period*" shall mean the period commencing on and including the Issue Date and ending on and including October 14, 2011.

"*Initial Holder*" shall mean Terry Considine.

"*Initial Holder Limit*" shall mean a number of the Outstanding shares of Class Z Preferred Stock of the Corporation having an Aggregate Value not in excess of the excess of (x) 15% of the Aggregate Value of all Outstanding shares of Equity Stock over (y) the Aggregate Value of all shares of Equity Stock other than Class Z Preferred Stock that are Beneficially Owned by the Initial Holder. From the Issue Date, the secretary of the Corporation, or such other person as shall be designated by the Board of Directors, shall upon request make available to the representative(s) of the Initial Holder and the Board of Directors, a schedule that sets forth the then-current Initial Holder Limit applicable to the Initial Holder.

"*Issue Date*" shall mean July 29, 2011.

"*Junior Stock*" shall have the meaning set forth in paragraph (c) of Section 7 of this Article.

"*Liquidation Preference*" shall have the meaning set forth in paragraph (a) of Section 4 of this Article.

"*Look-Through Entity*" shall mean a Person that is either (i) described in Section 401(a) of the Code as provided under Section 856(h)(3) of the Code or (ii) registered under the Investment Company Act of 1940.

"*Look-Through Ownership Limit*" shall mean, for any Look-Through Entity, a number of the Outstanding shares of Class Z Preferred Stock of the Corporation having an Aggregate Value not in excess of the excess of (x) 15% of the Aggregate Value of all Outstanding shares of Equity Stock over (y) the Aggregate Value of all shares of Equity Stock other than Class Z Preferred Stock that are Beneficially Owned by the Look-Through Entity.

"*Market Price*" on any date shall mean, with respect to any share of Equity Stock, the Closing Price of a share of that class of Equity Stock on the Trading Day immediately preceding such date.

"*NYSE*" shall mean The New York Stock Exchange, Inc.

"*Operating Partnership*" shall mean AIMCO Properties, L.P., a Delaware limited partnership.

"*Outstanding*" shall mean issued and outstanding shares of Equity Stock of the Corporation; *provided, however*, that for purposes of the application of the Ownership Limit, the Look-Through Ownership Limit or the Initial Holder Limit to any Person, the term "Outstanding" shall be deemed to include the number of shares of Equity Stock that such Person alone, at that time, could acquire pursuant to any options or convertible securities.

"*Ownership Limit*" shall mean, for any Person other than the Initial Holder or a Look-Through Entity, a number of the Outstanding shares of Class Z Preferred Stock of the Corporation having an Aggregate Value not in excess of the excess of (x) 8.7% of the Aggregate Value of all Outstanding shares of Equity Stock over (y) the Aggregate Value of all shares of Equity Stock other than Class Z Preferred Stock that are Beneficially Owned by the Person.

*"Ownership Restrictions"* shall mean, collectively, the Ownership Limit, as applied to Persons other than the Initial Holder or Look-Through Entities, the Initial Holder Limit, as applied to the Initial Holder, and the Look-Through Ownership Limit, as applied to Look-Through Entities.

*"Parity Stock"* shall have the meaning set forth in paragraph (b) of Section 7 of this Article.

*"Person"* shall mean (a) for purposes of Section 10 of this Article, (i) an individual, corporation, partnership, estate, trust (including a trust qualifying under Section 401(a) or 501(c) of the Code), association, "private foundation," within the meaning of Section 509(a) of the Code, joint stock company or other entity, and (ii) a "group," as that term is used for purposes of Section 13(d)(3) of the Exchange Act, and (b) for purposes of the remaining Sections of this Article, any individual, firm, partnership, corporation or other entity, including any successor (by merger or otherwise) of such entity.

*"Prohibited Transferee"* shall have the meaning set forth in Section 10.3(A) of this Article.

*"Record Date"* shall have the meaning set forth in paragraph (a) of Section 3 of this Article.

*"Redemption Date"* shall mean, in the case of any redemption of any shares of Class Z Preferred Stock, the date fixed for redemption of such shares.

*"Redemption Price"* shall mean, with respect to any share of Class Z Preferred Stock to be redeemed, 100% of the Liquidation Preference thereof, plus all accumulated, accrued and unpaid dividends (whether or not earned or declared), if any, to the Redemption Date.

*"REIT"* shall mean a "real estate investment trust," as defined in Section 856 of the Code.

*"Senior Stock"* shall have the meaning set forth in paragraph (a) of Section 7 of this Article.

*"set apart for payment"* shall be deemed to include, without any action other than the following, the recording by the Corporation in its accounting ledgers of any accounting or bookkeeping entry which indicates, pursuant to a declaration of dividends or other distribution by the Board of Directors, the allocation of funds to be so paid on any series or class of capital stock of the Corporation; *provided, however*, that if any funds for any class or series of Junior Stock or any class or series of Parity Stock are placed in a separate account of the Corporation or delivered to a disbursing, paying or other similar agent, then "set apart for payment" with respect to the Class Z Preferred Stock shall mean placing such funds in a separate account or delivering such funds to a disbursing, paying or other similar agent.

*"Trading Day"* shall mean, when used with respect to any Equity Stock, (i) if the Equity Stock is listed or admitted to trading on the NYSE, a day on which the NYSE is open for the transaction of business, (ii) if the Equity Stock is not listed or admitted to trading on the NYSE but is listed or admitted to trading on another national securities exchange or automated quotation system, a day on which the principal national securities exchange or automated quotation system, as the case may be, on which the Equity Stock is listed or admitted to trading is open for the transaction of business, or (iii) if the Equity Stock is not listed or admitted to trading on any national securities exchange or automated quotation system, any day other than a Saturday, a Sunday or a day on which banking institutions in the State of New York are authorized or obligated by law or executive order to close.

*"Transfer"* shall mean any sale, transfer, gift, assignment, devise or other disposition of a share of Class Z Preferred Stock (including (i) the granting of an option or any series of such options or entering into any agreement for the sale, transfer or other disposition of Class Z Preferred Stock or (ii) the sale, transfer, assignment or other disposition of any securities or rights convertible into or exchangeable for Class Z Preferred Stock), whether voluntary or involuntary, whether of record ownership or Beneficial Ownership, and whether by operation of law or otherwise (including, but not limited to, any transfer of an interest in other entities that results in a change in the Beneficial Ownership of shares of Class Z Preferred Stock). The term *"Transfers"* and *"Transferred"* shall have correlative meanings.

*"Transfer Agent"* means such transfer agent as may be designated by the Board of Directors or their designee as the transfer agent for the Class Z Preferred Stock; provided, that if the Corporation has not designated a transfer agent then the Corporation shall act as the transfer agent for the Class Z Preferred Stock.

*"Trust"* shall mean the trust created pursuant to Section 10.3(A) of this Article.

*"Trustee"* shall mean the Person unaffiliated with either the Corporation or the Prohibited Transferee that is appointed by the Corporation to serve as trustee of the Trust.

*"Voting Preferred Stock"* shall have the meaning set forth in Section 8 of this Article.

**3. *Dividends.***

(a) The holders of Class Z Preferred Stock shall be entitled to receive, when and as declared by the Board of Directors, out of funds legally available for that purpose, quarterly cash dividends on the Class Z Preferred Stock in an amount per share equal to $0.4375. Such dividends shall be cumulative from the Issue Date, whether or not in any Dividend Period or Periods such dividends shall be declared or there shall be funds of the Corporation legally available for the payment of such dividends, and shall be payable quarterly in arrears on each Dividend Payment Date, commencing on October 15, 2011. Each such dividend shall be payable in arrears to the holders of record of the Class Z Preferred Stock, as they appear on the stock records of the Corporation at the close of business on January 1, April 1, July 1 or October 1 (each a "Record Date"), as the case may be, immediately preceding such Dividend Payment Date. Accumulated, accrued and unpaid dividends for any past Dividend Periods may be declared and paid at any time, without reference to any regular Dividend Payment Date, to holders of record on such date, which date shall not precede by more than 45 days the payment date thereof, as may be fixed by the Board of Directors.

(b) The amount of dividends payable per share of Class Z Preferred Stock for the Initial Dividend Period, or any other period shorter than a full Dividend Period, shall be computed ratably on the basis of twelve 30-day months and a 360-day year. Holders of Class Z Preferred Stock shall not be entitled to any dividends, whether payable in cash, property or stock, in excess of cumulative dividends, as herein provided, on the Class Z Preferred Stock. No interest, or sum of money in lieu of interest, shall be payable in respect of any dividend payment or payments on the Class Z Preferred Stock that may be in arrears.

(c) So long as any of the shares of Class Z Preferred Stock are outstanding, except as described in the immediately following sentence, no dividends shall be declared or paid or set apart for payment by the Corporation and no other distribution of cash or other property shall be declared or made, directly or indirectly, by the Corporation with respect to any class or series of Parity Stock for any period

unless dividends equal to the full amount of accumulated, accrued and unpaid dividends have been or contemporaneously are declared and paid, or declared and a sum sufficient for the payment thereof has been or contemporaneously is set apart for such payment, on the Class Z Preferred Stock for all Dividend Periods terminating on or prior to the date such dividend or distribution is declared, paid, set apart for payment or made, as the case may be, with respect to such class or series of Parity Stock. When dividends are not paid in full or a sum sufficient for such payment is not set apart, as aforesaid, all dividends declared upon the Class Z Preferred Stock and all dividends declared upon any other class or series of Parity Stock shall be declared ratably in proportion to the respective amounts of dividends accumulated, accrued and unpaid on the Class Z Preferred Stock and accumulated, accrued and unpaid on such Parity Stock.

(d) So long as any of the shares of Class Z Preferred Stock are outstanding, no dividends (other than dividends or distributions paid in shares of or options, warrants or rights to subscribe for or purchase shares of, Junior Stock) shall be declared or paid or set apart for payment by the Corporation and no other distribution of cash or other property shall be declared or made, directly or indirectly, by the Corporation with respect to any shares of Junior Stock, nor shall any shares of Junior Stock be redeemed, purchased or otherwise acquired (other than a redemption, purchase or other acquisition of Class A Common Stock made for purposes of an employee incentive or benefit plan of the Corporation or any subsidiary) for any consideration (or any moneys be paid to or made available for a sinking fund for the redemption of any shares of any such stock) directly or indirectly by the Corporation (except by conversion into or exchange for shares of, or options, warrants, or rights to subscribe for or purchase shares of, Junior Stock), nor shall any other cash or other property otherwise be paid or distributed to or for the benefit of any holder of shares of Junior Stock in respect thereof, directly or indirectly, by the Corporation unless, in each case, dividends equal to the full amount of all accumulated, accrued and unpaid dividends on all outstanding shares of Class Z Preferred Stock have been declared and paid, or such dividends have been declared and a sum sufficient for the payment thereof has been set apart for such payment, on all outstanding shares of Class Z Preferred Stock for all Dividend Periods ending on or prior to the date such dividend or distribution is declared, paid, set apart for payment or made with respect to such shares of Junior Stock, or the date such shares of Junior Stock are redeemed, purchased or otherwise acquired or monies paid to or made available for any sinking fund for such redemption, or the date any such cash or other property is paid or distributed to or for the benefit of any holders of Junior Stock in respect thereof, as the case may be.

Notwithstanding the provisions of this Section 3, the Corporation shall not be prohibited from (i) declaring or paying or setting apart for payment any dividend or distribution on any shares of Parity Stock or (ii) redeeming, purchasing or otherwise acquiring any Parity Stock, in each case, if such declaration, payment, redemption, purchase or other acquisition is necessary in order to maintain the continued qualification of the Corporation as a REIT under Section 856 of the Code.

**4.** ***Liquidation Preference.***

(a) In the event of any liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary, before any payment or distribution by the Corporation (whether of capital, surplus or otherwise) shall be made to or set apart for the holders of Junior Stock, the holders of shares of Class Z Preferred Stock shall be entitled to receive Twenty-Five Dollars ($25) per share of Class Z Preferred Stock (the “Liquidation Preference”), plus an amount equal to all dividends (whether or not earned or declared) accumulated, accrued and unpaid thereon to the date of final distribution to such holders; but such holders shall not be entitled to any further payment. Until the holders of the Class Z Preferred Stock have been paid the Liquidation Preference in full, plus an amount equal to all dividends (whether or not earned or declared) accumulated, accrued and unpaid thereon to the date of final

distribution to such holders, no payment will be made to any holder of Junior Stock upon the liquidation, dissolution or winding up of the Corporation. If, upon any liquidation, dissolution or winding up of the Corporation, the assets of the Corporation, or proceeds thereof, distributable among the holders of Class Z Preferred Stock shall be insufficient to pay in full the preferential amount aforesaid and liquidating payments on any other shares of any class or series of Parity Stock, then such assets, or the proceeds thereof, shall be distributed among the holders of Class Z Preferred Stock and any such other Parity Stock ratably in the same proportion as the respective amounts that would be payable on such Class Z Preferred Stock and any such other Parity Stock if all amounts payable thereon were paid in full. For the purposes of this Section 4, (i) a consolidation or merger of the Corporation with one or more corporations, (ii) a sale or transfer of all or substantially all of the Corporation's assets, or (iii) a statutory share exchange shall not be deemed to be a liquidation, dissolution or winding up, voluntary or involuntary, of the Corporation.

(b) Upon any liquidation, dissolution or winding up of the Corporation, after payment shall have been made in full to the holders of Class Z Preferred Stock and any Parity Stock, as provided in Section 4(a), any other series or class or classes of Junior Stock shall, subject to the respective terms thereof, be entitled to receive any and all assets remaining to be paid or distributed, and the holders of the Class Z Preferred Stock and any Parity Stock shall not be entitled to share therein.

**5.** ***Redemption at the Option of the Corporation.***

(a) Shares of Class Z Preferred Stock shall not be redeemable by the Corporation prior to July 29, 2016, except as set forth in Section 10.2 of this Article. On and after July 29, 2016 the Corporation, at its option, may redeem shares of Class Z Preferred Stock, in whole or from time to time in part, at a redemption price payable in cash equal to the Redemption Price applicable thereto. In the event of a redemption of shares of Class Z Preferred Stock, if the Redemption Date occurs after a Record Date and on or prior to the related Dividend Payment Date, the dividend payable on such Dividend Payment Date in respect of such shares called for redemption shall be payable on such Dividend Payment Date the holders of record at the close of business on such Record Date, notwithstanding the redemption of such shares, and shall not be payable as part of the redemption price for such shares.

(b) The Redemption Date shall be selected by the Corporation, shall be specified in the notice of redemption and shall be not less than 30 days nor more than 60 days after the date notice of redemption is sent by the Corporation.

(c) If full cumulative dividends on all outstanding shares of Class Z Preferred Stock have not been declared and paid, or declared and set apart for payment, no shares of Class Z Preferred Stock may be redeemed unless all outstanding shares of Class Z Preferred Stock are simultaneously redeemed. Neither the Corporation nor any affiliate of the Corporation may purchase or acquire shares of Class Z Preferred Stock, other than pursuant to a purchase or exchange offer made on the same terms to all holders of shares of Class Z Preferred Stock.

(d) If the Corporation shall redeem shares of Class Z Preferred Stock pursuant to paragraph (a) of this Section 5, notice of such redemption shall be given to each holder of record of the shares to be redeemed. Such notice shall be provided by first class mail, postage prepaid, at such holder's address as the same appears on the stock records of the Corporation. Neither the failure to mail any notice required by this paragraph (d), nor any defect therein or in the mailing thereof to any particular holder, shall affect the sufficiency of the notice or the validity of the proceedings for redemption with respect to the other holders. Any notice mailed in the manner herein provided shall be conclusively presumed to have been duly given on the date mailed whether or not the holder receives the notice. Each such notice shall state, as appropriate: (i) the Redemption Date; (ii) the number of shares of Class Z Preferred Stock to

be redeemed and, if fewer than all such shares held by such holder are to be redeemed, the number of such shares to be redeemed from such holder; (iii) the place or places at which certificates for such shares are to be surrendered; and (iv) the Redemption Price payable on such Redemption Date, including, without limitation, a statement as to whether or not accumulated, accrued and unpaid dividends will be payable as part of the Redemption Price, or payable on the next Dividend Payment Date to the record holder at the close of business on the relevant record date as described in the next sentence. Notice having been mailed as aforesaid, from and after the Redemption Date (unless the Corporation shall fail to make available the amount of cash necessary to effect such redemption), (i) dividends on the shares of Class Z Preferred Stock so called for redemption shall cease to accumulate or accrue on the shares of Class Z Preferred Stock called for redemption, (ii) said shares shall no longer be deemed to be outstanding, and (iii) all rights of the holders thereof as holders of Class Z Preferred Stock of the Corporation shall cease (except the right to receive the cash payable upon such redemption, without interest thereon, upon surrender and endorsement of their certificates if so required); provided, however, that if the Redemption Date for any shares of Class Z Preferred Stock occurs after any dividend record date and on or prior to the related Dividend Payment Date, the full dividend payable on such Dividend Payment Date in respect of such shares of Class Z Preferred Stock called for redemption shall be payable on such Dividend Payment Date to the holders of record of such shares at the close of business on the corresponding dividend record date notwithstanding the prior redemption of such shares. The Corporation's obligation to make available the cash necessary to effect the redemption in accordance with the preceding sentence shall be deemed fulfilled if, on or before the applicable Redemption Date, the Corporation shall irrevocably deposit in trust with a bank or trust company (which may not be an affiliate of the Corporation) that has, or is an affiliate of a bank or trust company that has, a capital and surplus of at least $50,000,000, such amount of cash as is necessary for such redemption plus, if such Redemption Date occurs after any dividend record date and on or prior to the related Dividend Payment Date, such amount of cash as is necessary to pay the dividend payable on such Dividend Payment Date in respect of such shares of Class Z Preferred Stock called for redemption, with irrevocable instructions that such cash be applied to the redemption of the shares of Class Z Preferred Stock so called for redemption and, if applicable, the payment of such dividend. No interest shall accrue for the benefit of the holders of shares of Class Z Preferred Stock to be redeemed on any cash so set aside by the Corporation. Subject to applicable escheat laws, any such cash unclaimed at the end of two years from the Redemption Date shall revert to the general funds of the Corporation, after which reversion the holders of shares of Class Z Preferred Stock so called for redemption shall look only to the general funds of the Corporation for the payment of such cash.

As promptly as practicable after the surrender in accordance with such notice of the certificates for any such shares of Class Z Preferred Stock to be so redeemed (properly endorsed or assigned for transfer, if the Corporation shall so require and the notice shall so state), such certificates shall be exchanged for cash (without interest thereon). If fewer than all the outstanding shares of Class Z Preferred Stock are to be redeemed, shares to be redeemed shall be selected by the Corporation from outstanding shares of Class Z Preferred Stock not previously called for redemption by lot or, with respect to the number of shares of Class Z Preferred Stock held of record by each holder of such shares, pro rata (as nearly as may be) or by any other method as may be determined by the Board of Directors in its discretion to be equitable. If fewer than all the shares of Class Z Preferred Stock represented by any certificate are redeemed, then a new certificate representing the unredeemed shares shall be issued without cost to the holders thereof.

**6.** ***Status of Reacquired Stock.***

All shares of Class Z Preferred Stock that have been issued and reacquired in any manner by the Corporation shall be returned to the status of authorized but unissued shares of Class Z Preferred Stock.

**7.** ***Ranking.***

Any class or series of capital stock of the Corporation shall be deemed to rank:

(a) prior or senior to the Class Z Preferred Stock, as to the payment of dividends and as to distribution of assets upon liquidation, dissolution or winding up, if the holders of such class or series shall be entitled to the receipt of dividends and of amounts distributable upon liquidation, dissolution or winding up, as the case may be, in preference or priority to the holders of Class Z Preferred Stock ("Senior Stock");

(b) on a parity with the Class Z Preferred Stock, as to the payment of dividends and as to distribution of assets upon liquidation, dissolution or winding up, whether or not the dividend rates, dividend payment dates or redemption or liquidation prices per share thereof be different from those of the Class Z Preferred Stock, if (i) such capital stock is Class T Cumulative Preferred Stock, Class U Cumulative Preferred Stock, Class V Cumulative Preferred Stock, Class Y Cumulative Preferred Stock or Series A Community Reinvestment Act Preferred Stock of the Corporation, or (ii) the holders of such class of stock or series and the Class Z Preferred Stock shall be entitled to the receipt of dividends and of amounts distributable upon liquidation, dissolution or winding up in proportion to their respective amounts of accrued and unpaid dividends per share or liquidation preferences, without preference or priority of one over the other (the capital stock referred to in clauses (i) and (ii) of this paragraph being hereinafter referred to, collectively, as "Parity Stock"); and

(c) junior to the Class Z Preferred Stock, as to the payment of dividends and as to the distribution of assets upon liquidation, dissolution or winding up, if (i) such capital stock or series shall be Class A Common Stock or (ii) the holders of Class Z Preferred Stock shall be entitled to receipt of dividends or of amounts distributable upon liquidation, dissolution or winding up, as the case may be, in preference or priority to the holders of shares of such class or series (the capital stock referred to in clauses (i) and (ii) of this paragraph being hereinafter referred to, collectively, as "Junior Stock").

**8.** ***Voting.***

(a) If and whenever six quarterly dividends (whether or not consecutive) payable on the Class Z Preferred Stock or any series or class of Parity Stock shall be in arrears (which shall, with respect to any such quarterly dividend, mean that any such dividend has not been paid in full), whether or not earned or declared, the number of directors then constituting the Board of Directors shall be increased by two if not already increased by reason of similar types of provisions with respect to shares of any other class or series of Parity Stock which is entitled to similar voting rights (the "Voting Preferred Stock") and the holders of shares of Class Z Preferred Stock, together with the holders of shares of all other Voting Preferred Stock then entitled to exercise similar voting rights, voting as a single Class regardless of series, shall be entitled to elect the two additional directors to serve on the Board of Directors at any annual meeting of stockholders or special meeting held in place thereof, or at a special meeting of the holders of the Class Z Preferred Stock and the Voting Preferred Stock called as hereinafter provided. Whenever all arrears in dividends on the Class Z Preferred Stock and the Voting Preferred Stock then outstanding shall have been paid and dividends thereon for the current quarterly dividend period shall have been declared and paid, or declared and set apart for payment, then the right of the holders of the Class Z Preferred Stock and the Voting Preferred Stock to elect such additional two directors shall cease (but subject always to the same provision for the vesting of such voting rights in the case of any similar future arrearages), and the terms of office of all persons elected as directors by the holders of the Class Z Preferred Stock and the

Voting Preferred Stock shall forthwith terminate and the number of directors constituting the Board of Directors shall be reduced accordingly. At any time after such voting power shall have been so vested in the holders of Class Z Preferred Stock and the Voting Preferred Stock, if applicable, the Secretary of the Corporation may, and upon the written request of any holder of Class Z Preferred Stock (addressed to the Secretary at the principal office of the Corporation) shall, call a special meeting of the holders of the Class Z Preferred Stock and of the Voting Preferred Stock for the election of the two directors to be elected by them as herein provided, such call to be made by notice similar to that provided in the Bylaws of the Corporation for a special meeting of the stockholders or as required by law. If any such special meeting required to be called as above provided shall not be called by the Secretary within 20 days after receipt of any such request, then any holder of Class Z Preferred Stock may call such meeting, upon the notice above provided, and for that purpose shall have access to the stock books of the Corporation. The directors elected at any such special meeting shall hold office until the next annual meeting of the stockholders or special meeting held in lieu thereof if such office shall not have previously terminated as above provided. If any vacancy shall occur among the directors elected by the holders of the Class Z Preferred Stock and the Voting Preferred Stock, a successor shall be elected by the Board of Directors, upon the nomination of the then-remaining director elected by the holders of the Class Z Preferred Stock and the Voting Preferred Stock or the successor of such remaining director, to serve until the next annual meeting of the stockholders or special meeting held in place thereof if such office shall not have previously terminated as provided above.

(b) So long as any shares of Class Z Preferred Stock are outstanding, in addition to any other vote or consent of stockholders required by law or by the Charter of the Corporation, the affirmative vote of at least 66-2/3% of the votes entitled to be cast by the holders of the Class Z Preferred Stock voting as a single class with the holders of all other classes or series of Parity Stock entitled to vote on such matters, given in person or by proxy, either in writing without a meeting or by vote at any meeting called for the purpose, shall be necessary for effecting or validating:

(i) any amendment, alteration or repeal of any of the provisions of, or the addition of any provision to, these Articles Supplementary, the Charter or the By-Laws of the Corporation that materially adversely affects the voting powers, rights or preferences of the holders of the Class Z Preferred Stock; *provided, however*, that the amendment of the provisions of the Charter so as to increase the authorized amount of Class Z Preferred Stock, or to authorize or create, or to increase the authorized amount of, or issue any Junior Stock or any shares of any class of Parity Stock, shall not be deemed to materially adversely affect the voting powers, rights or preferences of the holders of Class Z Preferred Stock; or

(ii) the authorization, creation of, increase in the authorized amount of, or issuance of any shares of any class or series of Senior Stock or any security convertible into shares of any class or series of Senior Stock (whether or not such class or series of Senior Stock is currently authorized);

*provided, however*, that no such vote of the holders of Class Z Preferred Stock shall be required if, at or prior to the time when such amendment, alteration or repeal is to take effect, or when the issuance of any such Senior Stock or convertible or exchangeable security is to be made, as the case may be, provision is made for the redemption of all shares of Class Z Preferred Stock at the time outstanding to the extent such redemption is authorized by Section 5 of this Article.

For purposes of the foregoing provisions and all other voting rights under these Articles Supplementary, each share of Class Z Preferred Stock shall have one (1) vote per share, except that when any other class or series of preferred stock of the Corporation shall have the right to vote with the Class Z Preferred Stock as a single class on any matter, then the Class Z Preferred Stock and such other class or

series shall have with respect to such matters one quarter of one vote per $25 of stated liquidation preference. Except as otherwise required by applicable law or as set forth herein or in the Charter, the Class Z Preferred Stock shall not have any relative, participating, optional or other special voting rights and powers other than as set forth herein, and the consent of the holders thereof shall not be required for the taking of any corporate action.

**9.** ***Record Holders.***

The Corporation and the Transfer Agent may deem and treat the record holder of any share of Class Z Preferred Stock as the true and lawful owner thereof for all purposes, and neither the Corporation nor the Transfer Agent shall be affected by any notice to the contrary.

**10.1.** ***Restrictions on Ownership and Transfers.***

**(A) Limitation on Beneficial Ownership**. Except as provided in Section 10.8, from and after the Issue Date, no Person (other than the Initial Holder or a Look-Through Entity) shall Beneficially Own shares of Class Z Preferred Stock in excess of the Ownership Limit, the Initial Holder shall not Beneficially Own shares of Class Z Preferred Stock in excess of the Initial Holder Limit and no Look-Through Entity shall Beneficially Own shares of Class Z Preferred Stock in excess of the Look-Through Ownership Limit.

**(B) Transfers in Excess of Ownership Limit**. Except as provided in Section 10.8, from and after the Issue Date (and subject to Section 10.12), any Transfer (whether or not such Transfer is the result of transactions entered into through the facilities of the NYSE or other securities exchange or an automated inter-dealer quotation system) that, if effective, would result in any Person (other than the Initial Holder or a Look-Through Entity) Beneficially Owning shares of Class Z Preferred Stock in excess of the Ownership Limit shall be void *ab initio* as to the Transfer of such shares of Class Z Preferred Stock that would be otherwise Beneficially Owned by such Person in excess of the Ownership Limit, and the intended transferee shall acquire no rights in such shares of Class Z Preferred Stock.

**(C) Transfers in Excess of Initial Holder Limit**. Except as provided in Section 10.8, from and after the Issue Date (and subject to Section 10.12), any Transfer (whether or not such Transfer is the result of transactions entered into through the facilities of the NYSE or other securities exchange or an automated inter-dealer quotation system) that, if effective, would result in the Initial Holder Beneficially Owning shares of Class Z Preferred Stock in excess of the Initial Holder Limit shall be void *ab initio* as to the Transfer of such shares of Class Z Preferred Stock that would be otherwise Beneficially Owned by the Initial Holder in excess of the Initial Holder limit, and the Initial Holder shall acquire no rights in such shares of Class Z Preferred Stock.

**(D) Transfers in Excess of Look-Through Ownership Limit**. Except as provided in Section 10.8 from and after the Issue Date (and subject to Section 10.12), any Transfer (whether or not such Transfer is the result of transactions entered into through the facilities of the NYSE or other securities exchange or an automated inter-dealer quotation system) that, if effective, would result in any Look-Through Entity Beneficially Owning shares of Class Z Preferred Stock in excess of the Look-Through Ownership limit shall be void *ab initio* as to the Transfer of such shares of Class Z Preferred Stock that would be otherwise Beneficially Owned by such Look-Through Entity in excess of the Look-Through Ownership Limit and such Look-Through Entity shall acquire no rights in such shares of Class Z Preferred Stock.

**(E) Transfers Resulting in "Closely Held" Status**. From and after the Issue Date, any Transfer that, if effective would result in the Corporation being "closely held" within the meaning of Section 856(h) of the Code, or would otherwise result in the Corporation failing to qualify as a REIT (including, without limitation, a Transfer or other event that would result in the Corporation owning (directly or constructively) an interest in a tenant that is described in Section 856(d)(2)(B) of the Code if the income derived by the Corporation from such tenant would cause the Corporation to fail to satisfy any of the gross income requirements of Section 856(c) of the Code) shall be void *ab initio* as to the Transfer of shares of Class Z Preferred Stock that would cause the Corporation (i) to be "closely held" within the meaning of Section 856(h) of the Code or (ii) otherwise fail to qualify as a REIT, as the case may be, and the intended transferee shall acquire no rights in such shares of Class Z Preferred Stock.

**(F) Severability on Void Transactions**. A Transfer of a share of Class Z Preferred Stock that is null and void under Sections 10.1(B), (C), (D), or (E) of this Article because it would, if effective, result in (i) the ownership of Class Z Preferred Stock in excess of the Initial Holder Limit, the Ownership Limit, or the Look-Through Ownership Limit, (ii) the Corporation being "closely held" within the meaning of Section 856(h) of the Code or (iii) the Corporation otherwise failing to qualify as a REIT, shall not adversely affect the validity of the Transfer of any other share of Class Z Preferred Stock in the same or any other related transaction.

**10.2 Remedies for Breach**. If the Board of Directors or a committee thereof shall at any time determine in good faith that a Transfer or other event has taken place in violation of Section 10.1 of this Article or that a Person intends to acquire or has attempted to acquire Beneficial Ownership of any shares of Class Z Preferred Stock in violation of Section 10.1 of this Article (whether or not such violation is intended), the Board of Directors or a committee thereof shall be empowered to take any action as it deems advisable to refuse to give effect to or to prevent such Transfer or other event, including, but not limited to, refusing to give effect to such Transfer or other event on the books of the Corporation, causing the Corporation to redeem such shares at the then current Market Price and upon such terms and conditions as may be specified by the Board of Directors in its sole discretion (including, but not limited to, by means of the issuance of long-term indebtedness for the purpose of such redemption), demanding the repayment of any distributions received in respect of shares of Class Z Preferred Stock acquired in violation of Section 10.1 of this Article or instituting proceedings to enjoin such Transfer or to rescind such Transfer or attempted Transfer; *provided, however*, that any Transfers or attempted Transfers (or in the case of events other than a Transfer, Beneficial Ownership) in violation of Section 10.1 of this Article, regardless of any action (or non-action) by the Board of Directors or such committee, (a) shall be void *ab initio* or (b) shall automatically result in the transfer described in Section 10.3 of this Article; *provided, further*, that the provisions of this Section 10.2 shall be subject to the provisions of Section 10.12 of this Article; *provided, further*, that neither the Board of Directors nor any committee thereof may exercise such authority in a manner that interferes with any ownership or transfer of Class Z Preferred Stock that is expressly authorized pursuant to Section 10.8(C) of this Article.

**10.3 Transfer in Trust.**

**(A) Establishment of Trust**. If, notwithstanding the other provisions contained in this Article, at any time after the Issue Date there is a purported Transfer (an "*Excess Transfer*") (whether or not such Transfer is the result of transactions entered into through the facilities of the NYSE or other securities exchange or an automated inter-dealer quotation system) or other change in the capital structure of the Corporation (including, but not limited to, any redemption of Equity Stock) or other event (including, but not limited to, any acquisition of any share of Equity Stock) such that (a) any Person (other than the Initial Holder or a Look-Through Entity) would Beneficially Own shares of Class Z Preferred Stock in excess of the Ownership Limit, or (b) the Initial Holder would Beneficially Own shares of

Class Z Preferred Stock in excess of the Initial Holder Limit, or (c) any Person that is a Look-Through Entity would Beneficially Own shares of Class Z Preferred Stock in excess of the Look-Through Ownership Limit (in any such event, the Person, Initial Holder or Look-Through Entity that would Beneficially Own shares of Class Z Preferred Stock in excess of the Ownership Limit, the Initial Holder Limit or the Look-Through Entity Limit, respectively, is referred to as a *"Prohibited Transferee"*), then, except as otherwise provided in Section 10.8 of this Article, such shares of Class Z Preferred Stock in excess of the Ownership Limit, the Initial Holder Limit or the Look-Through Ownership Limit, as the case may be, (rounded up to the nearest whole share) shall be automatically transferred to a Trustee in his capacity as trustee of a Trust for the exclusive benefit of one or more Charitable Beneficiaries. Such transfer to the Trustee shall be deemed to be effective as of the close of business on the Business Day prior to the Excess Transfer, change in capital structure or another event giving rise to a potential violation of the Ownership Limit, the Initial Holder Limit or the Look Through Entity Ownership Limit.

**(B) Appointment of Trustee**. The Trustee shall be appointed by the Corporation and shall be a Person unaffiliated with either the Corporation or any Prohibited Transferee. The Trustee may be an individual or a bank or trust company duly licensed to conduct a trust business.

**(C) Status of Shares Held by the Trustee**. Shares of Class Z Preferred Stock held by the Trustee shall be issued and outstanding shares of capital stock of the Corporation. Except to the extent provided in Section 10.3(E), the Prohibited Transferee shall have no rights in the Class Z Preferred Stock held by the Trustee, and the Prohibited Transferee shall not benefit economically from ownership of any shares held in trust by the Trustee, shall have no rights to dividends and shall not possess any rights to vote or other rights attributable to the shares held in the Trust.

**(D) Dividend and Voting Rights**. The Trustee shall have all voting rights and rights to dividends with respect to shares of Class Z Preferred Stock held in the Trust, which rights shall be exercised for the benefit of the Charitable Beneficiary. Any dividend or distribution paid prior to the discovery by the Corporation that the shares of Class Z Preferred Stock have been transferred to the Trustee shall be repaid to the Corporation upon demand, and any dividend or distribution declared but unpaid shall be rescinded as void *ab initio* with respect to such shares of Class Z Preferred Stock. Any dividends or distributions so disgorged or rescinded shall be paid over to the Trustee and held in trust for the Charitable Beneficiary. Any vote cast by a Prohibited Transferee prior to the discovery by the Corporation that the shares of Class Z Preferred Stock have been transferred to the Trustee will be rescinded as void *ab initio* and shall be recast in accordance with the desires of the Trustee acting for the benefit of the Charitable Beneficiary. The owner of the shares at the time of the Excess Transfer, change in capital structure or other event giving rise to a potential violation of the Ownership Limit, Initial Holder Limit or Look-Through Entity Ownership Limit shall be deemed to have given an irrevocable proxy to the Trustee to vote the shares of Class Z Preferred Stock for the benefit of the Charitable Beneficiary.

**(E) Restrictions on Transfer**. The Trustee of the Trust may sell the shares held in the Trust to a Person, designated by the Trustee, whose ownership of the shares will not violate the Ownership Restrictions. If such a sale is made, the interest of the Charitable Beneficiary shall terminate and proceeds of the sale shall be payable to the Prohibited Transferee and to the Charitable Beneficiary as provided in this Section 10.3(E). The Prohibited Transferee shall receive the lesser of (1) the price paid by the Prohibited Transferee for the shares or, if the Prohibited Transferee did not give value for the shares (through a gift, devise or other transaction), the Market Price of the shares on the day of the event causing the shares to be held in the Trust and (2) the price per share received by the Trustee from the sale or other disposition of the shares held in the Trust. Any proceeds in excess of the amount payable to the Prohibited Transferee shall be payable to the Charitable Beneficiary. If any of the transfer restrictions set forth in this Section 10.3(E) or any application thereof is determined in a final judgment to be void, invalid or

unenforceable by any court having jurisdiction over the issue, the Prohibited Transferee may be deemed, at the option of the Corporation, to have acted as the agent of the Corporation in acquiring the Class Z Preferred Stock as to which such restrictions would, by their terms, apply, and to hold such Class Z Preferred Stock on behalf of the Corporation.

**(F) Purchase Right in Stock Transferred to the Trustee**. Shares of Class Z Preferred Stock transferred to the Trustee shall be deemed to have been offered for sale to the Corporation, or its designee, at a price per share equal to the lesser of (i) the price per share in the transaction that resulted in such transfer to the Trust (or, in the case of a devise or gift, the Market Price at the time of such devise or gift) and (ii) the Market Price on the date the Corporation, or its designee, accepts such offer. The Corporation shall have the right to accept such offer for a period of 90 days after the later of (i) the date of the Excess Transfer or other event resulting in a transfer to the Trust and (ii) the date that the Board of Directors determines in good faith that an Excess Transfer or other event occurred.

**(G) Designation of Charitable Beneficiaries**. By written notice to the Trustee, the Corporation shall designate one or more nonprofit organizations to be the Charitable Beneficiary of the interest in the Trust relating to such Prohibited Transferee if (i) the shares of Class Z Preferred Stock held in the Trust would not violate the Ownership Restrictions in the hands of such Charitable Beneficiary and (ii) each Charitable Beneficiary is an organization described in Sections 170(b)(1)(A), 170(c)(2) and 501(c)(3) of the Code.

**10.4 Notice of Restricted Transfer**. Any Person that acquires or attempts to acquire shares of Class Z Preferred Stock in violation of Section 10.1 of this Article, or any Person that is a Prohibited Transferee such that stock is transferred to the Trustee under Section 10.3 of this Article, shall immediately give written notice to the Corporation of such event and shall provide to the Corporation such other information as the Corporation may request in order to determine the effect, if any, of such Transfer or attempted Transfer or other event on the Corporation's status as a REIT. Failure to give such notice shall not limit the rights and remedies of the Board of Directors provided herein in any way.

**10.5 Owners Required to Provide Information**. From and after the Issue Date certain record and Beneficial Owners and transferees of shares of Class Z Preferred Stock will be required to provide certain information as set out below.

**(A) Annual Disclosure**. Every record holder or Beneficial Owner of more than 5% (or such other percentage between 0.5% and 5%, as provided in the applicable regulations adopted under the Code) of the number of Outstanding shares of Class Z Preferred Stock shall, within 30 days after January 1 of each year, give written notice to the Corporation stating the name and address of such record holder or Beneficial Owner, the number of shares of Class Z Preferred Stock Beneficially Owned, and a full description of how such shares are held. Each such record holder or Beneficial Owner of Class Z Preferred Stock shall, upon demand by the Corporation, disclose to the Corporation in writing such additional information with respect to the Beneficial Ownership of the Class Z Preferred Stock as the Board of Directors, in its sole discretion, deems appropriate or necessary to (i) comply with the provisions of the Code regarding the qualification of the Corporation as a REIT under the Code and (ii) ensure compliance with the Ownership Limit, the Initial Holder Limit or the Look-Through Ownership Limit, as applicable. Each stockholder of record, including without limitation any Person that holds shares of Class Z Preferred Stock on behalf of a Beneficial Owner, shall take all reasonable steps to obtain the written notice described in this Section 10.5 from the Beneficial Owner.

**(B) Disclosure at the Request of the Corporation**. Any Person that is a Beneficial Owner of shares of Class Z Preferred Stock and any Person (including the stockholder of record) that is

holding shares of Class Z Preferred Stock for a Beneficial Owner, and any proposed transferee of shares, shall provide such information as the Corporation, in its sole discretion, may request in order to determine the Corporation's status as a REIT, to comply with the requirements of any taxing authority or other governmental agency, to determine any such compliance or to ensure compliance with the Ownership Limit, the Initial Holder Limit and the Look-Through Ownership Limit, and shall provide a statement or affidavit to the Corporation setting forth the number of shares of Class Z Preferred Stock already Beneficially Owned by such stockholder or proposed transferee and any related persons specified, which statement or affidavit shall be in the form prescribed by the Corporation for that purpose.

**10.6 Remedies Not Limited**. Nothing contained in this Article shall limit the authority of the Board of Directors to take such other action as it deems necessary or advisable (subject to the provisions of Section 10.12 of this Article) (i) to protect the Corporation and the interests of its stockholders in the preservation of the Corporation's status as a REIT and (ii) to insure compliance with the Ownership Limit, the Initial Holder Limit and the Look-Through Ownership Limit.

**10.7 Ambiguity**. In the case of an ambiguity in the application of any of the provisions of Section 10 of this Article, or in the case of an ambiguity in any definition contained in Section 10 of this Article, the Board of Directors shall have the power to determine the application of the provisions of this Article with respect to any situation based on its reasonable belief, understanding or knowledge of the circumstances.

**10.8 Exceptions**. The following exceptions shall apply or may be established with respect to the limitations of Section 10.1 of this Article.

**(A) Waiver of Ownership Limit**. The Board of Directors, upon receipt of a ruling from the Internal Revenue Service or an opinion of tax counsel or other evidence or undertaking acceptable to it, may waive the application, in whole or in part, of the Ownership Limit to a Person subject to the Ownership Limit, if such person is not an individual for purposes of Section 542(a) of the Code (as modified to exclude qualified trusts from treatment as individuals pursuant to Section 856(h)(3) of the Code) and is a corporation, partnership, limited liability company, estate or trust. In connection with any such exemption, the Board of Directors may require such representations and undertakings from such Person and may impose such other conditions as the Board of Directors deems necessary, in its sole discretion, to determine the effect, if any, of the proposed Transfer on the Corporation's status as a REIT.

**(B) Pledge by Initial Holder**. Notwithstanding any other provision of this Article, the pledge by the Initial Holder of all or any portion of the Class Z Preferred Stock directly owned at any time or from time to time shall not constitute a violation of Section 10.1 of this Article and the pledgee shall not be subject to the Ownership Limit with respect to the Class Z Preferred Stock so pledged to it either as a result of the pledge or upon foreclosure.

**(C) Underwriters**. For a period of 270 days (or such longer period of time as any underwriter described below shall hold an unsold allotment of Class Z Preferred Stock) following the purchase of Class Z Preferred Stock by an underwriter that (i) is a corporation, partnership or other legal entity and (ii) participates in an offering of the Class Z Preferred Stock, such underwriter shall not be subject to the Ownership Limit with respect to the Class Z Preferred Stock purchased by it as a part of or in connection with such offering and with respect to any Class Z Preferred Stock purchased in connection with market making activities.

**10.9 Legend**. Each certificate for Class Z Preferred Stock shall bear substantially the following legend:

"The shares of Class Z Cumulative Preferred Stock represented by this certificate are subject to restrictions on transfer. No person may Beneficially Own shares of Class Z Cumulative Preferred Stock in excess of the Ownership Restrictions, as applicable, with certain further restrictions and exceptions set forth in the Charter (including the Articles Supplementary setting forth the terms of the Class Z Cumulative Preferred Stock). Any Person that attempts to Beneficially Own shares of Class Z Cumulative Preferred Stock in excess of the applicable limitation must immediately notify the Corporation. All capitalized terms in this legend have the meanings ascribed to such terms in the Charter (including the Articles Supplementary setting forth the terms of the Class Z Cumulative Preferred Stock), as the same may be amended from time to time, a copy of which, including the restrictions on transfer, will be sent without charge to each stockholder that so requests. If the restrictions on transfer are violated, (i) the transfer of the shares of Class Z Cumulative Preferred Stock represented hereby will be void in accordance with the Charter (including the Articles Supplementary setting forth the terms of the Class Z Cumulative Preferred Stock) or (ii) the shares of Class Z Cumulative Preferred Stock represented hereby will automatically be transferred to a Trustee of a Trust for the benefit of one or more Charitable Beneficiaries."

**10.10 Severability**. If any provision of this Article or any application of any such provision is determined in a final and unappealable judgment to be void, invalid or unenforceable by any Federal or state court having jurisdiction over the issues, the validity and enforceability of the remaining provisions shall not be affected and other applications of such provision shall be affected only to the extent necessary to comply with the determination of such court.

**10.11 Board of Directors Discretion**. Anything in this Article to the contrary notwithstanding, the Board of Directors shall be entitled to take or omit to take such actions as it in its discretion shall determine to be advisable in order that the Corporation maintain its status as and continue to qualify as a REIT, including, but not limited to, reducing the Ownership Limit, the Initial Holder Limit and the Look-Through Ownership Limit in the event of a change in law.

**10.12 Settlement**. Nothing in this Section 10 of this Article shall be interpreted to preclude the settlement of any transaction entered into through the facilities of the NYSE or other securities exchange or an automated inter-dealer quotation system.

**Exhibit CRA**

**ARTICLE XIII**

**Cumulative Perpetual Community Reinvestment Act Preferred Stock, Series A**
**Par Value $.01 Per Share**

The terms of the Series A Community Reinvestment Act Perpetual Preferred Stock (including the preferences, conversion or other rights, voting powers, restrictions, limitations as to dividends and other distributions, qualifications, or terms or conditions of redemption) as set by the Board of Directors are as follows:

**1. *Number of Shares and Designation.***

This class of Preferred Stock shall be designated as Series A Community Reinvestment Act Perpetual Preferred Stock (the "*Series A CRA Preferred Stock*") and Two Hundred Forty (240) shall be the authorized number of shares of such Series A CRA Preferred Stock constituting such class.

**2. *Definitions.***

For purposes of the Series A CRA Preferred Stock, the following terms shall have the meanings indicated:

*"Act"* shall mean the Securities Act of 1933, as amended.

*"affiliate"* of a Person means a Person that directly, or indirectly through one or more intermediaries, controls or is controlled by, or is under common control with, the Person specified.

*"Aggregate Value"* shall mean, with respect to any block of Equity Stock, the product of (i) the number of shares of Equity Stock within such block and (ii) the corresponding Market Price of one share of Equity Stock of such class.

*"Beneficial Ownership"* shall mean, with respect to any Person, ownership of shares of Equity Stock equal to the sum of (without duplication) (i) the number of shares of Equity Stock directly owned by such Person, (ii) the number of shares of Equity Stock indirectly owned by such Person (if such Person is an "individual" as defined in Section 542(a)(2) of the Code) taking into account the constructive ownership rules of Section 544 of the Code, as modified by Section 856(h)(1)(B) of the Code, and (iii) the number of shares of Equity Stock that such Person is deemed to beneficially own pursuant to Rule 13d-3 under the Exchange Act, or that is attributed to such Person pursuant to Section 318 of the Code, as modified by Section 856(d)(5) of the Code, *provided* that when applying this definition of Beneficial Ownership to the Initial Holder, clause (iii) of this definition, and clause (ii) of the definition of "Person" shall be disregarded. The terms *"Beneficial Owner," "Beneficially Owns"* and *"Beneficially Owned"* shall have the correlative meanings.

*"Board of Directors"* shall mean the Board of Directors of the Corporation or any committee authorized by such Board of Directors to perform any of its responsibilities with respect to the Series A CRA Preferred Stock; provided that, for purposes of paragraph (a) of Section 9 of this Article, the term "*Board of Directors*" shall not include any such committee.

*"Business Day"* shall mean any day other than a Saturday, Sunday or a day on which state or federally chartered banking institutions in New York, New York are not required to be open.

*"Charitable Beneficiary"* shall mean one or more beneficiaries of the Trust as determined pursuant to Section 11.2(G) of this Article, each of which shall be an organization described in Section 170(b)(1)(A), 170(c)(2) and 501(c)(3) of the Code.

*"Class A Common Stock"* shall mean the Class A Common Stock, par value $.01 per share, of the Corporation, and such other shares of the Corporation's capital stock into which outstanding shares of such Class A Common Stock shall be reclassified.

*"Closing Price"* shall mean, when used with respect to a share of any Equity Stock and for any date, the last sale price, regular way, or, in case no such sale takes place on such day, the average of the closing bid and asked prices, regular way, in either case, as reported in the principal consolidated transaction reporting system with respect to securities listed or admitted to trading on the NYSE or, if the Equity Stock is not listed or admitted to trading on the NYSE, as reported in the principal consolidated transaction reporting system with respect to securities listed on the principal national securities exchange on which the Equity Stock is listed or admitted to trading or, if the Equity Stock is not listed or admitted to trading on any national securities exchange, the last quoted price, or if not so quoted, the average of the high bid and low asked prices in the over-the-counter market, as reported by the National Association of Securities Dealers, Inc. Automated Quotation System or, if such system is no longer in use, the principal other automated quotation system that may then be in use or, if the Equity Stock is not quoted by any such organization, the average of the closing bid and asked prices as furnished by a professional market maker making a market in the Equity Stock selected by the Board of Directors of the Corporation or, if the Equity Stock is not publicly traded, the fair value of a share of such Equity Stock as reasonably determined in good faith by the Board of Directors.

*"Code"* shall mean the Internal Revenue Code of 1986, as amended from time to time, or any successor statute thereto. Reference to any provision of the Code shall mean such provision as in effect from time to time, as the same may be amended, and any successor thereto, as interpreted by any applicable regulations or other administrative pronouncements as in effect from time to time.

*"CRA"* shall mean the Community Reinvestment Act of 1977, as amended from time to time.

*"CRA Credit Value"* shall mean, for any Investment with respect to which CRA Credits are allocated to a holder of Series A CRA Preferred Stock, the book value of such Investment as of the last day of the Corporation's fiscal year immediately preceding the date on which a determination is made by the Corporation to allocate CRA Credits with respect to such Investment to such holder, multiplied by the Operating Partnership's proportionate ownership interest in the underlying Investment.

*"CRA Credits"* shall have the meaning set forth in paragraph (a) of Section 11 of this Article.

*"CRA Parity Securities"* shall mean securities of the Corporation, other than the Series A CRA Preferred Stock, which are entitled to receive allocations of CRA Credits.

*"Default Rate"* shall mean, for any Dividend Period, the applicable Three-Month Rate LIBOR Rate plus 3.25%.

*"Dividend Payment Date"* shall mean March 31, June 30, September 30, and December 31 of each year; provided, that if any Dividend Payment Date falls on any day other than a Business Day, the dividend payment payable on such Dividend Payment Date shall be paid on the Business Day immediately following such Dividend Payment Date and no interest shall accrue on such dividend from such date to such Dividend Payment Date.

*"Dividend Periods"* shall mean the Initial Dividend Period and each subsequent quarterly dividend period commencing on and including March 31, June 30, September 30, and December 31 of each year and ending on and including the day preceding the first day of the next succeeding Dividend Period, other than the Dividend Period during which any Series A CRA Preferred Stock shall be redeemed pursuant to Section 5 hereof, which shall end on and include the Redemption Date with respect to the Series A CRA Preferred Stock being redeemed.

"*Dividend Rate*" shall mean, for any Dividend Period, a rate, expressed as a percentage of the Liquidation Preference per annum, determined as follows:

(i) for the Initial Dividend Period, a rate equal to 6.75%; and

(ii) for all other Dividend Periods, a rate equal to the Three-Month LIBOR Rate for such Dividend Period plus 1.25%, or such other rate as shall be determined in connection with a Remarketing pursuant to Section 7.

"*Dividend Rate Calculation Agent*" shall mean such financial institution (and any legal successor thereto) from time to time as shall be selected by the Corporation to provide information for calculation of the Dividend Rate.

*"Election Notice"* shall have the meaning set forth in paragraph (b) of Section 7 of this Article.

*"Eligible CRA Portfolio"* shall mean Investments selected from time to time by the Corporation to be made available for purposes of allocating CRA Credits to holders of Series A CRA Preferred Stock.

*"Equity Stock"* shall mean one or more shares of any class of capital stock of the Corporation.

*"Excess Transfer"* has the meaning set forth in Section 11.2(A) of this Article.

*"Failed Remarketing"* shall have the meaning set forth in paragraph (c) of Section 7 of this Article.

*"Exchange Act"* shall mean the Securities Exchange Act of 1934, as amended.

*"Fully Allocated Stockholder"* shall have the meaning set forth in paragraph (b) of Section 11 of this Article.

*"Initial Dividend Period"* shall mean the period commencing on and including the Issue Date and ending on and including September 30, 2006.

*"Initial Holder"* shall mean Terry Considine.

*"Initial Holder Limit"* shall mean a number of the Outstanding shares of Series A CRA Preferred Stock of the Corporation having an Aggregate Value not in excess of the excess of (x) 15% of the

Aggregate Value of all Outstanding shares of Equity Stock over (y) the Aggregate Value of all shares of Equity Stock other than Series A CRA Preferred Stock that are Beneficially Owned by the Initial Holder. From the Issue Date, the secretary of the Corporation, or such other person as shall be designated by the Board of Directors, shall upon request make available to the representative(s) of the Initial Holder and the Board of Directors, a schedule that sets forth the then-current Initial Holder Limit applicable to the Initial Holder.

*"Investments"* shall have the meaning set forth in paragraph (a) of Section 11 of this Article.

"*Issue Date"* shall mean June 29, 2006.

*"Junior Stock"* shall have the meaning set forth in paragraph (c) of Section 8 of this Article.

*"Liquidation Preference"* shall have the meaning set forth in paragraph (a) of Section 4 of this Article.

*"Look-Through Entity"* shall mean a Person that is either (i) described in Section 401(a) of the Code as provided under Section 856(h)(3) of the Code or (ii) registered under the Investment Company Act of 1940.

*"Look-Through Ownership Limit"* shall mean, for any Look-Through Entity, a number of the Outstanding shares of Series A CRA Preferred Stock of the Corporation having an Aggregate Value not in excess of the excess of (x) 15% of the Aggregate Value of all Outstanding shares of Equity Stock over (y) the Aggregate Value of all shares of Equity Stock other than Series A CRA Preferred Stock that are Beneficially Owned by the Look-Through Entity.

"*Market Price"* on any date shall mean, with respect to any share of Equity Stock, the Closing Price of a share of that class of Equity Stock on the Trading Day immediately preceding such date.

*"NYSE"* shall mean The New York Stock Exchange, Inc.

"*Operating Partnership"* shall mean AIMCO Properties, L.P., a Delaware limited partnership.

*"Outstanding"* shall mean issued and outstanding shares of Equity Stock of the Corporation; *provided, however*, that for purposes of the application of the Ownership Limit, the Look-Through Ownership Limit or the Initial Holder Limit to any Person, the term "Outstanding" shall be deemed to include the number of shares of Equity Stock that such Person alone, at that time, could acquire pursuant to any options or convertible securities.

*"Ownership Limit"* shall mean, for any Person other than the Initial Holder or a Look-Through Entity, a number of the Outstanding shares of Series A CRA Preferred Stock of the Corporation having an Aggregate Value not in excess of the excess of (x) 8.7% of the Aggregate Value of all Outstanding shares of Equity Stock over (y) the Aggregate Value of all shares of Equity Stock other than Series A CRA Preferred Stock that are Beneficially Owned by the Person.

"*Ownership Restrictions"* shall mean, collectively, the Ownership Limit, as applied to Persons other than the Initial Holder or Look-Through Entities, the Initial Holder Limit, as applied to the Initial Holder, and the Look-Through Ownership Limit, as applied to Look-Through Entities.

*"Parity Stock"* shall have the meaning set forth in paragraph (b) of Section 8 of this Article.

*"Person"* shall mean (a) for purposes of Section 11 of this Article, (i) an individual, corporation, partnership, estate, trust (including a trust qualifying under Section 401(a) or 501(c) of the Code), association, "private foundation," within the meaning of Section 509(a) of the Code, joint stock company or other entity, and (ii) a "group," as that term is used for purposes of Section 13(d)(3) of the Exchange Act, and (b) for purposes of the remaining Sections of this Article, any individual, firm, partnership, corporation or other entity, including any successor (by merger or otherwise) of such entity.

*"Prohibited Transferee"* shall have the meaning set forth in Section 11.2(A) of this Article.

*"Record Date"* shall have the meaning set forth in paragraph (a) of Section 3 of this Article.

*"Redemption Date"* shall mean, in the case of any redemption of any shares of Series A CRA Preferred Stock, the date fixed for redemption of such shares.

*"Redemption Price"* shall mean, with respect to any share of Series A CRA Preferred Stock to be redeemed, 100% of the Liquidation Preference thereof, plus all accumulated, accrued and unpaid dividends (whether or not earned or declared), if any, to the Redemption Date.

*"REIT"* shall mean a "real estate investment trust," as defined in Section 856 of the Code.

*"Remarketing"* shall mean a remarketing of the Series A CRA Preferred Stock pursuant to Section 7 of this Article.

*"Remarketing Agent"* shall mean, with respect to any Remarketing, the Person selected by the Corporation to act as its agent in effecting the Remarketing.

*"Remarketing Date"* shall mean, with respect to any Remarketing, the Dividend Payment Date selected by the Board of Directors as the date on which the Remarketing is to be completed, and the first of which shall be March 31, 2015.

*"Self-Delineated Assessment Area"* shall have the meaning set forth in paragraph (b) of Section 11 of this Article.

*"Senior Stock"* shall have the meaning set forth in paragraph (a) of Section 8 of this Article.

*"Series A CRA Preferred Stock"* shall have the meaning set forth in Section 1 of this Article.

*"set apart for payment"* shall be deemed to include, without any action other than the following, the recording by the Corporation in its accounting ledgers of any accounting or bookkeeping entry which indicates, pursuant to a declaration of dividends or other distribution by the Board of Directors, the allocation of funds to be so paid on any series or class of capital stock of the Corporation; *provided, however*, that if any funds for any class or series of Junior Stock or any class or series of Parity Stock are placed in a separate account of the Corporation or delivered to a disbursing, paying or other similar agent, then "set apart for payment" with respect to the Series A CRA Preferred Stock shall mean placing such funds in a separate account or delivering such funds to a disbursing, paying or other similar agent.

*"Terminated Allocation"* shall have the meaning set forth in paragraph (c) of Section 11 of this Article.

"*Three-Month LIBOR Rate*" shall mean, for any Dividend Period, the rate (expressed as a percentage per annum) for deposits in U.S. dollars having a term of three months, commencing on the first day of such Dividend Period (a "Reset Date"), which appears on Page 3750 on Moneyline Telerate Inc. or any successor page (the "Telerate LIBOR Page") at approximately 11:00 a.m., London time, on the day that is two Business Days preceding such Reset Date. If such rate does not appear on the Telerate LIBOR Page, the rate for such Reset Date will be determined by reference to the rates at which deposits in U.S. dollars are offered by four major banks in the London interbank market (the "Reference Banks") at approximately 11:00 a.m., London time, on the day that is two Business Days preceding such Reset Date to prime banks in the London interbank market for a period of three months commencing from such Reset Date and in a representative amount. The Corporation shall (or cause its Dividend Rate Calculation Agent to) request the principal London office of each of the Reference Banks to provide a quotation of such rate. If at least two such quotations are provided, the rate for such Reset Date will be the arithmetic mean of the quotations. If fewer than two quotations are provided as requested, the rate for such Reset Date will be the arithmetic mean of the rates quoted by three major banks in New York City, selected by the Corporation (or its Dividend Rate Calculation Agent) at approximately 11:00 a.m., New York City time, on such Reset Date for loans in U.S. dollars to leading European banks for a period of three months commencing on such Reset Date and in a representative amount. The Corporation shall promptly (or shall cause its Dividend Rate Calculation Agent promptly to) notify any holder of the Series A CRA Preferred Stock of the Dividend Rate for any Dividend Period upon request. The Three-Month LIBOR Rate shall be rounded to the nearest one-hundredth of a percent.

*"Trading Day"* shall mean, when used with respect to any Equity Stock, (i) if the Equity Stock is listed or admitted to trading on the NYSE, a day on which the NYSE is open for the transaction of business, (ii) if the Equity Stock is not listed or admitted to trading on the NYSE but is listed or admitted to trading on another national securities exchange or automated quotation system, a day on which the principal national securities exchange or automated quotation system, as the case may be, on which the Equity Stock is listed or admitted to trading is open for the transaction of business, or (iii) if the Equity Stock is not listed or admitted to trading on any national securities exchange or automated quotation system, any day other than a Saturday, a Sunday or a day on which banking institutions in the State of New York are authorized or obligated by law or executive order to close.

*"Transfer"* shall mean any sale, transfer, gift, assignment, devise or other disposition of a share of Series A CRA Preferred Stock (including (i) the granting of an option or any series of such options or entering into any agreement for the sale, transfer or other disposition of Series A CRA Preferred Stock or (ii) the sale, transfer, assignment or other disposition of any securities or rights convertible into or exchangeable for Series A CRA Preferred Stock), whether voluntary or involuntary, whether of record ownership or Beneficial Ownership, and whether by operation of law or otherwise (including, but not limited to, any transfer of an interest in other entities that results in a change in the Beneficial Ownership of shares of Series A CRA Preferred Stock). The term *"Transfers"* and *"Transferred"* shall have correlative meanings.

*"Transfer Agent"* means such transfer agent as may be designated by the Board of Directors or their designee as the transfer agent for the Series A CRA Preferred Stock; provided, that if the Corporation has not designated a transfer agent then the Corporation shall act as the transfer agent for the Series A CRA Preferred Stock.

*"Trust"* shall mean the trust created pursuant to Section 11.2(A) of this Article.

*"Trustee"* shall mean the Person unaffiliated with either the Corporation or the Prohibited Transferee that is appointed by the Corporation to serve as trustee of the Trust.

*"Unallocated Stockholder"* shall have the meaning set forth in paragraph (b) of Section 11 of this Article.

*"Voting Preferred Stock"* shall have the meaning set forth in Section 9 of this Article.

**3. *Dividends.***

(a) The holders of shares of Series A CRA Preferred Stock shall be entitled to receive, when and as declared by the Board of Directors, out of funds legally available for that purpose, quarterly cash dividends on the Series A CRA Preferred Stock. Such dividends shall be cumulative from the Issue Date, whether or not in any Dividend Period or Periods such dividends shall be declared or there shall be funds of the Corporation legally available for the payment of such dividends, and shall be payable quarterly in arrears on each Dividend Payment Date, commencing on September 30, 2006. Each such dividend shall be payable in arrears to the holders of record of the Series A CRA Preferred Stock, as they appear on the stock records of the Corporation at the close of business on March 15, June 15, September 15 or December 15 (each a "Record Date"), as the case may be, immediately preceding such Dividend Payment Date. Accumulated, accrued and unpaid dividends for any past Dividend Periods may be declared and paid at any time, without reference to any regular Dividend Payment Date, to holders of record on such date, which date shall not precede by more than 45 days the payment date thereof, as may be fixed by the Board of Directors.

(b) The amount of dividends payable per share of Series A CRA Preferred Stock on each Dividend Payment Date shall be equal to the sum of the daily amounts for each day actually elapsed during such Dividend Period (with such sum rounded to the nearest $.01), which daily amounts shall be computed by dividing (1) the product of (A) the Dividend Rate in effect for such Dividend Period, and (B) the Liquidation Preference per share of Series A CRA Preferred Stock by (2) 360. Any dividend payment made on shares of the Series A CRA Preferred Stock shall first be credited against the earliest accumulated but unpaid dividend due with respect to such shares. The Corporation shall determine the dividend payable on each Dividend Payment Date in accordance with this Article, utilizing the Three-Month LIBOR Rate determined by the Corporation (or supplied by the Dividend Rate Calculation Agent) in accordance with the definition of "Three-Month LIBOR Rate" in this Article. Holders of shares of Series A CRA Preferred Stock shall not be entitled to any dividends, whether payable in cash, property or stock, in excess of cumulative dividends, as herein provided, on the Series A CRA Preferred Stock. No interest, or sum of money in lieu of interest, shall be payable in respect of any dividend payment or payments on the Series A CRA Preferred Stock that may be in arrears.

(c) So long as any of the shares of Series A CRA Preferred Stock are outstanding, except as described in the immediately following sentence, no dividends shall be declared or paid or set apart for payment by the Corporation and no other distribution of cash or other property shall be declared or made, directly or indirectly, by the Corporation with respect to any class or series of Parity Stock for

any period unless dividends equal to the full amount of accumulated, accrued and unpaid dividends have been or contemporaneously are declared and paid, or declared and a sum sufficient for the payment thereof has been or contemporaneously is set apart for such payment, on the Series A CRA Preferred Stock for all Dividend Periods terminating on or prior to the date such dividend or distribution is declared, paid, set apart for payment or made, as the case may be, with respect to such class or series of Parity Stock. When dividends are not paid in full or a sum sufficient for such payment is not set apart, as aforesaid, all dividends declared upon the Series A CRA Preferred Stock and all dividends declared upon any other class or series of Parity Stock shall be declared ratably in proportion to the respective amounts of dividends accumulated, accrued and unpaid on the Series A CRA Preferred Stock and accumulated, accrued and unpaid on such Parity Stock.

(d) So long as any of the shares of Series A CRA Preferred Stock are outstanding, no dividends (other than dividends or distributions paid in shares of or options, warrants or rights to subscribe for or purchase shares of, Junior Stock) shall be declared or paid or set apart for payment by the Corporation and no other distribution of cash or other property shall be declared or made, directly or indirectly, by the Corporation with respect to any shares of Junior Stock, nor shall any shares of Junior Stock be redeemed, purchased or otherwise acquired (other than a redemption, purchase or other acquisition of Class A Common Stock made for purposes of an employee incentive or benefit plan of the Corporation or any subsidiary) for any consideration (or any moneys be paid to or made available for a sinking fund for the redemption of any shares of any such stock) directly or indirectly by the Corporation (except by conversion into or exchange for shares of, or options, warrants, or rights to subscribe for or purchase shares of, Junior Stock), nor shall any other cash or other property otherwise be paid or distributed to or for the benefit of any holder of shares of Junior Stock in respect thereof, directly or indirectly, by the Corporation unless, in each case, dividends equal to the full amount of all accumulated, accrued and unpaid dividends on all outstanding shares of Series A CRA Preferred Stock have been declared and paid, or such dividends have been declared and a sum sufficient for the payment thereof has been set apart for such payment, on all outstanding shares of Series A CRA Preferred Stock for all Dividend Periods ending on or prior to the date such dividend or distribution is declared, paid, set apart for payment or made with respect to such shares of Junior Stock, or the date such shares of Junior Stock are redeemed, purchased or otherwise acquired or monies paid to or made available for any sinking fund for such redemption, or the date any such cash or other property is paid or distributed to or for the benefit of any holders of Junior Stock in respect thereof, as the case may be.

Notwithstanding the provisions of this Section 3, the Corporation shall not be prohibited from (i) declaring or paying or setting apart for payment any dividend or distribution on any shares of Parity Stock or (ii) redeeming, purchasing or otherwise acquiring any Parity Stock, in each case, if such declaration, payment, redemption, purchase or other acquisition is necessary in order to maintain the continued qualification of the Corporation as a REIT under Section 856 of the Code.

**4.** ***Liquidation Preference.***

(a) In the event of any liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary, before any payment or distribution by the Corporation (whether of capital, surplus or otherwise) shall be made to or set apart for the holders of Junior Stock, the holders of shares of Series A CRA Preferred Stock shall be entitled to receive Five Hundred Thousand Dollars ($500,000) per share of Series A CRA Preferred Stock (the “Liquidation Preference”), plus an amount equal to all dividends (whether or not earned or declared) accumulated, accrued and unpaid thereon to the date of final distribution to such holders; but such holders shall not be entitled to any further payment. Until the holders of the Series A CRA Preferred Stock have been paid the Liquidation Preference in full, plus an amount equal to all dividends (whether or not earned or declared) accumulated, accrued and

unpaid thereon to the date of final distribution to such holders, no payment will be made to any holder of Junior Stock upon the liquidation, dissolution or winding up of the Corporation. If, upon any liquidation, dissolution or winding up of the Corporation, the assets of the Corporation, or proceeds thereof, distributable among the holders of shares of Series A CRA Preferred Stock shall be insufficient to pay in full the preferential amount aforesaid and liquidating payments on any other shares of any class or series of Parity Stock, then such assets, or the proceeds thereof, shall be distributed among the holders of shares of Series A CRA Preferred Stock and any such other Parity Stock ratably in the same proportion as the respective amounts that would be payable on such Series A CRA Preferred Stock and any such other Parity Stock if all amounts payable thereon were paid in full. For the purposes of this Section 4, (i) a consolidation or merger of the Corporation with one or more corporations, (ii) a sale or transfer of all or substantially all of the Corporation's assets, or (iii) a statutory share exchange shall not be deemed to be a liquidation, dissolution or winding up, voluntary or involuntary, of the Corporation.

(b) Upon any liquidation, dissolution or winding up of the Corporation, after payment shall have been made in full to the holders of shares of Series A CRA Preferred Stock and any Parity Stock, as provided in Section 4(a), any other series or class or classes of Junior Stock shall, subject to the respective terms thereof, be entitled to receive any and all assets remaining to be paid or distributed, and the holders of the Series A CRA Preferred Stock and any Parity Stock shall not be entitled to share therein.

**5.** ***Redemption at the Option of the Corporation.***

(a) Shares of Series A CRA Preferred Stock shall not be redeemable by the Corporation prior to June 30, 2011, except as set forth in Section 12.2 of this Article. On and after June 30, 2011 the Corporation, at its option, may redeem shares of Series A CRA Preferred Stock, in whole or from time to time in part, at a redemption price payable in cash equal to the Redemption Price applicable thereto. In the event of a redemption of shares of Series A CRA Preferred Stock, if the Redemption Date occurs after a Record Date and on or prior to the related Dividend Payment Date, the dividend payable on such Dividend Payment Date in respect of such shares called for redemption shall be payable on such Dividend Payment Date the holders of record at the close of business on such Record Date, notwithstanding the redemption of such shares, and shall not be payable as part of the Redemption Price for such shares.

(b) The Redemption Date shall be selected by the Corporation, shall be specified in the notice of redemption and shall be not less than 30 days nor more than 60 days after the date notice of redemption is sent by the Corporation.

(c) If full cumulative dividends on all outstanding shares of Series A CRA Preferred Stock have not been declared and paid, or declared and set apart for payment, for all past Dividend Periods, then 2. no shares of Series A CRA Preferred Stock may be redeemed unless all outstanding shares of Series A CRA Preferred Stock are simultaneously redeemed, and 3. neither the Corporation nor any affiliate of the Corporation may purchase or acquire shares of Series A CRA Preferred Stock, other than pursuant to a purchase or exchange offer made on the same terms to all holders of shares of Series A CRA Preferred Stock.

(d) If the Corporation shall redeem shares of Series A CRA Preferred Stock pursuant to paragraph (a) of this Section 5, notice of such redemption shall be given to each holder of record of the shares to be redeemed. Such notice shall be provided by first class mail, postage prepaid, at such holder's address as the same appears on the stock records of the Corporation. Neither the failure to mail any notice required by this paragraph (d), nor any defect therein or in the mailing thereof to any particular holder, shall affect the sufficiency of the notice or the validity of the proceedings for redemption with respect to the other holders. Any notice mailed in the manner herein provided shall be conclusively presumed to

have been duly given on the date mailed whether or not the holder receives the notice. Each such notice shall state, as appropriate: (i) the Redemption Date; (ii) the number of shares of Series A CRA Preferred Stock to be redeemed and, if fewer than all such shares held by such holder are to be redeemed, the number of such shares to be redeemed from such holder; (iii) the place or places at which certificates for such shares are to be surrendered; and (iv) the Redemption Price payable on such Redemption Date, including, without limitation, a statement as to whether or not accumulated, accrued and unpaid dividends will be payable as part of the Redemption Price, or payable on the next Dividend Payment Date to the record holder at the close of business on the relevant record date as described in the next sentence. Notice having been mailed as aforesaid, from and after the Redemption Date (unless the Corporation shall fail to make available the amount of cash necessary to effect such redemption), (i) dividends on the shares of Series A CRA Preferred Stock so called for redemption shall cease to accumulate or accrue on the shares of Series A CRA Preferred Stock called for redemption, (ii) said shares shall no longer be deemed to be outstanding, and (iii) all rights of the holders thereof as holders of shares of Series A CRA Preferred Stock of the Corporation shall cease (except the right to receive the cash payable upon such redemption, without interest thereon, upon surrender and endorsement of their certificates if so required); provided, however, that if the Redemption Date for any shares of Series A CRA Preferred Stock occurs after any dividend record date and on or prior to the related Dividend Payment Date, the full dividend payable on such Dividend Payment Date in respect of such shares of Series A CRA Preferred Stock called for redemption shall be payable on such Dividend Payment Date to the holders of record of such shares at the close of business on the corresponding dividend record date notwithstanding the prior redemption of such shares. The Corporation's obligation to make available the cash necessary to effect the redemption in accordance with the preceding sentence shall be deemed fulfilled if, on or before the applicable Redemption Date, the Corporation shall irrevocably deposit in trust with a bank or trust company (which may not be an affiliate of the Corporation) that has, or is an affiliate of a bank or trust company that has, a capital and surplus of at least $50,000,000, such amount of cash as is necessary for such redemption plus, if such Redemption Date occurs after any dividend record date and on or prior to the related Dividend Payment Date, such amount of cash as is necessary to pay the dividend payable on such Dividend Payment Date in respect of such shares of Series A CRA Preferred Stock called for redemption, with irrevocable instructions that such cash be applied to the redemption of the shares of Series A CRA Preferred Stock so called for redemption and, if applicable, the payment of such dividend. No interest shall accrue for the benefit of the holders of shares of Series A CRA Preferred Stock to be redeemed on any cash so set aside by the Corporation. Subject to applicable escheat laws, any such cash unclaimed at the end of two years from the Redemption Date shall revert to the general funds of the Corporation, after which reversion the holders of shares of Series A CRA Preferred Stock so called for redemption shall look only to the general funds of the Corporation for the payment of such cash.

As promptly as practicable after the surrender in accordance with such notice of the certificates for any such shares of Series A CRA Preferred Stock to be so redeemed (properly endorsed or assigned for transfer, if the Corporation shall so require and the notice shall so state), such certificates shall be exchanged for cash (without interest thereon). If fewer than all the outstanding shares of Series A CRA Preferred Stock are to be redeemed, shares to be redeemed shall be selected by the Corporation from outstanding shares of Series A CRA Preferred Stock not previously called for redemption by lot or, with respect to the number of shares of Series A CRA Preferred Stock held of record by each holder of such shares, pro rata (as nearly as may be) or by any other method as may be determined by the Board of Directors in its discretion to be equitable. If fewer than all the shares of Series A CRA Preferred Stock represented by any certificate are redeemed, then a new certificate representing the unredeemed shares shall be issued without cost to the holders thereof.

**6.** ***Status of Reacquired Stock.***

All shares of Series A CRA Preferred Stock that have been issued and reacquired in any manner by the Corporation shall be returned to the status of authorized but unissued shares of Series A CRA Preferred Stock.

**7.** ***Remarketing.***

(a) **Remarketing on Remarketing Date**. Unless previously redeemed in full, on March 31, 2015, and on each Remarketing Date thereafter, the Remarketing Agent will attempt to remarket the Series A CRA Preferred Stock with the lowest Dividend Rate that, in the judgment of the Remarketing Agent, will permit all outstanding shares of Series A CRA Preferred Stock to be sold at a price per share equal to the Liquidation Preference. For each Remarketing, the Corporation shall notify the Remarketing Agent at least 15 Business Days prior to the Remarketing Date as to (i) whether the new Dividend Rate should be fixed or variable and, if variable, the index to be used to calculate the variable Dividend Rate, and (ii) the period of time until the next Remarketing Date (unless there is a Failed Remarketing). If the Corporation fails to so notify the Remarketing Agent, it will be deemed to have selected (i) a variable rate for which the relevant index is the Three-Month LIBOR Rate, and (ii) a period of time until the next Remarketing Date of five years. No later than 10 Business Days prior to a Remarketing Date, the Remarketing Agent will notify holders of the Series A CRA Preferred Stock of the Dividend Rate that will become effective on such Remarketing Date and the period of time until the next Remarketing Date.

(b) **Tender on Remarketing Date**. All shares of Series A CRA Preferred Stock must be tendered for remarketing on each Remarketing Date unless a holder thereof affirmatively elects to continue to hold all or a portion of its shares (such portion shall be in the liquidation amount of $500,000 per share or any integral multiple thereof) by delivering the following notice of non-tender to the Corporation and the Remarketing Agent no later than five Business Days prior to such Remarketing Date:

NOTICE OF ELECTION TO RETAIN
SERIES A COMMUNITY REINVESTMENT ACT
PERPETUAL PREFERRED STOCK OF
APARTMENT INVESTMENT AND MANAGEMENT COMPANY

The undersigned owner of the shares of Series A Community Reinvestment Act Perpetual Preferred Stock ("Series A CRA Preferred Stock") of Apartment Investment and Management Company described below does hereby irrevocably elect to retain such shares of Series A CRA Preferred Stock in connection with the remarketing of the Series A CRA Preferred Stock to occur on _____ (the "Remarketing Date"). The undersigned understands that from and after the Remarketing Date, the dividend rate with respect to the shares will be determined as provided in the Articles Supplementary relating to the Series A CRA Preferred Stock.

Non-Tendered Shares
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Liquidation Amount CUSIP Number(s)
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A holder who affirmatively elects to hold all or a portion of its shares by timely delivering such notice of non-tender will not have its shares (or such portion) sold in the relevant Remarketing and will continue to hold all or such portion of its shares (as indicated in such notice), which will be subject to the new Dividend Rate determined in such Remarketing. Any notice of non-tender delivered to the Corporation and the Remarketing Agent will be irrevocable and may not be conditioned upon the new Dividend Rate established in the Remarketing. A holder that fails to timely deliver such required notice of non-tender to the Corporation and the Remarketing Agent at least five business days prior to the Remarketing Date shall be deemed to have elected to sell all of its shares in the Remarketing, and all such shares shall be deemed tendered for purchase in the Remarketing, notwithstanding any failure by such holder to properly deliver such shares to the Remarketing Agent for purchase.

Unless a holder affirmatively elects to continue to hold its shares by timely delivering the required notice of non-tender pursuant to this Section 7, all shares of CRA Preferred Stock shall be deemed tendered for purchase in the Remarketing, notwithstanding any failure by any holder to deliver its shares to the Remarketing Agent for purchase.

(c) **Failed Remarketing**. If, on any Remarketing Date, the Remarketing Agent is unable to sell all of the tendered shares of Series A CRA Preferred Stock to investors (a "Failed Remarketing"), the Dividend Rate shall be adjusted to equal the Default Rate for a period of one year, after which another Remarketing will be attempted; *provided, however*, that no adjustment shall be made to the Dividend Rate if it would result in a reduction in the Dividend Rate from that in effect immediately prior to the Failed Remarketing. In such case, no shares shall be sold in such Remarketing and each holder shall continue to hold its shares of CRA Preferred Stock, on which dividends will be paid at the Default Rate until the next Remarketing Date. Neither the Corporation nor the Remarketing Agent shall have any obligation to purchase any shares of Series A CRA Preferred Stock in the event of a Failed Remarketing.

(d) **Accumulated and Unpaid Dividends.** If, on a Remarketing Date, there are any accumulated and unpaid dividends relating to past Dividend Periods, then on such Remarketing Date, the Corporation will pay to holders of the outstanding shares of Series A CRA Preferred Stock the amount of such accumulated and unpaid dividends for past Dividend Periods.

(e) **Selection of Remarketing Agent**. The Corporation shall appoint a qualified firm to serve as the Remarketing Agent in sufficient time to complete its obligations as described herein.

**8.** ***Ranking.***

Any class or series of capital stock of the Corporation shall be deemed to rank:

(a) prior or senior to the Series A CRA Preferred Stock, as to the payment of dividends and as to distribution of assets upon liquidation, dissolution or winding up, if the holders of such class or series shall be entitled to the receipt of dividends and of amounts distributable upon liquidation, dissolution or winding up, as the case may be, in preference or priority to the holders of Series A CRA Preferred Stock ("Senior Stock");

(b) on a parity with the Series A CRA Preferred Stock, as to the payment of dividends and as to distribution of assets upon liquidation, dissolution or winding up, whether or not the dividend rates, dividend payment dates or redemption or liquidation prices per share thereof be different from those of the Series A CRA Preferred Stock, if (i) such capital stock is Class B Cumulative Convertible Preferred Stock, Class C Cumulative Preferred Stock, Class D Cumulative Preferred Stock, Class G Cumulative

Preferred Stock, Class H Cumulative Preferred Stock, Class I Cumulative Preferred Stock, Class J Cumulative Convertible Preferred Stock, Class K Convertible Cumulative Preferred Stock, Class L Convertible Cumulative Preferred Stock, Class M Convertible Cumulative Preferred Stock, Class N Convertible Cumulative Preferred Stock, Class O Cumulative Convertible Preferred Stock, Class P Convertible Cumulative Preferred Stock, Class Q Cumulative Preferred Stock, Class R Cumulative Preferred Stock, Class S Cumulative Redeemable Preferred Stock, Class T Cumulative Preferred Stock, Class U Cumulative Preferred Stock, Class V Cumulative Preferred Stock, Class W Cumulative Convertible Preferred Stock, Class X Cumulative Preferred Stock or Class Y Cumulative Preferred Stock of the Corporation, or (ii) the holders of such class of stock or series and the Series A CRA Preferred Stock shall be entitled to the receipt of dividends and of amounts distributable upon liquidation, dissolution or winding up in proportion to their respective amounts of accrued and unpaid dividends per share or liquidation preferences, without preference or priority of one over the other (the capital stock referred to in clauses (i) and (ii) of this paragraph being hereinafter referred to, collectively, as "Parity Stock"); and

(c) junior to the Series A CRA Preferred Stock, as to the payment of dividends and as to the distribution of assets upon liquidation, dissolution or winding up, if (i) such capital stock or series shall be Class A Common Stock or (ii) the holders of Series A CRA Preferred Stock shall be entitled to receipt of dividends or of amounts distributable upon liquidation, dissolution or winding up, as the case may be, in preference or priority to the holders of shares of such class or series (the capital stock referred to in clauses (i) and (ii) of this paragraph being hereinafter referred to, collectively, as "Junior Stock").

**9.** ***Voting.***

(a) If and whenever six quarterly dividends (whether or not consecutive) payable on the Series A CRA Preferred Stock or any series or class of Parity Stock shall be in arrears (which shall, with respect to any such quarterly dividend, mean that any such dividend has not been paid in full), whether or not earned or declared, the number of directors then constituting the Board of Directors shall be increased by two if not already increased by reason of similar types of provisions with respect to shares of any other class or series of Parity Stock which is entitled to similar voting rights (the "Voting Preferred Stock") and the holders of shares of Series A CRA Preferred Stock, together with the holders of shares of all other Voting Preferred Stock then entitled to exercise similar voting rights, voting as a single class regardless of series, shall be entitled to elect the two additional directors to serve on the Board of Directors at any annual meeting of stockholders or special meeting held in place thereof, or at a special meeting of the holders of the Series A CRA Preferred Stock and the Voting Preferred Stock called as hereinafter provided. Whenever all arrears in dividends on the Series A CRA Preferred Stock and the Voting Preferred Stock then outstanding shall have been paid and dividends thereon for the current quarterly dividend period shall have been declared and paid, or declared and set apart for payment, then the right of the holders of the Series A CRA Preferred Stock and the Voting Preferred Stock to elect such additional two directors shall cease (but subject always to the same provision for the vesting of such voting rights in the case of any similar future arrearages), and the terms of office of all persons elected as directors by the holders of the Series A CRA Preferred Stock and the Voting Preferred Stock shall forthwith terminate and the number of directors constituting the Board of Directors shall be reduced accordingly. At any time after such voting power shall have been so vested in the holders of shares of Series A CRA Preferred Stock and the Voting Preferred Stock, if applicable, the Secretary of the Corporation may, and upon the written request of any holder of Series A CRA Preferred Stock (addressed to the Secretary at the principal office of the Corporation) shall, call a special meeting of the holders of the Series A CRA Preferred Stock and of the Voting Preferred Stock for the election of the two directors to be elected by them as herein provided, such call to be made by notice similar to that provided in the Bylaws

of the Corporation for a special meeting of the stockholders or as required by law. If any such special meeting required to be called as above provided shall not be called by the Secretary within 20 days after receipt of any such request, then any holder of Series A CRA Preferred Stock may call such meeting, upon the notice above provided, and for that purpose shall have access to the stock books of the Corporation. The directors elected at any such special meeting shall hold office until the next annual meeting of the stockholders or special meeting held in lieu thereof if such office shall not have previously terminated as above provided. If any vacancy shall occur among the directors elected by the holders of the Series A CRA Preferred Stock and the Voting Preferred Stock, a successor shall be elected by the Board of Directors, upon the nomination of the then-remaining director elected by the holders of the Series A CRA Preferred Stock and the Voting Preferred Stock or the successor of such remaining director, to serve until the next annual meeting of the stockholders or special meeting held in place thereof if such office shall not have previously terminated as provided above.

(b) So long as any shares of Series A CRA Preferred Stock are outstanding, in addition to any other vote or consent of stockholders required by law or by the Charter of the Corporation, the affirmative vote of at least 66-2/3% of the votes entitled to be cast by the holders of the Series A CRA Preferred Stock voting as a single class with the holders of all other classes or series of Parity Stock entitled to vote on such matters, given in person or by proxy, either in writing without a meeting or by vote at any meeting called for the purpose, shall be necessary for effecting or validating:

(i) any amendment, alteration or repeal of any of the provisions of, or the addition of any provision to, these Articles Supplementary, the Charter or the By-Laws of the Corporation that materially adversely affects the voting powers, rights or preferences of the holders of the Series A CRA Preferred Stock; *provided, however*, that the amendment of the provisions of the Charter so as to increase the authorized amount of Series A CRA Preferred Stock, or to authorize or create, or to increase the authorized amount of, or issue any Junior Stock or any shares of any class of Parity Stock, shall not be deemed to materially adversely affect the voting powers, rights or preferences of the holders of shares of Series A CRA Preferred Stock; or

(ii) the authorization, creation of, increase in the authorized amount of, or issuance of any shares of any class or series of Senior Stock or any security convertible into shares of any class or series of Senior Stock (whether or not such class or series of Senior Stock is currently authorized);

*provided, however*, that no such vote of the holders of shares of Series A CRA Preferred Stock shall be required if, at or prior to the time when such amendment, alteration or repeal is to take effect, or when the issuance of any such Senior Stock or convertible or exchangeable security is to be made, as the case may be, provision is made for the redemption of all shares of Series A CRA Preferred Stock at the time outstanding to the extent such redemption is authorized by Section 5 of this Article.

For purposes of the foregoing provisions and all other voting rights under these Articles Supplementary, each share of Series A CRA Preferred Stock shall have one (1) vote per share, except that when any other class or series of preferred stock of the Corporation shall have the right to vote with the Series A CRA Preferred Stock as a single class on any matter, then the Series A CRA Preferred Stock and such other class or series shall have with respect to such matters one vote per $100 of stated liquidation preference. Except as otherwise required by applicable law or as set forth herein or in the Charter, the Series A CRA Preferred Stock shall not have any relative, participating, optional or other special voting rights and powers other than as set forth herein, and the consent of the holders thereof shall not be required for the taking of any corporate action.

**10.** ***Record Holders.***

The Corporation and any Remarketing Agent or Transfer Agent may deem and treat the record holder of any share of Series A CRA Preferred Stock as the true and lawful owner thereof for all purposes, and neither the Corporation, nor any Remarketing Agent or Transfer Agent, shall be affected by any notice to the contrary.

**11.** ***Rights With Respect To CRA Credit Allocations.***

(a) **General**. Holders of shares of Series A CRA Preferred Stock and other CRA Parity Securities shall be entitled to an allocation of CRA Credits. "CRA Credits" are an allocation, solely for CRA reporting purposes, of the value of assets owned directly or indirectly by the Operating Partnership ("Investments") which may be considered a "qualified investment" under the CRA, for a holder of shares of Series A CRA Preferred Stock or other CRA Parity Securities. Subject to the terms of this Section 11, each holder of a share of Series A CRA Preferred Stock shall be entitled to an allocation of CRA Credits with respect to Investments in the Eligible CRA Portfolio that have a CRA Credit Value equal to the Liquidation Preference for such share of Series A CRA Preferred Stock. CRA Credit allocations shall be undertaken upon each issuance of shares of Series A CRA Preferred Stock and changes in such allocations, if any, shall be undertaken at the end of each quarter.

(b) **Initial Allocations**. Each holder of shares of Series A CRA Preferred Stock shall provide to the Corporation a certification of its Self-Delineated Assessment Area. "Self-Delineated Assessment Area" is, with respect to each holder of shares of Series A CRA Preferred Stock, such holder's geographic self-delineated assessment area or broader statewide or regional area that includes such holder's self-delineated assessment area for purposes of the CRA. The Corporation shall notify each holder of shares of Series A CRA Preferred Stock of the Investments in the Eligible CRA Portfolio with respect to which such holder will be allocated CRA Credits, which Investments shall be located in such holder's Self-Delineated Assessment Area. A holder of Shares of Series A CRA Preferred Stock which is allocated CRA Credits with respect to Investments that have a CRA Credit Value equal to the aggregate Liquidation Preference of such holder's shares of Series A CRA Preferred Stock is referred to herein as a "Fully Allocated Stockholder." A holder of shares of Series A CRA Stock Preferred that is not a Fully Allocated Stockholder is referred to herein as an "Unallocated Stockholder."

(c) **Replacement Allocations**. The determination of which Investments will be the basis for allocating CRA Credits to a holder of shares of Series A CRA Preferred Stock shall not be revised except as follows:

(i) **Sale of Allocated Assets**. If an Investment with respect to which CRA Credits have been allocated to a holder of Series A CRA Preferred Stock is subsequently transferred (whether by sale or other disposition, including a foreclosure) prior to June 30, 2008 (a "Terminated Allocation"), then the Corporation shall (x) allocate to such holder available CRA Credits with respect to another Investment in the Eligible CRA Portfolio that is within the same Self-Delineated Assessment Area as the Investment that was transferred or another Self-Delineated Assessment Area certified in writing by such holder, or (y) if the Corporation does not have sufficient available Investments in the Eligible CRA Portfolio that is in such holder's Self–Delineated Assessment Area, the Corporation shall use its commercially reasonable efforts (which may include acquiring a new Investment) to add to the Eligible CRA Portfolio a qualifying Investment in such holders' Self-Delineated Assessment Area and allocate to such holder available CRA Credits with respect to such Investment. If a Terminated Allocation occurs after June 30, 2008, the Corporation shall have no obligation to add any Investment to the Eligible CRA Portfolio, but such holder may elect to receive an allocation of available CRA Credits with respect to an

existing Investment in the Eligible CRA Portfolio, subject to the allocation priorities set forth in Section 11(d).

(ii) **Reclassification Upon Transfer**. If a Fully Allocated Stockholder transfers its shares of Series A CRA Preferred Stock, the transferee shall receive the same allocation of CRA Credits as the Fully Allocated Stockholder had prior to transfer. If an Unallocated Stockholder transfers its shares of Series A CRA Preferred Stock, the transferee shall receive (i) the same allocation of CRA Credits as the Unallocated Stockholder had prior to transfer, and (ii) the same priority that the Unallocated Stockholder had prior to transfer with respect to allocations of CRA Credits which the Unallocated Stockholder has properly requested from the Corporation but had not received prior to transfer. Subject to the allocation priorities set forth in Section 11(d), a transferee shall have a one-time option to obtain a new allocation of available CRA Credits with respect to Investments in the Eligible CRA Portfolio.

(iii) **Permissive Reallocations; Sources of Available CRA Credits**. The Corporation, in its sole discretion, may allow a holder of shares of Series A CRA Preferred Stock to request that CRA Credits be allocated with respect to a different Investment in the Eligible CRA Portfolio, subject to the allocation priorities set forth in Section 11(d).

(iv) **Mechanics for Allocation**. The Corporation shall adopt such procedures as it deems necessary to implement the allocation of CRA Credits set forth in this Section 11.

(d) **Allocation Priorities**. CRA Credits with respect to all (or a portion) of a particular Investment in the Eligible CRA Portfolio shall be available for allocation to a holder of shares of Series A CRA Preferred Stock only if and to the extent that a holder of shares of Series A CRA Preferred Stock or any CRA Parity Securities is not already entitled to receive allocations of CRA Credit with respect to such Investment (or a portion thereof). Available CRA Credits shall be allocated in accordance with the following priorities:

(i) first, to Unallocated Stockholders;

(ii) second, to holders of shares of Series A CRA Preferred Stock and holders of other CRA Parity Securities with Terminated Allocations prior to June 30, 2008;

(iii) third, to holders of shares of Series A CRA Preferred Stock and holders of other CRA Parity Securities with Terminated Allocations on and after June 30, 2008;

(iv) fourth, to a transferee of shares of Series A CRA Preferred Stock or other CRA Parity Securities; and

(v) fifth, at the sole discretion of the Corporation, the balance to holders of shares of Series A CRA Preferred Stock and holders of other CRA Parity Securities who request a change in the Investment with respect to which they are allocated CRA Credits.

Within each category set forth above, the Corporation shall determine the order in which holders of shares of Series A CRA Preferred Stock and holders of other CRA Parity Securities are entitled to receive allocations of CRA Credits as follows:

(i) for clause (i) above, priority shall be based on the order in which holders of shares of Series A CRA Preferred Stock or holders of other CRA Parity Securities became Unallocated Stockholders;

(ii) for clauses (ii) and (iii) above, priority shall be based on the order in which a holder of shares of Series A CRA Preferred Stock or a holder of other CRA Parity Securities suffered a Terminated Allocation;

(iii) for clause (iv) above, priority shall be based on the order in which a holder of shares of Series A CRA Preferred Stock or other CRA Parity Securities were transferred; and

(iv) for clause (v) above, priority shall be based on the order in which the request for reallocation is actually received by the Corporation.

(e) **Allocations with Respect to Subsequent CRA Parity Securities**. Stockholders who acquire CRA Parity Securities issued by the Corporation after the Issue Date shall have the same rights to initial allocation and a change in allocation of available CRA Credits as the holders of shares of Series A CRA Preferred Stock and holders of other CRA Parity Securities who previously purchased such securities, subject to the allocation priorities set forth in Section 11(d).

**11.1 Restrictions on Ownership and Transfers.**

**(A) Generally**. A holder of shares of Series A CRA Preferred Stock may not Transfer less than (i) two (2) shares of Series A CRA Preferred Stock, or (ii) in the event that the Corporation permitted a holder of Series A CRA Preferred Stock to purchase less than two (2) shares of Series A CRA Preferred Stock, the number of shares so purchased. In all events, however, if a transferor has not Transferred all of its shares of Series A CRA Preferred Stock, such transferor must retain no less than two (2) shares of Series A CRA Preferred Stock or the number of shares of Series A CRA Preferred Stock initially purchased.

**(B) Limitation on Beneficial Ownership**. Except as provided in Section 11.7, from and after the Issue Date, no Person (other than the Initial Holder or a Look-Through Entity) shall Beneficially Own shares of Series A CRA Preferred Stock in excess of the Ownership Limit, the Initial Holder shall not Beneficially Own shares of Series A CRA Preferred Stock in excess of the Initial Holder Limit and no Look-Through Entity shall Beneficially Own shares of Series A CRA Preferred Stock in excess of the Look-Through Ownership Limit.

**(C) Transfers in Excess of Ownership Limit**. Except as provided in Section 11.7, from and after the Issue Date (and subject to Section 11.11), any Transfer (whether or not such Transfer is the result of transactions entered into through the facilities of the NYSE or other securities exchange or an automated inter-dealer quotation system) that, if effective, would result in any Person (other than the Initial Holder or a Look-Through Entity) Beneficially Owning shares of Series A CRA Preferred Stock in excess of the Ownership Limit shall be void ab initio as to the Transfer of such shares of Series A CRA Preferred Stock that would be otherwise Beneficially Owned by such Person in excess of the Ownership Limit, and the intended transferee shall acquire no rights in such shares of Series A CRA Preferred Stock.

**(D) Transfers in Excess of Initial Holder Limit**. Except as provided in Section 11.7, from and after the Issue Date (and subject to Section 11.11), any Transfer (whether or not such Transfer is the result of transactions entered into through the facilities of the NYSE or other securities exchange or an automated inter-dealer quotation system) that, if effective, would result in the Initial Holder Beneficially Owning shares of Series A CRA Preferred Stock in excess of the Initial Holder Limit shall be void ab initio as to the Transfer of such shares of Series A CRA Preferred Stock that would be otherwise Beneficially Owned by the Initial Holder in excess of the Initial Holder limit, and the Initial Holder shall acquire no rights in such shares of Series A CRA Preferred Stock.

**(E) Transfers in Excess of Look-Through Ownership Limit**. Except as provided in Section 11.7 from and after the Issue Date (and subject to Section 11.11), any Transfer (whether or not such Transfer is the result of transactions entered into through the facilities of the NYSE or other securities exchange or an automated inter-dealer quotation system) that, if effective, would result in any Look-Through Entity Beneficially Owning shares of Series A Series A CRA Preferred Stock in excess of the Look-Through Ownership limit shall be void ab initio as to the Transfer of such shares of Series A CRA Preferred Stock that would be otherwise Beneficially Owned by such Look-Through Entity in excess of the Look-Through Ownership Limit and such Look-Through Entity shall acquire no rights in such shares of Series A CRA Preferred Stock.

**(F) Transfers Resulting in "Closely Held" Status**. From and after the Issue Date, any Transfer that, if effective would result in the Corporation being "closely held" within the meaning of Section 856(h) of the Code, or would otherwise result in the Corporation failing to qualify as a REIT (including, without limitation, a Transfer or other event that would result in the Corporation owning (directly or constructively) an interest in a tenant that is described in Section 856(d)(2)(B) of the Code if the income derived by the Corporation from such tenant would cause the Corporation to fail to satisfy any of the gross income requirements of Section 856(c) of the Code) shall be void ab initio as to the Transfer of shares of Series A CRA Preferred Stock that would cause the Corporation (i) to be "closely held" within the meaning of Section 856(h) of the Code or (ii) otherwise fail to qualify as a REIT, as the case may be, and the intended transferee shall acquire no rights in such shares of Series A CRA Preferred Stock.

**(G) Severability on Void Transactions**. A Transfer of a share of Series A CRA Preferred Stock that is null and void under Sections 11.1(B), (C), (D), (E) or (F) of this Article because it would, if effective, result in (i) the ownership of Series A CRA Preferred Stock in excess of the Initial Holder Limit, the Ownership Limit, or the Look-Through Ownership Limit, (ii) the Corporation being "closely held" within the meaning of Section 856(h) of the Code or (iii) the Corporation otherwise failing to qualify as a REIT, shall not adversely affect the validity of the Transfer of any other share of Series A CRA Preferred Stock in the same or any other related transaction.

**(H) Remedies for Breach**. If the Board of Directors or a committee thereof shall at any time determine in good faith that a Transfer or other event has taken place in violation of Section 11.1 of this Article or that a Person intends to acquire or has attempted to acquire Beneficial Ownership of any shares of Series A CRA Preferred Stock in violation of Section 11.1 of this Article (whether or not such violation is intended), the Board of Directors or a committee thereof shall be empowered to take any action as it deems advisable to refuse to give effect to or to prevent such Transfer or other event, including, but not limited to, refusing to give effect to such Transfer or other event on the books of the Corporation, causing the Corporation to redeem such shares at the then current Market Price and upon such terms and conditions as may be specified by the Board of Directors in its sole discretion (including, but not limited to, by means of the issuance of long-term indebtedness for the purpose of such redemption), demanding the repayment of any distributions received in respect of shares of Series A CRA Preferred Stock acquired in violation of Section 11.1 of this Article or instituting proceedings to enjoin such Transfer or to rescind such Transfer or attempted Transfer; *provided, however*, that any Transfers or attempted Transfers (or in the case of events other than a Transfer, Beneficial Ownership) in violation of Section 11.1 of this Article, regardless of any action (or non-action) by the Board of Directors or such committee, (a) shall be void *ab initio* or (b) shall automatically result in the transfer described in Section 11.2 of this Article; *provided, further*, that the provisions of this Section 11.1(H) shall be subject to the provisions of Section 11.11 of this Article; *provided, further*, that neither the Board of Directors nor any committee thereof may exercise such authority in a manner that interferes with any ownership or

transfer of Series A CRA Preferred Stock that is expressly authorized pursuant to Section 11.7(C) of this Article.

**11.2 Transfer in Trust.**

**(A) Establishment of Trust**. If, notwithstanding the other provisions contained in this Article, at any time after the Issue Date there is a purported Transfer (an "*Excess Transfer*") (whether or not such Transfer is the result of transactions entered into through the facilities of the NYSE or other securities exchange or an automated inter-dealer quotation system) or other change in the capital structure of the Corporation (including, but not limited to, any redemption of Equity Stock) or other event (including, but not limited to, any acquisition of any share of Equity Stock) such that (a) any Person (other than the Initial Holder or a Look-Through Entity) would Beneficially Own shares of Series A CRA Preferred Stock in excess of the Ownership Limit, or (b) the Initial Holder would Beneficially Own shares of Series A CRA Preferred Stock in excess of the Initial Holder Limit, or (c) any Person that is a Look-Through Entity would Beneficially Own shares of Series A CRA Preferred Stock in excess of the Look-Through Ownership Limit (in any such event, the Person, Initial Holder or Look-Through Entity that would Beneficially Own shares of Series A CRA Preferred Stock in excess of the Ownership Limit, the Initial Holder Limit or the Look-Through Entity Limit, respectively, is referred to as a "*Prohibited Transferee*"), then, except as otherwise provided in Section 11.7 of this Article, such shares of Series A CRA Preferred Stock in excess of the Ownership Limit, the Initial Holder Limit or the Look-Through Ownership Limit, as the case may be, (rounded up to the nearest whole share) shall be automatically transferred to a Trustee in his capacity as trustee of a Trust for the exclusive benefit of one or more Charitable Beneficiaries. Such transfer to the Trustee shall be deemed to be effective as of the close of business on the Business Day prior to the Excess Transfer, change in capital structure or another event giving rise to a potential violation of the Ownership Limit, the Initial Holder Limit or the Look Through Entity Ownership Limit.

**(B) Appointment of Trustee**. The Trustee shall be appointed by the Corporation and shall be a Person unaffiliated with either the Corporation or any Prohibited Transferee. The Trustee may be an individual or a bank or trust company duly licensed to conduct a trust business.

**(C) Status of Shares Held by the Trustee**. Shares of Series A CRA Preferred Stock held by the Trustee shall be issued and outstanding shares of capital stock of the Corporation. Except to the extent provided in Section 11.2(E), the Prohibited Transferee shall have no rights in the Series A CRA Preferred Stock held by the Trustee, and the Prohibited Transferee shall not benefit economically from ownership of any shares held in trust by the Trustee, shall have no rights to dividends and shall not possess any rights to vote or other rights attributable to the shares held in the Trust.

**(D) Dividend and Voting Rights**. The Trustee shall have all voting rights and rights to dividends with respect to shares of Series A CRA Preferred Stock held in the Trust, which rights shall be exercised for the benefit of the Charitable Beneficiary. Any dividend or distribution paid prior to the discovery by the Corporation that the shares of Series A CRA Preferred Stock have been transferred to the Trustee shall be repaid to the Corporation upon demand, and any dividend or distribution declared but unpaid shall be rescinded as void *ab initio* with respect to such shares of Series A CRA Preferred Stock. Any dividends or distributions so disgorged or rescinded shall be paid over to the Trustee and held in trust for the Charitable Beneficiary. Any vote cast by a Prohibited Transferee prior to the discovery by the Corporation that the shares of Series A CRA Preferred Stock have been transferred to the Trustee will be rescinded as void *ab initio* and shall be recast in accordance with the desires of the Trustee acting for the benefit of the Charitable Beneficiary. The owner of the shares at the time of the Excess Transfer, change in capital structure or other event giving rise to a potential violation of the Ownership Limit, Initial Holder

Limit or Look-Through Entity Ownership Limit shall be deemed to have given an irrevocable proxy to the Trustee to vote the shares of Series A CRA Preferred Stock for the benefit of the Charitable Beneficiary.

**(E) Restrictions on Transfer**. The Trustee of the Trust may sell the shares held in the Trust to a Person, designated by the Trustee, whose ownership of the shares will not violate the Ownership Restrictions. If such a sale is made, the interest of the Charitable Beneficiary shall terminate and proceeds of the sale shall be payable to the Prohibited Transferee and to the Charitable Beneficiary as provided in this Section 11.2(E). The Prohibited Transferee shall receive the lesser of (1) the price paid by the Prohibited Transferee for the shares or, if the Prohibited Transferee did not give value for the shares (through a gift, devise or other transaction), the Market Price of the shares on the day of the event causing the shares to be held in the Trust and (2) the price per share received by the Trustee from the sale or other disposition of the shares held in the Trust. Any proceeds in excess of the amount payable to the Prohibited Transferee shall be payable to the Charitable Beneficiary. If any of the transfer restrictions set forth in this Section 11.2(E) or any application thereof is determined in a final judgment to be void, invalid or unenforceable by any court having jurisdiction over the issue, the Prohibited Transferee may be deemed, at the option of the Corporation, to have acted as the agent of the Corporation in acquiring the Series A CRA Preferred Stock as to which such restrictions would, by their terms, apply, and to hold such Series A CRA Preferred Stock on behalf of the Corporation.

**(F) Purchase Right in Stock Transferred to the Trustee**. Shares of Series A CRA Preferred Stock transferred to the Trustee shall be deemed to have been offered for sale to the Corporation, or its designee, at a price per share equal to the lesser of (i) the price per share in the transaction that resulted in such transfer to the Trust (or, in the case of a devise or gift, the Market Price at the time of such devise or gift) and (ii) the Market Price on the date the Corporation, or its designee, accepts such offer. The Corporation shall have the right to accept such offer for a period of 90 days after the later of (i) the date of the Excess Transfer or other event resulting in a transfer to the Trust and (ii) the date that the Board of Directors determines in good faith that an Excess Transfer or other event occurred.

**(G) Designation of Charitable Beneficiaries**. By written notice to the Trustee, the Corporation shall designate one or more nonprofit organizations to be the Charitable Beneficiary of the interest in the Trust relating to such Prohibited Transferee if (i) the shares of Series A CRA Preferred Stock held in the Trust would not violate the Ownership Restrictions in the hands of such Charitable Beneficiary and (ii) each Charitable Beneficiary is an organization described in Sections 170(b)(1)(A), 170 (c)(2) and 501(c)(3) of the Code.

**11.3 Notice of Restricted Transfer.** Any Person that acquires or attempts to acquire shares of Series A CRA Preferred Stock in violation of Section 11.1 of this Article, or any Person that is a Prohibited Transferee such that stock is transferred to the Trustee under Section 11.2 of this Article, shall immediately give written notice to the Corporation of such event and shall provide to the Corporation such other information as the Corporation may request in order to determine the effect, if any, of such Transfer or attempted Transfer or other event on the Corporation's status as a REIT. Failure to give such notice shall not limit the rights and remedies of the Board of Directors provided herein in any way.

**11.4 Owners Required to Provide Information**. From and after the Issue Date certain record and Beneficial Owners and transferees of shares of Series A CRA Preferred Stock will be required to provide certain information as set out below.

**(A) Annual Disclosure**. Every record holder or Beneficial Owner of more than 5% (or such other percentage between 0.5% and 5%, as provided in the applicable regulations adopted under the Code) of the number of Outstanding shares of Series A CRA Preferred Stock shall, within 30 days after

January 1 of each year, give written notice to the Corporation stating the name and address of such record holder or Beneficial Owner, the number of shares of Series A CRA Preferred Stock Beneficially Owned, and a full description of how such shares are held. Each such record holder or Beneficial Owner of Series A CRA Preferred Stock shall, upon demand by the Corporation, disclose to the Corporation in writing such additional information with respect to the Beneficial Ownership of the Series A CRA Preferred Stock as the Board of Directors, in its sole discretion, deems appropriate or necessary to (i) comply with the provisions of the Code regarding the qualification of the Corporation as a REIT under the Code and (ii) ensure compliance with the Ownership Limit, the Initial Holder Limit or the Look-Through Ownership Limit, as applicable. Each stockholder of record, including without limitation any Person that holds shares of Series A CRA Preferred Stock on behalf of a Beneficial Owner, shall take all reasonable steps to obtain the written notice described in this Section 11.4 from the Beneficial Owner.

**(B) Disclosure at the Request of the Corporation**. Any Person that is a Beneficial Owner of shares of Series A CRA Preferred Stock and any Person (including the stockholder of record) that is holding shares of Series A CRA Preferred Stock for a Beneficial Owner, and any proposed transferee of shares, shall provide such information as the Corporation, in its sole discretion, may request in order to determine the Corporation's status as a REIT, to comply with the requirements of any taxing authority or other governmental agency, to determine any such compliance or to ensure compliance with the Ownership Limit, the Initial Holder Limit and the Look-Through Ownership Limit, and shall provide a statement or affidavit to the Corporation setting forth the number of shares of Series A CRA Preferred Stock already Beneficially Owned by such stockholder or proposed transferee and any related persons specified, which statement or affidavit shall be in the form prescribed by the Corporation for that purpose.

**11.5 Remedies Not Limited**. Nothing contained in this Article shall limit the authority of the Board of Directors to take such other action as it deems necessary or advisable (subject to the provisions of Section 11.11 of this Article) (i) to protect the Corporation and the interests of its stockholders in the preservation of the Corporation's status as a REIT and (ii) to insure compliance with the Ownership Limit, the Initial Holder Limit and the Look-Through Ownership Limit.

**11.6 Ambiguity**. In the case of an ambiguity in the application of any of the provisions of Section 11 of this Article, or in the case of an ambiguity in any definition contained in Section 11 of this Article, the Board of Directors shall have the power to determine the application of the provisions of this Article with respect to any situation based on its reasonable belief, understanding or knowledge of the circumstances.

**11.7 Exceptions**. The following exceptions shall apply or may be established with respect to the limitations of Section 11.1 of this Article.

**(A) Waiver of Ownership Limit**. The Board of Directors, upon receipt of a ruling from the Internal Revenue Service or an opinion of tax counsel or other evidence or undertaking acceptable to it, may waive the application, in whole or in part, of the Ownership Limit to a Person subject to the Ownership Limit, if such person is not an individual for purposes of Section 542(a) of the Code (as modified to exclude qualified trusts from treatment as individuals pursuant to Section 856(h)(3) of the Code) and is a corporation, partnership, limited liability company, estate or trust. In connection with any such exemption, the Board of Directors may require such representations and undertakings from such Person and may impose such other conditions as the Board of Directors deems necessary, in its sole discretion, to determine the effect, if any, of the proposed Transfer on the Corporation's status as a REIT.

**(B) Pledge by Initial Holder**. Notwithstanding any other provision of this Article, the pledge by the Initial Holder of all or any portion of the Series A CRA Preferred Stock directly owned at

any time or from time to time shall not constitute a violation of Section 11.1 of this Article and the pledgee shall not be subject to the Ownership Limit with respect to the Series A CRA Preferred Stock so pledged to it either as a result of the pledge or upon foreclosure.

**(C) Underwriters**. For a period of 270 days (or such longer period of time as any underwriter described below shall hold an unsold allotment of Series A CRA Preferred Stock) following the purchase of Series A CRA Preferred Stock by an underwriter that (i) is a corporation, partnership or other legal entity and (ii) participates in an offering of the Series A CRA Preferred Stock, such underwriter shall not be subject to the Ownership Limit with respect to the Series A CRA Preferred Stock purchased by it as a part of or in connection with such offering and with respect to any Series A CRA Preferred Stock purchased in connection with market making activities.

**11.8 Legend**. Each certificate for Series A CRA Preferred Stock shall bear substantially the following legend:

"THIS SECURITY, WHICH HAS BEEN ISSUED BY APARTMENT INVESTMENT AND MANAGEMENT COMPANY (THE "CORPORATION"), HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR THE SECURITIES LAWS OF ANY JURISDICTION. NEITHER THIS SECURITY NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE REOFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION OR UNLESS SUCH TRANSACTION IS EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND ANY OTHER APPLICABLE JURISDICTION. BY ITS ACCEPTANCE HEREOF, THE HOLDER (1) REPRESENTS THAT IT IS A "QUALIFIED INSTITUTIONAL BUYER" (A "QUALIFIED INSTITUTIONAL BUYER") (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT ("RULE 144A")); AND (2) AGREES TO OFFER, SELL OR OTHERWISE TRANSFER THIS SECURITY OR ANY INTEREST OR PARTICIPATION HEREIN, ONLY (A) TO THE CORPORATION OR MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED, (B) PURSUANT TO A REGISTRATION STATEMENT WHICH HAS BEEN DECLARED EFFECTIVE UNDER THE SECURITIES ACT, (C) FOR SO LONG AS THIS SECURITY IS ELIGIBLE FOR RESALE PURSUANT TO RULE 144A, TO A PERSON IT REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER PURCHASING THIS SECURITY OR SUCH INTEREST OR PARTICIPATION FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF ANOTHER QUALIFIED INSTITUTIONAL BUYER AND TO WHOM NOTICE IS GIVEN THAT THE TRANSFER IS BEING MADE IN RELIANCE OF RULE 144A, OR (D) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT, SUBJECT TO ANY REQUIREMENT OF LAW THAT THE DISPOSITION OF THIS SECURITY OR SUCH INTEREST OR PARTICIPATION BE AT ALL TIMES WITHIN ITS CONTROL, AND IN COMPLIANCE WITH THE SECURITIES LAWS OF ANY OTHER APPLICABLE JURISDICTION.

ANY TRANSFER OF THIS SECURITY MUST BE IN AN AMOUNT OF NOT LESS THAN $500,000 AND INTEGRAL MULTIPLES THEREOF, TO A TRANSFEREE PURCHASING FOR INVESTMENT PURPOSES AND NOT WITH A VIEW TO OR FOR OFFER OR SALE IN CONNECTION WITH ANY DISTRIBUTION IN VIOLATION OF THE SECURITIES ACT.

NO TRANSFER OF THIS SECURITY OR ANY INTEREST OR PARTICIPATION HEREIN WILL BE PERMITTED IF SUCH TRANSFER WOULD RESULT IN A VIOLATION OF THE

"OWNERSHIP LIMIT" AS DEFINED IN THE ARTICLES SUPPLEMENTARY OR OTHERWISE COULD ADVERSELY AFFECT THE STATUS OF THE CORPORATION AS A REIT. ANY TRANSFER IN VIOLATION OF THE FOREGOING WILL BE OF NO FORCE AND EFFECT, WILL BE VOID AB INITIO, AND WILL NOT OPERATE TO TRANSFER ANY RIGHTS TO THE TRANSFEREE, NOTWITHSTANDING ANY INSTRUCTION TO THE RIGHTS TO THE CONTRARY TO THE CORPORATION OR ANY INTERMEDIARY.

THE SHARES OF SERIES A COMMUNITY REINVESTMENT ACT PERPETUAL PREFERRED STOCK (THE "CRA PREFERRED STOCK") REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO RESTRICTIONS ON TRANSFER. NO PERSON MAY BENEFICIALLY OWN SHARES OF CRA PREFERRED STOCK IN EXCESS OF THE OWNERSHIP RESTRICTIONS, AS APPLICABLE, WITH CERTAIN FURTHER RESTRICTIONS AND EXCEPTIONS SET FORTH IN THE CORPORATION'S CHARTER (INCLUDING THE ARTICLES SUPPLEMENTARY SETTING FORTH THE TERMS OF THE CRA PREFERRED STOCK). ANY PERSON THAT ATTEMPTS TO BENEFICIALLY OWN SHARES OF CRA PREFERRED STOCK IN EXCESS OF THE APPLICABLE LIMITATION MUST IMMEDIATELY NOTIFY THE CORPORATION. ALL CAPITALIZED TERMS IN THIS LEGEND HAVE THE MEANINGS ASCRIBED TO SUCH TERMS IN THE CHARTER (INCLUDING THE ARTICLES SUPPLEMENTARY SETTING FORTH THE TERMS OF THE CRA PREFERRED STOCK), AS THE SAME MAY BE AMENDED FROM TIME TO TIME, A COPY OF WHICH, INCLUDING THE RESTRICTIONS ON TRANSFER, WILL BE SENT WITHOUT CHARGE TO EACH STOCKHOLDER THAT SO REQUESTS. IF THE RESTRICTIONS ON TRANSFER ARE VIOLATED, (I) THE TRANSFER OF THE SHARES OF CRA PREFERRED STOCK REPRESENTED HEREBY WILL BE VOID IN ACCORDANCE WITH THE CHARTER (INCLUDING THE ARTICLES SUPPLEMENTARY SETTING FORTH THE TERMS OF THE CRA PREFERRED STOCK) OR (II) THE SHARES OF CRA PREFERRED STOCK REPRESENTED HEREBY WILL AUTOMATICALLY BE TRANSFERRED TO A TRUSTEE OF A TRUST FOR THE BENEFIT OF ONE OR MORE CHARITABLE BENEFICIARIES."

**11.9** **Severability**. If any provision of this Article or any application of any such provision is determined in a final and unappealable judgment to be void, invalid or unenforceable by any Federal or state court having jurisdiction over the issues, the validity and enforceability of the remaining provisions shall not be affected and other applications of such provision shall be affected only to the extent necessary to comply with the determination of such court.

**11.10** **Board of Directors Discretion**. Anything in this Article to the contrary notwithstanding, the Board of Directors shall be entitled to take or omit to take such actions as it in its discretion shall determine to be advisable in order that the Corporation maintain its status as and continue to qualify as a REIT, including, but not limited to, reducing the Ownership Limit, the Initial Holder Limit and the Look-Through Ownership Limit in the event of a change in law.

**11.11** **Settlement**. Nothing in this Section 11 of this Article shall be interpreted to preclude the settlement of any transaction entered into through the facilities of the NYSE or other securities exchange or an automated inter-dealer quotation system.

**ARTICLES SUPPLEMENTARY**

**APARTMENT INVESTMENT AND MANAGEMENT COMPANY**

**Class A Cumulative Preferred Stock**
**(Par Value $.01 Per Share)**

APARTMENT INVESTMENT AND MANAGEMENT COMPANY, a Maryland corporation (hereinafter called the "Corporation"), having its principal office in Baltimore City, Maryland, hereby certifies to the Department of Assessments and Taxation of the State of Maryland that:

**FIRST**: Pursuant to authority expressly vested in the Board of Directors of the Corporation by Section 1.2 of Article IV of the Charter of the Corporation, as amended to date (the "Charter"), the Board of Directors has duly divided and classified 5,000,000 authorized but unissued shares of Class A Common Stock of the Corporation, par value $.01 per share, into a class designated as Class A Cumulative Preferred Stock, par value $.01 per share, and has provided for the issuance of such class.

**SECOND**: The reclassification increases the number of shares classified as Class A Cumulative Preferred Stock, par value $.01 per share, from no shares immediately prior to the reclassification to 5,000,000 shares immediately after the reclassification. The reclassification decreases the number of shares classified as Class A Common Stock from 505,787,260 shares immediately prior to the reclassification to 500,787,260 shares immediately after the reclassification. The number of shares classified as Class A Cumulative Preferred Stock may be decreased upon reacquisition thereof in any manner, or by retirement thereof, by the Corporation.

**THIRD**: The terms of the Class A Cumulative Preferred Stock (including the preferences, conversion or other rights, voting powers, restrictions, limitations as to dividends and other distributions, qualifications, or terms or conditions of redemption) as set by the Board of Directors are as follows:

**1.** ***Number of Shares and Designation.***

This class of Preferred Stock shall be designated as Class A Cumulative Preferred Stock (the "Class A Preferred Stock") and 5,000,000 shall be the authorized number of shares of such Class A Preferred Stock constituting such class.

**2.** ***Definitions.***

For purposes of the Class A Preferred Stock, the following terms shall have the meanings indicated:

*"Act"* shall mean the Securities Act of 1933, as amended.

*"affiliate"* of a Person means a Person that directly, or indirectly through one or more intermediaries, controls or is controlled by, or is under common control with, the Person specified.

*"Aggregate Value"* shall mean, with respect to any block of Equity Stock, the product of (i) the number of shares of Equity Stock within such block and (ii) the corresponding Market Price of one share of Equity Stock of such class.

*"Alternative Form Consideration"* has the meaning set forth in Section 11(e) of this Article.

*"Beneficial Ownership"* shall mean, with respect to any Person, ownership of shares of Equity Stock equal to the sum of (without duplication) (i) the number of shares of Equity Stock directly owned by such Person, (ii) the number of shares of Equity Stock indirectly owned by such Person (if such Person is an "individual" as defined in Section 542(a)(2) of the Code) taking into account

the constructive ownership rules of Section 544 of the Code, as modified by Section 856(h)(1)(B) of the Code, and (iii) the number of shares of Equity Stock that such Person is deemed to beneficially own pursuant to Rule 13d-3 under the Exchange Act, or that is attributed to such Person pursuant to Section 318 of the Code, as modified by Section 856(d)(5) of the Code, *provided* that when applying this definition of Beneficial Ownership to the Initial Holder, clause (iii) of this definition, and clause (ii) of the definition of "Person" shall be disregarded. The terms *"Beneficial Owner," "Beneficially Owns"* and *"Beneficially Owned"* shall have the correlative meanings.

*"Board of Directors"* shall mean the Board of Directors of the Corporation or any committee authorized by such Board of Directors to perform any of its responsibilities with respect to the Class A Preferred Stock; *provided* that, for purposes of Section 8(a) of this Article, the term *"Board of Directors"* shall not include any such committee.

*"Business Day"* shall mean any day other than a Saturday, Sunday or a day on which state or federally chartered banking institutions in New York, New York are not required to be open.

*"Change of Control"* shall mean, after the Issue Date, the following have occurred and are continuing: (i) the acquisition by any person, including any syndicate or group deemed to be a "person" under Section 13(d)(3) of the Exchange Act, of beneficial ownership, directly or indirectly, through a purchase, merger or other acquisition transaction or series of purchases, mergers or other acquisition transactions of stock of the Corporation entitling that person to exercise more than 50% of the total voting power of all stock of the Corporation entitled to vote generally in the election of the Corporation's directors (except that such person will be deemed to have beneficial ownership of all securities that such person has the right to acquire, whether such right is currently exercisable or is exercisable only upon the occurrence of a subsequent condition); and (ii) following the closing of any transaction referred to in (i) above, neither the Corporation nor the acquiring or surviving entity has a class of common securities (or American Depositary Receipts representing such securities) listed on the NYSE, the NYSE MKT or NASDAQ, or listed or quoted on an exchange or quotation system that is a successor to the NYSE, the NYSE MKT or NASDAQ.

*"Change of Control Conversion Date"* has the meaning set forth in Section 11(k) of this Article.

*"Change of Control Conversion Right"* has the meaning set forth in Section 11(a) of this Article.

*"Charitable Beneficiary"* shall mean one or more beneficiaries of the Trust as determined pursuant to Section 10(h)(vii) of this Article, each of which shall be an organization described in Section 170(b)(1)(A), 170(c)(2) and 501(c)(3) of the Code.

*"Class A Common Stock"* shall mean the Class A Common Stock, par value $.01 per share, of the Corporation, and such other shares of the Corporation's capital stock into which outstanding shares of such Class A Common Stock shall be reclassified.

*"Class A Preferred Stock"* shall have the meaning set forth in Section 1 of this Article.

*"Closing Price"* shall mean, when used with respect to a share of any Equity Stock and for any date, the last sale price, regular way, or, in case no such sale takes place on such day, the average of the closing bid and asked prices, regular way, in either case, as reported in the principal consolidated transaction reporting system with respect to securities listed or admitted to trading on the NYSE or, if the Equity Stock is not listed or admitted to trading on the NYSE, as reported in the principal consolidated transaction reporting system with respect to securities listed on the principal national securities exchange on which the Equity Stock is listed or admitted to trading or, if the

Equity Stock is not listed or admitted to trading on any national securities exchange, the last quoted price, or if not so quoted, the average of the high bid and low asked prices in the over-the-counter market, as reported by the National Association of Securities Dealers, Inc. Automated Quotation System or, if such system is no longer in use, the principal other automated quotation system that may then be in use or, if the Equity Stock is not quoted by any such organization, the average of the closing bid and asked prices as furnished by a professional market maker making a market in the Equity Stock selected by the Board of Directors of the Corporation or, if the Equity Stock is not publicly traded, the fair value of a share of such Equity Stock as reasonably determined in good faith by the Board of Directors.

*"Code"* shall mean the Internal Revenue Code of 1986, as amended from time to time, or any successor statute thereto. Reference to any provision of the Code shall mean such provision as in effect from time to time, as the same may be amended, and any successor thereto, as interpreted by any applicable regulations or other administrative pronouncements as in effect from time to time.

"*Common Stock Conversion Consideration"* has the meaning set forth in Section 11(a) of this Article.

"*Common Stock Price"* has the meaning set forth in Section 11(l) of this Article.

"*Conversion Consideration"* has the meaning set forth in Section 11(e) of this Article.

"*Depositary"* has the meaning set forth in Section 11(n) of this Article.

"*Dividend Payment Date"* shall mean January 15, April 15, July 15, and October 15 of each year; *provided*, that if any Dividend Payment Date falls on any day other than a Business Day, the dividend payment payable on such Dividend Payment Date shall be paid on the Business Day immediately following such Dividend Payment Date and no interest shall accrue on such dividend from such date to such Dividend Payment Date.

"*Dividend Periods"* shall mean the Initial Dividend Period and each subsequent quarterly dividend period commencing on and including January 15, April 15, July 15, and October 15 of each year and ending on and including the day preceding the first day of the next succeeding Dividend Period, other than the Dividend Period during which any Class A Preferred Stock shall be redeemed pursuant to Section 5 of this Article, which shall end on and include the Redemption Date with respect to the Class A Preferred Stock being redeemed.

*"Equity Stock"* shall mean one or more shares of any class of capital stock of the Corporation.

*"Excess Transfer"* has the meaning set forth in Section 10(h)(i) of this Article.

*"Exchange Act"* shall mean the Securities Exchange Act of 1934, as amended.

*"Exchange Cap"* has the meaning set forth in Section 11(d) of this Article.

"*Initial Dividend Period"* shall mean the period commencing on and including the Issue Date and ending on and including July 14, 2014.

"*Initial Holder"* shall mean Terry Considine.

*"Initial Holder Limit"* shall mean a number of the Outstanding shares of Class A Preferred Stock of the Corporation having an Aggregate Value not in excess of the excess of (x) 15% of the Aggregate Value of all Outstanding shares of Equity Stock over (y) the Aggregate Value of all shares of Equity Stock other than Class A Preferred Stock that are Beneficially Owned by the Initial Holder. From

the Issue Date, the secretary of the Corporation, or such other person as shall be designated by the Board of Directors, shall upon request make available to the representative(s) of the Initial Holder and the Board of Directors, a schedule that sets forth the then-current Initial Holder Limit applicable to the Initial Holder.

"*Issue Date*" shall mean May 16, 2014.

"*Junior Stock*" shall have the meaning set forth in Section 7(c) of this Article.

"*Liquidation Preference*" shall have the meaning set forth in Section 4(a) of this Article.

"*Look-Through Entity*" shall mean a Person that is either (i) described in Section 401(a) of the Code as provided under Section 856(h)(3) of the Code or (ii) registered under the Investment Company Act of 1940.

"*Look-Through Ownership Limit*" shall mean, for any Look-Through Entity, a number of the Outstanding shares of Class A Preferred Stock of the Corporation having an Aggregate Value not in excess of the excess of (x) 15% of the Aggregate Value of all Outstanding shares of Equity Stock over (y) the Aggregate Value of all shares of Equity Stock other than Class A Preferred Stock that are Beneficially Owned by the Look-Through Entity.

"*Market Price*" on any date shall mean, with respect to any share of Equity Stock, the Closing Price of a share of that class of Equity Stock on the Trading Day immediately preceding such date.

"*NASDAQ*" shall mean the NASDAQ Stock Market, Inc.

"*NYSE*" shall mean The New York Stock Exchange, Inc.

"*NYSE MKT*" shall mean the NYSE MKT LLC.

"*Operating Partnership*" shall mean AIMCO Properties, L.P., a Delaware limited partnership.

"*Outstanding*" shall mean issued and outstanding shares of Equity Stock of the Corporation; *provided*, *however*, that for purposes of the application of the Ownership Limit, the Look-Through Ownership Limit or the Initial Holder Limit to any Person, the term "Outstanding" shall be deemed to include the number of shares of Equity Stock that such Person alone, at that time, could acquire pursuant to any options or convertible securities.

"*Ownership Limit*" shall mean, for any Person other than the Initial Holder or a Look-Through Entity, a number of the Outstanding shares of Class A Preferred Stock of the Corporation having an Aggregate Value not in excess of the excess of (x) 8.7% of the Aggregate Value of all Outstanding shares of Equity Stock over (y) the Aggregate Value of all shares of Equity Stock other than Class A Preferred Stock that are Beneficially Owned by the Person.

"*Ownership Restrictions*" shall mean, collectively, the Ownership Limit, as applied to Persons other than the Initial Holder or Look-Through Entities, the Initial Holder Limit, as applied to the Initial Holder, and the Look-Through Ownership Limit, as applied to Look-Through Entities.

"*Parity Stock*" shall have the meaning set forth in Section 7(b) of this Article.

"*Person*" shall mean (a) for purposes of Section 10 of this Article, (i) an individual, corporation, partnership, estate, trust (including a trust qualifying under Section 401(a) or 501(c) of the Code), association, "private foundation," within the meaning of Section 509(a) of the Code, joint stock company or other entity, and (ii) a "group," as that term is used for purposes of Section 13(d)(3) of

the Exchange Act, and (b) for purposes of the remaining Sections of this Article, any individual, firm, partnership, corporation or other entity, including any successor (by merger or otherwise) of such entity.

"*Prohibited Transferee*" shall have the meaning set forth in Section 10(h)(i) of this Article.

"*Record Date*" shall have the meaning set forth in Section 3(a) of this Article.

"*Redemption Date*" shall mean, in the case of any redemption of any shares of Class A Preferred Stock, the date fixed for redemption of such shares.

"*Redemption Price*" shall mean, with respect to any share of Class A Preferred Stock to be redeemed, 100% of the Liquidation Preference thereof, plus (except as provided in Section 5(c) of this Article) all accumulated, accrued and unpaid dividends (whether or not earned or declared), if any, to, but excluding, the Redemption Date.

"*REIT*" shall mean a "real estate investment trust," as defined in Section 856 of the Code.

"*Senior Stock*" shall have the meaning set forth in Section 7(a) of this Article.

"*set apart for payment*" shall be deemed to include, without any action other than the following, the recording by the Corporation in its accounting ledgers of any accounting or bookkeeping entry which indicates, pursuant to a declaration of dividends or other distribution by the Board of Directors, the allocation of funds to be so paid on any series or class of capital stock of the Corporation; *provided, however*, that if any funds for any class or series of Junior Stock or any class or series of Parity Stock are placed in a separate account of the Corporation or delivered to a disbursing, paying or other similar agent, then "set apart for payment" with respect to the Class A Preferred Stock shall mean placing such funds in a separate account or delivering such funds to a disbursing, paying or other similar agent.

"*Share Cap*" has the meaning set forth in Section 11(a)(ii) of this Article.

"*Share Split*" has the meaning set forth in Section 11(c) of this Article.

"*Trading Day*" shall mean, when used with respect to any Equity Stock, (i) if the Equity Stock is listed or admitted to trading on the NYSE, a day on which the NYSE is open for the transaction of business, (ii) if the Equity Stock is not listed or admitted to trading on the NYSE but is listed or admitted to trading on another national securities exchange or automated quotation system, a day on which the principal national securities exchange or automated quotation system, as the case may be, on which the Equity Stock is listed or admitted to trading is open for the transaction of business, or (iii) if the Equity Stock is not listed or admitted to trading on any national securities exchange or automated quotation system, any day other than a Saturday, a Sunday or a day on which banking institutions in the State of New York are authorized or obligated by law or executive order to close.

"*Transfer*" shall mean any sale, transfer, gift, assignment, devise or other disposition of a share of Class A Preferred Stock (including (i) the granting of an option or any series of such options or entering into any agreement for the sale, transfer or other disposition of Class A Preferred Stock or (ii) the sale, transfer, assignment or other disposition of any securities or rights convertible into or exchangeable for Class A Preferred Stock), whether voluntary or involuntary, whether of record ownership or Beneficial Ownership, and whether by operation of law or otherwise (including, but not limited to, any transfer of an interest in other entities that results in a change in the Beneficial Ownership of shares of Class A Preferred Stock). The term "*Transfers*" and "*Transferred*" shall have correlative meanings.

*"Transfer Agent"* means such transfer agent as may be designated by the Board of Directors or their designee as the transfer agent for the Class A Preferred Stock; *provided*, that if the Corporation has not designated a transfer agent then the Corporation shall act as the transfer agent for the Class A Preferred Stock.

*"Trust"* shall mean the trust created pursuant to Section 10(h)(i) of this Article.

*"Trustee"* shall mean the Person unaffiliated with either the Corporation or the Prohibited Transferee that is appointed by the Corporation to serve as trustee of the Trust.

*"Voting Preferred Stock"* shall have the meaning set forth in Section 8(a) of this Article.

**3. *Dividends.***

(a) The holders of Class A Preferred Stock shall be entitled to receive, when and as declared by the Board of Directors, out of funds legally available for that purpose, quarterly cash dividends on the Class A Preferred Stock in an amount per share equal to $0.4296875. Such dividends shall be cumulative from and including the Issue Date, whether or not in any Dividend Period or Periods such dividends shall be declared or there shall be funds of the Corporation legally available for the payment of such dividends, and shall be payable quarterly in arrears on each Dividend Payment Date, commencing on July 15, 2014. Each such dividend shall be payable in arrears to the holders of record of the Class A Preferred Stock, as they appear on the stock records of the Corporation at the close of business on January 1, April 1, July 1 or October 1 (each a "Record Date"), as the case may be, immediately preceding such Dividend Payment Date. Accumulated, accrued and unpaid dividends for any past Dividend Periods may be declared and paid at any time, without reference to any regular Dividend Payment Date, to holders of record on such date, which date shall not precede by more than 45 days the payment date thereof, as may be fixed by the Board of Directors.

(b) The amount of dividends payable per share of Class A Preferred Stock for the Initial Dividend Period, or any period shorter than a full Dividend Period, shall be computed ratably on the basis of twelve 30-day months and a 360-day year. Holders of Class A Preferred Stock shall not be entitled to any dividends, whether payable in cash, property or stock, in excess of cumulative dividends, as herein provided, on the Class A Preferred Stock. No interest, or sum of money in lieu of interest, shall be payable in respect of any dividend payment or payments on the Class A Preferred Stock that may be in arrears.

(c) So long as any of the shares of Class A Preferred Stock are outstanding, except as described in the immediately following sentence, no dividends shall be declared or paid or set apart for payment by the Corporation and no other distribution of cash or other property shall be declared or made, directly or indirectly, by the Corporation with respect to any class or series of Parity Stock for any period unless dividends equal to the full amount of accumulated, accrued and unpaid dividends have been or contemporaneously are declared and paid, or declared and a sum sufficient for the payment thereof has been or contemporaneously is set apart for such payment, on the Class A Preferred Stock for all Dividend Periods terminating on or prior to the date such dividend or distribution is declared, paid, set apart for payment or made, as the case may be, with respect to such class or series of Parity Stock. When dividends are not paid in full or a sum sufficient for such payment is not set apart, as aforesaid, all dividends declared upon the Class A Preferred Stock and all dividends declared upon any other class or series of Parity Stock shall be declared ratably in proportion to the respective amounts of dividends accumulated, accrued and unpaid on the Class A Preferred Stock and accumulated, accrued and unpaid on such Parity Stock.

(d) So long as any of the shares of Class A Preferred Stock are outstanding, no dividends (other than dividends or distributions paid in shares of Junior Stock, or options, warrants or rights to subscribe for or purchase shares of Junior Stock) shall be declared or paid or set apart for payment by the

Corporation and no other distribution of cash or other property shall be declared or made, directly or indirectly, by the Corporation with respect to any shares of Junior Stock, nor shall any shares of Junior Stock be redeemed, purchased or otherwise acquired (other than a redemption, purchase or other acquisition of Class A Common Stock made for purposes of an employee incentive or benefit plan of the Corporation or any subsidiary) for any consideration (or any monies be paid to or made available for a sinking fund for the redemption of any shares of any such stock) directly or indirectly by the Corporation (except by conversion into or exchange for shares of Junior Stock, or options, warrants or rights to subscribe for or purchase shares of Junior Stock), nor shall any other cash or other property otherwise be paid or distributed to or for the benefit of any holder of shares of Junior Stock in respect thereof, directly or indirectly, by the Corporation unless, in each case, dividends equal to the full amount of all accumulated, accrued and unpaid dividends on all outstanding shares of Class A Preferred Stock have been declared and paid, or such dividends have been declared and a sum sufficient for the payment thereof has been set apart for such payment, on all outstanding shares of Class A Preferred Stock for all Dividend Periods ending on or prior to the date such dividend or distribution is declared, paid, set apart for payment or made with respect to such shares of Junior Stock, or the date such shares of Junior Stock are redeemed, purchased or otherwise acquired or monies paid to or made available for any sinking fund for such redemption, or the date any such cash or other property is paid or distributed to or for the benefit of any holders of Junior Stock in respect thereof, as the case may be.

Notwithstanding the provisions of this Section 3, the Corporation shall not be prohibited from (i) declaring or paying or setting apart for payment any dividend or distribution on any shares of Parity Stock or (ii) redeeming, purchasing or otherwise acquiring any Parity Stock, in each case, if such declaration, payment, redemption, purchase or other acquisition is necessary in order to maintain the continued qualification of the Corporation as a REIT under Section 856 of the Code.

**4.** ***Liquidation Preference.***

(a) In the event of any liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary, before any payment or distribution by the Corporation (whether of capital, surplus or otherwise) shall be made to or set apart for the holders of any shares of Junior Stock, the holders of shares of Class A Preferred Stock shall be entitled to receive Twenty-Five Dollars ($25) per share of Class A Preferred Stock (the "Liquidation Preference"), plus an amount equal to all dividends (whether or not earned or declared) accumulated, accrued and unpaid thereon to, but excluding, the date of final distribution to such holders; but such holders shall not be entitled to any further payment. Until the holders of the Class A Preferred Stock have been paid the Liquidation Preference in full, plus an amount equal to all dividends (whether or not earned or declared) accumulated, accrued and unpaid thereon to, but excluding, the date of final distribution to such holders, no payment will be made to any holder of Junior Stock upon the liquidation, dissolution or winding up of the Corporation. If, upon any liquidation, dissolution or winding up of the Corporation, the assets of the Corporation, or proceeds thereof, distributable among the holders of Class A Preferred Stock shall be insufficient to pay in full the preferential amount aforesaid and liquidating payments on any other shares of any class or series of Parity Stock, then such assets, or the proceeds thereof, shall be distributed among the holders of Class A Preferred Stock and any such other Parity Stock ratably in the same proportion as the respective amounts that would be payable on such Class A Preferred Stock and any such other Parity Stock if all amounts payable thereon were paid in full. For the purposes of this Section 4, (i) a consolidation or merger of the Corporation with one or more corporations, (ii) a sale or transfer of all or substantially all of the Corporation's assets, or (iii) a statutory share exchange shall not be deemed to be a liquidation, dissolution or winding up, voluntary or involuntary, of the Corporation.

(b) Upon any liquidation, dissolution or winding up of the Corporation, after payment shall have been made in full to the holders of Class A Preferred Stock and any Parity Stock, as provided in Section 4(a), any other series or class or classes of Junior Stock shall, subject to the respective terms thereof, be entitled to receive any and all assets remaining to be paid or distributed, and the holders of the Class A Preferred Stock and any Parity Stock shall not be entitled to share therein.

**5.** ***Redemption at the Option of the Corporation.***

(a) Shares of Class A Preferred Stock shall not be redeemable by the Corporation prior to May 16, 2019, except as set forth in Section 5(b) and Section 10(g) of this Article. On and after May 16, 2019 the Corporation may, at its option, redeem shares of Class A Preferred Stock at any time in whole, or from time to time in part, at a redemption price payable in cash equal to the Redemption Price applicable thereto.

(b) Upon the occurrence of a Change of Control, the Corporation may, at its option, redeem shares of Class A Preferred Stock, in whole or in part, within 120 days after the first date on which such Change of Control occurred, for cash at the Redemption Price. If, prior to the Change of Control Conversion Date, the Corporation has provided or provides notice of its election to redeem some or all of the shares of Class A Preferred Stock (whether pursuant to Section 5(a) or (b)), the holders of Class A Preferred Stock shall not have the Change of Control Conversion Right set forth in Section 11 of this Article with respect to the shares called for redemption and any shares of Class A Preferred Stock called for redemption that have been tendered for conversion will be redeemed on the applicable Redemption Date instead of converted on the applicable Change of Control Conversion Date.

(c) Anything herein to the contrary notwithstanding, and except as otherwise required by law, the persons who are holders of record of shares of Class A Preferred Stock at the close of business on a Record Date will be entitled to receive the dividend payable on the corresponding Dividend Payment Date notwithstanding the redemption of those shares after such Record Date and on or prior to such Dividend Payment Date or the default by the Corporation in the payment of the dividend due on that Dividend Payment Date, in which case the Redemption Price payable upon redemption of such shares of Class A Preferred Stock will not include such dividend, and the full amount of the dividend payable for the applicable Dividend Period shall instead be paid on such Dividend Payment Date to the holders of record at the close of business on such Record Date as aforesaid.

(d) The Redemption Date shall be selected by the Corporation, and shall be specified in a notice of redemption which will be mailed, postage prepaid, not less than 30 days nor more than 60 days prior to the Redemption Date, to the holders of record of the Class A Preferred Stock to be redeemed at their addresses as they appear on the stock records of the Corporation. No failure to give such notice or any defect therein or in the mailing thereof shall affect the validity of the proceedings for the redemption of any shares of Class A Preferred Stock except as to the holder to whom notice was defective or not given. Any notice mailed in the manner herein provided shall be conclusively presumed to have been duly given on the date mailed whether or not the holder receives the notice. Each notice shall state: (i) the Redemption Date; (ii) the number of shares of Class A Preferred Stock to be redeemed; (iii) the Redemption Price and whether or not accumulated, accrued and unpaid dividends will be payable as part of the Redemption Price, or payable on the next Dividend Payment Date to the persons who were holders of record at the close of business on the relevant Record Date; (iv) the place or places where certificates for the Class A Preferred Stock are to be surrendered for payment of the Redemption Price; (v) the procedures that the holders of Class A Preferred Stock must follow to surrender the certificates for redemption, including whether the certificates shall be properly endorsed or assigned for transfer; (vi) that dividends on the shares to be redeemed will cease to accumulate on such Redemption Date; (vii) whether such redemption is being made pursuant to Section 5(a) or (b); (viii) if applicable, that such redemption is being

made in connection with a Change of Control and, in that case, a brief description of the transaction or transactions constituting such Change of Control; and (ix) if such redemption is being made in connection with a Change of Control, that the holders of the shares of Class A Preferred Stock being so called for redemption will not be able to tender such shares of Class A Preferred Stock for conversion in connection with the Change of Control and that each share of Class A Preferred Stock tendered for conversion that is called for redemption prior to the Change of Control Conversion Date will be redeemed on the Redemption Date instead of converted on the Change of Control Conversion Date. If fewer than all of the shares of Class A Preferred Stock held by any holder are to be redeemed, the notice mailed to such holder shall also specify the number of shares of Class A Preferred Stock to be redeemed from such holder and, upon redemption, to the extent the shares of Class A Preferred Stock are represented by certificates, a new certificate shall be issued representing the unredeemed shares without cost to the holder thereof.

(e) If notice of redemption of any shares of Class A Preferred Stock has been given (unless the Corporation fails to make available the funds necessary for such redemption), then from and after the Redemption Date, dividends will cease to accumulate on such shares of Class A Preferred Stock, such shares of Class A Preferred Stock shall no longer be deemed outstanding and all rights of the holders of such shares will terminate, except the right to receive the Redemption Price payable upon redemption (and any dividend payable pursuant to Section 5(c)). The Corporation's obligation to make available the funds necessary to effect a redemption in accordance with the preceding sentence shall be deemed fulfilled if, on or before the applicable Redemption Date, the Corporation shall irrevocably deposit in trust with a bank or trust company (which may not be an affiliate of the Corporation) that has, or is an affiliate of a bank or trust company that has, a capital and surplus of at least $50,000,000, such amount of cash as is necessary for such redemption plus, if such Redemption Date occurs after any Record Date and on or prior to the related Dividend Payment Date, such amount of cash as is necessary to pay the dividend payable on such Dividend Payment Date in respect of such shares of Class A Preferred Stock called for redemption, with irrevocable instructions that such cash be applied to the redemption of the shares of Class A Preferred Stock so called for redemption and, if applicable, the payment of such dividend. No interest shall accrue for the benefit of the holders of shares of Class A Preferred Stock to be redeemed on any cash so set aside by the Corporation. Subject to applicable escheat laws, any such cash unclaimed at the end of two years from the Redemption Date shall revert to the general funds of the Corporation, after which reversion the holders of shares of Class A Preferred Stock so called for redemption shall look only to the general funds of the Corporation for the payment of such cash. In the event that any Redemption Date shall not be a Business Day, then payment of the Redemption Price payable upon redemption need not be made on such Redemption Date but may be made on the next succeeding Business Day with the same force and effect as if made on such Redemption Date and no interest, additional dividends or other sums shall accrue on the amount so payable for the period from and after such Redemption Date to such next succeeding Business Day. If less than all of the outstanding shares of Class A Preferred Stock are to be redeemed, the shares of Class A Preferred Stock to be redeemed shall be selected pro rata (as nearly as may be practicable without creating fractional shares) or by lot.

(f) Upon surrender, in accordance with the notice of redemption, of the certificates representing any shares of Class A Preferred Stock to be so redeemed (properly endorsed or assigned for transfer, if the Corporation shall so require and the notice shall so state) (or, in the case of shares of Class A Preferred Stock held in book-entry form through a depositary, upon delivery of such shares in accordance with such notice and the procedures of such depositary), such shares of Class A Preferred Stock shall be redeemed by the Corporation at the Redemption Price. In case fewer than all the shares of Class A Preferred Stock represented by any such certificate are redeemed, a new certificate or certificates shall be issued representing the unredeemed shares of Class A Preferred Stock without cost to the holder thereof.

(g) Unless full cumulative dividends for all past Dividend Periods on all outstanding shares of Class A Preferred Stock have been or contemporaneously are declared and paid or declared and a sum sufficient for the payment thereof is set apart for payment, (i) no shares of Class A Preferred Stock shall be redeemed unless all outstanding shares of Class A Preferred Stock are simultaneously redeemed, and (ii) the Corporation shall not purchase or otherwise acquire, directly or indirectly, any shares of Class A Preferred Stock (except by conversion into or exchange for Junior Stock); *provided*, *however*, that the foregoing shall not prevent the purchase or acquisition by the Corporation of shares of Class A Preferred Stock pursuant to Section 10 of this Article in order to preserve the qualification of the Corporation as a REIT for federal and/or state income tax purposes or pursuant to a purchase or exchange offer made on the same terms to the holders of all outstanding shares of Class A Preferred Stock. Subject to the limitations set forth in the Charter (including these terms of the Class A Preferred Stock), the Corporation shall be entitled at any time and from time to time to repurchase shares of Class A Preferred Stock in open-market transactions, by tender or by private agreement, in each case, as duly authorized by the Board of Directors and effected in compliance with applicable laws.

**6.** ***Status of Reacquired Stock.***

All shares of Class A Preferred Stock that have been issued and reacquired in any manner by the Corporation shall be returned to the status of authorized but unissued shares of Class A Preferred Stock.

**7.** ***Ranking.***

Any class or series of capital stock of the Corporation shall be deemed to rank:

(a) prior or senior to the Class A Preferred Stock, as to the payment of dividends and as to distribution of assets upon liquidation, dissolution or winding up, if the holders of such class or series shall be entitled to the receipt of dividends and of amounts distributable upon liquidation, dissolution or winding up, as the case may be, in preference or priority to the holders of Class A Preferred Stock ("Senior Stock");

(b) on a parity with the Class A Preferred Stock, as to the payment of dividends and as to distribution of assets upon liquidation, dissolution or winding up, whether or not the dividend rates, dividend payment dates or redemption or liquidation prices per share thereof be different from those of the Class A Preferred Stock, if (i) such capital stock is Class Z Cumulative Preferred Stock or Series A Community Reinvestment Act Perpetual Preferred Stock of the Corporation, or (ii) the holders of such class of stock or series and the Class A Preferred Stock shall be entitled to the receipt of dividends and of amounts distributable upon liquidation, dissolution or winding up in proportion to their respective amounts of accumulated, accrued and unpaid dividends per share or liquidation preferences, without preference or priority of one over the other (the capital stock referred to in clauses (i) and (ii) of this paragraph being hereinafter referred to, collectively, as "Parity Stock"); and

(c) junior to the Class A Preferred Stock, as to the payment of dividends and as to the distribution of assets upon liquidation, dissolution or winding up, if (i) such capital stock or series shall be Class A Common Stock or (ii) the holders of Class A Preferred Stock shall be entitled to receipt of dividends or of amounts distributable upon liquidation, dissolution or winding up, as the case may be, in preference or priority to the holders of shares of such class or series (the capital stock referred to in clauses (i) and (ii) of this paragraph being hereinafter referred to, collectively, as "Junior Stock").

**8.** ***Voting.***

(a) If and whenever six or more quarterly dividends (whether or not consecutive) payable on the Class A Preferred Stock or any series or class of Parity Stock shall be in arrears (which

shall, with respect to any such quarterly dividend, mean that any such dividend has not been paid in full), whether or not earned or declared, the number of directors then constituting the Board of Directors shall be increased by two if not already increased by reason of similar types of provisions with respect to shares of any other class or series of Parity Stock which is entitled to similar voting rights (the "Voting Preferred Stock") and the holders of shares of Class A Preferred Stock, together with the holders of shares of all other Voting Preferred Stock then entitled to exercise similar voting rights, voting as a single class regardless of series, shall be entitled to elect the two additional directors to serve on the Board of Directors at any annual meeting of stockholders or special meeting held in place thereof, or at a special meeting of the holders of the Class A Preferred Stock and the Voting Preferred Stock called as hereinafter provided. Whenever all arrears in dividends on the Class A Preferred Stock and the Voting Preferred Stock then outstanding shall have been paid and dividends thereon for the current quarterly dividend period shall have been declared and paid, or declared and set apart for payment, then the right of the holders of the Class A Preferred Stock and the Voting Preferred Stock to elect such additional two directors shall cease (but subject always to the same provision for the vesting of such voting rights in the case of any similar future arrearages), and the terms of office of all persons elected as directors by the holders of the Class A Preferred Stock and the Voting Preferred Stock shall forthwith terminate and the number of directors constituting the Board of Directors shall be reduced accordingly. At any time after such voting power shall have been so vested in the holders of Class A Preferred Stock and the Voting Preferred Stock, if applicable, the Secretary of the Corporation may, and upon the written request of any holder of Class A Preferred Stock (addressed to the Secretary at the principal office of the Corporation) shall, call a special meeting of the holders of the Class A Preferred Stock and of the Voting Preferred Stock for the election of the two directors to be elected by them as herein provided, such call to be made by notice similar to that provided in the Bylaws of the Corporation for a special meeting of the stockholders or as required by law. If any such special meeting required to be called as above provided shall not be called by the Secretary within 20 days after receipt of any such request, then any holder of Class A Preferred Stock may call such meeting, upon the notice above provided, and for that purpose shall have access to the stock books of the Corporation. The directors elected at any such special meeting shall hold office until the next annual meeting of the stockholders or special meeting held in lieu thereof if such office shall not have previously terminated as above provided. If any vacancy shall occur among the directors elected by the holders of the Class A Preferred Stock and the Voting Preferred Stock, a successor shall be elected by the Board of Directors, upon the nomination of the then-remaining director elected by the holders of the Class A Preferred Stock and the Voting Preferred Stock or the successor of such remaining director, to serve until the next annual meeting of the stockholders or special meeting held in place thereof if such office shall not have previously terminated as provided above.

(b) So long as any shares of Class A Preferred Stock are outstanding, in addition to any other vote or consent of stockholders required by law or by the Charter of the Corporation, the affirmative vote of at least 66-2/3% of the votes entitled to be cast by the holders of the Class A Preferred Stock voting as a single class, given in person or by proxy, either in writing without a meeting or by vote at any meeting called for the purpose, shall be necessary for effecting or validating:

(i) any amendment, alteration or repeal of any of the provisions of, or the addition of any provision to, the Charter, including these Articles Supplementary, whether by merger, consolidation or otherwise, that would materially adversely affect the voting powers, rights or preferences of the holders of the Class A Preferred Stock; *provided, however*, that (x) the amendment of the provisions of the Charter so as to authorize or create, or to increase or decrease the authorized amount of, or issue any Junior Stock, Class A Preferred Stock or any shares of any class of Parity Stock, shall not be deemed to materially adversely affect the voting powers, rights or preferences of the holders of Class A Preferred Stock; and (y) with respect to any such amendment, alteration or repeal of any of the provisions of, or the addition of any provision to, the Charter, including these Articles Supplementary, whether by merger,

consolidation or otherwise, so long as the Class A Preferred Stock remains outstanding with the terms thereof materially unchanged, taking into account that, upon the occurrence of such event, the Corporation may not be the surviving entity and such surviving entity may thereafter be the issuer of the Class A Preferred Stock, the occurrence of any such event shall not be deemed to materially and adversely affect the voting powers, rights, or preferences of the Class A Preferred Stock; or

(ii) the authorization, creation of, increase in the authorized amount of, or issuance of any shares of any class or series of Senior Stock or any security convertible into shares of any class or series of Senior Stock (whether or not such class or series of Senior Stock is currently authorized);

*provided, however*, that no such vote of the holders of Class A Preferred Stock shall be required if, at or prior to the time when such amendment, alteration or repeal is to take effect, or when the issuance of any such Senior Stock or convertible or exchangeable security is to be made, as the case may be, provision is made for the redemption of all shares of Class A Preferred Stock at the time outstanding to the extent such redemption is authorized by Section 5 of this Article (unless any proceeds from the sale of such Senior Stock are to be used to fund all or part of the Redemption Price payable for the Class A Preferred Stock).

For purposes of the foregoing provisions and all other voting rights under these Articles Supplementary, each share of Class A Preferred Stock shall have one (1) vote per share, except that when any other class or series of preferred stock of the Corporation shall have the right to vote with the Class A Preferred Stock as a single class on any matter, then the Class A Preferred Stock and such other class or series shall have with respect to such matters one quarter of one vote per $25 of stated liquidation preference. Except as otherwise required by applicable law or as set forth herein or in the Charter, the Class A Preferred Stock shall not have any relative, participating, optional or other special voting rights and powers other than as set forth herein, and the consent of the holders thereof shall not be required for the taking of any corporate action.

**9.** ***Record Holders.***

The Corporation and the Transfer Agent may deem and treat the record holder of any share of Class A Preferred Stock as the true and lawful owner thereof for all purposes, and neither the Corporation nor the Transfer Agent shall be affected by any notice to the contrary.

**10.** ***Restrictions on Ownership and Transfers.***

(a) **Limitation on Beneficial Ownership**. Except as provided in Section 10(m), from and after the Issue Date, no Person (other than the Initial Holder or a Look-Through Entity) shall Beneficially Own shares of Class A Preferred Stock in excess of the Ownership Limit, the Initial Holder shall not Beneficially Own shares of Class A Preferred Stock in excess of the Initial Holder Limit and no Look-Through Entity shall Beneficially Own shares of Class A Preferred Stock in excess of the Look-Through Ownership Limit.

(b) **Transfers in Excess of Ownership Limit**. Except as provided in Section 10(m), from and after the Issue Date (and subject to Section 10(q)), any Transfer (whether or not such Transfer is the result of transactions entered into through the facilities of the NYSE or other securities exchange or an automated inter-dealer quotation system) that, if effective, would result in any Person (other than the Initial Holder or a Look-Through Entity) Beneficially Owning shares of Class A Preferred Stock in excess of the Ownership Limit shall be void *ab initio* as to the Transfer of such shares of Class A Preferred Stock that would be otherwise Beneficially Owned by such Person in excess of the Ownership Limit, and the intended transferee shall acquire no rights in such shares of Class A Preferred Stock.

(c) **Transfers in Excess of Initial Holder Limit**. Except as provided in Section 10(m), from and after the Issue Date (and subject to Section 10 (q)), any Transfer (whether or not such Transfer is the result of transactions entered into through the facilities of the NYSE or other securities exchange or an automated inter-dealer quotation system) that, if effective, would result in the Initial Holder Beneficially Owning shares of Class A Preferred Stock in excess of the Initial Holder Limit shall be void *ab initio* as to the Transfer of such shares of Class A Preferred Stock that would be otherwise Beneficially Owned by the Initial Holder in excess of the Initial Holder limit, and the Initial Holder shall acquire no rights in such shares of Class A Preferred Stock.

(d) **Transfers in Excess of Look-Through Ownership Limit**. Except as provided in Section 10(m) from and after the Issue Date (and subject to Section 10(q)), any Transfer (whether or not such Transfer is the result of transactions entered into through the facilities of the NYSE or other securities exchange or an automated inter-dealer quotation system) that, if effective, would result in any Look-Through Entity Beneficially Owning shares of Class A Preferred Stock in excess of the Look-Through Ownership limit shall be void *ab initio* as to the Transfer of such shares of Class A Preferred Stock that would be otherwise Beneficially Owned by such Look-Through Entity in excess of the Look-Through Ownership Limit and such Look-Through Entity shall acquire no rights in such shares of Class A Preferred Stock.

(e) **Transfers Resulting in "Closely Held" Status**. From and after the Issue Date, any Transfer that, if effective would result in the Corporation being "closely held" within the meaning of Section 856(h) of the Code, or would otherwise result in the Corporation failing to qualify as a REIT (including, without limitation, a Transfer or other event that would result in the Corporation owning (directly or constructively) an interest in a tenant that is described in Section 856(d)(2)(B) of the Code if the income derived by the Corporation from such tenant would cause the Corporation to fail to satisfy any of the gross income requirements of Section 856(c) of the Code) shall be void *ab initio* as to the Transfer of shares of Class A Preferred Stock that would cause the Corporation (i) to be "closely held" within the meaning of Section 856(h) of the Code or (ii) otherwise fail to qualify as a REIT, as the case may be, and the intended transferee shall acquire no rights in such shares of Class A Preferred Stock.

(f) **Severability on Void Transactions**. A Transfer of a share of Class A Preferred Stock that is null and void under Sections 10(b), (c), (d), or (e) of this Article because it would, if effective, result in (i) the ownership of Class A Preferred Stock in excess of the Initial Holder Limit, the Ownership Limit, or the Look-Through Ownership Limit, (ii) the Corporation being "closely held" within the meaning of Section 856(h) of the Code or (iii) the Corporation otherwise failing to qualify as a REIT, shall not adversely affect the validity of the Transfer of any other share of Class A Preferred Stock in the same or any other related transaction.

(g) **Remedies for Breach**. If the Board of Directors or a committee thereof shall at any time determine in good faith that a Transfer or other event has taken place in violation of Section 10(a) or that a Person intends to acquire or has attempted to acquire Beneficial Ownership of any shares of Class A Preferred Stock in violation of Section 10(a) (whether or not such violation is intended), the Board of Directors or a committee thereof shall be empowered to take any action as it deems advisable to refuse to give effect to or to prevent such Transfer or other event, including, but not limited to, refusing to give effect to such Transfer or other event on the books of the Corporation, causing the Corporation to redeem such shares at the then current Market Price and upon such terms and conditions as may be specified by the Board of Directors in its sole discretion (including, but not limited to, by means of the issuance of long-term indebtedness for the purpose of such redemption), demanding the repayment of any distributions received in respect of shares of Class A Preferred Stock acquired in violation of Section 10(a) or instituting proceedings to enjoin such Transfer or to rescind such Transfer or attempted Transfer; *provided, however*,

that any Transfers or attempted Transfers (or in the case of events other than a Transfer, Beneficial Ownership) in violation of Section 10(a), regardless of any action (or non-action) by the Board of Directors or such committee, (a) shall be void *ab initio* or (b) shall automatically result in the transfer described in Section 10(h); *provided, further*, that the provisions of this Section 10(g) shall be subject to the provisions of Section 10(q); *provided, further*, that neither the Board of Directors nor any committee thereof may exercise such authority in a manner that interferes with any ownership or transfer of Class A Preferred Stock that is expressly authorized pursuant to Section 10(m)(iii).

(h) **Transfer in Trust.**

(i) **Establishment of Trust**. If, notwithstanding the other provisions contained in this Article, at any time after the Issue Date there is a purported Transfer (an "*Excess Transfer*") (whether or not such Transfer is the result of transactions entered into through the facilities of the NYSE or other securities exchange or an automated inter-dealer quotation system) or other change in the capital structure of the Corporation (including, but not limited to, any redemption of Equity Stock) or other event (including, but not limited to, any acquisition of any share of Equity Stock) such that (a) any Person (other than the Initial Holder or a Look-Through Entity) would Beneficially Own shares of Class A Preferred Stock in excess of the Ownership Limit, or (b) the Initial Holder would Beneficially Own shares of Class A Preferred Stock in excess of the Initial Holder Limit, or (c) any Person that is a Look-Through Entity would Beneficially Own shares of Class A Preferred Stock in excess of the Look-Through Ownership Limit (in any such event, the Person, Initial Holder or Look-Through Entity that would Beneficially Own shares of Class A Preferred Stock in excess of the Ownership Limit, the Initial Holder Limit or the Look-Through Entity Limit, respectively, is referred to as a "*Prohibited Transferee*"), then, except as otherwise provided in Section 10(m), such shares of Class A Preferred Stock in excess of the Ownership Limit, the Initial Holder Limit or the Look-Through Ownership Limit, as the case may be, (rounded up to the nearest whole share) shall be automatically transferred to a Trustee in his capacity as trustee of a Trust for the exclusive benefit of one or more Charitable Beneficiaries. Such transfer to the Trustee shall be deemed to be effective as of the close of business on the Business Day prior to the Excess Transfer, change in capital structure or another event giving rise to a potential violation of the Ownership Limit, the Initial Holder Limit or the Look Through Entity Ownership Limit.

(ii) **Appointment of Trustee**. The Trustee shall be appointed by the Corporation and shall be a Person unaffiliated with either the Corporation or any Prohibited Transferee. The Trustee may be an individual or a bank or trust company duly licensed to conduct a trust business.

(iii) **Status of Shares Held by the Trustee**. Shares of Class A Preferred Stock held by the Trustee shall be issued and outstanding shares of capital stock of the Corporation. Except to the extent provided in Section 10(h)(v), the Prohibited Transferee shall have no rights in the Class A Preferred Stock held by the Trustee, and the Prohibited Transferee shall not benefit economically from ownership of any shares held in trust by the Trustee, shall have no rights to dividends and shall not possess any rights to vote or other rights attributable to the shares held in the Trust.

(iv) **Dividend and Voting Rights**. The Trustee shall have all voting rights and rights to dividends with respect to shares of Class A Preferred Stock held in the Trust, which rights shall be exercised for the benefit of the Charitable Beneficiary. Any dividend or distribution paid prior to the discovery by the Corporation that the shares of Class A Preferred Stock have been transferred to the Trustee shall be repaid to the Corporation upon demand, and any dividend or distribution declared but unpaid shall be rescinded as void *ab initio* with respect to such shares of Class A Preferred Stock. Any dividends or distributions so disgorged or rescinded shall be paid over to the Trustee and held in trust for the Charitable Beneficiary. Any vote cast by a Prohibited Transferee prior to the discovery by the Corporation that the shares of Class A Preferred Stock have been transferred to the Trustee will be rescinded as void *ab initio*

and shall be recast in accordance with the desires of the Trustee acting for the benefit of the Charitable Beneficiary. The owner of the shares at the time of the Excess Transfer, change in capital structure or other event giving rise to a potential violation of the Ownership Limit, Initial Holder Limit or Look-Through Entity Ownership Limit shall be deemed to have given an irrevocable proxy to the Trustee to vote the shares of Class A Preferred Stock for the benefit of the Charitable Beneficiary.

(v) **Restrictions on Transfer**. The Trustee of the Trust may sell the shares held in the Trust to a Person, designated by the Trustee, whose ownership of the shares will not violate the Ownership Restrictions. If such a sale is made, the interest of the Charitable Beneficiary shall terminate and proceeds of the sale shall be payable to the Prohibited Transferee and to the Charitable Beneficiary as provided in this Section 10(h)(v). The Prohibited Transferee shall receive the lesser of (1) the price paid by the Prohibited Transferee for the shares or, if the Prohibited Transferee did not give value for the shares (through a gift, devise or other transaction), the Market Price of the shares on the day of the event causing the shares to be held in the Trust and (2) the price per share received by the Trustee from the sale or other disposition of the shares held in the Trust. Any proceeds in excess of the amount payable to the Prohibited Transferee shall be payable to the Charitable Beneficiary. If any of the transfer restrictions set forth in this Section 10(h)(v) or any application thereof is determined in a final judgment to be void, invalid or unenforceable by any court having jurisdiction over the issue, the Prohibited Transferee may be deemed, at the option of the Corporation, to have acted as the agent of the Corporation in acquiring the Class A Preferred Stock as to which such restrictions would, by their terms, apply, and to hold such Class A Preferred Stock on behalf of the Corporation.

(vi) **Purchase Right in Stock Transferred to the Trustee**. Shares of Class A Preferred Stock transferred to the Trustee shall be deemed to have been offered for sale to the Corporation, or its designee, at a price per share equal to the lesser of (i) the price per share in the transaction that resulted in such transfer to the Trust (or, in the case of a devise or gift, the Market Price at the time of such devise or gift) and (ii) the Market Price on the date the Corporation, or its designee, accepts such offer. The Corporation shall have the right to accept such offer for a period of 90 days after the later of (i) the date of the Excess Transfer or other event resulting in a transfer to the Trust and (ii) the date that the Board of Directors determines in good faith that an Excess Transfer or other event occurred.

(vii) **Designation of Charitable Beneficiaries**. By written notice to the Trustee, the Corporation shall designate one or more nonprofit organizations to be the Charitable Beneficiary of the interest in the Trust relating to such Prohibited Transferee if (i) the shares of Class A Preferred Stock held in the Trust would not violate the Ownership Restrictions in the hands of such Charitable Beneficiary and (ii) each Charitable Beneficiary is an organization described in Sections 170(b)(1)(A), 170(c)(2) and 501(c)(3) of the Code.

(i) **Notice of Restricted Transfer**. Any Person that acquires or attempts to acquire shares of Class A Preferred Stock in violation of Section 10(a), or any Person that is a Prohibited Transferee such that stock is transferred to the Trustee under Section 10(h), shall immediately give written notice to the Corporation of such event and shall provide to the Corporation such other information as the Corporation may request in order to determine the effect, if any, of such Transfer or attempted Transfer or other event on the Corporation's status as a REIT. Failure to give such notice shall not limit the rights and remedies of the Board of Directors provided herein in any way.

(j) **Owners Required to Provide Information**. From and after the Issue Date certain record and Beneficial Owners and transferees of shares of Class A Preferred Stock will be required to provide certain information as set out below.

(i) **Annual Disclosure**. Every record holder or Beneficial Owner of more than 5% (or such other percentage between 0.5% and 5%, as provided in the applicable regulations adopted under the Code) of the number of Outstanding shares of Class A Preferred Stock shall, within 30 days after January 1 of each year, give written notice to the Corporation stating the name and address of such record holder or Beneficial Owner, the number of shares of Class A Preferred Stock Beneficially Owned, and a full description of how such shares are held. Each such record holder or Beneficial Owner of Class A Preferred Stock shall, upon demand by the Corporation, disclose to the Corporation in writing such additional information with respect to the Beneficial Ownership of the Class A Preferred Stock as the Board of Directors, in its sole discretion, deems appropriate or necessary to (i) comply with the provisions of the Code regarding the qualification of the Corporation as a REIT under the Code and (ii) ensure compliance with the Ownership Limit, the Initial Holder Limit or the Look-Through Ownership Limit, as applicable. Each stockholder of record, including without limitation any Person that holds shares of Class A Preferred Stock on behalf of a Beneficial Owner, shall take all reasonable steps to obtain the written notice described in this Section 10(j) from the Beneficial Owner.

(ii) **Disclosure at the Request of the Corporation**. Any Person that is a Beneficial Owner of shares of Class A Preferred Stock and any Person (including the stockholder of record) that is holding shares of Class A Preferred Stock for a Beneficial Owner, and any proposed transferee of shares, shall provide such information as the Corporation, in its sole discretion, may request in order to determine the Corporation's status as a REIT, to comply with the requirements of any taxing authority or other governmental agency, to determine any such compliance or to ensure compliance with the Ownership Limit, the Initial Holder Limit and the Look-Through Ownership Limit, and shall provide a statement or affidavit to the Corporation setting forth the number of shares of Class A Preferred Stock already Beneficially Owned by such stockholder or proposed transferee and any related persons specified, which statement or affidavit shall be in the form prescribed by the Corporation for that purpose.

(k) **Remedies Not Limited**. Nothing contained in this Article shall limit the authority of the Board of Directors to take such other action as it deems necessary or advisable (subject to the provisions of Section 10(q)) (i) to protect the Corporation and the interests of its stockholders in the preservation of the Corporation's status as a REIT and (ii) to insure compliance with the Ownership Limit, the Initial Holder Limit and the Look-Through Ownership Limit.

(l) **Ambiguity**. In the case of an ambiguity in the application of any of the provisions of this Section 10, or in the case of an ambiguity in any definition contained in this Section 10, the Board of Directors shall have the power to determine the application of the provisions of this Section 10 with respect to any situation based on its reasonable belief, understanding or knowledge of the circumstances.

(m) **Exceptions**. The following exceptions shall apply or may be established with respect to the limitations of Section 10(a).

(i) **Waiver of Ownership Limit**. The Board of Directors, upon receipt of a ruling from the Internal Revenue Service or an opinion of tax counsel or other evidence or undertaking acceptable to it, may waive the application, in whole or in part, of the Ownership Limit to a Person subject to the Ownership Limit, if such person is not an individual for purposes of Section 542(a) of the Code (as modified to exclude qualified trusts from treatment as individuals pursuant to Section 856(h)(3) of the Code) and is a corporation, partnership, limited liability company, estate or trust. In connection with any such exemption, the Board of Directors may require such representations and undertakings from such Person and may impose such other conditions as the Board of Directors deems necessary, in its sole discretion, to determine the effect, if any, of the proposed Transfer on the Corporation's status as a REIT.

(ii) **Pledge by Initial Holder**. Notwithstanding any other provision of this Article, the pledge by the Initial Holder of all or any portion of the Class A Preferred Stock directly owned at any time or from time to time shall not constitute a violation of Section 10(a) and the pledgee shall not be subject to the Ownership Limit with respect to the Class A Preferred Stock so pledged to it either as a result of the pledge or upon foreclosure.

(iii) **Underwriters**. For a period of 270 days (or such longer period of time as any underwriter described below shall hold an unsold allotment of Class A Preferred Stock) following the purchase of Class A Preferred Stock by an underwriter that (i) is a corporation, partnership or other legal entity and (ii) participates in an offering of the Class A Preferred Stock, such underwriter shall not be subject to the Ownership Limit with respect to the Class A Preferred Stock purchased by it as a part of or in connection with such offering and with respect to any Class A Preferred Stock purchased in connection with market making activities.

(n) **Legend**. Each certificate for Class A Preferred Stock shall bear substantially the following legend:

"The shares of Class A Cumulative Preferred Stock represented by this certificate are subject to restrictions on transfer. No person may Beneficially Own shares of Class A Cumulative Preferred Stock in excess of the Ownership Restrictions, as applicable, with certain further restrictions and exceptions set forth in the Charter (including the Articles Supplementary setting forth the terms of the Class A Cumulative Preferred Stock). Any Person that attempts to Beneficially Own shares of Class A Cumulative Preferred Stock in excess of the applicable limitation must immediately notify the Corporation. All capitalized terms in this legend have the meanings ascribed to such terms in the Charter (including the Articles Supplementary setting forth the terms of the Class A Cumulative Preferred Stock), as the same may be amended from time to time, a copy of which, including the restrictions on transfer, will be sent without charge to each stockholder that so requests. If the restrictions on transfer are violated, (i) the transfer of the shares of Class A Cumulative Preferred Stock represented hereby will be void in accordance with the Charter (including the Articles Supplementary setting forth the terms of the Class A Cumulative Preferred Stock) or (ii) the shares of Class A Cumulative Preferred Stock represented hereby will automatically be transferred to a Trustee of a Trust for the benefit of one or more Charitable Beneficiaries."

(o) **Severability**. If any provision of this Article or any application of any such provision is determined in a final and unappealable judgment to be void, invalid or unenforceable by any Federal or state court having jurisdiction over the issues, the validity and enforceability of the remaining provisions shall not be affected and other applications of such provision shall be affected only to the extent necessary to comply with the determination of such court.

(p) **Board of Directors Discretion**. Anything in this Article to the contrary notwithstanding, the Board of Directors shall be entitled to take or omit to take such actions as it in its discretion shall determine to be advisable in order that the Corporation maintain its status as and continue to qualify as a REIT, including, but not limited to, reducing the Ownership Limit, the Initial Holder Limit and the Look-Through Ownership Limit in the event of a change in law.

(q) **Settlement**. Nothing in this Section 10 shall be interpreted to preclude the settlement of any transaction entered into through the facilities of the NYSE or other securities exchange or an automated inter-dealer quotation system.

**11.** ***Conversion.***

The shares of Class A Preferred Stock are not convertible into or exchangeable for any other property or securities of the Corporation, except as provided in this Section 11.

(a) Upon the occurrence of a Change of Control, each holder of Class A Preferred Stock shall have the right (unless, prior to the Change of Control Conversion Date, the Corporation has provided or provides notice of its election to redeem some or all of the shares of Class A Preferred Stock held by such holder pursuant to Section 5(a) or (b) of this Article, in which case such holder shall have the right only with respect to shares of Class A Preferred Stock that are not called for redemption) to convert some or all of the Class A Preferred Stock held by such holder (the "Change of Control Conversion Right") on the Change of Control Conversion Date into a number of shares of Class A Common Stock (or equivalent value of Alternative Conversion Consideration, as applicable) per share of Class A Preferred Stock (the "Common Stock Conversion Consideration") equal to the lesser of:

(i) the quotient obtained by dividing (i) the sum of the Liquidation Preference per share of Class A Preferred Stock plus the amount of any accumulated, accrued and unpaid dividends thereon to but excluding the Change of Control Conversion Date (unless the Change of Control Conversion Date is after a Record Date and prior to the corresponding Dividend Payment Date, in which case no additional amount for such accumulated, accrued and unpaid dividends will be included in such sum), by (ii) the Common Stock Price; and

(ii) 1.57 (the "Share Cap").

(b) Anything in these terms of the Class A Preferred Stock to the contrary notwithstanding and except as otherwise required by law, the persons who are the holders of record of shares of Class A Preferred Stock at the close of business on a Record Date will be entitled to receive the dividend payable on the corresponding Dividend Payment Date notwithstanding the conversion of those shares after such Record Date and on or prior to such Dividend Payment Date and, in such case, the full amount of such dividend shall be paid on such Dividend Payment Date to the persons who were the holders of record at the close of business on such Record Date.

(c) The Share Cap is subject to pro rata adjustments for any stock splits (including those effected pursuant to a distribution of the Class A Common Stock), subdivisions or combinations (in each case, a "Share Split") with respect to the Class A Common Stock as follows: the adjusted Share Cap as the result of a Share Split shall be the number of shares of Class A Common Stock that is equivalent to the product obtained by multiplying (i) the Share Cap in effect immediately prior to such Share Split by (ii) a fraction, the numerator of which is the number of shares of Class A Common Stock outstanding immediately after giving effect to such Share Split and the denominator of which is the number of shares of Class A Common Stock outstanding immediately prior to such Share Split.

(d) Subject to the immediately succeeding sentence, the aggregate number of shares of Class A Common Stock (or equivalent Alternative Conversion Consideration, as applicable) issuable or deliverable, as applicable, in connection with the exercise of the Change of Control Conversion Right shall not exceed 7,850,000 shares of Class A Common Stock (or equivalent Alternative Conversion Consideration, as applicable) (the "Exchange Cap"). The Exchange Cap is subject to pro rata adjustments for any Share Splits on the same basis as the corresponding adjustment to the Share Cap, and shall be increased on a pro rata basis with respect to any additional shares of Class A Preferred Stock designated and authorized for issuance pursuant to any subsequent articles supplementary.

(e) In the case of a Change of Control pursuant to which the Class A Common Stock is or will be converted into cash, securities or other property or assets (including any combination thereof) (the "Alternative Form Consideration"), a holder of Class A Preferred Stock shall receive upon conversion of such Class A Preferred Stock the kind and amount of Alternative Form Consideration which such holder would have owned or been entitled to receive upon the Change of Control had such holder held a number of shares of Class A Common Stock equal to the Common Stock Conversion Consideration immediately

prior to the effective time of the Change of Control (the "Alternative Conversion Consideration"; the Common Stock Conversion Consideration or the Alternative Conversion Consideration, whichever shall be applicable to a Change of Control, is referred to herein as the "Conversion Consideration").

(f) If the holders of Class A Common Stock have the opportunity to elect the form of consideration to be received in the Change of Control, the Conversion Consideration in respect of such Change of Control will be deemed to be the kind and amount of consideration actually received by holders of a majority of the outstanding shares of Class A Common Stock that made or voted for such an election (if electing between two types of consideration) or holders of a plurality of the outstanding shares of Class A Common Stock that made or voted for such an election (if electing between more than two types of consideration), as the case may be, and will be subject to any limitations to which all holders of Class A Common Stock are subject, including, without limitation, pro rata reductions applicable to any portion of the consideration payable in such Change of Control.

(g) The Corporation will not issue fractional shares of Class A Common Stock upon the conversion of Class A Preferred Stock in connection with a Change of Control. Instead, the Corporation will make, and the holders of Class A Preferred Stock shall be entitled to receive, a cash payment equal to the value of such fractional shares based upon the Common Stock Price used in determining the Common Stock Conversion Consideration for such Change of Control.

(h) Within 15 days following the occurrence of a Change of Control, the Corporation will provide to holders of Class A Preferred Stock a notice of the occurrence of the Change of Control that describes the resulting Change of Control Conversion Right, which notice shall be delivered to the holders of record of the shares of Class A Preferred Stock at their addresses as they appear on the Corporation's share transfer records and notice shall also be provided to the Corporation's transfer agent. Each notice shall state: (i) the events constituting the Change of Control; (ii) the date of the Change of Control; (iii) the last date on which the holders of Class A Preferred Stock may exercise their Change of Control Conversion Right; (iv) the method and period for calculating the Common Stock Price; (v) the Change of Control Conversion Date; (vi) that if, prior to the Change of Control Conversion Date, the Corporation has provided or provides notice of its election to redeem all or any shares of the Class A Preferred Stock, the holders will not be able to convert the shares of Class A Preferred Stock called for redemption and such shares of Class A Preferred Stock shall be redeemed on the related redemption date, even if such shares have already been tendered for conversion pursuant to the Change of Control Conversion Right; (vii) if applicable, the type and amount of Alternative Conversion Consideration entitled to be received per share of Class A Preferred Stock; (viii) the name and address of the paying agent, transfer agent and conversion agent for the Class A Preferred Stock; (ix) the procedures that the holders of Class A Preferred Stock must follow to exercise the Change of Control Conversion Right (including procedures for surrendering shares for conversion through the facilities of a Depositary), including the form of conversion notice to be delivered by such holders; and (x) the last date on which holders of Class A Preferred Stock may withdraw shares surrendered for conversion and the procedures such holders must follow to effect such a withdrawal.

(i) The Corporation shall issue a press release containing such notice for publication on Dow Jones & Company, Inc., Business Wire, PR Newswire or Bloomberg Business News (or, if such organizations are not in existence at the time of issuance of such press release, such other news or press organization as is reasonably calculated to broadly disseminate the relevant information to the public), and post notice on the Corporation's website, in any event prior to the opening of business on the first Business Day following any date on which the Corporation provides notice pursuant to Section 11(h) to the holders of Class A Preferred Stock.

(j) To exercise the Change of Control Conversion Right, the holders of shares of Class A Preferred Stock shall be required to deliver, on or before the close of business on the Change of

Control Conversion Date, the certificates (if any) representing the shares of Class A Preferred Stock to be converted, duly endorsed for transfer (or, in the case of any shares of Class A Preferred Stock held in book-entry form through a Depositary, to deliver, on or before the close of business on the Change of Control Conversion Date, the shares of Class A Preferred Stock to be converted through the facilities of such Depositary), together with a written conversion notice in the form provided by the Corporation, duly completed, to the Corporation's transfer agent. Such notice shall state: (i) the relevant Change of Control Conversion Date; (ii) the number of shares of Class A Preferred Stock to be converted; and (iii) that the shares of Class A Preferred Stock are to be converted pursuant to the applicable terms of the Class A Preferred Stock.

(k) The "Change of Control Conversion Date" is the date the Class A Preferred Stock is to be converted, which will be a Business Day selected by the Corporation that is no fewer than 20 days nor more than 35 days after the date on which the Corporation provides the notice to holders of Class A Preferred Stock pursuant to Section 11(h).

(l) The "Common Stock Price" shall be (i) if the consideration to be received in the Change of Control by the holders of Class A Common Stock is solely cash, the amount of cash consideration per share of Class A Common Stock or (ii) if the consideration to be received in the Change of Control by holders of Class A Common Stock is other than solely cash (x) the average of the closing sale prices per share of Class A Common Stock (or, if no closing sale price is reported, the average of the closing bid and ask prices per share or, if more than one in either case, the average of the average closing bid and the average closing ask prices per share) for the ten consecutive trading days immediately preceding, but not including, the date on which such Change of Control occurred, as reported on the principal U.S. securities exchange on which the Class A Common Stock is then traded, or (y) the average of the last quoted bid prices for the Class A Common Stock in the over-the-counter market as reported by OTC Markets Group Inc. or similar organization for the ten consecutive trading days immediately preceding, but not including, the date on which such Change of Control occurred, if the Class A Common Stock is not then listed for trading on a U.S. securities exchange.

(m) Holders of Class A Preferred Stock may withdraw any notice of exercise of a Change of Control Conversion Right (in whole or in part) by a written notice of withdrawal delivered to the Corporation's transfer agent prior to the close of business on the Business Day prior to the Change of Control Conversion Date. The notice of withdrawal delivered by any holder must state: (i) the number of withdrawn shares of Class A Preferred Stock; (ii) if certificated shares of Class A Preferred Stock have been surrendered for conversion, the certificate numbers of the withdrawn shares of Class A Preferred Stock; and (iii) the number of shares of Class A Preferred Stock, if any, which remain subject to the holder's conversion notice.

(n) Notwithstanding the foregoing, if any Class A Preferred Stock is held in book-entry form through The Depository Trust Company or a similar depositary (each, a "Depositary"), the conversion notice and/or the notice of withdrawal as applicable shall comply with applicable procedures, if any, of the applicable Depositary.

(o) Shares of Class A Preferred Stock as to which the Change of Control Conversion Right has been properly exercised and for which the conversion notice has not been properly withdrawn shall be converted into the applicable Conversion Consideration in accordance with the Change of Control Conversion Right on the Change of Control Conversion Date, unless, prior to the Change of Control Conversion Date, the Corporation has provided or provides notice of its election to redeem some or all of the shares of Class A Preferred Stock as described under Section 5(a) or (b) of this Article, in which case only the shares of Class A Preferred Stock properly surrendered for conversion and not properly withdrawn that are not called for redemption will be converted as aforesaid. If the Corporation elects to redeem shares

of Class A Preferred Stock that would otherwise be converted into the applicable Conversion Consideration on a Change of Control Conversion Date, such shares of Class A Preferred Stock shall not be so converted and the holders of such shares shall be entitled to receive on the applicable redemption date the redemption price set forth in Section 5(a) or (b) of this Article, as applicable.

(p) The Corporation will deliver all securities, cash (including, without limitation, cash in lieu of fractional shares of Class A Common Stock) and any other property owing upon conversion no later than the third Business Day following the Change of Control Conversion Date. Notwithstanding the foregoing, the persons entitled to receive any shares of Class A Common Stock or other securities deliverable upon conversion will be deemed to have become the holders of record thereof as of the Change of Control Conversion Date.

(q) In connection with the exercise of any Change of Control Conversion Right, the Corporation will comply with all federal and state securities laws and stock exchange rules in connection with any conversion of Class A Preferred Stock into shares of Class A Common Stock or other property. Notwithstanding any other provision contained in these terms of the Class A Preferred Stock, no holder of shares of Class A Preferred Stock will be entitled to convert such shares of Class A Preferred Stock into shares of Class A Common Stock to the extent that receipt of such shares of Class A Common Stock would cause such holder (or any other person) to have Beneficial Ownership or constructive ownership in excess of the Ownership Limit.

**FOURTH**: The terms of the Class A Cumulative Preferred Stock set forth in Article Third hereof shall become Article XIV of the Charter.

IN WITNESS WHEREOF, the Corporation has caused these presents to be signed in its name and on its behalf by its Executive Vice President and Chief Financial Officer and witnessed by its Executive Vice President, General Counsel and Secretary on May 13, 2014.

WITNESS:

/s/ Lisa R. Cohn
Lisa R. Cohn
Executive Vice President,
General Counsel and Secretary

APARTMENT INVESTMENT AND MANAGEMENT COMPANY

By: /s/ Ernest M. Freedman
Ernest M. Freedman
Executive Vice President and
Chief Financial Officer

THE UNDERSIGNED, Executive Vice President and Chief Financial Officer of APARTMENT INVESTMENT AND MANAGEMENT COMPANY, who executed on behalf of the Corporation the Articles Supplementary of which this Certificate is made a part, hereby acknowledges in the name and on behalf of said Corporation the foregoing Articles Supplementary to be the corporate act of said Corporation and hereby certifies that the matters and facts set forth herein with respect to the authorization and approval thereof are true in all material respects under the penalties of perjury.

/s/ Ernest M. Freedman
Ernest M. Freedman
Executive Vice President and
Chief Financial Officer

# APARTMENT INVESTMENT AND MANAGEMENT COMPANY

## ARTICLES OF AMENDMENT

APARTMENT INVESTMENT AND MANAGEMENT COMPANY, a Maryland corporation, having its principal office in Baltimore City, Maryland (which is hereinafter called the "Corporation"), hereby certifies to the State Department of Assessments and Taxation of Maryland that:

**FIRST**: The Charter of the Corporation is hereby amended as follows:

(a) ARTICLE IV, Section 3, paragraph 3.4.8(A) of the Charter of the Corporation is hereby amended to read in its entirety as follows:

**(A) Waiver of Ownership Limit**. The Board of Directors, upon receipt of a ruling from the Internal Revenue Service or an opinion of tax counsel or other evidence or undertaking acceptable to it, may waive the application, in whole or in part, of the Ownership Limit or the Look-Through Ownership Limit to a Person subject to the Ownership Limit or the Look-Through Ownership Limit, as applicable, if such person is not an individual for purpose of Section 542(a) of the Code and is a corporation, partnership, estate or trust; *provided, however*, that in no event may any such exception cause such Person's ownership, direct or indirect (without taking into account such Person's ownership of interests in any partnership of which the Corporation is a partner), to exceed (i) 12.0% of the number of Outstanding shares of Common Stock, in the case of a Person subject to the Ownership Limit, or (ii) 18.0% of the number of Outstanding shares of Common Stock, in the case of a Look-Through Entity subject to the Look-Through Ownership Limit. In connection with any such exemption, the Board of Directors may require such representations and undertakings from such Person and may impose such other conditions as the Board deems necessary, in its sole discretion, to determine the effect, if any, of the proposed Transfer on the Corporation's status as a REIT.

**SECOND**: The foregoing amendment to the Charter of the Corporation does not increase the authorized stock of the Corporation.

**THIRD**: The foregoing amendment to the Charter of the Corporation has been advised by the Board of Directors and approved by the stockholders of the Corporation.

**FOURTH**: The foregoing amendment to the Charter of the Corporation shall become effective upon acceptance for record by the Maryland State Department of Assessments and Taxation.

IN WITNESS WHEREOF, Apartment Investment and Management Company has caused these presents to be signed in its name and on its behalf by its Executive Vice President and Chief Financial Officer and witnessed by its Secretary on May 4, 2015.

WITNESS:

/s/ Lisa R. Cohn
Lisa R. Cohn, Secretary

APARTMENT INVESTMENT AND MANAGEMENT COMPANY

By: /s/ Ernest M. Freedman
Ernest M. Freedman, Executive Vice President and Chief Financial Officer

THE UNDERSIGNED, the Executive Vice President and Chief Financial Officer of Apartment Investment and Management Company, who executed on behalf of the Corporation the foregoing Articles of Amendment of which this certificate is made a part, hereby acknowledges in the name and on behalf of said Corporation the foregoing Articles of Amendment to be the corporate act of said Corporation and hereby certifies that to the best of his knowledge, information, and belief the matters and facts set forth therein with respect to the authorization and approval thereof are true in all material respects under the penalties of perjury.

/s/ Ernest M. Freedman
Ernest M. Freedman, Executive Vice President and Chief Financial Officer

# APARTMENT INVESTMENT AND MANAGEMENT COMPANY

## ARTICLES OF AMENDMENT

APARTMENT INVESTMENT AND MANAGEMENT COMPANY, a Maryland corporation, having its principal office in Baltimore City, Maryland (which is hereinafter called the "Corporation"), hereby certifies to the State Department of Assessments and Taxation of Maryland that:

**FIRST**: The Charter of the Corporation is hereby amended as follows:

(a) ARTICLE IV, Section 3, paragraph 3.4.8(A) of the Charter of the Corporation is hereby amended to read in its entirety as follows:

**(A) Waiver of Ownership Limit**. The Board of Directors, upon receipt of a ruling from the Internal Revenue Service or an opinion of tax counsel or other evidence or undertaking acceptable to it, may waive the application, in whole or in part, of the Ownership Limit or the Look-Through Ownership Limit to a Person subject to the Ownership Limit or the Look-Through Ownership Limit, as applicable, if such person is not an individual for purpose of Section 542(a) of the Code and is a corporation, partnership, estate or trust; *provided, however*, that in no event may any such exception cause such Person's ownership, direct or indirect (without taking into account such Person's ownership of interests in any partnership of which the Corporation is a partner), to exceed (i) 12.0% of the number of Outstanding shares of Common Stock, in the case of a Person subject to the Ownership Limit, or (ii) 20.0% of the number of Outstanding shares of Common Stock, in the case of a Look-Through Entity subject to the Look-Through Ownership Limit. In connection with any such exemption, the Board of Directors may require such representations and undertakings from such Person and may impose such other conditions as the Board deems necessary, in its sole discretion, to determine the effect, if any, of the proposed Transfer on the Corporation's status as a REIT.

**SECOND**: The foregoing amendment to the Charter of the Corporation does not increase the authorized stock of the Corporation.

**THIRD**: The foregoing amendment to the Charter of the Corporation has been advised by the Board of Directors and approved by the stockholders of the Corporation.

**FOURTH**: The foregoing amendment to the Charter of the Corporation shall become effective upon acceptance for record by the Maryland State Department of Assessments and Taxation.

IN WITNESS WHEREOF, Apartment Investment and Management Company has caused these presents to be signed in its name and on its behalf by its Executive Vice President and Chief Financial Officer and witnessed by its Secretary on May 2, 2018.

WITNESS:

/s/ Lisa R. Cohn
Lisa R. Cohn, Secretary

APARTMENT INVESTMENT AND MANAGEMENT COMPANY

By: /s/ Paul Beldin
Paul Beldin, Executive Vice President
and Chief Financial Officer

THE UNDERSIGNED, the Executive Vice President and Chief Financial Officer of Apartment Investment and Management Company, who executed on behalf of the Corporation the foregoing Articles of Amendment of which this certificate is made a part, hereby acknowledges in the name and on behalf of said Corporation the foregoing Articles of Amendment to be the corporate act of said Corporation and hereby certifies that to the best of his knowledge, information, and belief the matters and facts set forth therein with respect to the authorization and approval thereof are true in all material respects under the penalties of perjury.

/s/ Paul Beldin
Paul Beldin, Executive Vice President and
Chief Financial Officer



(Back To Top)

# Section 3: EX-10.15 (EXHIBIT 10.15)

**PERFORMANCE VESTING**
**LTIP UNIT AGREEMENT**
**(2015 Stock Award and Incentive Plan)**
**(LTIP II Units)**

This PERFORMANCE VESTING LTIP UNIT AGREEMENT, dated as of **[_____]** (the "Agreement"), by and between Apartment Investment and Management Company, a Maryland corporation (the "Company"), and [_____] (the "Recipient"). Capitalized terms used but not otherwise defined in this Agreement shall have the respective meanings set forth in the Apartment Investment and Management Company 2015 Stock Award and Incentive Plan, as amended (the "Plan"), and the Partnership Unit Designation relating to LTIP Units in the Partnership Agreement (the "Partnership Unit Designation").

WHEREAS, effective **[_____]** (the "Date of Grant"), pursuant to the Plan and the Partnership Agreement the Compensation and Human Resources Committee (the "Committee") of the Board of Directors (the "Board") of the Company granted the Recipient this LTIP Award and hereby causes the Partnership to issue to the Recipient the maximum number of LTIP Units set forth below, having the rights, restrictions, limitations as to distributions, qualifications and terms and conditions of redemption and conversion set forth herein, in the Plan and in the Partnership Agreement.

NOW, THEREFORE, in consideration of the Recipient's services to the Company and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Number of LTIP Units. The Company hereby grants the Recipient an LTIP Unit Award (the "LTIP Award") with a target of [_____] LTIP Units (the "LTIP Units") pursuant to the terms of this Agreement, the provisions of the Plan and the provisions of the Partnership Agreement. The target number of LTIP Units subject to this LTIP Award (the "Target Award") was determined by dividing **$[_____]** by **$[_____]** (the "Issue Price"), which was the average closing price of Aimco's Common Stock on the New York Stock Exchange for the five trading days up to and including the Date of Grant. The Recipient may ultimately vest into more LTIP Units or fewer or no LTIP Units, as set forth in more detail in this Agreement. The Recipient shall be admitted as a partner of the Partnership with beneficial ownership of the LTIP Units as of the Date of Grant by (i) signing and delivering to the Partnership a copy of this Agreement and (ii) signing, as a limited partner, and delivering to the Partnership a counterpart signature page to the Partnership Agreement (attached hereto as Exhibit A).

2. Restrictions and Restricted Period.

(a) Restrictions. LTIP Units granted hereunder may not be sold, assigned, transferred, pledged, hypothecated or otherwise disposed of and shall be subject to a risk of forfeiture until the lapse of the Restricted Period (as defined below). Neither the Company nor the Partnership shall be required (i) to transfer on its books any LTIP Units which shall have been sold or transferred

in violation of any of the provisions set forth in this Agreement, or (ii) to treat as owner of such LTIP Units or to accord the right to vote as such owner or to pay dividends to any transferee to whom such LTIP Units shall have been so transferred.

(b) Lapse of Restrictions; Restricted Period. The restrictions set forth above shall lapse and the LTIP Units shall become freely transferable (provided, that such transfer is otherwise in accordance with federal and state securities laws) and non-forfeitable as set forth in this Section 2(b) and on Exhibit B.

(i) The Company's total shareholder return (as defined in more detail on Exhibit B, "TSR") over the period beginning on January 1, [ ] and ending on December 31, [ ] (the "Performance Period"), as calculated by comparison to the indices stipulated on Exhibit B to this Agreement (and using the methodology set forth on such Exhibit B), shall be compared to the threshold, target and maximum TSR hurdles set forth on Exhibit B to determine the "Vesting Portion" (as defined on Exhibit B) of the LTIP Award as a percentage of the Target Award. Such calculations shall be determined by the Committee no later than March 15, [ ] (the date of such determination, the "Determination Date"). Restrictions with respect to 50% of the related Vesting Portion of the LTIP Award set forth on Exhibit B shall lapse as of the later of the Determination Date and the third anniversary of the Date of Grant (the "Vesting Date"), with the restrictions on the remaining 50% of such Vesting Portion lapsing on the fourth anniversary of the Date of Grant (the "Anniversary Date").

(ii) Except as set forth in Section 3, each such lapse of restrictions shall occur only if the Recipient has remained employed by the Company through the Vesting Date or the Anniversary Date, as the case may be (the "Restricted Period"). The portion of the LTIP Units which does not vest as of the Vesting Date (or the Anniversary Date, as the case may be) based on TSR performance shall be forfeited to the Company without payment of any consideration by the Company, and neither the Recipient nor any of his or her successors, heirs, assigns or personal representatives shall thereafter have any further rights or interests in such shares of LTIP Units.

(iii) All determinations with respect to the calculations pursuant to this Agreement shall be made in the sole discretion of the Committee.

(c) Allocations.

(i) Unless and until the LTIP Units are converted in accordance with Section 2(e) below (such LTIP Units being referred to herein as "Converted LTIP Units"), the LTIP Units shall have a Sharing Percentage of 2%. After any LTIP Units are converted into Converted LTIP Units pursuant to Section 2(e), they will have a Sharing Percentage of 100%. Provisions in the Partnership Unit Designation with respect to allocations in a Catch-Up Year will not apply to the Converted LTIP Units.

(ii) The "REIT Share Economic Target" applicable to the LTIP Units prior to conversion to Converted LTIP Units means, as of any date, (x) the Market Value of a REIT Share on such date, multiplied by the Adjustment Factor, less (y) the Issue Price. Notwithstanding

Section 4(c) of the Partnership Unit Designation, the intention of the parties is to make the Capital Account balance of the holder of the LTIP Units (but not Converted LTIP Units), to the extent attributable to such holder's LTIP Units, economically equivalent (on a per-unit basis) to the REIT Share Economic Target, as defined above. If the Capital Account of the holder of the LTIP Units (but not Converted LTIP Units), to the extent attributable to such holder's LTIP Units, exceeds (on a per-unit basis) the REIT Share Economic Target, and Liquidating Losses are available to be allocated to an LTIP Unit, then any such Liquidating Losses shall be allocated to the holder of the LTIP Units until the holder's Capital Account, to the extent attributable to such holder's LTIP Units, is equal (on a per-unit basis) to the REIT Share Economic Target.

(d) Distributions.

(i) From and after the Date of Grant, the Recipient shall be entitled to receive distributions with respect to all LTIP Units in accordance with the terms of the Partnership Unit Designation, subject to the Recipient's Sharing Percentage specified above. Such LTIP Units shall be entitled to receive the full distribution payable on Partnership Common Units outstanding as of the record date next following the Date of Grant, multiplied by the Sharing Percentage, whether or not they have been outstanding for the whole period.

(ii) To the extent that the Partnership makes distributions to holders of Partnership Common Units partially in cash and partially in additional Partnership Common Units or other securities, unless the Administrator in its sole discretion determines to allow the Recipient to make a different election, the Recipient shall be deemed to have elected with respect to all LTIP Units eligible to receive such distribution only in Partnership Common Units or other securities.

(e) Conversion.

(i) At any time prior to the ten year anniversary of the Date of Grant, the holder of LTIP Units shall have the right, at such holder's option, at any time to convert all or a portion of such holder's Vested LTIP Units into a number of Converted LTIP Units equal to (x) the Market Value of a REIT Share on the Conversion Date, multiplied by the Adjustment Factor, less the Issue Price, multiplied by (y) the number of LTIP Units being converted, and divided by (z) the Market Value of a REIT Share on the Conversion Date, multiplied by the Adjustment Factor.

(ii) All of the provisions of Section 7 of the Partnership Unit Designation applicable to a conversion of LTIP Units into Partnership Common Units shall apply to a conversion of LTIP Units into Converted LTIP Units hereunder, *mutatis mutandis*, except that (i) the holder need not be a Qualifying Party, (ii) the Capital Account Limitation shall not apply, (iii) the Conversion Notice shall be a notice in the form attached hereto as Annex I, (iv) Section 7(c) (Forced Conversion) shall not apply, and (v) Section 7(e) (reduction of Economic Capital Account Balance) shall not apply.

(iii) Converted LTIP Units are Vested LTIP Units and may be converted into Partnership Common Units pursuant to Section 7 of the Partnership Unit Designation.

3. Termination of Employment. Except as otherwise set forth in this Agreement, in the event that the Recipient ceases to be employed by the Company for any reason prior to the lapse of the Restricted Period, then the Unvested LTIP Units shall be forfeited to the Company without payment of any consideration by the Company, and neither the Recipient nor any of his or her successors, heirs, assigns or personal representatives shall thereafter have any further rights or interests in such LTIP Units. In the event that the Recipient's employment with the Company is terminated due to his death or total and permanent disability, then the Restricted Period set forth in Section 2 (b) hereof shall immediately lapse and the LTIP Units shall become immediately and fully vested, with the level of TSR performance calculated as if the date of termination was the final day of the Performance Period, and as if the level of TSR performance as of such date was the higher of (a) target or (b) actual TSR performance as of such date, as determined in the sole discretion of the Committee in accordance with Section 2(b) and Exhibit B. LTIP Units not vesting in accordance with the foregoing sentence shall be forfeited to the Company without payment of any consideration by the Company, and neither the Recipient nor any of his or her successors, heirs, assigns or personal representatives shall thereafter have any further rights or interests in such LTIP Units. For purposes of this Section 3, the Recipient's employment will have terminated by reason of total and permanent disability if, in the reasonable and good faith judgment of the Committee, the Recipient is totally and permanently disabled and is unable to return to or perform his or her duties on a full-time basis.

4. Change in Control. The LTIP Units issued hereunder shall, in addition to any provisions relating to vesting contained in this Agreement, become immediately and fully vested, and the Restricted Period set forth in Section 2(b) hereof shall immediately lapse, upon the termination of the Recipient's employment with the Company by the Company without Cause or by the Recipient for Good Reason, in either case within twelve (12) months following the occurrence of a Change in Control (as defined below), with the level of TSR performance calculated as if the date of the Change in Control was the final day of the Performance Period, and as if the level of TSR performance as of such date was the higher of (a) target or (b) actual TSR performance as of such date, as determined in the sole discretion of the Committee in accordance with Section 2 (b) and Exhibit B.

(a) For purposes of this Agreement, a "Change in Control" shall mean the occurrence of any of the following events:

(i) an acquisition (other than directly from the Company) of any voting securities of the Company (the "Voting Securities") by any "person" (as the term "person" is used for purposes of Section 13(d) or Section 14(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")) immediately after which such person has "beneficial ownership" (within the meaning of Rule 13d-3 promulgated under the Exchange Act) ("Beneficial Ownership") of 50% or more of the combined voting power of the Company's then outstanding Voting Securities; provided, however, in determining whether a Change in Control has occurred, the acquisition of Voting Securities in a Non-Control Acquisition (as hereinafter defined) shall not constitute an acquisition that would cause a Change in Control. "Non-Control Acquisition" shall mean an acquisition (A) by or under an employee benefit plan (or a trust forming a part thereof) maintained by (1) the Company or (2) any corporation, partnership or other person of which a majority of its voting power or its equity securities or equity interest is owned directly or indirectly by the Company

or in which the Company serves as a general partner or manager (a "Subsidiary"), (B) by the Company or any Subsidiary, or (C) by any person in connection with a Non-Control Transaction (as hereinafter defined). "Non-Control Transaction" shall mean a merger, consolidation, share exchange or reorganization involving the Company, in which (1) the stockholders of the Company, immediately before such merger, consolidation, share exchange or reorganization, own, directly or indirectly immediately following such merger, consolidation, share exchange or reorganization, at least 50% of the combined voting power of the outstanding voting securities of the corporation that is the successor in such merger, consolidation, share exchange or reorganization (the "Surviving Company") in substantially the same proportion as their ownership of the Voting Securities immediately before such merger, consolidation, share exchange or reorganization, and (2) the individuals who were members of the Board of Directors of the Company immediately prior to the execution of the agreement providing for such merger, consolidation, share exchange or reorganization constitute at least 50% of the members of the board of directors of the Surviving Company;

(ii) the individuals who constitute the Board as of the date hereof (the "Incumbent Board") cease for any reason to constitute at least 50% of the Board; provided, however, that if the election, or nomination for election by the Company's stockholders, of any new director was approved by a vote of at least two-thirds of the Incumbent Board, such new director shall be considered as a member of the Incumbent Board; provided, further, that no individual shall be considered a member of the Incumbent Board if such individual initially assumed office as a result of either an actual or threatened "election contest" (as described in Rule 14a-11 promulgated under the Exchange Act) (an "Election Contest") or other actual or threatened solicitation of proxies or consents by or on behalf of a person other than the Board of Directors (a "Proxy Contest") including by reason of any agreement intended to avoid or settle any Election Contest or Proxy Contest; or

(iii) the consummation of any of the following: (A) a merger, consolidation, share exchange or reorganization involving the Company (other than a Non-Control Transaction); (B) a complete liquidation or dissolution of the Company; or (C) the sale or other disposition of all or substantially all of the assets of the Company to any person (other than a transfer to a Subsidiary).

Notwithstanding the foregoing, a Change in Control shall not be deemed to occur solely because any person (a "Subject Person") acquired Beneficial Ownership of more than the permitted amount of the outstanding Voting Securities as a result of the acquisition of Voting Securities by the Company that, by reducing the number of Voting Securities outstanding, increases the proportional number of shares Beneficially Owned by such Subject Person, provided that if a Change in Control would occur (but for the operation of this sentence) as a result of the acquisition of Voting Securities by the Company, and after such share acquisition by the Company, such Subject Person becomes the Beneficial Owner of any additional Voting Securities that increases the percentage of the then outstanding Voting Securities Beneficially Owned by such Subject Person, then a Change in Control shall occur.

(b) "Cause" shall mean the termination of the Recipient's employment because of the occurrence of any of the following events, as determined by the Board in accordance with the procedure below:

(i) the failure by the Recipient to attempt in good faith to perform his or her duties or to follow the lawful direction of the individual to whom the Recipient reports; *provided, however*, that the Company shall have provided the Recipient with written notice of such failure and the Recipient has been afforded at least fifteen (15) days to cure same;

(ii) the indictment of the Recipient for, or the Recipient's conviction of or plea of guilty or nolo contendere to, a felony or any other serious crime involving moral turpitude or dishonesty;

(iii) the Recipient's willfully engaging in misconduct in the performance of his or her duties (including theft, fraud, embezzlement, securities law violations, a material violation of the Company's code of conduct or a material violation of other material written policies) that is injurious to the Company, monetarily or otherwise, in more than a de minimis manner;

(iv) the Recipient's willfully engaging in misconduct unrelated to the performance of his or her duties for the Company that is materially injurious to the Company, monetarily or otherwise;

(v) the material breach by the Recipient of any material written agreement with the Company.

For purposes of this Section 4(b), no act, or failure to act, on the part of the Recipient shall be considered "willful" unless done, or omitted to be done, by the Recipient in bad faith and without reasonable belief that his or her action or omission was in the best interest of the Company. Any termination shall be treated as a termination for Cause only if (i) the Recipient is given at least five (5) business days' written notice of termination specifying the alleged Cause event and shall have the opportunity to appear (with counsel) before the full Board to present information regarding his or her views on the Cause event, and (ii) after such hearing, the Recipient is terminated for Cause by at least a majority of the Board. After providing the notice of termination in the foregoing sentence, the Board may suspend the Recipient with full pay and benefits until a final determination pursuant to this Section 4(b) has been made. Notwithstanding the foregoing provisions of this Section 4(b), if the Recipient is party to an employment agreement with the Company that provides a definition of Cause, such definition shall apply instead of the foregoing provisions of this Section 4(b).

(c) "Good Reason" shall mean (i) a reduction in the Recipient's base salary; (ii) a material diminution in the Recipient's title or responsibilities; or (iii) relocation of the Recipient's primary place of employment more than fifty miles; *provided, however*, that the Recipient may only terminate employment for Good Reason by delivering written notice to the Board within ninety (90) days following the date on which the Recipient first knows of the event constituting Good Reason, which notice specifically identifies the facts and circumstances claimed by the Recipient

to constitute Good Reason, and the Company has failed to cure such facts and circumstances within thirty (30) days after receipt of such notice; and provided further, however, that if the Recipient is party to an employment agreement with the Company that provides a definition of Good Reason, such definition shall apply instead of the foregoing provisions of this Section 4(c).

5. Tax Matters.

(a) 83(b) Election. The Recipient may make an election to include in gross income in the year of transfer the fair market value of the LTIP Units granted hereunder in accordance with Section 83(b) of the Code.

(b) Withholding and Taxes. No later than the date as of which an amount first becomes includible in the gross income of the Recipient for income tax purposes or subject to the Federal Insurance Contributions Act withholding with respect to the LTIP Units granted hereunder, the Recipient will pay to the Company or, if appropriate, any of its subsidiaries, or make arrangements satisfactory to the Administrator regarding payment of, any United States federal, state or local or foreign taxes of any kind required by law to be withheld with respect to such amount. The Company may cause the required minimum tax withholding obligation to be satisfied, in whole or in part, by withholding from LTIP Units granted to the Recipient with an aggregate value that would satisfy the withholding amount due. The obligations of the Company under this Agreement shall be conditional on such payment or arrangements, and the Company and its subsidiaries shall, to the extent permitted by law, have the right to deduct any such taxes from any payment otherwise due to the Recipient.

BY SIGNING THIS AGREEMENT, THE RECIPIENT REPRESENTS THAT HE OR SHE HAS REVIEWED WITH HIS OR HER OWN TAX ADVISORS THE FEDERAL, STATE, LOCAL AND FOREIGN TAX CONSEQUENCES OF THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT AND THAT HE OR SHE IS RELYING SOLELY ON SUCH ADVISORS AND NOT ON ANY STATEMENTS OR REPRESENTATIONS OF THE COMPANY OR ANY OF ITS AGENTS. THE RECIPIENT UNDERSTANDS AND AGREES THAT HE OR SHE (AND NOT THE COMPANY) SHALL BE RESPONSIBLE FOR ANY TAX LIABILITY THAT MAY ARISE AS A RESULT OF THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT.

6. Investment Representation; Registration. The Recipient hereby warrants and represents to and agrees with the Company as follows:

(a) The LTIP Units issued pursuant to this Agreement will be acquired for the account of the Recipient for investment only and not with a view to, nor with any intention of, a distribution or resale thereof, in whole or in part, or the grant of any participation therein. The Recipient acknowledges that the issuance of the LTIP Units has not been, and will not be, registered under the Securities Act of 1933, as amended (the "Securities Act"), and the rules and regulations thereunder, or the securities or real estate syndication laws of any state or other jurisdiction, and cannot be disposed of unless they are subsequently registered under the Securities Act and any applicable laws of states or other jurisdictions or an exemption from such registration is available. The Recipient acknowledges that the Company does not have any

intention of registering the resale of any LTIP Units issued hereunder under the Securities Act or of supplying the information necessary for the Recipient to sell any such LTIP Units; and that the Company and the Partnership shall be organized and operated so as to be exempt from registration under the Investment Company Act of 1940, as amended, and from the provisions of that statute designed to protect investors.

(b) The Recipient also understands that the transfer of any LTIP Units issued pursuant to this Agreement will be subject to restrictions contained in the Partnership Agreement, as well as the restrictions set forth in this Agreement.

(c) The Recipient acknowledges that (i) he or she has no obligation whatsoever to acquire the LTIP Units issued pursuant to this Agreement, (ii) his or her acquisition of the LTIP Units issued pursuant to this Agreement is not, and will not be, in any way whatsoever a condition of continued employment with the Company or any entity affiliated with the Company, (iii) neither the offer to the Recipient of the opportunity to acquire the LTIP Units or any shares of Stock issued pursuant to the Partnership Agreement nor this Agreement, shall be deemed to constitute a contract of employment or to impose any obligation upon the Company or any of its affiliates to continue to employ the Recipient, and (iv) nothing stated or implied in this Agreement or in the Partnership Agreement shall be construed to abrogate, amend or otherwise affect any rights or obligations with respect to employment which the Company or any of its affiliates or the Recipient may otherwise have by agreement or under law.

(d) The Recipient acknowledges that he or she has been furnished a copy of the Partnership Agreement, has carefully read and understands the provisions of the Partnership Agreement, has had the opportunity to ask questions of the Company and has received answers from the Company concerning the provisions of the Partnership Agreement, and the terms and conditions of the offering of the LTIP Units. The Recipient further acknowledges that he or she has been furnished information regarding the activities of the Company, has had the opportunity to ask questions of the Company concerning such activities, and is satisfied with all such information and such answers as he or she has received. The Recipient acknowledges that no representation has been made by the Company otherwise by or on behalf of the Company as to any current value of the assets held by the Company or as to any prospective return on any LTIP Units issued pursuant to this Agreement. The Recipient further acknowledges that he or she has not relied, in connection with the acquisition of the LTIP Units, upon any representations, warranties or agreements other than those set forth in this Agreement or the Partnership Agreement. The Recipient further acknowledges that he or she provides services to the Company on a regular basis and that, in such capacity, the Recipient has access to all such information, and has such experience and involvement in connection with the business and operations of the Company, as the Recipient believes to be necessary and appropriate to make an informed decision to accept the LTIP Units granted pursuant to this Agreement.

(e) The Recipient acknowledges that neither the Company nor any of its affiliates is rendering any tax, legal or financial advice or recommendation to acquire the LTIP Units issued pursuant to this Agreement. The Recipient has been informed that he or she should

consult his or her own tax, legal and financial advisors to the extent the Recipient seeks advice regarding these matters.

(f) The Recipient makes the representation regarding his or her status as an "accredited investor" as defined in Rule 501(a) of Regulation D promulgated under the Securities Act as set forth below the Recipient's name on the signature page hereto.

(g) So long as the Recipient holds LTIP Units, the Recipient shall disclose to the Company in writing such information as may be reasonably requested with respect to direct or indirect ownership of any LTIP Units issued pursuant to this Agreement as the Company may deem reasonably necessary to ascertain and to establish compliance with provisions of the Code, applicable to the Company or to comply with requirements of any other appropriate taxing authority.

(h) The Recipient shall indemnify and hold the Company harmless from and against any and all loss, cost, damage or liability due to or arising out of a breach of any representation, warranty or agreement of the Recipient in this Agreement or any other document furnished by it to the Company in connection with this Award, including, without limitation, the Partnership Agreement.

7. Miscellaneous.

(a) Entire Agreement. This Agreement, the Plan and the Partnership Agreement contain the entire understanding and agreement of the Company and the Recipient concerning the subject matter hereof, and supersede all earlier negotiations and understandings, written or oral, between the parties with respect thereto.

(b) Captions. The captions and section numbers appearing in this Agreement are inserted only as a matter of convenience. They do not define, limit, construe or describe the scope or intent of the provisions of this Agreement.

(c) Counterparts. This Agreement may be executed in counterparts, each of which when signed by the Company or the Recipient will be deemed an original and all of which together will be deemed the same agreement.

(d) Notices. Any notice or communication having to do with this Agreement must be given by personal delivery or by certified mail, return receipt requested, addressed, if to the Company or the Committee, to the attention of the General Counsel of the Company at the principal office of the Company and, if to the Recipient, to the Recipient's last known address contained in the personnel records of the Company.

(e) Succession and Transfer. Each and all of the provisions of this Agreement are binding upon and inure to the benefit of the Company and the Recipient and their permitted successors, assigns and legal representatives.

(f) Amendments. Subject to the provisions of the Plan, this Agreement may be amended or modified at any time by an instrument in writing signed by the parties hereto.

(g) Governing Law. This Agreement and the rights of all persons claiming hereunder will be construed and determined in accordance with the laws of the State of Maryland without giving effect to the choice of law principles thereof.

(h) Plan Controls. This Agreement is made under and subject to the provisions of the Plan, and all of the provisions of the Plan are hereby incorporated by reference into this Agreement. In the event of any conflict between the provisions of this Agreement and the provisions of the Plan, the provisions of the Plan shall govern. By signing this Agreement, the Recipient confirms that he or she has received a copy of the Plan and has had an opportunity to review the contents thereof.

(i) No Guarantee of Continued Service. The Recipient acknowledges and agrees that nothing herein, including the opportunity to make an equity investment in the Company, shall be deemed to create any implication concerning the adequacy of the Recipient's services to the Company, any Company Subsidiary or any Partnership or Partnership Subsidiary shall be construed as an agreement by the Company, any Company Subsidiary or any Partnership or Partnership Subsidiary, express or implied, to employ the Recipient or contract for the Recipient's services, to restrict the right of the Company, any Company Subsidiary or any Partnership or Partnership Subsidiary, as applicable, to discharge the Recipient or cease contracting for the Recipient's services or to modify, extend or otherwise affect in any manner whatsoever, the terms of any employment agreement or contract for services that may exist between the Recipient and the Company, any Company Subsidiary or any Partnership or Partnership Subsidiary, as applicable.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written.

**APARTMENT INVESTMENT AND MANAGEMENT COMPANY**

By: _____

**AIMCO PROPERTIES, L.P.**

By: AIMCO-GP, Inc.,

Its General Partner

By: _____

**RECIPIENT:**

By: _____

Address:

Section 6(f) Representation. Please initial or check **ALL** of the boxes which correctly describe the Recipient.

- ❶ The Recipient is a natural person: (i) whose individual net worth (assets minus liabilities), or joint net worth with that person's spouse, exceeds $1,000,000 ((a) *excluding* (1) as an asset, the value of such natural person's primary residence and (2) as a liability, the outstanding indebtedness secured by such natural person's primary residence up to the fair market value of such primary residence, provided, however, that if the amount of such outstanding indebtedness has increased within the previous 60 days, other than as a result of the acquisition of the primary residence, the amount of such excess shall be included as a liability and (b) *including*, as a liability, the outstanding indebtedness secured by the natural person's primary residence in excess of the fair market value of such primary residence), or (ii) who had an individual income in excess of $200,000 in each of the two most recent years or joint income with the person's spouse in excess of $300,000 in each of those years and has a reasonable expectation of reaching the same income level in the current year.

- ☐ The Recipient is a natural person who is a director or executive officer (as defined below) of the Company. As used herein, "executive officer" shall mean the president, any vice president in charge of a principal business unit, division or function (such as sales, administration or finance), any other officer who performs a policy-making function, or any other person who performs similar policy-making functions for the Company.

- ☐ Neither of the prior boxes correctly describes the Recipient.

**EXHIBIT A**

**FORM OF LIMITED PARTNER SIGNATURE PAGE**

The Participant, desiring to become one of the within named Limited Partners of AIMCO , L.P., hereby becomes a party to the Fourth Amended and Restated Agreement of Limited Partnership of AIMCO Properties, L.P., as amended through the date hereof (the "LP Agreement").

The Participant constitutes and appoints the General Partner and its authorized officers and attorneys-in-fact, and each of those acting singly, in each case with full power of substitution, as the Participant's true and lawful agent and attorney-in-fact, with full power and authority in the Participant's name, place and stead to carry out all acts described in Section 2.4.A of the Partnership Agreement, such power of attorney to be irrevocable and a power coupled with an interest pursuant to Section 2.4.B of the LP Agreement.

The Participant agrees that this signature page may be attached to any counterpart of the Partnership Agreement.

[PARTICIPANT]

By: _
Name:
Date:

Address of Limited Partner:

___

___

___

**EXHIBIT B**

This Exhibit sets forth the calculation methodology with respect to the Agreement. Certain defined terms may be found at the end of this Exhibit B. Terms not defined on this Exhibit B shall have the meaning set forth in the body of the Agreement.

Maximum LTIP Units: [_____]

With respect to 60% of the LTIP Units:

| **Performance Level** | **Relative TSR vs. NAREIT Apartment Index TSR: Performance vs. Index Over Performance Period** | **Portion of Target Award Vesting ("Vesting Portion")** |
|---|---|---|
| Threshold | -250 bps | 50% |
| Target | 50 bps | 100% |
| Maximum | 400 bps | 200% |

With respect to 40% of the LTIP Units:

| **Performance Level** | **Relative TSR vs. MSCI US REIT Index TSR: Performance vs. Index Over Performance Period** | **Portion of Target Award Vesting ("Vesting Portion")** |
|---|---|---|
| Threshold | -350 bps | 50% |
| Target | 50 bps | 100% |
| Maximum | 500 bps | 200% |

TSR results above the Threshold level and below the Maximum level shall result in a Vesting Portion that is interpolated between the Threshold and Maximum Vesting Portions set forth on this Exhibit B. TSR results below the Threshold level will cause the LTIP Units to be forfeited to the Company without payment of any consideration by the Company, and neither the Recipient nor any of his or her successors, heirs, assigns or personal representatives shall thereafter have any further rights or interests in such shares of LTIP Units.

If the performance level is above Target but as of the Determination Date the Company has negative absolute TSR with respect to the Performance Period, then the LTIP Units shall vest at the Target level as of the dates set forth in Section 2(b) of the Agreement, with the Vesting Portion in excess of Target (the "Excess Portion") vesting only (a) with respect to 50% of the Excess Portion, upon the Company's achievement of positive absolute TSR with respect to the period beginning on the first day of the Performance Period; and (b) with respect to the remaining 50% of the Excess Portion, on the later of (i) the Company's achievement of positive absolute TSR with respect to the period beginning on the first day of the Performance Period and (ii) the Anniversary Date; provided, however, that if the Company has not achieved positive absolute TSR with respect to the period beginning on the first day of the Performance Period as of the third anniversary of the Determination Date, then the Excess Portion shall be forfeited to the Company without payment of any consideration by the Company, and neither the Recipient nor any of his or her successors, heirs, assigns or personal representatives shall thereafter have any further rights or interests in such shares of LTIP Units.

For purposes of these calculations:

"TSR" means the Company's Total Shareholder Return as reported by SNL Financial or another third party judged by the Committee to be a reputable third party, which measurement shall be confirmed by the Committee. For purposes of calculating Aimco's TSR, the "starting" share price will be calculated using the average closing price for the 20-day trading period up to and including January 2, 2018 (i.e., the first trading day of the three-year performance period), and the "ending" share price be calculated using the average closing price for the 20-day period up to and including December 31, 2020.

When measuring the TSR of the Company, the calculation shall be adjusted as deemed appropriate by the Committee to reflect any change in corporate structure of the nature referenced in Section 3.4 of the Plan.

Measurement of the TSR of the NAREIT Apartment Index and MSCI US REIT Index for purposes of comparison to the Company's TSR shall be as reported by SNL Financial or another third party judged by the Committee to be a reputable third party, which measurement shall be confirmed by the Committee.

"bps" shall mean basis points, each of which shall equal 1/100$^{th}$ of 1%.

ANNEX I

NOTICE OF CONVERSION OF LTIP UNITS

To: AIMCO Properties, L.P.
c/o AIMCO-GP, Inc.
4582 South Ulster Street, Suite 1100
Denver, Colorado 80237
Attention: Investor Relations

The undersigned holder of LTIP Units hereby irrevocably elects to convert the number of LTIP Units in AIMCO Properties, L.P. (the "Partnership") set forth below into Converted LTIP Units in accordance with the terms of the Fourth Amended and Restated Agreement of Limited Partnership of AIMCO Properties, L.P., dated as of July 29, 1994, as it may be amended and supplemented from time to time, and the LTIP Unit Agreement, dated as of _____ (the "Award Agreement"), between Apartment Investment and Management Company and _____. All capitalized terms used herein and not otherwise defined shall have the respective meanings ascribed thereto in the Award Agreement. The undersigned hereby represents, warrants, and agrees that: (i) the undersigned holder of LTIP Units has, and at the Conversion Date will have, good, marketable and unencumbered title to such LTIP Units, free and clear of the rights or interests of any other person or entity; (ii) the undersigned holder of LTIP Units has, and at the Conversion Date will have, the full right, power and authority to convert such LTIP Units as provided herein; and (iii) the undersigned holder of LTIP Units has obtained the consent or approval of all persons and entities, if any, having the right to consent to or approve such conversion.

Name of Holder: __

Dated: __

Number of LTIP Units to be converted: __

Conversion Date: __

(Signature of Holder)

(Street Address)

(City) (State) (Zip Code)

Medallion Guarantee: __

THE SIGNATURE SHOULD BE GUARANTEED BY AN ELIGIBLE GUARANTOR INSTITUTION (BANKS, STOCKBROKERS, SAVINGS AND LOAN ASSOCIATIONS AND

CREDIT UNIONS), WITH MEMBERSHIP IN AN APPROVED SIGNATURE GUARANTEE MEDALLION PROGRAM PURSUANT TO SEC RULE 17Ad-15.



(Back To Top)

# Section 4: EX-31.1 (EXHIBIT 31.1)

**Exhibit 31.1**

**CHIEF EXECUTIVE OFFICER CERTIFICATION**

I, Terry Considine, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Apartment Investment and Management Company;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 8, 2018

/s/ Terry Considine
Terry Considine
Chairman and Chief Executive Officer

(Back To Top)

# Section 5: EX-31.2 (EXHIBIT 31.2)

**Exhibit 31.2**

**CHIEF FINANCIAL OFFICER CERTIFICATION**

I, Paul Beldin, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Apartment Investment and Management Company;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 8, 2018

/s/ Paul Beldin
Paul Beldin
Executive Vice President and Chief
Financial Officer

(Back To Top)

# Section 6: EX-31.3 (EXHIBIT 31.3)

**Exhibit 31.3**

**CHIEF EXECUTIVE OFFICER CERTIFICATION**

I, Terry Considine, certify that:

1. I have reviewed this quarterly report on Form 10-Q of AIMCO Properties, L.P.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 8, 2018

/s/ Terry Considine
Terry Considine
Chairman and Chief Executive Officer

(Back To Top)

# Section 7: EX-31.4 (EXHIBIT 31.4)

**Exhibit 31.4**

**CHIEF FINANCIAL OFFICER CERTIFICATION**

I, Paul Beldin, certify that:

1. I have reviewed this quarterly report on Form 10-Q of AIMCO Properties, L.P.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 8, 2018

/s/ Paul Beldin
Paul Beldin
Executive Vice President and Chief Financial Officer

(Back To Top)

# Section 8: EX-32.1 (EXHIBIT 32.1)

**Exhibit 32.1**

**Certification of CEO Pursuant to**
**18 U.S.C. Section 1350,**
**As Adopted Pursuant to**
**Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the quarterly report of Apartment Investment and Management Company (the "Company") on Form 10-Q for the period ended March 31, 2018 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, to the best of my knowledge, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Terry Considine
Terry Considine
Chairman and Chief Executive Officer
May 8, 2018

/s/ Paul Beldin
Paul Beldin
Executive Vice President and Chief Financial Officer
May 8, 2018

(Back To Top)

# Section 9: EX-32.2 (EXHIBIT 32.2)

**Exhibit 32.2**

**Certification of CEO Pursuant to**
**18 U.S.C. Section 1350,**
**As Adopted Pursuant to**
**Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the quarterly report of AIMCO Properties, L.P. (the "Partnership") on Form 10-Q for the period ended March 31, 2018 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, to the best of my knowledge, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Partnership.

/s/ Terry Considine
Terry Considine
Chairman and Chief Executive Officer
May 8, 2018

/s/ Paul Beldin
Paul Beldin
Executive Vice President and Chief Financial Officer
May 8, 2018

(Back To Top)

# Section 10: EX-99.1 (EXHIBIT 99.1)

**Exhibit 99.1**

**Agreement Regarding Disclosure of Long-Term Debt Instruments**

In reliance upon Item 601(b)(4)(iii)(A) of Regulation S-K, Apartment Investment and Management Company, a Maryland corporation (the "Company"), has not filed as an exhibit to its quarterly report on Form 10-Q for the quarterly period ended March 31, 2018, any instrument with respect to long-term debt not being registered where the total amount of securities authorized thereunder does not exceed ten percent of the total assets of the Company and its subsidiaries on a consolidated basis. Pursuant to Item 601(b)(4)(iii)(A) of Regulation S-K, the Company hereby agrees to furnish a copy of any such agreement to the Securities and Exchange Commission upon request.

By: /s/ Paul Beldin
Paul Beldin
Executive Vice President and Chief Financial Officer
May 8, 2018

(Back To Top)

# Section 11: EX-99.2 (EXHIBIT 99.2)

**Exhibit 99.2**

**Agreement Regarding Disclosure of Long-Term Debt Instruments**

In reliance upon Item 601(b)(4)(iii)(A) of Regulation S-K, AIMCO Properties, L.P., a Delaware limited partnership (the "Partnership"), has not filed as an exhibit to its quarterly report on Form 10-Q for the quarterly period ended March 31, 2018, any instrument with respect to long-term debt not being registered where the total amount of securities authorized thereunder does not exceed ten percent of the total assets of the Partnership and its subsidiaries on a consolidated basis. Pursuant to Item 601(b)(4)(iii)(A) of Regulation S-K, the Partnership hereby agrees to furnish a copy of any such agreement to the Securities and Exchange Commission upon request.

By: /s/ Paul Beldin
Paul Beldin
Executive Vice President and Chief Financial Officer
May 8, 2018

(Back To Top)